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ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

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April 11, 2017

Mr. Robert J. Hunter
General Manager
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley CA 92708

SUBJECT: MWDOC April 12, 2017 Administration and Finance Committee meeting

Dear Mr. ^{RJB}Hunter:

Orange County Water District would like to provide comments regarding two items on the April 12, 2017 Municipal Water District of Orange County (MWDOC) Administration and Finance Committee meeting agenda.

The meeting agenda includes reviewing the second draft of MWDOC's proposed fiscal year 2017-18 budget. The District appreciates MWDOC's open budget process and the meetings and discussions that occur in February, March and April prior to the Board taking final action on a budget.

The draft budget is proposing to add a new government affairs position focusing on federal issues. Without seeing a summary of the duties of the new position, it is difficult to understand the need for this new expense. It does not appear to the District that a consistent workload exists to justify a full time employee. The only way we could support the inclusion of this position in the budget would be if it would be a choice activity. If it were added as a choice activity, we would choose not to participate.

OCWD has a similar comment for the proposed additional \$70,000 consultant expense to assist in obtaining federal grants. This should also be considered as a choice item for MWDOC member agencies unable to seek such federal grant applications themselves. If it were added as a choice activity, we would choose not to participate.

OCWD's other comment is regarding proposed changes to the MWDOC reserve policy. It seems premature to the District to establish a reserve level of \$5 to \$10 million for a project and/or program that has yet to be identified and developed to any degree. Regional water programs and projects can be complicated, typically involve several agencies, and can require multiple regulatory permits. OCWD would recommend that whatever project or program that MWDOC may be contemplating should at least be identified. Additionally the project or program should be developed to some degree so

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that MWDOC is reasonably confident the project or program could actually occur before millions of dollars of funding is set aside.

Thank you for consideration of these comments.

Sincerely,



Michael R. Markus, P.E., D.WRE, BCEE, F.ASCE
General Manager

cc: OCWD Board of Directors
MWDOC Board of Directors