

MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
January 12, 2005, 8:30 a.m.
MWDOC Conference Room 101

Committee:

Director Hinman, Chairman
Director Clark
Director Dick

Staff: K. Hunt, K. Seckel, M. Stone,
P. Letrong, C. Harris, D. Cordero,
R. Bell, K. Davanaugh

Ex Officio Member: B. Barbre

MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

PUBLIC COMMENTS

Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine there is a need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee)

PROPOSED BOARD CONSENT CALENDAR ITEMS-ACTION

1. TREASURER'S REPORT
 - a. MWDOC Revenue/Cash Receipt Register as of December 31, 2004
 - b. MWDOC Disbursement Register as of December 31, 2004
 - c. MWDOC Summary of Cash and Investment and Portfolio Master Summary Report – November 30, 2004
 - d. Conservation Project Activities from Inception through December 31, 2004 and Water Use Efficiency Projects Cash Flow as of December 31, 2004
 - e. Review of McCormick, Kidman & Behrens Legal Services Invoice
2. FINANCIAL REPORT
 - a. Financial Statement and Budget Comparative Report for the Period Ending November 30, 2004
3. DISTRICT MEETINGS/SEMINARS
 - a. Urban Water Institute Workshop, January 24, 2005
 - b. ACWA Spring Conference, San Jose Convention Center, May 3-6, 2005

ACTION ITEMS

4. BENCHMARK SALARY SURVEY
5. IMPLEMENTATION OF ELECTRONIC INFORMATION MANAGEMENT SYSTEM

DISCUSSION ITEMS

6. DISTRICT AUDITING SERVICES
7. DISCUSSION REGARDING DIRECTORS USE OF CONFERENCE ATTENDANCE REPORTING FORMS

INFORMATION ITEMS

(The following items are for informational purposes only – background information is included in the packet. Discussion is not necessary unless a Director requests.)

8. PENDING ITEMS
 - a. Administration
 - b. Finance and Information Technology
9. NET STANDBY CHARGE CREDITS AND UNDER-COLLECTION OF READINESS-TO-SERVE CHARGES

OTHER ITEMS

10. REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL MATTERS, EMPLOYEE BENEFITS FINANCE AND INSURANCE
11. GENERAL MANAGER'S AND/OR DIRECTORS' REPORTS

ADJOURNMENT

NOTE: At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.



ACTION ITEM
January 12, 2005

TO: Board of Directors

FROM: Administration and Finance Committee

Kevin Hunt, General Manager

Staff contact: Katie Davanaugh

SUBJECT: Urban Water Management Plans Update for 2005
January 24, 2005
Riverside, CA Convention Center

STAFF RECOMMENDATION

Staff recommends the Board of Directors consider authorizing Staff and Directors to attend the Urban Water Institute regional workshop.

Please note that MWDOC Directors and staff are only required to pay direct out-of-pocket expenses such as meals when attending Urban Water Institute functions.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

A hands-on workshop to discuss new requirements of the 2005 update of Urban Water Management Plans: The new involvement of cities and counties, the roles of groundwater and transfers, basin overdrafts, basin contamination, "paper water" and conjunctive use, among other issues.



Item No. 3b

ACTION ITEM

January 12, 2005

TO: Board of Directors

FROM: Administration and Finance Committee
(Directors Hinman, Clark and Dick)

Kevin Hunt, General Manager

Staff contact: Katie Davanaugh

**SUBJECT: ACWA Spring Conference
May 3-6, 2005 San Jose Convention Center**

STAFF RECOMMENDATION

Staff recommends the Board of Directors consider authorizing Staff and Directors to attend the ACWA Spring Conference in San Jose, California May 3-6, 2005.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Conference information will be provided when it becomes available. A copy of the registration form is included for pricing information.



ACTION ITEM
January 19, 2005

TO: Board of Directors
FROM: Administration & Finance
(Directors Hinman, Clark and Dick)
Kevin Hunt
SUBJECT: ADDITIONAL INFORMATION IN SUPPORT OF BENCHMARK SALARY SURVEY

Staff recommends the Board of Directors approve the benchmark salary survey.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

The A&F Committee requested additional information on title responsibilities and duties. Following are the position titles, names and duties of key employees with management responsibilities.

Assistant General Manager/District Engineer, Karl W. Seckel, P.E. Karl directs our engineering and water resource efforts, school program, WEROC program, and coordinates the administrative and financial departments of the district. He reports to the General Manager.

Associate General Manager, Matt Stone, P.E. Matt directs our Metropolitan analyses, our water use efficiency efforts, governmental relations and public relations. In addition, he leads our rate structure analysis and implementation.

Finance Manager, Phil Letrong. Phil acts as District Treasurer, is responsible for all districts funds and technology activities and assists other teams with financial issues. He works closely with Karl.

Administrative Services Manager, Cathy Harris. Cathy is responsible for our administrative staff and human resource activities. She coordinates the administrative support for the various teams and takes care of facility issues. She reports to Karl.

Budgeted (Y/N):	Budgeted amount:
Action item amount:	Line item:
Fiscal Impact (explain if unbudgeted):	

Director of Public Affairs, Michelle Tuchman. Michelle is responsible for local agency and media information and coordination, District politics and community outreach. She reports to Matt.

Director of Governmental Affairs, David Cordero. David is responsible for federal, state and local governmental liaison, legislative tracking and major industry group liaison (ACWA, WACO, etc.). He reports to Matt.

Water Use Efficiency Programs Manager, Joe Berg. Joe manages all of our water conservation activities, represents MWDOC on water use efficiency groups and associations. He has a staff of 4 and reports to Matt.



ACTION ITEM

January 19, 2005

TO: Board of Directors

FROM: **Administration & Finance Committee**
(Hinman, Clark, Dick)

Kevin Hunt
General Manager

Staff Contact: Cathy Harris

SUBJECT: BENCHMARK SALARY SURVEY

STAFF RECOMMENDATION

Staff recommends the Board of Directors:

- 1) Approve the revised Salary Schedule as presented; and
- 2) Approve changes to Personnel Manual sections as presented.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

This item was reviewed at the December Board meeting and it was recommended the item be returned to the Committee for further review. The following comments were expressed at the Board meeting:

- Removal of Range 11 from the salary schedule. This should remain as part of the table of organization.
- Determine whether the Board should establish a policy to set the salary at the median to median comparison or set it at the top $\frac{3}{4}$ percentile, due to the specialized work of various positions. (attached is a revised comparison of the entire range and the results appeared to be consistent with what was surveyed in the industry)
- What is the range spread? (attached is a revised table at the December meeting showing the spread for the various ranges from 30% to 45%)
- How are titles established and have the Director of Public Affairs and Director of Legislative Affairs titles been approved by the Board?
- Review the District Organization Chart at the next A&F Committee meeting.

