

**MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
May 10, 2017, 8:30 a.m.
MWDOC Conference Room 101

Committee:

Director J. Thomas, Chairman
Director J. Finnegan
Director B. Barbre

Staff: R. Hunter, K. Seckel, C. Harris,
K. Davanaugh, H. Chumpitazi

Ex Officio Member: W. Osborne

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)

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING --

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

PROPOSED BOARD CONSENT CALENDAR ITEMS

1. TREASURER'S REPORT
 - a. Revenue/Cash Receipt Report – April 2017
 - b. Disbursement Approval Report for the month of May 2017
 - c. Disbursement Ratification Report for the month of April 2017
 - d. GM Approved Disbursement Report for the month of April 2017
 - e. Water Use Efficiency Projects Cash Flow – April 30, 2017
 - f. Consolidated Summary of Cash and Investment – March 2017
 - g. OPEB Trust Fund monthly statement
2. FINANCIAL REPORT
 - a. Combined Financial Statements and Budget Comparative for the Period ending March 31, 2017
 - b. Quarterly Budget Review

3. DISTRICT CONFERENCES - Orange County Business Council Advocacy Trip, Washington, DC, May 1-3, 2017

ACTION ITEMS

4. THIRD DRAFT OF MWDOC's BUDGET FOR 2017-18
5. PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2017-18
6. ANNUAL REVIEW OF INVESTMENT POLICY AND GUIDELINES
7. AWARD CONTRACT ON FINANCIAL STATEMENT AUDIT SERVICES
8. AWARD CONTRACT ON FINANCIAL CONSULTANT SERVICES

INFORMATION ITEMS – (THE FOLLOWING ITEMS ARE FOR INFORMATIONAL PURPOSES ONLY – BACKGROUND INFORMATION IS INCLUDED IN THE PACKET. DISCUSSION IS NOT NECESSARY UNLESS REQUESTED BY A DIRECTOR.)

9. DEPARTMENT ACTIVITIES REPORTS
 - a. Administration
 - b. Finance and Information Technology
10. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION

OTHER ITEMS

11. REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL MATTERS, EMPLOYEE BENEFITS FINANCE AND INSURANCE

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.

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
April 2017

WATER REVENUES

Date	From	Description	Amount
04/03/17	City of Fountain Valley	February 2017 Water deliveries	13,712.14
04/03/17	City of Seal Beach	February 2017 Water deliveries	7,403.61
04/03/17	City of La Palma	February 2017 Water deliveries	51,962.25
04/06/17	City of Newport Beach	February 2017 Water deliveries	456,013.51
04/06/17	City of Garden Grove	February 2017 Water deliveries	34,334.39
04/07/17	City of Buena Park	February 2017 Water deliveries	212,135.64
04/07/17	City of San Clemente	February 2017 Water deliveries	374,262.15
04/10/17	South Coast Water District	February 2017 Water deliveries	299,519.48
04/10/17	Santa Margarita Water District	February 2017 Water deliveries	704,141.55
04/12/17	Laguna Beach County Water District	February 2017 Water deliveries	54,394.87
04/12/17	City of Westminster	February 2017 Water deliveries	90,262.76
04/13/17	El Toro Water District	February 2017 Water deliveries	243,096.48
04/13/17	City of San Juan Capistrano	February 2017 Water deliveries	121,345.26
04/14/17	East Orange County Water District	February 2017 Water deliveries	60,227.40
04/14/17	Irvine Ranch Water District	February 2017 Water deliveries	113,695.79
04/14/17	Moulton Niguel Water District	February 2017 Water deliveries	966,583.97
04/14/17	Yorba Linda Water District	February 2017 Water deliveries	229,949.16
04/14/17	Golden State Water Company	February 2017 Water deliveries	149,589.88
04/14/17	City of Orange	February 2017 Water deliveries	41,799.47
04/24/17	City of Newport Beach	March 2017 Water deliveries	955,401.41
04/25/17	City of Garden Grove	March 2017 Water deliveries	34,334.39
04/28/17	City of Fountain Valley	March 2017 Water deliveries	13,712.14
04/28/17	City of Huntington Beach	March 2017 Water deliveries	962,348.53
04/28/17	City of San Clemente	March 2017 Water deliveries	340,390.83

TOTAL REVENUES **\$ 6,530,617.06**

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
April 2017

MISCELLANEOUS REVENUES

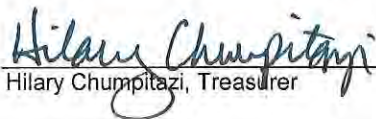
Date	From	Description	Amount
04/03/17	Costa Mesa Sanitary District	3/30/17 Water Policy dinner	160.00
04/03/17	Santa Margarita Water District	3/30/17 Water Policy dinner	640.00
04/03/17	Square	3/30/17 Water Policy dinner	758.53
04/06/17	Cadiz	3/30/17 Water Policy dinner	640.00
04/07/17	City of Buena Park	3/30/17 Water Policy dinner	240.00
04/07/17	Judy Pfister	Apr-Jun 2017 Retiree Health insurance	119.43
04/19/17	Stan Sprague	Apr-May 2017 Retiree Health insurance	468.00
04/28/17	Keith Lyon	May 2017 Retiree Health insurance	86.02
04/06/17	Laura Loewen	Movie tickets	25.50
04/21/17	2 Checks	Movie tickets	136.00
04/17/17	Eastern Municipal Water District	Reimbursement for 20% of cost for 3/1/17 DC Briefing Lunch	385.48
04/24/17	Santa Ana Police Department	Nov 16-Feb 17 Purchase of 6 Fuel Trailers	109,023.79
04/17/17	Moulton Niguel Water District	February 2017 Rotating Nozzle and Turf Removal rebate program	20,604.79
04/10/17	City of Newport Beach	February 2017 Turf Removal rebate program	333.00
04/12/17	City of Westminster	February 2017 Turf Removal rebate program	888.00
04/13/17	El Toro Water District	February 2017 Turf Removal rebate program	6,840.10
04/21/17	City of Fountain Valley	February 2017 Turf Removal rebate program	777.00
04/12/17	Laguna Beach County Water District	February 2017 So Cal Watersmart Residential rebate program	15.00
04/13/17	El Toro Water District	February 2017 So Cal Watersmart Residential rebate program	180.00
04/14/17	City of San Clemente	February 2017 So Cal Watersmart Residential rebate program	725.00
04/17/17	Moulton Niguel Water District	February 2017 So Cal Watersmart Residential rebate program	17,000.00
04/19/17	Irvine Ranch Water District	February 2017 So Cal Watersmart Residential rebate program	47,207.00
04/17/17	Department of Water Resources	Oct-Dec 2016 Comprehensive Landscape WUE	2,072.16
04/06/17	Mesa Water	FY 15-16 O & M Costs of the EOCF #2	27,976.96
04/13/17	City of Garden Grove	Addition to the Choice School Program FY 16-17	2,529.77
04/19/17	City of Westminster	Addition to the Choice School program FY 16-17	457.47
04/21/17	City of Buena Park	Addition to the Choice School Program FY 16-17	136.85
04/03/17	City of Orange	Water Loss Control technician - WSO, Inc.	28,557.00
04/06/17	City of Newport Beach	Water Loss Control technician - WSO, Inc.	9,432.00
04/07/17	City of San Clemente	Water Loss Control technician - WSO, Inc.	9,432.00
04/11/17	City of La Habra	Water Loss Control technician - WSO, Inc.	73,982.00
04/12/17	Laguna Beach County Water District	Water Loss Control technician - WSO, Inc.	9,432.00

TOTAL MISCELLANEOUS REVENUES **\$ 371,260.85**

TOTAL REVENUES \$ 6,901,877.91



Robert J. Hunter, General Manager



Hilary Chumipitazi, Treasurer

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2017**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Core Expenditures:		
	<i>Aleshire & Wynder LLP</i>	
41407	March 2017 Legal services	120.00
41762	April 2017 Legal services	1,963.90
	*** Total ***	2,083.90
	<i>ALTA FoodCraft</i>	
517040660	4/4/17 Coffee & tea supplies	335.67
	*** Total ***	335.67
	<i>Awards & Trophies Company</i>	
16327	2 Name plates and 5 name plate holders	78.86
	*** Total ***	78.86
	<i>Best Best and Krieger LLP</i>	
55401-MAR17	March 2017 Legal services	7,695.12
793619	March 2017 State legislative advocacy services	7,500.00
	*** Total ***	15,195.12
	<i>CDM Smith</i>	
90013343	2/19/17-3/18/17 Engineering services for O.C. Water Reliability Investigation	1,115.00
	*** Total ***	1,115.00
	<i>Fry's Electronics</i>	
21904471	4/7/17 Computer supplies	119.61
21904386/CM4453	4/7/17 Computer supplies	32.02
	*** Total ***	151.63
	<i>Genisys Corporation</i>	
051406	Components for main server memory upgrade	460.82
	*** Total ***	460.82
	<i>Gladwell Governmental Services, Inc.</i>	
3694	April 2017 Records management services	870.00
	*** Total ***	870.00
	<i>Goin Native Therapeutic Gardens</i>	
GN2017	May 6-7, 2017 Eco Garden Expo exhibitor space registration	200.00
	*** Total ***	200.00
	<i>Great Wolf Lodge</i>	
PM#9180	3/30/17 Water Policy Dinner banquet facilities	15,230.38
	*** Total ***	15,230.38

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2017**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>HashtagPinpoint Corporation</i>	
1093	4/24/17-5/23/17 Services to create social advocacy messaging for the California WaterFix project	5,000.00
	*** Total ***	5,000.00
	<i>Humanscale Corporation</i>	
2287249	Freight for bracket for two monitor set-up for M. Conway	63.74
2287250	Bracket for two monitor set-up for M. Conway	511.08
	*** Total ***	574.82
	<i>James C. Barker, P.C.</i>	
105-0417	April 2017 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	<i>Karen's Detail Custom Frames</i>	
2908	Custom framing for resolution using existing materials for K. Lyon	26.94
2912	Custom framing for resolution using existing materials for R. Behrens	26.94
	*** Total ***	53.88
	<i>L. A. Design Studio</i>	
4793	March-April 2017 Services to redesign MWDOC website	14,250.00
	*** Total ***	14,250.00
	<i>Lewis Consulting Group, LLC</i>	
2017-121	April 2017 Consulting services	3,562.50
	*** Total ***	3,562.50
	<i>Los Angeles Times</i>	
7289-2017	May 2017 - April 2018 Annual subscription	191.26
	*** Total ***	191.26
	<i>Matrix Imaging Products, Inc.</i>	
0417-2777	March 2017 On site scanning services for records management	1,215.00
	*** Total ***	1,215.00
	<i>Edward G. Means III</i>	
MWDOC-1047	April 2017 Support for MET issues & guidance to Engineering staff	1,011.77
	*** Total ***	1,011.77
	<i>Occu-Med, Ltd.</i>	
04174100A	2/10/17 Pre-employment physical	120.00
	*** Total ***	120.00

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2017**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	Office Solutions	
I-01126511	3/10/17 Office supplies	26.94
I-01142600	4/6/17 Office supplies	154.90
I-01145995	Name and address stamp for Public Affairs	21.23
I-01147630	Tackboard with installation for B. Fahl	307.09
I-01151389	4/21/17 Office supplies	6.47
I-01153456	4/25/17 Office supplies	788.74
I-01157777	Tackboard with installation for D. Micalizzi	271.53
I-01158919	5/4/17 Office supplies	52.60
	*** Total ***	1,629.50
	Orange County Water District	
17396	March 2017 Postage, shared office & maintenance expense	7,873.61
	*** Total ***	7,873.61
	Patricia Kennedy Inc.	
21231	April 2017 Plant maintenance	214.00
21273	May 2017 Plant maintenance	214.00
	*** Total ***	428.00
	Petty Cash	
043017	March-April 2017 Petty Cash reimbursement	302.88
	*** Total ***	302.88
	Staffing Network, LLC	
95699053	4/10/17-4/16/17 Temporary help for scanning records and front desk coverage	1,060.80
95699780	4/17/17-4/23/17 Temporary help for scanning records and front desk coverage	1,060.80
95700326	4/24/17-4/30/17 Temporary help for scanning records and front desk coverage	1,060.80
	*** Total ***	3,182.40
	Staples Advantage	
8043854920	4/1/17 Office supplies	110.71
8044171205	4/22/17 Office supplies	151.93
	*** Total ***	262.64
	Water Systems Optimization, Inc.	
1146	March 2017 Water Loss Control program	4,677.52
1158	April 2017 Water Loss Control program	1,062.80
	*** Total ***	5,740.32
	Total Core Expenditures	<hr/> 89,119.96

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2017**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Choice Expenditures:		
	<i>Bryton Printing Inc.</i>	
13491	5,000 Water rebate flyers printed	584.02
	*** Total ***	584.02
	<i>Discovery Science Center</i>	
DSOC/IV/000529	March 2017 for School program	32,501.44
	*** Total ***	32,501.44
	<i>Droplet Technologies LLC</i>	
1060	Annual license fee for web based rebate processing and database platform for Water Use Efficiency rebate programs	41,514.00
	*** Total ***	41,514.00
	<i>Orange County Dept. of Education</i>	
94KI4016	January-April 2017 High School program	91,660.00
	*** Total ***	91,660.00
	<i>Orange County Water District</i>	
17396	March 2017 Postage for Water Use Efficiency rebate programs	41.47
	*** Total ***	41.47
	<i>Spotlight Video</i>	
JV-1158	Completion of The California WaterFix animated whiteboard video	8,525.00
	*** Total ***	8,525.00
	<i>Top Hat Productions</i>	
92750	4/6/17 Lunch for Water Use Efficiency Workgroup meeting	441.07
	*** Total ***	441.07
	<i>Total Choice Expenditures</i>	<hr/> 175,267.00
Other Funds Expenditures:		
	<i>EcoTechServices, Inc.</i>	
864	April 2017 Landscape Design Assistance program	15,000.00
	*** Total ***	15,000.00
	<i>Geoscience Support Services</i>	
15025-16-11	March 2017 Doheny Ocean Desal Slant Well decommissioning	10,074.51
	*** Total ***	10,074.51
	<i>Kustom Imprints</i>	
24444	2 Jackets with WEROC logo for staff	138.87
24603	1 Jacket with WEROC logo for staff	55.97
	*** Total ***	194.84

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2017**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>Mission RCD</i>	
2234	April 2017 Field verifications for Water Use Efficiency rebate programs	16,754.97
	*** Total ***	16,754.97
	<i>Orange County Fast Print</i>	
54536	Business cards for F. Soto	58.88
	*** Total ***	58.88
	<i>Water Systems Optimization, Inc.</i>	
1146	March 2017 Water Loss Control program	27,615.57
1158	April 2017 Water Loss Control program	22,778.20
	*** Total ***	50,393.77
	<i>Total Other Funds Expenditures</i>	<hr/> 92,476.97
	<i>Total Expenditures</i>	<hr/> <hr/> 356,863.93

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2017**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
Core Disbursements:				
136666	4/5/17	SPECTB	Spectrum Business	
		5210-APR17	April 2017 Telephone and internet expense	1,274.70
			***Total ***	1,274.70
136667	4/5/17	VERIZO	Verizon Wireless	
		9782707299	March 2017 4G Mobile broadband unlimited service	114.03
			***Total ***	114.03
136679	4/14/17	HOMED1	Home Depot Credit Services	
		7785-MAR17	Small tools for server room	33.65
			***Total ***	33.65
136681	4/14/17	IRONMO	Iron Mountain	
		NSM6102	April 2017 Archived document storage and withdrawal fees	1,275.37
			***Total ***	1,275.37
136685	4/14/17	RAESAR	Sarah Rae	
		040117	March-April 2017 Business expense	35.26
			***Total ***	35.26
136688	4/14/17	SPECTB	Spectrum Business	
		3564-APR14	April 2017 Telephone expense for 3 analog fax lines	107.90
			***Total ***	107.90
ACH002487	4/14/17	ACKEEX	Linda Ackerman	
		033117	March 2017 Business expense	74.90
			***Total ***	74.90
ACH002493	4/14/17	BERGJO	Joseph Berg	
		033117	March 2017 Business expense	96.18
			***Total ***	96.18
ACH002496	4/14/17	BUSSLI	Charles Busslinger	
		033117	March 2017 Business expense	486.12
			***Total ***	486.12
ACH002499	4/14/17	DICKEX	Larry Dick	
		033117	March 2017 Business expense	134.85
			***Total ***	134.85
ACH002500	4/14/17	DINHPA	Patrick Dinh	
		033117	March 2017 Business expense	21.40
			***Total ***	21.40

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2017**

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
ACH002503	4/14/17	FINNEG 033117	Joan Finnegan March 2017 Business expense ***Total ***	 99.43 99.43
ACH002508	4/14/17	LOEWEN 033117	Laura Loewen March 2017 Business expense ***Total ***	 167.11 167.11
ACH002519	4/14/17	ROBERT 033117	Bryce Roberto March 2017 Business expense ***Total ***	 157.68 157.68
ACH002520	4/14/17	SCHNEI 033117	Megan Yoo Schneider March 2017 Business expense ***Total ***	 513.73 513.73
ACH002521	4/14/17	THOMAS 033117	Jeffery Thomas March 2017 Business expense ***Total ***	 165.85 165.85
136700	4/28/17	LYONKE 042817	Keith Lyon April 2017 Business expense ***Total ***	 61.66 61.66
136702	4/28/17	FRANCI 033117	Pori Francisco March 2017 Business expense ***Total ***	 76.25 76.25
136707	4/28/17	STALVE 040617	Jeff Stalvey March-April 2017 Business expense ***Total ***	 71.53 71.53
136708	4/28/17	STAPLC 84362-APR17	Stoples Credit Plan Copy paper for Public Affairs' printing ***Total ***	 14.32 14.32
136709	4/28/17	TAMARI 033117	Satoru Tomoribuchi March 2017 Business expense ***Total ***	 291.36 291.36
136710	4/28/17	USBANK 4140/5443-MAR17	U.S. Bank 2/23/17-3/22/17 Cal Card charges ***Total *** (See attached sheet for details)	 21,460.31 21,460.31

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2017**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
136711	4/28/17	VOLZKE 033017	Jonathan Volzke January-March 2017 Business expense ***Total ***	 326.22 326.22
ACH002534	4/28/17	SECKEL 040117	Karl Seckel January-March 2017 Business expense ***Total ***	 223.94 223.94
Total Core Disbursements				27,283.75
Choice Disbursements:				
ACH002493	4/14/17	BERGJO 033117	Joseph Berg March 2017 Business expense ***Total ***	 76.60 76.60
136710	4/28/17	USBANK 4140-MAR17	U.S. Bank 2/22/17-3/22/17 Cal Card charges ***Total *** (See attached sheet for details)	 424.39 424.39
Total Choice Disbursements				500.99
Other Funds Disbursements:				
136667	4/5/17	VERIZO 9782707299	Verizon Wireless March 2017 4G Mobile broadband unlimited service ***Total ***	 38.01 38.01
136672	4/14/17	ATTUVEOC 8599-APR17	AT&T April 2017 U-verse internet service for WEROC N. EOC ***Total ***	 55.00 55.00
136684	4/14/17	OCWD 17311	Orange County Water District February 2017 GWRS MET credit ***Total ***	 609,373.23 609,373.23
136691	4/14/17	TRABUC 9151	Trabuca Canyon Water District January & February 2017 Credits for water sold to other agencies ***Total ***	 70,341.19 70,341.19
136695	4/14/17	TURFRP TR8-R-IRWD-7940-7905	Turf Removal Program T. Enomoto (Re-issue) ***Total ***	 596.00 596.00

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2017

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
ACH002493	4/14/17	BERGJO	Joseph Berg	
		033117	March 2017 Business expense	4.50
			***Total ***	4.50
ACH002509	4/14/17	MESAWA	Mesa Water	
		9140	February 2017 Credit for Local Resources program	15,722.95
			***Total ***	15,722.95
136696	4/28/17	CATALI	Catalina Island Conservancy	
		0014107	April 2017 WEROC radio repeater site lease	1,718.29
			***Total ***	1,718.29
136703	4/28/17	SANTI1	Santiago Aqueduct Commission	
		JAN2017A	Revised January 2017 SAC Pipeline operation surcharge	4,082.96
		JAN17A	Reverse January 2017 SAC Pipeline operation surcharge	(4,366.80)
		FEB2017	February 2017 SAC Pipeline operation surcharge	2,350.22
			***Total ***	2,066.38
136704	4/28/17	SCHUNK	Janine Schunk	
		033117	March 2017 Business expense	31.03
			***Total ***	31.03
136705	4/28/17	SOTOFR	Francisco Soto	
		040917	April 2017 Business expense	116.20
		042417	April 2017 Business expense	108.23
			***Total ***	224.43
		TURFRP	Turf Removal Program	
136714	4/28/17	TR10-R-IRWD-13438-13388	R. Schneider	1,300.00
136715	4/28/17	TR10-R-ETWD-5171-5101	T. Peters	1,404.09
136716	4/28/17	TR10-R-MNT-12306-12261	A. Mendoza	1,538.00
136717	4/28/17	TR10-R-WEST-4977-4905	M. Bowles	364.00
136718	4/28/17	TR10-R-MNT-13359-13308	L. Svrakov	1,010.00
136719	4/28/17	TR10-R-SOCO-4999-4928	R. Cornell	816.00
136720	4/28/17	TR10-R-SOCO-7632-7595	A. Champagne	590.00
136721	4/28/17	TR10-R-SWD-7780-7755	H. Niederberger	1,000.00
136722	4/28/17	TR8A-R-IRWD-7880-7847	C. Nguyen	496.43
136723	4/28/17	TR10-R-O-8067-8031	L. Ulfelder	1,000.00
136724	4/28/17	TR10-R-BREA-11188-1010	P. orland	608.00
136725	4/28/17	TR10-R-SOCO-4681-4599	I. Himmelberg	738.00
136726	4/28/17	TR10-R-MNT-13357-13306	D. Mulder	620.00
136727	4/28/17	TR10-R-O-4845-4768	T. Gavello	1,000.00
136728	4/28/17	TR10-R-MNT-12305-12260	E. Robertson	918.00
136729	4/28/17	TR10-R-ETWD-12244-12198	K. Wheeler	558.48
136730	4/28/17	TR10-R-FV-5208-5137	A. Hoppe	599.99

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2017

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
136731	4/28/17	TR10-R-LB-5217-5147	D. Schumacher	2,048.00
136732	4/28/17	TR8A-R-IRWD-7938-7903	D. Chey	461.24
136733	4/28/17	TR10-R-O-7305-7242	H. Kim	339.00
136734	4/28/17	TR10-R-O-7511-7472	M. Toplansky	1,000.00
136735	4/28/17	TR10-R-LB-7380-7336	J. Chamberlin	1,280.00
136736	4/28/17	TR10-R-MNT-12262-12215	R. Venanzi	3,450.93
136737	4/28/17	TR9-R-MNT-7507-7469	M. Dale	914.00
136738	4/28/17	TR10-R-BREA-7620-7581	T. Joseph	809.00
136739	4/28/17	TR8-R-IRWD-7571-7532	B. Shah	1,094.00
136740	4/28/17	TR10-R-NWPT-12291-12244	H. Kane	575.00
136741	4/28/17	TR10-R-LB-7860-7826	C. Billy	2,371.00
136742	4/28/17	TR8A-R-IRWD-9091-9052	L. Chandsawang	1,444.00
136743	4/28/17	TR9A-R-MNT-7855-7821	J. Pepe	4,420.00
136744	4/28/17	TR8A-R-IRWD-9095-9057	D. Kim	1,912.00
136745	4/28/17	TR10-R-MNT-12263-12216	S. Blythe	6,000.00
136746	4/28/17	TR8A-R-IRWD-9122-9081	W. Tsai	598.72
136747	4/28/17	TR9A-R-MNT-9062-9026	J. Weiss	1,104.00
136748	4/28/17	TR8A-R-IRWD-8036-7999	E. Dupont	760.00
136749	4/28/17	TR9A-R-MNT-12181-12134	K. Afshar	2,138.00
136750	4/28/17	TR9A-R-MNT-11134-11091	E. Higley	782.00
136751	4/28/17	TR8A-R-IRWD-8029-7991	A. Leu	1,314.00
136752	4/28/17	TR9A-R-MNT-12144-12101	R. Kollar	1,072.00
136753	4/28/17	TR8A-C-IRWD-12274-12226	The Irvine Co. (Irvine)	3,070.00
136754	4/28/17	TR10-R-MNT-13302-13257	M. Green	944.00
136755	4/28/17	TR10-R-WEST-13363-13312	D. Emery	630.00
136756	4/28/17	TR10-R-MNT-12182-12135	K. Haboian	1,100.00
136757	4/28/17	TR9A-R-MNT-11128-11085	T. Pevzner	650.80
136758	4/28/17	TR8A-R-IRWD-11138-11096	R. Tomsic	500.00
136759	4/28/17	TR10-R-BREA-12179-12132	S. Rider	899.00
136760	4/28/17	TR10-R-SOCO-12160-12115	S. Pebley	1,000.00
136761	4/28/17	TR9A-R-MNT-12184-12138	J. Herrera	1,352.00
136762	4/28/17	TR10-R-ETWD-12233-12188	S. Patel	1,714.00
136763	4/28/17	TR8A-R-IRWD-12177-12130	J. Allam	1,560.00
136764	4/28/17	TR8A-R-IRWD-12221-12179	J. Lassiter	3,772.00
136765	4/28/17	TR8A-R-IRWD-12248-12202	J. Chung	988.00
136766	4/28/17	TR8A-R-IRWD-12249-12203	S. Kurup	562.00
136767	4/28/17	TR8A-C-IRWD-12260-12213	Orange County Rescue Mission (Tustin)	4,738.00
136768	4/28/17	TR10-R-IRWD-13350-13299	A. Odonnell	1,212.00
136769	4/28/17	TR10-C-BREA-7509-12246	The Arbor HOA (Brea)	479.00
136770	4/28/17	TR10-R-MNT-13304-13259	L. Fitzer	1,036.00
136771	4/28/17	TR10-R-IRWD-13437-13387	O. Upchurch III	852.00
136772	4/28/17	TR10-R-SOCO-13315-13266	J. Daniel	643.00
			***Total ***	78,149.68
ACH002535	4/28/17	SANTAM FEB2017	Santa Margarita Water District February 2017 SCP Pipeline operation surcharge	16,675.61
			***Total ***	16,675.61

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2017**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
WIRE-170428	4/28/17	METWAT 8960	Metropolitan Water District February 2017 Water deliveries ***Total***	4,161,772.74 4,161,772.74
<i>Total Other Funds Disbursements</i>				4,956,769.04
<i>Total Disbursements</i>				4,984,553.78


Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

Cal Card Statement Detail
Statement Date: March 22, 2017
Payment Date: April 28, 2017

Date	Description	Amount
<u>K. Seckel Card</u>		
02/21/17	ACWA DC 2017 conference in Washington, DC from Feb. 28-Mar. 2, 2017 - Airfare for Director Schneider	\$ 568.55
02/21/17	Legislative activities in Sacramento, CA on Mar. 24, 2017 - Airfare for H. Baez	377.39
02/22/17	Lunch for MET Managers' meeting	157.07
02/22/17	Orange County Business Council Advocacy trip in Sacramento, CA from Mar. 13-14, 2017 - Airfare for H. Baez	321.89
02/22/17	Legislative activities in Sacramento, CA on Apr. 21, 2017 - Airfare for H. Baez	283.87
02/23/17	Orange County Delegation luncheon in Washington, DC on Mar. 1, 2017	1,927.42 ¹
02/23/17	ACWA DC 2017 conference in Washington, DC from Feb. 28-Mar. 2, 2017 - Airfare for R. Hunter	1,214.88 ²
02/24/17	2/8/17 - 2/7/18 Annual maintenance & support for Sage Human Resources software	890.80
02/25/17	Legislative activities in Washington, DC from Feb.28-Mar. 2, 2017 - Accommodations for Director Barbre	669.64 ³
02/27/17	Camcorder case returned	(119.00)
02/27/17	California Water Policy conference in San Diego, CA from Apr. 6-7, 2017 - Registration for Director Tamaribuchi	399.00
02/27/17	UPS delivery charges for return to B & H Video, Inc. on Feb. 16, 2017	32.48
02/28/17	Facebook posts for Water Use Efficiency Turf Removal and Spray to Drip rebate programs	173.80
02/28/17	ACWA DC 2017 conference in Washington, DC from Feb. 28-Mar. 2, 2017 - Meal for Director Ackerman, H. Baez and 4 guests	171.15
02/28/17	California Water Efficiency Partnership meeting in Sacramento, CA on Mar. 8, 2017 - Airfare for J. Berg	491.88
03/02/17	ACWA DC 2017 dinner in Washington, DC on Mar. 2, 2017	2,531.56
03/02/17	Computer components	136.00
03/02/17	California Special Districts Association Governance Foundations training in Sacramento, CA from Mar. 27-28, 2017 - Airfare for Director Schneider	320.88
03/03/17	Legislative activities in Sacramento, CA on Mar. 3, 2017 - Accommodations for H. Baez	240.80
03/03/17	ACWA DC 2017 conference in Washington, DC from Feb. 28-Mar. 2, 2017 - Accommodations for Director Tamaribuchi	456.86
03/03/17	ACWA DC 2017 conference in Washington, DC from Feb. 28-Mar. 2, 2017 - Accommodations for Director Schneider	609.04
03/03/17	Legislative activities in Washington, DC from Feb.28-Mar. 2, 2017 - Accommodations for Director Thomas	319.37 ⁴

Cal Card Statement Detail
Statement Date: March 22, 2017
Payment Date: April 28, 2017

Date	Description	Amount
03/06/17	UPS delivery charges for Board packets on Mar. 11, 2017	59.87
03/07/17	MET Directors trip in Sacramento, CA from Mar. 28-29, 2017 - Airfare for Director Barbre	535.88 5
03/08/17	2 Cables for camcorder	75.40
03/08/17	ACWA Spring conference in Monterey, CA from May 9-12, 2017 - Registration for Director Tamaribuchi	699.00
03/08/17	ACWA Spring conference in Monterey, CA from May 9-12, 2017 - Registration for Director Thomas	699.00
03/08/17	ACWA Spring conference in Monterey, CA from May 9-12, 2017 - Registration for K. Seckel	699.00
03/08/17	MET Directors trip in Sacramento, CA from Mar. 28-29, 2017 - Accommodations for Director Barbre	389.91 6
03/08/17	ACWA Legislative symposium in Sacramento, CA on Mar. 8, 2017 - Accommodations for Director Tamaribuchi	217.80
03/08/17	Orange County Business Council Advocacy trip in Sacramento, CA from Mar. 13-14, 2017 - Airfare for Director Tamaribuchi	491.88
03/09/17	Lunch for UCI Education team meeting	60.31
03/10/17	Food for Staff development meeting	29.98
03/11/17	FedEx delivery charges for Board of Supervisors on Mar. 9, 2017	16.85
03/11/17	Orange County Business Council Advocacy trip in Sacramento, CA from Mar. 13-14, 2017 - Accommodations for Director Tamaribuchi	207.54
03/13/17	ACWA Spring conference in Monterey, CA from May 9-12, 2017 - Registration for R. Hunter	699.00
03/13/17	UPS delivery charges for Board packets on Mar. 10, 2017	6.12
03/14/17	One Stop employment ad for Water Use Efficiency Intern position	165.00
03/14/17	Brown and Caldwell employment ad for Water Resource Analyst position	200.00
03/14/17	California Environmental Dialogue Longview Committee meeting in Sonoma, CA from Apr. 12-13, 2017 - Accommodations for Director Tamaribuchi	230.83
03/14/17	California Environmental Dialogue Longview Committee meeting in Sonoma, CA from Apr. 12-13, 2017 - Airfare for Director Tamaribuchi	255.88
03/15/17	Computer components	270.58
03/15/17	Television wall mount	43.09
03/15/17	Water District Jobs employment ad for Water Resource Analyst position	145.00
03/16/17	Facebook posts for Water Use Efficiency Turf Removal and Spray to Drip rebate programs	238.25
03/16/17	Facebook posts for Water Use Efficiency Turf Removal and Spray to Drip rebate programs	12.34
03/16/17	5 Year domain name registration for ocfriendlylandscapes.com	112.80
03/16/17	Lunch for Managers' meeting	471.50

Cal Card Statement Detail
Statement Date: March 22, 2017
Payment Date: April 28, 2017

Date	Description	Amount
03/16/17	California Environmental Dialogue meeting in San Francisco, CA on Mar. 31, 2017	351.88
03/18/17	FedEx delivery charges for Board of Supervisors on Mar. 16, 2017	16.81
Total		19,576.83


- 1 MWDOC to be reimbursed \$385.48 each from agencies Eastern Municipal Water District, Inland Empire Utilities Agency, Long Beach Water Department and Western Municipal Water District
- 2 Trip was canceled, airfare will be used for future trip
- 3 Director Barbrie reimbursed MWDOC \$166.80
- 4 Charge for 1 night due to short notice cancellation
- 5 Trip was canceled, Southwest refunded \$535.88 to MWDOC on 3/22/17
- 6 Trip was canceled, Embassy Suites refunded \$389.91 to MWDOC on 3/24/17

R. Hunter Card

2/23/17-3/22/17	Meals for R. Hunter's meetings	\$ 38.11
03/20/17	ACWA Spring conference in Monterey, CA from May 9-12, 2017 - Registration for Director Osborne	699.00
03/20/17	California Environmental Dialogue Longview Committee meeting in Sonoma, CA from Apr. 12-14, 2017 - Airfare for R. Hunter	377.88
03/20/17	Legislative activities in Sacramento, CA on Mar. 31, 2017 - Airfare for H. Baez	442.88
03/21/17	Retirement gift for R. Behrens	750.00
Total		2,307.87

Municipal Water District of Orange County
GM Approved Disbursement Report ⁽¹⁾
For the month of April 2017

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
Core Disbursements:				
136665	4/5/17	JARVIS 26510-STR	Jarvis Restoration February-March 2017 Hallway wall repair and paint	6,462.36
			***Total ***	6,462.36
136668	4/12/17	CALNEV AWWA041217	California Nevada Section, AWWA 4/12/17 Conference registration for J. Berg	315.00
			***Total ***	315.00
136697	4/28/17	GREENSHDS 110391	Greenshades Software 2016 W-2 Tax form upload fee	15.81
			***Total ***	15.81
136706	4/28/17	STAFFI 95698741	Staffing Network, LLC 4/3/17-4/9/17 Temporary help for scanning records and front desk coverage	1,060.80
			***Total ***	1,060.80
136712	4/28/17	FRANKP MWDOC4-11-17-002	Frank Pitman Designs, Inc. Additional carpet for hallway refurbishment	609.34
			***Total ***	609.34
			Total Core Disbursements	8,463.31
Choice Disbursements:				
			Total Choice Disbursements	-
Other Funds Disbursements:				
			Total Other Funds Disbursements	-
			Total Disbursements	8,463.31


 Robert J. Hunter, General Manager


 Hilary Chumkitazi, Treasurer

(1) For disbursements that did not make the cut-off of previous month's Disbursement Approval report. Disbursements are approved by GM for payment and need A & F Committee ratification.

