

MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
May 13, 2015, 8:30 a.m.
MWDOC Conference Room 101

Committee:

Director Thomas, Chairman
Director J. Finnegan
Director Osborne

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

Ex Officio Member: L. Dick

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>.

PRESENTATION

1. PRESENTATION BY KEITH STRIBLING OF HIGHMARK PORTFOLIO MANAGER REGARDING PARS (Approximate Presentation Time: 15 minutes)

PROPOSED BOARD CONSENT CALENDAR ITEMS

2. TREASURER'S REPORT
 - a. Revenue/Cash Receipt Report – April 2015
 - b. Disbursement Approval Report for the month of May 2015
 - c. Disbursement Ratification Report for the month of April 2015
 - d. GM Approved Disbursement Report for the month of April 2015
 - e. Water Use Efficiency Projects Cash Flow – April 30, 2015
 - f. Consolidated Summary of Cash and Investment – March 2015
 - g. OPEB Trust Fund monthly statement

3. FINANCIAL REPORT
 - a. Combined Financial Statements and Budget Comparative for the period ending March 31, 2015
 - b. Quarterly Budget Review

ACTION ITEMS

4. ADOPT AMENDED AND RESTATED ADMINISTRATIVE CODE
5. APPROVAL OF MWDOC's BUDGET FOR 2015-16
6. PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2015-16
7. DISTRICT BENCHMARK COMPENSATION STUDY AND APPROVAL OF MWDOC PAY STRUCTURE

DISCUSSION ITEM

8. DISCUSSION REGARDING LEGAL COUNSEL SERVICES
9. DISCUSSION RE ACWA/JPIA REFUND AND APPROPRIATE PLACEMENT OF FUNDS (oral report)

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.)

10. SOLE SOURCE PROFESSIONAL SERVICES CONTRACT WITH MICHELLE TUCHMAN
11. SOLE SOURCE PROFESSIONAL SERVICES CONTRACT WITH JESSICA OUWERKERK
12. INTERNAL REVENUE SERVICE PAYROLL AUDIT (oral report)
13. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION & WATER SUPPLY INFO
14. DEPARTMENT ACTIVITIES REPORTS
 - a. Administration
 - b. Finance and Information Technology

OTHER ITEMS

15. 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 2015

WATER REVENUES

Date	From	Description	Amount
04/03/15	City of La Habra	February 2015 Water deliveries	14,516.60
04/07/15	City of San Juan Capistrano	February 2015 Water deliveries	153,852.77
04/07/15	City of La Palma	February 2015 Water deliveries	6,315.69
04/07/15	City of Seal Beach	February 2015 Water deliveries	11,239.08
04/07/15	City of Newport Beach	February 2015 Water deliveries	183,652.89
04/10/15	Laguna Beach County Water District	February 2015 Water deliveries	250,457.06
04/10/15	City of Huntington Beach	February 2015 Water deliveries	904,507.43
04/13/15	South Coast Water District	February 2015 Water deliveries	377,589.93
04/13/15	El Toro Water District	February 2015 Water deliveries	550,634.95
04/13/15	Santa Margarita Water District	February 2015 Water deliveries	1,686,596.12
04/13/15	City of Garden Grove	February 2015 Water deliveries	436,456.88
04/14/15	Serrano Water District	February 2015 Water deliveries	465,891.55
04/14/15	City of Orange	February 2015 Water deliveries	447,034.30
04/15/15	Orange County Water District	February 2015 Water deliveries	530,973.61
04/15/15	East Orange County Water District	February 2015 Water deliveries	199,555.42
04/15/15	City of Westminster	February 2015 Water deliveries	257,041.38
04/15/15	Irvine Ranch Water District	February 2015 Water deliveries	1,156,207.39
04/15/15	Yorba Linda Water District	February 2015 Water deliveries	360,842.01
04/15/15	Golden State Water Company	February 2015 Water deliveries	288,017.04
04/15/15	Santiago Aqueduct Commission	February 2015 Water deliveries	84,333.25
04/15/15	Moulton Niguel Water District	February 2015 Water deliveries	1,727,131.40
04/17/15	City of Fountain Valley	February 2015 Water deliveries	23,534.52
04/24/15	City of Brea	March 2015 Water deliveries	230,408.75
04/24/15	City of La Habra	March 2015 Water deliveries	14,501.72
04/24/15	City of Huntington Beach	March 2015 Water deliveries	859,101.63
04/27/15	Trabuco Canyon Water District	March 2015 Water deliveries	17,397.92
04/27/15	City of Buena Park	March 2015 Water deliveries	256,016.82

TOTAL REVENUES \$ 11,493,808.11

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
April 2015

MISCELLANEOUS REVENUES

Date	From	Description	Amount
04/29/15	Paypal	ISDOC Registrations	575.28
04/13/15	Susan Hunt	May 2015 COBRA medical premium	689.89
04/24/15	Stan Sprague	May 2015 Retiree medical premium	212.59
04/17/15	Susan Hinman	Jan-Mar 2015 Director's Insurance contribution	320.73
04/10/15	Harvey De La Torre	Movie tickets	30.00
04/24/15	2 Checks	Movie tickets	88.00
04/14/15	Steve Hedges	Poinsettia plants - Employee purchase reimbursement	72.00
04/15/15	ACWA JPIA	Retrospective Premium Adjustment Insurance refund	73,461.31
04/17/15	Darcy Burke	iPad Buyout	150.00
04/13/15	Santa Margarita Water District	Easy Water Wise Gardening publication	491.40
04/07/15	City of San Juan Capistrano	January 2015 Turf Removal rebate program	1,474.40
04/13/15	Yorba Linda Water District	January 2015 Turf Removal rebate program	114.43
04/13/15	Golden State Water Company	February 2015 Turf Removal rebate program	3,190.77
04/15/15	City of Garden Grove	February 2015 Turf Removal rebate program	1,575.00
04/17/15	Laguna Beach County Water District	February 2015 Turf Removal rebate program	838.00
04/27/15	City of Buena Park	February 2015 Turf Removal rebate program	315.00
04/30/15	Santa Margarita Water District	February 2015 Turf Removal rebate program	273.20
04/02/15	Irvine Ranch Water District	December 2014 So Cal Watersmart Residential rebate program	30,096.80
04/13/15	El Toro Water District	January 2015 So Cal Watersmart Residential rebate program	1,936.40
04/13/15	Moulton Niguel Water District	January 2015 So Cal Watersmart Residential rebate program	23,388.53
04/13/15	El Toro Water District	February 2015 So Cal Watersmart Residential rebate program	1,509.05
04/24/15	Golden State Water Company	February 2015 So Cal Watersmart Residential rebate program	2,809.00
04/27/15	Trabuco Canyon Water District	February 2015 So Cal Watersmart Residential rebate program	250.00
04/30/15	Irvine Ranch Water District	February 2015 So Cal Watersmart Residential rebate program	31,981.37
04/13/15	Moulton Niguel Water District	Aug 2014-Feb 2015 Spray to Drip Commercial rebate program	8,152.20
04/13/15	Moulton Niguel Water District	Aug 2014-Jan 2015 Spray to Drip Residential rebate program	754.54
04/01/15	Bureau of Reclamation	Oct-Dec 2014 Industrial Process Water Use Phs 1 Final invoice	23,882.08
04/03/15	City of Anaheim	July-December 2014 School billing	10,707.20

TOTAL MISCELLANEOUS REVENUES	\$	219,339.17
TOTAL REVENUES	\$	11,713,147.28

Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2015**

Item 2b-d

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Core Expenditures:		
	Richard Ackerman	
1064	March 2015 Legal consulting on water policy issues	2,775.00
1067	April 2015 Legal consulting on water policy issues	2,575.00
	*** Total ***	5,350.00
	Adapt Consulting, Inc	
21832B	3,000 California Poppy seed packs promotional item	1,185.00
	*** Total ***	1,185.00
	Aleshire & Wynder LLP	
32528	March 2015 Legal services	2,284.10
	*** Total ***	2,284.10
	Alliance Resource Consulting	
MWDOC-03-01/02	April 2015 Services to recruit for the Director of Public Affairs position	9,000.00
	*** Total ***	9,000.00
	ALTA FoodCraft	
515041112	4/10/15 Coffee & tea supplies	347.09
	*** Total ***	347.09
	Best Best and Krieger LLP	
55401-MAR15	March 2015 Legal services	20,366.50
	*** Total ***	20,366.50
	CDM Smith	
80520747/4	March 2015 Engineering services for Water Reliability Investigation	6,465.00
	*** Total ***	6,465.00
	Creative Mgmt Solutions, Inc.	
#2	March 2015 Services for 2015 Compensation Plan update	4,200.00
	*** Total ***	4,200.00
	Finley & Cook PLLC	
SI0008833	6/5/15-6/5/16 Annual license fee for Jet Reports	957.60
	*** Total ***	957.60
	Fry's Electronics	
20795820	4/24/15 Computer supplies	175.72
	*** Total ***	175.72

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2015**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	G&E Engineering Systems, Inc.	
120.01-1	April 2015 Services for Siesmic Vulnerability and Recovery Assessment of North Orange County water supply system	19,859.31
	*** Total ***	19,859.31
	Ronald R. Gastelum	
MAR2015	March 2015 Strategic assistance on MET issues	7,500.00
	*** Total ***	7,500.00
	Genisys Corporation	
049690	1 Network server adapter	155.62
	*** Total ***	155.62
	Irvine Window Cleaning	
2733	4/7/15 Interior and exterior window cleaning	225.00
	*** Total ***	225.00
	Independent Special Dist of OC	
043015-APR15	April 2015 PayPal receipts for 4/30/15 meeting	493.05
	*** Total ***	493.05
	James C. Barker, P.C.	
105-0415	April 2015 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	Karen's Detail Custom Frames	
2632	Custom framing for Director photo	81.00
	*** Total ***	81.00
	Lewis Consulting Group, LLC	
1408	March 2015 Consulting services	4,687.50
1411	April 2015 Consulting services	3,812.50
	*** Total ***	8,500.00
	LexisNexis	
3190002874	2015 Renewal for web-based legislative tracking service	1,740.00
	*** Total ***	1,740.00
	Edward G. Means III	
MWDOC-1027	March 2015 Support on MET issues & strategic guidance to Engineering department	1,250.00
MWDOC-1028	April 2015 Support on MET issues & strategic guidance to Engineering department	2,062.50
	*** Total ***	3,312.50
	MyBinding.com	
100478705	Binding machine supplies	167.38
	*** Total ***	167.38

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2015**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	OCPC	
126184	2 Imprinted table covers for MWDOC events	803.21
	*** Total ***	803.21
	Orange County Water District	
14924	March 2015 50% of WACO expenses	225.00
14943	March 2015 Postage, shared office & maintenance expense	11,839.08
	*** Total ***	12,064.08
	Office Solutions	
I-00757698	4/6/15 Office supplies	53.99
I-00760605	4/13/15 Office supplies	129.60
I-00763560	4/23/15 Office supplies	847.48
I-00767591	4/28/15 Office supplies	84.07
I-00771545	5/6/15 Office supplies	135.39
	*** Total ***	1,250.53
	Top Hat Productions	
90259	4/16/15 Lunch for Managers's meeting	403.38
	*** Total ***	403.38
	Townsend Public Affairs, Inc.	
10755	April 2015 State legislative advocacy services	7,500.00
	*** Total ***	7,500.00
	U. S. HealthWorks Medical Group	
2687544-CA	4/10/15 New hire pre-employment exam	160.00
	*** Total ***	160.00
	USA Fact	
5042429	4/18/15 New hire background check	23.22
	*** Total ***	23.22
	Total Core Expenditures	<hr/> 122,569.29

Choice Expenditures:

	Chambers Group Inc.	
29639	March 2015 Baseline environmental monitoring for Doheny Ocean Desal project	3,467.50
	*** Total ***	3,467.50
	Discovery Science Center	
033115MWDOC	March 2015 School program	35,493.27
	*** Total ***	35,493.27

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2015**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	Fraser Communications	
15674	March 2015 Services for implementation of Value of Water plan	23,859.78
	*** Total ***	23,859.78
	Top Hat Productions	
90204	4/2/15 Lunch for WUE Workgroup meeting	357.37
	*** Total ***	357.37
	Total Choice Expenditures	<hr/> 63,177.92
Other Funds Expenditures:		
	AquaFicient Consulting	
02-071	March 2015 Landscape Performance Certification program funded by IRWD & MET	1,500.00
	*** Total ***	1,500.00
	Catalina Island Conservancy	
11328	2/5/15 Transportation provided for service technician to access radio repeater site	340.00
	*** Total ***	340.00
	ConserVision Consulting, LLC	
LPCP-229	March 2015 Consulting services for Landscape Performance Certification program	7,485.75
	*** Total ***	7,485.75
	The Ecology Center	
ECOL-1	1/1/15-2/16/15 Rain Barrel Distribution program-19 Rain barrels distributed	1,425.00
	*** Total ***	1,425.00
	GovConnection, Inc.	
52610386	12 Single-line phones for WEROC EOCs	469.80
	*** Total ***	469.80
	Hotel Program	
Y617677/Y619240	Accend Energy, Inc. (Hilton Garden Inn - Garden Grove)	8,350.00
	*** Total ***	8,350.00
	Laguna Beach County Water District	
LBCWD002	9/22/14-3/25/15 Rain Barrel Distribution program-82 Rain barrels distributed	12,300.00
	*** Total ***	12,300.00
	Mega Maids	
6971	April 2015 Cleaning services for WEROC S. EOC	140.00
6972	April 2015 Cleaning services for WEROC N. EOC	140.00
	*** Total ***	280.00

Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2015

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>Mission RCD</i>	
1755	March 2015 Field verifications for Water Use Efficiency rebate programs	27,748.81
	*** Total ***	27,748.81
	<i>Office Solutions</i>	
I-00767331	4/27/15 Office supplies for WEROC	175.14
I-00767763	4/28/15 Office supplies for WEROC	22.65
	*** Total ***	197.79
	<i>South Coast Water District</i>	
SCWD-14/15-1RB	1/1/15-3/31/15 Rain Barrel Distribution program-61 Rain barrels distributed	4,575.00
SCWD-14/15-5R	2/01/15-2/28/15 Residential Targeted Water Conservation program-MET funded	7,249.00
SCWD-14/15-6R	3/01/15-3/31/15 Residential Targeted Water Conservation program-MET Funded	19,450.00
3	2/01/15-2/24/15 Residential Targeted Water Conservation program-Grant funded	2,400.00
4	3/01/15-3/31/15 Residential Targeted Water Conservation program-Grant funded	2,700.00
	*** Total ***	36,374.00
	<i>Spray to Drip Program</i>	
S2D-BREA-1040	M. Jambusaria	175.00
S2D-FVLY-1006	L. Tisu	350.00
S2DC-MNWD-1001	Baja Finistera HOA (Lake Forest)	3,381.60
S2DC-MNWD-1001	Kite Hill Community Assoc. (Laguna Niguel)	108.00
S2D-MNWD-3020	B. Ngo	269.20
S2D-SCWD-1013	D. Zukowski	310.97
S2D-SCWD-1047	T. & C. Kartchner	525.00
S2D-SMWD-1034	N. Malik	350.00
S2D-SMWD-1041	D. Boihem	525.00
S2D-SMWD-3040	G. Venanzi	525.00
S2D-TSTN-1007	C. Suh	175.00
S2D-TSTN-1032	J. Arrington	525.00
	*** Total ***	7,219.77
	<i>Turf Removal Program</i>	
TR5W-BP-2407	Y. Oh	686.00
TR5-BREA-033	R. Moore	975.00
TR5-BREA-035	L. DiCesaris	1,530.00
TR5W-BREA-1805	E. Hallman	6,381.00
TR5W-BREA-2400	L. Donovan	6,159.00
TR5W-BREA-3525	P. Orland	4,350.00
TR5-WEST-011	R. Cowley	1,508.00
TR5-ET-018	Golden Rain Foundation (Laguna Woods)	16,176.00
TR5W-ETWD-2088	Aliso Park HOA (Lake Forest)	24,714.00
TR5W-ETWD-2435	R. Stock	1,998.00
TR5W-ETWD-2556	M. Juhl	936.00
TR5W-ETWD-2727	T. Tuchsche	1,590.75
TR5W-ETWD-3208	M. Montagna	2,904.00
TR5W-FV-2721	S. Kibel	806.00

Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2015

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR5W-FV-3122	L. Tisu	3,866.00
TR5W-FV-3623	L. Shaw	726.00
TR5W-GG-3025	A. White	3,216.00
TR5W-GG-3046	B. McIntosh	3,648.00
TR5-GSWC-074	R. Hollis	1,830.00
TR5-GSWC-092	Cypress Management Company (International Paper)	15,474.00
TR5-GSWC-093	Cypress Management Company (Mary Kay Cosmetics)	45,132.00
TR5-GSWC-101	H. Miyashiro	2,976.00
TR5-GSWC-102	W. Andreen	1,356.00
TR5W-GSWC-1286	R. Werbick	3,018.00
TR5W-GSWC-1630A	M. Metcalfe	119.68
TR5W-GSWC-2194	S. Edrich	5,444.00
TR5W-GSWC-2374	R. Arie	2,304.00
TR5W-GSWC-2637	P. Cheung	1,008.00
TR5W-GSWC-2752	C. Hause	3,926.00
TR5W-GSWC-2922528	R. Graether	1,350.00
TR5W-GSWC-3222	C. Goh	1,104.00
TR5W-GSWC-3297	W. Stewart	778.00
TR5W-GSWC-3335	D. Garcia	1,104.00
TR5-HB-096	N. Enright	3,618.00
TR5-HB-103	D. Prohaska	1,548.00
TR5-HB-105	P. Wade	1,228.00
TR5-HB-107	R. Miller	508.00
TR5-HB-113	T. Marlow	1,620.00
TR5-HB-116	C. Levin	1,422.00
TR5W-HB-2687	R. Frederickson	1,700.00
TR5W-HB-2757	J. Walsh	800.00
TR5W-HB-3134	R. Hunter	864.00
TR5W-HB-3217	TK Real Estate	1,992.00
TR5W-HB-3219	F. Furry	1,200.00
TR5W-HB-3224	D. Stair	1,012.00
TR5W-HB-3337	M. Conley	596.00
TR5W-HB-3346	J. Judge	604.00
TR5W-HB-3364	C. Hendricks	1,570.00
TR5W-HB-3366	W. Kanbara	2,320.00
TR5W-HB-3448	W. Calhoun	1,674.00
TR5W-HB-3456	J. Zenk	1,504.00
TR5W-HB-3610	S. Singer	2,148.00
TR5W-HB-3639	J. Dorman	922.00
TR5-IRWD-258	I. Ali	708.00
TR5-IRWD-273A	Harvard Square Maint. Assn. (Irvine)	30,900.00
TR5-IRWD-273B	Harvard Square Maint. Assn. (Irvine)	12,004.00
TR5-IRWD-273D	Harvard Square Maint. Assn. (Irvine)	12,440.00
TR5-IRWD-326	J. Sears	674.00
TR5-IRWD-331	M. Drinkwater	1,150.00
TR5W-IRWD-1096D	A. Jabara	250.00
TR5W-IRWD-1926D	G. Ashton	1,426.00

Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2015

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR5W-IRWD-2229	K. Gentile	502.00
TR5W-IRWD-2333	C. Olson	712.00
TR5W-IRWD-2448D	E. McCollum	40.00
TR5W-IRWD-2477	J. Passamano	1,608.00
TR5W-IRWD-2667	A. Cheng	932.00
TR5W-IRWD-2683	Irvine Co. (Irvine)	5,260.00
TR5W-IRWD-2962022	Northwood Horizon Homeowners (Irvine)	13,794.00
TR5W-IRWD-3028	S. Rynders	894.00
TR5W-IRWD-3192	K. Beckmann	1,396.00
TR5W-IRWD-3373	C. Leontiev	1,336.00
TR5W-IRWD-3435	C. Sukert	9,520.00
TR5W-IRWD-3465	R. Mills	1,992.00
TR5W-IRWD-3531	S. Keith	874.00
TR5W-IRWD-3582	R. Eisen	1,444.00
TR5W-LB-1043D	J. Schroeder	2,370.00
TR5-LH-012	W. Mahoney	2,400.00
TR5-MESA-056	M. Yule	1,260.00
TR5-MESA-063	S. Jacques	5,250.00
TR5-MESA-069	C. Pelletier	908.00
TR5W-MESA-3012	C. Wright	5,486.00
TR5-MNT-163A	Rancho Niguel HOA (Laguna Niguel)	11,140.50
TR5-MNT-163B	Rancho Niguel HOA (Laguna Niguel)	13,234.50
TR5W-MNT-2095	M. Jansta	735.00
TR5W-MNT-2482	K. Reed	4,812.50
TR5W-MNT-2572	D. Weiss	3,830.00
TR5W-MNT-2634	L. Damonte	2,478.00
TR5W-MNT-2654	D. Calvert	11,735.00
TR5W-MNT-2670	M. Sahni	6,775.00
TR5W-MNT-2671	L. Folks	1,330.00
TR5W-MNT-2680	B. Naderi	9,295.00
TR5W-MNT-2952568	G. Craycraft	5,495.00
TR5W-MNT-3133	D. Witter	1,350.00
TR5W-MNT-3204	H. Paige	2,877.00
TR5W-MNT-3210	M. Towhidian	5,558.00
TR5W-MNT-3216	V. Lostrom	4,225.00
TR5W-MNT-3307	C. Bradford	4,241.46
TR5W-MNT-3356	K. Lui	2,207.00
TR5W-MNT-3442	A. Krishna	1,375.00
TR5W-MNT-3500	J. Robertson	3,790.00
TR5W-MNT-3570	D. Luckman	2,125.00
TR5W-MNWD-1119D	L. Donatich	3,615.00
TR5-NWPT-008	C. Kopitzke	2,280.00
TR5W-NWPT-2442	G. Gardner	2,020.00
TR5W-NWPT-3034	J. Laufer	2,380.00
TR5W-NWPT-3115	P. Percival	2,528.00
TR5W-NWPT-3408	M. & K. Stassel	2,560.00
TR5W-NWPT-3506	E. Ulyett	880.00

Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2015

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR5W-O-1213D	City Terrace Assoc., LTD (Orange)	81,184.00
TR5W-O-1626	P. Buttress	578.00
TR5W-O-2253	J. Woody	1,504.00
TR5W-O-2695	N. Juliani	1,534.00
TR5W-O-2710	C. Bishop	2,386.00
TR5W-O-3106	B. Praet	5,896.00
TR5W-O-3270	G. Davis	3,680.00
TR5W-O-3298	J. Jaswell	1,346.00
TR5W-O-3319	D. Morse	536.00
TR5-SC-102	J. Valentine	1,330.00
TR5W-SC-1503	T. O'Neill	810.00
TR5W-SC-2139	L. Hopper	1,852.00
TR5W-SC-2471	B. Panas	3,921.70
TR5W-SC-2605	J. Kemp	1,084.00
TR5W-SC-2644	R. Unique	750.00
TR5W-SC-3059	R. Guilliams	1,004.00
TR5W-SC-3117	J. Stafford	752.00
TR5W-SC-3186	M. Nicholson	864.00
TR5W-SC-3264	R. O'Malley	584.00
TR5W-SC-3294	K. Holmes	2,208.00
TR5-SJC-034	D. Michael	1,154.00
TR5-SJC-050	L. Kramer	930.00
TR5W-SJC-1404	R. Howe	4,466.00
TR5W-SJC-2117	Mesa & Loma Vista Park (San Juan Capistrano)	23,166.00
TR5W-SJC-2579	Village San Juan HOA (San Juan Capistrano)	4,392.00
TR5W-SJC-3561	J. Balaban	818.00
TR5-SM-127	CZ Master Association (Trabuco Canyon)	17,400.00
TR5-SM-128	CZ Master Association (Trabuco Canyon)	35,000.00
TR5-SM-129	CZ Master Association (Trabuco Canyon)	5,738.00
TR5-SM-180	F. Shaker	210.00
TR5-SM-183	J. Billings	1,132.00
TR5W-SM-1292	C. Thomas	292.00
TR5W-SM-1872	G. Kuhl	1,922.00
TR5W-SM-2181	C. Coker	772.00
TR5W-SM-2246	C. Nguyen	1,136.00
TR5W-SM-2487	J. Safabash	7,762.00
TR5W-SM-2594	D. McCall	2,208.00
TR5W-SM-2703	G. Christensen	1,328.00
TR5W-SM-2732	T. Real	1,098.00
TR5W-SM-2755	R. Herr	2,520.00
TR5W-SM-3088	S. McClaine	690.00
TR5W-SM-3415	J. Giampolo	338.00
TR5W-SM-3508	J. O'Connell	1,650.00
TR5W-SM-3548	M. Croft	976.00
TR5W-SM-3694	K. Cancio	848.00
TR5W-SM-3716	J. Leontas	690.00
TR5W-SOCO-073	J. Beyer	572.00

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2015**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR5W-SOCO-1134D	Niguel Shores Community Association (Dana Point)	294,858.00
TR5W-SOCO-2694	M. Ellis	610.00
TR5W-SOCO-3368	J. Boehm	1,674.00
TR5W-SOCO-3436	L. Nguyen	1,476.00
TR5W-SWD-2724	C. Covington	8,696.00
TR5-TUST-015	M. Feliciano	1,912.00
TR5W-TUST-1679	K. Rowe	3,026.00
TR5W-TUST-2316	D. Robinson	2,322.00
TR5W-TUST-2464	SEBCO, Inc. (Tustin)	20,644.00
TR5W-TUST-3137	D. Paschall	2,356.00
TR5W-WEST-1068	WRI West Gate South (Westminster)	40,534.00
TR5W-YLWD-1281	L. McCool	792.00
TR5W-YLWD-3052	S. Marion	4,456.00
TR5W-YLWD-3054	S. Johnson	2,006.00
	*** Total ***	1,048,719.09
	Total Other Funds Expenditures	1,152,410.01
	Total Expenditures	1,338,157.22

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2015**

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
Core Disbursements:				
128266	4/8/15	TIMEWA	Time Warner Cable	
		5210-APR15	April 2015 Telephone and internet expense	941.59
			***Total ***	941.59
	4/15/15	ACKEEX	Linda Ackerman	
128267		033115	March 2015 Business expense	81.65
128268		MAR2015	March 2015 MET Director compensation	2,565.50
			***Total ***	2,647.15
128274	4/15/15	BELLRI	Richard Bell	
		022815	February 2015 Business expense	41.00
			***Total ***	41.00
128278	4/15/15	DELAGE	De Lage Landen Public Finance	
		44977454	April 2015 Canon copier lease	509.00
			***Total ***	509.00
128279	4/15/15	DINHPA	Patrick Dinh	
		040715	March 2015 Business expense	27.45
			***Total ***	27.45
128283	4/15/15	IRONMO	Iron Mountain	
		LHJ8921	April 2015 Storage/retrieval of archived documents	446.18
			***Total ***	446.18
128288	4/15/15	TIMEWA	Time Warner Cable	
		3564-APR15	April 2015 Telephone expense for 4 analog fax lines	140.38
			***Total ***	140.38
	4/15/15	BARBCO	Brett Barbre	
ACH001401		MAR2015	March 2015 MET Director compensation	2,565.50
ACH001402		033115	March 2015 Business expense	243.23
			***Total ***	2,808.73
	4/15/15	DICKCO	Larry Dick	
ACH001405		MAR2015	March 2015 MET Director compensation	2,565.50
ACH001406		033115	March 2015 Business expense	185.77
			***Total ***	2,751.27
ACH001411	4/15/15	BAEZHE	Heather Baez	
		033115	March 2015 Business expense	139.19
			***Total ***	139.19

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2015**

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
ACH001412	4/15/15	CHUMPI 033115	Hilary Chumpitazi March 2015 Business expense ***Total ***	 318.62 318.62
ACH001413	4/15/15	HINMAN 033115	Susan Hinman March 2015 Business expense ***Total ***	 380.80 380.80
ACH001414	4/15/15	MCKECO MAR2015	Larry B. McKenney March 2015 MET Director compensation ***Total ***	 2,565.50 2,565.50
ACH001415	4/15/15	GUTIER 033115	Marey Gutierrez March 2015 Business expense ***Total ***	 58.80 58.80
ACH001429	4/15/15	HUNTER 022715	Robert J. Hunter February 2015 Business expense ***Total ***	 5.53 5.53
ACH001430	4/15/15	SECKEL 030115	Karl Seckel December 2014-February 2015 Business expense ***Total ***	 128.49 128.49
ACH001432	4/15/15	THOMAS 033115	Jeffery Thomas March 2015 Business expense ***Total ***	 104.65 104.65
ACH001435	4/15/15	VERIZO 9742828220	Verizon Wireless March 2015 4G Mobile broadband unlimited service ***Total ***	 38.01 38.01
128542	4/30/15	C3OFFI INV37226	C3 Office Solutions LLC April 2015 Canon copier maintenance ***Total ***	 310.71 310.71
128546	4/30/15	DINHPA 040715A	Patrick Dinh April 2015 Business expense ***Total ***	 34.50 34.50
128549	4/30/15	USBANK 6533-MAR15	U.S. Bank 2/23/15-3/23/15 Cal Card charges ***Total *** (See attached sheet for details)	 13,713.61 13,713.61

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2015**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
ACH001437	4/30/15	BACATI	Tiffany Baca	
		040815	March-April 2015 Business expense	168.33
			***Total ***	168.33
ACH001438	4/30/15	BERGJO	Joseph Berg	
		040815	March-April 2015 Business expense	48.21
			***Total ***	48.21
	4/30/15	FINNEG	Joan Finnegan	
ACH001439		033115	March 2015 Business expense	131.23
ACH001440		022815	February 2015 Business expense	88.68
			***Total ***	219.91
ACH001441	4/30/15	HARRIS	Cathleen M. Harris	
		043015	April 2014 Business expense	216.00
			***Total ***	216.00
Total Core Disbursements				28,763.61

Choice Disbursements:

128548	4/30/15	SDGE	San Diego Gas and Electric	
		7768-APR15	3/22/15-4/21/15 Electrical service for Doheny Desal project	219.81
			***Total ***	219.81
Total Choice Disbursements				219.81