Information presented at the December Meeting:

Staff recently completed the Benchmark Salary Survey for all positions at the District. Thirty-Three agencies as shown on the attached list were requested to participate. The last survey was completed in 2000. Survey forms included a description of the responsibilities and required qualifications for all of the positions surveyed.

Respondents were asked to identify the position within their agency that was most comparable to the description provided. In performing the benchmark process staff utilized the attached chart in evaluating position reclassifications.

It was determined that 15 of 23 positions require reclassification. Attached is a comparative summary of those positions requiring reclassification showing how the District's position compares with the surveyed mid-points as well as where they would be after the recommended range reclassifications.

Also, during the survey process several issues were identified as follows:

- Records Clerk title requires a change. This position is no longer limited to only clerical functions and the most common titles for this position were Records Coordinator and Records Specialist therefore, staff is recommending the title change to Records Coordinator.
- Combine the Associate and Senior Associate intern classifications to "Paid Intern" classification. This allows for more flexibility in establishing intern salaries.
- Remove range 11 now leaving range 12 as the first salary grade on the schedule.
- Remove the Deputy Secretary position from the schedule. This position has been vacant for several years and it would be appropriate to remove it at this time.
- Change the Sr. Executive Secretary/Board Secretary title to Sr. Executive Secretary to provide consistency in the Executive Secretary series.
- Change title of Associate General Manager of Planning to Associate General Manager.

All of the above have been included in the attached revised salary schedule.

In an effort to make this process consistent with the budget planning process, staff is recommending the timing for completion of the survey be changed from September to March. This would allow for those reclassifications resulting in a financial impact to be included in the budget along with the Merit and Cost of Living increases. Based on the proposed reclassification of 15 positions there are no financial implications at this time. Staff reviewed appendix "B" of the Personnel Manual regarding the Salary and Merit Program Process and made some revisions based on the proposed change to the salary schedule.

In addition, staff removed those sections of Appendix "B" referencing the General Manager's annual year-end reporting to the Board. It was felt that with the Administrative Code currently under review, the Board could evaluate and establish the evaluation and compensation process of the General Manager, so that it is consistent with the Administrative Code and the terms of the General Manager's contract. Appendix "B" would apply to the Salary and Merit process for all employees except the General Manager.

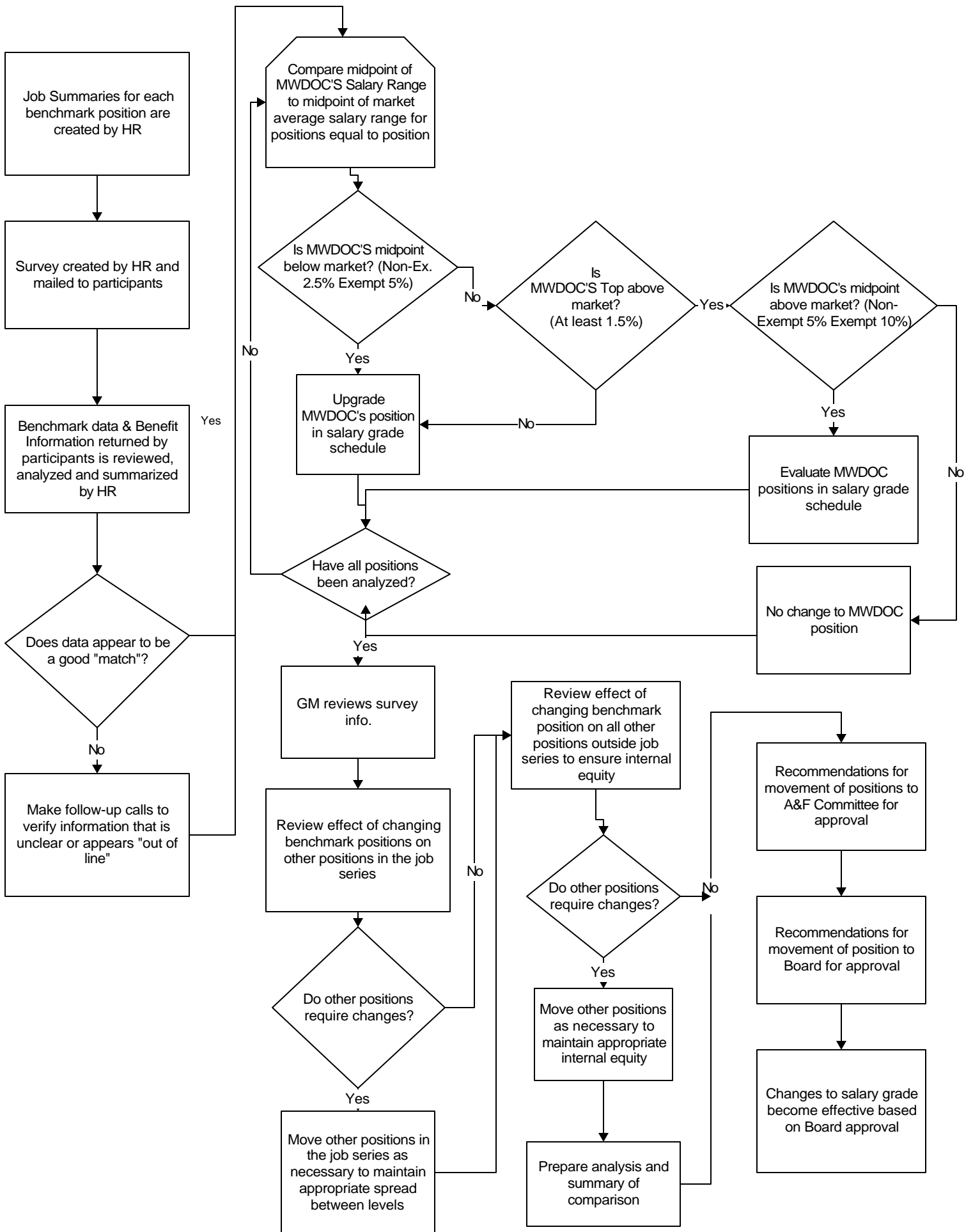
This action is in accordance with the Personnel Manual that the job classification market survey information be presented to the A&F Committee for review and the Board for consideration. Based on the information presented staff is recommending the following:

