

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
May 20, 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
Brett R. Barbre (absent)
Wayne A. Clark
Larry Dick
Joan C. Finnegan (absent)
Susan Hinman
Ed Royce, Sr.

STAFF

Kevin Hunt, General Manager
Karl Seckel, Assistant Gen. Mgr (absent)
Russ Behrens, 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
Cathy Harris, Admin. Services Manager
Kelly Hubbard, WEROC Programs Mgr.
Crystal Boteler, Intern/Limited Term
Joe Berg, Water Use Efficiency Prog. Mgr.

ALSO PRESENT

Bob Moore
Diana Leach
Frank Heldman
Ray Miller
Jack Foley
Jerry King
David Shepherd
Jay Gray
Joe Geever
Larry Porter
Larry Gallup

South Coast Water District
Golden State Water Company
Golden State Water Company
City of San Juan Capistrano
MWDOC MET Director
Michael Brandman Assoc.
Shepherd Strategies
Valley Crest
Surfrider Foundation
Residents for Responsible Desalination

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.

Mr. Jay Gray of Valley Crest (a landscape water manager) expressed concern and frustration with the MET rebate programs process, highlighting the need to change the

current process. He encouraged MET to place a priority (for rebates) on those projects already in place, rather than reserving funding for future projects. Mr. Hunt advised that the rebate programs would be discussed by the MET Board in June (and hopefully resolved). Director Bakall agreed with Mr. Hunt, noting that there has been much discussion on this issue at MET and he his hopeful for a resolution in June.

Mr. Joe Geever (Surfrider Foundation) commented on item 7-2 (Authorize the General Manager to enter into a consulting contract with Malcolm Pirnie to complete a conveyance and integration analysis for the Poseidon Resources Corporation project in Huntington Beach). He stated that although the Surfrider Foundation was not opposed to the proposed studies, he would prefer if bullet points were added stating that all reports and documents would be made available to the public, as well as a statement clarifying the fact that these are preliminary studies and not a commitment by the MWDOC Board to support the effort.

Mr. Geever also addressed item 7-3 (South Orange Coastal Ocean Desalination Project – Award Phase 3 contracts) conveying his support for the Dana Point desalination site. He did however express concern with an effort underway (by the water community) to oppose current regulations regarding the Marine Life Protection Act; he stated that he hoped MWDOC was not part of that effort. Mr. Hunt advised that he would research the issue.

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.

EMPLOYEE SERVICE AWARDS

President Clark presented an award to Leah Frazier for going above and beyond with her service to the District.

He then presented an award to Judy Pfister for twenty-five years of service to the District.

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 Bakall, 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.

April 1, 2009 Workshop Board Meeting
April 15, 2009 Regular Board Meeting

COMMITTEE MEETING REPORTS

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

Planning & Operations Committee Meeting: March 2, 2009
Planning & Operations Committee Meeting: April 6, 2009
Administration & Finance Committee Meeting: April 8, 2009
Public Affairs & Legislation Committee: April 20, 2009
Executive Committee Meeting: April 16, 2009
MWDOC/OCWD Joint Planning Committee Meeting: March 25, 2009
MWDOC/OCWD Joint Planning Committee Meeting: April 22, 2009

TREASURER'S REPORTS

The following items were ratified as presented.

MWDOC Revenue/Cash Receipt Register as of April 30, 2009
MWDOC Disbursement Register as of April 30, 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 March 31, 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 March 31, 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's "Streamlining the Permit Process" for Water & Wastewater Projects, Irvine Ranch Water District, June 3, 2009

- WaterSmart Innovations Conference, October 7-9, 2009, Las Vegas, NV
- NWRA's Western Water Seminar, July 29-31, 2009, Santa Ana Pueblo, NM

ANNUAL REVIEW OF INVESTMENT POLICY & GUIDELINES

The Board received and filed as presented.

END CONSENT CALENDAR

ACTION CALENDAR

AUTHORIZATION TO PURCHASE NEW FINANCIAL MANAGEMENT SYSTEM

President Clark advised that the proposal to enter into an agreement for the District's new Financial Management System was before the Board for consideration.

Legal Counsel Behrens advised that the need for this purchase arose as a result of the failure of the previous system's implementation (Agresso), and, as such, he requested the Board waive the District's general procurement guidelines applicable to this agreement.

Director Dick commented that although he had reservations (due to the previous system), he has been assured by staff that this program would be compatible with the District's needs; he highlighted the need for a smooth and successful transition to the new program.

Upon MOTION by Director Bakall, seconded by Director Hinman, and carried (5-0), the Board authorized the General Manager to enter into an agreement with Finley & Cook in the amount of \$163,539.00 for the software licensing and implementation of the Serenic Navigator Financial Management System. The Board also waived the District's general procurement guidelines applicable to this agreement.

AUTHORIZE THE GENERAL MANAGER TO ENTER INTO A CONSULTING CONTRACT WITH MALCOLM PIRNIE TO COMPLETE A CONVEYANCE AND INTEGRATION ANALYSIS FOR THE POSEIDON RESOURCES CORPORATION PROJECT IN HUNTINGTON BEACH

Director Bakall advised that this item was supported (unanimously) by the Planning & Operations Committee.

Mr. Hunt advised that the next step in evaluating the feasibility of a desalination plant at the Huntington Beach site is an analysis to determine how the water will be delivered to the various agencies or exchanged with other supplies.

Mr. Larry Porter (Residents for Responsible Desalination) expressed concern with Poseidon and its business practices, as well as concern for the Huntington Beach site,

noting there are many issues which make this site undesirable.

