

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
June 17, 2009

At 8:30 a.m. President Clark called to order the Regular Meeting of the Municipal Water District of Orange County in the Board Room at the District facilities located in Fountain Valley. Director Royce led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Ergun "Eric" Bakall (absent)
Brett R. Barbre
Wayne A. Clark
Larry Dick
Joan C. Finnegan (absent)
Susan Hinman
Ed Royce, Sr.

STAFF

Kevin Hunt, General Manager
Karl Seckel, Assistant Gen. Mgr
Dan Payne, Legal Counsel
Maribeth Goldsby, Board Secretary
Phil Letrong, Finance Manager
Harvey De La Torre, Principal Analyst
Darcy Burke, Dir. of Public Affairs
David Cordero, Dir. of Governmental Affairs
Joe Berg, Water Use Efficiency Prog. Mgr.

ALSO PRESENT

Dick Dietmeier
Mike Dunbar
Diana Leach
Frank Heldman
Don Chadd
Matt Diston
Bob Kellison
David Shepherd
Lee Pearl
Bob Hill
John Kennedy
Larry McKenney
Ken Vechiarelli
Saundra Jacobs
Paul Jones
Doug Reinhart
Jack Foley
Linda Ackerman

South Coast Water District
South Coast Water District
Golden State Water Company
Golden State Water Company
Trabuco Canyon Water District
Trabuco Canyon Water District
City of Fountain Valley
Shepherd Strategies
Mesa Consolidated Water District
El Toro Water District
Orange County Water District
Moulton Niguel Water District
Yorba Linda Water District
Santa Margarita Water District
Irvine Ranch Water District
Irvine Ranch Water District
MWDOC MET Director
MWDOC MET Director

PUBLIC PARTICIPATION/PUBLIC COMMENT

President Clark announced members of the public wishing to comment on agenda items could do so after the item has been discussed by the Board and requested members of the public identify themselves when called on. Mr. Clark asked whether there were any comments on other items which would be heard at this time.

No comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

No items were presented.

SERVICE ACKNOWLEDGEMENT

General Manager Hunt (at the request of President Clark) introduced several of the Orange County Water Summit staff (from both MWDOC and OCWD) and thanked them for their hard work and success.

CONSENT CALENDAR

President Clark stated all matters under the Consent Calendar would be approved by one MOTION unless a Director wished to consider an item separately.

Upon MOTION by Director Barbre, seconded by Director Dick, and carried (5-0), the Board approved the balance of the Consent Calendar items as follows:

MINUTES

The following minutes were approved as presented.

- May 6, 2009 Workshop Board Meeting
- May 20, 2009 Regular Board Meeting

COMMITTEE MEETING REPORTS

The following Committee Meeting reports were received and filed as presented.

- Planning & Operations Committee Meeting: May 19, 2009
- Administration & Finance Committee Meeting: May 13, 2009
- Public Affairs & Legislation Committee: May 18, 2009
- Executive Committee Meeting: May 28, 2009

TREASURER'S REPORTS

The following items were ratified as presented.

- MWDOC Revenue/Cash Receipt Register as of May 31, 2009
- MWDOC Disbursement Register as of May 31, 2009

The following items were received and filed as presented.

MWDOC Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of April 30, 2009

Water Use Efficiency Projects Cash Flow

FINANCIAL REPORT

The following items were received and filed as presented.

Financial Statement and Budget Comparative Report for the Period Ending April 30, 2009

DISTRICT CONFERENCES/MEETINGS/SEMINARS

The Board authorized attendance by Directors and such members of District staff as approved by the General Manager, at the following conferences:

- Urban Water Institute Conference, August 20-21, 2009, San Diego

END CONSENT CALENDAR

ACTION CALENDAR

ESTABLISHMENT OF LEGISLATIVE POSITIONS

Director Hinman advised that an “oppose” position on AB 155 (Mendoza regarding Local Government) was supported by the Public Affairs & Legislation Committee.