1. Approve the revised Salary Schedule as presented; and
2. Approve changes to Personnel Manual sections as presented.

2004 Salary Survey Agencies Surveyed

Callegus Municipal Water District
Central Basin Municipal Water District
City of Anaheim
City of Fountain Valley
City of Newport Beach
City of San Juan Capistrano
City of Seal Beach
City of Tustin
Eastern Municipal Water District
El Toro Water District
Foothill Municipal Water District
Inland Empire Utilities Agency
Irvine Ranch Water District
Laguna Beach Co. Water District
Las Virgenes Municipal Water District
Mesa Consolidated Water District
Moulton Niguel Water District
Orange County Sanitation Dist.
Orange County Water District
San Diego County Water Authority
San Gabriel Valley MWD
Santa Margarita Water Dist.
Santiago Co. Water District
Serrano Water District
So. California Water Company
So. Coast Water District
South Orange County Water Agency
South West Water Company
Three Valleys Municipal Water District
Trabuco Cyn. Water District
Walnut Valley Water District
Water Replenishment Dist. of So. CA
Yorba Linda Water District

MWDOC Comparison Survey Process



		CURRENT			PROPOSED			
MWDOC Title	Range	Average Survey Mid-Pt	MWDOC Current Mid-Pt	MWDOC Comparability	Proposed MWDOC Mid-Pt		Proposed New Range	MWDOC Comparability
Administrative Clerk	12	2730	2559	-7%	2815	13	2443-3186	Equal
Accounting Clerk	13	3140	2815	-12%	3096	14	2687-3504	Equal
Administrative Assistant	14	3502	3096	-13%	3473	15	2956-3990	Equal
Records Clerk	14	3460	3096	-12%	3473	15	2956-3990	Equal
Sr. Admin. Assistant	16	4170	3821	-9%	4203	17	3578-4827	Equal
Accountant	17	4325	4203	-2.9%	4329	18	3935-5509	Equal
WEROC Programs Coord.	18	5336	4722	-13%	5196	19	4330-6061	Equal
Fin Analyst/Asst. Sys. Admin.	19	5725	5196	-10%	5840	20	4767-6913	Equal
Sr. Accountant	19	5322	5196	-2.4%	5840	20	4767-6913	+9.7%
Director of Governmental Affairs	19	5716	5196	-10%	5840	20	4767-6913	Equal
Admin. Services Manager	21	7614	6425	-18.51%	7774	23	6346-9202	Equal
Sr. Engineer	21	6789	6425	-5.67%	7068	22	5769-8366	Equal
Water Use Efficiency Program Mgr.	21	7253	6425	-13%	7068	22	5769-8366	Equal
Assoc. GM/Planning	24	9158	8552	-7%	9375	25	7500-11250	Equal
Finance Manager/Info Sys Mgr	24	9018	8552	-5%	8940	24	Increase Range 7297-10582	Equal

Note: Negative indicates MWDOC's midpoint is below the Average; positive number indicates MWDOC is above the survey midpoint.

Benchmark Range Comparison

MWDOC Title	Range Spread %	Avg. Survey Bottom of Range	MWDOC Bottom of Range	MWDOC Comparison	Avg. Survey Mid Point	MWDOC Midpoint	MWDOC Comparison	Avg. Survey Top of Range	MWDOC Top of Range	MWDOC Comparison	Proposed Range
Admin.. Clerk	30%	2427	2221	-9%	2730	2559	-7%	3154	2896	-9%	2443-3186
Acctg. Clerk	30%	2704	2443	-11%	3140	2815	-12%	3575	3186	-12%	2687-3504
Admin. Asst.	30%	2981	2687	-11%	3502	3096	-13%	4023	3504	-15%	2956-3990
Records Clerk	30%	3015	2687	-12%	3473	3096	-12%	3930	3504	-12%	2956-3990
Sr. Admin. Asst.	35%	3571	3252	-10%	4170	3821	-9%	4769	4389	-9%	3578-4827
Accountant	35%	3732	3578	-4%	4325	4203	-3%	4919	4827	-2%	3935-5509
WEROC Prog. Coord.	40%	4479	3935	-14%	5336	4722	-13%	6193	5509	-12%	4330-6061
Finance Analyst/Asst. Sys. Admin.	40%	4959	4330	-15%	5725	5196	-10%	6490	6061	-7%	4767-6913
Sr. Accountant	40%	4634	4330	-7%	5322	5196	-2%	6011	6061	+1%	4767-6913
Dir. of Governmental Affairs	40%	5110	4330	-18%	5716	5196	-10%	6323	6061	-4%	4767-6913
Admin. Services Manager	45%	6544	5245	-25%	7614	6425	-19%	8683	7604	-14%	6346-9202
Sr. Engineer	45%	5923	5245	-13%	6789	6425	-6%	7655	7604	-1%	5769-8366
Water Use Efficiency Mgr.	45%	6303	5245	-20%	7253	6425	-13%	8202	7604	-8%	5769-8366
Assoc. GM/Planning	45%	7316	6981	-5%	9158	8552	-7%	11,000	10,122	-9%	7500-11250
Finance Mgr/Info. Sys. Mgr.	45%	7973	6981	-14%	9018	8552	-5%	10,062	10,122	+1%	7297-10582

Note: Negative indicates MWDOC is below the survey average; positive number indicates MWDOC is above the survey average.

