



September 2, 2011

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Joan C. Finnegan
President

Jeffery M. Thomas
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Brett R. Barbre
Director

Wayne A. Clark
Director

Larry D. Dick
Director

Susan Hinman
Director

Ed Royce, Sr.
Director

Kevin P. Hunt, P.E.
General Manager

The Hon. Thomas J. Borris
Presiding Judge, Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

Mr. Jerry L. Powell
Jury Foreman, Orange County Grand Jury
700 Civic Center Drive West
Santa Ana, CA 92701

Subject: Response of Municipal Water District of Orange County to Orange County Grand Jury Report of June 10, 2011 entitled "Compensation Survey of Water and Sanitation Districts"

Dear Judge Borris and Mr. Powell,

We thank the Grand Jury for their service to the community in preparing the report "Compensation Survey of Water and Sanitation Districts". We have reviewed the report, and have responded to the two recommendations as follows:

R.1 "Provide an easy accessible format on the district's website, data on compensation for the board of directors and general manager, as well as current budget and financial reports."

Response

MWDOC's annual budgets for current and prior 10 years are posted on our website. Monthly financial reports are posted as part of our Administration and Finance Committee packet and in our master Board packet.

Per the recommendation, we have posted our Directors' compensation, our General Manager's compensation and our General Manager's contract on our website. The information can be found at <http://www.mwdoc.com/about/gm-contract> or <http://www.mwdoc.com/board/board-compensation>. It can also be found on the Board of Director's home page tab and under each Division of the Board of Directors' page.

Attachment 1 presents the narrative report, financial information, and contract.

MEMBER AGENCIES

City of Brea
City of Buena Park
East Orange County Water District
El Toro Water District
Emerald Bay Service District
City of Fountain Valley
City of Garden Grove
Golden State Water Co.
City of Huntington Beach
Irvine Ranch Water District
Laguna Beach County Water District
City of La Habra
City of La Palma
Mesa Consolidated Water District
Moulton Niguel Water District
City of Newport Beach
City of Orange
Orange County Water District
City of San Clemente
City of San Juan Capistrano
Santa Margarita Water District
City of Seal Beach
Serrano Water District
South Coast Water District
Trabuco Canyon Water District
City of Tustin
City of Westminster
Yorba Linda Water District

The Honorable Thomas J. Borris
Jerry L. Powell
September 2, 2011
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R.2 "Maintain and update agendas, minutes, meeting schedules and location on the district's website."

Response

MWDOC already provides that information and updates it weekly.

In summary, MWDOC agrees with findings 1 and 2, generally. Recommendation 1 has been implemented and documented herein. Recommendation 2 has been implemented prior to the Grand Jury recommendations.

Thank you for your service to the community. Please do not hesitate to call should you have any questions.

Sincerely,



Kevin P. Hunt, P.E.
General Manager

c: MWDOC Board President, Joan Finnegan
Board of Directors
Metropolitan Directors

**Municipal Water District of Orange County
Compensation Summary – Fiscal Year 2010-11**

Introduction

The purpose of the following information is to provide an overview of the compensation received by our Board of Directors and General Manager. This document is updated annually, or as policy changes are made.

Board of Directors Compensation Items

- **Meeting Compensation:**
 - **Municipal Water District of Orange County (MWDOC/The District):** Each Board member receives \$221.62 per meeting-day. There is a maximum of one compensated meeting per day. The maximum number of meeting-days for which a Board member may receive compensation shall not exceed ten in any calendar month.