Municipal Water District of Orange County
WATER USE EFFICIENCY PROJECTS
Cash Flow as of 4/30/17

Cash - Beginning Balance	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	TOTALS
\$	(2,257,237.25)	\$ (3,224,747.37)	\$ (2,270,840.96)	\$ (400,006.46)	\$ (100,015.28)	\$ (92,342.95)	\$ 32,509.77	\$ 36,819.09	\$ (32,876.53)	\$ 88,459.08	\$ (40,556.33)	\$ (40,556.33)	
REVENUES:													
BUREC				36,748.36			95,010.00						\$ 131,758.36
City of Brea	339.97		144.99		294.99								779.95
City of Buena Park	332.10		111.00	222.00	111.00		111.00	333.00					1,220.10
City of Fountain Valley										777.00			777.00
City of Fullerton		75.00											75.00
City of Garden Grove			222.00	666.00									1,665.00
City of Huntington Beach	640.85	49.99	519.99	117.96	557.99		1,116.13						3,002.91
City of La Habra	111.00		111.00										222.00
City of San Clemente					1,110.00			125.00		725.00			2,071.00
City of San Juan Capistrano	111.00		111.00	402.70									1,049.58
City of Tustin	11,583.00	25,459.59			424.88				376.05				40,413.59
City of Newport Beach	450.00		238.99		375.99		7,516.00		1,665.00	333.00			9,290.03
City of Orange	2,869.43		333.00	291.00			111.00			888.00			5,380.43
City of Westminster													888.00
County of Orange				25,297.04			3,777.75	1,697.75		2,072.16			25,297.04
Department of Water Resources		40,479.67											48,027.33
East Orange County Water District								15.00	625.00	7,020.10			10,804.09
El Toro Water District	75.00		75.00	2,552.00	368.99								2,105.00
East Orange County Water District													1,307,932.29
Golden State Water Company	1,980.00		75.00	50.00			32,010.98	56,012.38	35,922.83	47,207.00			2,577.00
Irvine Ranch Water District	93,764.10	542,331.88	132,095.59	309,490.34	45,597.19				15.00	15.00			2,617.35
Laguna Beach County Water District	1,110.00	1,041.00		396.00									2,192,134.61
Mesa Water District	1,127.37		80.00		149.99		70,484.98		158,687.96				1,631,296.33
Metropolitan Water District			1,934,765.85	28,195.82			4,400.00	104,764.64	90,041.00	37,604.79			2,247.70
Moulton Niguel Water District	459,396.32	683,295.61	17,279.42	102,026.49	96,834.06				2,247.70				47,561.15
Orange County Water District													75.00
Santa Margarita Water District	6,821.55	3,703.49	10,737.34	8,062.96			4,215.84	1,693.97					1,625.00
Serrano Water District	75.00								300.00				596.00
South Coast Water District			200.00	100.00	100.00		100.00						-
Trabuco Canyon Water District	475.00	150.00											-
Yorba Linda Water District							596.00						987.68
Miscellaneous Revenues													-
Miscellaneous		103.68		884.00									-
Interest Revenue													-
Total Revenues	580,811.69	1,287,325.91	2,097,100.17	515,712.66	149,294.08	219,110.55	124,486.49	104,132.38	289,880.54	96,642.05	-	-	\$ 5,474,476.52
EXPENDITURES:													
Aquaficient	5,400.00						5,400.00			5,400.00			\$ 16,200.00
Brylton Printing					2,500.00								2,500.00
Conservation Consulting, LLC				28,894.25									28,894.25
DeLorenzo International										26,550.00			26,550.00
City													-
City of Tustin, City of Westminster													-
El Toro WD					100.00								100.00
Golden State Water Company					100.00								100.00
Laguna Beach CWD							240.00	560.00		320.00			1,120.00
Metropolitan Water District	229,162.49	111,028.73			19,364.33		13,053.16			77,512.94			450,121.65
Mesa RCD	18,300.13	14,225.68	38,367.35		8,770.78	24,081.46	9,322.50	28,525.40		37,724.84			179,318.14
Reprints UCI Medical							18,684.00						18,684.00
SLC, Glzmo					675.00								675.00
Turf Removal	1,287,489.27	214,655.09	175,786.98	179,854.83	110,111.64	57,547.37	102,895.83	140,776.50	110,756.26	78,149.68			2,458,023.45
UCI Medical								6,500.00					6,500.00
Miscellaneous Expenses													
Interest Expense	7,579.92			5,087.40				178.18					12,845.50
Salary & Benefit	390.00	3,510.00	12,111.34	1,885.00		6,989.00	4,030.00	22,763.27					56,163.61
Total Expenditures	1,548,321.81	343,419.50	226,265.67	215,721.48	141,621.75	94,257.83	120,157.17	173,828.00	168,544.93	225,657.46	-	-	\$ 3,257,795.60
Cash - Ending Balance	\$ (3,224,747.37)	\$ (2,270,840.96)	\$ (400,006.46)	\$ (100,015.28)	\$ (92,342.95)	\$ 32,509.77	\$ 36,819.09	\$ (32,876.53)	\$ 88,459.08	\$ (40,556.33)	\$ (40,556.33)	\$ (40,556.33)	



Item 1f

Municipal Water District of Orange County Consolidated Summary of Cash and Investment

March 31, 2017

Street Address:

18700 Ward Street

Fountain Valley, California 92708

Mailing Address:

P.O. Box 20895

Fountain Valley, CA 92728-0895

(714) 963-3058

Fax: (714) 964-9389

www.mwdoc.com

Wayne S. Osborne
President

Brett R. Barbre
Vice President

Larry D. Dick
Director

Joan C. Finnegan
Director

Megan Yoo Schneider
Director

Sat Tamaribuchi
Director

Jeffery M. Thomas
Director

Robert J. Hunter
General Manager

District investments and cash balances are held in various funds designated for certain purposes as follows:

Fund	Book Value	% of Portfolio
Designated Reserves		
General Operations	\$2,715,630	22.67%
Grant & Project Cash Flow	1,500,000	12.52%
Election Expense	475,000	3.97%
Building Repair	350,407	2.93%
OPEB	209,006	1.75%
Total Designated Reserves	5,250,043	43.84%
General Fund	5,219,774	43.58%
Water Fund	1,540,329	12.86%
Conservation Fund	88,459	0.74%
Desalination Feasibility Study Fund	(229,137)	(1.91%)
WEROC Fund	188,206	1.57%
WEROC Fuel Trailers	(109,024)	(0.91%)
Trustee Activities	28,047	0.23%
Total	\$11,976,697	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.81%	\$97,079	\$97,079
Short-term investment			
• LAIF	4.70%	\$563,257	\$563,257
• OCIP	69.42%	8,313,838	8,313,838
Long-term investment			
• Corporate Bond	6.28%	752,523	752,988
• Certificates of Deposit	18.79%	2,250,000	2,261,985
Total	100.00%	\$11,976,697	\$11,989,147

The average number of days to maturity/call as of March 31, 2017 equaled 165 and the average yield to maturity is 1.099%. During the month, the District's average daily balance was \$14,978,896.29. Funds were invested in Federal Agency Issues, Certificates of Deposit, Negotiable CD's, Miscellaneous Securities, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of March 2017.

The \$12,450 difference between the book value and the market value on March 31, 2017 represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or cash flow requirements identified in the near future that would require the sale of these securities prior to maturity.

Robert J. Hunter
General Manager

Hilary Chumpitazi
Treasurer

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 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

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY



Portfolio Management - Portfolio Summary March 31, 2017

3/31/2017	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	2,250,000.00	2,261,985.00	2,250,000.00	18.94	494	1.726
Corporate Bond	750,000.00	752,987.50	752,522.58	6.31	1,114	2.238
Local Agency Investment Funds	563,257.38	563,257.38	563,257.38	4.74	1	0.821
Orange County Investment Pool	8,313,837.90	8,313,837.90	8,313,837.90	70.00	1	0.845
Total Investments	11,877,095.28	11,892,067.78	11,879,617.86	99.99	165	1.099
Cash						
Cash	97,078.79	97,078.79	97,078.79		1	0.00
Total Cash and Investments	11,974,174.07	11,989,146.57	11,976,696.65		165	1.099

Total Earnings	Month Ending March	Fiscal Year to Date
Current Year	12,830.96	145,523.74
Average Daily Balance	14,978,896.29	
Effective Rate of Return	1.099%	

We certify that this report reflects the cash and investments of the Municipal Water District of Orange County and is in conformity with the Government Code requirements and the District Investment Policy and Guidelines in effect at the time of investment. The Investment Program herein shown provides sufficient cash flow liquidity to meet the next six month's estimated expenditure. The source for the market values are from Union Bank.


Robert J. Hunter, General Manager

Date


Hilary Chumtipitzi, Treasurer

Date

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
March 31, 2017

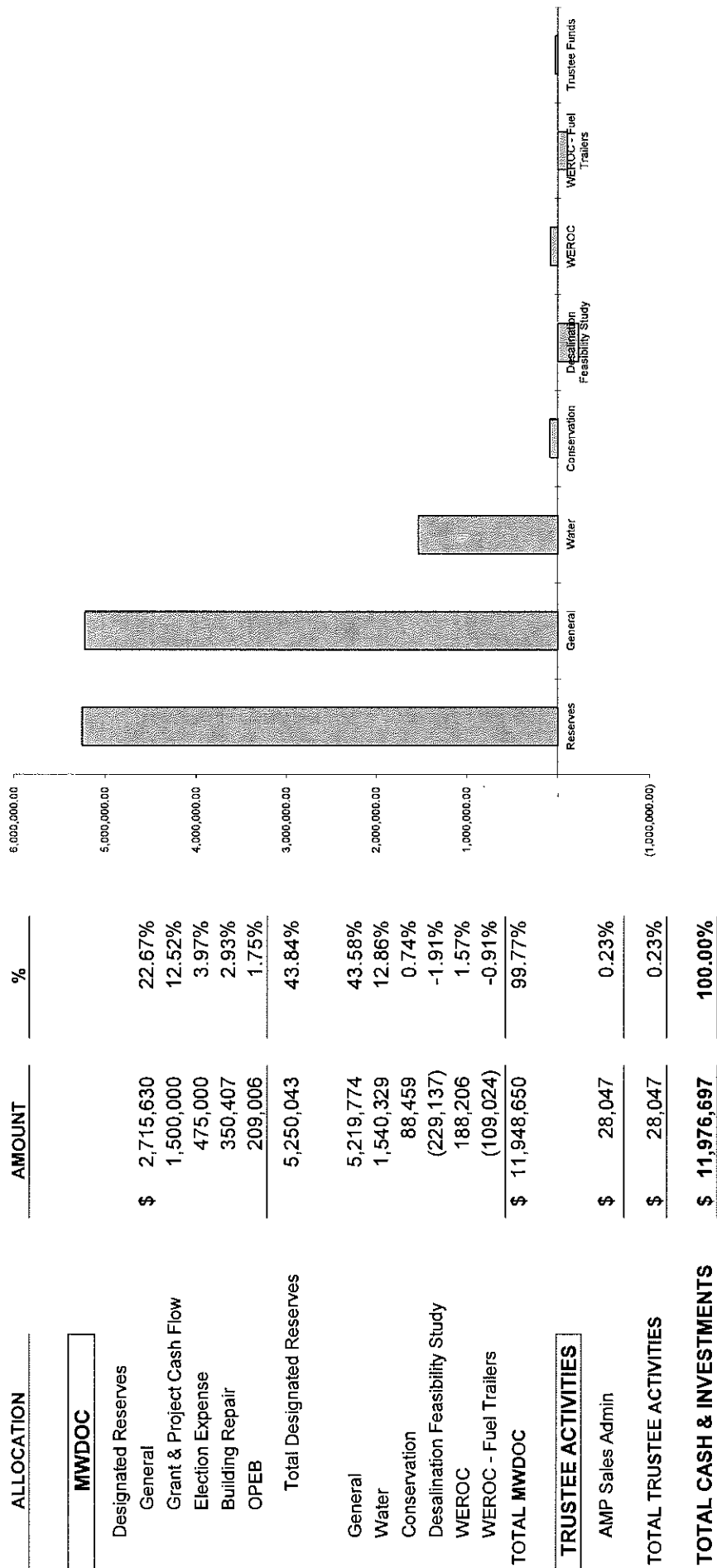
Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Negotiable Certificate Of Deposit									
Ally Bank	02008LFV0	7/23/2014	250,000.00	250,270.00	250,000.00	1.150	1.150	115	7/24/2017
American Express Bank	02587CEA4	7/29/2015	250,000.00	250,905.00	250,000.00	1.450	1.450	304	1/29/2018
Barclays Bank	06740KJP3	9/24/2015	250,000.00	252,290.00	250,000.00	1.900	1.900	906	9/23/2019
Capital One Bank	140420TY6	8/5/2015	250,000.00	251,002.50	250,000.00	1.700	1.700	493	8/6/2018
Capital One Natl Assn	14042E6C9	9/2/2015	250,000.00	252,600.00	250,000.00	1.950	1.950	886	9/3/2019
Discover Bank	2546712Y5	7/23/2014	250,000.00	250,927.50	250,000.00	1.600	1.600	479	7/23/2018
Goldman Sachs Bank	36163FJC8	7/25/2014	250,000.00	250,270.00	250,000.00	1.200	1.200	116	7/25/2017
HSBC Bank	40434AK65	1/21/2016	250,000.00	251,292.50	250,000.00	1.550	2.534	296	1/21/2021
Synchrony Bank	87164XBY1	7/25/2014	250,000.00	252,427.50	250,000.00	2.050	2.050	851	7/30/2019
Sub Total			2,250,000.00	2,261,985.00	2,250,000.00	1.617	1.726	494	
Corporate Bond									
JP Morgan Chase	46625HKA7	11/2/2015	500,000.00	501,720.00	501,309.15	2.250	2.152	997	1/23/2020
Wells Fargo	94974BGR5	1/13/2016	250,000.00	251,267.50	251,213.43	2.550	2.409	1,347	12/7/2020
Sub Total			750,000.00	752,987.50	752,522.58	2.350	2.238	1,114	
Total Investments			3,000,000.00	3,014,972.50	3,002,522.58	1.800	1.854	649	

Total Earnings		Month Ending September	Fiscal Year To Date
Current Year		4,637.62	40,573.58

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
March 31, 2017

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Local Agency Investment Funds									
LAIF LGIP	LAIF	6/30/2010	563,257.38	563,257.38	563,257.38	0.821	0.821	1	N/A
Sub Total			563,257.38	563,257.38	563,257.38	0.821	0.821	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	8,313,837.90	8,313,837.90	8,313,837.90	0.845	0.845	1	N/A
Sub Total			8,313,837.90	8,313,837.90	8,313,837.90	0.845	0.845	1	
Total Investments			8,877,095.28	8,877,095.28	8,877,095.28	0.843	0.843		
Cash									
Bank of America Cash	CASH0547	7/1/2011	96,578.79	96,578.79	96,578.79	0.000	0.000	1	N/A
Petty Cash Cash	CASH	7/1/2011	500.00	500.00	500.00	0.000	0.000	1	N/A
Total Cash			97,078.79	97,078.79	97,078.79	0.000	0.000	1	
Total Cash and Investments			8,974,174.07	8,974,174.07	8,974,174.07	0.843	0.843	1	
Total Earnings									
Current Year		Month Ending September	8,193.34	Fiscal Year To Date	104,950.16				

**Municipal Water District of Orange County
Cash and Investments at March 31, 2017**



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS OPEB Trust Program**Monthly Account Report for the Period**
3/1/2017 to 3/31/2017Rob Hunter
General Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708**Account Summary**

Source	Beginning Balance as of 3/1/2017	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 3/31/2017
OPEB	\$1,900,782.58	\$0.00	\$8,240.15	\$840.94	\$0.00	\$0.00	\$1,908,181.79
Totals	\$1,900,782.58	\$0.00	\$8,240.15	\$840.94	\$0.00	\$0.00	\$1,908,181.79

Investment Selection**Moderate HighMark PLUS****Investment Objective**

The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
			3-Years	5-Years	10-Years	
0.43%	3.80%	9.68%	4.51%	6.50%	-	10/26/2011

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

PARS DIVERSIFIED PORTFOLIOS MODERATE

Q1 2017

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

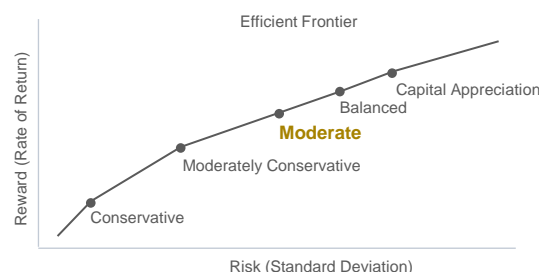
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	50%
Fixed Income	40 - 60%	45%	47%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	3.72%
Blended Benchmark**	3.20%
Year To Date	3.72%
Blended Benchmark	3.20%
1 Year	9.67%
Blended Benchmark	8.96%
3 Year	4.58%
Blended Benchmark	5.21%
5 Year	6.34%
Blended Benchmark	6.79%
10 Year	4.97%
Blended Benchmark	5.25%

Index Plus (Passive)

Current Quarter*	3.08%
Blended Benchmark**	3.20%
Year To Date	3.08%
Blended Benchmark	3.20%
1 Year	8.75%
Blended Benchmark	8.96%
3 Year	4.67%
Blended Benchmark	5.21%
5 Year	6.39%
Blended Benchmark	6.79%
10 Year	5.08%
Blended Benchmark	5.25%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov't, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-22.88%
2009	21.47%
2010	12.42%
2011	0.55%
2012	12.25%
2013	13.06%
2014	4.84%
2015	0.14%
2016	6.44%

Index Plus (Passive)

2008	-18.14%
2009	16.05%
2010	11.77%
2011	2.29%
2012	10.91%
2013	12.79%
2014	5.72%
2015	-0.52%
2016	7.23%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Data	10/2004
No of Funds in Portfolio	19

Index Plus (Passive)

Inception Data	05/2006
No of Funds in Portfolio	13

HOLDINGS

HighMark Plus (Active)

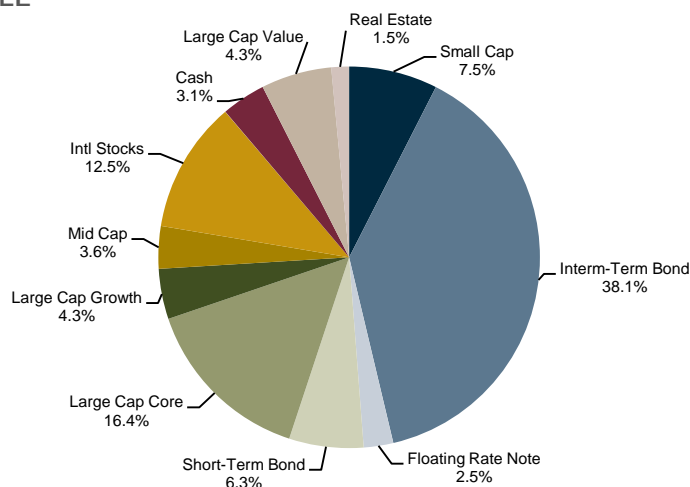
COLUMBIA CONTRARIAN CORE-Z
VANGUARD GROWTH & INCOME-ADM
DODGE & COX STOCK FUND
HARBOR CAPITAL APPRECIATION-INST
T ROWE PRICE GROWTH STOCK-I
ISHARES RUSSELL MID-CAP ETF
NUVEEN REAL ESTATE SECUR-I
UNDISC MGRS BEHAV VAL-L
T ROWE PRICE NEW HORIZONS-I
NATIONW BAILRD INT EQ-INST
DODGE & COX INTL STOCK FUND
MFS INTL GROWTH-I
HRTFRD SCHR EM MRKT EQ-I
VANGUARD S/T INVEST GR-ADM
PIMCO TOTAL RETURN FUND-INST
PRUDENTIAL TOTAL RETRN BND-Q
NATIONW HIGHMARK BND-R6
EATON VAN FL RT & HI INC-INS
FIRST AM GOV OBLIG-Z

Index Plus (Passive)

ISHARES CORE S&P 500 ETF
ISHARES S&P 500 VALUE ETF
ISHARES S&P 500 GROWTH ETF
ISHARES RUSSELL MID-CAP ETF
VANGUARD REIT ETF
ISHARES RUSSELL 2000 VALUE E
ISHARES RUSSELL 2000 GROWTH
ISHARES MSCI EAFE ETF
VANGUARD FTSE EMERGING MARKE
VANGUARD S/T INVEST GR-ADM
ISHARES CORE U.S. AGGREGATE
POWERSHARES SENIOR LOAN
FIRST AM GOV OBLIG-Z

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.9 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Andrew Bates, CFA®

Portfolio Manager
Investment Experience: since 2008
HighMark Tenure: since 2015
Education: BS, University of Colorado

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16
Average Years of Experience: 26
Average Tenure (Years): 13

Manager Review Group

Number of Members: 8
Average Years of Experience: 19
Average Tenure (Years): 7

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
COMBINED FINANCIAL STATEMENTS
AND
BUDGET COMPARATIVE
JULY 1, 2016 THRU MARCH 31, 2017

**Municipal Water District of Orange County
Combined Balance Sheet
As of March 31, 2017**

<u>ASSETS</u>	Amount
Cash in Bank	97,078.79
Investments	11,879,617.86
Accounts Receivable	14,590,318.39
Accounts Receivable - Other	56,695.69
Accrued Interest Receivable	18,457.02
Prepays/Deposits	514,382.93
Leasehold Improvements	3,415,059.92
Furniture, Fixtures & Equipment	447,719.37
Less: Accum Depreciation	(2,658,397.16)
Net OPEB Asset	<u>117,085.00</u>
TOTAL ASSETS	<u>\$28,478,017.81</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts Payable	14,135,666.47
Accounts Payable - Other	272.50
Accrued Salaries and Benefits Payable	339,130.63
Other Liabilities	869,321.39
Unearned Revenue	<u>2,076,778.49</u>
Total Liabilities	<u>17,421,169.48</u>
 Fund Balances	
Restricted Fund Balances	
Water Fund - T2C	<u>968,399.74</u>
Total Restricted Fund Balances	<u>968,399.74</u>
Unrestricted Fund Balances	
Designated Reserves	
General Operations	2,832,714.74
Grant & Project Cash Flow	1,500,000.00
Election Expense	475,000.00
Building Repair	350,407.45
OPEB	<u>209,006.00</u>
Total Designated Reserves	<u>5,367,128.19</u>
GENERAL FUND	2,244,103.41
WEROC	<u>101,241.62</u>
Total Unrestricted Fund Balances	<u>7,712,473.22</u>
Excess Revenue over Expenditures	
Operating Fund	2,697,309.97
Other Funds	<u>(321,334.60)</u>
Total Fund Balance	<u>11,056,848.33</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$28,478,017.81</u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July 2016 thru March 2017

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>REVENUES</u>						
Retail Connection Charge	0.00	6,786,864.75	6,786,865.00	100.00%	0.00	0.25
Ground Water Customer Charge	<u>0.00</u>	<u>392,666.00</u>	<u>392,666.00</u>	<u>100.00%</u>	<u>0.00</u>	<u>0.00</u>
Water rate revenues	0.00	7,179,530.75	7,179,531.00	100.00%	0.00	0.25
Interest Revenue	<u>12,074.39</u>	<u>144,576.06</u>	<u>123,000.00</u>	<u>117.54%</u>	<u>0.00</u>	<u>(21,576.06)</u>
Subtotal	<u>12,074.39</u>	<u>7,324,106.81</u>	<u>7,302,531.00</u>	<u>100.30%</u>	<u>0.00</u>	<u>(21,575.81)</u>
Choice Programs	2,029.29	1,290,758.99	1,494,789.00	86.35%	0.00	204,030.01
Choice Prior Year Carry Over	0.00	0.00	44,416.00	0.00%	0.00	44,416.00
Miscellaneous Income	47,770.52	49,517.00	3,000.00	1650.57%	0.00	(46,517.00)
School Contracts	14,752.43	62,618.65	70,000.00	89.46%	0.00	7,381.35
Transfer-In From Reserve	<u>0.00</u>	<u>0.00</u>	<u>535,873.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>535,873.00</u>
Subtotal	<u>64,552.24</u>	<u>1,402,894.64</u>	<u>2,148,078.00</u>	<u>65.31%</u>	<u>0.00</u>	<u>745,183.36</u>
TOTAL REVENUES	<u>76,626.63</u>	<u>8,727,001.45</u>	<u>9,450,609.00</u>	<u>92.34%</u>	<u>0.00</u>	<u>723,607.55</u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July 2016 thru March 2017

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>EXPENSES</u>						
Salaries & Wages	435,161.13	2,331,487.47	3,437,120.00	67.83%	0.00	1,105,632.53
Salaries & Wages - Grant Recovery	(17,671.24)	(29,118.50)	(31,600.00)	92.15%	0.00	(2,481.50)
Salaries & Wages - Recovery	(819.00)	(16,871.40)	0.00	0.00%	0.00	16,871.40
Directors' Compensation	18,385.25	156,887.10	231,937.00	67.64%	0.00	75,049.90
MWD Representation	10,748.30	92,330.11	132,535.00	69.66%	0.00	40,204.89
Employee Benefits	91,735.67	678,462.82	968,160.00	70.08%	0.00	289,697.18
OPEB Annual Contribution	0.00	400,000.00	105,249.00	380.05%	0.00	(294,751.00)
Employee Benefits - Grant Recovery	(4,117.03)	(6,960.11)	0.00	0.00%	0.00	6,960.11
Employee Benefits - Recovery	(156.00)	(3,213.60)	0.00	0.00%	0.00	3,213.60
Director's Benefits	6,958.71	50,277.06	66,297.00	75.84%	0.00	16,019.94
Health Ins \$'s for Retirees	2,258.34	25,183.05	50,326.00	50.04%	0.00	25,142.95
Training Expense	0.00	5,379.00	12,000.00	44.83%	575.00	6,046.00
Tuition Reimbursement	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Temporary Help Expense	1,312.74	13,664.43	0.00	0.00%	1,335.57	(15,000.00)
Personnel Expenses	543,796.87	3,697,507.43	4,977,024.00	74.29%	1,910.57	1,277,606.00
Engineering Expense	1,115.00	94,929.98	405,000.00	23.44%	113,655.14	196,414.88
Legal Expense	7,815.12	126,316.53	320,000.00	39.47%	193,683.47	0.00
Audit Expense	0.00	18,437.00	24,000.00	76.82%	0.00	5,563.00
Professional Services	76,015.63	562,429.92	1,504,497.00	37.38%	411,251.53	530,815.55
Professional Fees	84,945.75	802,113.43	2,253,497.00	35.59%	718,590.14	732,793.43
Conference-Staff	770.00	11,778.13	22,125.00	53.23%	0.00	10,346.87
Conference-Directors	3,209.00	10,473.00	10,725.00	97.65%	0.00	252.00
Travel & Accom.-Staff	7,277.96	29,906.79	71,130.00	42.05%	491.88	40,731.33
Travel & Accom.-Directors	5,437.04	17,077.86	38,250.00	44.65%	1,564.49	19,607.65
Travel & Conference	16,694.00	69,235.78	142,230.00	48.68%	2,056.37	70,937.85
Membership/Sponsorship	1,500.00	124,936.51	134,458.00	92.92%	0.00	9,521.49
CDR Support	0.00	29,978.64	39,972.00	75.00%	9,992.86	0.50
Dues & Memberships	1,500.00	154,915.15	174,430.00	88.81%	9,992.86	9,521.99
Business Expense	560.45	3,729.08	6,000.00	62.15%	0.00	2,270.92
Maintenance Office	6,985.85	67,225.00	123,185.00	54.57%	54,240.00	1,720.00
Building Repair & Maintenance	851.26	8,553.29	11,000.00	77.76%	704.21	1,742.50
Storage Rental & Equipment Lease	1,243.02	5,458.54	7,000.00	77.98%	1,541.46	0.00
Office Supplies	2,221.72	25,519.86	38,280.00	66.67%	1,338.46	11,421.68
Postage/Mail Delivery	857.01	9,366.04	11,400.00	82.16%	526.15	1,507.81
Subscriptions & Books	0.00	720.86	2,000.00	36.04%	0.00	1,279.14
Reproduction Expense	87.45	3,799.72	36,225.00	10.49%	6,598.07	25,827.21
Maintenance-Computers	136.00	5,527.22	10,000.00	55.27%	1,040.50	3,432.28
Software Purchase	727.31	23,987.30	31,300.00	76.64%	0.00	7,312.70
Software Support	2,191.58	33,247.90	46,000.00	72.28%	0.00	12,752.10
Computers and Equipment	270.58	26,126.92	32,500.00	80.39%	0.00	6,373.08
Automotive Expense	1,770.81	13,251.48	13,828.00	95.83%	0.00	576.52
Toll Road Charges	191.80	659.78	1,100.00	59.98%	0.00	440.22
Insurance Expense	8,786.21	80,563.37	90,000.00	89.51%	0.00	9,436.63
Utilities - Telephone	1,582.61	14,481.72	19,200.00	75.43%	0.00	4,718.28
Bank Fees	881.59	8,964.28	10,500.00	85.37%	0.00	1,535.72
Miscellaneous Expense	6,043.10	51,743.99	114,020.00	45.38%	2.40	62,273.61
MWDOC's Contrb. To WEROC	12,532.50	112,792.50	150,390.00	75.00%	0.00	37,597.50
Depreciation Expense	425.35	4,557.01	0.00	0.00%	0.00	(4,557.01)
Other Expenses	48,346.20	500,275.86	753,928.00	66.36%	65,991.25	187,660.89
Election Expense	0.00	521,577.61	592,000.00	88.10%	0.00	70,422.39
MWDOC's Building Expense	10,253.44	261,267.17	495,000.00	52.78%	14,447.48	219,285.35
Capital Acquisition	0.00	22,799.05	62,500.00	36.48%	0.00	39,700.95
TOTAL EXPENSES	705,536.26	6,029,691.48	9,450,609.00	63.80%	812,988.67	2,607,928.85
NET INCOME (LOSS)	(628,909.63)	2,697,309.97	0.00			

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
From July 2016 thru March 2017

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<u>WATER REVENUES</u>					
Water Sales	5,979,771.50	95,522,868.50	121,881,702.00	78.37%	26,358,833.50
Readiness to Serve Charge	866,439.80	8,932,965.24	12,674,093.00	70.48%	3,741,127.76
Capacity Charge CCF	295,400.00	3,301,095.00	4,829,790.00	68.35%	1,528,695.00
SCP/SAC Pipeline Surcharge	23,956.70	233,121.47	365,000.00	63.87%	131,878.53
Interest	<u>724.78</u>	<u>5,988.11</u>	<u>4,800.00</u>	<u>124.75%</u>	<u>(1,188.11)</u>
TOTAL WATER REVENUES	<u>7,166,292.78</u>	<u>107,996,038.32</u>	<u>139,755,385.00</u>	<u>77.28%</u>	<u>31,759,346.68</u>
<u>WATER PURCHASES</u>					
Water Sales	5,979,771.50	95,522,868.50	121,881,702.00	78.37%	26,358,833.50
Readiness to Serve Charge	866,439.80	8,932,965.24	12,674,093.00	70.48%	3,741,127.76
Capacity Charge CCF	295,400.00	3,301,095.00	4,829,790.00	68.35%	1,528,695.00
SCP/SAC Pipeline Surcharge	<u>23,956.70</u>	<u>233,121.47</u>	<u>365,000.00</u>	<u>63.87%</u>	<u>131,878.53</u>
TOTAL WATER PURCHASES	<u>7,165,568.00</u>	<u>107,990,050.21</u>	<u>139,750,585.00</u>	<u>77.27%</u>	<u>31,760,534.79</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u><u>724.78</u></u>	<u><u>5,988.11</u></u>	<u><u>4,800.00</u></u>		

Municipal Water District of Orange County
WUE Revenues and Expenditures (Actuals vs Budget)
From July 2016 thru March 2017

	Year to Date Actual	Annual Budget	% Used
Landscape Performance Certification			
Revenues	10,911.95	118,900.00	9.18%
Expenses	10,807.23	118,900.00	9.09%
Excess of Revenues over Expenditures	104.72	0.00	
Industrial Water Use Reduction			
Revenues	95,009.98	91,236.00	104.14%
Expenses	49,512.00	91,236.00	54.27%
Excess of Revenues over Expenditures	45,497.98	0.00	
Spray To Drip Conversion			
Revenues	675.00	468,552.34	0.14%
Expenses	681.52	468,552.34	0.15%
Excess of Revenues over Expenditures	(6.52)	0.00	
Water Smart Landscape for Public Property			
Revenues	0.00	168,588.80	0.00%
Expenses	0.00	168,588.80	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Member Agency Administered Passthru			
Revenues	1,120.00	150,000.00	0.75%
Expenses	1,120.00	150,000.00	0.75%
Excess of Revenues over Expenditures	0.00	0.00	
ULFT Rebate Program			
Revenues	36,544.02	205,000.00	17.83%
Expenses	36,544.02	205,000.00	17.83%
Excess of Revenues over Expenditures	0.00	0.00	
HECW Rebate Program			
Revenues	257,147.66	432,000.00	59.52%
Expenses	257,173.53	432,000.00	59.53%
Excess of Revenues over Expenditures	(25.87)	0.00	
CII Rebate Program			
Revenues	225,690.00	325,000.00	69.44%
Expenses	274,840.00	325,000.00	84.57%
Excess of Revenues over Expenditures	(49,150.00)	0.00	
Large Landscape Survey			
Revenues	440.30	30,000.00	1.47%
Expenses	329.38	30,000.00	1.10%
Excess of Revenues over Expenditures	110.92	0.00	

Municipal Water District of Orange County
WUE & Other Funds Revenues and Expenditures (Actuals vs Budget)
From July 2016 thru March 2017

	Year to Date Actual	Annual Budget	% Used
Indoor-Outdoor Survey			
Revenues	1.53	3,500.00	0.04%
Expenses	14.06	3,500.00	0.40%
Excess of Revenues over Expenditures	<u>(12.53)</u>	<u>0.00</u>	
Turf Removal Program			
Revenues	1,406,754.88	1,750,000.00	80.39%
Expenses	1,233,682.94	1,750,000.00	70.50%
Excess of Revenues over Expenditures	<u>173,071.94</u>	<u>0.00</u>	
Comprehensive Landscape (CLWUE)			
Revenues	229,429.10	399,751.00	57.39%
Expenses	261,069.73	399,751.00	65.31%
Excess of Revenues over Expenditures	<u>(31,640.63)</u>	<u>0.00</u>	
CII, Large Landscape, Performance (OWOW)			
Revenues	0.00	121,210.00	0.00%
Expenses	52,251.24	121,210.00	43.11%
Excess of Revenues over Expenditures	<u>(52,251.24)</u>	<u>0.00</u>	
WUE Projects			
Revenues	2,263,724.42	4,263,738.14	53.09%
Expenses	2,178,025.65	4,263,738.14	51.08%
Excess of Revenues over Expenditures	<u>85,698.77</u>	<u>0.00</u>	
WEROC			
Revenues	267,486.29	300,780.00	88.93%
Expenses	181,471.19	293,780.00	61.77%
Excess of Revenues over Expenditures	<u>86,015.10</u>	<u>7,000.00</u>	
WEROC - Fuel Trailers			
Revenues	109,023.79	146,140.80	74.60%
Expenses	109,023.79	146,140.80	74.60%
Excess of Revenues over Expenditures	<u>0.00</u>	<u>0.00</u>	



Item 2b

Memorandum

DATE: March 10, 2017

TO: Administrative & Finance Committee
(Directors Thomas, Barbre, Finnegan)

FROM: Robert Hunter

SUBJECT: Quarter ending March 2017 YTD Financials Actual versus Budget

The following reports are attached:

- Revenues and Expenditures Actual versus Budget for the General Fund
- Revenues and Expenditures Actual versus Budget Detailed Comparative Report for the General Fund
- Revenues and Expenditures Actual versus Budget for Water Funds
- Revenues and Expenditures Actual versus Budget for Other Funds
- Revenues and Expenditures Actual versus Budget for the Water Use Efficiency Projects

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget Summary Report
Fiscal Year to Date ending March 2017 (Unaudited)
(\$000 Omitted)
General Fund and Reserve Fund

GENERAL FUND

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
<u>REVENUES</u>			
Water Rate revenues:			
Retail Connection Charge	6,787	6,787	100.0%
Ground Water Customer Charge	393	393	100.0%
Subtotal	7,180	7,180	100.0%
Other Revenues:			
Interest income ⁽¹⁾	145	123	117.5%
Choice Programs ⁽²⁾	1,291	1,539	83.9%
School Contracts	63	70	89.5%
Other income ⁽³⁾	50	3	1650.6%
Transfer in from Reserve ⁽⁴⁾	0	536	0.0%
Subtotal	1,547	2,271	68.1%
 TOTAL REVENUES	 8,727	 9,451	 92.3%
<u>EXPENSES</u>			
Personal Expenses (incl. Dir.)	3,698	4,977	74.3%
Professional services ⁽⁵⁾	581	1,528	38.0%
Outside engineering ⁽⁶⁾	95	405	23.4%
Legal expense ⁽⁷⁾	126	320	39.5%
Travel & Conference ⁽⁸⁾	69	142	48.7%
Dues and memberships ⁽⁹⁾	155	174	88.8%
General & Admin expense	1,022	1,346	75.9%
Building repair & expense	261	495	52.8%
Capital acquisition (not including building repairs)	23	63	36.5%
TOTAL EXPENSES	6,030	9,451	63.8%
 EXCESS OF REVENUES OVER EXPENSES	 2,697		

RESERVE FUND

Beginning Balance	4,690
Nov 2016 - excess from FY 15-16 General Fund	560
Net OPEB Asset	117
TOTAL RESERVE FUND	5,367

(1) Interest Income is higher due to operating income received in August and raising yields at OCIP.

(2) Choice programs billed in September and January.

(3) ACWA JPIA Liability Insurance retrospective premium adjustment.

(4) Transfer in from Reserves is for the Board of Directors election expense.

(5) Professional Services - Public Affairs projects in progress.

(6) Engineering projects in progress.

(7) Legal is budgeted for unanticipated events.

(8) Travel & conference mostly occurs in the Fall and Spring.

(9) Dues and memberships are primarily paid in the beginning of the year.