**APPENDIX "E" – CLASSIFICATION SCHEDULE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
REVISED**

CLASSIFICATION SCHEDULE EFFECTIVE 1/05								
	Salary	Annual		Monthly		Hourly		FLSA*
Position	Grade	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Status
Office Aide	11	24,231	31,591	2,019	2,633	11.6495	15.1880	NE
Junior Clerk	12	26,656	34,751	2,221	2,896	12.8154	16.7072	NE
Administrative Clerk	13	29,311	38,230	2,443	3,186	14.0918	18.3798	NE
Accounting Clerk	14	32,241	42,052	2,687	3,504	15.5005	20.2173	NE
Records Coordinator	15	35,474	47,879	2,956	3,990	17.0548	23.0188	NE
Administrative Assistant	15	35,474	47,879	2,956	3,990	17.0548	23.0188	NE
Engineer/Analyst	16	39,023	52,666	3,252	4,389	18.7611	25.3202	NE
Sr. Administrative Assistant	17	42,935	57,928	3,578	4,827	20.6418	27.8500	NE
Accountant	18	47,221	66,112	3,935	5,509	22.7024	31.7846	NE
Technical Analyst	18	47,221	66,112	3,935	5,509	22.7024	31.7846	NE
Executive Secretary	18	47,221	66,112	3,935	5,509	22.7024	31.7846	NE
Sr. Exec. Secretary	19	51,954	72,736	4,330	6,061	24.9779	34.9692	NE
WEROC Programs Coordinator	19	51,954	72,736	4,330	6,061	24.9779	34.9692	E
Water Use Eff. Program Specialist	19	51,954	72,736	4,330	6,061	24.9779	34.9692	NE
Senior Accountant	20	57,207	82,954	4,767	6,913	27.5034	39.8817	E
Financial Analyst/Asst. Sys. Adm.	20	57,207	82,954	4,767	6,913	27.5034	39.8817	NE
Director of Governmental Affairs	20	57,207	82,954	4,767	6,913	27.5034	39.8817	NE
Network Administrator	21	62,937	91,252	5,245	7,604	30.2582	43.8712	E
Senior Engineer	22	69,229	100,388	5,769	8,366	33.2832	48.2635	E
Water Use Efficiency Prog. Mgr.	22	69,229	100,388	5,769	8,366	33.2832	48.2635	E
Principal Engineer	23	76,152	110,427	6,346	9,202	36.6115	53.0899	E
Principal Analyst	23	76,152	110,427	6,346	9,202	36.6115	53.0899	E
Administrative Services Manager	23	76,152	110,427	6,346	9,202	36.6115	53.0899	E
Director of Public Affairs	23	76,152	110,427	6,346	9,202	36.6115	53.0899	E
Fin. Manager/Info. Sys. Manager	24	87,574	126,990	7,297	10,582	42.1031	61.0532	E
Assoc. GM/Planning	25	90,000	135,000	7,500	11,250	43.2692	64.9038	E
Assistant General Manager	26	92,144	150,000	7,679	12,500	44.3000	72.1154	E
General Manager (Set by Board)	FLAT	Set By Board						E
Part Time Employees								
Education Representative	HRLY					21.4456	28.9398	NE
Supervising Education Rep	HRLY					23.5790	31.7927	NE
Interns								
Volunteer Intern		Unpaid Working on credit toward degree						
Paid Interns		Working toward Bachelors/Masters Degree				9.6795	16.1325	NE

INTERNS

In an effort to provide meaningful training and work experience for college students pursuing academic studies related to the District's missions and goals, interns may be employed from time to time for limited scope projects at the General Manager's discretion. Interns are not eligible for employee benefits. The District has established ~~two three~~ levels of pay for interns: Volunteer Intern (unpaid) – working on credit toward a degree; ~~Paid Interns Associate Intern~~ (paid and working toward a Bachelor's or Master's Degree); ~~and Senior Intern (paid and working toward a Master's Degree).~~

Adopted: September 19, 1996; revised 4/21/04; 1/05

WORKING HOURS

For payroll purposes, the official workweek for all employees shall begin at 12:01 a.m. each Saturday and end at 12:00 p.m. the following Friday.

Adopted: April 28, 1976; revised: 7/22/81; 10/23/85; 8/5/92; 10/15/97; 4/21/04

REST AND LUNCH PERIODS

Employees are allowed 15-minute rest periods during each four consecutive hours of work. The time of each employee's rest period will be determined by department supervisors. Rest periods shall be considered hours worked but employees shall be relieved of all duties and responsibilities during breaks. Lunch periods are unpaid and shall be staggered to permit the office to remain open during the lunch period. Any employee who works for at least five (5) hours in a work day is required to take a thirty (30) minute lunch within the first five (5) hours of work, and employees who work more than ten (10) hours in one day are eligible for a second meal period. An employee who works less than six (6) total hours in a day may waive such unpaid meal period. All other employees must take their thirty (30) minute lunch break within the first five (5) hours of the workday.

Adopted: April 28, 1976; revised 10/15/97; 4/21/04

RECORD OF WORK HOURS

All non-exempt employees are required to complete a timesheet, every workday, accurately recording their actual starting time, and finishing time. The timesheet must be submitted to each employee's immediate supervisor for approval and submitted to the Accounting Department prior to 10:00 a.m. every Monday. Timesheets must show actual hours worked and actual hours taken off during the workweek. Exempt employees' timesheets shall apportion 40 hours over the activities worked on during the workweek. Making any false statement in connection with time or payroll records will result in immediate discharge or other discipline.

Adopted: April 28, 1976; revised: 7/22/81; 10/23/85; 8/5/92; 10/15/97; 4/21/04

NOVEMBER/DECEMBER

- Administrative Services Manager performs annual salary comparison survey.

~~FEBRUARY MID-YEAR PROGRESS REPORT/PREPARE FOR BUDGET PROCESS~~

- ? ~~GM presents mid-year progress report on first six months of current fiscal year.~~
- ? ~~During budget process, Board establishes core activities, near-term focus areas, top priorities, and salary pool for staff and executive management staff for next fiscal year.~~

~~MARCH/APRIL GM'S REVIEW OF ACTIVITIES FOR FISCAL YEAR~~

~~? Activities for new fiscal year reviewed by GM w/Senior staff; determine which department(s) responsible for what activities; action plan developed.~~

- A&F Committee reviews salary survey information and submits recommendation to the Board of Directors.
- Cost of Living Adjustment, merit increases and salary range adjustments are established and included in the proposed budget.