The types of meetings that are pre-authorized include MWD Board and Committee meetings, MWDOC member agency Board and Committee meetings, and meetings with legislators. Board members' attendance at conferences, conventions, workshops, seminars, etc., outside the MWD service area requires prior authorization of the Board.
 - **Metropolitan Water District of Southern California (MWD):** Each Board member receives \$221.62 per meeting-day they attend on behalf of MWD, not to exceed a total of 10 meetings per month.
 - For Board members who are both MWDOC and MWD Directors, the meeting-day limits are additive and can reach up to twenty meeting-days per month.
- **Retirement Plan:** Board members are eligible to participate in a 401(a) plan paid by the District at a rate of 13.5% of their compensation. Board members are not eligible to participate in the CalPERS retirement benefit which is provided to District employees.
 - Two of MWDOC's seven Board members reimburse the District at the rate of 7.5% (the difference between the 13.5% paid by the District and the 6.2% mandated FICA tax).
- **Employee Assistance Program (EAP):** This service provides confidential, professional assistance when personal problems affect an employee's life and work. The program

provides information, consultation and counseling for employees and their family members, as well as offering training and consultation to management. The District pays for Board members' participation in an Employee Assistance Program at a cost of \$41.40 annually, per Director.

- **Medicare:** The District pays for Board members' Medicare expenses at a rate of 1.45%.
- **Health Insurance:** Board members are eligible to participate in the health and welfare benefits provided by MWDOC. The District pays 80-100% of the costs for the Board members' medical insurance, depending on whether the plan is for the individual or a family plan. One hundred percent of the costs of dental and vision insurance are paid for by the District.
 - * Two of MWDOC's seven Board members do not participate in the District's health insurance plan, and they reimburse the District for 100% of the costs of the dental and vision insurance plans.
- **Travel and Transportation:** When necessary during the course of a Board member's official duties, travel and transportation costs are funded by the District. Travel and attendance at conferences and seminars by Board members requires prior approval by the Board.
 - **Mileage:** Board members use their own vehicles and are reimbursed for mileage driven when on official District business at the current rate permitted by the IRS. (Board members are not eligible to receive an Automobile Allowance.)
 - **Parking and Tolls:** Transportation and associated costs are eligible for reimbursement. Eligible expenses may include, parking fees, toll road fees, and other reasonable transportation-related expenses.
- **Office Equipment/Services:** Board members are eligible to receive office equipment, such as computers, printers, and fax machines that are used for official District business only. Expenses for home office supplies and services – such as computer ink/toner and internet/fax machine (telephone) service – that are used to conduct District business may also be-reimbursed.
- **Loans:** The District offers interest-free loans for personal computers that are used to conduct official District business. The maximum loan amount is \$2,000.
- **Life Insurance:** Board members do not receive any life insurance benefits.

- **Vacation/Holiday/Sick Leave:** Board members do not receive any compensation for vacation time, holiday pay, or sick leave.

The following table summarizes the annual compensation received by the MWDOC and MWD Board members during Fiscal Year 2010-11 (July 1, 2010 - June 30, 2011). The table also includes the total number of meetings attended, not all of which are eligible for compensation.

<u>MWDOC Board Members</u>	<u>Total Mtg's Attended</u>	<u>Meeting Compensation</u>	<u>Benefits</u>	<u>Total Compensation</u>
Brett R. Barbre	126	\$26,373	\$17,435	\$43,808
Wayne A. Clark	123	\$25,929	\$11,910	\$37,839
Larry D. Dick	127	\$24,821	\$17,194	\$42,015
Joan C. Finnegan	142	\$24,600	\$2,544	\$27,144
Susan Hinman	183	\$23,270	\$2,448	\$25,718
Ed Royce, Sr.	127	\$25,265	\$9,693	\$34,958
Jeffery M. Thomas	116	\$23,048	\$19,662	\$42,710
<u>MWD Board Members</u>				
Linda Ackerman	116	\$24,821	n/a	\$24,821
Brett R. Barbre	116	\$25,486	n/a	\$25,486
Larry D. Dick	122	\$25,708	n/a	\$25,708
John V. Foley	109	\$21,497	n/a	\$21,497

GENERAL MANAGER

- **Annual Salary:** \$219,701.77
- **Benefits:** \$66,973.20

**EMPLOYMENT AGREEMENT BETWEEN
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
AND KEVIN P. HUNT, GENERAL MANAGER**

This Employment Agreement is effective as of April 5, 2004, by and between Municipal Water District of Orange County (MWDOC) and Kevin P. Hunt.