Other Funds Disbursements:

128272	4/15/15	ATTUVEOC	AT&T	
		8599-APR15	April 2015 U-verse internet service for N. EOC	45.00
			***Total ***	45.00
128285	4/15/15	MESAWA	Mesa Water	
		8464	February 2015 Water deliveries credit for Local Resources program	5,126.33
			***Total ***	5,126.33
ACH001404	4/15/15	STOCKB	Brandon Stock	
		033115	March 2015 Business expense	70.27
			***Total ***	70.27

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2015**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
128541	4/30/15	ATTEOC	AT&T	
		4492-APR15	April 2015 S. EOC telephone expense	226.80
		8200-APR15	April 2015 N. EOC telephone expense	166.18
		0532-APR15	April 2015 N. EOC dedicated phone line	56.70
			***Total ***	449.68
128543	4/30/15	CATALI	Catalina Island Conservancy	
		11305	April 2015 WEROC radio repeater site lease	1,558.54
			***Total ***	1,558.54
128549	4/30/15	USBANK	U.S. Bank	
		5783-MAR15	2/23/15-3/23/15 Cal Card charges	564.51
			***Total ***	564.51
			(See attached sheet for details)	
ACH001442	4/30/15	HUBBAR	Kelly Hubbard	
		033115	February-March 2015 Business expense	120.67
			***Total ***	120.67
ACH001446	4/30/15	SANTAM	Santa Margarita Water District	
		FEB2015	February 2015 SCP Operation surcharge	18,199.41
			***Total ***	18,199.41
ACH001447	4/30/15	SPRINT	Sprint	
		320982721-128	April 2015 WEROC cell phone expense	42.23
			***Total ***	42.23
WIRE-150430	4/30/15	METWAT	Metropolitan Water District	
		8288	February 2015 Water deliveries	10,489,681.63
			***Total ***	10,489,681.63
			Total Other Funds Disbursements	10,515,858.27
			Total Disbursements	10,544,841.69

Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

Cal Card Statement Detail
Statement Date: March 23, 2015
Payment Date: April 30, 2015

Date	Description	Amount
<u>K. Seckel Card</u>		
02/23/15	5 Toner cartridges for Ricoh color printer	\$ 334.80
02/24/15	Packaging for FedEx shipment on Feb. 23, 2015	13.49
02/24/15	UPS delivery charges for Board & Committee packets on Feb. 12, 2015	7.71
02/23/15	ACWA DC conference in Washington, DC from Feb. 25-26, 2015 - Airfare seat charge for R. Hunter	155.62
02/24/15	Fred Pryor seminar in Anaheim, CA on Mar. 26, 2015 - Registration for P. Dinh	179.00
02/24/15	Apple iPad repair	160.00
02/25/15	FedEx delivery charges for Feb. 25, 2015 DC Luncheon presentation items	434.02
02/25/15	Lunch for O.C. MET Managers' meeting	138.44
02/25/15	California Water Policy conference in Claremont, CA from Mar. 19-20, 2015 - Registration for R. Bell	399.00
02/23/15	2 AWWA Water Audits and Loss Control Programs books	189.50
02/25/15	ACWA DC conference in Washington, DC from Feb. 25-26, 2015 - Airfare change for Director Tamaribuchi	1,100.00
02/25/15	ACWA DC conference in Washington, DC from Feb. 25-26, 2015 - Airfare seat charge for R. Hunter	80.93
02/26/15	ACWA DC conference in Washington, DC from Feb. 25-26, 2015 - Accommodations for H. Baez	963.06
02/26/15	Annual subscription for SurveyMonkey software	228.00
02/26/15	ACWA DC conference in Washington, DC from Feb. 25-26, 2015 - Refund for airfare seat charge for R. Hunter	(77.81)
02/28/15	Legislative activities in Sacramento, CA on Feb. 27, 2015 - Accommodations for H. Baez	183.00
02/26/15	Cal Desal Board meeting in Sacramento, CA on Mar. 26, 2015 - Airfare for K. Seckel	261.20
02/26/15	Legislative activities in Washington, DC from Feb. 24-26, 2015 - Accommodations for Director Barbre	706.78 1
02/27/15	ACWA DC conference in Washington, DC from Feb. 25-26, 2015 - Accommodations for R. Hunter	1,319.77
02/27/15	ACWA DC conference in Washington, DC from Feb. 25-26, 2015 - Accommodations for Director Tamaribuchi	1,267.53
02/27/15	Partners in Emergency Preparedness conference in Tacoma, WA from Apr. 13-16, 2015- Airfare for K. Hubbard	295.20
03/03/15	UPS delivery charges for Board & Committee packets on Feb. 24, 2015	61.11
03/02/15	ACWA State Legislative Committee meeting in Sacramento, CA on April 10, 2015 - Airfare for H. Baez	498.20
03/02/15	ACWA Legislative symposium in Sacramento, CA on Mar. 4, 2015 - Airfare for H. Baez	454.20
03/04/15	California Emergency Services Association 2015 membership for B. Stock	75.00

Cal Card Statement Detail
Statement Date: March 23, 2015
Payment Date: April 30, 2015

Date	Description	Amount
03/05/15	California Association of Public Information Officials - Refund for canceled membership	(200.00)
03/05/15	ACWA Legislative symposium in Sacramento, CA on Mar. 4, 2015 - Accommodations for H. Baez	288.91
03/05/15	ACWA Legislative symposium in Sacramento, CA on Mar. 4, 2015 - Accommodations for Director Tamaribuchi	183.00
03/09/15	FedEx delivery charges for Feb. 25, 2015 DC Luncheon to return presentation items	72.43
03/09/15	Monthly license fee for Adobe Creative Cloud software	119.97
03/10/15	UPS delivery charges for Board & Committee packets on Jan. 30, Feb. 10 & 26, 2015	64.70
03/12/15	Public Agency Risk Managers Association annual membership renewal	75.00
03/14/15	FedEx delivery charges for Board of Supervisors on Mar. 12, 2015	14.94
03/17/15	UPS delivery charges for Board & Committee packets on Mar. 10, 2015	59.85
03/18/15	American Water Works Association Sustainable Water Management conference in Portland, OR from Mar. 16-18, 2015 - Accommodations for M. Baum-Haley	285.11
03/18/15	Governmental Accounting, Auditing & Financial Reporting e-book	129.00
03/19/15	2 Roku 3 Streaming Players for WEROC	194.31
03/19/15	Regal movie tickets for employee purchase	808.00
03/19/15	Government Finance Officers Association New Pension Accounting internet training - Registration for H. Chumpitazi	85.00
03/20/15	Annual maintenance for Ricoh color printer	350.00
03/20/15	Sympathy flowers	133.14
03/20/15	The Bond Buyer's Annual conference in San Francisco, CA from Oct. 21-23, 2015 - Registration for Director Barbre	95.00
03/20/15	Southern California Water Committee Quarterly meeting in Rancho Santa Margarita, CA on April 24, 2015 - Registration for H. Baez	70.00
03/20/15	California Special Districts Association 2015 Special Districts Legislative Days in Sacramento, CA from May 19-20, 2015 - Registration for H. Baez	175.00
03/22/15	California Special Districts Association 2015 Special Districts Legislative Days in Sacramento, CA from May 19-20, 2015 - Accommodations for H. Baez	328.01
Total		<u>\$ 12,759.12</u>

¹ Director Barbre reimbursed MWDOC \$200.12

Cal Card Statement Detail
Statement Date: March 23, 2015
Payment Date: April 30, 2015

<u>Date</u>	<u>Description</u>	<u>Amount</u>
<u>R. Hunter Card</u>		
02/23/15-03/23/15	Meals for R. Hunter's meetings on various dates	\$ 249.67
02/26/15-02/27/15	ACWA DC conference in Washington, DC from Feb. 25-26, 2015 - Parking & transportation for R. Hunter	131.70
02/25/15	ACWA DC dinner on Feb. 25, 2015	1,137.63
Total		<u><u>\$ 1,519.00</u></u>

Municipal Water District of Orange County
GM Approved Disbursement Report ⁽¹⁾
For the month of April 2015

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
Core Disbursements:				
Total Core Disbursements				<u>0.00</u>
Choice Disbursements:				
Total Choice Disbursements				<u>0.00</u>
Other Funds Disbursements:				
Total Other Funds Disbursements				<u>0.00</u>
Total Disbursements				<u><u>0.00</u></u>

No items to report

Robert J. Hunter, General Manager

Hilary Chumpitazi
Hilary Chumpitazi, 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 4/30/15**

	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015	TOTALS
Cash - Beginning Balance	\$ 219,315.71	\$ 149,503.52	\$ 117,166.51	\$ (72,752.89)	\$ (515,992.26)	\$ (1,608,905.27)	\$ (1,749,480.08)	\$ (2,229,756.57)	\$ (4,265,760.81)	\$ (5,320,257.77)	\$ (5,391,808.45)	\$ (5,391,808.45)	
REVENUES:													
BUREC					160,398.14					23,882.08			\$ 184,280.22
City of Brea	3,448.00	328.00	69.00	2,812.00	1,164.00	663.00		10,742.69	8,892.00				\$ 28,118.69
City of Buena Park					1,164.00	810.00		105.00	1,188.52	315.00			\$ 2,418.52
City of Fountain Valley							399.00						\$ 474.00
City of Fullerton	75.00	75.00	346.30	955.93	468.30	150.00		303.10	75.00				\$ 2,448.63
City of Garden Grove		255.00	810.00	282.68	1,755.00	2,715.26	630.00	2,205.00	1,338.46	1,575.00			\$ 11,576.40
City of Huntington Beach				433.85	75.00	279.09		144.00					\$ 931.94
City of La Habra		105.00		105.00		840.00	744.00	528.18					\$ 2,322.18
City of San Clemente	600.00	1,965.00	2,145.00	1,449.98	3,575.29	4,695.00	1,845.00	3,150.00	2,385.00				\$ 21,810.27
City of San Juan Capistrano	105.00	735.00		1,470.00		4,140.00		2,636.35		1,474.40			\$ 12,345.75
City of Santa Ana		157.68			369.00		300.00		75.00				\$ 526.68
City of Tustin				225.00	300.00	189.00		144.00					\$ 600.00
City of Newport Beach					300.00								\$ 633.00
City of Orange	630.00	1,050.00	1,020.00	1,655.49	3,228.00	2,615.48	2,254.34	2,843.66	2,720.40				\$ 18,017.37
City of Westminster		19.97		34.44									\$ 54.41
Department of Water Resources									7,659.90				\$ 7,659.90
El Toro Water District	2,703.99	2,717.00	1,576.00	6,802.99	2,966.79	3,048.00	2,646.52	1,354.55		3,445.45			\$ 27,291.29
East Orange County Water District						91.61							\$ 91.61
Golden State Water Company	2,671.00	3,493.93	3,350.00	2,589.58	6,447.10	4,170.10	6,447.39	14,477.39	4,230.00	5,999.77			\$ 47,428.87
Invine Ranch Water District	65,383.05	28,904.47	41,340.19	47,252.20	47,503.28	87,209.17	6,462.00	1,500.00	22,328.95	62,078.17			\$ 409,961.48
Laguna Beach County Water District	328.00	1,130.00		885.00		3,237.00	210.00	642.00	3,097.98	838.00			\$ 10,367.98
Mesa Water District		225.00	75.00	225.00	225.00	84.98	75.00	75.00	55.08				\$ 1,040.06
Metropolitan Water District				11,158.91		241,505.68	54,391.59	54,391.59	1,177,019.97	626,336.64			\$ 2,253,787.35
Moulton Niguel Water District		142,191.56	1,183.00	789.98	144.00	19,737.78	88,537.25	49,215.05	23,710.79	32,295.27			\$ 214,430.12
Orange County Water District													\$ -
MWD OC									55,000.00				\$ 55,000.00
Santa Margarita Water District	1,092.20	4,782.20			5,299.96	37,784.70		4,481.78	4,753.00	273.20			\$ 58,467.04
Serrano Water District													\$ -
South Coast Water District	75.00	225.00		150.00	75.00	75.00	75.00	150.00					\$ 825.00
Trabuco Canyon Water District					100.00	525.00	1,242.50	400.00	300.00	250.00			\$ 2,817.50
Yorba Linda Water District		213.00		351.00	645.00		516.10	894.00		114.43			\$ 2,733.53
Miscellaneous Revenues													
Miscellaneous	5,950.50			1,861.01									7,811.51
Interest Revenue	171.77			81.72									253.49
Total Revenues	\$ 83,233.51	\$ 188,359.81	\$ 52,917.47	\$ 81,010.78	\$ 234,624.86	\$ 414,565.85	\$ 107,721.71	\$ 150,883.34	\$ 1,314,830.05	\$ 758,877.41	\$ -	\$ -	\$ 3,386,524.79
EXPENDITURES:													
Aqueduct	1,500.00	1,500.00		3,000.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00			15,000.00
Autumn Print Group													311.74
Conservation Consulting, LLC	7,544.25	7,411.50		13,663.25	7,089.75		12,756.25	7,058.25	7,571.25	207.36			70,854.75
City of Newport Beach	2,968.00									7,760.25			2,968.00
El Toro WD													11,493.00
Executive Information Systems										11,493.00			584.00
Hotel Program		584.00											74,296.32
Immersive Media			5,151.92	27,674.40	839.99					1,550.00			839.99
Industrial Program													94,197.34
Invine Ranch Water District	16,250.00												16,250.00
Metropolitan Water District	7,988.20				56,442.29		61,593.48						126,023.97
MESA	2,119.50												2,119.50
Mission RCD	6,485.80	12,986.02	14,006.16	30,794.12	37,228.41	30,993.55	19,203.82	26,098.08	22,540.27	21,674.09			222,012.32
Public Spaces program										80,680.00			80,680.00
Quick Signs				1,973.27	1,517.65	63.50							3,554.42
South Coast Water District													3,600.00
Spray to Drip program		975.00	10,100.26	2,852.56	3,471.96	8,243.91	3,153.68	55,257.47	4,075.99	7,232.02			95,362.85
Survey Gtzm				675.00									675.00
Turf Removal	108,189.95	183,408.30	197,345.22	442,202.55	1,218,032.82	416,787.48	477,044.53	2,066,891.06	2,324,248.13	696,005.37			8,130,156.41
URS		12,580.00		1,415.00	1,415.00	2,765.00			1,415.00	2,325.00			21,915.00
Waterwise Consulting		1,250.00	1,250.00						2,510.00				5,010.00
Miscellaneous Expenses													
Interest Expense							696.44						696.44
Salary & Benefit						589.88		1,712.72	1,761.99				19,047.90
Total Expenditures	\$ 153,045.70	\$ 220,696.82	\$ 242,836.87	\$ 524,250.15	\$ 1,327,537.87	\$ 555,140.66	\$ 587,998.20	\$ 2,186,387.58	\$ 2,369,327.01	\$ 830,428.09	\$ -	\$ -	\$ 8,997,648.95
Cash - Ending Balance	\$ 149,503.52	\$ 117,166.51	\$ (72,752.89)	\$ (515,992.26)	\$ (1,608,905.27)	\$ (1,749,480.08)	\$ (2,229,756.57)	\$ (4,265,760.81)	\$ (5,320,257.77)	\$ (5,391,808.45)	\$ (5,391,808.45)	\$ (5,391,808.45)	



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

March 31, 2015

Item 2f

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

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Larry D. Dick
President

Wayne S. Osborne
Vice President

Brett R. Barbre
Director

Sat Tamaribuchi
Director

Joan C. Finnegan
Director

Susan Hinman
Director

Jeffery M. Thomas
Director

Robert J. Hunter
General Manager

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

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	\$2,243,422	32.34%
Grant & Project Cash Flow	1,000,000	14.42%
Building Repair	239,491	3.45%
Total Designated Reserves	3,482,913	50.21%
General Fund	4,179,780	60.26%
Water Fund	4,245,523	61.20%
Conservation Fund	(5,320,258)	-76.70%
Desalination Feasibility Study Fund	222,385	3.21%
WEROC Fund	125,777	1.81%
Trustee Activities	562	0.01%
Total	\$6,936,682	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	8.23%	\$570,573	\$570,573
Short-term investment			
• LAIF	0.14%	\$9,714	\$9,714
• OCIP	46.92%	3,255,067	3,255,067
Long-term investment			
• Misc. Securities	21.64%	1,501,328	1,522,360
• Certificates of Deposit	15.86%	1,100,000	1,103,889
• Federal Agency Issues	7.21%	500,000	500,005
Total	100.00%	\$6,936,682	\$6,961,608

The average number of days to maturity/call as of March 31, 2015 equaled 238 and the average yield to maturity is 1.323%. During the month, the District's average daily balance was \$13,846,260.59. 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 2015.