Municipal Water District of Orange County

General Manager
Kevin Hunt

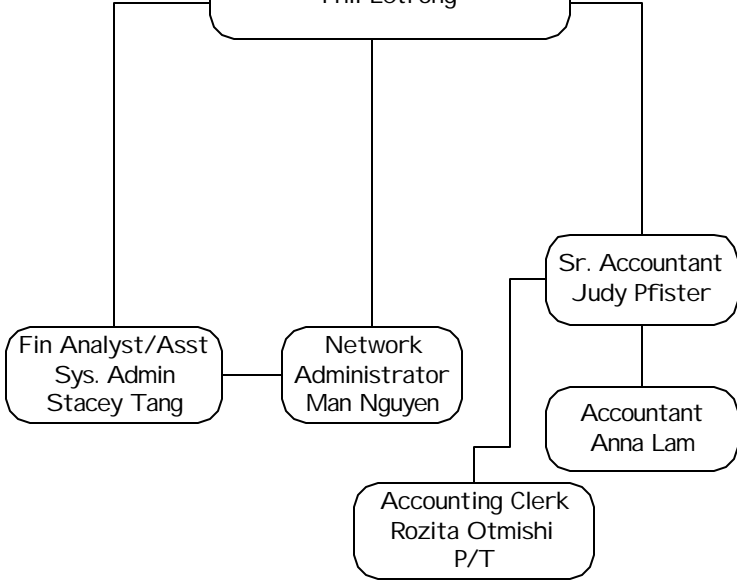
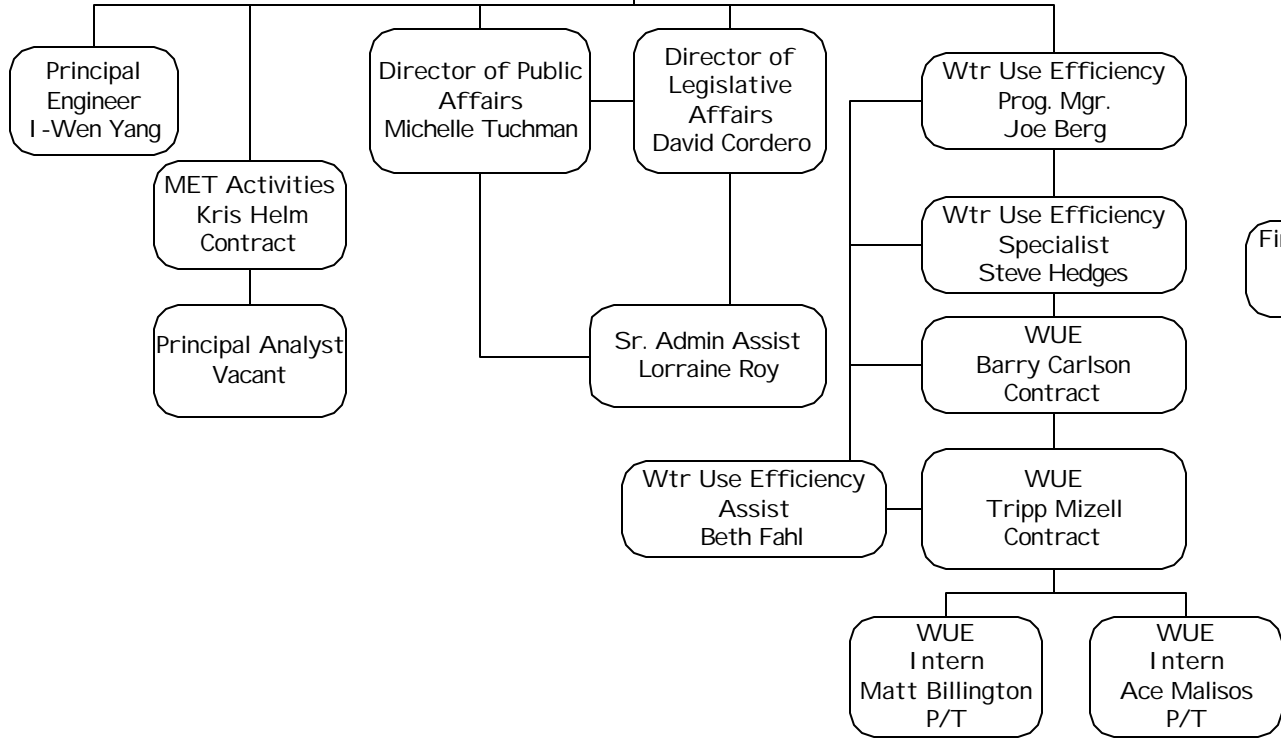
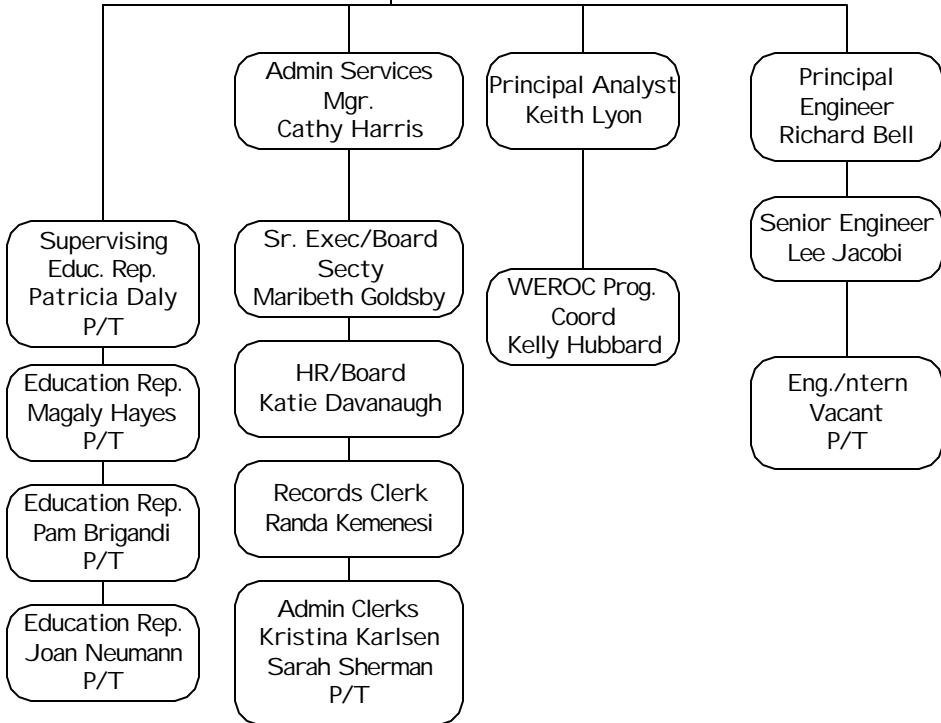
Legal Counsel
McCormick, Kidman &
Behrens

Planning, Administration,
Education
Assist Gen Mgr/Dist
Eng.
Karl Seckel

Exec. Secty.
Pat Meszaros

Met Activities, Public
Affairs, Water Use
Efficiency
Assoc. General Manager
Matt Stone

Finance/IS
Finance/IS Mgr.
Phil Letrong



Full Time	24
Part Time	9
Vacant	2
Contract	3



ACTION ITEM

January 19, 2005

TO: Board of Directors

FROM: Administration & Finance Committee
(Hinman, Clark, Dick)

Kevin Hunt
General Manager

Staff Contact: Cathy Harris

SUBJECT: IMPLEMENTATION OF ELECTRONIC INFORMATION MANAGEMENT SYSTEM

STAFF RECOMMENDATION

Staff recommends the Board of Directors authorize the amount of \$61,400 be taken from the Reserve Fund for the purchase of an Electronic Information Management System from RCO and the implementation of a District Electronic Information Management System.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Staff has reviewed several Electronic Information Management Systems and has determined the system most suitable for the District's information management needs is the RCO System. Staff has tested the system over the last six weeks and has determined that the system is similar to other systems in the market however, the most attractive feature of this system is the web-based capabilities and that the system is a fully integrated and scalable system.