1. RECITALS

1.1 MWDOC performs a vital function in providing a safe and adequate supply of water for the area which it serves. In order to effectively carry out MWDOC's functions, it requires skilled, competent, experienced and loyal personnel at the management level.

1.2 Kevin P. Hunt has thirty-three years' experience in the field of water including more than seven years as group leader for water and natural resources with Psomas and Associates. Through such experience, Kevin P. Hunt has acquired special skills and abilities concerning water supplies and water politics and has extensive background in and knowledge of water distribution and supply.

1.3 The Board of Directors has conducted an extensive search to identify a qualified person to fill the position of General Manager of MWDOC, and has determined that Kevin P. Hunt has the experience, skills, abilities, background and knowledge required for the General Manager position, and is, therefore, willing to engage his services on the terms and conditions set forth below.

1.4 Kevin P. Hunt is willing to accept the position and the responsibilities of General Manager of MWDOC and is willing to do so on the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the above recitals and of the mutual promises and conditions of this Agreement, it is agreed as follows:

2. DUTIES, RESPONSIBILITIES AND AUTHORITY

2.1 Kevin P. Hunt shall utilize his experience, abilities, special skills and knowledge to the fullest extent that is reasonably possible to carry out his duties, responsibilities and authority as set forth in this Agreement. His duties, responsibilities and authority shall include, but not be limited to, the following:

A. Direct and supervise MWDOC staff. Be responsible for administration of MWDOC activities and handle all personnel matters including, but not limited to, hiring and termination of staff members.

B. Attend regular and committee meetings of the MWDOC Board of Directors and meetings of the MWDOC office staff. When directed by the Board or when it would be to the benefit of MWDOC, attend and represent MWDOC at joint workshop meetings with Orange County representatives on the Board of the Metropolitan Water District of Southern California (Metropolitan), member agencies managers' meetings, Metropolitan activities, Metropolitan Board of Directors meetings, conferences and other activities of water associations and organizations of which MWDOC is a member and such other meetings and activities in which MWDOC has an interest.

C. Consult with MWDOC Board members, attorney and engineers, preparing and providing them with information, reports and studies regarding MWDOC functions and issues of concern to MWDOC which they request or which is necessary to the performance of their duties.

D. Conduct the business and functions of MWDOC, including, but not limited to, the purchase of water from Metropolitan, sale of water to MWDOC's member agencies and collection of water rates, connection fees, assessments and other revenues of MWDOC.

E. Be responsible for carrying out the duties and obligations of MWDOC pursuant to any and all contracts to which MWDOC is a party.

F. Perform the duties of any offices or posts to which the Board appoints the General Manager.

G. Generally do all things necessary to carry out the purposes, policies and obligations of MWDOC. Be prepared to perform whatever tasks are necessary to meet emergencies involving MWDOC and to work evenings, weekends and holidays when necessary to accomplish these requirements.

H. All other authorities and responsibilities established by policy and/or referenced in the District's Administrative Code and Personnel Manual.

3. GENERAL MANAGER OUTSIDE BUSINESS/POLITICAL ACTIVITIES

3.1 During his employment as General Manager, Kevin P. Hunt shall devote his best efforts and such time, energy, interest, attention and ability to the performance of this Agreement as is fair and reasonably necessary to accomplish his duties in a competent manner.

3.2 As General Manager, Kevin P. Hunt shall not, without the prior consent of the Board of Directors, devote time, energy, effort or ability to outside activities or business interests which will or potentially could interfere with his obligations to perform his duties under this agreement. Kevin P. Hunt shall not engage in any outside activity or business interest which conflicts with MWDOC's interests.