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending March 2017 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
REVENUES			
Retail Connection Charge	6,786,865	6,786,865	100.00%
Ground Water Customer Charge	392,666	392,666	100.00%
Water rate revenues	7,179,531	7,179,531	100.00%
Choice Programs	1,290,759	1,494,789	86.35%
Choice Prior Year Carry Over	0	44,416	0.00%
Interest Revenue	144,576	123,000	117.54%
Miscellaneous Income	49,517	3,000	1650.57%
School Contracts	62,619	70,000	89.46%
Transfer in from Reserve	0	535,873	0.00%
Other revenues	1,547,471	2,271,078	68.14%
TOTAL REVENUES	8,727,001	9,450,609	92.34%

OPERATING EXPENSES			
Salaries & Wages	2,331,487	3,437,120	67.83%
less Recovery's	(45,990)	(31,600)	145.54%
Directors' Compensation	156,887	231,937	67.64%
MWD Representation	92,330	132,535	69.66%
Employee Benefits	678,463	968,160	70.08%
less Recovery's	(10,174)	0	0.00%
OPEB Annual Contribution	400,000	105,249	380.05%
Directors Benefits	50,277	66,297	75.84%
Health Insurances for Retirees	25,183	50,326	50.04%
Training Expense	5,379	12,000	44.83%
Tuition Reimbursement	0	5,000	0.00%
Temporary Help Expense	13,664	0	0.00%
Personnel Expenses	3,697,507	4,977,024	74.29%
Engineering Expense	94,930	405,000	23.44%
Legal Expense	126,317	320,000	39.47%
Audit Expense	18,437	24,000	76.82%
Professional Services	562,430	1,504,497	37.38%
Professional Fees	802,113	2,253,497	35.59%
Conference-Staff	11,778	22,125	53.23%
Conference-Directors	10,473	10,725	97.65%
Travel & Accom.-Staff	29,907	71,130	42.05%
Travel & Accom.-Directors	17,078	38,250	44.65%
Travel & Conference	69,236	142,230	48.68%
Membership/Sponsorship	124,937	134,458	92.92%
CDR Support	29,979	39,972	75.00%
Dues & Memberships	154,915	174,430	88.81%

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending March 2017 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
Business Expense	3,729	6,000	62.15%
Maintenance Office	67,225	123,185	54.57%
Building Repair & Maintenance	8,553	11,000	77.76%
Storage Rental & Equipment Lease	5,459	7,000	77.98%
Office Supplies	25,520	38,280	66.67%
Postage/Mail Delivery	9,366	11,400	82.16%
Subscriptions & Books	721	2,000	36.04%
Reproduction Expense	3,800	36,225	10.49%
Maintenance-Computers	5,527	10,000	55.27%
Software Purchase	23,987	31,300	76.64%
Software Support	33,248	46,000	72.28%
Computers and Equipment	26,127	32,500	80.39%
Automotive Expense	13,251	13,828	95.83%
Toll Road Charges	660	1,100	59.98%
Insurance Expense	80,563	90,000	89.51%
Utilities - Telephone	14,482	19,200	75.43%
Bank Fees	8,964	10,500	85.37%
Miscellaneous Expense	51,744	114,020	45.38%
MWDOC's Contribution To WEROC	112,793	150,390	75.00%
Depreciation Expense	4,557	0	0.00%
Election Expense	521,578	592,000	88.10%
MWDOC Building Expense	261,267	495,000	52.78%
Capital Acquisition	22,799	62,500	36.48%
Other Expenses	1,305,920	1,903,428	68.61%
TOTAL EXPENSES	6,029,691	9,450,609	63.80%
EXCESS OF REVENUES OVER EXPENSES	2,697,310	0	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Revenues and Expenditures
Fiscal Year to Date ending March 2017 (Unaudited)
Water Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>Water Revenues</u>			
Water Sales	95,522,869	121,881,702	(26,358,834)
Ready to Serve Charge	8,932,965	12,674,093	(3,741,128)
Capacity Charge Flat Rate	3,301,095	4,829,790	(1,528,695)
SCP/SAC Pipeline Surcharge	233,121	365,000	(131,879)
Interest	<u>5,988</u>	<u>4,800</u>	<u>1,188</u>
Total Water Revenues	<u>107,996,038</u>	<u>139,755,385</u>	<u>(31,759,347)</u>
 <u>Water Purchases</u>			
Water Sales	95,522,869	121,881,702	(26,358,834)
Ready to Serve Charge	8,932,965	12,674,093	(3,741,128)
Capacity Charge	3,301,095	4,829,790	(1,528,695)
SCP/SAC Pipeline Surcharge	<u>233,121</u>	<u>365,000</u>	<u>(131,879)</u>
Total Water Purchases	<u>107,990,050</u>	<u>139,750,585</u>	<u>(31,760,535)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,988</u>	<u>4,800</u>	<u>1,188</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending March 2017 (Unaudited)
Other Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>WEROC</u>			
Revenues	267,486	300,780	(33,294)
Expenditures	181,471	293,780	(112,309)
Excess of Revenues over Expenditures	86,015	7,000	79,015
 <u>WEROC Fuel Trailers</u>			
Revenues	109,024	146,141	(37,117)
Expenditures	109,024	146,141	(37,117)
Excess of Revenues over Expenditures	0	0	0
 <u>WUE Projects (details on next page)</u>			
Revenues	2,263,724	4,263,738	(2,000,014)
Expenditures	2,178,026	4,263,738	(2,085,712)
Excess of Revenues over Expenditures	85,699	0	85,699

Footnote:

- 1) The excess of expense over revenue is waiting for reimbursement.
- 2) USBR (Federal) Grant is billed in October and April with funds being received one month later.
- 3) DWR is billed quarterly to county and takes a few months to a year to receive funds.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending March 2017 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance</u> <u>%</u>	<u>Fiscal Year</u> <u>Budget</u>	<u>% of</u> <u>Budget</u>	<u>Projected</u> <u>Final</u> <u>FY Budget</u>
<u>Landscape Performance Certification</u>					
Revenues	10,912		118,900	9.18%	118,900
Expenditures	<u>10,807</u>		<u>118,900</u>	9.09%	<u>118,900</u>
Excess of Revenues over Expenditures	105	1%	0		

Actual Variance:

Budget Variance: Actual is less than Budgeted due to the program halting in order to distribute a new RFP.

<u>Industrial Water Use Reduction</u>					
Revenues	95,010		91,236	104.14%	91,236
Expenditures	<u>49,512</u>		<u>91,236</u>	54.27%	<u>91,236</u>
Excess of Revenues over Expenditures	45,498	48%	0		

Actual Variance: Grant came in ahead of expenses.

Budget Variance:

<u>Spray to Drip Conversion</u>					
Revenues	675		468,552	0.14%	468,552
Expenditures	<u>682</u>		<u>468,552</u>	0.15%	<u>468,552</u>
Excess of Revenues over Expenditures	(7)	-1%	0		

Actual Variance:

Budget Variance: Program has not started up this fiscal year. Plan start up is June 2017.

<u>Water Smart Landscape for Public Property</u>					
Revenues	0		168,589	0.00%	168,589
Expenditures	<u>0</u>		<u>168,589</u>	0.00%	<u>168,589</u>
Excess of Revenues over Expenditures	0	0%	0		

Actual Variance: No activity to report. Program has ended.

Budget Variance: No activity to report. Program has ended.

Notes:

[1] Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.

[2] Fiscal year budget versus Actual

[3] With each quarterly report the projected fiscal year end budget may be re-adjusted.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending March 2017 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance</u> <u>%</u>	<u>Fiscal Year</u> <u>Budget</u>	<u>% of</u> <u>Budget</u>	<u>Projected</u> <u>Final</u> <u>FY Budget</u>
<u>Member Agency Administered Pass thru</u>					
Revenues	1,120		150,000	0.75%	150,000
Expenditures	<u>1,120</u>		<u>150,000</u>	0.75%	<u>150,000</u>
Excess of Revenues over Expenditures	0	0%	0		

Actual Variance:

Budget Variance: Difference is due to the program starting in January of 2017, and MET's rebate funding dropping from \$2.00 to \$0.30.

ULFT Rebate Program

Revenues	36,544		205,000	17.83%	205,000
Expenditures	<u>36,544</u>		<u>205,000</u>	17.83%	<u>205,000</u>
Excess of Revenues over Expenditures	0	0%	0		

Actual Variance: This tracks agency toilet programs, agencies slow to implement.

Budget Variance: Agencies slow to report.

HECW Rebate Program

Revenues	257,148		432,000	59.52%	432,000
Expenditures	<u>257,174</u>		<u>432,000</u>	59.53%	<u>432,000</u>
Excess of Revenues over Expenditures	(26)	0%	0		

Actual Variance:

Budget Variance: Member Agency Pass-thru program. Agencies slow to report.

CII Rebate Program

Revenues	225,690		325,000	69.44%	325,000
Expenditures	<u>274,840</u>		<u>325,000</u>	84.57%	<u>325,000</u>
Excess of Revenues over Expenditures	(49,150)	-22%	0		

Actual Variance: Revenues come from Grants. Reporting to Grants is quarterly, Expenses are monthly.

Budget Variance: Should be on target by fiscal year end.

Notes:

[1] Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.

[2] Fiscal year budget versus Actual

[3] With each quarterly report the projected fiscal year end budget may be re-adjusted.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending March 2017 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance</u> <u>%</u>	<u>Fiscal Year</u> <u>Budget</u>	<u>% of</u> <u>Budget</u>	<u>Projected</u> <u>Final</u> <u>FY Budget</u>
<u>Large Landscape Survey</u>					
Revenues	440		30,000	1.47%	30,000
Expenditures	<u>329</u>		<u>30,000</u>	1.10%	<u>30,000</u>
Excess of Revenues over Expenditures	111	25%	0		

Actual Variance: Activity on this program ended in September 2016.

Budget Variance: \$30,000 was estimated at budget time.

<u>Indoor-Outdoor Survey</u>					
Revenues	2		3,500	0.04%	3,500
Expenditures	<u>14</u>		<u>3,500</u>	0.40%	<u>3,500</u>
Excess of Revenues over Expenditures	(13)	-8%	0		

Actual Variance: Activity on this program ended in September 2016.

Budget Variance: \$3,500 was estimated at budget time.

<u>Turf Removal Program</u>					
Revenues	1,406,755		1,750,000	80.39%	1,750,000
Expenditures	<u>1,233,683</u>		<u>1,750,000</u>	70.50%	<u>1,750,000</u>
Excess of Revenues over Expenditures	173,072	12%	0		

Actual Variance: Grant revenue is collected out ahead of expense.

Budget Variance: Regional turf program started in January 2017. Should be close to target by fiscal year end.

<u>Comprehensive Landscape (CLWUE)</u>					
Revenues	229,429		399,751	57.39%	399,751
Expenditures	<u>261,070</u>		<u>399,751</u>	65.31%	<u>399,751</u>
Excess of Revenues over Expenditures	(31,641)	-14%	0		

Actual Variance: Expenditures out ahead of revenue due to Grants slow to pay.

Budget Variance: Should be close to budget by fiscal year end.

Notes:

[1] Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.

[2] Fiscal year budget versus Actual

[3] With each quarterly report the projected fiscal year end budget may be re-adjusted.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending March 2017 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance</u> <u>%</u>	<u>Fiscal Year</u> <u>Budget</u>	<u>% of</u> <u>Budget</u>	<u>Projected</u> <u>Final</u> <u>FY Budget</u>
<u>CII, Large Landscape, Performance (OWOW)</u>					
Revenues	0		121,210	0.00%	121,210
Expenditures	<u>52,251</u>		<u>121,210</u>	43.11%	<u>121,210</u>
Excess of Revenues over Expenditures	(52,251)	0%	0		

Actual Variance: Grant revenue received in prior fiscal year and we draw down at year end.

Budget Variance: Should be close to budget by fiscal year end.

Notes:

[1] Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.

[2] Fiscal year budget versus Actual

[3] With each quarterly report the projected fiscal year end budget may be re-adjusted.



ACTION ITEM
May 17, 2017

TO: Board of Directors

FROM: **Administration & Finance Committee**
(Directors Thomas, Barbre, Finnegan)

Robert J. Hunter, General Manager

Staff Contacts: Pat Meszaros

SUBJECT: **ORANGE COUNTY BUSINESS COUNCIL ADVOCACY TRIP**
WASHINGTON, DC, MAY 1-3, 2017

STAFF RECOMMENDATION

It is recommended that the Board of Directors ratify attendance at the conference.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

OCBC's Annual Advocacy Trip to Washington, DC, is an excellent opportunity to meet with lawmakers, members of the administration, and other decision makers on business issues including economic development, education, housing, transportation and water. Registration includes accommodations, meals, materials and sessions.

Director Barbre attended this conference and because it was not possible to get board approval prior, staff is asking the Board to ratify his attendance.

Per Administrative Code, Section 1405:

When it is necessary for the General Manager and/or Directors to travel outside California but not possible to receive Board approval prior to travel dates, the General Manager may approve travel outside California for himself and/or members of the Board.

Budgeted (Y/N): No	Budgeted amount: NA	Core __	Choice __
Action item amount: \$3,163	Line item:		
Fiscal Impact (explain if unbudgeted): Conference registration: \$1,785 + airfare (\$1,378)			



ADVOCACY TRIP

WASHINGTON D.C. * MAY 1-3

Help OCBC make the voice of business heard and advance Orange County's competitive advantage by joining the annual One Voice, Two Capitols advocacy trip to Washington, D.C.

Meet with lawmakers, members of the administration, and other decision makers on business issues such as economic development, education, housing, transportation and water. Participants include representatives from some of Orange County's leading companies.



High-level meetings with Obama administration and congressional leadership to advocate for OC's legislative priorities.



Accommodations at an ideally located and luxurious hotel, meals, materials and sessions included in cost.



Unparalleled networking opportunities with business and elected leaders.



For info on advocacy and sponsorships, contact Bryan Starr,
Senior Vice President, Government Affairs, at 949.794.7210 or bstarr@ocbc.org.

For info on trip registration contact Katie Tomarchio, Interim Events Manager, at 949.794.7204 or ktomarchio@ocbc.org.

DEADLINE: Please register or submit cancellations no later than Monday, March 27, 2017.



ACTION ITEM

May 17, 2017

**TO: Administration & Finance Committee
(Directors Thomas, Barbre, Finnegan)**

FROM: Robert Hunter, General Manager

SUBJECT: THIRD DRAFT OF MWDOC'S BUDGET FOR 2017-18

STAFF RECOMMENDATION

Staff recommends the A&F Committee, Board of Directors, Member Agencies and the public review, discuss and provide input and comments on the THIRD DRAFT of MWDOC's budget for Fiscal Year 2017-18 and that the A&F Committee approve the THIRD DRAFT budget for consideration by the Board of Directors with any necessary modifications. The budget sent to the Board of Directors will be titled the FINAL DRAFT BUDGET. The form of findings of the THIRD DRAFT budget include the following:

1. Adopt the budget Resolutions as proposed, with a budget total of \$182,909,476 and a consolidated general fund budget of \$9,433,985 (Revenue).
2. The total revenue amount for the baseline consolidated budget (CORE + CHOICE) represents an increase of \$519,250 or 5.82% over the current year's budget. However there is a significant shift from CHOICE to CORE budget items.
3. The budget includes a planned draw on reserves of \$137,378. This is a significant change from the \$417,578 draw on reserves in the previous version of the budget (change of \$280,200) and is in response to the comments in the April A&F Committee. Every \$0.05 change in the retail meter charge equates to an approximate \$32,500 change in the reserve.
4. For the THIRD DRAFT budget, the proposed increase in the fixed rate is \$1.15 per retail meter (10.50%) to a total retail service charge of \$12.10 per retail meter. OCWD's contribution increases \$80,894 to \$473,560 per year.
5. The treatment of the SECOND DRAFT budget additional Government Affairs staff position has not been modified and the consulting contract for the grant-related activity has been reduced from \$70,000 to \$20,000; in accordance with the directions of the A&F Committee. A review of the costs and revenues (i.e., grants) for the

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

Federal lobbying activity over the last 13.5 years indicated revenues exceeded costs (\$1.57 million versus \$1.18 million). However, grants from the competitive proposal process greatly exceeded either category at \$4.56 million.

6. The building improvements expense is estimated at \$356,400.
7. The total amount of Water Use Efficiency (WUE) outside funding for rebates and grants will decrease from a FY2016-17 budget of approximately \$4.26 million to a proposed budget of \$4.18 million. This is directly related to the decrease in grant funding from the U.S. Bureau of Reclamation and the CA Department of Water Resources. However, this is approximately a 13% increase over the FY2014-15 budget levels.
8. The total outside funding from WUE and Local Resource Project (LRP) sources will be approximately \$20.8 million in FY2017-18. This means that MWDOC will be bringing in outside revenue that is approximately 2.3 times its total consolidated operating budget.
9. OPEB has been fully funded with the target of 85%-95% of the liability in the irrevocable trust and the balance in a reserve account.
10. WEROC is entering a period of increased capital needs. The magnitude of those needs and alternative approaches to meet them will be researched and implemented during the next 14 months. Preliminary estimates of the capital needs have been made and are included in this budget. The WEROC reserve fund has been split into an Operations & Maintenance Reserve Fund and a Capital Reserve Fund. As the amount of capital and the institutional arrangements for the capital investment are unclear at this time, the first year of the capital requirement is included in the MWDOC budget.
11. For dealing with the Pension Liability issue, staff is recommending continuation of the practice of increasing the staff contribution towards pension payments by 1% each year until a total of 7% as been achieved. This year, the budget was developed assuming that the staff contribution would be 6%.
12. The draft budget includes an increase in the Total Full-Time Equivalent (FTE) staff of 1.85 FTEs, with the total number of full-time MWDOC and WEROC employees increasing from 31 to 33. One additional employee in the baseline budget is for an administrative assistant for database management and the second is the DC-focused Government Affairs employee.
13. A merit pool amount of 5% is included in the budget of which 4% is for merit increases and 1% is for the PERS employee offset for the increased employee contribution amount (from 5% to 6%).
14. The budget is based on the same number of holidays (11) as in previous years.
15. The THIRD DRAFT budget for FY2017-18 incorporates the 100% fixed rate structure, which was implemented from last year's rate study for the Core Budget.

The OCWD component has been updated for the ten-year rolling average calculation.

16. Significant project activities in FY2017-18 will include:

- Orange County Reliability Study continuing actions, including an update and work on the emergency connection between OCWD and South Orange County
- Communication outreach programs related to the California WaterFix (Bay Delta), MET activities and regulatory/legislative activities
- Water Use Efficiency efforts on long-term efficiency standards beyond 20% by 2020, water savings potential, cost efficient programs, water loss control and landscape design assistance
- Metropolitan activities and communication of those activities to our Member Agencies including policy issues from the Integrated Resource Plan Policy discussion, Water Supply Allocation Plan modifications, MET business and investment model, water conservation policy, the Carson IRP project, Local Resource Program (LRP) funding, Biennial Budget, and Groundwater replenishment including storage issues (e.g. Cyclic Storage)
- Governmental Affairs activities at the local, state, and federal levels focusing on both legislative and regulatory developments.
- WEROC will be initiating an 18 month exercise and training program focused on an unknown contaminate of OC water systems. The program will require over 40 hours of training for many Member Agency staff, not including planning and exercise development. The program will include staff from 4 fire agencies, law enforcement, Division of Drinking Water, OC Health Care Agency, OC Emergency Management Division, as well as other local, state and federal partners.

17. The CHOICE Activities for this year will include:

- School Programs
- Water Use Efficiency
- Water Loss Control Program

With a planned CORE Communications Campaign focused on the California WaterFix and EcoRestore, MWDOC is not planning a CHOICE Communications offering this year.

We are closing the CHOICE accounts for Doheny and Poseidon during the current fiscal year and they are not carried forward into this budget.

A reminder to the Board that Memberships outlined in the Budget (Exhibit D) are approved by the Board with approval of the budget and therefore, each membership will NOT be brought to the Board for approval. Any NEW memberships not included in the budget will be

brought to the Board for Consideration.

Similar to Memberships, budget approval for conferences includes Board and Staff approval for attendance at “standard conferences”. Standard conferences are those listed on Exhibits E and F; approval includes staff travel/attendance at any out of state conferences listed on Exhibits E and F. Any NEW conferences will be brought to the Board for consideration.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

CHANGES FROM THE PRIOR DRAFT TO THE CURRENT DRAFT

This is the THIRD DRAFT of the budget. The following changes have been made from the prior draft budget:

- The expense estimate for the grant opportunity review contractor was reduced from \$70,000 to \$20,000;
- Estimated expenses for the WEROC radio system replacement program were increased by \$47,210 based on revised information for the cost of installation and the number of radios for the new system;
- The Public Affairs budget was increased by \$5,000 for a sponsorship of a Girl Scout “water badge” program similar to the program for Boy Scouts;
- The Public Affairs budget was increased by \$40,000 for consulting services for an Strategic Outreach Program Consultant, as requested by the Executive Committee;
- Corrections were made to the Conference/Meeting schedule and budget to reflect updated travel costs for Director and Staff representation totaling an additional \$24,830;
- IT expenses of \$3,700 were added for malware software licenses;
- The Choice School program was updated and increased by \$47,171;
- Based on the A&F Committee comments, revenues were increased so as to reduce the budget draw on reserves from \$417,578 to \$137,378.

MAJOR YEAR-TO-YEAR CHANGES IN THE CURRENT BUDGET

The year-to-year changes in the total expenses between FY2016-17 and FY2017-18 are only 1.20% or an increase of \$113,256. However there have been major shifts in programs and financial goals that have produced an increase in budgeted revenues of 5.82% (\$519,205), an increase retail meter charge of 10.50% (\$1.15), and an increase in the ground water customer charge of \$80,894. These significant shifts can be attributed to four primary factors: (1) the shift of the CHOICE Public Affairs communication program to the CORE budget, (2) the increase in the CORE budget f Salaries & Wages and Employee Benefits, (3) a budget policy change away from drawing on reserve funds to balance the budget, and (4) the recognition of significant capital improvement requirements for WEROC.

(1) CHOICE to CORE SHIFT

The year-to-year budget for CORE expenses increases by \$475,842 even with decreases in the election expense of \$592,000 and Building expenses of \$136,600. The year-to-year budget for CHOICE expenses decreases by \$362,586. The Public Affairs CHOICE budget decreases by \$277,301 and the Public Affairs CORE budget

increases by \$150,339. This shift is aligned with the change of the program from a drought & Water Use Efficiency focused program to one focused on the California Water Fix. The California Water Fix program benefits all Member Agencies and OC ratepayers and therefore is appropriately funded as a CORE program.

(2) SALARIES & WAGES and EMPLOYEE BENEFITS

The other major increase in the CORE budget was from the addition of two new full-time employees: a database technician and the DC-focused Government Affairs position. The combined increase in Salaries & Wages and Employee Benefits is \$423,789 including a 4% merit increase.

(3) DRAW ON RESERVES

Last year's budget called for a draw on reserves of \$543,372. This year's SECOND DRAFT budget included a draw on reserves of \$417,578. Based on Director discussions in the April A&F Committee meeting the fees and revenues were adjusted in this the THIRD DRAFT budget so as to reduce the projected draw on reserves to \$137,378. This draft-to-draft change of \$280,200 equates to an increase in the retail meter charge of approximately \$0.45.

(4) WEROC CAPITAL IMPROVEMENTS

A series of facility evaluations are being conducted on the Emergency Operations Centers (EOCs) to consolidate and improve the facilities. It is anticipated that capital improvements will be required as a result of these evaluations. The THIRD DRAFT budget includes \$281,657 in capital improvements of which \$227,210 (81%) is associated with critical changes to the radio system.

DETAILED REPORT

The FY2017-18 MWDOC budget is developed through a transparent and iterative process. Key topics discussed below include:

1. MWDOC Budget Process & Schedule
2. Budget Principles
3. Budget Input from Member Agencies
4. MWDOC Priorities & Practices Overview
5. Key Initiatives
6. Core/Choice Programs
7. Reserves
8. Water Rates and Charges

A short discussion on each item follows:

1. MWDOC Budget Process & Schedule

MWDOC's budget is developed in a process that begins in December with initial notification to the Member Agencies, and is planned to conclude with the formal budget approval by the Board of Directors in May or June. A budget must be approved prior to the beginning of the fiscal year on July 1st. Feedback from the Member Agency staff indicates a preference for MWDOC to approve rates sooner rather than later to facilitate the incorporation of the costs into the Member Agency budgets and rates. The Metropolitan Water District of Southern California (MET) budget and rates for FY2017-18 were passed on May 18, 2016. The

general budget schedule is outlined below.

December 2016
<ul style="list-style-type: none"> • Notification to Member Agencies of start of budget process and solicitation of input
January 2017
<ul style="list-style-type: none"> • MWDOC staff begins preparation of budget hours and costs on program and line-item basis • Review of five month actuals and fiscal year-end projections • Review budget adjustments for current fiscal year • Preparation of internal, draft conceptual budget (review changes for upcoming fiscal year)
February 2017
<ul style="list-style-type: none"> • Initial review of budget issues with A&F Committee for feedback • Initial discussion of budget issues with Member Agencies for feedback • Request for Member Agencies' preliminary indication of participation in CHOICE
March 2017
<ul style="list-style-type: none"> • Publish and post the FIRST DRAFT Budget in the packet for the A&F Committee • Review Full Draft Budget with A&F Committee (3-8-17) • Formally request comments from all Member Agencies • DRAFT information completed on prior year CHOICE WUE program benefits to Member Agencies to serve as basis for charging agencies for the upcoming year for CHOICE WUE activities • Member Agencies' initial confirmation of participation in CHOICE Services by March 15 the Final Agreement by the end of April and after the Elected Officials Meeting • Discuss FIRST DRAFT Budget at Member Agency Managers' Meeting (3-16-17) • Meet with Member Agencies as requested or scheduled
April 2017
<ul style="list-style-type: none"> • FINAL information completed on prior year CHOICE WUE benefits to Member Agencies to serve as basis of charging agencies for the upcoming year for WUE activities • Discuss SECOND DRAFT Budget in A&F Committee (4-12-17) • Member Agencies' submit Formal Comments about the Budget before April 15 • Review SECOND DRAFT Budget at Member Agency Managers' Meeting (4-20) • Conduct meeting with Elected Officials from Member Agencies to discuss budget and other topics before the end of April • Confirm CHOICE Participation
May 2017

• THIRD DRAFT Budget and Rates presented to A&F Committee (5-10-17)
• Member Agencies' Formal Comments presented to A&F Committee
• Discussion at Member Agency Manager's meeting (5-18-17)
• Board approval of FY2017-18 FINAL Budget and Rates

2. MWDOC Budget Principles for FY2017-18

Staff continues to utilize the following Budget Principles to develop the draft budget:

- **Principle #1: Budget Investments Align with MWDOC's Priorities & Value**
The Budget should reflect the mission and goals of MWDOC and align proposed activities with the valued benefits of the Board and our stakeholders.
- **Principle #2: Activities Based on a County-wide Perspective**
MWDOC's service area extends to Orange County's borders and the budgeted activities must comprehensively address issues, needs, and benefits for the entire service area.
- **Principle #3: Efficient Program Design & Performance**
The budgeted programs must consider complementary and cooperative designs to maximize benefits from other regional and local water resource programs to maximize value.
- **Principle #4: Full Cost Recovery**
The budget will be developed so as to support full cost recovery of all expenses via the rates and charges without the unplanned use of reserves.
- **Principle #5: Compliance with Administrative Code**
The Proposed budget and budget process should fully comply with applicable sections of the MWDOC Administrative Code.

3. Budget Input from Member Agencies

Budget input has been received at the A&F Committee meeting and the Member Agency Manager's meeting. A limited number of presentations have been made to Member Agency Boards. In general, the response has been supportive of MWDOC's budget and budget process. A significant number of comments have been made questioning the proposed duties and value of the DC-focused Government Affairs position as well as the configuration of the grants position or contract. In general, the commenting agencies have indicated that any additional Government Affairs staffing should be done only as a CHOICE budget program. Six written comment letters have been received from Member Agencies prior to the date of the posting of this committee package (Santa Margarita Water District, Irvine Ranch Water District, Moulton Niguel Water District, Orange County Water District, Trabuco Canyon Water District and El Toro Water District).

A survey was initiated at the March Manager's meeting with the representatives from the Member Agencies regarding the Governmental Affairs position and the consultant contract to assist in Federal grants or funding. The survey indicated a lack of support from the Member Agencies for either the position or for the grant services as outlined.

4. Priorities & Practices Overview

Key priorities and practices include MWDOC's major areas of concentration:

- Metropolitan as a main source of reliability
- Regional Reliability and the OC Water Reliability Study and spin-off efforts
- Water Use Efficiency (WUE)
- Water Emergency Response
- Communications
- Governmental Affairs

These are discussed below.

Metropolitan Water District of Southern California (MET)

MWDOC's number one effort remains ensuring that policies, supplies, programs and projects developed and implemented by MET have significant value to the residents and ratepayers in Orange County and to Southern California.

- MET is key in providing and underwriting supply reliability and regional system reliability in Southern California. Many of MWDOC's initiatives are aimed at maintaining a close working relationship with MET and other MET member agencies to guide the efforts at MET in a constructive manner; in the best interest of the region and Orange County. Key issues will include IRP policy discussions, local and regional resource investments, water supply allocations, supply and system reliability projects and programs, Groundwater replenishment and storage, the State Water Project investments, including the California WaterFix, Colorado River Aqueduct, Water Quality, water use efficiency, and Communication activities and legislation.
- MWDOC appoints four MET Directors who sit on the MET Board and directly advocate on behalf of the district and its member agencies. These four MET Directors work with the other three Directors from Orange County (Anaheim, Fullerton, and Santa Ana) as well as MET Directors from outside of Orange County. Our Orange County MET contingent and the overall MET Board are faced with ensuring the economic health of MET which directly impacts the economic health of Orange County, the region and the State. To this end, our Directors have advocated for financial issues at MET to ensure its viability over the long run, maintain an appropriate level of reserves, and preserve financial policies that minimize and level long-term costs and rates impacts, while allowing new investments to be made. Significant upcoming investments include the California WaterFix and potentially the Carson IPR project.
- Over the past year, the advocacy of our MET Directors has resulted in MET significantly improving its position with respect to pension liability, OPEB liability, investments in rehabilitation and repair of facilities locally and regionally, (i.e. State Water Project and the Colorado River Aqueduct), and in incorporating future long term investments such as the California WaterFix while remaining strong financially.
- When MET becomes involved in a lawsuit, particularly such as the SDCWA lawsuit,

the results can be a zero sum game where the outcome results in winners and losers within the MET family. MWDOC will continue its involvement in the lawsuit between SDCWA and MET as it moves through the appeal process, as well as other litigation that protects the interest of Orange County and its ratepayers. The outcome of this lawsuit is critically important to Orange County and our involvement is to ensure the ratepayers of Orange County are fully represented.

- The coming year involves a number of critically important issues at MET, such as the review of MET's Integrated Resources Plan (IRP) policies and MET's role in both local supplies and imported supplies to meet total Southern California demands over the next 20 years. In particular the decision to move forward on the Carson Demonstration Project will be an active consideration. In addition, creating the opportunity to see how we can better integrate imported supplies with groundwater basin management will be an important undertaking.

Later this year the CA WaterFix permits and operating criteria could be approved clearing the way to initiate the design and construction contracts. A key action involves the project cost allocation commitments among the State and Federal contractors. Moreover, a thorough review of SWP infrastructure and repair or replacement of Oroville Dam's spillway will be brought forward. There also will be possible adoption of a Colorado River Drought Contingency Plan among the lower basin states that will seek to mitigate the decline of Lake Mead over the long run.

This coming fiscal year will involve the review and approval of MET's biennial budget for FY2018-19 & 2019-20. Included in these discussions will be discussion of MET's water conservation program, potential revisions to LRP funding protocols and how MET's assistance to its member agencies will help agencies meet the upcoming State permanent conservation regulations.

Regional Water Reliability and the OC Water Reliability Study

The improvement of water supply and system reliability is key for the ratepayers and residents of the County and is of primary concern in MWDOC's budget. Reliability cannot be improved by OC investments alone and it is imperative that our reach in this area is both local and regional to MET and DWR. This current year included completion and publication of the OC Water Reliability Study (Study) with excellent participation by our Member Agencies. For this coming year, the goals of the OC Water Reliability Study are:

1. To provide outreach and communication of the implications of the 2016 study.
2. Follow-up regarding potential reliability improvements within Orange County. An update of the 2016 Study is planned to incorporate new information on the forecast of supplies from the State Water Project and the Colorado River and will provide further insight into up-coming decision-making.
3. Provide regional assistance to the San Juan Watershed Project and the Doheny Project that both are critical to South Orange County.
4. Work with MET and DWR to better understand the risks and duration of import systems to determine if recommendations for emergency storage reserves are needed.

5. A new initiative is planned for 2017-18 that involves entering into electrical load aggregation contracts that will translate into a cost-savings for our agencies and will improve their emergency operations by having energy storage devices at key facilities. These actions include the possibility of securing state of the art emergency generator back-ups that meet AQMD standards. This is an extremely exciting proposition that is just now being kicked off at the start of the budget preparation.

Water Use Efficiency (WUE)

Sound water management policy requires a continuing effort to improve water use efficiency. This requirement is intensified by the upcoming proposals for permanent water use efficiency standards beyond our current 20% by 2020 framework. Providing the technical expertise and the program support along with securing funds for water use efficiency efforts is a priority for MWDOC and our Member Agencies. The initial MET budget indicates funding for WUE rebates and other activities at approximately the same level as last fiscal year. However the anticipated WUE outside funding is expected to be 13% greater than in FY2014-15. The WUE group also has a continuing project on assessing and recovering distribution system water loss. Additional focus is being given to water loss control and landscape design assistance.

Water Emergency Response

MWDOC made significant changes towards the preparedness of the Water Emergency Response Organization of Orange County (WEROC) this past year to improve and strengthen its state of readiness to assist in a time of emergency. WEROC will continue to develop resources, tools, trainings and grant funding targeted at enhancing member agency and WEROC EOC Staff preparedness and resilience. Much of this training effort will focus on the Emergency Water Quality Sample Kit (EWQSK) response protocols and ensuring multi-discipline approaches to this training effort. Additionally, staff will be identifying how to incorporate the new California Office of Emergency Services' EOC Position Credential program into the WEROC training program. The WEROC Administrative Assistant will continue to update and enhance the WEROC communication and sharing tools, including AlertOC and Safety Center. The WEROC Coordinator will spend significant time on updates to the Orange County Regional Water and Wastewater Multi-Hazard Mitigation Plan, the WEROC Emergency Response Plan and related support documents and tools to ensure the program is meeting state and national requirements for planning. The WEROC Manager will focus in on the Radio System replacement, Points of Distribution planning, continued advocacy for our member agencies, and implementation of the WEROC EOC Assessment recommendations has been included in this budget.

Communication

Communication with our Member Agencies and the public we serve is a critical component of MWDOC's core function. Communication related to critical water resource issues, water supply and system reliability, and water resource projects and investments are all essential elements of the Communications Program. To maximize both effectiveness and efficiency MWDOC is working with our Member Agencies on coordinated communication efforts. MWDOC generally provides program efforts at the regional level and above while providing necessary assistance to the retail agencies for communications with the local ratepayers. Crucial issues in the coming year will be the SWRCB permanent efficiency regulations, issues surrounding Bay Delta, and regional reliability.

MWDOC will continue its partnership with the Orange County Council of the Boy Scouts to hold “Soil and Water Conservation Merit Badge” clinics. After three of five planned clinics in FY 16/17, more than 200 Scouts had earned their Soil & Water badge, and about 60 percent who responded to post-clinic surveys said they would not have sought the badge if the clinics were not offered. A similar program has been added to the budget with the Orange County Girl Scout leaders, to design and launch a patch program for the Girl Scouts in FY 17/18.

Building on the success of the high school choice program, staff has worked with the Orange County Department of Education to develop a core high school program that would be offered to high school teachers countywide. With a budget of \$64,000, the CORE High School Program would meet the requirements of mandated teaching subjects and provide teachers with lesson plans and materials to encourage their participation. The lesson plans will be tailored for science, political science and history classes, to ensure the program reaches as many students as possible. The core program would work hand-in-hand with the choice offering, and is expected to grow participation in that program as well.

Governmental Affairs

Governmental Affairs continues to work at the local, state and national levels with our Member Agencies, organizations, delegations, agencies and bureaus to advance Orange County’s agenda. Central to this effort are policy, legislative and regulatory developments and opportunities. In FY2017-18 there will be tremendous activity in the legislative session in Sacramento for water issues including the proposals in support of the Permanent Water Efficiency framework and the California WaterFix and EcoRestore. Enhanced activities have been requested on two fronts. There has been a request to increase MWDOC’s federal activities with the addition of a staff position to solely focus on federal issues and activities. There has also been a request to increase MWDOC’s program in obtaining project grant funds and financial strategy development and implementation.

5. MWDOC Key Initiatives

Besides the items previously discussed above, the key initiatives from staff for FY2017-18 that are included in the budget include:

- Continue to work closely with MET on rate/stability issues, support for the California WaterFix, completion of the IRP policy review and management of water in Southern California.
- Advance projects from the OC Water Reliability Study. The following work is anticipated:
 - A conjunctive use program between OCWD and South Orange County
 - Consideration of ocean desalination
 - Improvements to respond to emergency outages
 - On-going work with OCWD on basin issues (In Lieu delivery, cyclic storage, SARRCUP)
 - A key element is to obtain concurrence for the introduction and conveyance of local water in the East Orange County Feeder No. 2 (EOCF#2). This has never been done, but when accomplished opens up a number of options for

Orange County.

- Continue to examine opportunities for local or regional reliability via banking programs.
- Continue with implementation of the Water Use Efficiency Master Plan including methods to firm up local funding options for local agencies. Begin integrating recycled water use into the Water Use Efficiency Programs by accelerating recycled water connections through customer incentives.
- Staff is projecting \$23,279 in Water Use Efficiency Department staff time reimbursement from state and federal grants
- Continue Rebate Programs and emphasize landscape opportunities
- Expand Water Loss Control effort to include sales meter accuracy testing
Continue to convene the Water Loss Control Work Group and evaluate the feasibility of in-house MWDOC Water Loss Control services including meter accuracy testing, leak detection, shared sounding equipment, etc. for access by member agencies.
- MWDOC will continue to use the Droplet rebate administration platform for both Turf Removal and Spray-to-Drip rebate processing including electronic signatures. These programs will be implemented in partnership with member agencies. In the coming year, emphasis will be on identifying and implementing program refinements that streamline the participation process for both water agencies and program participants.
- Started late in FY2016-17 budget cycle, Landscape Design Assistance will be fully operational in the coming year targeting residential turf removal rebate program participants. This new program is designed to break down barriers to program participation and ensure turf replacement projects are attractive examples to others. Proper maintenance of California Friendly landscapes materials will be developed and posted on our website.
- Currently on pause pending a water savings evaluation, the Water Smart Landscape Program that provides monthly irrigation performance reports for dedicated landscape meters is anticipated to restart with an overhauled implementation framework. This is not only one of MWDOC's longest standing programs but will be instrumental in helping agencies to comply with the proposed long-term water efficiency standards proposed by state agencies.
- In the coming year the Water Loss Control Technical Assistance will transition from Year II to Year III. MWDOC will continue to partner with Water Systems Optimization in providing this assistance to member agencies.
- The States' new Long Term Water Use efficiency framework will require significant research to better understand and inform stakeholders on the standard setting. As a result, research funding has been budgeted in the Core WUE program. This

research may be focused locally or through partnerships beyond Orange County such as the California Water Efficiency Partnership (previously known as the California Urban Water Conservation Council).