The following outlines the various systems that were reviewed and the proposals:

<u>Vendor</u>	<u>Software Cost</u>
Document Control Solutions	\$68,000
DocStar	\$42,000
LaserFiche	\$44,000
RCO	\$28,175

Budgeted (Y/N): No	Budgeted amount:
Action item amount: \$61,400	Line item:
Fiscal Impact (explain if unbudgeted): To be taken from Reserve Fund as this amount was not included in 2004/05 Budget.	

Currently, OC Sanitation District is using the RCO system and OC Water District is closely evaluating the RCO system and will be making a decision on the selection of an Information Management System over the next several months. If OCWD selects RCO, it will provide a great benefit in that three districts in close proximity are utilizing the same system, which would provide a coordination effort between staff to exchange information and ideas on the system.

MWDOC currently does not have funds budgeted in the 2004/05 Budget for this effort; and staff is recommending the funds be taken from the Reserve Fund. The total amount staff is requesting for implementation of an Electronic Information Management System Budget for 04/05 is \$ 61,400. The following is the breakdown:

Purchase of system from RCO (including tax)	\$30,400
Hardware	\$16,000
Consultant (RCO)/staff assistance	<u>\$15,000</u>
	\$61,400

Please note that any funds not expended for the 04/05 fiscal year will go back to the Reserve Fund. Staff will establish a line item in the 2005/06 Budget for the Electronic Information Management System.

Implementation of the Information Management System will begin with the Board related items such as Board and Committee minutes and actions, Board Resolutions and Ordinances and District Agreements from implementation date forward. Over the next 90 days, staff will update the Records Retentions Schedule; develop a Records Management Procedures Manual and a timeline of its master plan.

Attached is a copy of the proposal from RCO. Please note that in an effort to save paper only certain sections of the proposal were included. If you would like to review the entire proposal, staff will provide you with a copy upon request.



DISCUSSION ITEM

January 12, 2005

TO: Administrative & Finance Committee

FROM: Kevin Hunt
General Manager

Staff Contact: Phil Letrong

SUBJECT: District auditing services

STAFF RECOMMENDATION

Staff recommends the Board of Directors to authorize staff to retain an audit firm to perform District auditing services for a period not to exceed 5 years.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Moreland and Associates has been performing the annual audit of MWDOC's and WFC's consolidated financial statement for the last 3 years and their services are satisfactory.

Fiscal year 2004-05 auditing fees from Moreland & Associates are budgeted at:

MWDOC share	\$10,500
Billable to trustees	<u>6,400</u>
Total fees	\$16,900

Moreland & Associates auditing fees have increased at an annual rate of 4% over the last 3 years.

Budgeted (Y/N): Y	Budgeted amount: \$16,900
Action item amount: N/A	Line item: 7030
Fiscal Impact (explain if unbudgeted):	

DETAILED REPORT

In response to a series of editorials and news articles in the Sacramento Bee, legislators began to look into the governance of California's 3,300 Special Districts. SB 1272, introduced by Senator Deborah Ortiz in February 2004 dealt with many financial issues related to Special Districts. One of the issues pertained to the auditing services of Special Districts:

"An auditor shall not engage in financial or compliance audits unless, within three years of commencing the first of the audits, and every successful three years thereafter, the auditors completes a qualify control review in accordance with government auditing standards."

Quality control review (or Peer review) is performed when an audit firm asks another audit firm to review a certain portion of their audit reports for quality control assurance. This is an auditing requirement and a common practice for large audit firms; our auditor Moreland & Associates completes a peer review every 3 years in accordance with government auditing standards.

SB 1272 was defeated in April 2004 in the State Appropriations Committee. In June 2004, ACWA was floating an alternative to SB 1272 (Ortiz) that it would attempt to move through the legislative process, conceivably as the sponsor. This proposal amendment would take a further step by requiring Special Districts to change auditors on a periodic basis:

"Prohibit a public accounting firm from providing audit services to the district if the lead audit partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that special district for more than the six previous fiscal years, before the fiscal year being audited."

ACWA decided not to move on its proposed bill and will take a defensive stand after new legislation is introduced for 2005.

Assemblyman Simon Salinas will likely be introducing a Local Government Reform bill in 2005 dealing with the same subject. The bill is still being developed, but a final draft will be provided to the Board of Directors when it is completed and in print.

There are both pros and cons associated with changing auditors. It takes staff time to educate and train the audit team about our business; however, it is also good to have our practices reviewed periodically by a fresh set of eyes.

Based on the above proposed legislation and other factors, staff recommends the District change auditors on a periodic basis not to exceed 5 years.



COMMITTEE INFORMATION ITEM

January 12, 2005

**TO: Administration & Finance Committee
(Directors Clark, Dick and *Hinman)**

FROM: Kevin Hunt, General Manager

Staff Contact: Cathy Harris

SUBJECT: PENDING ITEMS

SUMMARY

Attached is a list of current workload items in the area of Board/Administration and status on the various items.

ADMINISTRATION			
Description	% complete	Estimated Completion	Status
Classification & Compensation Review – Last Classification and Compensation Review was performed in 1999	100%	Completed 11/17/04	Survey information was completed and is included in the packet for Committee review and approval.
Update Administrative Code	75%	9-30-04 12/31/04 1/31/05	The first draft is currently under review by Legal Counsel and Executive Management.
Labor Compliance Program	20%	Unknown	Staff is continuing to evaluate the process for implementation of a Labor Compliance Program. Public Agencies are required to implement a Labor Compliance Program in an effort to satisfy the requirements of the Labor Code to be eligible to secure Proposition 50 Funding.
CalPERS Unfunded Liability	Ongoing	Unknown	Staff is continuing to research Coastal Municipal Water District files and compiling back-up material to provide for the February 9 Hearing.