The \$24,926 difference between the book value and the market value on March 31, 2015 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
Hilary Chumpitazi
Treasurer

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY



Portfolio Management - Portfolio Summary March 31, 2015

3/31/2015	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Certificates of Deposit - Bank	1,100,000.00	1,103,889.00	1,100,000.00	17.28	1080	1.459
Federal Agency Issues - Step Up	500,000.00	500,005.00	500,000.00	7.86	30	1.737
Local Agency Investment Funds	9,713.72	9,713.72	9,713.72	0.15	1	0.278
Miscellaneous Securities - Coupon	1,500,000.00	1,522,360.00	1,501,328.06	23.57	207	3.122
Orange County Investment Pool	3,255,066.91	3,255,066.91	3,255,066.91	51.14	1	0.387
Total Investments	6,364,780.63	6,391,034.63	6,366,108.69	100.00%	238	1.323

Cash						
Passbook Checking	570,572.89	570,572.89	570,572.89		1	0.00
Total Cash and Investments	6,935,353.52	6,961,607.52	6,936,681.58		238	1.323

Total Earnings	Month Ending March	Fiscal Year to Date
Current Year	8,469.83	92,563.16
Average Daily Balance	13,846,260.59	
Effective Rate of Return	1.323%	

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 Chungpitani
Hilary Chungpitani, Treasurer

05/05/2015
Date

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
March 31, 2015

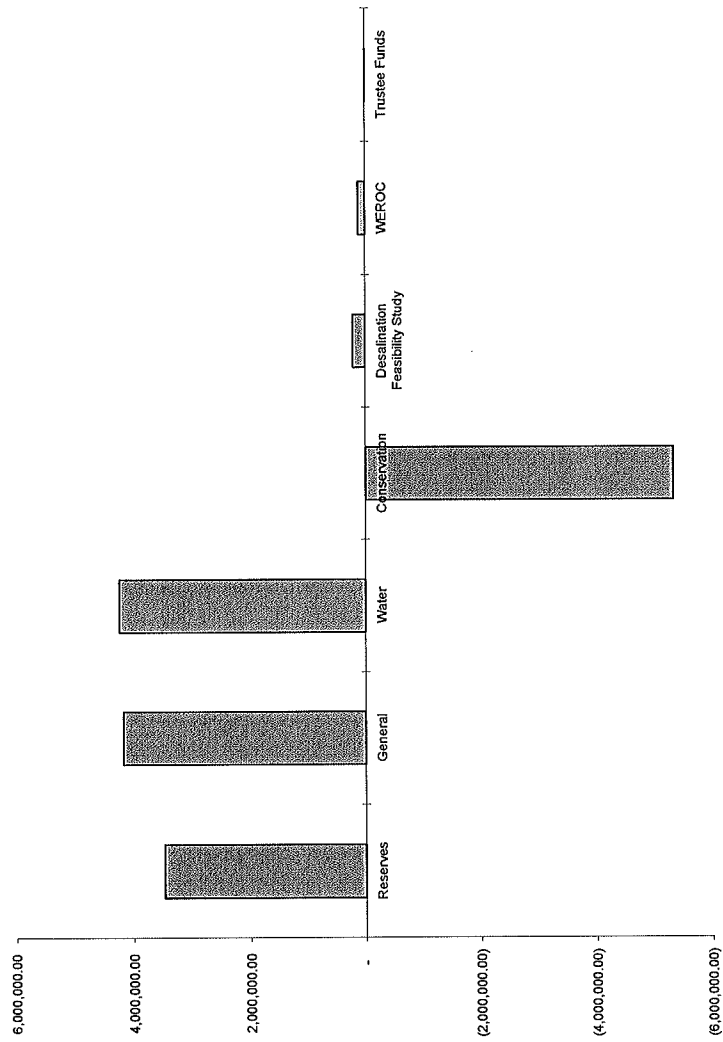
Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Certificate of Deposit - Bank									
Ally Bank	02006LFV0	7/23/2014	250,000.00	250,010.00	250,000.00	1.150	1.150	846	7/24/2017
Discover Bank	2546712Y5	7/23/2014	250,000.00	251,080.00	250,000.00	1.600	1.600	1210	7/23/2018
GE Capital Bank	36163FJC8	7/25/2014	250,000.00	250,002.50	250,000.00	1.200	1.200	847	7/25/2017
Goldman Sachs Bank	38143A4T9	1/23/2013	100,000.00	100,339.00	100,000.00	1.050	1.050	664	1/23/2017
Synchrony Bank	87164XBY1	7/25/2014	250,000.00	252,457.50	250,000.00	2.050	2.050	1582	7/30/2019
Sub Total			1,100,000.00	1,103,889.00	1,100,000.00	1.459	1.459	1080	
Miscellaneous Securities - Coupon									
Bank of America	06051GED7	10/14/2010	250,000.00	252,972.50	250,680.61	3.700	3.000	154	9/1/2015
JPMorgan Chase	46625HHR4	11/23/2010	250,000.00	251,617.50	250,380.82	3.400	2.700	85	6/24/2015
MetLife Global	59217GAD1	2/25/2011	500,000.00	510,045.00	500,425.55	3.125	3.007	286	1/11/2016
Morgan Stanley	61747YCT0	3/9/2011	500,000.00	507,725.00	499,841.08	3.450	3.508	216	11/2/2015
Sub Total			1,500,000.00	1,522,360.00	1,501,328.06	3.375	3.122	207	
Federal Agency Issues - Step Up									
Federal Home Ln Mtg Corp	3134G5XZ3	1/30/2015	500,000.00	500,005.00	500,000.00	0.500	1.737	30	1/30/2018
Sub Total			500,000.00	500,005.00	500,000.00	0.50	1.737	30	
Total Investments			3,100,000.00	3,126,254.00	3,101,328.06	2.231	2.308	488	
Total Earnings									
Current Year			5,926.80		57,793.87				

March 31, 2015

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	9,713.72	9,713.72	9,713.72	0.278	0.278	1	N/A
Sub Total			9,713.72	9,713.72	9,713.72	0.278	0.278	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	3,255,066.91	3,255,066.91	3,255,066.91	0.387	0.387	1	N/A
Sub Total			3,255,066.91	3,255,066.91	3,255,066.91	0.387	0.387	1	
Total Investments									
			3,264,780.63	3,264,780.63	3,264,780.63	0.387	0.387		
Passbook Checking									
Bank of America Cash	CASH0547	7/1/2011	570,072.89	570,072.89	570,072.89	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			570,572.89	570,572.89	570,572.89	0.000	0.000	1	
Total Cash and Investments									
			3,835,353.52	3,835,353.52	3,835,353.52	0.387	0.387	1	
Total Earnings									
Current Year			2,543.03		Fiscal Year To Date				
					34,769.29				

**Municipal Water District of Orange County
Cash and Investments at March 31, 2015**

ALLOCATION	AMOUNT	%	
MWDOC			
Designated Reserves			
General	\$ 2,243,422	32.34%	
Grant & Project Cash Flow	1,000,000	14.42%	
Building Repair	239,491	3.45%	
Total Designated Reserves	3,482,913	50.21%	
General	4,179,780	60.26%	
Water	4,245,523	61.20%	
Conservation	(5,320,258)	-76.70%	
Desalination Feasibility Study	222,385	3.21%	
WEROC	125,777	1.81%	
TOTAL MWDOC	\$ 6,936,120	99.99%	
TRUSTEE ACTIVITIES			
AMP Sales Admin	\$ 562	0.01%	
TOTAL TRUSTEE ACTIVITIES	\$ 562	0.01%	
TOTAL CASH & INVESTMENTS	\$ 6,936,682	100.00%	



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS OPEB Trust Program**Monthly Account Report for the Period**
3/1/2015 to 3/31/2015Rob Hunter
General Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708**Account Summary**

Source	Beginning Balance as of 3/1/2015	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 3/31/2015
Employer Contribution	\$1,149,395.03	\$0.00	-\$1,768.31	\$558.35	\$0.00	\$0.00	\$1,147,068.37
Totals	\$1,149,395.03	\$0.00	-\$1,768.31	\$558.35	\$0.00	\$0.00	\$1,147,068.37

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	
-0.15%	2.47%	5.89%	8.32%	-	-	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.

*Expenses are inclusive of Trust Administration, Trustee and Investment Management fees

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
COMBINED FINANCIAL STATEMENTS
AND
BUDGET COMPARATIVE
JULY 1, 2014 THRU MARCH 31, 2015

**Municipal Water District of Orange County
Combined Balance Sheet
As of March 31, 2015**

<u>ASSETS</u>	Amount
Cash in Bank	570,572.89
Investments	6,366,108.69
Accounts Receivable	26,707,332.00
Accounts Receivable - Other	1,605,713.30
Accrued Interest Receivable	24,067.59
Prepays/Deposits	544,794.54
Leasehold Improvements	3,015,137.08
Furniture, Fixtures & Equipment	535,372.82
Less: Accum Depreciation	(2,506,371.32)
Net OPEB Asset	37,041.00
	<hr/>
TOTAL ASSETS	<u><u>\$36,899,768.59</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts Payable	22,332,273.74
Accounts Payable - Other	812.34
Accrued Salaries and Benefits Payable	338,147.20
Other Liabilities	2,787,409.71
Unearned Revenue	1,095,020.32
Total Liabilities	<u>26,553,663.31</u>
 Fund Balances	
Restricted Fund Balances	
Water Fund - T2C	<u>956,196.21</u>
Total Restricted Fund Balances	956,196.21
Unrestricted Fund Balances	
Designated Reserves	
General Operations	2,280,462.66
Grant & Project Cash Flow	1,000,000.00
Building Repair	<u>239,491.00</u>
Total Designated Reserves	3,519,953.66
GENERAL FUND	1,441,435.43
WEROC	<u>55,774.88</u>
Total Unrestricted Fund Balances	5,017,163.97
Excess Revenue over Expenditures	
Operating Fund	3,184,025.13
Other Funds	<u>1,188,719.97</u>
Total Fund Balance	<u>10,346,105.28</u>
	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$36,899,768.59</u></u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July 2014 thru March 2015

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>REVENUES</u>						
Retail Connection Charge	0.00	6,440,532.00	6,440,532.00	100.00%	0.00	0.00
Water Increment	6,839.60	87,688.53	103,564.00	84.67%	0.00	15,875.47
Water rate revenues	6,839.60	6,528,220.53	6,544,096.00	99.76%	0.00	15,875.47
Interest Revenue	9,515.06	93,542.22	138,000.00	67.78%	0.00	44,457.78
Subtotal	16,354.66	6,621,762.75	6,682,096.00	99.10%	0.00	60,333.25
Choice Programs	0.00	1,291,042.34	1,261,086.00	102.38%	0.00	(29,956.34)
Choice Prior Year Carry Over	0.00	94,000.00	94,000.00	100.00%	0.00	0.00
Miscellaneous Income	1,985.70	20,753.24	3,000.00	691.77%	0.00	(17,753.24)
School Contracts	13,011.92	71,424.76	70,000.00	102.04%	0.00	(1,424.76)
Delinquent Payment Penalty	0.00	166.61	0.00	0.00%	0.00	(166.61)
Transfer-Out To Reserve	0.00	0.00	(84,374.00)	0.00%	0.00	(84,374.00)
Subtotal	14,997.62	1,477,386.95	1,343,712.00	109.95%	0.00	(133,674.95)
TOTAL REVENUES	31,352.28	8,099,149.70	8,025,808.00	100.91%	0.00	(73,341.70)