- Metropolitan WUE policy development will be a main focus for the department especially in helping to prepare agencies for compliance with new state mandates. Staff will also seek to maximize access to Metropolitan Water Use Efficiency program funding for regional and local program implementation. Staff will advocate for Program refinements that ensure Orange County program needs are met and continue to evolve.
- Staff will provide a leadership for the California Water Efficiency Partnership (previously known as the California Urban Water Conservation Council) as they transition the organization in FY2017-18.
- Secure MET funding; over the past several years, MWDOC has brought in about \$4 million annually for WUE funding. This year funding will be approximately at that level. Identification and procurement of funding for OC will be a greater emphasis. Our WUE staff continues to perform for the benefit of Orange County.
- The Public Affairs Department looks to amplify efforts to facilitate community awareness and involvement with issues and challenges related to the reliable delivery of potable water. The recently completed MWDOC Orange County Reliability Study deemed the California WaterFix as the single most cost effective project to ensure Orange County's long-term water reliability.
 - As such, MWDOC is preparing to launch a robust communications campaign focusing on the WaterFix and EcoRestore. Social media will be the heart of this campaign - with new graphics, videos and newsfeeds and articles. This will also coincide with the launch of the MWDOC's new website. The District's new website will feature a Member Agency Portal that will be the central hub for all supporting tools and materials.
 - The proposed education and outreach plan for the California WaterFix and EcoRestore is budgeted at \$100,000. The yearlong campaign will emphasize the need to finish the State Water Project with the twin tunnels, which are essentially a storm water capture project. The EcoRestore would also be included in the messaging and campaign, to educate leaders and the public that environmentalists agree doing nothing is not an option and the combined projects are best for the state water infrastructure and for the Delta ecosystem.
 - The campaign will primarily target decision-makers and those with influence upon the decision-makers, although local government and grass root elements are included in the plan, as well.
 - The plan has an emphasis on social media, targeting specific audiences with

pinpoint accuracy, as well as “listening” to public sentiment about the project and identify any growing concerns or opposition.

- Gaining endorsements of the projects from remaining OC water agencies and cities is part of the proposed plan, then building on that success to business and other groups. Staff also proposes print advertising in the Sacramento region, in the Sacramento Bee, which carries influence with the California Legislature.
- Staff is aware other agencies and organizations are preparing outreach campaigns as well, and would communicate with them and coordinate when appropriate.
- MWDOC will also be required to expend resources in responding to the recently initiated outreach program by the San Diego County Water Authority, The Authority has increased contractor funding by almost \$500,000 to outreach to elected officials in neighboring jurisdictions, including Orange County. MWDOC staff have found the materials the Authority has had prepared for this effort to be, at best, misleading.
- MWDOC’s renewed efforts on Governmental Affairs will focus on funding and regulatory programs at the state and federal level. We are accelerating efforts with the Orange County and California delegations and select Committee Members to marshal support, funding and beneficial modifications for national programs. At the state level, significant efforts will be made in tracking both funding opportunities for Orange County projects and relevant legislation. A large volume of legislation is already evident which will require actions to support, oppose or amend. The scope of activities will be partially dependent on the resolution of the staffing alternatives.
- Monitor and track the State Water Resources Control Board and Department of Water Resource proposed water efficiency regulations and program funding plans/proposals.
- Protect MWDOC and local agency interests in MET via continued participation in the SDCWA lawsuit against MET. Oral arguments for the appeal trial are scheduled for May 10, 2017 with a decision required within 90 days.
- Participate in other water-related lawsuits, as appropriate, in support of our Member Agencies and the residents of Orange County.
- Continue to seek areas of efficiency in the District’s operations.
- WEROC will be starting a multiple year training and exercise program that focuses on responding to an unknown contamination of our water supplies and utilizing protocols for the Emergency Water Quality Sample Kits (EWQSK). This program will involve the participation of 4 Fire Hazardous Materials Teams, law enforcement, Division of Drinking Water, cities, the County and our member agencies. A

consultant for coordination of the field and functional components of the program will be critical to developing and supporting a successful training and exercise year. Again this coming year, each of the WEROC EOC staff members will participate in about 40 hours of training to participate in the training program and help WEROC remain at a high state of readiness.

- Staff are researching and looking to implement a new WEROC Radio system in FY 2017/2018. The system being considered (through OC Sheriff's Department) is estimated to cost about \$227,000 initially and would reduce the annual radio maintenance and repeater budget by as much as \$7,000 to \$12,000.
- WEROC staff will be spending a significant amount of time implementing the recommendations of the WEROC EOC Site Study; including seismic evaluation, electrical evaluation and generator sharing at the South EOC site. Some of these assessments may result in additional recommendations, of which will be discussed with the WEROC funding group, member agencies and the Board.
- Utilizing the WEROC EOC Assessment, staff have identified capital costs for the WEROC program that are proposed to mostly occur in the next two fiscal years. Staff believes that these projects are critical to the reliability of the WEROC South EOC. Staff are proposing that the WEROC capital program be funded by MWDOC. Modifications to the MWDOC Administration Building to facilitate its use as a back-up EOC are being incorporated into MWDOC Building Improvements and will provide additional functionality of the space for trainings and meetings.
- Promoting Orange County positions in the policy formation based on the MET update of its Integrated Resources Plan. Work from the OC Water Reliability Study positioned us well to provide input into the IRP policy discussion. Topics are likely to include MET investments in supply projects like the Carson IRP project, LRP funding policy and decisions, modifications to allocation policies and procedures, and MET's groundwater policies.
- Tracking progress on the California WaterFix and education of local, state and federal officials, including key organizations.
- Review of staffing levels and succession planning issues.

6. Core/Choice Programs for 2017-18

The Choice Programs for FY2017-18 include:

- School Program-The current contracts for the school program will continue with program modifications where appropriate. The grade school program will be run in conjunction with the Discovery Science Center with the keypad program for all of the assembly programs in grades 1-6. The High School Program will be conducted in conjunction with the County's Inside the Outdoors program and continues to evolve through the curriculum development and expanded in-class activities

- Water Use Efficiency-Will continue to access MET WUE funding and grants from other sources for implementation programs for OC.
- 2015 Water Loss Control Audits-Follow-up activities will continue from the water audits including leak detection and repair.

7. MWDOC's Reserve Funds

MWDOC is currently performing a review of the Reserve Fund Policy and has retained PFM for the purpose. The results of that review are not included in the THIRD DRAFT budget and it is not anticipated that MWDOC's Board of Directors will modify the reserve policy during the development of this budget. The MWDOC Reserve Policy includes the following categories:

- General District
- Cash Flow
- Election Expense
- Building Expense
- OPEB Reserves

General District Reserves

The General District Reserves were set at \$1.85 million as of July 1, 2010 and increase by the inflation rate each year. In FY2017-18 the target reserve balance will be \$2,104,485. The general district reserve balance will be above but near the target.

Cash Flow Reserve:

Cash flow reserves were set at \$1.00 million in 2010 and this amount is reviewed from time to time for appropriateness, based on the District's current operational needs. Due to the tremendous increase in WUE rebates, the cash flow reserve was increased to \$1.5 million in the FY2015-16 budget.

Election Expense:

MWDOC's election reserve is managed to fund seven elections every four years. Based on previous election costs, we have determined that \$1.22 million (or \$174,000 per division) is sufficient to cover seven elections. This requires that an average of \$304,000 be contributed to the election reserve annually. No election expenses will be incurred in FY2017-18.

Building Expense Reserve:

MWDOC's Building Reserves were set in 2010 to be kept at a minimum of \$350,000 and adjusted from time to time to reflect the improvement needs of the office facility. It is now over 25 years since the building was refurbished and MWDOC moved to this location. Ongoing and projected building expenses are increasing as systems are repaired or replaced. We will be completing a comprehensive evaluation of the office space and implementing necessary improvements. As became exceedingly clear over this wet winter, the building roof is beyond its useful life. There are also a number of office improvements planned including office space and office furniture modifications or replacements.

OPEB Reserve:

In managing MWDOC's OPEB liability, the Board has taken the following actions:

- Employees hired after July 1, 2012 are not eligible to receive District-paid retiree and elective health and welfare benefits. This will substantially reduce future OPEB costs after dealing with the existing employees who qualified for prior

- benefits.
- The Board of Directors implemented an OPEB Reserve Policy whereby 100% of the liability is funded through a combination of placing 85%-95% of the required amount in the irrevocable trust (approximately \$1.7 million) and the balance in a reserve fund (approximately \$209,000). These amounts are adjusted with the updated actuarial study.

8. Water Rates and Charges

Historically, MWDOC's revenue funding its Core Budget had been derived from charges associated with a retail meter charge (fixed) and a water volume increment charge (variable). However, in FY 2015-16, MWDOC's Core Budget was supported only by the retail meter charge. During that fiscal year, MWDOC completed a water rate study whereby the Board adopted a methodology for a retail meter charge along with a new groundwater customer charge.

The total amount of revenue from water sales also includes charges to cover the cost of MET water purchases and MET's associated charges. The proposed Total Water Sales for FY 2017-18 are \$185,673,707.

For FY 2017-18 the proposed Retail Meter Charge is \$12.10.

For FY 2017-18 the proposed Groundwater Customer Charge is \$473,560.

Attachments:

Attached hereto is the detailed, draft, baseline budget for this coming year.



Annual Budget for Fiscal Year 2017-18

Draft 3 Budget

MWDOC's mission is:

To provide reliable, high-quality supplies from MWD and other sources to meet present and future needs, at an equitable and economical cost, and to promote water use efficiency for all of Orange County

Exhibit A2
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CORE FUND

	FY 2016-2017 ADOPTED BUDGET	FY 2016-2017 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2017-2018 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2016-2017 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 2,943,115	\$ 2,794,148	\$ (148,968)	\$ 3,240,192 ¹	\$ 446,045	\$ 297,077
less for Recovery from Grants	\$ -	\$ -	\$ -	\$ -	-	0
Employee Benefits	834,890	844,102	9,212	961,602 ²	117,500	126,712
Director Compensation	231,937	224,016	(7,921)	243,197	19,181	11,260
Director Benefits	66,297	75,746	9,449	81,728	5,982	15,431
MWD Representation	132,535	129,209	(3,326)	138,969	9,760	6,434
OPEB Annual Contribution	105,249	400,000	294,751	-	(400,000)	(105,249)
Overhead Reimbursement	(193,712)	(138,460)	55,252	(151,910)	(13,450)	41,802
Health Insurance Coverage for Retirees	50,326	32,683	(17,643)	59,554	26,871	9,228
Audit Expense	24,000	18,437	(5,563)	40,000	21,563	16,000
Automotive & Toll Road Expenses	14,928	16,490	1,562	17,400	910	2,472
Conference Expense - Staff	22,125	18,000	(4,125)	38,945	20,945	16,820
Conference Expense - Directors	10,725	9,500	(1,225)	23,700	14,200	12,975
Engineering Expense	405,000	270,509	(134,491)	360,000	89,491	(45,000)
Insurance Expense	90,000	105,000	15,000	110,250	5,250	20,250
Legal Expense - General	320,000	208,751	(111,249)	250,000	41,249	(70,000)
Maintenance Expense	123,185	92,000	(31,185)	123,500	31,500	315
Membership / Sponsorship	134,458	133,770	(688)	142,102	8,332	7,644
CDR Participation	39,972	39,972	-	48,803	8,831	8,831
Miscellaneous Expense	111,020	90,210	(20,810)	124,650	34,440	13,630
Postage / Mail Delivery	11,400	8,800	(2,600)	9,700	900	(1,700)
Professional Fees	705,677	497,100	(208,577)	983,678	486,578	278,001
Rents & Leases	7,000	6,500	(500)	8,400	1,900	1,400
Outside Printing, Subscription & Books	38,225	27,177	(11,048)	28,775	1,598	(9,450)
Office Supplies	38,280	26,345	(11,935)	35,580	9,235	(2,700)
Building Repair & Maintenance	11,000	9,500	(1,500)	11,000	1,500	0
Computer Maintenance	10,000	9,950	(50)	10,000	50	-
Business Expense	6,000	4,981	(1,019)	5,200	219	(800)
Software Support & Expense	77,300	76,220	(1,080)	93,154	16,934	15,854
Computers and Equipment	32,500	31,490	(1,010)	33,050	1,560	550
Telecommunications Expense	19,200	19,226	26	21,300	2,074	2,100
Temporary Help Expense	-	12,000	12,000	5,000	(7,000)	5,000
Training Expense	12,000	7,500	(4,500)	10,000	2,500	(2,000)
Tuition Reimbursement	5,000	-	(5,000)	5,000	5,000	-

Exhibit A2
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CORE FUND

	FY 2016-2017 ADOPTED BUDGET	FY 2016-2017 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2017-2018 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2016-2017 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	71,130	55,000	(16,130)	95,600	40,600	24,470
Travel & Accommodations - Directors	38,250	34,526	(3,724)	49,850	15,324	11,600
MWDOC's Contribution to WEROC: Operations	150,390	150,390	0	179,217	28,827	28,827
and to WEROC Capital Improvements			-	281,657	281,657	0.00%
Capital Acquisition (excluding building)	62,500	62,500	-	249,500	187,000	187,000
NORMAL OPERATING EXPENSES	\$ 6,761,902	\$ 6,403,289	\$ (358,614)	\$ 7,968,344	\$ 1,565,055	\$ 1,206,442
MWDOC's Building Expense	\$ 495,000	\$ 280,000	\$ (215,000)	\$ 356,400	\$ 76,400	\$ (138,600)
Election Expense	592,000	521,578	(70,422)	-	(521,578)	(592,000)
TOTAL EXPENSES	\$ 7,848,902	\$ 7,204,867	\$ (644,035)	\$ 8,324,744	\$ 1,119,877	\$ 475,842

REVENUES:						
Retail Meter Charge	\$ 6,786,865	\$ 6,786,865	\$ 0	\$ 7,560,806	\$ 773,941	\$ 773,941
Ground Water Customer Charge	392,666	392,666	-	473,560	80,894	80,894
Water Increment Charge	-	-	-	-	-	0
Interest Revenue	123,000	158,365	35,365	150,000	(8,365)	27,000
Miscellaneous Income	3,000	3,000	-	3,000	-	0
Inter Fund In	-	-	-	-	-	0
TOTAL REVENUES	\$ 7,305,530	\$ 7,340,896	\$ 35,365	\$ 8,187,366	\$ 846,470	\$ 881,836

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ (543,372)	\$ 136,029	\$ 679,401	\$ (137,378)	\$ (273,407)	\$ 405,994

- [1] Total Salaries & Wages includes \$37,156 for intern support
- [2] Total Benefits includes \$3,934 for intern support
- [2] Includes a \$83,410 lump sum payment (CALPERS unfunded Liability)
- [2] Total Benefits assumes a Calpers contribution for full time employees of 9.92% for legacy classic employees, 8.921% for classic employees and 6.533% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 8% for calendar year 2017.

Exhibit A3
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CHOICE FUNDS

	FY 2016-2017 ADOPTED BUDGET	FY 2016-2017 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2017-2018 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2016-2017 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 501,505	\$ 386,893	\$ (114,612)	\$ 427,946 ¹	\$ 41,053	\$ (73,559)
less for Recovery from Grants	\$ (31,600)	\$ (29,886)	\$ 1,714	\$ (23,279) ¹	6,607	8,321
Employee Benefits	133,269	113,794	(19,475)	127,111 ²	13,316	(6,158)
Director Compensation	-	-	-	-	-	-
Director Benefits	-	-	-	-	-	-
MWD Representation	-	-	-	-	-	-
OPEB Annual Contribution						
Overhead Reimbursement	193,712	138,460	(55,252)	151,910	13,450	(41,802)
Health Insurance Coverage for Retirees	-	-	-	-	-	-
Audit Expense	-	-	-	-	-	-
Automotive & Toll Road Expenses	-	-	-	-	-	-
Conference Expense - Staff	-	-	-	-	-	-
Conference Expense - Directors	-	-	-	-	-	-
Engineering Expense	-	-	-	-	-	-
Insurance Expense	-	-	-	-	-	-
Legal Expense - General	-	-	-	-	-	-
Maintenance Expense	-	-	-	-	-	-
Membership / Sponsorship	-	-	-	-	-	-
CDR Participation	-	-	-	-	-	-
Miscellaneous Expense	13,500	13,500	-	6,000	(7,500)	(7,500)
Postage / Mail Delivery	-	2,821	2,821	800	(2,021)	800
Professional Fees	798,819	522,611	(276,208)	556,132	33,521	(242,687)
Rents & Leases	-	-	-	-	-	-
Outside Printing, Subscription & Books	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-
Computer Maintenance	-	-	-	-	-	-
Software Support & Expense	-	-	-	-	-	-
Telecommunications Expense	-	-	-	-	-	-
Computers and Equipment	-	-	-	-	-	-
Temporary Help Expense	-	-	-	-	-	-
Training Expense	-	-	-	-	-	-
Tuition Reimbursement	-	-	-	-	-	-

Exhibit A3
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CHOICE FUNDS

	FY 2016-2017 ADOPTED BUDGET	FY 2016-2017 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2017-2018 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2016-2017 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	-	-	-	-	-	-
Travel & Accommodations - Directors	-	-	-	-	-	-
TOTAL EXPENSES	\$ 1,609,205	\$ 1,148,193	\$ (461,012)	\$ 1,246,619	\$ 98,426	\$ (362,586)

REVENUES:						
Choice Revenue	1,609,205	1,148,193	(461,012)	1,246,619	98,426	(362,586)
TOTAL REVENUES	\$ 1,609,205	\$ 1,148,193	\$ (461,012)	\$ 1,246,619	\$ 98,426	\$ (362,586)

① Total Salaries & Wages includes \$51,387 for intern support

② Total Benefits includes \$5,529 for intern support

② Total Benefits assumes a Calpers contribution for full time employees of 9.92% for legacy classic employees, 8.921% for classic employees and 6.533% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 8% for calendar year 2017.

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2016-2017 ADOPTED BUDGET	FY 2016-2017 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2017-2018 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2016-2017 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 3,444,620	\$ 3,181,040	\$ (263,580)	\$ 3,668,138 ¹	\$ 487,097	\$ 223,518
less for Recovery from Grants	\$ (31,600)	\$ (29,886)	\$ 1,714	\$ (23,279)	6,607	8,321
Employee Benefits	968,159	957,897	(10,262)	1,088,713 ²	130,816	120,554
Director Compensation	231,937	224,016	(7,921)	243,197	19,181	11,260
Director Benefits	66,297	75,746	9,449	81,728	5,982	15,431
MWD Representation	132,535	129,209	(3,326)	138,969	9,760	6,434
OPEB Annual Contribution	105,249	400,000	294,751	-	(400,000)	(105,249)
Overhead Reimbursement	-	-	-	-	-	0
Health Insurance Coverage for Retirees	50,326	32,683	(17,643)	59,554	26,871	9,228
Audit Expense	24,000	18,437	(5,563)	40,000	21,563	16,000
Automotive & Toll Road Expenses	14,928	16,490	1,562	17,400	910	2,472
Conference Expense - Staff	22,125	18,000	(4,125)	38,945	20,945	16,820
Conference Expense - Directors	10,725	9,500	(1,225)	23,700	14,200	12,975
Engineering Expense	405,000	270,509	(134,491)	360,000	89,491	(45,000)
Insurance Expense	90,000	105,000	15,000	110,250	5,250	20,250
Legal Expense - General	320,000	208,751	(111,249)	250,000	41,249	(70,000)
Maintenance Expense	123,185	92,000	(31,185)	123,500	31,500	315
Membership / Sponsorship	134,458	133,770	(688)	142,102	8,332	7,644
CDR Participation	39,972	39,972	-	48,803	8,831	8,831
Miscellaneous Expense	124,520	103,710	(20,810)	130,650	26,940	6,130
Postage / Mail Delivery	11,400	11,621	221	10,500	(1,121)	(900)
Professional Fees	1,504,496	1,019,711	(484,785)	1,539,810	520,099	35,314
Rents & Leases	7,000	6,500	(500)	8,400	1,900	1,400
Outside Printing, Subscription & Books	38,225	27,177	(11,048)	28,775	1,598	(9,450)
Office Supplies	38,280	26,345	(11,935)	35,580	9,235	(2,700)
Building Repair & Maintenance	11,000	9,500	(1,500)	11,000	1,500	0
Computer Maintenance	10,000	9,950	(50)	10,000	50	-
Business Expense	6,000	4,981	(1,019)	5,200	219	(800)
Software Support & Expense	77,300	76,220	(1,080)	93,154	16,934	15,854
Computers and Equipment	32,500	31,490	(1,010)	33,050	1,560	550
Telecommunications Expense	19,200	19,226	26	21,300	2,074	2,100
Temporary Help Expense	-	12,000	12,000	5,000	(7,000)	5,000
Training Expense	12,000	7,500	(4,500)	10,000	2,500	(2,000)
Tuition Reimbursement	5,000	-	(5,000)	5,000	5,000	-

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2016-2017 ADOPTED BUDGET	FY 2016-2017 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2017-2018 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2016-2017 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	71,130	55,000	(16,130)	95,600	40,600	24,470
Travel & Accommodations - Directors	38,250	34,526	(3,724)	49,850	15,324	11,600
MWDOC's Contribution to WEROC: Operations	150,390	150,390	0	179,217	28,827	28,827
and to WEROC Capital Improvements	-	-	-	281,657	281,657	281,657
Capital Acquisition (excluding building)	62,500	62,500	-	249,500	187,000	187,000
NORMAL OPERATING EXPENSES	\$ 8,371,107	\$ 7,551,481	\$ (819,626)	\$ 9,214,963	\$ 1,663,482	\$ 843,856
MWDOC's Building Expense	\$ 495,000	\$ 280,000	\$ (215,000)	\$ 356,400	\$ 76,400	\$ (138,600)
Election Expense	592,000	521,578	(70,422)	-	(521,578)	(592,000)
TOTAL EXPENSES	\$ 9,458,107	\$ 8,353,059	\$ (1,105,048)	\$ 9,571,363	\$ 1,218,304	\$ 113,256

REVENUES:						
Retail Meter Charge	\$ 6,786,865	\$ 6,786,865	\$ -	\$ 7,560,806	\$ 773,941	\$ 773,941
Ground Water Customer Charge	392,666	392,666	-	473,560	80,894	80,894
Water Increment Charge	-	-	-	-	-	0
Interest Revenue	123,000	158,365	35,365	150,000	(8,365)	27,000
Miscellaneous Income	3,000	3,000	-	3,000	-	0
Inter Fund In	-	-	-	-	-	0
Choice Revenue	1,609,205	1,148,193	(461,012)	1,246,619	98,426	(362,586)
TOTAL REVENUES	\$ 8,914,735	\$ 8,489,089	\$ (425,647)	\$ 9,433,985	\$ 944,897	\$ 519,250

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ (543,372)	\$ 136,029	\$ 679,401	\$ (137,378)	\$ (273,407)	\$ 405,994

- 1 Total Salaries & Wages includes \$88,543 for intern support
- 2 Total Benefits includes \$9,463 for intern support
- 2 Includes a \$83,410 lump sum payment (CALPERS unfunded Liability)
- 2 Total Benefits assumes a Calpers contribution for full time employees of 9.92% for legacy classic employees, 8.921% for classic employees and 6.533% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 8% for calendar year 2017.

Exhibit A5
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
WATER FUND

	FY 2016-2017 ADOPTED BUDGET	FY 2016-2017 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2017-2018 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2016-2017 BUDGET
Water Revenues						
Water Sales	\$ 137,953,560	\$ 146,426,863	\$ 8,473,303	\$ 171,308,629	\$ 24,881,766	\$ 33,355,069
Local Resource Program Incentives	(16,071,858)	(16,566,364)	(494,506)	(16,574,748)	(8,385)	(502,890)
Readiness-To-Serve Charge	12,674,093	11,208,647	(1,465,447)	10,397,278	(811,369)	(2,276,815)
Capacity Charge	4,829,790	4,187,295	(642,495)	3,544,800	(642,495)	(1,284,990)
Tier 2 Contingency	-	-	-	-	-	-
Interest Revenue - CC			-		-	-
Interest Revenue - Tier 2 Cont.	4,800	9,200	4,400	9,400	200	4,600
SCP/SAC Pipeline Surcharge	365,000	382,512	17,512	423,000	40,488	58,000
TOTAL WATER REVENUES	\$ 139,755,385	\$ 145,648,153	\$ 5,892,768	\$ 169,108,359	\$ 23,460,206	\$ 29,352,974
Water Expenses						
Water Purchases	\$ 137,953,560	\$ 146,426,863	\$ 8,473,303	\$ 171,308,629	\$ 24,881,766	\$ 33,355,069
Local Resource Program Incentives	(16,071,858)	(16,566,364)	(494,506)	(16,574,748)	(8,385)	(502,890)
Readiness-To-Serve Charge	12,674,093	11,208,647	(1,465,447)	10,397,278	(811,369)	(2,276,815)
Capacity Charge	4,829,790	4,187,295	(642,495)	3,544,800	(642,495)	(1,284,990)
Tier 2 Surcharge	-	-	-	-	-	-
SCP/SAC Pipeline Surcharge	365,000	382,512	17,512	423,000	40,488	58,000
TOTAL WATER EXPENSES	\$ 139,750,585	\$ 145,638,953	\$ 5,888,368	\$ 169,098,959	\$ 23,460,006	\$ 29,348,374
Changes to Fund Balance:						
Capacity Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tier 2 Contingency	\$ 4,800	\$ 9,200	\$ 4,400	\$ 9,400	\$ 200	\$ 4,600

Exhibit A6
SUMMARY OF FUNDING AND EXPENSES
For All Water Use Efficiency Programs

	FY 2016-2017 ADOPTED BUDGET	FY 2016-2017 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2017-2018 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2016-2017 BUDGET
Funding						
Metropolitan Water District	\$ 823,323	\$ 1,030,531	\$ 207,209	\$ 1,001,682	\$ (28,850)	\$ 178,359
USBR	368,788	225,852	(142,937)	258,749	32,897	(110,039)
DWR	1,145,602	1,592,954	447,352	708,833	(884,121)	(436,769)
Member Agencies	1,877,025	2,061,665	184,640	2,210,331	148,666	333,306
MWDOC	50,000	0	(50,000)	0	0	(50,000)
						0
TOTAL OUTSIDE FUNDING	\$ 4,264,738	\$ 4,911,001	\$ 646,264	\$ 4,179,594	\$ (731,407)	\$ (85,143)
Program Expenses Funded from Outside Sources						
Project Administration - Staff Time	\$ 9,920	\$ 29,886	\$ 19,966	\$ 23,279	\$ (6,607)	\$ 13,359
Consultant Administration	118,900	5,400	(113,500)	0	(5,400)	(118,900)
Monitoring and Evaluation	22,056	7,056	(15,000)	0	(7,056)	(22,056)
Installation Verification	62,190	122,300	60,110	65,000	(57,300)	2,810
Rebate Incentives	4,016,075	4,635,710	619,635	4,091,316	(544,394)	75,241
Surveys and Audits	33,500	130	(33,370)	0	(130)	(33,500)
Databasing	1,097	1,097	0	0	(1,097)	(1,097)
Marketing and Outreach	0	2,418	2,418	0	(2,418)	0
Engineering Assistance	0	0	0	0	0	0
TOTAL PROGRAMS EXPENSES	\$ 4,263,738	\$ 4,803,997	\$ 540,259	\$ 4,179,595	\$ (624,402)	\$ (84,143)

**Exhibit B
Expenditures by Program**

Cost Center	PROGRAM	FY 2016-2017 BUDGET FTE	FY 2017-2018 BUDGET FTE	FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
11	Administrative - Board	1.97	1.89	\$ 1,264,229	\$ 1,045,706	\$ 1,148,384
12	Administrative - General	2.62	3.86	541,237	591,083	645,146
13	Personnel / Staff Development	1.42	1.40	286,546	237,815	335,590
19	Overhead	3.53	3.92	1,204,533	1,167,004	1,119,349
21	Planning & Resource Development	3.78	3.58	816,876	607,321	738,946
22	Research Participation	0.00	0.00	39,972	39,972	48,803
23	Met Issues and Special Projects	4.68	4.48	907,844	815,692	900,499
31	Governmental Affairs	1.18	2.03	479,535	417,206	599,210
35	Water Use Efficiency (Core)	0.58	0.58	171,239	178,835	417,986
32	Public Affairs	2.90	3.74	571,671	447,873	722,010
41	Finance	3.18	3.13	521,660	419,350	552,106
45	Information Technology	1.00	0.99	285,672	285,042	279,442
25	MWDOC's Contribution to WEROC ¹	2.00	2.00	150,390	150,390	460,874
CORE TOTAL		28.82	31.61	\$ 7,241,403	\$ 6,403,289	\$ 7,968,344
62	Water Use Efficiency Program	6.48	5.77	928,798	700,006	835,106
63	School Programs	0.15	0.10	358,691	357,998	411,513
67	Outreach	0.19	0.00	277,300	90,189	-
65	Poseidon Desal	0.00	0.00	44,416	-	-
CHOICE TOTAL		6.82	5.88	\$ 1,609,205	\$ 1,148,193	\$ 1,246,619
CORE & CHOICE TOTAL		35.64	37.49	\$ 8,850,608	\$ 7,551,481	\$ 9,214,963
Includes:						
	Full-time employees	29.00	31.00			
	WEROC Full-time employee	2.00	2.00			
	Part-time employees	1.68	1.99			
	Interns	2.96	2.50			

¹ FTE accounts for WEROC, Manager Kelly Hubbard and 1 full time employee. Total cost of WEROC is allocated among MWDOC, OCWD, OCSD, Anaheim, Santa Ana, Fullerton, and South Orange County Wastewater Authority. Dollars shown are MWDOC's share only.

Municipal Water District of Orange County
2017-2018 FISCAL MASTER PLAN PROJECTIONS

(in thousands)

	Projected ACTUALS FY16-17	BUDGET FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Beginning Designated Reserve Balance - MWDOC	\$5,367	\$ 5,503	\$ 5,366	\$ 4,928	\$ 5,028	\$ 4,780	\$ 5,228
OPEB Contribution above the ARC	117	117	117	117	117	117	117
OPEB Reserve	209	209	209	209	209	209	209
Adjusted Reserve Balance	5,041	5,177	5,040	4,602	4,702	4,454	4,902
Revenues							
Water Rate Revenues:							
Retail Meter Agency Charge	6,787	7,561	7,749	7,956	8,161	8,335	8,452
Ground Water Customer Charge	393	474	485	498	510	523	536
Subtotal	7,180	8,034	8,234	8,453	8,671	8,858	8,988
Other Revenues:							
Choice Revenues	1,148	1,247	1,278	1,310	1,342	1,376	1,410
Interest Earnings	158	150	134	128	156	178	213
Misc./Reimbursements	3	3	3	3	3	3	3
Subtotal	1,310	1,400	1,414	1,441	1,501	1,557	1,626
Total Revenues	8,489	9,434	9,648	9,895	10,173	10,415	10,615
Expenses							
Core Expenses	6,341	7,719	7,912	8,110	8,312	8,520	8,733
Choice Expenses	1,148	1,247	1,278	1,310	1,342	1,376	1,410
Capital Acquisitions (not including building)	63	250	20	20	20	20	20
Total Expenses w/o Building & Election	7,551	9,215	9,210	9,439	9,675	9,916	10,164
Revenue Over Expenses w/o Building & Election	938	219	439	455	498	499	451
ELECTION Reserve Beginning Balance	475	257	476	258	562	170	474
Annual Election Reserve Contribution	304	219	304	304	304	304	304
Annual Election Expense	522	-	522		696		522
Election Reserve Ending Balance	257	476	258	562	170	474	256
BUILDING Reserve Beginning Balance	350	350	350	350	350	350	350
Annual Building Reserve Contribution	280	356	355	355	50	50	50
Annual Building Expense	280	356	355	355	50	50	50
Building Reserve Ending Balance	350	350	350	350	350	350	350
CASH FLOW Reserve Beginning Balance	1,500						
Annual Cash Flow Reserve Contribution	-	-	-	-	-	-	-
Cash Flow Reserve Ending Balance	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Ending General Fund & Cash Flow Reserves	\$ 4,570	\$ 4,214	\$ 3,993	\$ 3,789	\$ 3,933	\$ 4,078	\$ 4,175
Document does not reflect MWDOC's irrevocable trust towards OPEB liability							
MWDOC Water Rates							
Water Sales in Acre Feet	165,813	184,270	186,221	188,218	190,118	190,254	191,334
Total Retail Customer Meters	619,805	624,860	627,421	631,421	635,111	641,151	645,211
OCWD BPP %	75%	75%	73%	73%	73%	73%	73%
Increment Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Charge	\$ 10.95	\$ 12.10	\$ 12.35	\$ 12.60	\$ 12.85	\$ 13.00	\$ 13.10
Fixed Charge %		100%	100%	100%	100%	100%	100%

1 Assumptions for FMP:

Inflation factor:

Rate of return on Investment of portfolio:

2.50% per year

1.25% per year

Total Core Expenses

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	2,943,113	2,794,148	3,240,192
	S & W Reimb. DSC or Recov from Grants	-	-	-
6090	Directors Compensation - MWDOC	231,937	224,016	243,197
6095	Directors Compensation - MWD	132,535	129,209	138,969
6105	Benefits - Admin	834,891	844,102	961,602
	OPEB Annual Contribution	105,249	400,000	-
	Overhead Reimbursement	(193,712)	(138,460)	(151,910)
6115	Benefits - Directors	66,297	75,746	81,728
6120	Health Insurance Coverage for Retirees	50,326	32,683	59,554
6205	Training	12,000	7,500	10,000
6210	Tuition Reimbursement	5,000	-	5,000
6220	Temporary Help	-	12,000	5,000
7010	Engineering - Outside Services	405,000	270,509	360,000
7020	Legal - General	320,000	208,751	250,000
7030	Audit	24,000	18,437	40,000
7040	Other Professional Fees	705,678	497,100	983,678
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	22,125	18,000	38,945
7115	Conference - Directors	10,725	9,500	23,700
7150	Travel & Accommodations - Employee	71,130	55,000	95,600
7155	Travel & Accommodations - Director	38,250	34,526	49,850
7210	Membership / Sponsorship	134,208	133,770	142,102
7250	CDR Participation	39,972	39,972	48,803
7305	Business Expense	6,000	4,981	5,200
7310	Office Maintenance	123,185	92,000	123,500
7315	Building Repair & Maintenance	11,000	9,500	11,000
7320	Rents & Leases	7,000	6,500	8,400
7330	Office Supplies	38,280	26,345	35,580
7340	Postal / Mail Delivery	11,400	8,800	9,700
7350	Subscriptions / Books	2,000	800	1,500
7360	Reproduction Expense	36,225	26,377	27,275
7410	Computer & Peripherals Maint	10,000	9,950	10,000
7430	Software Purchase	31,300	31,110	44,260
7440	Software Support	46,000	45,110	48,894
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	32,500	31,490	33,050
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	13,828	15,740	16,400
7615	Toll Road Charges	1,100	750	1,000
7620	Insurance Expense	90,000	105,000	110,250
7640	Utilities - Telephone	19,200	19,226	21,300
7650	Bank Fees	10,500	11,711	11,000
7670	Miscellaneous Expenses	100,520	78,499	113,650
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	62,500	62,500	249,500
	Total Expenditure	6,611,262	6,252,899	7,507,470

MWDOC's Contribution:

to WERO Capital improvements	-	-	281,657
to WERO Operations	150,390	150,390	179,217
MWDOC's Election Expense	592,000	521,578	-
MWDOC's Building Expense	495,000	280,000	356,400
	<u>7,848,652</u>	<u>7,204,867</u>	<u>8,324,744</u>

Total Choice Revenue and Expense

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
	Choice Revenue	1,494,789	1,287,948	976,030
4205	School Contracts	70,000	70,000	70,000
4705	Prior Year Carry Over	44,416	-	200,589
		-	-	-
	Choice billing over/under	-	(209,755)	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
	Total Revenue	1,609,205	1,148,193	1,246,619

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	501,505	386,893	427,946
	S & W Reimb. DSC or Recov from Grants	(31,600)	(29,886)	(23,279)
6090	Directors Compensation - MWDOC	-	-	-
6095	Directors Compensation - MWD	-	-	-
6105	Benefits - Admin	133,269	113,794	127,111
	Overhead Reimbursement	193,712	138,460	151,910
6115	Benefits - Directors	-	-	-
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training	-	-	-
6210	Tuition Reimbursement	-	-	-
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	-	-	-
7020	Legal - General	-	-	-
7030	Audit	-	-	-
7040	Other Professional Fees	463,330	187,122	165,972
	Other Professional Fees - School Programs	335,489	335,489	390,160
7110	Conference - Employee	-	-	-
7115	Conference - Directors	-	-	-
7150	Travel & Accommodations - Employee	-	-	-
7155	Travel & Accommodations - Director	-	-	-
7210	Membership / Sponsorship	-	-	-
7220	CUWA Participation	-	-	-
7240	AWWARF Participation	-	-	-
7250	CDR Participation	-	-	-
7310	Office Maintenance	-	-	-
7320	Rents & Leases	-	-	-
7330	Office Supplies	-	-	-
7340	Postal / Mail Delivery	-	2,821	800
7350	Subscriptions / Books	-	-	-
7360	Reproduction Expense	-	-	-
7410	Computer & Peripherals Maint	-	-	-
7430	Software Purchase	-	-	-
7440	Software Support	-	-	-
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	-	-	-
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	-	-	-
7615	Toll Road Charges	-	-	-
7620	Insurance Expense	-	-	-
7640	Utilities - Telephone	-	-	-
7650	Bank Fees	-	-	-
7670	Miscellaneous Expenses	13,500	13,500	6,000
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8710	Election Expenses	-	-	-
8810	Capital Acquisition	-	-	-
	Total Expenditure	1,609,205	1,148,193	1,246,619

Total Core and Choice Expenses

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	3,444,618	3,181,040	3,668,138
	S & W Reimb. DSC or Recov from Grants	(31,600)	(29,886)	(23,279)
6090	Directors Compensation - MWDOC	231,937	224,016	243,197
6095	Directors Compensation - MWD	132,535	129,209	138,969
6105	Benefits - Admin	968,160	957,897	1,088,713
	OPEB Annual Contribution	105,249	400,000	-
	Overhead Reimbursement	-	-	-
6115	Benefits - Directors	66,297	75,746	81,728
6120	Health Insurance Coverage for Retirees	50,326	32,683	59,554
6205	Training	12,000	7,500	10,000
6210	Tuition Reimbursement	5,000	-	5,000
6220	Temporary Help	-	12,000	5,000
7010	Engineering - Outside Services	405,000	270,509	360,000
7020	Legal - General	320,000	208,751	250,000
7030	Audit	24,000	18,437	40,000
7040	Other Professional Fees	1,169,008	684,222	1,149,650
	Other Professional Fees - School Programs	335,489	335,489	390,160
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	22,125	18,000	38,945
7115	Conference - Directors	10,725	9,500	23,700
7150	Travel & Accommodations - Employee	71,130	55,000	95,600
7155	Travel & Accommodations - Director	38,250	34,526	49,850
7210	Membership / Sponsorship	134,208	133,770	142,102
7250	CDR Participation	39,972	39,972	48,803
7305	Business Expense	6,000	4,981	5,200
7310	Office Maintenance	123,185	92,000	123,500
7315	Building Repair & Maintenance	11,000	9,500	11,000
7320	Rents & Leases	7,000	6,500	8,400
7330	Office Supplies	38,280	26,345	35,580
7340	Postal / Mail Delivery	11,400	11,621	10,500
7350	Subscriptions / Books	2,000	800	1,500
7360	Reproduction Expense	36,225	26,377	27,275
7410	Computer & Peripherals Maint	10,000	9,950	10,000
7430	Software Purchase	31,300	31,110	44,260
7440	Software Support	46,000	45,110	48,894
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	32,500	31,490	33,050
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	13,828	15,740	16,400
7615	Toll Road Charges	1,100	750	1,000
7620	Insurance Expense	90,000	105,000	110,250
7640	Utilities - Telephone	19,200	19,226	21,300
7650	Bank Fees	10,500	11,711	11,000
7670	Miscellaneous Expenses	114,020	91,999	119,650
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	62,500	62,500	249,500
	Total Expenditure	8,220,467	7,401,091	8,754,089

MWDOC's Contribution:

to WEROC Capital improvements	-	-	281,657
to WEROC Operations	150,390	150,390	179,217
MWDOC's Election Expense	592,000	521,578	-
MWDOC's Building Expense	495,000	280,000	356,400
	<u>9,457,857</u>	<u>8,353,059</u>	<u>9,571,363</u>

Administrative - Board

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		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	263,608	250,749	265,231	
6090	Directors Compensation - MWDOC	231,937	224,016	243,197	1
6095	Directors Compensation - MWD	132,535	129,209	138,969	2
6105	Benefits - Admin	71,508	69,642	72,968	
6115	Benefits - Directors	66,297	75,746	81,728	
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General	285,000	200,251	220,000	4
7030	Audit				
7040	Other Professional Fees				
7110	Conference - Employee				
7115	Conference - Directors	10,725	9,500	23,700	5
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director	38,250	34,526	49,850	5
7210	Membership / Sponsorship	25,040	25,141	25,141	6
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery	4,500	3,800	3,900	
7350	Subscriptions / Books				
7360	Reproduction Expense				
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage	9,828	9,500	9,800	
7615	Toll Road Charges	700	500	600	
7620	Insurance Expense				
7640	Utilities - Telephone	1,100	1,226	1,300	
7650	Bank Fees				
7670	Miscellaneous Expenses	6,200	11,900	12,000	7
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8810	Capital Acquisition				
	Total Expenditure	1,147,228	1,045,706	1,148,384	

1&2 Based on 5% increase from Jan to June 2018.