Agency Requests	100%	On-going	Staff responded to Irvine Ranch Water District regarding Director Compensation and Central West Basin regarding GM and Assistant GM salaries.
Deferred Compensation	100%	Completed 12/2/04	Lincoln National met with employees on December 2, to review market situations and discuss the District's Deferred Compensation Plan. The representative also met with employees individually to review their portfolios.
Review of District's Policy against Sexual Harassment	100%	Completed 12/27/04	Staff conducted annual training for employees regarding the District's policy against Harassment. All employees have completed the training session.
Employee Recognition Program	100%	On-going	Since inception, 9 employees have been acknowledged through the Program.
Information Management (Selection of Vendor and Board approval)	100%	Completed 11-30-04 12/27/04	The Action submittal item is included in the Board Packet.
Workers' Compensation Predesignation Physician	100%	Completed 12/27/04	Acknowledgement forms were distributed to employees regarding recent changes to the Workers' Compensation Law, informing employees that unless a physician has been predesignated and the physician has agreed via signing the certification form, those injured on the job will be sent to the District's assigned health facility US Health Works.
Project Operation Santa Claus/Canned Food Drive	100%	Completed 12/17/04	Staff coordinated with OCWD on collecting food to help those in need through the Second Harvest Food Bank. Staff coordinated with the County of Orange Social Services staff on the District's annual participation of Operation Santa Claus.
Senior Engineer/Principal Engineer/Analyst Position	40%	2/3/05	Recruitment efforts are underway. Ads were placed with Brown & Caldwell, ACWA, OCWA and on the District's website. In addition, flyers were sent to member agencies. To date, 18 applications have been received.

Engineering Intern	20%	3/1/05	Faramarz Farshidi has secured full-time employment with a local engineering consulting firm and staff is now recruiting to fill the engineer intern position.
Office Copier	100%	1/5/05	The existing copier has been replaced with a newer model that has scanning capabilities for future coordination with our Electronic Information Management System. Due to the reduced number of copies being made (due to Board/Committee Packets being copied through OCWD) and 30 months remaining on the copier contract, staff entered into a new contract for a newer model with scanning capabilities for a savings of approximately \$400 per month.
Space Planning	20%	2/25/05	Staff requested GPRA (Grillias, Pirc, Rosier & Alves) to evaluate the existing office space and provide three to five proposed plans to expand the existing facility to accommodate additional conference rooms and work stations. The cost for this effort is \$3,600.
OCWA Human Resources Committee	40%	2/22/05	Staff is coordinating two 2-hour Harassment Training sessions to be held on February 22, this will fulfill the requirement of the recent law AB 1825, that requires employers with 50 or more employees to provide training and education to all supervisory employees once every two years.



INFORMATION ITEM

January 12, 2005

TO: Administration & Finance Committee

FROM: Kevin Hunt, General Manager

Staff Contact: Phil Letrong

SUBJECT: Finance and Information Technology Pending items

SUMMARY

Attached is a list of **Special Projects** that are in-progress or to be completed within fiscal year 2004-05. Items highlighted below reflect changes from last month.

Description	% of Completion	Estimated Completion date	Status
Finance			
Upgrade Accounting system to windows version 7.3	90%	02-28-05	Payroll, Accounts Receivable, and Budget modules installation postponed until January 2005 due to new revision release in January.
Purchase and installation of Project Grant Accounting module.	0%	02-28-05	Task delayed due to workload
Search and implementation of new on-line Timesheet software	25%	02-28-05	In progress.
Installation of laser checks printing system.	0%	03-31-05	Not started
Water Billing system modification for tiered rate structure.	0%	Cancelled	Task cancelled since melded rate structure was adopted.
Update Water Billing System database with past 10 years of water purchased data (including Coastal allocation)	80%	?	Finished entering 10 yrs of Coastal data, waiting for Engineering staff's availability to reconcile oldest 5 years MWDOC data with MET records.
Water Use Efficiency programs monitoring procedure reviewed by auditors from Moreland & Associates.	15%	01-31-05	Met with auditors to go over current procedures. Waiting for auditors report.
SMARTIMER Rebate Program funding model – to estimate and keep track of available funding for the rebates.	75%	01-31-05	Developed the model and reviewed it with WUE staff. Will fine tune when actual data is available in mid-January.

SMARTIMER Rebate Program database – to ensure rebates issued matched up with inspections performed, and to generate required reports to funding agencies.	60%	01-31-05	Obtained database structure from Volt; coordinate with WUE staff to develop database. Waiting for actual data to populate database and then make final changes, if any.
Information Technology			
Purchase and installation of new Exchange email server.	75%	01-31-05	Started installation
Upgrade Main and Accounting servers with additional processor.	100%	12-31-04	Completed
Set up Virtual Private Network (VPN) access for remote users.	100%	08-30-04	Completed
Install new network Canon color inkjet printer.	100%	08-10-04	Completed
Purchase and configure McAfee Firewall for optimum protection.	100%	08-05-04	Completed
District Intranet website design and development (for internal web hosting and future Record archives access).	0%	02-28-05	Completion date moved to 2-28-05 due to workload priority and staff shortage.
Upgrade 5 desktop computer workstations.	75%	01-31-05	In progress
Setup computer workstation for 2 new conservation staff (from NRCS & Mesa)	100%	08-30-04	Completed
Purchase and setup computer work station for I-Wen at satellite office	75%	01-10-05	In progress
Purchase and install new laser printer for Administrative Department	75%	01-31-05	In progress
Upgrade workstation from Office 97 and 2000 to Office 2003 Professional.	40%	02-28-05	In the process of negotiating license cost of software with vendors.
Migrate 6 Windows 2000 to Windows XP Professional.	100%	01-31-05	Completed
Updated Windows XP workstation with Service Pack 2.	100%	08-27-04	Completed
Redesign centralized Address and Tour database system to be used by all departments.	25%	03-31-05	Started with main database records “cleanup”.
Set up portable data backup device of data server.	100%	12-31-04	Completed
Implementation of Information Management system (record mgmt)	30%	04-30-05	In progress
Set up new File server for Archives data storage.	100%	11-31-04	Completed
Network security issues (hackers and viruses)	On-going	Unknown	Constantly monitoring system vulnerability.



INFORMATION ITEM

January 12, 2005

TO: Administration & Finance Committee
(Hinman, Clark, Dick)

FROM: Kevin Hunt
General Manager

Staff Contact: Matt Stone & I-Wen Yang

SUBJECT: Net Standby Charge Credits and Under-Collection of Readiness-to-Serve Charges

STAFF RECOMMENDATION

Staff reports to the Committee the action that was reviewed by this Committee on February 2004 to return, through water billing, the remainder of the Standby Charge credits to MWDOC member agencies after paying off the under collection of Readiness-to-Serve Charge using the Standby Charge credits from FY 2002-03 and FY 2003-04.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

In MET's Board letter dated August 19, 2003, MET notified its member agencies that there had been an under-collection of RTS charge for both CY 2003 and 2004 due to two errors in the basis for allocating the RTS. In February 2004, staff informed this committee that MWDOC intended to use the annual Standby Charge credits to offset the RTS under collection for MWDOC for both calendar years 2003 and 2004 – a work plan that was developed jointly by MWDOC and MET staffs and agreed by MWDOC member agencies.