4. TERM OF EMPLOYMENT

4.1 Kevin P. Hunt and MWDOC understand and expressly agree that this Agreement may be terminated, with or without cause, at the will of either MWDOC or Kevin P. Hunt. In the event MWDOC elects to terminate this Agreement it shall give Kevin P. Hunt six (6) months' written notice prior to the effective date of termination. Provided the full six months notice is given Kevin P. Hunt he shall not be entitled to any lump sum severance. Upon notice of termination by MWDOC, Kevin P. Hunt shall continue to perform his duties and receive his compensation and benefits as provided hereunder until the effective date of the termination or until he obtains other employment, whichever occurs first. At the option of the Board of Directors, the duties of the General Manager may be modified or reduced during the period between notice of termination and the effective date of termination, provided that compensation and benefits will continue at the levels provided herein. Notwithstanding the foregoing, MWDOC may terminate this agreement with no prior notice or with less than six (6) months notice provided that MWDOC shall compensate Kevin P. Hunt by payment of a lump sum severance in the amount of his salary for each month less than the six months notice provided hereunder, and shall continue to pay premiums for medical, dental and vision insurance for the balance of the six months from the notice of termination. In the event Kevin P. Hunt elects to terminate this Agreement, he shall give the Board of Directors at least 45 days' written notice of his intention to do so.

4.2 MWDOC may terminate this Agreement at any time without prior notice if Kevin P. Hunt commits any material act of dishonesty, discloses confidential information, is guilty of gross carelessness or misconduct, or unjustifiably neglects his duties under this Agreement, or acts in any way that has a direct, substantial and adverse effect on MWDOC. This Agreement shall be terminated upon the Kevin P. Hunt's death or mental or physical disability which prevents him from satisfactorily performing his duties hereunder in his normal and regular manner for a period exceeding four months. In the event of termination pursuant to this section, Kevin P. Hunt shall not be entitled to prior written notice or continuation of compensation or benefits.

5. NOTICES

5.1 Any notice to MWDOC required or permitted under this Agreement shall be given in writing to MWDOC, either by personal service or by registered or certified mail, postage paid, addressed to the Board of Directors at the offices of MWDOC.

5.2 Any such notice to Kevin P. Hunt shall be given in a like manner and, if mailed, shall be addressed to Kevin P. Hunt at his home address then shown in District files.

5.3 For the purposes of determining compliance with any time limit in this Agreement, a notice shall be deemed to have been duly given a) on the date of delivery, if delivered personally to the party to whom notice is to be given, or b) on the fifth business day after mailing, if mailed to the party to whom the notice is to be given in the manner provided in this section.

6. SALARY AND PERFORMANCE EVALUATIONS

6.1 **Initial Term Salary.** Generally, it is the Board's policy to maintain the General Manager's compensation at competitive levels. Kevin P. Hunt's annual base salary shall be \$180,000 per annum, paid in installments according to the payment periods provided in MWDOC's Personnel Manual. General Manager shall not be entitled to cost-of-living salary considerations at the same time as general employees.

6.2 **Mid-Year Review.** In May of each year during his employment, Kevin P. Hunt shall present, to the Administration & Finance Committee, a mid-year report detailing his performance in the first half of the fiscal year.

6.3 **Year-End Review.** In August of each year, Kevin P. Hunt shall present a year-end final report of his previous years' performance to the Administration & Finance Committee after which the Committee will interview and complete their written performance review of the General Manager. The Committee shall forward its performance report to the Board of Directors in September together with a recommendation for salary adjustment and/or other type of compensation adjustment. Any salary adjustment would become effective with the first pay period in January of the following year. At the option of the Board, the compensation adjustment may be in the form of a contribution to the General Manager's deferred compensation account made as of the first payday after the Board action approving the compensation adjustment.

7. BENEFITS

7.1 Inasmuch as Kevin P. Hunt, in the performance of his duties and responsibilities, will be required to travel regularly to meetings, conferences and other activities outside MWDOC offices, MWDOC shall, provide him with an automobile allowance of \$750 per month as reimbursement for depreciation, maintenance and operation costs for such vehicle. The District provided automobile allowance shall include fuel and maintenance and the General Manager shall not be entitled to any additional compensation for mileage.