3	Best, Best & Krieger	\$	175,251
	Aleshire & Wynder	\$	25,000
		\$	200,251

4	Best, Best & Krieger	\$	195,000
	Aleshire & Wynder	\$	25,000
		\$	220,000

5 See Exhibit F.

6 LAFCO Annual Assessment
See Exhibit D.

7 Misc board expenses (supplies)

MWDOC's Election Expense

592,000	521,578
1,739,228	1,567,284
	1,148,384

Administrative - General
12

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	208,804	263,883	291,603
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	58,591	78,534	98,842
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help		12,000	5,000
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	72,900	60,900	5,000
7110	Conference - Employee	22,125	18,000	38,945
7115	Conference - Directors			
7150	Travel & Accommodations - Employee	71,130	55,000	95,600
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	93,037	88,495	94,356
7250	CDR Participation			
7305	Business Expense	6,000	4,981	5,200
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books	2,000	800	1,500
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage	4,000	6,240	6,600
7615	Toll Road Charges	400	250	400
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	2,000	2,000	2,100
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	540,987	591,083	645,146

1 See Exhibit J.

2 See Exhibit E.

3 See Exhibit D.

Personnel / Staff Development
13

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	168,504	152,176	173,664	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	49,292	46,239	51,625	1 • Staff Technical Training & Leadership Development Training
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training	12,000	7,500	10,000	1
6210	Tuition Reimbursement	5,000	-	5,000	
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General	35,000	8,500	30,000	2 • Best, Best & Krieger
7030	Audit				
7040	Other Professional Fees	7,500	7,500	49,000	3
7110	Conference - Employee				3 • Eval 401a, 457 plans \$ 9,000 • Salary Benchmark Study \$ 40,000 \$ 49,000
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books				
7360	Reproduction Expense				
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment				
7580	Maintenance Expense				4 • Applicant Background Checks & Physical \$ 2,500 • Team Building, Lunch meetings \$ 2,500 • Holiday Lunch \$ 2,400 • OCWD Health Fair \$ 200 • Employee Flu Shots \$ 200 • Job Ads Recruiting \$ 4,000 • TAD Executive Assessments \$ 4,500 \$ 16,300
7610	Automotive / Mileage				
7615	Toll Road Charges				
7620	Insurance Expense				
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	16,750	15,900	16,300	4
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	294,046	237,815	335,590	

**Overhead
19**

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	399,696	417,312	480,599	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	111,408	133,156	137,775	
6109	OPEB Annual Contribution	105,249	400,000	-	
6111	Overhead Reimbursement from Choice	(193,712)	(138,460)	(151,910)	
6115	Benefits - Directors				1 Retirees:
6120	Health Insurance Coverage for Retirees	50,326	32,683	59,554	1 • 11 Retirees
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				2 • Pension Plan administration by Dissinger Associates \$ 4,500 • Cafeteria Plan Wageworks \$ 2,000 6,500
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees	6,100	6,300	6,500	2
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7250	CDR Participation				
7310	Office Maintenance	123,185	92,000	123,500	3
7315	Building Repair & Maintenance	11,000	9,500	11,000	3 • Site maintenance and receptionist from OCWD \$ 116,200 • Plant Maintenance \$ 2,700 • Landscape/Maintenance Atrium \$ 2,500 • Binding Machine Renewal \$ 700 • Carpet Cleaning \$ 1,400 \$ 123,500
7320	Rents & Leases	7,000	6,500	8,400	4
7330	Office Supplies	38,280	26,345	35,580	
7340	Postal / Mail Delivery	6,900	5,000	5,800	
7350	Subscriptions / Books				
7360	Reproduction Expense	9,000	3,457	3,800	
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				4 • Iron Mountain \$ 5,000 • El Toro Water District \$ 1,000 (South EOC site) • Off Site Storage Unit 200 x 12 2,400 \$ 8,400
7540	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage				
7615	Toll Road Charges				
7620	Insurance Expense	90,000	105,000	110,250	
7640	Utilities - Telephone	18,100	18,000	20,000	
7650	Bank Fees	10,500	11,711	11,000	5 • Misc equipment repairs, fees etc.
7670	Miscellaneous Expenses	8,000	5,000	8,000	5
8410	Overhead Reimbursement				
8610	Depreciation Expense				6 • Office Furniture/Displays/Vault File Cabinets See Exhibit H
8710	Election Expenses				
8810	Capital Acquisition	33,500	33,500	249,500	6
	Total Expenditure	834,532	1,167,004	1,119,349	7 • Bldg Improvements - Eval / Design / Space Planning / Rendering
MWDOC's Building Expense (8811)		495,000	280,000	356,400	7
		1,329,532	1,447,004	1,475,749	

**Planning and
Resource Development
21**

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	486,651	396,030	460,941
6012	Salaries & Wages - Reimb. from Grants	-		-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	125,725	104,291	116,005
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	197,500	100,000	155,000
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	7,000	7,000	7,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	816,876	607,321	738,946

1 Includes general consulting, reliability of MET, conjunctive use, climate change and value of being reliable. \$5,000 to cover Hazard Mitigation Plan.

Research Participation
22

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin			
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation	39,972	39,972	48,803
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	39,972	39,972	48,803

1 Center for Demographic Research at
Cal State University Fullerton

1

Met Issues and Special Projects
23

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	544,550	497,802	536,677
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	155,794	147,381	158,822
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	207,500	170,509	205,000
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7045	Other Professional Fees - MET			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	907,844	815,692	900,499

Government Affairs
31

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	136,892	100,924	211,427
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	43,903	36,974	71,363
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	275,000	263,000	294,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AWWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	420	420	420
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	23,320	15,888	22,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	479,535	417,206	599,210

1	• BB&K	\$ 90,000
	• Barker	\$ 96,000
	• Travel/Miscellaneous	\$ 8,000
	• Lewis Consulting	\$ 39,000
	• Ackerman	\$ 30,000
		<u>\$ 263,000</u>

2	• BB & K	\$ 90,000
	• Barker	\$ 96,000
	• Travel/Miscellaneous	\$ 10,000
	• Lewis Consulting	\$ 42,000
	• Ackerman	\$ 36,000
	• Grant Research & Acquisition	\$ 20,000
		<u>\$ 294,000</u>

3	• Legislative Outreach & Briefings	\$ 7,000
	• Legislative Staff Trip Travel Costs	\$ 10,000
	• WACO	\$ 5,000
		<u>\$ 22,000</u>

Public Affairs
32

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	250,473	237,379	320,239
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	69,965	69,373	97,288
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	191,178	101,400	239,178
7047	Prof Service-Grant Recovery			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	26,805	22,500	23,055
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	33,250	17,221	42,250
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	571,671	447,873	722,010

1 Public Affairs Activities:	
• Strategic Outreach Program Support	\$ 40,000
• Resolutions	\$ 2,000
• Member Agency Workshops PAW	\$ 7,000
• Consumer Confidence Reports	\$ 34,178
• Website Hosting & Maintenance	\$ 8,000
• Event Registration Fees	\$ 2,500
• PAW meeting materials	\$ 1,500
• High School Program	\$ 64,000
Subtotal	\$ 159,178

Communications Plan Activities:	
• Advertising	\$ 20,000
• CA Water Fix PSA Campaign	\$ 60,000
Subtotal	\$ 80,000
	<u>\$ 239,178</u>

2	
• Promo Attire	\$ 3,000
• Promotional Items	\$ 14,555
• Poster Slogan Award & Ceremony	5,500
	\$ 23,055

3	
• Ricki Maint and Repair	\$ 2,750
• Children's Water Festival Sponsorship	\$ 3,500
• Industry Events	\$ 5,000
• Event Display Materials	\$ 2,500
• Speaker Recognition	\$ 500
• Wyland Mayor's Challenge	\$ 10,000
• Boy Scout Program	\$ 8,000
• Girl Scout Program	\$ 5,000
• Sponsorship Contingency Fund	\$ 5,000
	\$ 42,250

**Water Use Efficiency
(Core)
35**

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	91,137	91,742	93,037
6010	Salaries & Wages - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	25,971	33,960	27,344
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	38,000	33,000	275,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	16,131	20,134	22,605
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	171,239	178,835	417,986

1 • General Research	\$ 75,000
• Landscape Education and Outreach Program	\$ 50,000
• Water Loss Control Work Grp	\$ 50,000
• Leak Detection Equipment	100,000
	<u>\$275,000</u>
2 • CUWCC Dues	\$ 12,009
• South O.C. Watershed Mngmt Area Dues	\$ 9,096
• OC CLCA	\$ 1,500
	<u>\$ 22,605</u>

General Finance
41

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	294,702	287,534	304,554
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	86,958	87,779	91,553
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit	24,000	18,437	40,000
7040	Other Professional Fees	115,000	25,000	115,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	600	1,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	521,660	419,350	552,106

1 • Custodial Bank fees	\$ 3,000
• Financial Consulting	\$ 112,000
	<hr/> \$ 115,000

1

Information Technology
45

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	98,096	98,618	102,221	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	35,776	36,773	38,017	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees				1 • Misc repairs, maint & components
7110	Conference - Employee				
7115	Conference - Directors				2 • Misc software upgrades and license
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				3 • Email Management Support \$ 5,000
7310	Office Maintenance				• Investment software usage cost \$ 2,340
7320	Rents & Leases				• Financial Management System \$ 23,773
7330	Office Supplies				• Cisco Smartnet support \$ 3,300
7340	Postal / Mail Delivery				• Misc NAV development \$ 2,000
7350	Subscriptions / Books				• Jet Reports support \$ 1,521
7360	Reproduction Expense				• Blythco ABRA \$ 900
7410	Computer & Peripherals Maint	10,000	9,950	10,000	1 • ECS Laserfiche Annual Support \$ 9,100
7430	Software Purchase	31,300	31,110	44,260	2 • JMP Software Maintenance \$ 960
7440	Software Support	46,000	45,110	48,894	3 \$ 48,894
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment	32,500	31,490	33,050	4 • 1 iPad/Surface Pro \$ 1,000
7580	Maintenance Expense				• 5 desktop computers w/ 9 monitors \$ 5,000
7610	Automotive / Mileage				• 2 Cisco Switches and 1 Router \$ 7,700
7615	Toll Road Charges				• RICOH color printer support \$ 350
7620	Insurance Expense				• 2 UPS for Server Room \$ 5,500
7640	Utilities - Telephone				• Data Server \$ 13,500
7650	Bank Fees				\$ 33,050
7670	Miscellaneous Expenses	3,000	2,990	3,000	5
8410	Overhead Reimbursement				
8610	Depreciation Expense				5 • Misc supplies \$ 1,700
8710	Election Expenses				• MWDOC Website \$ 1,200
8810	Capital Acquisition	29,000	29,000		• Amazon Prime Membership \$ 100
	Total Expenditure	285,672	285,042	279,442	\$ 3,000

**Water Use Efficiency
(choice)
62**

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
4215	Choice Revenue	928,797	928,798	615,480
4705	Prior Year Carry over			219,626
	Choice billing over/under		(228,792)	
	Total Revenue	928,797	700,006	835,106

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2017 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	475,474	366,026	415,020
6012	Salaries & Wages - Recovery from Grants	(31,600)	(29,886)	(23,279)
6090	Directors Compensation - MWD			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	125,895	106,988	123,678
	Overhead Reimbursement	184,114	131,661	146,916
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	168,914	116,397	165,972
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery		2,821	800
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	6,000	6,000	6,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	928,797	700,006	835,106

1 Recovery from WUE Grants for some Salaries and Benefits:

• USBR (8119)	\$ 9,179
• Comprehensive Landscape (9109)	\$ 9,600
• DWR Strategic Turf - So. Cnty (9111)	\$ 4,500
	<u>\$ 23,279</u>

2 • Marketing of WUE programs	\$ 40,000
• Landscape Budget Reports	\$ 50,000
• CSANS & Base Schedule Calculator Web	\$ 14,400
• Turf Rebate Processing Platform - Droplet	\$ 39,072
• Drip Rebate Processing Platform - Droplet	\$ 6,000
• E-Signature	\$ 16,500
	<u>\$ 165,972</u>

**School Program
(choice)
63**

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
4215	Choice Revenue	288,691	290,425	339,086
4205	School Contracts	70,000	70,000	70,000
4705	Prior Year Carry over			2,427
	Choice billing over/under		(2,427)	
	Total Revenue	358,691	357,998	411,513

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2017 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	9,505	9,085	12,925
6010	Sal & Wages - Reimb. from DSC & Grants		-	
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	3,069	3,491	3,433
	Overhead Reimbursement	3,128	2,432	4,994
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7040	Other Professional Fees - School Programs	335,489	335,489	390,160
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AWWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	7,500	7,500	
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	358,691	357,998	411,513

1 • Assemblies: FY17-18

Goal is 67,361 students

• Digital Program	\$ 42,436
• High Schools	\$ 97,612
• Elementary Schools	\$ 250,112
	<u>\$ 390,160</u>

2 • Demonstration supplies including new Ricki Pencils and Stickers for education presentation

**Poseidon Desal
(choice)
65**

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
4215	Choice Revenue			
4705	Prior Year Carry over	44,416		
	Choice billing over/under		-	
	Total Revenue	44,416	-	-

MWDOC is planning on returning the carried over \$44,416 to the agencies it belongs to.

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin		-	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		-	-
	Overhead Reimbursement		-	-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	44,416		
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	44,416	-	-

No more expenses are foreseen at this time

**Public Affairs
(choice)
67**

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
4215	Choice Revenue	277,301	68,725	21,464
4705	Prior Year Carry over			(21,464)
	Choice billing over/under		21,464	
	Total Revenue	277,301	90,189	-

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2017 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	16,526	11,782	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	4,305	3,315	-
	Overhead Reimbursement	6,470	4,367	-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	250,000	70,725	1
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	277,301	90,189	-

1 • OC Register Value of Water Page

WEROC
25

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
4320	MWDOC Contribution to Operations	150,390	150,390	179,217
4210	WEROC Contracts	150,390	150,390	179,216
	Capital Reserve Contribution		28,692	843
	Grants		4,304	
4205				
4230	Reimbursements			
4240				
4410				
4805				
	Total Revenue	300,780	333,776	359,277

1 • OCSD \$ 35,127
 • SOCWA \$ 13,620
 • OCWD \$ 89,608
 • 3 Cities -- \$13,620 ea \$ 40,861
\$ 179,216

2 • WEROC Reserves

MWDOC Contribution to Capital Improvements 281,657
640,934

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	168,740	148,086	197,354
6012	Salaries & Wages - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	58,513	55,793	64,892
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	3,000	52,262	30,000
7110	Conference - Employee	2,180	2,221	3,835
7115	Conference - Directors			
7150	Travel & Accommodations - Employee	4,300	4,405	3,900
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	390	320	620
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases	20,046	20,046	21,049
7330	Office & Radio Supplies	1,000	1,000	1,000
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	1,000	9,798	1,000
7410	Computer & Peripherals Maint	4,373	4,373	5,805
7430	Software Purchase			
7440	Software Support	7,088	6,750	6,750
7450	Software Development			
7510	Site Maintenance	850	594	710
7540	Computers and Equipment			
7580	Maintenance - Generators	2,000	3,000	2,000
7581	Maintenance - Radios	2,000	2,000	2,000
7582	Maintenance - EOC's	3,000	3,000	3,000
7610	Automotive / Mileage	1,700	1,000	1,700
7615	Toll Road Charges	100	100	100
7620	Insurance Expense	1,500	1,500	1,500
7640	Utilities - Telephone	9,000	7,528	7,218
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	1,000	1,000
7671	Miscellaneous Training	2,000	2,000	3,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	293,780	326,776	358,434
	Capital Improvements			282,500
	Contribution to Operating Reserves	7,000	7,000	
		300,780	333,776	640,934

3 Exhibit J

4 Catalina Repeater (5% increase)

5 Updated WEROC Map Printing

AMP Proceeds Agreement Administration
61

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
4020	Interest Revenue	-		-
4050	O & M Maintenance Deposit	-	-	-
4230	Reimbursement	19,505	19,505	19,505
4680	Miscellaneous Income	-		-
	Billing over/under		(19,505)	
	Total Revenue	19,505	-	19,505

Participating Member agencies will be billed annually per the AMP sales admin agreement to cover legal and audit expenses.

		FY 2016-2017 BUDGET	FY 2016-2017 PROJECTED ACTUALS	FY 2017-2018 PROPOSED BUDGET
6010	Salaries & Wages - Admin	3,626	-	6,403
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	879	-	1,548
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	15,000		11,553
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	19,505	-	19,505

Exhibit D

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Proposed District Participation Costs Fiscal Year 2017-2018

	Budget FY 2016-2017	Projected FY 2016-2017 Actuals	Budget FY 2017-2018	Approval included in Budget Approval
Required Participation or Service				
LAFCO	25,000	25,101	25,101	√
Subtotal Cost Center 11	25,000	25,101	25,101	
Association of Calif. Water Agencies (ACWA)	18,000	17,484	18,000	√
Subtotal Cost Center 12	18,000	17,484	18,000	
South OC Watershed Management Area Dues	6,625	6,625	9,096	√
Subtotal Cost Center 35	6,625	6,625	9,096	
 Subtotal - Required Participation or Service	 \$ 49,625	 \$ 49,210	 \$ 52,197	
 Elective Participation				
Colorado River Water Users Assn. (CRWUA 2-Director's)	40	40	40	√
Subtotal Cost Center 11	40	40	40	
Association of California Cities- Orange County (ACCOC)	\$ 5,000	\$ 5,000	\$ 5,000	√
American Water Works Association (AWWA)	1,550	1,589	1,589	√
Association of Metropolitan Water Agencies (AMWA)	17,000	17,645	17,645	√
CA Chamber of Commerce (HR California)	499	459	499	√
CALDESAL	5,000	5,000	5,000	√
California Municipal Treasurers Association (CMTA)	155	155	155	√
California Society of Municipal Finance Officers (CSMFO)	125	110	125	√
CA Special Districts Assn. (CSDA)	6,100	6,485	6,485	√
Colorado River Water Users Assn. (CRWUA 3-staff)	60	30	60	√
Government Finance Officers Association (GFOA)	165	165	165	√
Indep. Special Districts of Or. Co. (ISDOC)	200	200	200	√
International Personnel Management Association	105	105	105	√
California Ass. Of Public Information Officers (CAPIO)			250	√
Municipal Information Systems Association of California (MISAC)	200	200	200	√
National Water Resources Assn., Mun. Caucus	500	500	500	√
Orange County Business Council (OC Chamber)	5,000	5,000	5,000	√
Orange County Public Affairs Association	200	200	200	√
California Council for Environmental & Economic Balance	29,500	24,500	29,500	√
Orange County Water Association (OCWA)	100	100	100	√
Public Agency Risk Managers Association (PARMA)	100	100	100	√
Public Relations Society of America/O.C.	300	300	300	√
Society of Human Resources Management (SHRM)	200	190	200	√
Southern California Personnel Management Assoc. (SCPMA)	50	50	50	√
South Orange County Economic Coalition	1,500	1,500	1,500	√
Southern California Water Committee	850	850	850	√
Water Education Foundation	578	578	578	√
Subtotal Cost Center 12	75,037	71,011	76,356	
OC Chapter-Calif. Landscape Contractors Assoc.	1,500	1,500	1,500	√
CA Urban Water Conservation Council Dues	8,006	12,009	12,009	√
Subtotal Cost Center 35	9,506	13,509	13,509	
 Subtotal - Elective Participation	 \$ 84,543	 \$ 84,520	 \$ 89,905	

Exhibit D

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Proposed District Participation Costs Fiscal Year 2017-2018

	Budget	Projected	Budget	Approval included in
	FY 2016-2017	FY 2016-2017	FY 2017-2018	Budget Approval
		Actuals		
(Exhibit D Continued..)				
International Association of Emergency Managers	\$ 185	\$ 190	\$ 380	√
InfraGard	55	55	55	√
California Emergency Services Association	150	75	185	√
WEROG Program Total	390	320	620	
GRAND TOTAL	\$ 134,558	\$ 134,050	\$ 142,722	

New Memberships for 2017-18				
	Budget	Projected	Budget	Approval included in
	FY 2016-2017	FY 2016-2017	FY 2017-2018	Budget Approval
		Actuals		
Association				
California Assoc. Of Public Information Officers (CAPIO)			250	√
Total of New or Increased Memberships	\$ -	\$ -	\$ 250	

Exhibit E

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Summary of Proposed Staff Registration & Travel Budget ⁽¹⁾ Fiscal Year 2017-2018

Conference / Meeting	Registration	Travel ⁽¹⁾	Approval included in Budget Approval
ACWA - DC Conference (2 staff)	\$ 1,935	\$ 7,500	✓
- Fall Conference, Anaheim (7 staff)	5,075	700	✓
- Spring Conference, Northern California (4 staff)	2,900	5,000	✓
- Legislative Symposium (1 staff)	275	650	✓
ACCOC Advocacy Trip - Sacramento (2 staff)	2,400	1,000	New
ACCOC Advocacy Trip - Washington DC (1 staff)	1,800	900	New
ACWA Region 10 (2 Staff)	100	200	✓
Assoc. of Metrop. Water Agencies Misc. Conference (AMWA) (1 staff)	1,600	2,500	✓
Assoc. of Metrop. Wtr Agencies Exec. (AMWA) Conf., St. Simons, Georgia(1 staff)	1,600	2,500	✓
Assoc. of Metrop. Water Agencies Water Policy Conference, DC (AMWA) (1 staff)	1,600	2,500	✓
AWWA Cal Nevada & National Conf, Reno, Nevada (3 Staff)	1,500	3,000	✓
AWWA Cal Nevada & National Conf, Spring, Northern Calif. (3 Staff)	1,500	3,000	✓
AWWA ACE Annual Conference, Las Vegas, Nevada (2 staff)	1,000	2,000	✓
Bond Buyers Conference (1 Staff)	200	-	✓
California Assoc.of Public Inform. Officials Conference (1Staff) Santa Rosa	300	1,600	New
California Council for Environmental & Economic Balance (5 Trips)		5,000	✓
California Council for Environmental & Economic Balance, Lake Tahoe (2 staff)	850	3,200	New
California Dept. of Water Resources (USC & ITP) (1 staff)	-	600	✓
Calif. Soc. of Mun. Finance Officers (2 staff)	200	400	✓
Cal Desal Conference (1 staff)	250	800	✓
CRWUA, Las Vegas - Fall (3 staff)	1,485	3,750	✓
CSDA Annual Conference (2 staff)	1,200	2,000	✓
CSDA Legislative Days (2 staff)	400	1,200	✓
CUWCC Board Plenary & Committee Meetings (13 meetings)	-	6,500	✓
DWR Stakeholder Meetings (4 trips)	-	1,600	✓
Gov. Finance Officers Assoc. Seminar (1 staff)	200	400	✓
Information Technology Seminar (2 staff)	500	1,000	✓
Irrigation Association Annual Conference, Orlando Florida (1 staff)	400	1,000	✓
Liebert Cassidy & Whitmore Employment Law Conference (2 Staff)	950	-	✓
Orange Co.Business Council (OCBC) Advocacy Trip-Sacramento (1 Staff)	1,200	1,000	New
Orange Co.Business Council (OCBC) Advocacy Trip-DC (1 Staff)	1,800	1,000	New
Sacramento Legislative Advocacy (18 trips)	-	10,500	✓
Urban Water Institute Annual Conference, San Diego (4 Staff)	1,500	4,000	✓
Urban Water Institute Spring Conference, Palm Springs (3 Staff)	1,125	3,000	✓
Washington Legislative Advocacy (6 trips)	-	10,800	✓
North American Water Loss Conference (1 staff), San Diego	300	500	New
Water Smart Innovations, Las Vegas Nevada (2 Staff)	800	1,800	✓
Miscellaneous*	2,000	2,500	✓
General Fund Total **	\$ 38,945	\$ 95,600	
International Assoc. of Emergency Managers (Long Beach) (2 Staff)	\$ 1,600	\$ -	✓
California State Training Institute (1 WEROC staff)	600	1,500	✓
Enhanced Incident Management / Unified Command (MGT 314) ***	0	0	New
American Red Cross Disaster Academy	135		✓
California Emergency Services Association (2 staff)	1,500	2,400	✓
WEROC Program Total	\$ 3,835	\$ 3,900	
PROPOSED GENERAL FUND BUDGET	\$ 38,945	\$ 95,600	

* Includes OCWA lunch meetings, ISDOC, OCBC, SCWC, League of Cities, Misc. Assoc/Committee meetings and related business meeting expenses.

** Excludes automotive mileage.

*** Fully grant funded program for registration, travel and all costs.

(1) Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

Exhibit F

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Summary of Proposed Board Registration & Travel Budget Fiscal Year 2017-2018

Conference	Registration	Travel (1)	Approval included in Budget Approval
ACCOC Advocacy Trip - Sacramento (2 Directors)	\$ 2,400	\$ 1,000	New
ACCOC Advocacy Trip - Washington DC (2 Directors)	\$ 3,600	\$ 1,800	New
ACWA DC Conference (2 Directors)	\$ 1,935	\$ 7,500	✓
ACWA Fall Conference, Anaheim (3 Directors)	\$ 2,175	\$ 500	✓
ACWA Spring Conference, Northern Calif. (3 Directors)	\$ 2,175	\$ 3,750	✓
ACWA Region 10 (2 Directors)	\$ 100	\$ 200	✓
Bond Buyers Conference (2 Directors)	\$ 400	\$ -	✓
CRWUA Fall Conf, Las Vegas (2 Directors)	\$ 990	\$ 2,500	✓
CSDA Annual Conference (1 Director)	\$ 600	\$ 1,000	✓
CSDA Legislative Day (1 Director)	\$ 200	\$ 600	✓
California Council for Environmental & Economic Balance (5 Trips)		\$ 5,000	✓
Calif. Council for Environ. & Econ. Balance Conf. Lake Tahoe(1 Dir.)	\$ 425	\$ 1,600	New
Orange County Business Council (OCBC) Advocacy Trip-Sacramento (2 Directors)	\$ 2,400	\$ 1,800	New
Orange County Business Council (OCBC) Advocacy Trip-DC (2 Directors)	\$ 3,600	\$ 1,800	New
Sacramento Legislative Advocacy (8 Trips)	-	\$ 4,600	✓
Washington DC Legislative Advocacy (6 trips)	-	\$ 10,800	✓
Urban Water Institute Annual Conference, San Diego (2 Directors)	750	\$ 2,000	✓
Urban Water Institute Spring Conference, Palm Desert (2 Directors)	750	\$ 2,000	New
Miscellaneous*	\$ 1,200	\$ 1,400	✓
TOTAL **	\$ 23,700	\$ 49,850	
 PROPOSED GENERAL FUND BUDGET	 \$ 23,700	 \$ 49,850	

* Includes OCWA lunch meetings, ISDOC, OCBC, SCWC, League of Cities, Misc. Assoc/Committee meetings and related business meeting expenses.

** Excludes automotive mileage.

(1) Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

Exhibit H

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Schedule of Capital Expenditures Fiscal Year 2017-2018

	Proposed Budget	Approval included in Budget Approval
Furniture and Fixtures- 19-8810:		
Office Furniture	212,000	√
Entrance Area Displays	25,000	√
Vault File Cabinets	12,500	√
Subtotal Cost Center 19	249,500	
Total Capital Expenditures	\$ 249,500	

Exhibit J
Professional / Special Services Authorized
Core Fund

Department	Consultant	Service	Budget FY 16-17	Budget FY 17-18	* Approval included in Budget Approval
Engineering Expenses					
Planning & Operation (21)	(To be determined)	Various Engineering/Technical Services	197,500	155,000	
Met Issues & Special Projects (23)	Ed Means Consulting	Consulting on MET issues	50,000	50,000	✓
	(To be determined)	MET and Reliability Planning	157,500	155,000	
Total Engineering Expenses			405,000	360,000	
Legal Expenses					
Administration (11 & 13)	Best, Best & Krieger	General Legal Counsel Services	260,000	195,000	✓
	Aleshire & Wynder	Legal Counsel Services Regarding San Diego CWA	25,000	25,000	✓
	Best, Best & Krieger	Labor Counsel Services	35,000	30,000	✓
Total Legal Expenses			320,000	250,000	
Audit Expenses					
Finance (41)	(To be determined)	Annual Financial Audit and Federal Single Audit	24,000	40,000	
Training					
Administration (13)	TBD/Cal State University Fullerton Leadership	Staff Development/Training/indiv. Employee training	12,000	10,000	✓
Building Expense					
Overhead (19)	(To be determined)	Bldg Improvements - Eval / Design / Space Planning /Architect/Construction Mgmt. Costs		100,000	
Professional Fees					
Administration (12 & 13 & 19)	Dissinger Associates	Pension Plan Administration	4,200	4,500	✓
	(To be determined)	Evaluate fund portfolios for 401 and 457 Plans	7,500	9,000	
	Wage Works	Cafeteria Plan Administration	1,900	2,000	✓
	(To be determined)	Scanning services staffing	48,000		
	(To be determined)	Benchmark Study		40,000	
Governmental Affairs (31)	Gladwell Services	Records Management Consulting	24,900	5,000	✓
	BBK Legislation	State Legislative Advocate	94,000	90,000	✓
	James C. Barker	Federal Legislative Advocate	94,000	96,000	✓
	Lewis Consulting	County Issues Consulting	48,000	42,000	✓
	(To be determined)	Grant Research and Acquisition Assistance		20,000	
Public Affairs (32)	Ackerman	Legal and Regulatory	36,000	36,000	✓
	(To be determined)	Miscellaneous	3,000	10,000	
	Stetson Engineers	Consumer Confidence Report (CCR) Technical Water Quality Advisor	34,178	34,178	✓
	(To be determined)	Public Outreach	2,000		
	(To be determined)	Collateral materials update and resolutions	5,000	2,000	
WUE - Core (35)	(To be determined)	Event Registration Fees	2,500	2,500	
	(To be determined)	Strategic Outreach Program Support		40,000	
	(To be determined)	PAW Meeting Materials	2,500	1,500	
	(To be determined)	Client Agency Workshops for PAW	15,000	7,000	
	(To be determined)	CA Water Fix PSA Campaign		60,000	
Finance & IT (41 & 45)	(To be determined)	Surveys - Phone and IPSO	35,000		
	(To be determined)	Advertising	20,000	20,000	
	(To be determined)	Core High School Program	15,000	64,000	
	(To be determined)	Website updates and Maintenance	60,000	8,000	
	(To be determined)	General WUE Research		75,000	
WUE - Core (35)	(To be determined)	Landscape Education and Outreach Program		50,000	
	Water Systems Optimization	Water Loss Control Work Grp	33,000	50,000	✓
	(To be determined)	Leak Detection Equipment		100,000	
	Gilbert & Associates	Project Audit	5,000		✓
	Union Bank	Custodial Bank fees	3,000	3,000	✓
Finance & IT (41 & 45)	(To be determined)	Financial Consulting	112,000	112,000	
Total Professional Fees			705,678	1,058,678	

WEROC

Department	Consultant	Service	Budget FY 16-17	Budget FY 17-18	* Approval included in Budget Approval
Professional Fees					
WEROC (25)	(To be determined)	SEOC Space Planning		15,000	
	(To be determined)	SEOC Seismic Retrofit		30,000	
	(To be determined)	New Radio System OC Sheriff's Dept		227,210	
	(To be determined)	Exercise Consultant		30,000	
Total Professional Fees			-	302,210	

Trustee Activities

Department	Consultant	Service	Budget FY 16-17	Budget FY 17-18	* Approval included in Budget Approval
Legal Expenses					
AMP Administration (61)	Best, Best & Krieger	AMP Administration, 1996 COPS	15,000	15,000	✓

* Approval of the budget constitutes authorization for spending within the policy guidelines set out in Chapter 8, Contracts section of the Administrative code including authorization limitations. A check mark indicates final board approval of the expenditure.

Exhibit J1
Professional / Special Services Authorized
Choice Funds

Department	Consultant	Service	Budget FY 16-17	Budget FY 17-18	* Approval included in Budget Approval
Professional Fees					
Water Use Efficiency (62)	Various Printers	Printing of marketing materials for all WUE programs	50,000	40,000	√
	(To be determined)	CSANS & Base Schedule Calculator Web		14,400	
	Droplet	Web Based Rebate Processing Platform (Turf & Drip)	66,514	45,072	√
	Droplet	E-Signature		16,500	√
	(To be determined)	Water Smart Landscape Budget Reports	50,000	50,000	
	Enterprise Information Systems	California Sprinkler Adjustment Program (Web Hosting)	2,400		√
Public Affairs (67)	(To be determined)	Communications Plan	250,000		√
Poseidon Desal (65)	(To be determined)	(To be determined)	44,162		
School Program (63)	Discovery Science Center	Assemblies (Grades 1-6)	253,089	250,113	√
	ITO	Assemblies (Grades 9-12)	82,400	97,612	
	ITO	Digital Program		42,436	
Total Professional Fees			798,565	556,133	

* Approval of the budget constitutes authorization for spending within the policy guidelines set out in Chapter 8, Contracts section of the Administrative code including authorization limitations. A check mark indicates final board approval of the expenditure.