Upon MOTION by Director Hinman, seconded by Director Barbre, and carried (5-0), the Board adopted an “Oppose” position on AB 155 (Mendoza re Local Government: bankruptcy proceedings).

NOMINATION OF SUSAN HINMAN FOR CHAIR OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 10 BOARD

Upon MOTION by Director Royce, seconded by Director Dick, and carried (5-0), the Board adopted RESOLUTION NO. 1852, Nominating Susan Hinman as Chair of the ACWA Region 10 Board, by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Hinman & Royce
NOES: None
ABSENT: Directors Bakall and Finnegan
ABSTAIN: None

APPROVAL OF AMENDMENTS TO CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) BYLAWS

Upon MOTION by Director Hinman, seconded by Director Royce, and carried (5-0), the Board approved the proposed amendments to the bylaws of CSDA and directed staff to submit the District's completed ballot to CSDA by the July 31, 2009 deadline.

MWDOC STANDING COMMITTEE SCHEDULE

President Clark advised that due to the recent number of requests to reschedule Committee meetings, the Executive Committee recommended the Board adopt a policy prohibiting Committee meeting changes based on the absence of one Committee member; that changes could only be made if a quorum of the Committee's members would not be present. He suggested the Board discuss this issue further.

Director Hinman noted that although the Committee dates are established in February of each year, it might be prudent to re-affirm the dates at the end of each Committee meeting.

Director Barbre disagreed, stating that once the Committee dates are approved at the beginning of the year, they should not be moved. He also expressed concern with the request to permanently move the Planning & Operations Committees to Tuesdays (from Mondays), noting that the District should keep to the Monday/Wednesday schedule and that all Committee meetings should start at a consistent time (either 8:30 am or 3:30 pm). He expressed support for the schedule as originally approved in February.

Director Hinman made a MOTION, which was seconded by Director Dick, to re-affirm meeting dates/times at the end of each Committee meeting. Director Dick then commented that he agreed with Director Barbre, that once meeting dates/times are established (in February of each year), they should not be changed at the request of one Committee member.

Director Dick then made a SUBSTITUTE MOTION, which was seconded by Director Barbre, to leave the schedule as originally approved in February. It was noted that the originally approved schedule had Planning & Operations beginning at 3:30 pm (generally on the first Monday of each month) and the Administration & Finance Committee beginning at 8:30 am (the second Wednesday of each month).

President Clark announced that Director Bakall was temporarily without residence within his Division, that he was in the process of securing a new residence, and that because of this, Mr. Bakall has requested the Planning & Operations Committee be moved to the first Tuesday of each month (at 2:30 pm). Director Barbre expressed concern with this issue and highlighted the importance of Director Bakall establishing residency and did not believe the residency issue should impact the Committee schedule.

Director Hinman commented that she previously changed the August Public Affairs & Legislation (PAL) Committee meeting (to Friday, August 14th) due to her travel schedule

(arrangements had already been made). General Manager Hunt commented that the balance of the PAL Committee members had previously agreed to this change; the Board agreed to this change.

Upon a 5-0 vote, the Board voted to leave the schedule as was originally approved in February 2009, with the exception of the August Public Affairs & Legislation Committee meeting, which was rescheduled to Friday, August 14, 2009 at 8:30 a.m. Staff is to send the schedule to the Board (as approved in February).

ADOPTION OF MWDOC BUDGET FOR FY 2009/10

General Manager Hunt advised that the Administration & Finance Committee reviewed this item and recommended several cuts to the budget (which were outlined in the staff write-up).

Mr. Hunt advised that the Administration & Finance Committee also recommended several outstanding budget items be discussed further by the Board (to seek additional cuts to the budget). The Board opted to review each of these items individually, as follows:

With respect to the O.C. Water Hero Program, staff recommended this budget be reduced to \$15,000 (from \$25,000). Upon MOTION by Director Clark, seconded by Director Royce, and carried (4-1), the Board voted to budget a total of \$15,000 toward the O.C. Water Hero Program. Director Dick voted no.