7.2 MWDOC shall reimburse General Manager up to a maximum of \$300 per year for medical costs incurred for health maintenance, including physical examinations and wellness checks.

7.3 Notwithstanding the provisions of MWDOC's personnel policy, Kevin P. Hunt shall be entitled to twenty (20) days vacation each year during his employment

under this Agreement.

7.4 Except as specifically provided by this Agreement, Kevin P. Hunt shall be entitled to receive all other benefits of employment generally available to other MWDOC employees, on the same basis as other MWDOC employees under the District's Personnel Manual, as amended from time to time.

8. INTEGRATION

8.1 This Agreement, together with the provisions of the MWDOC Personnel Manual incorporated herein by this reference, not inconsistent with any of the terms and conditions herein, constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements, understandings, commitments, and practices between the parties, including all prior employment agreements.

9. CHOICE OF LAW

9.1 This Agreement shall be governed by the laws of the State of California. This Agreement may not be modified, altered or amended except by written agreement signed by both parties.

10. FORM: SEVERABILITY

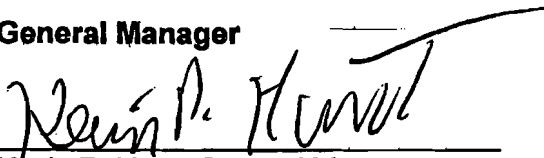
10.1 If any provision of this Agreement is held invalid or unenforceable, including but not limited to the term of this Agreement, the remainder of this Agreement shall nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

Dated: 3/17/04

**MUNICIPAL WATER DISTRICT OF
ORANGE COUNTY**


Brett R. Barbre, Board President

Dated: 3/17/04

General Manager

Kevin P. Hunt, General Manager

**SECOND AMENDMENT TO
EMPLOYMENT AGREEMENT BETWEEN
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY AND
KEVIN P. HUNT, GENERAL MANAGER**

THIS AMENDMENT to the existing Employment Agreement ("Agreement") between the MUNICIPAL WATER DISTRICT OF ORANGE COUNTY ("MWDOC") and KEVIN P. HUNT, General Manager ("General Manager"), is entered into by and between MWDOC and Kevin P. Hunt, parties to the Agreement.

Except as stated below, the Agreement remains in full force and effect:

- 1. Section 6.1. The title to this Section is amended by striking "Initial Term" so that it states "Salary." Further, effective April 5, 2006, Kevin P. Hunt's annual base salary shall be \$198,450 per annum, paid in installments according to the payment periods provided in MWDOC's Personnel Manual. General Manager shall not be entitled to cost-of-living salary considerations at the same time as general employees.

Date: 3/20, 2006

MUNICIPAL WATER DISTRICT
OF ORANGE COUNTY

By Susan Hinman
SUSAN HINMAN
Board President

Date: 3/20, 2006

APPROVED AS TO FORM.

Russell G. Behrens
RUSSELL G. BEHRENS
General Counsel

GENERAL MANAGER

By Kevin P. Hunt Date 3/27/06
KEVIN P. HUNT
General Manager

**THIRD AMENDMENT TO
EMPLOYMENT AGREEMENT BETWEEN
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY AND
KEVIN P. HUNT, GENERAL MANAGER**

THIS AMENDMENT to the existing Employment Agreement ("Agreement") between the MUNICIPAL WATER DISTRICT OF ORANGE COUNTY ("MWDOC") and KEVIN P. HUNT, General Manager ("General Manager"), is entered into by and between MWDOC and Kevin P. Hunt, parties to the Agreement.

Except as stated below, the Agreement remains in full force and effect:

1. Section 6.1, "Initial Term Salary," including all subsequent amendments thereto, shall be deleted in its entirety and replaced with the following:

Section 6.1. Salary. Effective April 5, 2007, Kevin P. Hunt's annual base salary shall be \$204,800 per annum, paid in installments according to the payment periods provided in MWDOC's Personnel Manual. General Manager shall not be entitled to cost-of-living salary considerations at the same time as general employees.