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July 2014 thru March 2015

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>EXPENSES</u>						
Salaries & Wages	237,412.27	2,166,816.61	2,995,855.00	72.33%	0.00	829,038.39
Salaries & Wages - Grant Recovery	(1,339.11)	(14,406.33)	(16,437.00)	87.65%	0.00	(2,030.67)
Directors' Compensation	16,675.75	130,521.73	210,342.00	62.05%	0.00	79,820.27
MWD Representation	10,262.00	76,683.38	120,197.00	63.80%	0.00	43,513.62
Employee Benefits	68,356.53	640,022.48	961,916.00	66.54%	0.00	321,893.52
OPEB Annual Contribution	0.00	0.00	133,331.00	0.00%	0.00	133,331.00
Employee Benefits - Grant Recovery	(422.88)	(3,811.93)	0.00	0.00%	0.00	3,811.93
Director's Benefits	5,091.68	55,702.52	119,356.00	46.67%	0.00	63,653.48
Health Ins \$'s for Retirees	2,671.88	29,661.49	50,244.00	59.03%	0.00	20,582.51
Training Expense	179.00	2,903.52	18,000.00	16.13%	0.00	15,096.48
Tuition Reimbursement	0.00	0.00	6,000.00	0.00%	0.00	6,000.00
Personnel Expenses	338,887.12	3,084,093.47	4,598,804.00	67.06%	0.00	1,504,691.33
Engineering Expense	7,715.00	69,771.40	355,000.00	19.65%	219,121.37	66,107.23
Legal Expense	22,650.60	175,801.80	329,000.00	53.44%	173,198.20	(20,000.00)
Audit Expense	0.00	21,125.00	23,000.00	91.85%	0.00	1,875.00
Professional Services	166,092.40	639,869.86	1,133,200.00	56.47%	407,387.44	85,942.70
Professional Fees	196,458.00	906,568.06	1,840,200.00	49.26%	799,707.01	133,924.93
Conference-Staff	729.00	11,796.00	13,925.00	84.71%	0.00	2,129.00
Conference-Directors	125.00	7,857.00	8,650.00	90.83%	0.00	793.00
Travel & Accom.-Staff	5,895.74	27,428.66	38,300.00	71.62%	0.00	10,871.34
Travel & Accom.-Directors	3,351.55	16,692.98	29,600.00	56.40%	0.00	12,907.02
Travel & Conference	10,101.29	63,774.64	90,475.00	70.49%	0.00	26,700.36
Membership/Sponsorship	4,483.17	75,073.43	90,437.00	83.01%	0.00	15,363.57
CDR Support	0.00	29,970.75	39,961.00	75.00%	9,990.25	0.00
Dues & Memberships	4,483.17	105,044.18	130,398.00	80.56%	9,990.25	15,363.57
Business Expense	274.67	4,326.67	7,000.00	61.81%	0.00	2,673.33
Maintenance Office	5,280.06	71,634.98	110,768.00	64.67%	33,905.73	5,227.29
Building Repair & Maintenance	6,957.72	14,198.26	20,800.00	68.26%	6,601.74	0.00
Storage Rental & Equipment Lease	955.18	33,975.78	40,708.00	83.46%	7,241.22	(509.00)
Office Supplies	2,208.52	21,061.17	24,288.00	86.71%	966.90	2,259.93
Postage/Mail Delivery	966.92	8,148.08	11,100.00	73.41%	984.88	1,967.04
Subscriptions & Books	560.58	1,100.17	1,600.00	68.76%	0.00	499.83
Reproduction Expense	3,526.24	13,619.44	90,625.00	15.03%	3,492.80	73,512.76
Maintenance-Computers	170.59	5,568.36	6,000.00	92.81%	617.24	(185.60)
Software Purchase	119.97	15,047.76	25,515.00	58.98%	360.18	10,107.06
Software Support	991.07	18,425.47	28,869.00	63.82%	0.00	10,443.53
Computers and Equipment	0.00	8,303.68	9,300.00	89.29%	0.00	996.32
Automotive Expense	1,196.27	9,850.77	13,300.00	74.07%	0.00	3,449.23
Toll Road Charges	47.05	689.60	1,250.00	55.17%	0.00	560.40
Insurance Expense	10,537.16	77,756.68	97,000.00	80.16%	0.00	19,243.32
Utilities - Telephone	1,242.30	11,035.53	16,900.00	65.30%	0.00	5,864.47
Bank Fees	872.76	7,939.12	10,700.00	74.20%	0.00	2,760.88
Miscellaneous Expense	5,541.23	40,303.26	109,700.00	36.74%	0.00	69,396.74
MWDOC's Contrb. To WEROC	10,709.00	96,381.00	128,508.00	75.00%	0.00	32,127.00
Depreciation Expense	1,167.00	18,985.92	0.00	0.00%	0.00	(18,985.92)
Other Expenses	53,324.29	478,351.70	753,931.00	63.45%	54,170.69	221,408.61
Election Expense	0.00	272,536.97	444,000.00	61.38%	0.00	171,463.03
MWDOC's Building Expense	0.00	4,755.55	168,000.00	2.83%	0.00	163,244.45
TOTAL EXPENSES	603,253.87	4,915,124.57	8,025,808.00	61.24%	863,867.95	2,246,815.48
NET INCOME (LOSS)	(571,901.59)	3,184,025.13	0.00			

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
From July 2014 thru March 2015

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<u>WATER REVENUES</u>					
Water Sales	12,504,041.20	133,283,702.80	163,874,103.00	81.33%	30,590,400.20
Readiness to Serve Charge	1,100,100.87	10,269,425.61	13,946,682.00	73.63%	3,677,256.39
Capacity Charge CCF	368,705.00	2,935,765.02	3,659,300.00	80.23%	723,534.98
SCP Surcharge	19,216.09	228,646.86	361,200.00	63.30%	132,553.14
Interest	263.12	2,085.50	4,275.00	48.78%	2,189.50
TOTAL WATER REVENUES	13,992,326.28	146,719,625.79	181,845,560.00	80.68%	35,125,934.21
<u>WATER PURCHASES</u>					
Water Sales	12,504,041.20	133,283,702.80	163,874,103.00	81.33%	30,590,400.20
Readiness to Serve Charge	1,100,100.87	10,269,425.61	13,946,682.00	73.63%	3,677,256.39
Capacity Charge CCF	368,705.00	2,935,765.02	3,659,300.00	80.23%	723,534.98
SCP Surcharge	19,216.09	228,646.86	361,200.00	63.30%	132,553.14
TOTAL WATER PURCHASES	13,992,063.16	146,717,540.29	181,841,285.00	80.68%	35,123,744.71
EXCESS OF REVENUE OVER EXPENDITURES	263.12	2,085.50	4,275.00		

Municipal Water District of Orange County
WUE Revenues and Expenditures (Actuals vs Budget)
From July 2014 thru March 2015

	Year to Date Actual	Annual Budget	% Used
Landscape Performance Certification			
Revenues	98,990.54	116,000.00	85.34%
Expenses	<u>74,287.75</u>	<u>116,000.00</u>	64.04%
Excess of Revenues over Expenditures	24,702.79	0.00	
SmarTimer Program			
Revenues	86,783.48	50,467.00	171.96%
Expenses	<u>50,614.05</u>	<u>50,467.00</u>	100.29%
Excess of Revenues over Expenditures	36,169.43	0.00	
Industrial Water Use Reduction			
Revenues	103,532.25	113,980.00	90.83%
Expenses	<u>103,548.24</u>	<u>113,980.00</u>	90.85%
Excess of Revenues over Expenditures	(15.99)	0.00	
Spray To Drip Conversion			
Revenues	97,083.71	65,342.47	148.58%
Expenses	<u>90,231.79</u>	<u>65,342.47</u>	138.09%
Excess of Revenues over Expenditures	6,851.92	0.00	
Water Smart Landscape for Public Property			
Revenues	152,978.44	1,248,000.00	12.26%
Expenses	<u>6,118.43</u>	<u>1,248,000.00</u>	0.49%
Excess of Revenues over Expenditures	146,860.01	0.00	
Member Agency Administered Passthru			
Revenues	93,407.83	27,143.00	344.13%
Expenses	<u>89,199.83</u>	<u>27,143.00</u>	328.63%
Excess of Revenues over Expenditures	4,208.00	0.00	
ULFT Rebate Program			
Revenues	256,724.55	132,250.00	194.12%
Expenses	<u>241,806.30</u>	<u>132,250.00</u>	182.84%
Excess of Revenues over Expenditures	14,918.25	0.00	
HECW Rebate Program			
Revenues	400,805.81	403,000.00	99.46%
Expenses	<u>373,896.45</u>	<u>403,000.00</u>	92.78%
Excess of Revenues over Expenditures	26,909.36	0.00	
CII Rebate Program			
Revenues	11,778.00	159,250.00	7.40%
Expenses	<u>10,878.00</u>	<u>159,250.00</u>	6.83%
Excess of Revenues over Expenditures	900.00	0.00	
Large Landscape Survey			
Revenues	61,132.14	32,000.00	191.04%
Expenses	<u>44,702.62</u>	<u>32,000.00</u>	139.70%
Excess of Revenues over Expenditures	16,429.52	0.00	
Indoor-Outdoor Survey			
Revenues	4,411.63	5,200.00	84.84%
Expenses	<u>0.00</u>	<u>5,200.00</u>	0.00%
Excess of Revenues over Expenditures	4,411.63	0.00	
Turf Removal Program			
Revenues	7,312,575.27	725,000.00	1008.63%
Expenses	<u>7,551,889.55</u>	<u>725,000.00</u>	1041.64%
Excess of Revenues over Expenditures	(239,314.28)	0.00	

Municipal Water District of Orange County
WUE & Other Funds Revenues and Expenditures (Actuals vs Budget)
From July 2014 thru March 2015

	Year to Date Actual	Annual Budget	% Used
Comprehensive Landscape (CLWUE)			
Revenues	684,603.65	258,690.00	264.64%
Expenses	<u>72,048.29</u>	<u>258,690.00</u>	27.85%
Excess of Revenues over Expenditures	612,555.36	0.00	
 Home Certification and Rebate			
Revenues	35,444.39	248,050.00	14.29%
Expenses	<u>63,445.31</u>	<u>248,050.00</u>	25.58%
Excess of Revenues over Expenditures	(28,000.92)	0.00	
 CI, Large Landscape, Performance (OWOW)			
Revenues	504,484.79	145,960.00	345.63%
Expenses	<u>16,644.79</u>	<u>145,960.00</u>	11.40%
Excess of Revenues over Expenditures	487,840.00	0.00	
 WEROC			
Revenues	228,287.38	248,622.00	91.82%
Expenses	<u>160,550.29</u>	<u>248,622.00</u>	64.58%
Excess of Revenues over Expenditures	67,737.09	0.00	
 WUE Projects			
Revenues	9,904,736.48	3,730,332.47	265.52%
Expenses	<u>8,789,311.40</u>	<u>3,730,332.47</u>	235.62%
Excess of Revenues over Expenditures	1,115,425.08	0.00	
 RPOI Distributions			
Revenues	0.00	4,921.00	0.00%
Expenses	<u>0.00</u>	<u>4,921.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
 Ocean Desalination			
Revenues	0.00	0.00	0.00%
Expenses	<u>(2,045.46)</u>	<u>0.00</u>	0.00%
Excess of Revenues over Expenditures	2,045.46	0.00	



Memorandum

DATE: May 13, 2015

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

FROM: Robert Hunter

SUBJECT: Quarter ending March 2015 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 2015 (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 fees	6,440	6,440	100.0%
Water rate increment ⁽¹⁾	88	104	84.7%
Subtotal	6,528	6,544	99.8%
Other Revenues:			
Interest income	94	138	67.8%
Choice Programs ⁽²⁾	1,385	1,355	102.2%
School Contracts ⁽³⁾	71	70	102.0%
Other income ⁽⁴⁾	21	3	697.3%
Transfer to Reserve	0	(84)	0.0%
Subtotal	1,571	1,482	106.0%
 TOTAL REVENUES	 8,099	 8,026	 100.9%
<u>EXPENSES</u>			
Personal Expenses (incl. Dir.)	3,084	4,599	67.1%
Professional services ⁽⁵⁾	661	1,156	57.2%
Outside engineering ⁽⁶⁾	69	355	19.5%
Legal expense ⁽⁷⁾	176	329	53.4%
Travel & Conference	64	91	70.1%
Dues and memberships	105	130	80.6%
General & Admin expense	751	1,198	62.7%
Building Repair & Maintenance ⁽⁸⁾	5	168	2.8%
TOTAL EXPENSES	4,915	8,026	61.2%

EXCESS OF REVENUES OVER EXPENSES 3,184

RESERVE FUND

Beginning Balance	2,927
Nov 2014 - excess from FY 13-14 General Fund	556
Net OPEB Asset	37
TOTAL RESERVE FUND	3,520

- (1) Water rate increment revenue higher from July through October.
(2) Choice programs are paid in beginning of fiscal year.
(3) School contracts: more children coming through the program.
(4) Other Income from Open Meetings Act/Brown Act Reform.
(5) Professional Fees: a portion will be used for upcoming projects.
(6) Engineering will be used for the Reliability Study, which was recently started.
(7) Legal Expense expected to be used through Best, Best & Krieger.
(8) Building Repair postponed to FY 15/16; working with OCWD.

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending March 2015 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
REVENUES			
Retail Connection Charge	6,440,532	6,440,532	100.00%
Water Increment	87,689	103,564	84.67%
Water rate revenues	6,528,221	6,544,096	99.76%
Choice Programs	1,291,042	1,261,086	102.38%
Choice Prior Year Carry Over	94,000	94,000	100.00%
Interest Revenue	93,542	138,000	67.78%
Miscellaneous Income	20,920	3,000	697.33%
School Contracts	71,425	70,000	102.04%
Transfer to Reserve	0	(84,374)	0.00%
Other revenues	1,570,929	1,481,712	106.02%
TOTAL REVENUES	8,099,150	8,025,808	100.91%

OPERATING EXPENSES			
Salaries & Wages	2,166,817	2,995,855	72.33%
less Recovery from Grants	(14,406)	(16,437)	87.65%
Directors' Compensation	130,522	210,342	62.05%
MWD Representation	76,683	120,197	63.80%
Employee Benefits	640,022	961,916	66.54%
less Recovery from Grants	(3,812)	0	0.00%
OPEB Annual Contribution	0	133,331	0.00%
Directors Benefits	55,703	119,356	46.67%
Health Insurances for Retirees	29,661	50,244	59.03%
Training Expense	2,904	18,000	16.13%
Tuition Reimbursement	0	6,000	0.00%
Personnel Expenses	3,084,093	4,598,804	67.06%
Engineering Expense	69,771	355,000	19.65%
Legal Expense	175,802	329,000	53.44%
Audit Expense	21,125	23,000	91.85%
Professional Services	639,870	1,133,200	56.47%
Professional Fees	906,568	1,840,200	49.26%
Conference-Staff	11,796	13,925	84.71%
Conference-Directors	7,857	8,650	90.83%
Travel & Accom.-Staff	27,429	38,300	71.62%
Travel & Accom.-Directors	16,693	29,600	56.40%
Travel & Conference	63,775	90,475	70.49%
Membership/Sponsorship	75,073	90,437	83.01%
CDR Support	29,971	39,961	75.00%
Dues & Memberships	105,044	130,398	80.56%

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending March 2015 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
Business Expense	4,327	7,000	61.81%
Maintenance Office	71,635	120,768	59.32%
Building Repair & Maintenance	14,198	10,800	131.47%
Storage Rental & Equipment Lease	33,976	40,708	83.46%
Office Supplies	21,061	24,288	86.71%
Postage/Mail Delivery	8,148	11,100	73.41%
Subscriptions & Books	1,100	1,600	68.76%
Reproduction Expense	13,619	90,625	15.03%
Maintenance-Computers	5,568	6,000	92.81%
Software Purchase	15,048	25,515	58.98%
Software Support	18,425	28,869	63.82%
Computers and Equipment	8,304	9,300	89.29%
Automotive Expense	9,851	13,300	74.07%
Toll Road Charges	690	1,250	55.17%
Insurance Expense	77,757	97,000	80.16%
Utilities - Telephone	11,036	16,900	65.30%
Bank Fees	7,939	10,700	74.20%
Miscellaneous Expense	40,303	109,700	36.74%
MWDOC's Contribution To WEROC	96,381	128,508	75.00%
Depreciation Expense	18,986	0	0.00%
Election Expense	272,537	444,000	61.38%
MWDOC Building Expense	4,756	168,000	2.83%
Other Expenses	755,644	1,365,931	55.32%
TOTAL EXPENSES	4,915,125	8,025,808	61.24%
EXCESS OF REVENUES OVER EXPENSES	3,184,025	0	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Revenues and Expenditures
Fiscal Year to Date ending March 2015 (Unaudited)
Water Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>Water Revenues</u>			
Water Sales	133,283,703	163,874,103	(30,590,400)
Ready to Serve Charge	10,269,426	13,946,682	(3,677,256)
Capacity Charge Flat Rate	2,935,765	3,659,300	(723,535)
SCP Surcharge	228,647	361,200	(132,553)
Interest	<u>2,086</u>	<u>4,275</u>	<u>(2,190)</u>
Total Water Revenues	<u>146,719,626</u>	<u>181,845,560</u>	<u>(35,125,934)</u>
 <u>Water Purchases</u>			
Water Sales	133,283,703	163,874,103	(30,590,400)
Ready to Serve Charge	10,269,426	13,946,682	(3,677,256)
Capacity Charge	2,935,765	3,659,300	(723,535)
SCP Surcharge	<u>228,647</u>	<u>361,200</u>	<u>(132,553)</u>
Total Water Purchases	<u>146,717,540</u>	<u>181,841,285</u>	<u>(35,123,745)</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 <u>2,086</u>	 <u>4,275</u>	 <u>(2,190)</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending March 2015 (Unaudited)
Other Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>WEROC</u>			
Revenues	228,287	248,622	(20,335)
Expenditures	<u>160,550</u>	<u>248,622</u>	<u>(88,072)</u>
Excess of Revenues over Expenditures	67,737	0	67,737
 <u>WUE Projects (details on next page)</u>			
Revenues	9,904,736	3,730,332	6,174,404
Expenditures	<u>8,789,311</u>	<u>3,730,332</u>	<u>5,058,979</u>
Excess of Revenues over Expenditures	1,115,425	0	1,115,425
 <u>RPOI Distribution</u>			
Revenues	0	4,921	(4,921)
Expenditures	<u>0</u>	<u>4,921</u>	<u>(4,921)</u>
Excess of Revenues over Expenditures	0	0	0
 <u>Ocean Desalination</u>			
Revenues	0	0	0
Expenditures	<u>(2,045)</u>	<u>0</u>	<u>(2,045)</u>
Excess of Revenues over Expenditures	2,045	0	2,045

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 2015 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %^[1]</u>	<u>Fiscal Year Budget</u>	<u>% of Budget^[2]</u>	<u>Projected Final FY Budget^[3]</u>
<u>Landscape Performance Certification</u>					
Revenues	98,991		116,000	85.34%	116,000
Expenditures	<u>74,288</u>		<u>116,000</u>	64.04%	<u>116,000</u>
Excess of Revenues over Expenditures	24,703	25%	0		

Actual Variance: Posting of revenues out ahead of posting of expenses.