The Board then addressed the funding level for the MET Activities Consultant; staff recommended this amount remain at \$100,000. Director Dick commented that although he would support this, he highlighted the importance of staff providing adequate oversight to the management of the consultant so that costs remain under budget. Upon MOTION by Director Barbre, seconded by Director Hinman, and carried (5-0), the Board approved the budgeted amount of \$100,000 toward a MET Activities Consultant.

Responding to an inquiry from Mr. Doug Reinhart (Irvine Ranch Water District), Mr. Hunt clarified that the increase of one full-time equivalent (FTE) from the prior year, was a result of changing two part-time positions in the accounting department (to one full-time employee); not a replacement for the Associate General Manager position. He further clarified that although a junior analyst was hired to assist with MET activities, the junior position, along with the MET Activities Consultant would be less than paying for one senior level analyst (Associate General Manager position).

The Board then addressed the Quarterly Surveys budget item, noting the staff recommendation to reduce the amount to \$10,000 (from \$15,000). Upon MOTION by Director Dick, seconded by Director Hinman, and carried (5-0), the Board approved the budget amount of \$10,000 for the Quarterly Surveys.

The School Calendars budget item was then discussed, with the Board acknowledging the staff recommendation to keep the amount at \$25,000 (as originally proposed).

Director Dick expressed concern with this; highlighting that due to the current financial climate it would be prudent to eliminate the calendars for one year. Upon MOTION by Director Hinman, seconded by Director Barbre, and carried (4-1), the Board approved the School Calendars budget amount of \$25,000. Director Dick voted no.

The Staff Development and Management Leadership budget was then addressed; with staff recommending this item be reduced to \$10,000 (thereby eliminating the budget for Management Leadership expenditure of \$7500). Director Dick suggested that staff report to the Administration & Finance Committee as these funds are utilized by staff. Upon MOTION by Director Hinman, seconded by Director Barbre, and carried (5-0), the Board approved the \$10,000 budget amount for staff development; staff is to report to the Administration & Finance Committee when these funds are utilized (and by whom).

Director Hinman requested two additional items be reviewed by the Board, the E-Civis grant locator (\$4288), and line item 7670 (Miscellaneous in the amount of approximately \$133,000).

With respect to E-Civis, it was noted that MWDOC's client agencies utilize this service; the Board agreed to have it remain in the budget.

Discussion was held regarding line item 7670 (Miscellaneous) and staff reviewed the various components included in this budget amount. Upon MOTION by Director Hinman, seconded by Director Dick, and carried (5-0), the Board deleted \$15,000 from this budget amount.

Director Dick made a MOTION to eliminate the Water Camp (\$5,000) from the Budget, noting that it was an unnecessary expense in this financial climate. Ms. Darcy Burke (Director of Public Affairs) advised that both camps are currently full and ready to commence. Director Dick's MOTION failed for lack of a second.

Following discussion, and upon MOTION by Director Barbre, seconded by Director Royce, and carried (5-0), the Board (1) Approved the 2008-09 Budget in the amount of \$154,963,970, as amended herein; (2) adopted RESOLUTION NO. 1853, which includes the General Fund, Water Purchases Fund, Water Use Efficiency Budget, WEROC Budget, AMP Budget, and AMP Sales Proceeds Distribution Budget, by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Hinman & Royce
NOES: None
ABSENT: Directors Bakall and Finnegan
ABSTAIN: None

As noted in the staff recommendation adopted by the Board, approval of the budget includes (1) authorization for staff to utilize only the budgeted professional services as marked by an asterisk in Exhibit J (all other professional services will be brought to a Committee and/or the Board in accordance with the Administrative Code), and (2) approval of the memberships listed on the Membership Action Plan (Exhibit K) which are noted for approval during the budget approval (these memberships will require no further action by

the Board or Committee; all other memberships will be brought back to the Board).