Date: 4-27-07, 2007

MUNICIPAL WATER DISTRICT
OF ORANGE COUNTY

By *Susan Hinman*
SUSAN HINMAN
Board President

Date: March 28, 2007

APPROVED AS TO FORM.

Russell G. Behrens
RUSSELL G. BEHRENS
General Counsel

GENERAL MANAGER

By *Kevin P. Hunt*
KEVIN P. HUNT
General Manager

Date 4/27/07

**FOURTH AMENDMENT TO
EMPLOYMENT AGREEMENT BETWEEN
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY AND
KEVIN P. HUNT, GENERAL MANAGER**

THIS AMENDMENT to the existing Employment Agreement ("Agreement") between the MUNICIPAL WATER DISTRICT OF ORANGE COUNTY ("MWDOC") and KEVIN P. HUNT, General Manager ("General Manager"), is entered into by and between MWDOC and Kevin P. Hunt, parties to the Agreement.


Except as stated below, the Agreement remains in full force and effect:

1. Section 6.1, "Salary," including all subsequent amendments thereto, shall be deleted in its entirety and replaced with the following:

Section 6.1. Salary. Effective April 7, 2008, Kevin P. Hunt's annual base salary shall be \$214,016 per annum, paid in installments according to the payment periods provided in MWDOC's Personnel Manual. General Manager shall not be entitled to cost-of-living salary considerations at the same time as general employees.

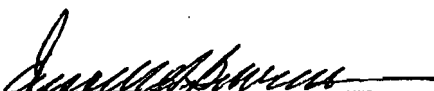
Date: 4-2, 2008

MUNICIPAL WATER DISTRICT
OF ORANGE COUNTY

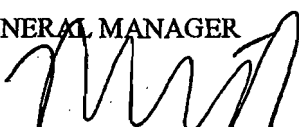
By 
Wayne A. Clark
Board President

Date: 3-31, 2008

APPROVED AS TO FORM.


RUSSELL G. BEHRENS
General Counsel

GENERAL MANAGER

By 
KEVIN P. HUNT
General Manager

Date

4/3/08

**FIFTH AMENDMENT TO
EMPLOYMENT AGREEMENT BETWEEN
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY AND
KEVIN P. HUNT, GENERAL MANAGER**

THIS AMENDMENT to the existing Employment Agreement ("Agreement") between the MUNICIPAL WATER DISTRICT OF ORANGE COUNTY ("MWDOC") and KEVIN P. HUNT, General Manager ("General Manager"), is entered into by and between MWDOC and Kevin P. Hunt, parties to the Agreement.

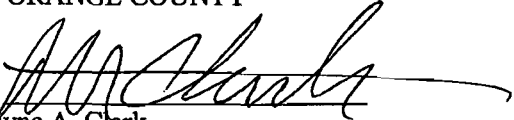
Except as stated below, the Agreement remains in full force and effect:

1. Section 6.1, "Salary," including all subsequent amendments thereto, shall be deleted in its entirety and replaced with the following:

Section 6.1. Salary. Effective April 8, 2009, Kevin P. Hunt's annual base salary shall be \$219,901 per annum, paid in installments according to the payment periods provided in MWDOC's Personnel Manual. General Manager shall not be entitled to cost-of-living salary considerations at the same time as general employees.


Date: 5/26/09, 2009

MUNICIPAL WATER DISTRICT
OF ORANGE COUNTY

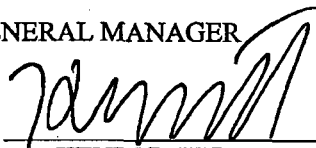
By 
Wayne A. Clark
Board President

Date: May 6, 2009

APPROVED AS TO FORM.


RUSSELL G. BIRKENS
General Counsel

GENERAL MANAGER

By 
KEVIN P. HUNT
General Manager

Date

5/26/09