Municipal Water District of Orange County
Fiscal Year 2016-2017 Consolidated Budget Summary

	Core & Choice	Water Fund	Water Use Efficiency	WEROC	AMP Proceeds Agreement Administration	RPOI ¹	Total with Inter-Fund Transfers	Less Inter-Fund Transfers ²	Consolidated Budget Total
Revenues:									
Water Sales		\$ 155,822,443					\$ 155,822,443		\$ 155,822,443
Local Resource Program Incentives		\$ (16,071,858)					\$ (16,071,858)		\$ (16,071,858)
Retail Meter Charge	6,786,865						6,786,865		6,786,865
Ground Water Customer Charge	392,666						392,666		392,666
Water Increment Charge	-						-		-
Interest Revenue	123,000	4,800					127,800		127,800
MWDOC's Contribution			49,000	150,390			199,390	(199,390)	-
Outside Fundings			4,214,738	150,390	19,505	4,746	4,389,379		4,389,379
Carryover Funds	-			(0)			(0)		(0)
Choice Revenue	1,609,205						1,609,205		1,609,205
Miscellaneous Income	3,000						3,000		3,000
Total Revenues	8,914,735	139,755,385	4,263,738	300,780	19,505	4,746	153,258,889	(199,390)	153,059,499
Expenses:									
Water Purchases		139,750,585					139,750,585		139,750,585
Salaries & Wages	3,444,620			168,740	3,626		3,616,986		3,616,986
less S & W Reimb. DSC or Recov from Grants	(31,600)						(31,600)		(31,600)
Employee Benefits	1,073,408			58,513	879		1,132,800		1,132,800
Engineering Expense	405,000						405,000		405,000
Professional Fees	1,496,997			3,000			5,763,735	(49,000)	5,714,735
Election Expense (annualized)	592,000						592,000		592,000
Legal Expense - General	320,000			-	15,000		335,000		335,000
Maintenance Expense	134,185			4,850			139,035		139,035
Insurance Expense	90,000			1,500			91,500		91,500
Membership / Sponsorship	134,458			390			134,848		134,848
Director Compensation	231,937						231,937		231,937
MWDOC Contribution to WEROC							-	(150,390)	-
MWDOC Contribution to Desalination							-		-
RPOI Distribution to Member Agencies						4,746	4,746		4,746
Others:									
MWD Representation	132,535						132,535		132,535
Director Benefits	66,297						66,297		66,297
Health Insurance Coverage for Retirees	50,326				-		50,326		50,326
Audit Expense	24,000				-		24,000		24,000
Automotive & Toll Road Expenses	14,928			1,800			16,728		16,728
Conference Expense - Staff	22,125			2,180			24,305		24,305
Conference Expense - Directors	10,725						10,725		10,725
CDR Participation	39,972						39,972		39,972
Business Expense	6,000						6,000		6,000
Miscellaneous Expense	124,520			6,000	-		130,520		130,520
Postage / Mail Delivery	11,400						11,400		11,400
Rents & Leases	7,000			20,046			27,046		27,046
Outside Printing, Subscription & Books	38,225			1,000			39,225		39,225
Office Supplies	38,280			1,000			39,280		39,280
Computer Maintenance	10,000			4,373			14,373		14,373
Software Support & Expense	77,300			7,087			84,387		84,387
Computers and Equipment	32,500			-			32,500		32,500
Telecommunications Expense	19,200			9,000			28,200		28,200
Temporary Help Expense	-						-		-
Training Expense	12,000						12,000		12,000
Tuition Reimbursement	5,000						5,000		5,000
Travel & Accommodations - Staff	71,130			4,300			75,430		75,430
Travel & Accommodations - Directors	38,250						38,250		38,250
MWDOC Building Expense	495,000						495,000		495,000
WEROC Sinking Fund Expense (generator & radios)				7,000			7,000		7,000
Capital Acquisition	62,500						62,500		62,500
All Other Expenses	1,409,213	-	-	63,786	-	-	1,472,999	-	1,472,999
Total Expenses	9,450,608	139,750,585	4,263,738	300,780	19,505	4,746	153,769,962	(199,390)	153,570,572
EFFECT ON RESERVES / FUND BALANCE	\$ (535,873)	\$ 4,800³	\$ -	\$ -	\$ -	\$ -	\$ (531,073)	\$ -	\$ (531,072)

1 Revised Percentage Of Investment (RPOI) - distribution of installment AMP sales proceeds from bond participants.

2 Adjustment for MWDOC's contributions to other funds.

3 Net change to restricted reserves for interest revenue.

Municipal Water District of Orange County
Fiscal Year 2017-2018 Consolidated Budget Summary

	Core & Choice	Water Fund	Water Use Efficiency	WEROC	AMP Proceeds Agreement Administration	Total with Inter-Fund Transfers	Less Inter-Fund Transfers ^[1]	Consolidated Budget Total
Revenues:								
Water Sales		\$ 185,673,707				\$ 185,673,707		\$ 185,673,707
Local Resource Program Incentives		(16,574,748)				(16,574,748)		(16,574,748)
Retail Meter Charge	7,560,806					7,560,806		7,560,806
Ground Water Customer Charge	473,560					473,560		473,560
Water Increment Charge	-					-		-
Interest Revenue	150,000	9,400				159,400		159,400
MWDOC's Contribution			49,000	460,874		509,874	(509,874)	-
Outside Fundings	-		4,214,738	179,216	19,505	4,413,459		4,413,459
Carryover Funds				843		843		843
Choice Revenue	1,246,619					1,246,619		1,246,619
Miscellaneous Income	3,000					3,000		3,000
Total Revenues	9,433,985	169,108,359	4,263,738	640,934	19,505	183,466,521	(509,874)	182,956,647
Expenses:								
Water Purchases		169,098,959				169,098,959		169,098,959
Salaries & Wages	3,668,138			197,354	6,403	3,871,895		3,871,895
less S & W Reimb. DSC or Recov from Grants	(23,279)					(23,279)		(23,279)
Employee Benefits	1,088,713			64,892	1,548	1,155,154		1,155,154
Engineering Expense	360,000					360,000		360,000
Professional Fees	1,539,810			30,000		5,833,548	(49,000)	5,784,548
Election Expense (annualized)	-					-		-
Legal Expense - General	250,000				11,553	261,553		261,553
Maintenance Expense	134,500			4,710		139,210		139,210
Insurance Expense	110,250			1,500		111,750		111,750
Membership / Sponsorship	142,102			620		142,722		142,722
Director Compensation	243,197					243,197		243,197
MWDOC Contribution to WEROC Operations	179,217					179,217	(179,217)	-
MWDOC Contribution to WEROC Capital Improv	281,657					281,657	(281,657)	-
RPOJ Distribution to Member Agencies						-		-
Others:								
MWD Representation	138,969					138,969		138,969
Director Benefits	81,728					81,728		81,728
Health Insurance Coverage for Retirees	59,554				-	59,554		59,554
Audit Expense	40,000				-	40,000		40,000
Automotive & Toll Road Expenses	17,400			1,800		19,200		19,200
Conference Expense - Staff	38,945			3,835		42,780		42,780
Conference Expense - Directors	23,700					23,700		23,700
CDR Participation	48,803					48,803		48,803
Business Expense	5,200					5,200		5,200
Miscellaneous Expense	130,650			7,000	-	137,650		137,650
Postage / Mail Delivery	10,500					10,500		10,500
Rents & Leases	8,400			21,049		29,449		29,449
Outside Printing, Subscription & Books	28,775			1,000		29,775		29,775
Office Supplies	35,580			1,000		36,580		36,580
Computer Maintenance	10,000			5,805		15,805		15,805
Software Support & Expense	93,154			6,750		99,904		99,904
Computers and Equipment	33,050			-		33,050		33,050
Telecommunications Expense	21,300			7,218		28,518		28,518
Temporary Help Expense	5,000					5,000		5,000
Training Expense	10,000					10,000		10,000
Tuition Reimbursement	5,000					5,000		5,000
Travel & Accommodations - Staff	95,600			3,900		99,500		99,500
Travel & Accommodations - Directors	49,850					49,850		49,850
MWDOC Building Expense	356,400					356,400		356,400
WEROC Sinking Fund Expense (generator & radios)				-		-		-
Capital Acquisition	249,500			282,500		532,000		532,000
All Other Expenses	1,597,058	-	-	341,857	-	1,938,915	-	1,938,915
Total Expenses	9,571,363	169,098,959	4,263,738	640,934	19,505	183,584,498	(509,874)	183,084,624
EFFECT ON RESERVES / FUND BALANCE	\$ (137,378)	\$ 9,400 ^[2]	\$ -	\$ -	\$ -	\$ (127,977)	\$ -	\$ (127,977)

1 Adjustment for MWDOC's contributions to other funds.
2 Net change to restricted reserves for interest revenue.



ACTION ITEM
May 17, 2017

TO: Board of Directors

FROM: **Administration & Finance Committee**
(Directors Thomas, Barbre, Finnegan)

Robert J. Hunter, General Manager

Staff Contact: Harvey De La Torre

SUBJECT: Proposed MWDOC Water Rate Resolution for Fiscal Year 2017-18

STAFF RECOMMENDATION

It is recommended that the Board of Directors:

1. Increase the MWDOC Retail Meter Charge from \$10.95 to \$12.10 per meter, and the Groundwater Customer Charge from \$392,666 to \$473,560, effective July 1, 2017; and
2. Adopt the Water Rate Resolution setting forth rates and charges to be effective July 1, 2017 and January 1, 2018 as identified in the Water Rate Resolution for Fiscal Year 2017-18.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

MWDOC adopts a water rate resolution annually to reflect water rates and charges required to collect revenue to support MWDOC's annual budget and to recover the costs of providing imported water. Attachment A is the proposed MWDOC Water Rate Resolution for Fiscal

Budgeted (Y/N): NA	Budgeted amount: NA	Core <input checked="" type="checkbox"/>	Choice <input type="checkbox"/>
Action item amount: NA	Line item:		
Fiscal Impact (explain if unbudgeted):			

Year 2017-2018. In order to show the proposed changes compared to last year's version, the attached proposed water rate resolution is in a redline form. The most significant changes are within the choice service programs.

Below is a summary of the proposed Rates and Charges for FY2017-18:

Proposed Rates	Proposed Rates July 1, 2017	Proposed Rates January 1, 2018
MWDOC Retail Meter Charge	\$12.10/meter	\$12.10/meter
MWDOC Groundwater Customer Charge*	\$473,560	-
System Access Rate	\$289.00	\$299.00
System Power Rate	\$124.00	\$132.00
Water Stewardship Rate	\$52.00	\$55.00
MWDOC Melded Supply Rate	\$201.00	\$209.00
Treatment Surcharge	\$313.00	\$320.00
Treated Full Service Rate	\$979.00	\$1,015.00
Untreated Full Service Rate	\$666.00	\$695.00

[*] This is an annual charge to OCWD

Attachment A – Proposed MWDOC Water Rate Resolution for Fiscal Year 2017-18

RESOLUTION NO. 2034
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ESTABLISHING WATER RATES

WHEREAS, pursuant to Water Code sections 71614 and 71616, the Municipal Water District of Orange County ("MWDOC") is authorized to establish water rates and charges for water which will result in revenues sufficient to meet the operating expenses of the District, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with bonded debt; and,

WHEREAS, the Metropolitan Water District of Southern California ("Metropolitan"), adopted rates for water service consisting of a two-tiered water supply rate, and separate unbundled rates for system access, water stewardship, system power, water treatment, and fixed charges for the Capacity Charges~~system capacity~~ and Readiness-to-Serve, which are imposed on MWDOC as a condition of receiving water deliveries from Metropolitan; and,

WHEREAS, pursuant to Section 1117 of the MWDOC Administrative Code, the MWDOC Board of Directors adopted Ordinance No. 53 establishing classes of water service, and terms and conditions of such service, and intends to adopt this Resolution fixing the rates and charges for said classes of water service (including Choice services in Section 6); and

WHEREAS, the Board of Directors has reviewed the cost of water and other charges imposed on MWDOC by Metropolitan, and with respect to the projected MWDOC operating expenses and financial needs, and has determined that it is necessary and appropriate to establish new rates and charges for water service and programs provided by MWDOC; and

WHEREAS, the Board of Directors has reviewed the water supply, water demand and replenishment conditions in the Orange County Water District (OCWD) Basin and the impact these conditions will have on MWDOC imported water purchases from Metropolitan; and

WHEREAS, MWDOC's Administration and Finance Committee and Board reviewed the issue of tiered or melded water rates for Tier-1 and Tier-2 purchases from Metropolitan in November 2004, and retained the melded rate, with a provision for further review should the OCWD's basin pumping percentage fall below 60% in the future; and

WHEREAS, Metropolitan continues to levy its Standby Charge within the MWDOC service area, which will be credited against Metropolitan's Readiness to Serve Charge and will provide an equivalent offset on the Metropolitan charges imposed on MWDOC; and

WHEREAS, Metropolitan assesses the Capacity Charge to MWDOC based on MWDOC's highest cumulative peak day delivery rate in cubic feet per second (CFS) between May 1 and September 30 in the three preceding calendar years, ending on the year prior to the year of the charge being imposed; and

WHEREAS, MWDOC engaged Raftelis Financial Consultants, Inc. to prepare a cost of service and rate study (Rate Study) for MWDOC's rates and charges; and

WHEREAS, the Rate Study was completed in 2016 and affirmed MWDOC's Retail Meter Charge, and added a new Groundwater Customer Charge effective with the fiscal year 2016-17 rates and charges; and

WHEREAS, beginning with the budget year commencing July 1, 2011 through June 30, 2012, the MWDOC Board approved changing the format of the budget and how certain "Choice" services are to be funded by those MWDOC member agencies and the cities of Anaheim, Fullerton and Santa Ana (3 Cities) electing to receive such services; and

WHEREAS, the MWDOC Board has approved the "Choice" services, the associated budgets, and the methods for allocating such costs to the member agencies, and has directed staff to bill for those costs pursuant to Section 104 of this Resolution as part of MWDOC's water rates and charges; and

WHEREAS, there is a need to charge for costs associated with the transfer or

wheeling of water into the MWDOC service area by any member agency as is provided for in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Municipal Water District of Orange County that, subject to the terms and conditions set forth herein, the rates and charges for the classes of water service provided by MWDOC to MWDOC's member agencies shall be as follows:

SECTION 1. RATES FOR CLASSES OF WATER SERVICE.

The rates per acre-foot of Metropolitan water sold or delivered by MWDOC to its member agencies shall be as follows:

(a) For Full Service, including water delivered for seawater barrier and groundwater replenishment purposes and for agricultural purposes.

Rate Component	July 1 through December 31, 2017 46	Beginning January 1, 20 18 17
Untreated Full Service	\$666.00 594.00	\$695.00 666.00
Treated Full Service	\$979.00 942.00	\$1,015.00 979.00
Unbundled Rate By Component:		
System Access Rate	\$289.00 259.00	\$299.00 289.00
System Power Rate	\$124.00 138.00	\$132.00 124.00
Water Stewardship Rate	\$52.00 41.00	\$55.00 52.00
MWDOC Melded Supply Rate*	\$201.00 156.00	\$209.00 201.00
Tiered Supply Rate (Tier 1/Tier 2)*	N/A	N/A
Subtotal Untreated Full Service:	\$666.00 594.00	\$695.00 666.00
Treatment Surcharge	\$313.00 348.00	\$320.00 313.00
Total Treated Full Service:	\$979.00 942.00	\$1,015.00 979.00

* Any unused revenue will be applied to the Tier 2 Contingency Fund as described in MWDOC's Administrative Code. As a result of MWDOC not applying the Tier 2 Contingency Fund rate, the MWDOC Melded Supply Rate is equal to MET's Tier-1 Supply Rate at this time.

(b) **Drought Allocation Surcharge**

Rates for a Drought Allocation Surcharge are established by Board action in accordance with the Water Supply Allocation Plan (WSAP), as required.

SECTION 2. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for fiscal year 20~~17-18~~~~16-17~~ Metropolitan

estimates that the amount of Metropolitan's Readiness to Serve ("RTS") Charge applicable to MWDOC, which exceeds the standby charges collected in MWDOC's service area ("Net RTS") is \$~~10,600,882~~~~41,532,284~~. The Net RTS Charge will be allocated among the MWDOC member agencies, as provided herein and invoiced as a fixed charge to each MWDOC member agency. Metropolitan will bill MWDOC for the Net RTS Charge on a monthly installment basis. The MWDOC Net RTS Charge will be invoiced to the MWDOC member agencies on a monthly basis.

(b) Apportionment of Net Metropolitan RTS Charge to MWDOC's Member Agencies

The MWDOC method of apportioning the Net RTS Charge to the MWDOC member agencies uses the most recently completed four-year rolling average of fiscal year full service purchases of water ending one year prior to the year of the charge being imposed (i.e., for fiscal year 20~~17-18~~~~16-17~~ charges, the four-year average shall be based on fiscal years 20~~12-13~~~~11-12~~ through 20~~15-16~~~~14-15~~). The Net Metropolitan RTS Charges to MWDOC shall be apportioned to the MWDOC member agencies based on the four-year average of full service sales, which would include wheeled and transferred water.

(c) Fiscal Year 20~~17-18~~~~16-17~~ MWDOC Readiness to Serve Charge Rate

For fiscal year 20~~17-18~~~~16-17~~, MWDOC will charge the MWDOC member agencies total Net RTS Charges of \$~~10,600,882~~~~41,532,284~~. The amount of the Net RTS Charge to be apportioned to each of the MWDOC member agencies is set forth in **Exhibit A**, attached hereto and by this reference incorporated herein made an operative part hereof.

(d) Adjustment of RTS Charge

Metropolitan determines its Net RTS Charge to each agency based on the estimated revenue derived from the Metropolitan Standby Charge within each member agency (less delinquencies and administrative costs). The projected Net Standby Charge revenue for MWDOC in fiscal year 20~~17-18~~~~16-17~~ is set forth in **Exhibit A**. Once the actual Net Standby

Charge revenue is known, Metropolitan may adjust the amount of the Net RTS Charge for the prior year through an additional charge or credit. Any adjustment necessary to reconcile the estimated Net RTS Charge with the actual Net RTS Charge will be charged or credited to each MWDOC member agency in the next regularly scheduled water billing following the preparation of the reconciliation report by Metropolitan.

SECTION 3. MWDOC CAPACITY CHARGE

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year 20~~1847~~, the amount of the Metropolitan Capacity Charge to be imposed on MWDOC will be ~~\$3,854,9703,544,800~~. The Metropolitan Capacity Charge will be allocated among the MWDOC member agencies as provided herein and invoiced as a fixed charge to each member agency. Metropolitan will bill MWDOC for the Capacity Charge on a monthly installment basis. The MWDOC Capacity Charge will be invoiced to the MWDOC member agencies on a monthly basis.

(b) Apportionment of Metropolitan's Capacity Charge to MWDOC's Member Agencies

The MWDOC ~~m~~Method of apportioning the Capacity Charge to the MWDOC member agencies uses each member agency's highest peak day flow for delivery of full service water, which includes wheeled and transferred water, during the period of May 1 through September 30 of each year for the three-year period ending one year prior to the year of the charge being imposed (i.e., for calendar year 20~~1847~~ charges, the highest peak day flow shall be based on May 1 through September 30, 20~~1443~~, 20~~1544~~ and 20~~1645~~). The peak day flow for each MWDOC member agency is used to apportion the Capacity Charge based upon the ratio of each agency's highest peak day flow to the sum of all member agencies' highest peak day flows. The amount of the 20~~1847~~ Capacity Charge apportioned to each member agency is set forth in **Exhibit B**, attached hereto and by this reference incorporated herein and made

an operative part hereof.

SECTION 4. MWDOC'S RETAIL METER CHARGE.

The annual charge to be imposed by MWDOC on each member agency for each retail water meter served by a MWDOC member agency which is in service as of January 1 of each year ("MWDOC's Retail Meter Charge") shall be ~~\$12.10-\$10.95~~. MWDOC's Retail Meter Charge shall be collected in accordance with Section ~~104~~ of this Resolution. Annually, or at such time as determined to be necessary, MWDOC will request supporting documentation from each member agency to verify the number of retail meters within their service area, and such documentation shall be signed by a representative of the member agency. MWDOC is also authorized to conduct random on-site visits with the member agencies to verify the data on the number of retail meters.

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SECTION 5. MWDOC GROUNDWATER CUSTOMER CHARGE

The annual charge to be imposed on OCWD for Core services provided by MWDOC for fiscal year ~~2017-18~~~~16-17~~ shall be ~~\$473,560-\$392,666~~. MWDOC's Groundwater Customer Charge to be imposed on OCWD shall be collected in accordance with Section ~~104~~ of this Resolution.

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The Groundwater Customer Charge is calculated based on OCWD's portion of MWDOC's Cost Centers #21 (Planning and Resource Development) and #23 (MET Issues and Special Projects), plus one-twenty-sixth of the remaining MWDOC cost centers of MWDOC's fiscal year ~~2017-18~~~~16-17~~ general fund core budget, but not including the WEROC cost item. OCWD's portion of Cost Centers #21 and #23 is based on the most recent 10-year historical water purchases as a percentage of the sum of the MWDOC member agencies' 10-year historical water purchases.

SECTION 6. CHOICE SERVICES TO THE MWDOC MEMBER AGENCIES 2017-18

The Choice services to the member agencies shall be provided and charged for as follows for 2017-18:

- (a) Water Use Efficiency Program – The cost of MWDOC's Water Use Efficiency Program shall be allocated to those agencies electing to participate in the program. The costs shall be apportioned to the participants in proportion to the benefits received from ~~incentive payments received from~~ Metropolitan and/or any other outside sources of funding ~~from the program~~ in calendar year ~~2016~~2015. There may be other costs allocated over and above these costs for participation in certain water use efficiency program efforts in various parts of Orange County ~~and under the Integrated Regional Water Management Plans~~ that are separate from this basic program. Anything beyond the basic program will be implemented separately by agreement or memorandum of understanding with each participating member agency. The costs to be charged shall reflect any carry-over or deficit funds from the preceding fiscal year.

- ~~(b) School Education Program—~~The Elementary School Education Program will provide grade-specific water education programs for students in Grade 1 through Grade 6 in private and public schools located in Orange County. Each participating member agency may set a target number of students for which the School Education program ~~for grades 1-6~~ ("basic program") be made available in their service area. The basic program will be charged based on the actual number of students to which the program is provided, at a cost of ~~\$3,914.03~~ per student. The School Education Program in fiscal year 2017-18 offers other

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additional services to the member agencies that may be provided pursuant to a contract entered into with MWDOC and under a separate fee structure.

~~(b)(c) The~~ A High School Education Program will provide for a grade-specific water education program for students in Grade 9 through Grade 12 in private and public schools within Orange County in conjunction with a digital program and teachers' training program ~~is also offered for grades 9-12.~~ The High School program is charged based on an agreed upon the level of participation and the program structure. For Fiscal Year 2017-18, the participation rate is \$4,244,200.00 per participating High School, —The and the total cost for the digital program and teachers' education is \$42,436,200 in 2017-18 for the total program cost. These total costs are is apportioned over all agencies participating based on the percentage of each agency's high school students compared to the total number of high school students in the program (all cities and water agencies participating). ~~each member agency's school participation in their service area.~~ The costs to be charged shall reflect any carry-over or deficit funds from the preceding fiscal year.

~~(e) — 2014 Doheny Desalination Program — During fiscal year 2014-15, given an uncertain scope of work for new Doheny activities, MWDOC requested \$10,000 from each of the five member agencies (City of San Juan Capistrano, Moulton Niguel WD, South Coast WD, Laguna Beach CWD, and San Clemente). Only three of the five agencies contributed funding (South Coast WD, Laguna Beach CWD and San Clemente). These funds were retained in fiscal year 2015-16. With the transition of the Doheny Project to South Coast Water District, the \$30,000 funds from fiscal year 2014-15 will be returned to the contributing agencies.~~

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~~(d) 2008 Fund for Doheny Desal (Phase 3 efforts) — The label 2008 is used to signify the year the efforts began. Funding for this Project has involved five participating member agencies (City of San Juan Capistrano, Moulton Niguel WD, South Coast WD, Laguna Beach CWD, and San Clemente), MWDOC and grants brought into the program such that the total revenue for the effort is \$6.2 million. MWDOC's latest accounting indicates that approximately \$31,194 of available revenue remains, plus the \$356,000 retained to remove the facilities at such time it is appropriate to do so. The combined total of \$387,194 is being used to carry out the operations for fiscal year 2015-16 (State Parks lease and electrical costs) and for the decommissioning work for the slant well, the mobile test facility and to restore the site. In the event additional funds are needed to complete this work, MWDOC will invoice all five participating member agencies, until such time as a close-out arrangement has been completed.~~

(e) Poseidon Huntington Beach Ocean Desalination Program – The Poseidon Ocean Desalination project Choice activities for fiscal year 2016-17 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. During fiscal year 2014-15, 17 member agencies participated in the Poseidon Choice program. MWDOC will not charge the participating member agencies during fiscal year 201~~7~~6-18~~7~~, ~~but~~and will maintain~~refund~~ the existing accumulation of funds ~~that will be made available for such uses as decided by the Poseidon Workgroup. Approximately \$44,416 remains in the fund to each agency who deposited funds towards the Poseidon Workgroup.~~

(f) ~~Value of Water Communications Program — The charge for the Value of Water Communications Program Choice activities for fiscal year 2016-17 are uncertain at the time the Board is adopting the budgets and setting the rates and charges.~~

~~The Core development phase of the program was initiated in fiscal year 2013-14. The first phase of implementation occurred in fiscal year 2014-15. Additional media buys and refinements of messaging and use of the public service announcement and other materials will be carried out by a combination of MWDOC and the member agencies. However, given the drought discussions occurring as the budget is being approved, the actual activities anticipated under the value of water have become uncertain this coming year. The actual work to be completed will have to be worked out between MWDOC and the participating agencies. Staff has developed and provided to the MWDOC member agencies a conceptual forecast of the CHOICE costs for the Value of Water Communications Plan for FY2016-17. It was noted that these dollar estimates are placeholders for determining the initial CHOICE selections for FY2016-17 and will not be billed with the other CHOICE selections. Instead, final decisions on the level of the CHOICE participation by the various agencies will be made later in the year. The charge for services will occur at that time.~~

~~(g)(d) The Water Loss Control Program: Program provides professional services with~~
Water Systems Optimization, Inc. for water loss control technical assistance to retail agencies in Orange County, as well as technical services with McCall's Meters, Inc. and with Westerly Meter Service Company to provide meter accuracy testing accuracy services. The costs for the program varies per agency according to the level of professional and technical service selected by each participating the agency. The costs to be charged shall reflect any carry-over or deficit funds from the preceding fiscal year.~~The 2015 Urban Water Management Plan ("UWMP") requires a water loss control effort to be included as a new component within one's UWMP. MWDOC hired a consultant on~~

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~~December 3, 2015 for the water loss control effort, and will ask for member agency commitments towards participation for the next three years. It is estimated that the cost for the completion of this effort will range from \$9,400 to \$49,000 per year for each participating member agency based on their elected level of consultant assistance.~~

The details on these Choice options and charges to the member agencies are included in Section 104 and are set forth in **Exhibit C**, attached hereto and by this reference incorporated herein and made an operative part hereof .

SECTION 7. ~~AMP SURCHARGE~~

~~The surcharge on water delivered through the Allen-McColloch Pipeline, in accordance with the Diemer Agreements (the "AMP Surcharge"), shall continue to be suspended and shall not apply to water delivered through the Allen-McColloch Pipeline pending Metropolitan's completion of its performance under the Agreement for Sale and Purchase of the Allen-McColloch Pipeline, as long as Metropolitan is not in default thereunder.~~

**SECTION 78. RATES AND CHARGES FOR WHEELED, EXCHANGED OR
TRANSFERRED WATER**

Unless otherwise specified by written agreement with MWDOC, MWDOC shall charge the member agencies for water wheeled, exchanged or transferred through exchanges with Metropolitan into the MWDOC service area in accordance with the provisions below. Wheeled, exchanged or transferred water will also be assessed, unless otherwise specified by written agreement, at the then-applicable rates for wheeling services set by Metropolitan's Board of Directors from time to time pursuant to its Administrative Code for the use of Metropolitan's facilities to transport water not owned or controlled by Metropolitan to Metropolitan's member agencies. Metropolitan's rates for "wheeling service" are defined in the Metropolitan Administrative Code. Metropolitan's rate for wheeling service does not include power utilized for delivery, which the wheeling party must provide or pay directly at its own cost (if power can be scheduled by Metropolitan) or pay to Metropolitan at Metropolitan's actual (not system average) cost.

In addition to these charges, MWDOC shall assess the following charges related to costs, pursuant to applicable law:

- (a) A one-time administrative charge, based on actual time spent to account for the staff time and legal counsel time required for preparation of an agreement or agreements to establish the legal and administrative framework for water to be wheeled or transferred through exchanges with Metropolitan.
- (b) Unless otherwise specified by written agreement with MWDOC, an annual charge will be assessed, based on actual time spent in any year

in which water is wheeled or transferred through exchanges with Metropolitan, to cover staff time to account for and bill for the water.

- (c) Other charges established by written agreement between MWDOC and a Member Agency.

SECTION 89. **MWDOC WATER SUPPLY ALLOCATION PLAN (WSAP)**

In the event that a regional water shortage is declared, the MWDOC Board can implement, adjust, or adopt an updated Water Supply Allocation Plan ("Plan"). This Plan, as adopted in 2009, updated in 2014 and 2016, and as amended from time to time, established procedures allowing MWDOC to assess an allocation surcharge to its member agencies in the event MWDOC is assessed an allocation surcharge under Metropolitan's own "Water Supply Allocation Plan." Under MWDOC's Plan, surcharges may be assessed according to a particular member agency's prorated share of its over usage relative to the MWDOC surcharge amount assessed by Metropolitan. However, the rates set forth in this Resolution do not include or otherwise account for potential surcharges that may be assessed by MWDOC under its Water Supply Allocation Plan.

SECTION 919. **EFFECTIVE DATE.**

The rates set forth in this Resolution shall become effective as of July 1, 20~~17~~¹⁴ or thereafter as specified and shall remain in effect until changed by subsequent Resolution of the Board of Directors.

SECTION 104. **BILLING AND PAYMENT.**

Billing Schedule. MWDOC member agencies shall be billed for water delivered and

for other charges as follows:

- (a) MWDOC's cost of acquisition of the water, ~~and the AMP Surcharge (if applicable)~~ shall be billed in the month following delivery of the water;
- (b) MWDOC's Retail Meter Charge shall be billed once annually on or after July 1st of each year, for each retail water service meter within each member agency's service area;
- (c) the MWDOC Readiness-to-Serve Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit A**, the MWDOC Capacity Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit B**; and
- (d) the MWDOC Choice services shall be billed once annually on or after July 1st of each year or as otherwise during the fiscal year in accordance with **Exhibit C** and/or as may be adjusted during the fiscal year in discussions with and as agreed to by the Choice Program participants.
- (e) The fixed annual Groundwater Customer Charge to OCWD, as set forth in MWDOC's Water Rate Ordinance No. 53 and referred to in Section 5 hereof, shall be billed to OCWD annually at the beginning of the fiscal year in advance on July 1. All such billings shall be due on receipt by the member agency and shall be delinquent if payment is not received by MWDOC by the 15th day of the month following the mailing of the billing or within 30 days of mailing of such billing, whichever date is later.

SECTION 112. EXEMPTION FROM CEQA.

The Board of Directors finds that the adoption of the rates and charges as set forth in this Resolution are exempt from the California Environmental Quality Act under Section

21080(b)(8) of the Public Resources Code in that the water rates established herein are for the purpose of meeting operating expenses of MWD OC, including employee wages and fringe benefits, purchasing or leasing of supplies, equipment and materials, meeting financial reserve needs and requirements and obtaining funds for capital projects necessary to maintain service within existing service areas.

SECTION 123. REASONABLE COST.

The Board of Directors finds that the water rates established herein are in accordance with the adopted fiscal year 20~~17-18~~~~16-17~~ budget, and that said rates do not exceed the reasonable cost of providing water service and other services and regulatory functions for which they are charged.

SECTION 134. SUPERSEDES PRIOR RESOLUTIONS.

All resolutions, ordinance or administrative actions by the Board or parts thereof that are inconsistent with any provision of this Resolution are hereby superseded only to the extent of such inconsistency.

SECTION 145. RATES SUBJECT TO ORDINANCE.

The rates for water service established herein are subject to Ordinance No. 53 as it may be amended from time to time.

SECTION 156. IMPLEMENTATION.

The General Manager is directed to establish procedures to implement this Resolution.

BE IT FURTHER RESOLVED that a copy of this Resolution be sent to each of MWD OC's member agencies.

Said Resolution No. ~~2031~~ was adopted ~~May 18, 2016~~ by the following roll call vote:

AYES: Directors ~~Barbre, Finnegan, Hinman, Osborne, Tamaribuchi & Thomas~~

NOES: ~~None~~

ABSENT: ~~Director Dick~~

ABSTAIN: ~~None~~

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County

EXHIBIT A
Readiness-to-serve Charge for MWD OC Client Agencies for FY 2017-18

DRAFT

Metropolitan Readiness-to-Serve (RTS) Charge to MWD OC for FY 2017/18 = \$	17,683,514.00
Expected Standby Revenue Less Metropolitan Administrative Charge Plus Delinquencies & Uncollectables FY 2017/18 = \$	(7,082,632.00)
Net MWD RTS Charge = \$	10,600,882.00

Agency	2017					Net RTS	AF Share (%)	2018				
	Monthly Charge							Monthly Charge January - June				
	2012-13	2013-14	2014-15	2015-16	4-Yr Ave							
Brea	3,163	3,459	3,285	1,553	2,865	\$ 143,141	1.35%	\$ 11,659	\$ 12,198			
Buena Park	5,252	4,571	2,782	716	3,330	\$ 166,367	1.57%	\$ 13,550	\$ 14,178			
East Orange County Water District	3,512	4,765	3,164	1,726	3,292	\$ 164,444	1.55%	\$ 13,394	\$ 14,014			
El Toro Water District	9,420	10,165	8,631	6,967	8,796	\$ 439,417	4.15%	\$ 35,790	\$ 37,447			
Fountain Valley	3,201	2,644	2,618	1,985	2,612	\$ 130,492	1.23%	\$ 10,628	\$ 11,120			
Garden Grove	6,893	5,183	5,928	3,301	5,326	\$ 266,090	2.51%	\$ 21,673	\$ 22,676			
Golden State Water Company	8,793	8,209	5,863	3,395	6,565	\$ 327,975	3.09%	\$ 26,713	\$ 27,950			
Huntington Beach	9,545	9,342	7,692	6,060	8,160	\$ 407,654	3.85%	\$ 33,203	\$ 34,740			
Irvine Ranch Water District	23,516	21,127	16,680	11,732	18,264	\$ 912,436	8.61%	\$ 74,316	\$ 77,757			
La Habra	938	42	232	10	306	\$ 15,267	0.14%	\$ 1,243	\$ 1,301			
La Palma	505	663	539	491	549	\$ 27,442	0.26%	\$ 2,235	\$ 2,339			
Laguna Beach County Water District	3,637	3,926	3,641	3,310	3,628	\$ 181,268	1.71%	\$ 14,764	\$ 15,447			
Mesa Water District	2,900	0	0	202	776	\$ 38,744	0.37%	\$ 3,156	\$ 3,302			
Moulton Niguel Water District	28,361	28,869	26,792	23,429	26,863	\$ 1,342,027	12.66%	\$ 109,305	\$ 114,366			
Newport Beach	4,651	6,045	4,338	3,167	4,550	\$ 227,319	2.14%	\$ 18,515	\$ 19,372			
Orange	8,583	7,796	6,516	4,103	6,749	\$ 337,191	3.18%	\$ 27,464	\$ 28,735			
Orange County Water District	24,360	55,215	65,759	45,125	47,615	\$ 2,378,743	22.44%	\$ 193,744	\$ 202,714			
San Clemente	9,014	9,654	8,917	6,512	8,524	\$ 425,866	4.02%	\$ 34,686	\$ 36,292			
San Juan Capistrano	4,731	5,189	5,166	4,998	5,021	\$ 250,852	2.37%	\$ 20,431	\$ 21,377			
Santa Margarita Water District	27,929	28,779	26,725	21,892	26,331	\$ 1,315,451	12.41%	\$ 107,141	\$ 112,101			
Seal Beach	1,188	1,164	787	1,033	1,043	\$ 52,099	0.49%	\$ 4,243	\$ 4,440			
Serrano Water District	501	4,034	4,682	216	2,358	\$ 117,804	1.11%	\$ 9,595	\$ 10,039			
South Coast Water District	5,625	6,030	5,714	4,910	5,570	\$ 278,253	2.62%	\$ 22,663	\$ 23,712			
Trabuco Canyon Water District	2,832	3,183	2,968	2,198	2,795	\$ 139,651	1.32%	\$ 11,374	\$ 11,901			
Westminster	3,980	3,760	2,356	459	2,639	\$ 131,816	1.24%	\$ 10,736	\$ 11,233			
Yorba Linda Water District	10,820	10,881	5,595	3,375	7,668	\$ 383,073	3.61%	\$ 31,200	\$ 32,645			
Sum of MWD OC Agencies	213,850	244,694	227,369	162,864	212,195	\$ 10,600,882	100%	\$ 863,419	\$ 903,395			

EXHIBIT B
Capacity Charge for MWDOC Member Agencies for CY 2018

DRAFT 3/27/17

	2014	2015	2016	Peak
MWDOC's Peak to MWD (cfs)	443.1	293.0	406.0	443.1
Date	7/25/14	7/3/15	7/12/16	7/25/14

Metropolitan Capacity Charge to MWDOC for CY 2018 * **\$ 3,854,970**

Agency	Capacity Charge Eligible Flows (CFS)			CFS Share (%)	Annual Capacity Charge	Monthly Capacity Charge
	2014	2015	2016			
City of Brea	12.4	8.5	6.8	2.26%	\$ 87,254	\$ 7,271
City of Buena Park	4.9	7.6	4.0	1.39%	\$ 53,625	4,469
City of San Juan Capistrano	14.8	14.6	13.9	2.71%	\$ 104,296	8,691
East Orange County Water District	18.9	11.4	12.8	3.45%	\$ 133,051	11,088
El Toro Water District	20.2	15.9	16.3	3.68%	\$ 142,053	11,838
City of Fountain Valley	0.0	3.6	3.3	0.66%	\$ 25,508	2,126
City of Garden Grove	14.2	9.0	13.0	2.60%	\$ 100,261	8,355
City of Huntington Beach	29.7	25.0	28.4	5.43%	\$ 209,289	17,441
Irvine Ranch Water District	43.3	41.2	43.5	7.94%	\$ 306,255	25,521
City of La Habra	0.0	2.3	1.7	0.42%	\$ 16,293	1,358
City of La Palma	0.0	1.4	2.9	0.53%	\$ 20,403	1,700
Laguna Beach County Water District	7.5	7.0	7.6	1.39%	\$ 53,564	4,464
Mesa Water District	0.0	0.0	0.0	0.00%	\$ -	-
Moulton Niguel Water District	55.5	45.1	59.9	10.95%	\$ 422,279	35,190
City of Newport Beach	11.8	10.3	8.9	2.16%	\$ 83,340	6,945
Orange County Water District	101.4	61.0	135.9	24.84%	\$ 957,677	79,806
City of Orange	18.5	15.8	17.8	3.38%	\$ 130,229	10,852
City of San Clemente	20.0	21.6	21.6	3.95%	\$ 152,379	12,698
Santa Margarita Water District	61.1	53.9	62.3	11.38%	\$ 438,653	36,554
City of Seal Beach	5.5	5.5	5.5	1.01%	\$ 39,074	3,256
Serrano Water District	0.0	0.0	2.0	0.37%	\$ 14,091	1,174
Golden State Water Company	14.1	7.9	12.9	2.58%	\$ 99,356	8,280
South Coast Water District	10.9	7.3	6.5	1.99%	\$ 76,748	6,396
Trabuco Canyon Water District	6.5	6.0	6.1	1.19%	\$ 45,941	3,828
City of Westminster	4.8	5.3	4.7	0.96%	\$ 37,154	3,096
Yorba Linda Water District	15.1	12.6	12.7	2.75%	\$ 106,198	8,850
Total				100%	\$ 3,854,970	\$ 321,248
MWDOC Capacity Charge Per CFS:					\$ 7,046	

* Based on MWDOC's aggregate peak flow of 443.1 cfs on 7/25/2014 charge at MET's 2018 rate of \$8,700 per cfs

Exhibit C

MWDOC Member Agency Choice Services Program Summary
Cost Allocations by Agencies for FY 2017-18

DRAFT
As of 5/4/2017

Retail Agency	Water Use Efficiency [1]	School Education (Elementary)[2]	School Education (High School)[2]	Poseidon Ocean Desalination Refund [3]	Doheny 2014 Refund	Water Loss Control Program [4]	Total Choice Allocation
Brea		\$ 6,448	\$ 4,839		\$ -		\$ 11,287
Buena Park		\$ 8,463	\$ 4,860		\$ -		\$ 13,323
East Orange County WD		\$ 1,451	\$ 8,488		\$ -		\$ 9,939
El Toro WD		\$ 5,795	\$ 8,510		\$ -		\$ 14,305
Fountain Valley		\$ 5,054	\$ 5,963		\$ -		\$ 11,016
Garden Grove		\$ 19,247	\$ 7,479		\$ -		\$ 26,726
Golden State Water Company		\$ 6,613	\$ 11,910		\$ -		\$ 18,524
Huntington Beach		\$ 22,165	\$ 7,232		\$ -		\$ 29,397
Irvine Ranch WD		\$ -	\$ -		\$ -		\$ -
La Habra		\$ 8,060	\$ 1,403		\$ -		\$ 9,463
La Palma		\$ 2,789	\$ 685		\$ -		\$ 3,474
Laguna Beach County WD		\$ -	\$ -		\$ (10,000)		\$ (10,000)
Mesa Water		\$ 3,426	\$ 5,007		\$ -		\$ 8,433
Moulton Niguel WD		\$ 18,872	\$ 17,838		\$ -		\$ 36,710
Newport Beach		\$ -	\$ -		\$ -		\$ -
Orange		\$ 9,015	\$ 1,600		\$ -		\$ 10,615
Orange County WD		\$ -	\$ -		\$ -		\$ -
San Clemente		\$ 2,567	\$ 5,155		\$ (10,000)		\$ (2,278)
San Juan Capistrano		\$ 7,879	\$ 5,300		\$ -		\$ 13,178
Santa Margarita WD		\$ 14,105	\$ 8,472		\$ -		\$ 22,577
Seal Beach		\$ 2,462	\$ -		\$ -		\$ 2,462
Serrano WD		\$ 1,689	\$ 738		\$ -		\$ 2,426
South Coast WD		\$ 4,755	\$ 5,056		\$ (10,000)		\$ (188)
Trabuco Canyon WD		\$ 1,955	\$ -		\$ -		\$ 1,955
Tustin		\$ 13,299	\$ 5,672		\$ -		\$ 18,971
Westminster		\$ 9,414	\$ 1,423		\$ -		\$ 10,837
Yorba Linda WD		\$ 4,167	\$ -		\$ -		\$ 4,167
Anaheim		\$ 29,951	\$ 10,392		\$ -		\$ 40,343
Fullerton		\$ 10,297	\$ 2,621		\$ -		\$ 12,918
Santa Ana		\$ 51,528	\$ 9,405		\$ -		\$ 60,933
Orange County Total	\$ -	\$ 271,465	\$ 140,048	\$ -	\$ (30,000)	\$ -	\$ 381,513

Note: Totals may not foot due to rounding.

