



May 16, 2017

Mr. Robert Hunter
General Manager
Municipal Water District of Orange County
P.O. Box 20895
18700 Ward Street
Fountain Valley, CA 92708

Re: Proposed MWDOC Budget and Rate Resolution for Fiscal Year 2017-18

Rob:

On April 11, 2017, IRWD submitted comments to MWDOC on the second draft of the Proposed Municipal Water District of Orange County (MWDOC) Fiscal Year 2017-18 Budget. The purpose of this current letter is to reiterate concerns that were expressed in the April 11 letter and to express concerns related to recent changes to the budget that have not been vetted with the MWDOC member agencies.

In the April 11 letter, IRWD commented that it did not support the addition of a proposed new federal advocacy-related position to the MWDOC budget. Other member agencies also objected to the new position, and at the recent Elected Officials meeting, it was indicated that the addition of the new position would likely not move forward. In reviewing the third draft of the budget, which will be presented to the MWDOC Board on May 17, the federal advocacy position has not yet been removed from the budget. IRWD and other member agencies remain opposed to the addition of the position. Without sufficient justification for adding this position, IRWD believes that the MWDOC Board should reject the addition of the federal advocacy position.

The proposed \$12.10 Retail Meter Charge that is included in the third budget is significantly higher than what was reviewed with the member agencies in previous drafts of the MWDOC budget. The increase would primarily result from a reduction in the proposed use of reserves that would stabilize the rate increase. This major change in the budget has not been reviewed with the member agencies and was not discussed at the Elected Officials meeting. MWDOC should be aware that some member agencies have already approved budgets and distributed Proposition 218 notices based on what were considered reasonable increases in the Retail Meter Charges. The proposal to substantially increase the Meter Charge to \$12.10 without adequate review with the member agencies and after many retail agencies have adopted their budgets for the coming year will create financial challenges for many member agencies. To help mitigate the impacts of the unexpected increased Retail Meter Charge on member agencies budgets, IRWD recommends that the MWDOC Board use reserves to stabilize the Retail Meter Charge back down to a level as discussed at past MWDOC budget reviews.

The draft budget includes a Core water use efficiency cost for Leak Detection Equipment that should be re-categorized as part of the Choice Water Loss Control Audits Program. Including the cost as a Core function is not reasonable considering that some member agencies already have their own equipment for

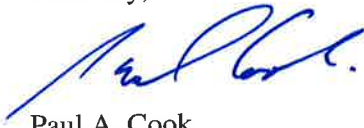
Mr. Robert Hunter
General Manager
Municipal Water District of Orange County
May 16, 2017
Page 2

detecting leaks. The cost of MWDOC procuring Leak Detection Equipment should be borne by those members agencies that choose to have MWDOC assist with leak detections by participating in the Water Loss Control Audits Program.

Finally, IRWD supports the proposed FY 2017-2018 Choice Programs and the proposed Core Communications Campaign that will focus on the California Water Fix. The California Water Fix is an important issue for Orange County water agencies and the proposed MWDOC program can help build community support for the project.

Since the MWDOC Board is taking up consideration of the proposed budget and a corresponding rate resolution, I am requesting that you provide a copy of this letter to each of your board members to consider IRWD's comments. Please contact me at (949) 453-5590 if you have any questions or concerns with the comments provided.

Sincerely,



Paul A. Cook
General Manager

LAGUNA BEACH COUNTY WATER DISTRICT

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LEGAL COUNSEL:

GERALD D. SHOAF

INCORPORATED 1925

Via email to mgoldsby@mwdoc.com

May 15, 2017

Mr. Wayne Osborne, Board President
Municipal Water District of Orange County
P.O. Box 20895
Fountain Valley, CA 92728

Re: Comments on the Proposed MWDOC FY2017-18 Budget

Dear President Osborne:

Thank you for the opportunity to review and provide comments on your proposed Fiscal Year 2017-18 Budget. Your staff has done an excellent job in working with MWDOC agencies to develop a reasonable budget with a modest increase of 2.1 percent.

There are a couple of items of concern in the proposed budget. The first is the new staff position being proposed to support federal legislative advocacy and regulatory issues in Washington, D.C. There has been little discussion regarding the focus, duties, or priorities for a federal staff position. In addition, there seems to be little support for the funding of this position, given that many agencies are not seeking federal funding, and others have their own resources. Since not all agencies have a need for this support, we believe that it should be budgeted as a CHOICE program, giving agencies the option to participate if they are interested in federal representation through MWDOC. By making this a CHOICE program, a full time position would not be necessary. Federal legislative advocacy could be handled by a consulting service, similar to the Water Los Control program, and result in a reduction of the recent increase in the retail meter charge. Since the second draft of your budget listed the retail meter charge at \$11.60, we have already presented this number to our Commission and Board at its recent Budget Workshop.

The second item of concern is Grant Support. This is another service that we believe should be handled as a CHOICE program. The need for grant support varies from agency to agency. Many agencies have their own resources to support grant applications, as well as others that don't have projects that require grant consulting support. In our case, we have retained grant support directly.

Thank you for the opportunity to provide comments on the proposed 2017-18 budget.

Sincerely,

Renae M. Hinchey
General Manager