Budget Variance: No comment needed.

SmarTimer Program

Revenues	86,783		50,467	171.96%	100,000
Expenditures	<u>50,614</u>		<u>50,467</u>	100.29%	<u>100,000</u>
Excess of Revenues over Expenditures	36,169	42%	0		

Actual Variance: Posting of revenues out ahead of posting of expenses.

Budget Variance: Through the Governor's Drought Declaration and our marketing program, participation continues to grow rapidly.

Industrial Water Use Reduction

Revenues	103,532		113,980	90.83%	113,980
Expenditures	<u>103,548</u>		<u>113,980</u>	90.85%	<u>113,980</u>
Excess of Revenues over Expenditures	(16)	0%	0		

Actual Variance: No comment needed.

Budget Variance: No comment needed.

Spray to Drip Conversion

Revenues	97,084		65,342	148.58%	65,342
Expenditures	<u>90,232</u>		<u>65,342</u>	138.09%	<u>65,342</u>
Excess of Revenues over Expenditures	6,852	7%	0		

Actual Variance: No comment needed.

Budget Variance: Through the Governor's Drought Declaration and our marketing program, participation continues to grow rapidly.

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 2015 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %^[1]</u>	<u>Fiscal Year Budget</u>	<u>% of Budget^[2]</u>	<u>Projected Final FY Budget^[3]</u>
<u>Water Smart Landscape for Public Property</u>					
Revenues	152,978		1,248,000	12.26%	1,248,000
Expenditures	<u>6,118</u>		<u>1,248,000</u>	0.49%	<u>1,248,000</u>
Excess of Revenues over Expenditures	146,860	96%	0		

Actual Variance: Able to invoice Grant ahead of expected expenses.

Budget Variance: No comment needed.

Member Agency Administered Pass thru

Revenues	93,408		27,143	344.13%	27,143
Expenditures	<u>89,200</u>		<u>27,143</u>	328.63%	<u>27,143</u>
Excess of Revenues over Expenditures	4,208	5%	0		

Actual Variance: No comment needed.

Budget Variance: No comment needed.

ULFT Rebate Program

Revenues	256,725		132,250	194.12%	132,250
Expenditures	<u>241,806</u>		<u>132,250</u>	182.84%	<u>132,250</u>
Excess of Revenues over Expenditures	14,918	6%	0		

Actual Variance: No comment needed.

Budget Variance: Through the Governor's Drought Declaration and our marketing program, participation continues to grow rapidly.

HECW Rebate Program

Revenues	400,806		403,000	99.46%	403,000
Expenditures	<u>373,896</u>		<u>403,000</u>	92.78%	<u>403,000</u>
Excess of Revenues over Expenditures	26,909	7%	0		

Actual Variance: Several agencies provide upfront funding that we draw down as the year progresses.

Budget Variance: No comment needed.

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 2015 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %^[1]</u>	<u>Fiscal Year Budget</u>	<u>% of Budget^[2]</u>	<u>Projected Final FY Budget^[3]</u>
<u>CII Rebate Program</u>					
Revenues	11,778		159,250	7.40%	159,250
Expenditures	<u>10,878</u>		<u>159,250</u>	6.83%	<u>159,250</u>
Excess of Revenues over Expenditures	900	8%	0		

Actual Variance: Received pre-funding.

Budget Variance: Program just beginning.

<u>Large Landscape Survey</u>					
Revenues	61,132		32,000	191.04%	80,000
Expenditures	<u>44,703</u>		<u>32,000</u>	139.70%	<u>80,000</u>
Excess of Revenues over Expenditures	16,430	27%	0		

Actual Variance: Billing MET for expenses.

Budget Variance: No comment needed.

<u>Indoor-Outdoor Survey</u>					
Revenues	4,412		5,200	84.84%	5,200
Expenditures	<u>0</u>		<u>5,200</u>	0.00%	<u>5,200</u>
Excess of Revenues over Expenditures	4,412	100%	0		

Actual Variance: These funds are collected from MET and will be used at a later date for installation verification services.

Budget Variance: No comment needed.

<u>Turf Removal Program</u>					
Revenues	7,312,575		725,000	1008.63%	10,000,000
Expenditures	<u>7,551,890</u>		<u>725,000</u>	1041.64%	<u>10,000,000</u>
Excess of Revenues over Expenditures	(239,314)	-3%	0		

Actual Variance: Posting of expenses slightly out ahead of posting of revenue.

Budget Variance: Through the Governor's Drought Declaration and our marketing program, participation continues to grow rapidly.

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 2015 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %^[1]</u>	<u>Fiscal Year Budget</u>	<u>% of Budget^[2]</u>	<u>Projected Final FY Budget^[3]</u>
<u>Comprehensive Landscape (CLWUE)</u>					
Revenues	684,604		258,690	264.64%	258,690
Expenditures	<u>72,048</u>		<u>258,690</u>	27.85%	<u>258,690</u>
Excess of Revenues over Expenditures	612,555	89%	0		

Actual Variance: Able to invoice Grant ahead of expected Expenses.

Budget Variance: Through the Governor's Drought Declaration and our marketing program, participation continues to grow rapidly.

Home Certification and Rebate

Revenues	35,444		248,050	14.29%	248,050
Expenditures	<u>63,445</u>		<u>248,050</u>	25.58%	<u>248,050</u>
Excess of Revenues over Expenditures	(28,001)	-79%	0		

Actual Variance: Revenue request from Grants are submitted bi-annually in October and April. Revenue for Expenses through March will be requested in April 2015.

Budget Variance: Goal is to hit the budget amounts by June 2015.

CII, Large Landscape, Performance (OWOW)

Revenues	504,485		145,960	345.63%	145,960
Expenditures	<u>16,645</u>		<u>145,960</u>	11.40%	<u>145,960</u>
Excess of Revenues over Expenditures	487,840	97%	0		

Actual Variance: Able to invoice Grant ahead of expected Expenses.

Budget Variance: Able to invoice Grant ahead of expected Expenses.

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 20, 2015

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Maribeth Goldsby

SUBJECT: ADOPT AMENDED AND RESTATED ADMINISTRATIVE CODE

STAFF RECOMMENDATION

It is recommended that the Board of Directors: Adopt the Amended and Restated Administrative Code as recommended by the Ad Hoc Committee after discussion and amendments are approved.

COMMITTEE RECOMMENDATION

The A&F Committee reviewed this item in February, March, and April. The Committee recommended a couple of changes, but deferred the item to allow both the Board and Member Agencies time to comment on the Code. Directors Hinman, Tamaribuchi and Thomas have met with representatives from South Orange County on two occasions and the South County agencies have submitted a letter outlining their comments/requests; this letter is attached.

DETAILED REPORT

Attached is the latest draft Code reflecting recommended changes, for Committee's review. Please note that this draft has not changed since presenting it to the Committee in April.

Please note the Administrative Code requires an annual review of MWDOC's Investment Policy, which is normally done in May of each year. Because the Investment Policy is included in the Code, staff believes this review requirement has been completed (during this Administrative Code review).

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

South Orange County Agencies

City of San Clemente • City of San Juan Capistrano • El Toro Water District • Emerald Bay Community Service District • Irvine Ranch Water District • Laguna Beach County Water District • Moulton Niguel Water District • Santa Margarita Water District • South Coast Water District • Trabuco Canyon Water District

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MWD OF OC

March 31, 2015

Mr. Jeff Thomas
Chairman of Administration and Finance Committee
Municipal Water District of Orange County
PO Box 20895
Fountain Valley, CA 92728

Subject: Comments on the Proposed Revisions to the Municipal Water District of Orange County (MWDOC) Administrative Code

Dear Mr. Thomas:

We would like to thank you and your colleagues, Director Hinman, Director Tamaribuchi, Mr. Hunter, and Mr. Seckel for taking the time to meet with the member agency elected officials and staff. We appreciate the time and level of open discussion. As you note in the proposed revisions to MWDOC's mission statement, you have a role in county-wide leadership, and we appreciate the leadership you have shown by meeting with us. We will follow up on your offer to meet in a small group to further discuss the Administrative Code and continue to work on the various opportunities before us.

At the March 11th MWDOC Administration and Finance Committee meeting, as well as at the March 24th South Orange County Agencies' meeting, we committed to provide specific comments to your committee regarding the proposed MWDOC Administrative Code revisions. As representatives of MWDOC's member agencies, we take the opportunity to review and comment on the extensive proposed changes very seriously.

As we discussed, the update of the Administrative Code provides another opportunity to continue the cooperative efforts of all the agencies over the last several years. The proposed Administrative Code changes (highlighted in yellow) touch on a number of issues that have been worked on and developed as part of those efforts, and we have focused on comments in four significant areas as follows:

MWDOC Core and Choice Budget

For the last several years, the MWDOC Core and Choice budget has allowed member agencies to carefully consider the appropriate level of participation in projects and initiatives with their resources. This has successfully allowed projects to proceed and has provided MWDOC with an assured level of support. Under the existing agreement, funding is designated between the various choice projects and the core efforts; any adjustments are considered in the annual budget process cooperatively with the participants. The choice participants annually make a contractual commitment to provide MWDOC funding for a specific purpose.

Under the proposed revision to Section 1307, Board approval is required to move funds between Core and Choice items, which we applaud, as follows:

1307 GENERAL MANAGER

a. Powers and Duties of the General Manager

...The General Manager shall have the authority to move budgeted funds between cost centers, however the General Manager must notify the Board when moving between cost centers. Board approval is required to move between core and choice budget items, and to reallocate grant funding.

The recommendation is to modify the proposed language to include a provision for the participants to provide input and consent prior to reallocation of those specific funds that they contracted for as follows:

1307 GENERAL MANAGER

a. Powers and Duties of the General Manager

...The General Manager shall have the authority to move budgeted funds between cost centers, however the General Manager must notify the Board when moving between cost centers. Board approval is required to move between core and choice budget items **after the General Manager has received input in writing from the affected choice budget participants**, and to reallocate grant funding.

The proposed change should not limit the General Manager's ability to conduct business; however, it will allow for agencies who are participating in a specific initiative to understand the need to reallocate funding and any potential impacts to the their project.

Metropolitan Water District (MET) Representative Selection Process

By all accounts, the recent process to nominate and appoint Mr. McKenney to the MET Board of Directors was a success. The process included vetting highly qualified candidates who would represent MWDOC and Orange County well. The proposed code language touches on the process through reference to nominations for specific geographical areas; however, it is beneficial for clarity sake to conform the proposed Administration Code to the language in place and practice through the existing agreement. Specifically, the recommendation is to modify the Administration Code as follows:

1500 APPOINTMENT OF MET DIRECTORS

A. APPOINTMENT PROCESS

1. Review of Candidates

The President of the Board will receive names and qualifications of proposed candidates submitted by MWDOC Directors for two (2) of the four (4) seats retained by the MWDOC Board. In addition, for the other two (2) seats, the President of the Board shall request the member agencies to nominate in writing a candidate of their choosing. The request for nominations shall alternate between the North County Agencies and the South County Agencies. The nomination by the member agencies shall be determined by "one agency, one vote" process. Once filled, the seats will be designated as the "South County Seat" and the "North County Seat" and the nomination for the designated seat shall be from that region.

Tier 2 Contingency Fund

Over the last several years, the member agencies and MWDOC have jointly considered the Tier 2 Contingency Fund and amount of reserve. The fund is strictly limited by the code to:

1. Payment of Tier 2 costs
2. Cash Flow Management
3. Rate Stabilization

The funds are collected proportionally to each agency by allocated costs and historic water purchases; and therefore, the policy has been to credit any excess funds to member agencies based on the same allocation.

Under the proposed revision to Section 2008, the Board may consider alternative uses of any excess funds as follows:

2008 TIER TWO CONTINGENCY FUND

4. Disposition of Excess Funds: ...The Board may consider issuing a credit to the member agencies or consider other uses of funds would result in long-term savings to the District.

The proposed change is in conflict with Section 2, which limits the use of the fund to three specific uses noted above. The recommendation is to strike the alternative use of the funds as follows:

2008 TIER TWO CONTINGENCY FUND

4. Disposition of Excess Funds: ...The Board may consider issuing a credit to the member agencies ~~or consider other uses of funds would result in long-term savings to the District.~~

Upon issuance of any credit, MWDOC can initiate a discussion with its member agencies to fund a use that results in long-term savings. In this manner, the intent of the Tier 2 fund is not inadvertently compromised.

MWDOC Selling Water Outside the Service Area

Under Article 2 of the Administrative Code, the ability to sell water outside of the boundaries of MWDOC is clearly articulated as a power under the provision of the Municipal Water District Law. However, under Section 5000, there are no provisions for establishing a service connection method for delivery of water or terms for the sale to entities outside the boundary.

The recommendation is to include provisions to establish a procedure for consideration of the sale outside the boundary with the caveat that member agencies are offered first right of refusal for any available water as follows:

5000 GENERAL

New Paragraph: The General Manager shall prepare for the Board's consideration a formal Agreement for Sale of Water Outside the District Boundary (Outside Agreement) with any city, other public corporation, agency or persons for the sale and delivery of water outside the District's boundaries. Said formal Outside Agreement will be presented only after all member agencies have received an opportunity to enter into a service agreement under the

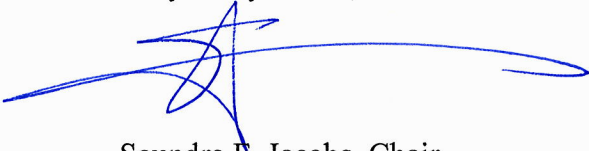
terms of this Section 5000 for any and all available water. The Outside Agreement will consider all fees, charges, terms of delivery and will comply with applicable provisions of the Administrative Code.