MWDOC has received the following Standby Charge Credits and RTS under collection bill:

- \$329,275.22 – Standby Charge Credit for FY 2002-03 on invoice #4452 dated October 10, 2003 for bill period September 2003
- \$437,759.08 – Standby Charge Credit for FY 2003-04 on invoice #4788 dated October 8, 2004 for bill period September 2004

Budgeted (Y/N):	Budgeted amount:
Action item amount:	Line item:
Fiscal Impact (explain if unbudgeted):	

- \$531,018.00 – RTS under collection bill for CY 2003 and 2004 on invoice #4844 dated December 10, 2004 for bill period November 2004

By keeping the Standby Charge credits from both FY 2002-03 and FY 2003-04, MWDOC has enough cash flow to pay off its under collection bill of RTS charge for CY 2003 and 2004 with a remaining balance of \$302,016.30. Staff has calculated the refund amount for each of the MWDOC member agencies. Please see Attachment A for detail calculation.

With this committee's concurrence, staff will refund the net amount of the Standby Charge Credits to the member agencies as shown on the attached table on the next water billing cycle or February 15, 2005.

Attachment A

Agency	FY 2002-2003				FY 2003-2004				Net Standby Charge Credit (1)+(2)+(3)+(4)
	RTS Charges	% Share	Standby Charge Credit	See Note 1 RTS Under Colletion	RTS Charges	% Share	Standby Charge Credit	See Note 2 RTS Under Colletion	
			(1)	(2)			(3)	(4)	
Brea, City of	\$ 116,607.06	2.7%	\$ 10,661.60	\$ (6,911.38)	\$ 108,003.96	2.7%	\$ 11,679.29	\$ (7,331.08)	\$ 8,098.43
Buena Park, City of	97,544.04	2.3%	8,918.63	(5,781.50)	98,644.56	2.4%	10,667.19	(6,695.79)	7,108.53
East Orange CWD	68,023.08	1.6%	6,219.48	(4,031.77)	78,603.00	1.9%	8,499.94	(5,335.41)	5,352.24
El Toro WD	204,371.16	4.7%	18,686.03	(12,113.21)	204,506.76	5.1%	22,114.88	(13,881.49)	14,806.21
Fountain Valley, City of	53,903.04	1.2%	4,928.45	(3,194.87)	51,999.24	1.3%	5,623.07	(3,529.60)	3,827.05
Garden Grove, City of	44,766.00	1.0%	4,093.04	(2,653.31)	54,556.92	1.3%	5,899.66	(3,703.21)	3,636.18
Huntington Beach, City of	193,268.16	4.5%	17,670.86	(11,455.13)	204,991.56	5.1%	22,167.30	(13,914.40)	14,468.63
Irvine Ranch WD	678,516.48	15.7%	62,038.01	(40,216.12)	673,684.44	16.6%	72,850.64	(45,728.28)	48,944.25
La Habra, City of	55,749.06	1.3%	5,097.24	(3,304.28)	57,267.36	1.4%	6,192.76	(3,887.19)	4,098.53
La Palma, City of	4,260.00	0.1%	389.50	(252.49)	4,193.04	0.1%	453.43	(284.61)	305.83
Laguna Beach CWD	89,641.02	2.1%	8,196.04	(5,313.08)	86,886.72	2.1%	9,395.72	(5,897.69)	6,380.99
Mesa Consolidated WD	73,131.06	1.7%	6,686.51	(4,334.53)	85,119.36	2.1%	9,204.61	(5,777.72)	5,778.87
Moulton Niguel WD	651,475.44	15.1%	59,565.60	(38,613.38)	654,842.88	16.2%	70,813.16	(44,449.36)	47,316.02
Newport Beach, City of	195,009.18	4.5%	17,830.05	(11,558.32)	95,600.64	2.4%	10,338.03	(6,489.17)	10,120.59
OCWD	287,135.28	6.6%	26,253.31	(17,018.70)	19,385.88	0.5%	2,096.34	(1,315.87)	10,015.08
Orange, City of	115,593.12	2.7%	10,568.89	(6,851.28)	117,363.00	2.9%	12,691.36	(7,966.35)	8,442.62
San Clemente, City of	181,285.08	4.2%	16,575.23	(10,744.89)	184,254.24	4.6%	19,924.82	(12,506.79)	13,248.37
San Juan Capistrano, City of	139,498.08	3.2%	12,754.57	(8,268.14)	147,286.32	3.6%	15,927.19	(9,997.49)	10,416.13
Santa Margarita WD	439,161.30	10.2%	40,153.33	(26,029.38)	483,638.88	11.9%	52,299.56	(32,828.39)	33,595.12
Santiago CWD	4,045.02	0.1%	369.84	(239.75)	4,789.56	0.1%	517.93	(325.11)	322.91
Seal Beach, City of	15,292.92	0.4%	1,398.26	(906.42)	19,794.96	0.5%	2,140.58	(1,343.64)	1,288.78
Serrano WD	2,025.00	0.0%	185.15	(120.02)	2,282.76	0.1%	246.85	(154.95)	157.03
South Coast WD	142,499.10	3.3%	13,028.96	(8,446.02)	133,108.32	3.3%	14,394.02	(9,035.11)	9,941.85
Southern Calif. W Co.	167,555.16	3.9%	15,319.88	(9,931.10)	163,358.52	4.0%	17,665.20	(11,088.43)	11,965.55
Trabuco Canyon WD	43,008.06	1.0%	3,932.31	(2,549.12)	45,274.68	1.1%	4,895.90	(3,073.15)	3,205.94
Westminster, City of	64,861.98	1.5%	5,930.45	(3,844.41)	63,617.28	1.6%	6,879.42	(4,318.21)	4,647.25
Yorba Linda WD	194,943.12	4.5%	17,824.01	(11,554.41)	205,111.20	5.1%	22,180.24	(13,922.52)	14,527.32
Sum of MWDOC Agencies	\$ 4,323,168.00	100.0%	\$ 395,275.22	\$ (256,237.00)	\$ 4,048,166.04	100.0%	\$ 437,759.08	\$ (274,781.00)	\$ 302,016.30

Notes:

1) \$256,237 for RTS under collection from January through June 2003

2) \$256,237 (for RTS under collection from July through December 2003) + \$18,544 (for RTS under collection from January through June 2004)