**** These numbers are draft and subject to change**

[1] Preliminary Cost Allocation for the Choice Water Use Efficiency Program for FY2017-18 will be available May 15

[2] Preliminary cost, to be confirmed on an agency by agency basis

[3] The Poseidon Ocean Desalination Choice Program will be refunded to each participating agency based on their contribution amount.

[4] For FY2017-18 the Water Loss Control Program includes Phase II & III. Agency costs will vary basis on the selection of technical & professional Services. The Final cost by agency are not expected to be determined until Fall 2017

Budgeted amounts, not billed



ACTION ITEM
May 17, 2017

TO: Board of Directors

FROM: **Administration & Finance Committee**
(Directors Thomas, Barbre, Finnegan)

Robert J. Hunter, General Manager

Staff Contacts: Hilary Chumpitazi

SUBJECT: Annual Review of District Investment Policy and Guidelines

STAFF RECOMMENDATION

It is recommended that the Board of Directors: Adopt a Resolution establishing the District's Investment Policy and Guidelines, and authorize staff to incorporate the revisions into the District's Administrative Code.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

MWDOC's Administrative Code requires an annual review of this policy. In May 2016, the Board adopted Resolution No. 2032, establishing the District's Investment Policy and Guidelines.

Staff recommends the following proposed changes and clarifications:

Under Section 2106 Investment Policy Guidelines

1. Change *Negotiated Certificates of Deposit* investment percentage from 20% to 30% of portfolio.
2. Change *Corporate Securities* investment percentage from 20% to 30% of the portfolio.

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

Both of the above proposed changes are in line with the Local Agency Investment Guidelines (LAIG). In addition from our last audit our auditors noted in the 2016 SAS 114 Letter that our actual investments were higher than the percent stated in our investment policy, "The District's Reserve Funds portfolio includes negotiable certificates of deposit totaling 23.95% of the Reserve Fund".

3. Clarification of the *Prime Commercial Paper*, according to LAIG staff proposes adding the following verbiage, "Local agencies may purchase no more than 10% of the outstanding commercial paper of any single issuer".
4. Clarification of the *Prime Banker's Acceptances*, according to LAIG staff proposes adding the following verbiage, "No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank".

Under Section 2110 Glossary

5. *Comprehensive Annual Financial Report (CAFR)*, staff recommends removing the following, "The official annual report of MWDOC", as we do not file a CAFR.

RESOLUTION NO. 2032
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
INVESTMENT POLICY AND GUIDELINES

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RESOLUTION NO. 2032
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
INVESTMENT POLICY AND GUIDELINES
20176

BE IT RESOLVED by the Board of Director of the Municipal Water District of Orange County that the following is the policy and guidelines of the District for investment of funds and rescinds prior Resolution No. ~~49422032~~, dated ~~October-May 178~~, 20126.

SECTION 2100 - PURPOSE

The purpose of this policy is to set forth the investment and operational policies for the management of the public funds of Municipal Water District of Orange County. These policies have been adopted by, and can be changed only by a majority vote of the Board of Directors.

These policies are designed to ensure the prudent management of public funds, the safety of principal, the availability of operating funds when needed, and an investment return competitive with those of comparable funds and financial market indexes.

A copy of this policy will be provided to all investment dealers and investment managers doing business with the Municipal Water District of Orange County. Receipt of this policy, including confirmation that it has been reviewed by persons dealing directly with the Municipal Water District of Orange County's account will be received prior to any organization providing investment services to the Municipal Water District of Orange County.

SECTION 2101 - STATUTORY AND DELEGATED AUTHORITY

Authority to manage the investment of surplus funds is derived from California Government Code Sections 53601, et seq. In accordance with Section 53607 of the Government Code of the State of California, the authority of the Board of Directors to invest public funds may be delegated to the Treasurer for a one-year period, which may be renewed annually.

The Municipal Water District of Orange County (MWDOC) Board of Directors has expressly delegated the investment authority of the Board of Directors to the Treasurer pursuant to Resolution No. 1166. By Resolution No. 1277, the Board of Directors created the office of Deputy Treasurer and delegated to the Deputy Treasurer the authority to direct investment of MWDOC funds under the circumstances set forth in said Resolution, and to make a monthly report of those transactions to the Board. The Board of Directors created the office of Alternate Deputy Treasurer by Resolution No. 1434 and specified circumstances under which the Alternate Deputy Treasurer would have authority to direct the investment of MWDOC funds.

No person may engage in an investment transaction on behalf of MWDOC unless he or she has been duly appointed by the Board of Directors to the office of Treasurer, Deputy Treasurer, or Alternate Deputy Treasurer, and subject to the limitations and conditions set forth in the Resolutions establishing those offices and the terms of this policy. Notwithstanding the foregoing, upon the occurrence of a vacancy in the office of Treasurer, the Board of Directors may appoint an Acting Treasurer, who shall have and exercise the authority delegated to the Treasurer until appointment of a successor Treasurer by the Board of Directors.

The delegations in Resolution Nos. 1277 and 1434 are renewed on the adoption of this Policy. The Treasurer shall be responsible for all transactions undertaken and shall establish procedures and a system of internal controls to regulate the activities of subordinate officials.

SECTION 2102 - ORGANIZATION

The organizational structure of the investment functions of MWDOC shall consist of the Board of Directors, the Administration & Finance Committee, the Treasurer and Deputy Treasurers. The responsibilities of these groups are as follows:

Board of Directors - the elected body responsible for the administration and investment of the assets of MWDOC. The Board may acquire, hold, manage, purchase, sell, assign, trade, transfer and/or dispose of any security, evidence of debt, or other investment in which MWDOC's assets may be invested by law. To assist them in discharging their responsibilities, the Board shall appoint a Treasurer, Deputy Treasurers and custodians of assets.

Administration & Finance Committee - appointed by the Board to review transactions, performance and asset mix, monitor, recommend policy, and propose adjustments for Board approval.

Treasurer - responsible for the administration and the investment of the funds, subject to the policies and restrictions set by the Board. The Treasurer as investment officer of MWDOC is granted full authority and responsibility by the Board in the purchase, sale, assignment, exchange and transfer of securities and for the safe custody of security holdings, subject to Board policies, rules, regulations and directives consistent with regulatory and statutory limitations. The Treasurer is responsible for interpreting, administering and advising on legal requirements, investment policies and strategies; collecting income, preparation of reports. Also responsible for Deputy Treasurer, and investment staff compliance with this Investment Policy and guidelines.

Deputy Treasurers - act in the absence of the Treasurer as specified within the Resolution of appointment to fulfill the duties and responsibilities as assigned by the Treasurer.

SECTION 2103- INVESTMENT PHILOSOPHY

Except where specifically directed by the State Constitution, statutes or regulations, the general investment policies of MWDOC will be guided by the prudent investor standard ("Standard") set forth in California Government Code Section 53600.3. Under this Standard, those with investment responsibility for public funds are trustees and, as trustees, shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of MWDOC, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the agency.

This Standard shall be applied in the context of managing the overall investment portfolio. The investment officer, acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's

credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

SECTION 2104 - SCOPE

It is intended that this Investment Policy cover all funds and investment activities of MWDOC. Any reference to the portfolio shall mean the collection of MWDOC securities held by the Treasurer. Those securities held in Trust or escrow by a third-party Trustee or escrow agent on behalf of MWDOC are invested under the Treasurer's direction in accordance with this Investment Policy and the terms of the specific escrow or trust agreements related to the funds.

MWDOC funds are divided into two categories, and the investment objectives and policies vary with the nature of the fund.

- Operating and Fiduciary Funds - These funds are to provide for the ordinary annual operating expenses of MWDOC (General Fund, Water Fund) and Funds to provide for trustee functions and expenditures (WFC, with the exception of the Debt Service Reserve) and other specified reoccurring and non-reoccurring purposes where MWDOC serves in a fiduciary role. These funds are considered "short-term" for investment purposes and will be invested to provide the safety and liquidity to meet all anticipated expenditures.
- Reserve Funds – These funds are designated for contingencies or emergencies and may be used to supplement the other funds as necessary. These funds may be invested "longer-term" as defined in this Investment Policy.

SECTION 2105- INVESTMENT OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing MWDOC's funds, the primary objective is to safeguard the principal of the funds. The secondary objective is to meet the liquidity needs of MWDOC. The third objective is to achieve a maximum return on invested funds (California Government Code Section 53600.5.). It is the policy of MWDOC to invest funds in a manner to obtain the highest yield possible while meeting the daily cash flow demands of MWDOC as long as investments meet the criteria established by this investment policy for safety and liquidity and conform to all laws governing the investment of MWDOC's funds.

Safety of Principal.

Safety of principal is the foremost objective of MWDOC. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they arise from securities defaults, institution default, broker-dealer default, or erosion of market value of securities. MWDOC shall mitigate the risk to the principal of invested funds by limiting credit and interest rate risks. Credit risk is the risk of loss due to the failure of a security's issuer or backer. Interest rate risk is the risk that the market value of the MWDOC's portfolio will change due to an increase/decrease in general interest rates.

- 1) Credit risk will be mitigated by:
 - (a) Limiting investments to only the most creditworthy types of permissible investments as described in Section 2106;
 - (b) By pre-qualifying the financial institutions with which the Agency will do business; and
 - (c) By diversifying the investment portfolio so that the potential failure of any one issue or issuer will not place an undue financial burden on the District.
- 2) Interest rate risk will be mitigated by:
 - (a) Structuring the portfolio so that securities mature to meet the District's cash requirements for ongoing obligations, thereby reducing the possible need to sell securities on the open market at a loss prior to their maturity to meet those requirements; and
 - (b) Investing primarily in shorter term securities.

Liquidity

Availability of sufficient cash to pay for current expenditures shall be maintained. An adequate percentage of the portfolio shall be maintained in liquid short-term securities which can be converted to cash as necessary to meet disbursement requirements. Since cash requirements cannot always be anticipated, sufficient investments in securities with active secondary or resale markets shall be utilized.

Rates of Return

Yield on investments shall be considered only after the basic requirements of safety and liquidity have been met. The investment portfolio shall be designed to attain a market average rate of return throughout budgetary and economic cycles, taking into account the MWDOC's risk constraints, the composition and cash flow characteristics of the portfolio, and applicable laws.

SECTION 2106- INVESTMENT POLICY GUIDELINES

MWDOC authorized investment types, amounts, maturities, and other characteristics are stated in the Government Code Section 53601 (as periodically amended), and with the following exceptions as noted below.

- Collective Investment (Pools) - Assets of any of the funds may be invested in collective investment pools run and managed by other public bodies and banks that are approved by the Board of Directors. However, no such investment shall be made in a pool where the investment objectives differ from the investment objectives listed in Section 2105 of this investment policy, nor should any investment be made in a fund that engages in market timing or anticipating interest rate changes or that uses derivatives or other securities other than as a hedge against interest rate risk.

- Money Market Mutual Funds - Investment in shares of money market mutual funds may be made if the investments meet the same restrictions as those of collective investment pools described in Section 2105. In addition, purchase of these funds must not result in payment of a purchase premium or commission. These mutual funds must attain the highest ranking of two nationally recognized ratings services and the investment adviser must be registered with the Securities and Exchange Commission (SEC) as an investment adviser with not less than five years experience managing market mutual funds with investment portfolios of greater than \$500 million.
- Cash Holdings - The portfolio will hold sufficient cash equivalent investments to ensure availability of sufficient funds to meet known obligations for the next three months. Idle cash will be invested to the fullest extent practicable in interest-bearing investments.
- Other permissible investments for the Operating and Fiduciary funds are:
 - Bank checking accounts, time deposits or certificates of deposit not to exceed the current Federal Deposit Insurance Corporation (FDIC) limit without being collateralized. Negotiated certificates of deposit shall not exceed 230% of portfolio in effect immediately after such investment.
 - U.S. Treasury obligations.
 - U.S. Government Agency obligations and, U.S. Government Instrumentality obligations.
 - Prime Commercial Paper rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch and may purchase no more than 10% of the outstanding commercial paper of any single issuer (shall not exceed 20% of portfolio in effect immediately after such investment).
 - Prime Banker's Acceptances rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch and no more than 30% may be of any one commercial bank (shall not exceed 20% of portfolio in effect immediately after such investment).
 - Corporate Securities (Medium-Term Notes) with a rating of "A" or better by at least two nationally recognized rating services (shall not exceed 30% of portfolio in effect immediately after such investment)
 - Loans with an agreement for the collateral to be repurchased by the borrower (Repurchase Agreements); the amount of such instruments will not exceed 10% of the market value of the portfolio. U.S. Treasury and Agency securities are acceptable collateral with a market value of at least 102% of the value of the Repurchase Agreement. Prior to investment, a Master Repurchase Agreement will be signed with the qualified counterparty.
- Permissible investments for Reserve Funds are:
 - All investments permitted for the Operating and Fiduciary funds, except maturities may not exceed five years without Board approval prior to investment.
 - Corporate Securities with a rating of "A" or better by at least two nationally recognized rating service (shall not exceed 230% of portfolio in effect immediately after such investment).
- Prohibited Investments and Investment Practices - The following are prohibited:
 - Purchases on margin or short sales.

- “Derivative” securities of any type.
 - Lending securities with an agreement to buy them back after a stated period of time (Reverse Repurchase Agreements).
 - Futures, Options and Margin Trading
 - In no instance shall a swap be used in speculation. Losses are only acceptable if the proposed swap or trade can clearly enhance quality or yield (value) over the life of the new security on a Total Return basis.
 - Investments are limited to maturities of five years or less without express authorization of the Board prior to the investment.
- Diversification - The investment portfolio will be diversified to avoid undue concentration in securities of one type or securities of one financial institution, so that no single investment or class of investments can have a disproportionate impact on the total portfolio. This restriction does not apply to U.S. Treasury securities.
 - Exemptions - Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by the current policy.

SECTION 2107 - EXECUTION

The responsibility for the execution of security transactions shall rest with such qualified members of the investment staff as designated by the Board. The selection of the broker-dealer for a specific transaction shall be based on price and yield quotations. Every effort shall be made to obtain appropriate discounts on individual orders.

Security orders shall be placed on the basis of accepted investment practices. All security transactions, including for repurchase agreements, entered into by MWDOC shall be on a Delivery-vs.-Payment (DVP) basis, i.e. payment will be made upon receipt of the securities to the safekeeping or trust account or custodial facility. All securities shall be held in MWDOC's name pursuant to an agreement and all financial institutions are instructed to mail confirmation and safekeeping receipts directly to MWDOC within three business days after the trade.

Receipts for the confirmation of trades of authorized securities will include information on trade date, par value, maturity, interest rate, price, yield, settlement date, description of securities purchased, agency's name, amount due, and third party custodial information.

SECTION 2108 - PERSONAL CONDUCT

The Board of Directors of Municipal Water District of Orange County is acutely aware of the responsibilities the staff has in administering the investment assets of MWDOC. Therefore, the integrity of the staff and all others involved in making investment decisions must be unquestioned.

Members of the Board of Directors, the Treasurer, Deputy Treasurers and members of the investment staff may not have a direct or indirect interest in the gains or profits of any investment made by MWDOC and may not receive any pay or emolument (profit arising from office or employment usually in the form of compensation or perquisites) for services other than as designated by MWDOC for compensation and authorized expenses.

All persons responsible for investment decisions or who are involved in the management of MWDOC assets shall be governed in their personal investment activities by the codes of conduct established by the applicable state statutes, the Financial Industry Regulatory Authority (FINRA), the Securities and Exchange Commission, and the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research.

All persons responsible for investment decisions or who are involved in the management of MWDOC assets shall refrain from any personal business activity that could conflict with the proper execution and management of the MWDOC investment program, or that could impair their ability to make impartial investment decisions.

SECTION 2109 - REPORTING

The Treasurer shall prepare an investment report monthly, including a management summary that provides the status of the current investment portfolio and transactions made over the last month. The Report shall be submitted within thirty (30) days following the quarter ended. The report should be provided to and reviewed by the General Manager, the Administration & Finance Committee and provided to the Board of Directors. The report will include the following:

- A listing of individual securities held at the end of the reporting period;
- Average weighted yield to maturity of portfolio on MWDOC investments;
- Listing of investments by maturity date;
- Market values of current investments;
- Percentage of the total portfolio which each type of investment represents.

This investment policy shall be reviewed by the Administration and Finance Committee annually and as frequently as necessary, to enable the Treasurer to respond to changing economic and market conditions.

SECTION 2110 - GLOSSARY

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

BROKER-DEALER: A person or firm acting as a principal in securities transaction as either a broker or a dealer depending on the transaction. Technically, a broker is only an agent who

executes orders on behalf of clients, whereas a dealer acts as a principal and trades from the firm's own account. Transaction confirmations must disclose this information. Because most brokerage firms act as both brokers and principals, the term broker-dealer is commonly used to describe them.

CASH EQUIVALENTS (CE): Highly liquid and safe instruments or investments that can be converted into cash immediately. Examples include bank accounts, money market funds, and Treasury bills.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): ~~The official annual report of MWDQC.~~ It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., *U.S. Treasury Bills*.)

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TOTAL RETURN: A measure of performance, Total Return is the actual rate of return of an investment or a pool of investments, over a given evaluation period. Total Return accounts for two categories of return: income and capital appreciation. Income includes interest paid by fixed-income investments, distributions or dividends. Capital appreciation represents the change in the market price of an asset.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

BE IT FURTHER RESOLVED the investment policy shall be reviewed by the Administration and Finance Committee annually, and as frequently as necessary, to enable the Treasurer to respond to changing market conditions;

Said Resolution was adopted, upon roll call, by the following vote:

AYES:	Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi & Thomas
NOES:	None
ABSTAIN:	None
ABSENT:	Director Dick

I certify the foregoing is a true, full and correct copy of Resolution No. 2032 adopted by the Board of Director of Municipal Water District of Orange County at its Regular meeting held on May 18, 2016.

Maribeth Goldsby, District Secretary
Municipal Water District of Orange County

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ADMINISTRATIVE CODE**

INVESTMENT POLICY AND GUIDELINES	§2100-§2109
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§2100 PURPOSE

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Except where specifically directed by the State Constitution, statutes or regulations, the general investment policies of MWDOC will be guided by the prudent investor standard ("Standard") set forth in California Government Code Section 53600.3. Under this Standard, those with investment responsibility for public funds are trustees and, as trustees, shall act with care, skill, prudence and diligence under the circumstances then

prevailing, including, but not limited to, the general economic conditions and the anticipated needs of MWDOC, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims to safeguard the principal and maintain the liquidity needs of the agency.

This Standard shall be applied in the context of managing the overall investment portfolio. The investment officer, acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

§2104 SCOPE

It is intended that this Investment Policy cover all funds and investment activities of MWDOC. Any reference to the portfolio shall mean the collection of MWDOC securities held by the Treasurer. Those securities held in Trust or escrow by a third-party Trustee or escrow agent on behalf of MWDOC are invested under the Treasurer's direction in accordance with this Investment Policy and the terms of the specific escrow or trust agreements related to the funds.

MWDOC funds are divided into two categories, and the investment objectives and policies vary with the nature of the fund.

- Operating and Fiduciary Funds - These funds are to provide for the ordinary annual operating expenses of MWDOC (General Fund, Water Fund) and Funds to provide for trustee functions and expenditures (WFC, with the exception of the Debt Service Reserve) and other specified reoccurring and non-reoccurring purposes where MWDOC serves in a fiduciary role. These funds are considered "short-term" for investment purposes and will be invested to provide the safety and liquidity to meet all anticipated expenditures.
- Reserve Funds – These funds are designated for contingencies or emergencies and may be used to supplement the other funds as necessary. These funds may be invested "longer-term" as defined in this Investment Policy.

§2105 INVESTMENT OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing MWDOC's funds, the primary objective is to safeguard the principal of the funds. The secondary objective is to meet the liquidity needs of MWDOC. The third objective is to achieve a maximum return on invested funds (California Government Code Section 53600.5.). It is the policy of MWDOC to invest funds in a manner to obtain the highest yield possible while meeting the daily cash flow demands of MWDOC as long as investments meet the criteria established by this investment policy for safety and liquidity and conform to all laws governing the investment of MWDOC's funds.

Safety of Principal.

Safety of principal is the foremost objective of MWDOC. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they arise from securities defaults, institution default, broker-dealer default, or erosion of market value of securities. MWDOC shall mitigate the risk to the principal of invested funds by limiting credit and interest rate risks. Credit risk is the risk of loss due to the failure of a security's issuer or backer. Interest rate risk is the risk that the market value of the MWDOC's portfolio will change due to an increase/decrease in general interest rates.

1) Credit risk will be mitigated by:

- (a) Limiting investments to only the most creditworthy types of permissible investments as described in Section 2106;
- (b) By pre-qualifying the financial institutions with which the Agency will do business; and
- (c) By diversifying the investment portfolio so that the potential failure of any one issue or issuer will not place an undue financial burden on the District.

2) Interest rate risk will be mitigated by:

- (a) Structuring the portfolio so that securities mature to meet the District's cash requirements for ongoing obligations, thereby reducing the possible need to sell securities on the open market at a loss prior to their maturity to meet those requirements; and
- (b) Investing primarily in shorter term securities.

Liquidity

Availability of sufficient cash to pay for current expenditures shall be maintained. An adequate percentage of the portfolio shall be maintained in liquid short-term securities which can be converted to cash as necessary to meet disbursement requirements. Since cash requirements cannot always be anticipated, sufficient investments in securities with active secondary or resale markets shall be utilized.

Rates of Return

Yield on investments shall be considered only after the basic requirements of safety and liquidity have been met. The investment portfolio shall be designed to attain a market average rate of return throughout budgetary and economic cycles, taking into account the MWDOC's risk constraints, the composition and cash flow characteristics of the portfolio, and applicable laws.

§2106 INVESTMENT POLICY GUIDELINES

MWDOC authorized investment types, amounts, maturities, and other characteristics are stated in the Government Code Section 53601 (as periodically amended), and with the following exceptions as noted below.

- Collective Investment (Pools) - Assets of any of the funds may be invested in collective investment pools run and managed by other public bodies and banks that are approved by the Board of Directors. However, no such investment shall be made in a pool where the investment objectives differ from the investment objectives listed in Section 2105 of this investment policy, nor should any investment be made in a fund that engages in market timing or anticipating interest rate changes or that uses derivatives or other securities other than as a hedge against interest rate risk.
- Money Market Mutual Funds - Investment in shares of money market mutual funds may be made if the investments meet the same restrictions as those of collective investment pools described in Section 2105. In addition, purchase of these funds must not result in payment of a purchase premium or commission. These mutual funds must attain the highest ranking of two nationally recognized ratings services and the investment adviser must be registered with the Securities and Exchange Commission (SEC) as an investment adviser with not less than five years' experience managing market mutual funds with investment portfolios of greater than \$500 million.
- Cash Holdings - The portfolio will hold sufficient cash equivalent investments to ensure availability of sufficient funds to meet known obligations for the next three months. Idle cash will be invested to the fullest extent practicable in interest-bearing investments.
- Other permissible investments for the Operating and Fiduciary funds are:
 - Bank checking accounts, time deposits or certificates of deposit not to exceed the current Federal Deposit Insurance Corporation (FDIC) limit without being collateralized. Negotiated certificates of deposit shall not exceed 230% of portfolio in effect immediately after such investment.
 - U.S. Treasury obligations.
 - U.S. Government Agency obligations and, U.S. Government Instrumentality

- obligations.
- Prime Commercial Paper rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch and may purchase no more than 10% of the outstanding commercial paper of any single issuer (shall not exceed 20% of portfolio in effect immediately after such investment).
- Prime Banker's Acceptances rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch and no more than 30% may be of any one commercial bank (shall not exceed 20% of portfolio in effect immediately after such investment).
- Corporate Securities (Medium-Term Notes) with a rating of "A" or better by at least two nationally recognized rating services (shall not exceed 30% of portfolio in effect immediately after such investment).
- Loans with an agreement for the collateral to be repurchased by the borrower (Repurchase Agreements); the amount of such instruments will not exceed 10 percent of the market value of the portfolio. U.S. Treasury and Agency securities are acceptable collateral with a market value of at least 102% of the value of the Repurchase Agreement. Prior to investment, a Master Repurchase Agreement will be signed with the qualified counterparty.
- Permissible investments for Reserve Funds are:
 - All investments permitted for the Operating and Fiduciary funds, except maturities may not exceed five years without Board approval prior to investment.
 - Corporate Securities with a rating of "A" or better by at least two nationally recognized rating service (shall not exceed ~~23~~30% of portfolio in effect immediately after such investment).
- Prohibited Investments and Investment Practices - The following are prohibited:
 - Purchases on margin or short sales.
 - "Derivative" securities of any type.
 - Lending securities with an agreement to buy them back after a stated period of time (Reverse Repurchase Agreements).
 - Futures, Options and Margin Trading
 - In no instance shall a swap be used in speculation. Losses are only acceptable if the proposed swap or trade can clearly enhance quality or yield (value) over the life of the new security on a Total Return basis.
 - Investments are limited to maturities of five years or less without express authorization of the Board prior to the investment.
- Diversification - The investment portfolio will be diversified to avoid undue concentration in securities of one type or securities of one financial institution, so that no single investment or class of investments can have a disproportionate impact on the total portfolio. This restriction does not apply to U.S. Treasury securities.

- Exemptions - Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by the current policy.

§2107 EXECUTION

The responsibility for the execution of security transactions shall rest with such qualified members of the investment staff as designated by the Board. The selection of the broker-dealer for a specific transaction shall be based on price and yield quotations. Every effort shall be made to obtain appropriate discounts on individual orders.

Security orders shall be placed on the basis of accepted investment practices. All security transactions, including for repurchase agreements, entered into by MWDOC shall be on a Delivery-vs.-Payment (DVP) basis, i.e. payment will be made upon receipt of the securities to the safekeeping or trust account or custodial facility. All securities shall be held in MWDOC's name pursuant to an agreement and all financial institutions are instructed to mail confirmation and safekeeping receipts directly to MWDOC within three business days after the trade.

Receipts for the confirmation of trades of authorized securities will include information on trade date, par value, maturity, interest rate, price, yield, settlement date, description of securities purchased, agency's name, amount due, and third party custodial information.

§2108 PERSONAL CONDUCT

The Board of Directors of Municipal Water District of Orange County is acutely aware of the responsibilities the staff has in administering the investment assets of MWDOC. Therefore, the integrity of the staff and all others involved in making investment decisions must be unquestioned.

Members of the Board of Directors, the Treasurer, Deputy Treasurers and members of the investment staff may not have a direct or indirect interest in the gains or profits of any investment made by MWDOC and may not receive any pay or emolument (profit arising from office or employment usually in the form of compensation or perquisites) for services other than as designated by MWDOC for compensation and authorized expenses.

All persons responsible for investment decisions or who are involved in the management of MWDOC assets shall be governed in their personal investment activities by the codes of conduct established by the applicable state statutes, the Financial Industry Regulatory Authority (FINRA), the Securities and Exchange Commission, and the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research.

All persons responsible for investment decisions or who are involved in the management of MWDOC assets shall refrain from any personal business activity that could conflict with the proper execution and management of the MWDOC investment program, or that could

impair their ability to make impartial investment decisions.

§2109 REPORTING

The Treasurer shall prepare an investment report monthly, including a management summary that provides the status of the current investment portfolio and transactions made over the last month. The Report shall be submitted within thirty (30) days following the quarter ended. The report should be provided to and reviewed by the General Manager, the Administration & Finance Committee and provided to the Board of Directors. The report will include the following:

- A listing of individual securities held at the end of the reporting period;
- Average weighted yield to maturity of portfolio on MWDOC investments;
- Listing of investments by maturity date;
- Market values of current investments;
- Percentage of the total portfolio which each type of investment represents.

This investment policy shall be reviewed by the Administration and Finance Committee annually and as frequently as necessary, to enable the Treasurer to respond to changing economic and market conditions.

§2110 GLOSSARY

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

BROKER-DEALER: A person or firm acting as a principal in securities transaction as either a broker or a dealer depending on the transaction. Technically, a broker is only an agent who executes orders on behalf of clients, whereas a dealer acts as a principal and trades from the firm's own account. Transaction confirmations must disclose this information. Because most brokerage firms act as both brokers and principals, the term broker-dealer is commonly used to describe them.

CASH EQUIVALENTS (CE): Highly liquid and safe instruments or investments that can be converted into cash immediately. Examples include bank accounts, money market funds, and

Treasury bills.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of MWDOC. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value (*e.g., U.S. Treasury Bills.*)

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, *e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.*

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TOTAL RETURN: A measure of performance, Total Return is the actual rate of return of an investment or a pool of investments, over a given evaluation period. Total Return accounts for two categories of return: income and capital appreciation. Income includes interest paid by fixed-income investments, distributions or dividends. Capital appreciation represents the change in the market price of an asset.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread

over the period from the date of purchase to the date of maturity of the bond.

R1166 - 3/23/83; R1277 - 12/18/85; R1345 - 3/2/88; R1398 - 11/1/89; R1429 - 1/16/91; R1434 - 4/3/91; R1460 - 4/1/92; R1483 - 3/17/93; R1503 - 2/16/94; R1508 - 3/16/94; R1538 - 4/19/95; R1541 - 5/17/95; R1560 - 5/15/96; R1566; - 10/16/96; Motion - 11/25/96; R1584 - 5/21/97; R1694 - 4/17/02; R1718 - 6/18/03; R1736 - 5/19/04; R1880 - 5/19/10; R1907 - 5/18/11; R1942 - 10/17/12; M-6/17/15



ACTION ITEM
May 17, 2017

TO: Board of Directors

FROM: **Administration & Finance Committee**
(Directors Thomas, Barbre, Finnegan)

Robert J. Hunter, General Manager

Staff Contacts: Hilary Chumpitazi

SUBJECT: Selection of Financial Statement Audit Services

STAFF RECOMMENDATION

It is recommended that the Board of Directors: Authorize the General Manager to enter into an audit contract with Vasquez & Company LLP, to perform an annual financial audit of the District's financial statements for FY 2017-18, in an amount of \$23,300, with an option to renew the agreement for up to four additional one-year terms at slightly higher amounts, not to exceed \$25,220/year.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

Section 1301 of the Administrative Code states, the District's auditor term limit should not exceed a period of five (5) years. Vavrinek, Trine, Day & Co. LLP has been performing the District financial audit for the last five years. Staff prepared and issued a Request for Proposals (RFP) for Financial Statement Audit Services, posted it to our website and CSMFO's website, as well as sent it to the following consultants:

- Lance, Soll & Lunghard, LLP
- Macias Gini & O'Connell, LLP
- Mayer Hoffman McCann
- Vasquez & Company, LLP
- The Pun Group

Budgeted (Y/N): Yes	Budgeted amount: \$40,000/year	Core <u> X </u>	Choice <u> </u>
Action item amount: \$23,300-\$25,220		Line item: 7030-2000-41	
Fiscal Impact (explain if unbudgeted):			

- Davis Farr
- Crowe Horwath
- Vavrinek, Trine, Day & Co. LLP

The RFP schedule is below:

Project Timeline	
Task Item	Completion Date
1. MWDOC release of RFP to Vendors	March 15, 2017
2. Deadline for Written Questions Regarding RFP	March 22, 2017
3. Proposal Due Date	March 29, 2017, 5:00pm
4. Proposal Review	March 30, 2017
5. Vendor Interviews (Tentative, if needed)	Weeks of April 17&24, 2017
6. Recommendation to the Administration & Finance Committee	May 10, 2017
7. Authorization by MWDOC Board	May 17, 2017
8. Contract Execution	May, 2017

Proposals and Proposal Evaluation

MWDOC received five proposals by the closing date:

- Harshwal & Company LLP
- Vasquez & Company LLP
- The Pun Group
- White Nelson Diehl Evans LLP
- Badawi & Associates

All five proposals received met the initial qualifying criteria and were reviewed by a Committee of Staff consisting of: Rob Hunter, Hilary Chumpitazi, Jeff Stalvey, Lina Gunawan and Mary Snow; who rated and scored each proposal individually.

The individual scores were totaled and unanimously the top rated firm was Vasquez & Company LLP.

Recommendation

Staff's recommendation is to proceed with a contract with Vasquez & Company LLP to provide Financial Statement Audit Services. Their proposal stood out based on the following qualities the committee felt were important for MWDOC.

1. They are local and have comparably more experience auditing water utilities.
2. Their proposed timeline coincides with MWDOC's preferred audit timeline.
3. Their pricing was in the middle and acceptable.



ACTION ITEM
May 17, 2017

TO: Board of Directors

FROM: **Administration & Finance Committee**
(Directors Thomas, Barbre, Finnegan)

Robert J. Hunter, General Manager

Staff Contacts: Hilary Chumpitazi

SUBJECT: Selection of Financial Consultant Services

STAFF RECOMMENDATION

It is recommended that the Board of Directors: Authorize the General Manager to enter into a professional services contract with Davis Farr LLP for Financial Consultant Services for up to five (5) years.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

Finance is looking for assistance with financials beyond the scope of what our auditors are allowed to do. Staff prepared and issued a Request for Proposals (RFP) for Financial Consultant Services, posted it to our website and CSMFO's website, as well as sent it to the following consultants:

- Lance, Soll & Lunghard, LLP
- Macias Gini & O'Connell, LLP
- Vasquez & Company, LLP
- The Pun Group
- Davis Farr, LLP
- Crowe Horwath
- Vavrinek, Trine, Day & Co. LLP

Budgeted (Y/N): Yes	Budgeted amount: \$80,000/year	Core <u>X</u>	Choice <u> </u>
Action item amount: \$40,000/year	Line item: 7040-2000-41		
Fiscal Impact (explain if unbudgeted):			

- Platinum Consulting Group

The RFP schedule is below:

Project Timeline	
Task Item	Completion Date
1. MWDOC release of RFP to Vendors	March 15, 2017
2. Deadline for Written Questions Regarding RFP	March 22, 2017
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5. Vendor Interviews (Tentative, if needed)	Weeks of April 17&24, 2017
6. Recommendation to the Administration & Finance Committee	May 10, 2017
7. Authorization by MWDOC Board	May 17, 2017
8. Contract Execution	May, 2017

Proposals and Proposal Evaluation

MWDOC received six proposals by the closing date:

- Davis Farr LLP
- Vavrinek, Trine, Day & Co. LLP
- Badawi & Associates
- Lance, Soll & Lunghard, LLP
- Rahban CPA & Consulting Inc.
- Eadie and Payne LLP

All six proposals received met the initial qualifying criteria and were reviewed by a Committee of Staff consisting of: Rob Hunter, Hilary Chumpitazi, Jeff Stalvey, Lina Gunawan and Mary Snow; who rated and scored each proposal individually.