The remaining item discussed at the South Orange County Agencies meeting was the rate study and comments on implementation of it are more appropriate for the budget and initiative discussions and will be provided under separate cover as part of that review.

The above comments regarding proposed changes in MWDOC's Administrative Code were limited to only the changes currently under consideration by the MWDOC Board. As we have mentioned in past discussions, the South Orange County Agencies are interested in exploring the possibility of incorporating further changes to the MWDOC Administration Code that would integrate key elements of the agreement between MWDOC and its member agencies. The purpose of incorporating elements in the MWDOC Administrative Code would be to possibly eliminate the need to renew the agreement. If the MWDOC Board is interested in discussing this further, please contact us so we can discuss an approach to developing and incorporating these changes into the MWDOC Administration Code.

As always, we appreciate the opportunity to provide comments and engage in discussions with MWDOC Board Members and staff.

Very Truly Yours,

A handwritten signature in blue ink, appearing to be 'Saundra F. Jacobs', with a long horizontal flourish extending to the right.

Saundra F. Jacobs, Chair
SOUTH ORANGE COUNTY AGENCIES

***MUNICIPAL WATER DISTRICT
OF
ORANGE COUNTY***

***AMENDED AND RESTATED
ADMINISTRATIVE CODE***

Adopted
March 18, 2015~~4~~

Updated:

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

PURPOSE - The purpose of this Administrative Code is to provide the members of the Board and the District staff with policy statements which define the duties and functions of the Board and District staff, and the procedures by which the work of the District is carried out.

ADOPTION - This Code was originally developed and adopted on April 21, 1993 and placed on file in the District office of the Secretary of the District ~~and—a restated version was approved on May 18, 2005.~~ Existing Board and/or administrative policies or procedures in conflict with the provisions of this Code were rescinded concurrently with its adoption (~~February 18~~~~May 18, 20~~1995).

AMENDMENTS - From time to time changes or additions will be required to this Code to cover changes in procedure or new activities of the District. Such changes or additions shall be approved only by the Board of Directors, at a duly constituted meeting. Revised or new sections will be inserted in this Code and the superseded sections will be deleted.

DEFINITIONS - Whenever used in the Administrative Code, the following defined terms shall have the meaning indicated herein:

Code	- means the Municipal Water District of Orange County Administrative Code, unless otherwise specifically defined.
MWDOC	- means the Municipal Water District of Orange County.
Board	- means the Board of Directors of MWDOC.
President	- means the President of the Board.
Vice President	- means the Vice President of the Board.
Secretary	- means the Secretary of MWDOC.
General Manager	- means the General Manager of MWDOC.
Treasurer	- means the Treasurer of MWDOC.
State	- means the State of California.
MET	- means Metropolitan Water District of Southern California.
Member Agencies	- means any city, county, water district, county water board, and other entity which receives water from MWDOC, directly or indirectly, the corporate areas of which, in whole or in part, is included in MWDOC.
<u>Parliamentarian</u>	- <u>means MWDOC's Legal Counsel</u>

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**ARTICLE 1
DISTRICT PLACE OF BUSINESS, SEAL AND LOGO**

Principal Place of Business - The principal place of business and office of MWDOC shall be located at 18700 Ward Street, Fountain Valley, California, 92708.

Seal - MWDOC shall have and maintain a Seal, which shall be circular in form and have engraved on the outer edge of the face the words "Municipal Water District of Orange County" and within the circle the words "Incorporated January 11, 1951." (R6, 5/25/51)

Logo - MWDOC shall have an official Logo which shall appear as below: (Minute action, 11/24/71)



ARTICLE 2 ORGANIZATION AND BOUNDARIES

Formation of the District - The Municipal Water District of Orange County was formed under the Municipal Water District Act of 1911 on January 11, 1951, by public election and was annexed to the Metropolitan Water District of Southern California (MET) on November 23, 1951. The District was then called the Orange County Municipal Water District. The Orange County Municipal Water District was changed to Municipal Water District of Orange County (MWDOC) on September 7, 1969. MWDOC consolidated with Coastal Municipal Water District, effective January 17, 2001, expanding its service area to include the Coastal Municipal Water District agencies. The expanded District remained Municipal Water District of Orange County.

R8, 9, 11, 22, 24, 27, 18; Ord. 1, 2; Minute action 11/13/51; METRes.4022; LAFCO Action; R1-6, 5/25/51

The District was formed for the purpose of securing annexation to MET to obtain deliveries of imported water for portions of Orange County outside of the then-existing cities of Anaheim, Fullerton, Santa Ana and the area served by Coastal Municipal Water District which were at that time part of MET.

The organization of the Board as required by the Municipal Water District Act of 1911, establishing the offices of the Board, the time and place of meeting, procedures for notification of meetings and the rules for conduct, Roberts Rules of Order, were adopted at the first meeting of the Board on May 25, 1951.

CA Water Code 71598; R506, 8/17/69, CA Water Code 71610, 71610.5, 71691, CA Water Code 71611, 71612, 71613, 71616

Functions and Powers – MWDOC is a Municipal Water District, subject to the provisions of the Municipal Water District Law of 1911. Under the Law, MWDOC has the power to:

1. Acquire, control, distribute, store, spread, sink, treat, purify, reclaim, recapture and salvage any water, including sewage and storm water, and undertake water conservation programs, for the beneficial use(s) of MWDOC, its inhabitants, or the owners of rights to water in MWDOC.
2. Sell potable and nonpotable water under its control, to cities, other public corporations and agencies, and persons within the District for use within or outside MWDOC, and fix rates therefore.

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Functions and Powers (Cont'd)

3. Acquire, construct, maintain and operate conduits, pipelines, reservoirs, water works, and other property useful or necessary to store, convey, supply or otherwise make use of water for a water works plant or system for the benefit of MWDOC.
4. Acquire real and personal property of every kind by grant, purchase, gift, devise or lease; exercise the right of eminent domain; and, hold, use, enjoy, lease or dispose of real and personal property.
5. Contract with other public agencies, private corporations or other persons for the purpose of carrying out any of the powers of MWDOC or to finance acquisitions, construction and operations.
6. Restrict the use of water during any emergency caused by drought, or threatened or existing water shortage, and prohibit the wastage of MWDOC water.
7. Disseminate information concerning the rights, properties and activities of the District.
8. Exercise all powers which are expressly granted to municipal water districts, or which are necessarily implied.

CA Water Code 71691, 71690, 71693, 71720-71725, 71640-71644, 71610.5, 71596, 71590

Mission - Taking into consideration the reasons the District was formed, its legal powers and its current and projected operations, as well the District's role in county-wide leadership and resource management, the Board of Directors has established that the overall mission of the District 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.

M-10/20/10

Service Area - The original boundaries of the MWDOC were structured in 1951 when MWDOC was formed and have been changed numerous times by annexation and by reorganization. The annexations took place between 1957 and 1983. All annexations to the District have been accomplished by resolutions of the Board of Directors, in accordance with provisions of the California Government Code. The boundaries were expanded in January 2001 (upon the consolidation with Coastal Municipal Water District) to include that portion of the County previously served by Coastal Municipal Water District.

District Annexation to MET - The District was annexed to MET on November 23, 1951, and the Certificate of Proceedings was filed with the Secretary of State on November 26, 1951.

Division Boundaries - The District consists of seven political divisions, each represented by a Director elected by the voters of the division, generally comprised as follows:

Division 1: Cities of Brea, Buena Park and La Habra, and the City of La Palma Water Division, a portion of the Golden State Water Company service area, and Yorba Linda Water District.

Division 2: A portion of the City of Garden Grove, Serrano Water District, City of Orange Water Services, East Orange County Water District, a portion of Irvine Ranch Water District, and a portion of City of Tustin Water Services

Division 3: Cities of Fountain Valley, Westminster, a portion of the City of Garden Grove, and a portion of the Golden State Water Company service area.

Division 4: Cities of Huntington Beach and Seal Beach, and Mesa Water District.

Division 5: City of Newport Beach Water Services, El Toro Water District, and a portion of Irvine Ranch Water District.

Division 6: Santa Margarita Water District, Trabuco Canyon Water District, a portion of Irvine Ranch Water District, and a portion of City of Tustin Water Services.

Division 7: Emerald Bay Service District, Laguna Beach County Water District, Moulton Niguel Water District, City of San Clemente, City of San Juan Capistrano Water Utility, and South Coast Water District.

It is the general policy of the Board to evaluate the division boundaries in coordination with the census data (every ten years) and to best maintain the District's "Community of Interest" as the member agency service areas (water providers as the primary guideline and keeping cities intact as to the greatest extent practicable)..

The official map of the division District Boundaries is filed with the Orange County Registrar of Voters every election year.

CA Gov. Code, 56000 et seq., R22; METRes. 4022, CA Water Code 71170, 71250, 71540-71542; Minute action 5/25/51; R1111, 10/28/81; R1308, 6/4/86; R1466, 6/17/92; R1510, 5/18/94; LAFCO Action: 1/17/01; Motion – 2/15/06 (effective 11/7/06); R1926, 3/7/12

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**ARTICLE 3
GOVERNING BODY
BOARD OF DIRECTORS**

Elections - The District is governed by a seven member Board of Directors who are elected for four-year terms. Elections for Directors are held in November of even-numbered years, with the Directors for Division 1, 2, and 5 elected at one election and the Directors for Divisions 3, 4, 6 and 7 elected at the next election. A candidate for the Board must be a registered voter and a resident of the District and of the Division the candidate wishes to represent.

If, on the 83rd day prior to the day fixed for the general District election, only one person has declared his or her candidacy for each office of Director to be filled at that election, or if no person has filed a declaration of candidacy for any one or more of such offices, and the officer conducting the election has not received a petition signed by ten percent of the voters requesting that the election be held, then the officer conducting the election shall immediately request the Board of Supervisors of the County to make an appointment.

Each candidate for Director who, at the general District election, receives the highest number of votes cast for the candidate for that office is elected as a Director of the District.

CA Water Code 71250-71256, 71500, 71505, 71270; AB 2182; R5, 5/25/51; Motion - 9/21/94; CA Elections Code 23520; CA Water Code 71503

Term of Office - Each Director shall hold office for a term of four years from and after the date of taking office. For Directors elected at the November general election, the term shall commence at noon on the first Friday in December following the election. Directors-elect must take and subscribe their oath of office before assuming office.

CA Water Code 71252 and 71253

Term of Office: Relocation of Division - Whenever a change is made in the division boundaries, each Director then in office shall, until that office becomes vacant by expiration of that Director's term or otherwise, continue to be Director for the respective division even though not a resident of the relocated division. The successor shall be a registered voter and a resident of the relocated division.

Vacancy in Office of Director - If a vacancy occurs in the office of Director, the remaining Directors shall, within 60 days, appoint a qualified person residing in the division in which the vacancy occurs to hold the office until the next District general election which is 130 days or more after the occurrence of the vacancy or call a special election to be held in the division affected as provided for by law.

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If the Board of Directors fails to fill a vacancy or call an election within 60 days, the Board of Supervisors may fill the vacancy or call an election to fill the vacancy. If the Board of Supervisors fails to fill the vacancy or call an election within 90 days of the office becoming vacant, the District shall call an election on the next available election date that is 130 or more days after the vacancy occurs.

Persons appointed to fill a vacancy shall hold office until the next District general election and thereafter until the person elected at such election to fill the vacancy has been qualified. Persons elected to fill a vacancy shall hold office for the unexpired balance of the term of office.

CA Water Code 71254; Gov. Code 1780

Oath of Office - Newly elected or re-elected members of the Board shall take the Oath of Office ~~prior to noon on the first Friday in December following the election~~~~prior to 12 o'clock noon on the first Monday after January 1.~~ The oath may be administered by the County Elections Official, the District Secretary, their respective designees, or other persons authorized by law to administer oaths such as judges, members of the state legislature, and notaries. Directors appointed to fill an unexpired term shall take the Oath of Office prior to ~~taking a seat on~~~~assuming office as a member of~~ the Board. The second paragraph of the oath was invalidated by the California Supreme Court in 1967.

CA Constitution Section 3, Article XX; *Vogel v. County of Los Angeles* (1967) 68 Cal.2d 18;
CA Water Code 71253; Gov. Code 24200; CA Elec. Code 10512

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CHAPTER 1

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

BOARD OBJECTIVES	§1000-1002
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1000 PURPOSE/MISSION

The primary mission of MWDOC is to provide reliable, high-quality water supplies from MET 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. The Board and staff will be guided by a Strategic Plan, Business Plan, Personnel Manual, and Investment Policy, all of which shall be adopted and reviewed by the Board on a periodic basis.

M-10/19/10

1001. THE ROLE OF THE BOARD OF DIRECTORS

As MWDOC's legislative body, the Board of Directors is responsible for providing policy-based leadership and strategic governance for the management of MWDOC's organization and operations. Though day-to-day operations are the responsibility of the General Manager, the appropriate level of involvement by Board members pursuant to this Code is critical to MWDOC's leadership. Board Member responsibilities include:

- i. Providing guidance to the General Manager in the management of the District.
- ii. Reviewing outcomes and metrics of MWDOC operations, programs, policies, and initiatives.
- iii. Reviewing agenda and supporting materials prior to board and committee meetings.
- iv. Approving MWDOC's annual budget, audit reports, and material business decisions.
- v. Staying informed of, and meeting all, legal and fiduciary responsibilities.
- vi. Contributing to an annual performance evaluation of the General Manager and Legal Counsel.
- vii. Partnering with the General Manager and other board members to ensure that board ordinances, resolutions, and directives are carried out.
- viii. Serving on committees and taking on special assignments.
- ix. Serving as a representative of MWDOC to stakeholders and external organizations.

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1002 FIDUCIARY DUTIES OF INDIVIDUAL BOARD MEMBERS

As public officials, MWDOC Board members have fiduciary duties to both MWDOC as an organization and the public at large. The Board recognizes its duty to comply with the law and to model ethical and civil behavior for MWDOC's customers, staff, vendors, and the public, as provided in Chapter 7 of this Code and other applicable laws.

A. Duties to MWDOC

As members of MWDOC's governing board, Board members must always act for the good of the MWDOC as an institution, rather than for the benefit of themselves or other special interests. Board members must exercise reasonable care in all decision making, without placing the organization under unnecessary risk. Pursuant to these duties, Board members shall be obligated to conduct themselves as follows:

- (a) Limit official actions to the scope of MWDOC's purpose and authority.
- (b) Stay informed about MWDOC's purpose, finances, services, policies, and programs.
- (c) Render decisions in good faith, without allowing personal or special interests to prevail over the institutional interests of MWDOC.
- (d) Prepare for meetings by reviewing agenda items, contacting appropriate staff through the General Manager, and providing adequate notice of issues that staff should be prepared to address.
- (e) Preserve the financial solvency of MWDOC and its ability to serve member agencies, customers, and the general public for the long term.
- (f) Ensure that use of MWDOC equipment, supplies, staff time, telephones, computers, and fax machines is limited to official purposes, consistent with District policies, the Fair Political Practices Commission Regulations, and State law.