Upon MOTION by Director Bakall, seconded by Director Royce, and carried (5-0), the Board authorized the General Manager to enter into a contract with Malcolm Pirnie to complete the conveyance and integration analysis for the Poseidon Huntington Beach contract. The contract amount is \$67,908 and is to be paid by Poseidon Resources Corporation.

SOUTH ORANGE COASTAL OCEAN DESALINATION PROJECT AWARD OF PHASE 3 CONTRACTS

Director Bakall advised that this item was supported (unanimously) by the Planning & Operations Committee.

Director Hinman commented on the productive partnership of the Project Participants, noting she is pleased with the progress and exchange of information.

Upon MOTION by Director Bakall, seconded by Director Hinman, and carried (5-0), the Board: (1) approved issuance of the Purchase Requisition/Order to Intuitech in the amount of \$299,129 plus tax, to procure the Mobile Test Facility; (2) awarded the "Lower San Juan Basin Groundwater Yield and Drawdown Evaluation" modeling contract to Geoscience in the amount of \$82,210, split equally between the four stakeholders: 25% South Orange Coastal Ocean Desalination Project Participants, 25% City of San Juan Capistrano, 25% South Coast Water District, and 25% San Juan Basin Authority; and (3) awarded Geoscience "Proposed New Well Sites Evaluation – South Coast Water District" and combine into the scope of work of the groundwater yield and drawdown modeling work with agreement by South Coast Water District to reimburse MWDOC for this additional work in the additional amount of \$14,000.

REVISED STATISTICAL WATER SAVINGS EVALUATION FOR THE SMARTIMER REBATE PROGRAM

Director Bakall advised that this item was supported (unanimously) by the Planning & Operations Committee.

Director Dick highlighted the incorrect evapotranspiration data (as a result of the faulty weather station sensors) and the need/importance of obtaining accurate data; Director Bakall concurred.

Although staff is requesting authorization for \$24,660 to revise the statistical data, it was noted that the Change Order was prepared in a way which could limit MWDOC's cost exposure to \$14,560 (if the results of the revised statistical evaluation have a minor impact on the report write-up). Staff will report to the Board as soon as it is known whether the District's costs are lower than \$24,660.

Upon MOTION by Director Bakall, seconded by Director Royce, and carried (5-0), the Board authorized an expenditure not to exceed \$24,660 to revise the statistical water savings evaluation for the SmarTimer Rebate Program.

ESTABLISHMENT OF LEGISLATIVE POSITIONS

Director Hinman advised that the Public Affairs & Legislation Committee met in April and May and recommended the Board approve the legislative positions as outlined.

Mr. David Cordero, Director of Governmental Affairs, advised that SB 283 (De Saulnier re Department of Water Resources recycled water systems) had undergone two rounds of amendments since it was presented to the Public Affairs & Legislation Committee. He distributed an update and outline of the amendments to that legislation, noting that the recommended position of “support” remains.

Upon MOTION by Director Dick, seconded by Director Bakall, and carried (5-0), the Board adopted the following positions:

<u>Bill</u>	<u>Topic</u>	<u>Recommended Position</u>
AB 804 (Hall)	Invasive aquatic species: mussels	Support
SB 42 (Corbett)	Coastal resources: seawater intake	Oppose
SB 283 (De Saulnier)	Building standards: recycled water systems	Support
AB 234 (Huffman)	Energy: water use and energy efficiency projects: federal stimulus funds.	Support
AB 1100 (Duvall)	Potable reuse demonstration water	Support

INFORMATION CALENDAR

GENERAL MANAGER'S REPORT, MAY 2009

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

Mr. Hunt reported that staff is receiving several requests from client agencies for presentations on various subjects, including the District's rates, water shortage allocation plan, and drought; he encouraged Director participation in this effort. Director Dick suggested that staff formalize a schedule of presentations for the Directors; Director Hinman concurred.

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 Dick reported on attending the dedication of Orange County Sanitation District's new lift station in memory of Steve Anderson, as well as the "Bubble Man" presentation at the Discovery Science Center. He also attended the ISDOC luncheon, the "Green" fair at MET, as well as a speaking engagement with commercial landowners at the Apartment Owners of Orange County meeting.

Director Royce advised that he attended many meetings during the month, including water rate meetings. He commented on the water rates, citing the benefit of variable charges (rather than fixed) which gives the opportunity to control costs. He highlighted the fact that incentives are necessary to encourage water use efficiency and reduce water usage.

Director Bakall advised that he hosted a Colorado River inspection trip which included members of the Orange County Grand Jury. He noted that he will also be hosting an Engineering Committee tour of MET. He commented that MET would be auctioning its tunnel equipment.

Director Hinman reported on attending the WACO meeting, the South Orange Coastal Desalination Project Participants meeting, the Laguna Beach County Water District Commission meeting, the South Coast Water District Board meeting, the Operational Area Executive Board meeting, a meeting of the Urban Water Research Center, and the Orange County Water Summit. She also attended a meeting with Karl Seckel and Bob Baker (the newest San Clemente City Council member). Ms. Hinman advised that she would be going to the ACWA Board meeting (immediately following the Board meeting).

Director Clark advised that he could only attend a portion of the Orange County Water Summit.

ADJOURNMENT

There being no further business to come before the Board, President Clark adjourned the meeting at 9:40 a.m.

APPROVED

Wayne A. Clark, President

Maribeth Goldsby, Secretary