The individual scores were totaled and the top rated firm was Davis Farr LLP.

Recommendation

Staff's recommendation is to proceed with a contract with Davis Farr LLP to provide Financial Consultant Services. Their proposal stood out based on the following qualities the committee felt were important for MWDOC.

1. They are local and have more experience with special districts. Their staff were also one of the highest in skill and knowledge.
2. Their proposal gave pricing on the specific initial projects listed in our RFP which was interpreted as they understood our requests and have enough experience to know how long it would take to complete.
3. Their pricing was in the middle and acceptable.

Administration Activities Report
April 7, 2017 to May 4, 2017

Item 9a

Activity	Summary
Administration/Board	<ul style="list-style-type: none"> • Maribeth has been scheduling meetings for Rob Hunter and other various meetings of the Board members. • Maribeth has been assisting Rob/Karl with various write ups and follow-up for the Committees and Board. • Maribeth continues to send the Water Supply Reports to the member agencies. • Maribeth coordinated the AB 1661 Harassment Prevention Training for the Board and staff. • Maribeth responded to two Public Records Act requests and is working with staff and legal counsel and will respond to two other Public Records Act requests. • Maribeth coordinated the Elected Officials Forum. • Pat has been scheduling meetings for Rob, Karl, Keith and Harvey, MET Directors' luncheon meeting, OC MET Managers, MWDOC Managers and ordering lunches for several meetings. • Pat proofed a proclamation and white paper for Public Affairs. • Pat registered staff and board members for conferences and events; scheduled travel for AWWA, CCEEB; ACC-OC Advocacy; ACWA State Leg. Comm.; ACWA Spring Conf., DC legislative initiatives, ACWA Federal Affairs Committee; SWRCB on emergency regs, CUWCC; and other misc. travel and/or workshops, which includes preparation of purchase requisitions and back-up. • Pat formatted and placed logos and signatures of member agency managers on coalition letters to legislators re legislative positions. • Pat prepared the managers' packet in PDF format and uploaded it to the MWDOC website.
MWDOC/OCWD Joint Administration	<ul style="list-style-type: none"> • No information to report.
Health Benefits	<ul style="list-style-type: none"> • No information to report.
Records Management	<ul style="list-style-type: none"> • Approximately 35 more boxes of documents have been purged. • 120 more boxes have been permanently withdrawn from Iron Mountain. Most of the documents will be purged. • The strike team continues to scan documents stored in the vault. • The strike team has been reduced to 1 person (which is all that is currently needed) and she continues scanning documents that are currently filed in the vault. Contents from eight (8) filing cabinets from the vault have been allocated for disposition and those cabinets will be removed and replaced with shelving for storage for Public Affairs and Water Use Efficiency marketing and event materials which will result in more efficient use of office space.

Records Management (continued)	<ul style="list-style-type: none"> • A meeting was held on April 28 with the consultant, Cathy, Katie and Pari to review and evaluate progress so far and determine what still needs to be completed within the current fiscal year. • An overview of all records management activities, including policies and procedures has been scheduled for all staff members on May 18 and May 19. • The consultant will meet individually with several staff members by June 30th to assist with determining disposition of "paper" files within offices. • A cost accounting of this project shows that staff will complete this project well under budget. Significant progress has been made during this fiscal year and a final report will be provided at the end of this year.
CalPERS	No information to report.
Agency Inquiries	No information to report.
Recruitment /Departures	<ul style="list-style-type: none"> • Offers have been made and the preemployment screening process is under way for one Water Use Efficiency Intern and the Water Resources Analyst position. • Recruitment efforts are underway for one Water Use Efficiency Intern to replace Ryann Douglass whose last day was April 25th. • Job descriptions are being developed for the Database Coordinator position. • The recruitment flyer for a part-time Administrative Assistant position is being finalized for distribution.
Other	
Projects and Activities	<ul style="list-style-type: none"> • Cathy participated in the personal interviews for the Water Resource Analyst position. • Cathy participated in the WEROC staff EOC monthly meeting held on April 24th. • As part of a cross training effort, Katie coordinated a training session for Administrative Staff on large document management and packet preparation. • Cathy is developing an RFP for space planning design work for the renovation of various conference rooms and work spaces. • Cathy, Katie and Matthew Conway met with Rob to review goals and objectives for the atrium renovation in preparation for the RFP. • Katie coordinated a Red Cross CPR training class which was held on April 17th. 9 MWDOC staff members and 3 member agency participants attended the training and received certification. • Katie and Cathy will be preparing an RFP for a classification and compensation study which is anticipated to be completed in Spring 2018.



INFORMATION ITEM

May 10, 2017

TO: Administration & Finance Committee
(Directors Thomas, Barbre, Finnegan)

FROM: Robert J. Hunter, General Manager

Staff Contact: Jeff Stalvey

SUBJECT: Finance and IT Pending Items Report

SUMMARY

The following list details the status of special projects that are in-progress or to be completed during FY 2016-17.

Description	% of Completion	Estimated Completion date	Status
<u>Finance</u>			
Further Implementation of WUE Landscape Programs Databases and Web Site.	On-going	On-going	In Progress
Preparation of documents for FY17-18 budget process.	90%	5-31-17	In Progress
2017 W-9 collection for water rebates. Currently holding 1 March and 3 April rebate checks, awaiting a completed W-9.	On-going	On-going	In Progress
RFP for Financial Consultant to assist with GASB 68 continued implementation, finances and annual financials.	90%	05-17-17	In Progress
RFP for new Auditors. Existing auditors have served us for 5 years.	90%	05-17-17	In Progress

<u>Information Technology</u>			
Network security issues (hackers, viruses and spam emails)	On-going	On-going	Continuous system monitoring
Get quotes and have Fire Suppression system installed in IT Server room	10%	6/30/17	On Hold

Description	% of Completion	Estimated Completion date	Status
<u>FY 2016-17 Completed Special Tasks</u>			
<u>Finance</u>			
Government Compensation in California Report 2016	100%	3/30/17	Completed
FY2015-16 Annual Audit by Vavrinek, Trine, Day & Company	100%	10-19-16	Completed
Annual Financial Statement Report FY2015-16	100%	10-19-16	Completed
State Controller Report preparation FY15-16	100%	1/15/2017	Completed
Prepare and file 2016 1099's. Mailed 3,834 1099-MISC forms. 104 W-9's were not submitted. Filed 3,723 1099's with IRS electronically on March 29 th .	100%	03-31-17	Completed
<u>Information Technology</u>			
Upgrade Server software for Data Server.	100%	3/31/17	Completed
Upgrade and deploy new Backup software with Cloud backup.	100%	3/31/17	Completed
Upgrade District Firewall.	100%	6/30/17	Completed
Upgrade HR ABRA Server (software)	100%	3/31/17	Completed
Upgrade and Migrate Record Management Server to Storage Area Network (SAN) Box, purchase new scanners.	100%	3/31/17	Completed
Upgrade computers and monitors for Staff.	100%	3/31/17	Completed
Purchase and install enclosed Server Racks.	100%	3/31/17	Completed



INFORMATION ITEM

May 17, 2017

TO: **Administration & Finance Committee**
(Directors Thomas, Osborne, Finnegan)

FROM: Robert Hunter, General Manager

Staff Contact: Kevin Hostert

SUBJECT: Monthly Water Usage Data, Tier 2 Projection, and Water Supply Info.

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file this information.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

The attached figures show the recent trend of water consumption in Orange County (OC), an estimate of Tier 2 volume for MWDOC, and selected water supply information.

Fig. 1 OC Water Usage, Monthly by Supply OCWD Groundwater water was the main supply in March.

Fig. 2 OC Water Usage, Monthly, Comparison to Previous Years Water usage in March 2017 was below average compared to the last 5 years. Lower usage can be associated with the large amounts of rainfall that occurred in the previous month and the outfall of the SWRCB's mandatory restrictions that were set in June of 2015. In June 2016, all water conservation became voluntary for MWDOC agencies.

Fig. 3 Historical OC Water Consumption OC water consumption is projected to be 511,000 AF in FY 2016-17 (*this includes ~15 TAF of agricultural usage and non-retail water agency usage*). This is about 18,000 AF more than FY 2015-16 and is about 52,000 AF less than FY 2014-15. Water usage per person is projected to be slightly higher than in FY 2016-17 for Orange County at 144 gallons per day (This includes recycled water). Although OC population has increased 20% over the past two decades, water usage has not increased, on

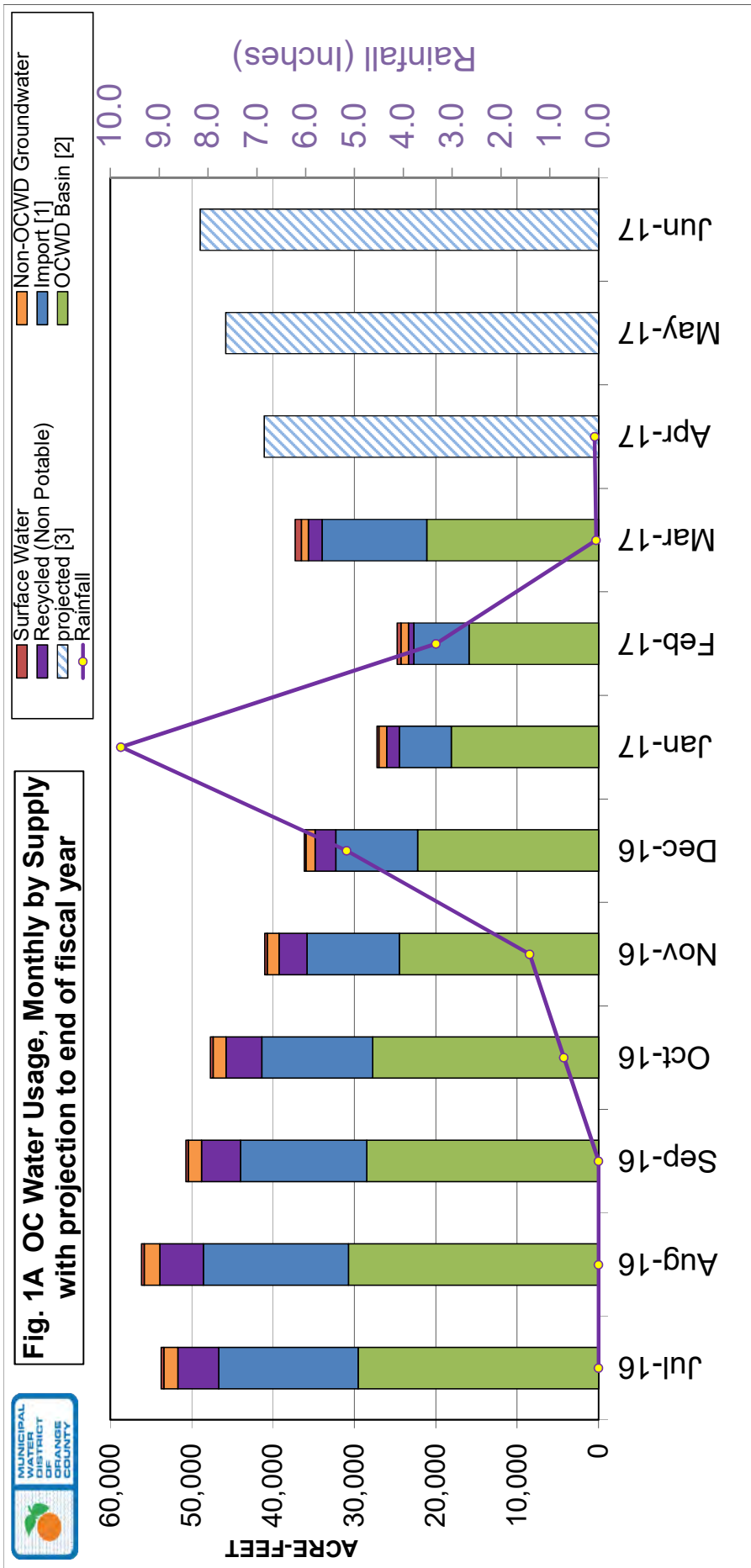
Budgeted (Y/N): N	Budgeted amount: N/A	Core <u>X</u>	Choice <u> </u>
Action item amount: N/A	Line item:		
Fiscal Impact (explain if unbudgeted):			

average. A long-term decrease in per-capita water usage is attributed mostly to Water Use Efficiency (water conservation) efforts.

MWDOC “Firm” Water Purchases, 2016 “Firm” water above the Tier 1 limit will be charged at the higher Tier 2 rate. Tier 2 purchases are zero in 2017.

Water Supply Information Includes data on: Rainfall in OC; the OCWD Basin overdraft; Northern California and Colorado River Basin hydrologic data; the State Water Project (SWP) Allocation, and regional storage volumes. The data has implications for the magnitude of supplies from the three watersheds that are the principal sources of water for OC. Note that a hydrologic year is Oct. 1st through Sept. 30th.

- Orange County’s accumulated rainfall through April was well above average for this period. Orange County has had below average rainfall for the past 5 hydrologic years.
- Northern California accumulated precipitation through April was around 203% of normal for this period. April 2017 rainfall well above the historical average for that month. The Northern California snowpack is 198% of normal as of May 1st. The State of California was in a declared Drought Emergency that started January 2014 and just recently ended in April of 2017. As of late April drought conditions have improved significantly and only 8% of California is still suffering from moderate or severe drought. The State Water Project Contractors Table A Allocation has increased to 85% as of the end of April.
- Colorado River Basin accumulated precipitation through April was 119% average for this period. The Upper Colorado Basin snowpack was 122% of normal as of April 3rd. This follows five below-average hydrologic years; the Colorado River Basin is in the recovery of a long-term drought. Lake Mead and Lake Powell combined have about 65% of their average storage volume for this time of year. If Lake Mead’s level falls below a “trigger” limit 1,075 ft. at the end of a calendar year, then a shortage will be declared by the US Bureau of Reclamation (USBR), impacting Colorado River water deliveries for the Lower Basin states. As of late April Lake Mead levels were 13’ above the “trigger” limit. The USBR predicts that the end of 2017 or the end of 2018 will not hit the “trigger” level.



- [1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water, "Barrier Replenishment" deliveries, and deliveries into Irvine Lake.
- [2] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '15-16 is 75%.
- [3] MWDOC's estimate of monthly demand is based on the projected FY 15-16 "Retail" water demand and historical monthly demand patterns.
- [4] Total water usage includes IRWD groundwater agricultural use and usage by non-retail water agencies.

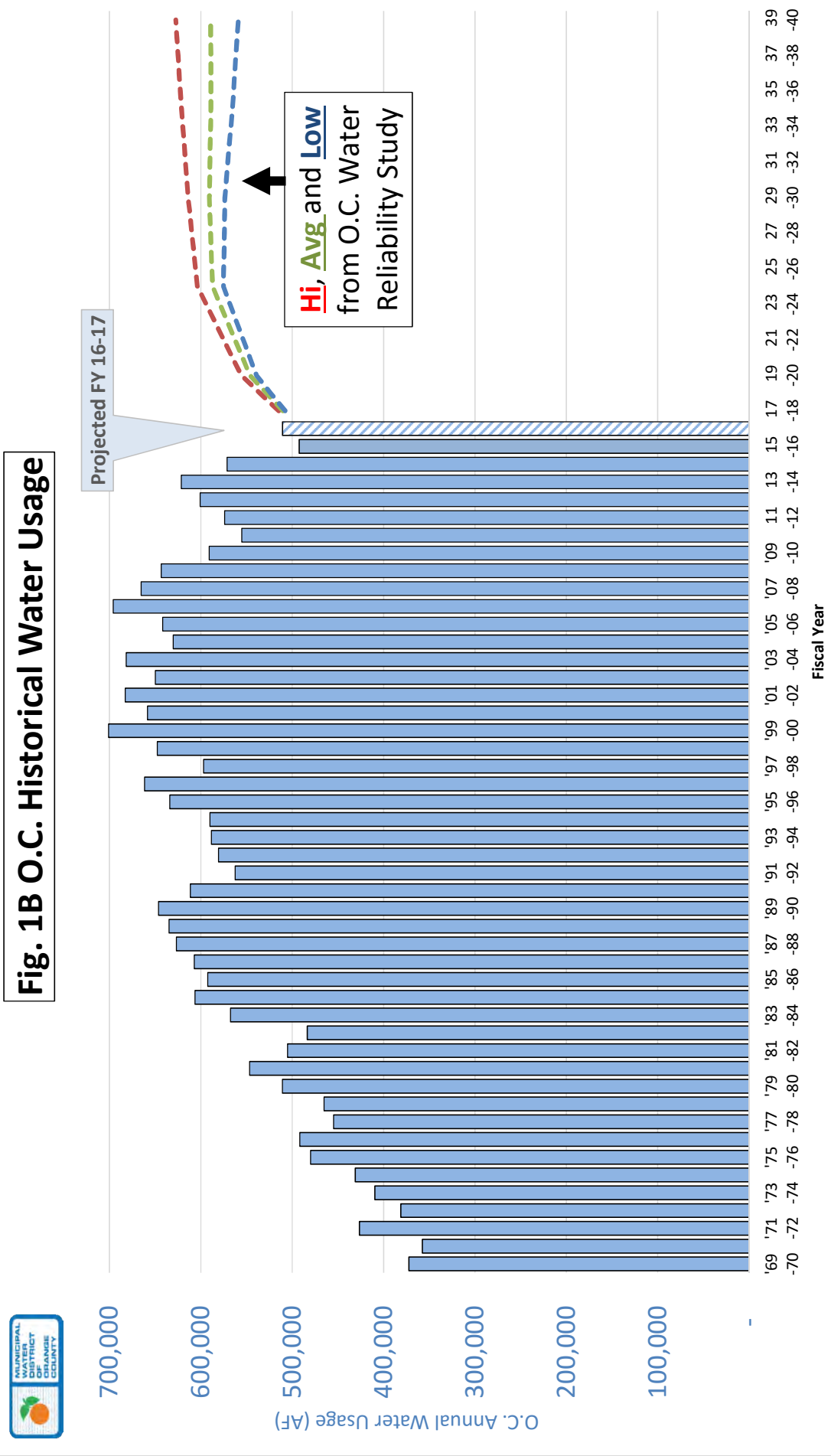
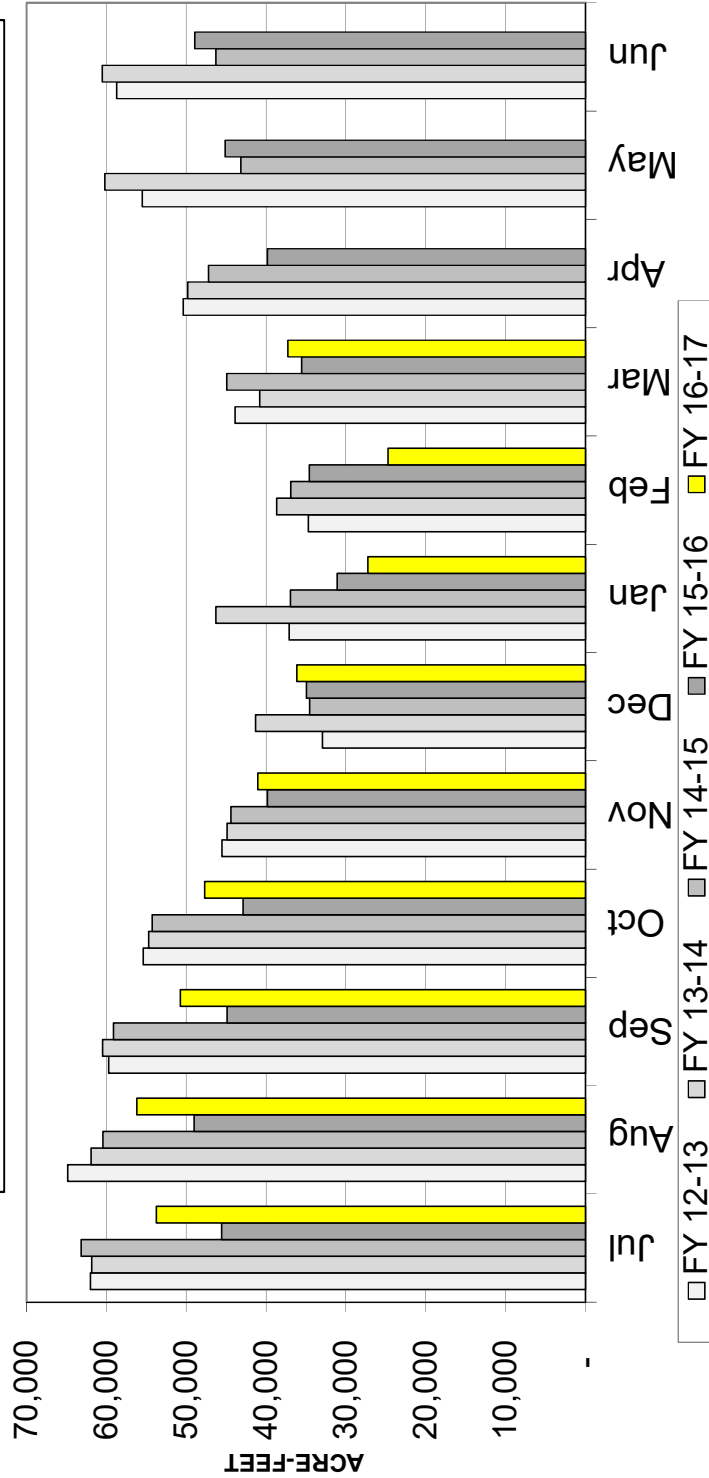


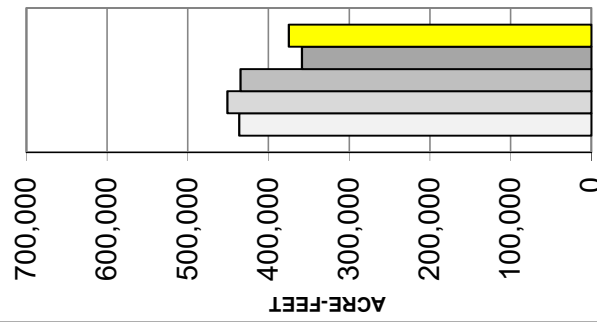


Fig. 2A OC Monthly Water Usage [1]: Comparison to Last 4 Fiscal Years

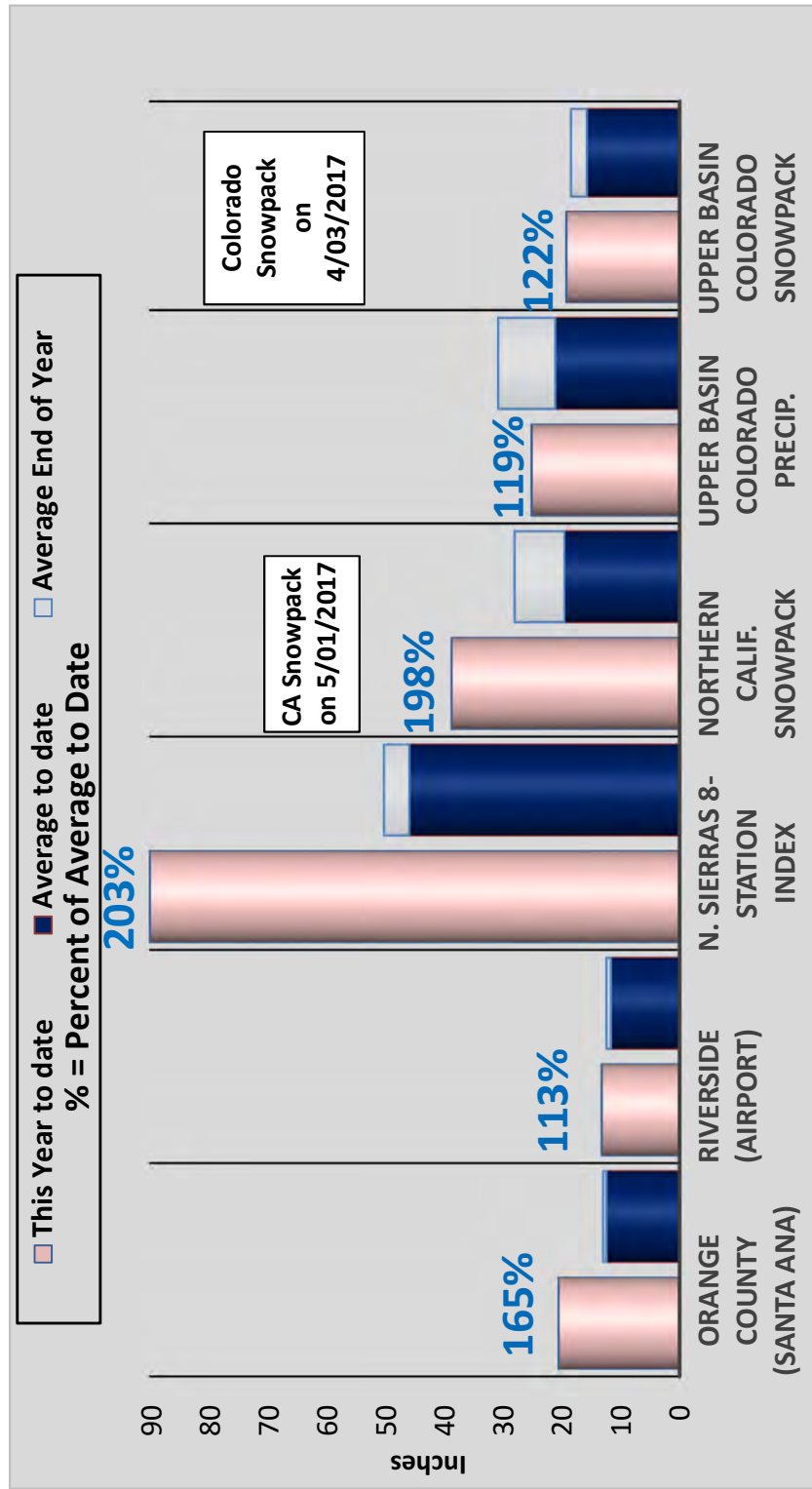


[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment" and "Barrier Replenishment") and Local water for consumptive use (includes recycled and non-potable water; excludes GWRS production, groundwater pumped to waste, and waste brine from water treatment projects.) Recent months numbers include some estimation.

Partial Year Subtotals



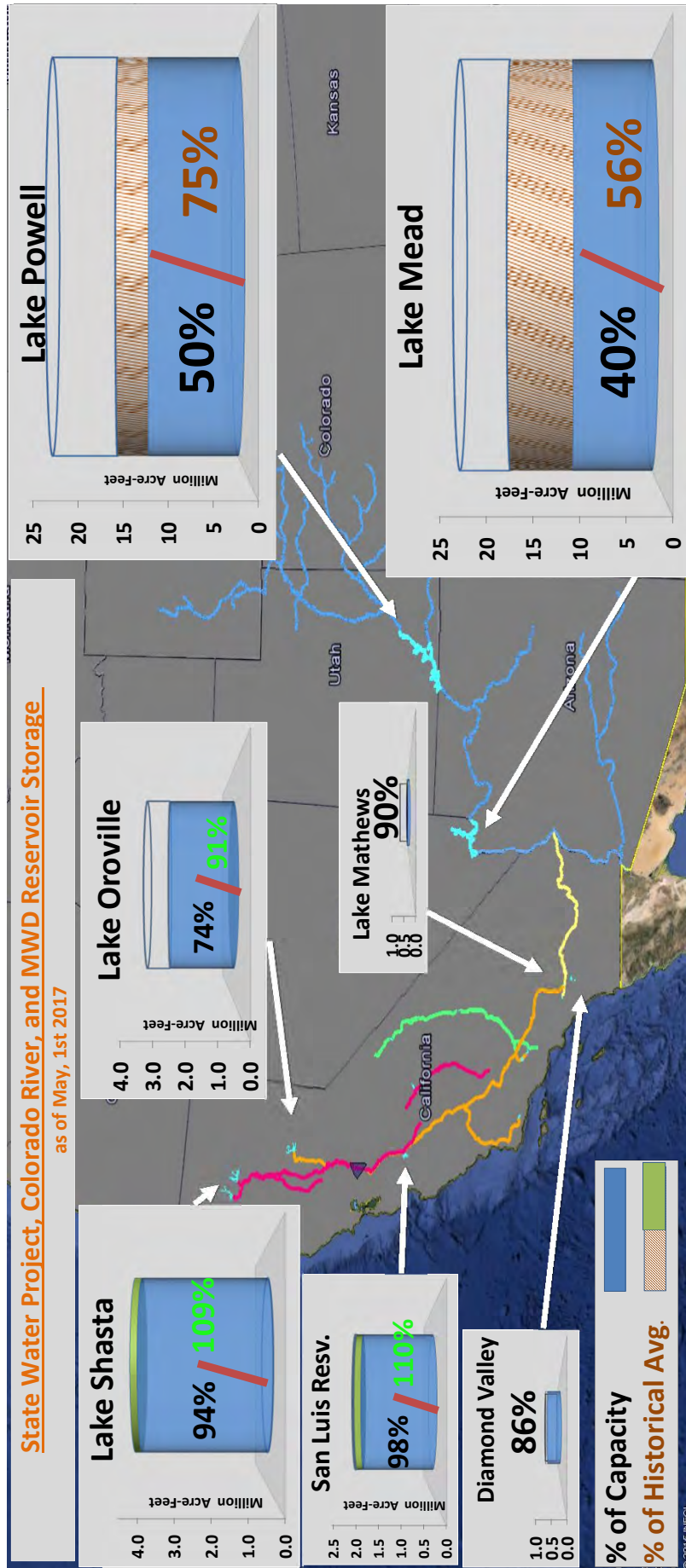
Accumulated Precipitation **for the Oct.-Sep. water year, through April 2017**



* The date of maximum snowpack accumulation (April 1st in Northern Calif. , April 15th in the Upper Colorado Basin) is used for year to year comparison.

State Water Project, Colorado River, and MWD Reservoir Storage

as of May, 1st 2017



Prepared by the Municipal Water District of Orange County
 Number one Subject to Change





SWP TABLE A ALLOCATION

FOR STATE WATER PROJECT CONTRACTORS

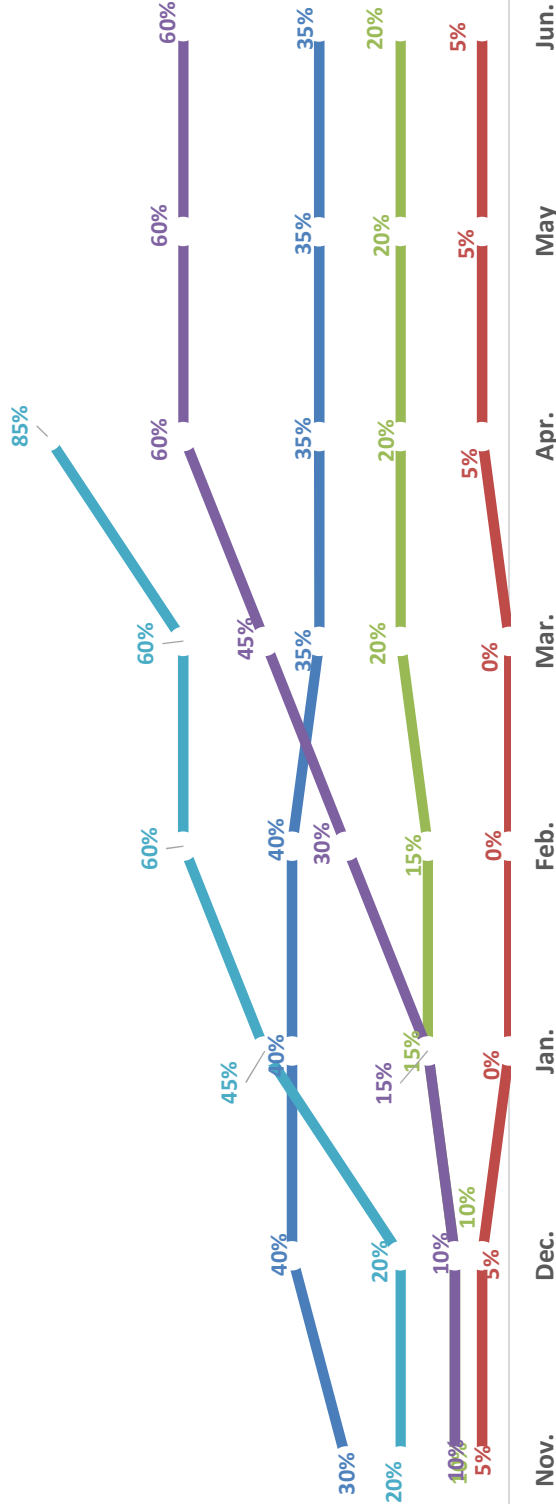
Final 2017: ???

Final 2016: 60%

Final 2013: 35%

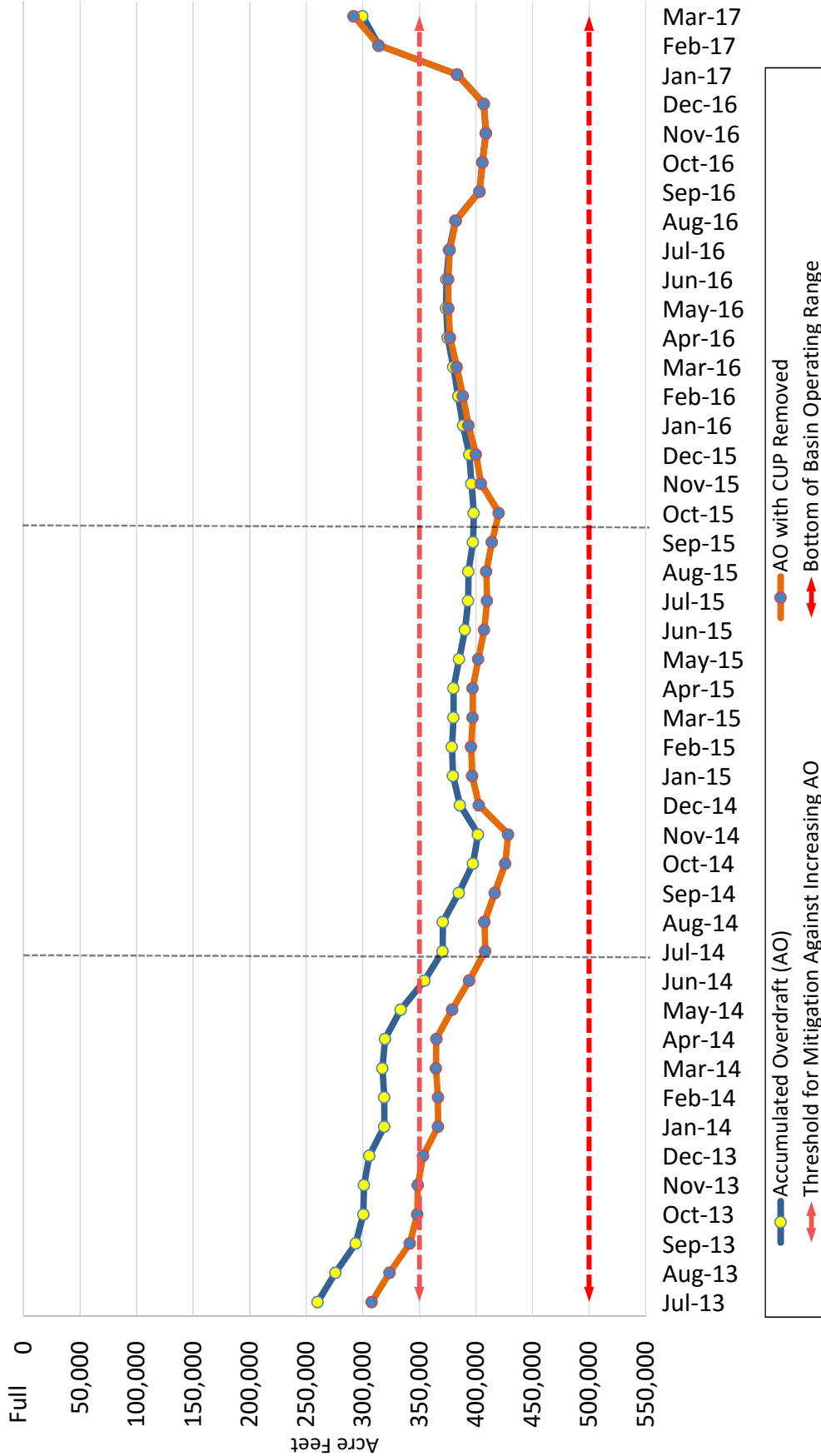
Final 2015: 20%

Final 2014: 5%



Water Year 2013 Water Year 2014 Water Year 2015 Water Year 2016 Water Year 2017

Accumulated Overdraft of the OCWD Groundwater Basin as of March 2017



	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
AO (AF)	393,062	393,310	397,441	398,116	395,923	394,176	388,571	384,332	379,876	374,994	373,576	373,784
AO w/CUP removed (AF)	409,934	409,934	414,215	420,145	404,421	400,033	393,463	388,409	382,993	377,233	375,634	375,506
AO (AF)	376,310	381,800	403,047	405,635	408,729	406,832	383,548	314,004	299,755			
AO w/CUP removed (AF)	376,864	382,340	403,223	405,811	408,906	407,009	383,548	314,004	299,931			



Historical Northern California April 1st Peak Snow Water Equivalent