Director Dick requested staff provide a report on attempts by staff to work more efficiently (potential budget reductions) and present this information to the Administration & Finance Committee every two months.

Mr. Paul Jones (Irvine Ranch Water District) thanked the Board for their efforts with respect to reducing the Budget, but highlighted the importance of continuing to look for ways to reduce expenditures. He commented on the increase of an FTE from last year and suggested these numbers be closely monitored, noting IRWD is currently reviewing ways to reduce staffing.

MWDOC WATER RATES AND CHARGES FOR FISCAL YEAR 2009/10

Principal Analyst Harvey De La Torre advised that staff recommends the Board authorize Option 4 (no rate increase in either the MWDOC increment rate or the retail service connection and decrease the MWDOC Melded Rate to \$0/AF for fiscal year 2009/10).

Upon MOTION by Director Hinman, seconded by Director Barbre, and carried (5-0), the Board (1) adopted Option 4 (no rate increase in either the MWDOC increment rate or the retail service connection and decrease the MWDOC Melded Rate to \$0/AF for fiscal year 2009/10; and (2) adopted RESOLUTION NO. 1854, Establishing Water Rates, by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Hinman & Royce
NOES:None
ABSENT: Directors Bakall and Finnegan
ABSTAIN: None

INFORMATION CALENDAR

GENERAL MANAGER'S REPORT, JUNE 2009

General Manager Hunt advised that the General Manager's report was included in the Board packet.

The Board received and filed the report as presented.

MWDOC GENERAL INFORMATION ITEMS**BOARD OF DIRECTORS**

In addition to the regular MWDOC Board and Committee meetings attended by the Directors, the following reports were made on conferences and meetings attended on behalf of the District.

Director Barbre advised that he and Kevin Hunt attending meetings with agencies within his Division regarding the water supply shortage. He also attended meetings in Washington DC regarding the Dana Point Desalination project; he advised that both Senators Boxer and Feinstein are expressing support for the project and will support legislation for the site.

Director Dick reported on attending MET's auction of its tunnel boring machinery, as well as a meeting with MET's Deven Upadhyay regarding budget issues. He also reported on attending the O.C. Taxpayers Association meeting, the Orange Chamber of Commerce's Leadership class, the OCBC Chairman's breakfast, the WACO meeting, the WACO Planning meeting, and the Community Leaders Breakfast featuring Senator Harmon. Mr. Dick advised that he also assisted the O.C. Vector Control on a Public Service Announcement.

Director Royce reported on attending a meeting with Golden State Water Company, and the Community Leader's breakfast featuring Senator Harmon.

Director Hinman reported on her attendance at the ACWA conference, the San Juan Capistrano City Council meeting, the South Coast Water District Board meeting, the Moulton Niguel Water District Engineering Committee meeting (with Karl Seckel), and the WACO meeting. She highlighted meetings she had at the ACWA conference (regarding the Dana Point Desalination Project and Prop 50 funding) as well the meetings of the South Orange Coastal Desalination Project Participants, commending Karl Seckel on the excellent job he is doing with this effort.

Director Clark reported on attending the ad hoc committee on South County issues (along with Directors Hinman and Bakall) with representatives from Irvine Ranch Water District.

CLOSED SESSIONS

At 10:00 a.m., Legal Counsel Payne announced that the Board would adjourn to closed for a conference with legal counsel pursuant to Government Code Section 54956.9(b) (anticipated litigation/one case) and Government Code Section 54956.9(c) (initiation of litigation/one case).

RECONVENE

The Board reconvened at 11:40 a.m., and Legal Counsel Payne announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business to come before the Board, President Clark adjourned the meeting at 11:42 a.m.

APPROVED

Wayne A. Clark, President

Maribeth Goldsby, Secretary