B. Duties to the Public

As stewards of the public trust, Board members must also place the interests of the public above their own personal interests. A public official must exercise the powers conferred on him or her with disinterested skill, zeal, and diligence, and primarily for the benefit of the public. The minimum standards of conduct are set forth in the conflict of interest provisions of California Law, including Government Code section 1090, the Political Reform Act, and common law, which are discussed further in Chapter 7 of this Code. Pursuant to these duties, Board members shall be obligated to conduct themselves as follows:

- (a) Protect confidential information received during any Closed Session of the District Board held pursuant to State law.
- (b) Refrain from discussions that are not properly noticed pursuant to State law.

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(c) Provide impartial and fair treatment of all persons and matters coming before the Board.

(d) Safeguard ability to make independent, objective, fair and impartial judgments by scrupulously avoiding financial and social relationships and transactions that may compromise, or give the appearance of compromising, objectivity, independence, and honesty.

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

BOARD MEETINGS/COMMITTEE MEETINGS/ PROCEDURES	§1100-§1117
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§1100 BOARD AND COMMITTEE REGULAR MEETINGS

The Board of Directors of MWDOC shall meet twice monthly. The first meeting shall be a workshop held jointly with the MWDOC MET Directors (Workshop/MET Directors) on the first Wednesday of each month at 8:30 a.m. The second meeting of the Board (or Regular Meeting) shall be held on the third Wednesday of each month at 8:30 a.m. The Workshop/MET Directors meetings are held for the purpose of reviewing and discussing issues pertaining to MET and to develop consensus on positions that impact Orange County. If such meeting dates fall on a MWDOC holiday, the meeting shall be rescheduled for another time determined by the Board.

The Board shall appoint and eliminate Standing Committees (see Sections 1200—1201) as necessary. Standing Committee meetings shall be held on a monthly basis. The dates and times of Standing Committee meetings shall be determined by the Board by the end of February of each year and shall remain fixed for the remainder of the year.

Meetings of the MWDOC Board's Standing Committees MWDOC Committee meetings are noticed and held as a committee of the whole, where all members of the Board 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.

The Board of Directors shall conduct MWDOC business at regular, adjourned, special, and emergency meetings in compliance with Government Code Section 54950-54962.

R6 - 5/25/51; amended by R31 - 2/11/52; amended by R153 - 3/26/57; amended by R209 - 2/6/61; amended by R338 - 1/22/64; amended by R511 - 11/26/69; amended by R1290 - 3/26/86; R1473 - 12/9/92; R1484 - 3/17/93; Motion - 4/21/93; Motion - 4/20/94; R1540 - 4/19/95; R1612 - 10/21/98; R-1640-3/15/00; R-1651 2/15/01; R-1679 8/15/01; R-1689 3/20/02; R-1699 9/21/02; R-1712 2/19/03; 5/18/05; M-02/15/06; R-1835 6/18/08; R-1859 9/16/09; R-1867 1/20/10

§1101 SPECIAL MEETINGS

In accordance with Government Code Section 54956, special meetings of the Board may be called by the President, or by a majority of the directors, by delivering personally or by U.S. mail, electronic email, or facsimile, written notice to each member and to all others who requested written notice of meetings. The notice shall be delivered personally or by U.S. mail, electronic email, or facsimile, and shall be received at least 24 hours before the time of the meeting as specified in the notice. The call and notice shall specify the date, time and place of the special meeting and the agenda items to be transacted. No other business shall be considered at these meetings. The written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the MWDOC District Secretary a written waiver of notice. The waiver may be given by U.S. mail,

facsimile and/or electronic email. The written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes. Notice shall be required pursuant to this section regardless of whether any action is taken at the special meeting. The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.

R6 - 5/25/51; amended by minute action 6/12/53; Motion - 4/21/93; Motion 4/20/94;

§1102 WORKSHOP MEETINGS

Should there be less than a quorum of MWDOC directors present at regularly scheduled workshop meetings, then the Board Meetings shall be adjourned for lack of a quorum and such member or members as are present shall constitute an ad hoc committee of the Board, and the meeting may proceed as a committee meeting solely for the purpose of receiving information. Nothing in this section shall be construed as contrary to Water Code Section 71274 which provides that a majority of Board shall constitute a quorum for transaction of business, and no ordinance, motion or resolution shall be passed to become effective without affirmative vote of a majority of the members of the Board. Should action need to be taken, compliance with Section 71274 is required.

R1118 - 1/27/82; Motion - 4/21/93

§1103 EMERGENCY MEETINGS

Pursuant to Government Code Section 54956.5, in the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board may hold an emergency meeting without complying with either the 24-hour notice or posting requirement. Emergency situation means a) work stoppage or other activity which severely impairs public health, safety, or both, as determined by a majority of the Board; or b) crippling disaster which severely impairs public health, safety, or both, as determined by a majority of the Board.

All ~~newspapers and radio or television stations~~~~persons and entities~~ that have requested notice of special meetings pursuant to Government Code Section 54956 shall be notified by the President or his/her designee one hour prior to the emergency meeting, or, in the event of a dire emergency, at or near the time the members of the Board are notified. Notice shall be by telephone, and all telephone numbers provided in the most recent request for notification shall be exhausted. In the event that telephone services are not functioning at the time notice would otherwise be given, the notice requirements of this section are waived. In this event, those ~~who have requested~~~~requesting~~ notice of special meetings ~~pursuant to Government Code Section 54956~~ shall be notified of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible. Except for the 24-hour notice ~~and posting requirements requirement~~, the requirements for Special Meetings set forth above in Section 1101 shall apply. The minutes of an emergency meeting called pursuant to this section, a list of persons notified or attempted to be notified, a copy of the roll call vote, and any actions taken shall be posted for a minimum of 10 days in a public place as soon after the meeting as possible.

During a meeting held pursuant to this section, the Board may meet in closed session pursuant to Section 54957 if agreed to by a two-thirds vote of the members of the Board

present, or, if less than two-thirds of the members are present, by a unanimous vote of the members present. (Government Code Section 54956.5(c)). With the exception of the 24-hour notice requirement, all requirements applicable to a special meeting under Section 1101 shall apply to meetings under this section.

4/21/93; Motion 4/20/94; [Gov. Code 54956.5](#)

§1104 NOTICES OF MEETINGS

Pursuant to Government Code Section 54954.1, notice of the regular meetings of the Board and any special meeting of the Board which is called at least one week prior to the date set for the meeting shall be mailed to any person who has filed a written request for the notice with the District Secretary. Such notice shall be mailed not later than the time the agenda is posted pursuant to the provisions of this Administrative Code or upon distribution of the agenda to a majority of the Board, whichever occurs first.

Any request for notice filed pursuant to this section shall be valid for one year from the date on which it is filed unless a renewal request is filed. The failure of any person to receive the notice given pursuant to this section shall not constitute grounds for any court to invalidate the actions of the Board for which the notice was given.

Motion – 4/21/93

§1105 MEETINGS OPEN TO PUBLIC

Pursuant to Government Code Section 54953, all meetings of the Board and standing Committees shall be open and public, and all persons shall be permitted to attend any meeting, except Closed Sessions held in accordance with law.

Motion – 4/21/93; Motion – 7/16/97;

§1106 PLACE OF MEETINGS

Meetings of the Board, unless otherwise specified in the notice, shall be held at the Offices of Municipal Water District of Orange County, ~~18700 Ward Street, Fountain Valley, California 92708.~~

R6 - 5/25/51; amended by R21 - 8/27/51; amended by R53 - 9/14/53; amended by R206 - 1/18/61; amended by R511 - 11/26/69; amended by R551 - 1/27/71; amended by R800 - 5/25/77; R1290 - 3/26/86; Motion - 4/21/93;

§1107 CLOSED MEETINGS

Prior to holding any closed session, MWDOC's Legal Counsel shall disclose the item(s) to be discussed in the closed session and provide such other information required by law. The disclosure may take the form of a reference to item(s) as they are listed by number or letter on the agenda. In the closed session, the Board may consider only those matters covered in its statement. After any closed session, the Board shall reconvene into open session and report any action(s) taken and the vote or abstentions of the Board as required by Government Code Section 54957.1.

Matters discussed or documents presented in closed sessions shall be kept confidential to the extent permitted under Government Code Section 54950 et seq and the Public Records Act. Any Director who has not attended a closed session and wishes to be advised of the content of the session may inquire of any Director who attended the closed session. The Director contacted may advise the inquiring Director of the content of the session. The advised Director shall not disclose any matters discussed in closed session without the prior authorization of the Board of Directors.

Motion - 4/21/93; Motion - 4/20/94;

§1108 ADJOURNED MEETINGS

Pursuant to Government Code Section 54955, the Board may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. If a majority of the Board are not present for any regular or adjourned regular meeting, the District Secretary may declare the meeting adjourned and shall cause a written notice of the adjournment to be given in the same manner as provided in Government Code Section 54956 which shall be posted in a location that is freely accessible to members of the public within 24 hours after the time of the adjournment.

Motion - 4/21/93;

§1109 MINUTES OF MEETINGS

Minutes of regular and workshop Board meetings, consisting of topics discussed and actions taken, shall be prepared and mailed to each Director prior to the next regular or workshop Board meeting. Such minutes shall not include the text of ordinances and resolutions adopted, which shall be recorded in separate volumes by the District Secretary. Minutes approved by the Board shall be kept at MWDOC's offices. Minutes of Board meetings shall be posted on MWDOC's website and sent to those who request hard copies.

~~Pursuant to Government Code Section 54953.5, Audio and video recordings of Board and Committee meetings shall, if created by the District, may be erased or destroyed after approval of minutes of said meetings and not less than 30 days after taping. Video tape recordings may be erased or destroyed 30 days after said the meeting at the discretion of the General Manager.~~

Minute action - 6/11/51; Minute action - 7/3/51; Minute action - 8/17/51; Minute action - 11/9/53; Minute action - 1/8/64; Minute action - 4/15/64; Minute action - 8/16/67; Minute action 5/27/79; Minute action - 11/25/81; Motion - 4/21/93; Motion - 4/20/94; Gov. Code 54953(b)

§1110 AGENDA OF BOARD AND STANDING COMMITTEE MEETINGS

At least 72 hours before a regular meeting, the District Secretary or designee shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session.

The agenda(s) shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to the public, ~~as well as to and to MWDOC's website~~. No action shall be taken on any item not appearing on the posted agenda, unless the Board or Committee determines any of the following exist:

1. Upon a determination by a majority vote of the Board or Committee that an emergency situation exists, as defined in Government Code Section 54956.5; or
2. Upon a determination by a two-thirds vote of the Board or Committee, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the Board or Committee subsequent to the agenda being posted; or
3. The item was posted for a prior meeting of the Board or Committee occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

The Board or Committee agenda shall provide an opportunity for members of the public to address the Board or Committee on matters on the agenda or that are within the subject jurisdiction of the Board or Committee.

Motion - 4/21/93; Motion - 4/20/94; Motion – 7/16/97;

§1111 MEETING CONSENT CALENDAR

The agenda for the regular meetings of the Board shall contain a Consent Calendar to expedite Board consideration of routine matters so as to enable the Board to devote added time to other matters. The Consent Calendar will not be discussed, but will be approved by a single motion unless individual consideration is requested by members of the Board, staff or public. Matters which may be included on the Consent Calendar are as follows:

1. Minutes of Board Meetings
2. Financial Reports

- a. disbursement schedule
 - b. financial disbursement resolutions
 - c. monthly financial statements
3. Committee Meeting Reports
4. Memberships (new and renewal)
5. Associations (new and renewal)
6. Conference Attendance Requests
7. Routine Administrative Matters
8. Any other matters recommended by a Committee to be included on the Consent Calendar.
9. Any items that are unanimously approved by a Committee, unless otherwise required by law.

Matters for the Consent Calendar shall be submitted to the District Secretary prior to the meeting of the Board and pertinent materials sufficient to enable a member to formulate an opinion on each Consent Calendar item shall be included with the agenda mailed to Directors. Matters requiring a roll call vote or a vote other than a simple majority will not be placed on the Consent Calendar.

Motion - 4/21/93;

§1112 AVAILABILITY OF AGENDA AND OTHER WRITINGS DISTRIBUTED AT PUBLIC MEETINGS

The District Secretary upon request shall make available to the public, without delay, copies of public meeting agendas and other writings when distributed to all or a majority of the members of the Board in connection with any matter subject to discussion or consideration at a public meeting. This does not include any writings that are exempt from public disclosure under Sections 6253.5, 6254 or 6254.7 of the California Public Records Act (Government Code Section 6250 et seq). Written material which is public record and which is distributed during a public meeting shall be made available for public inspection at the meeting if prepared by the MWDOC staff or a Board member or after the meeting if prepared by some other person or as soon thereafter as practicable.

Motion - 4/21/93; Motion - 4/20/94;

§1113 LEGAL REPRESENTATION AT MEETINGS

MWDOC's Legal Counsel shall be present at any regular meetings of the Board of Directors upon request of the Board President or the General Manager.

Motion - 4/21/93

§1114 QUORUM OF BOARD

A majority of the Board shall consist of four members of the Board and shall constitute a quorum for the transaction of business at a Board meeting. Any ordinance, motion or resolution shall become effective with the affirmative vote of a majority of the members of the full Board only at a regular, special, adjourned, or emergency Board meeting.

Motion - 4/21/93; Motion – 7/16/97; Motion – 5/2005

§1115 ACTIONS OF BOARD

The Board shall act only by ordinance, resolution or motion. No action shall be taken by secret ballot. On all ordinances and resolutions and actions taken in closed session, the roll shall be called and the ayes, noes, abstentions and absences recorded in the journal of the proceedings of the Board. Motions may be adopted by voice vote, along with each Board member raising a hand in support, opposition, or abstention, but on demand of any member of the Board, the roll shall be called. Votes of the members of the Board shall not be cast or exercised by proxy. Every member of the Board shall have one vote. The President of the Board or the President Pro Tempore shall have the right to participate in and vote upon any question before the Board, provided that he or she is not barred by a conflict of interest or other legally imposed disability.

R6 - 5/25/51; Motion - 4/21/93; Motion - 4/20/94;

§1116 PUBLICATION/POSTING OF ORDINANCES

At least ten days prior to the Board meeting at which a proposed ordinance or amendment to an existing ordinance is to be adopted, a copy of the full text thereof shall be posted in the MWDOC office and mailed or electronically emailed to each of MWDOC's Member Agencies. Within ten days after adoption of the ordinance or amendment, MWDOC shall publish for one day, in a newspaper of general circulation, either the full ordinance or a summary thereof with the names of Board members voting for and against the ordinance or amendment. At the same time, a certified copy of the full text along with the names of Board members voting for and against the ordinance or amendment shall be posted in MWDOC'S offices for not less than ten (10) days. Water service ordinances considered and adopted pursuant to Section 1117 below are excepted from the procedures set forth in this Section.

Motion - 6/16/93; Motion 4/17/02

**§ 1117 POSTING/MAILING OF WATER SERVICE ORDINANCE AND WATER RATES
RESOLUTION**

MWDOC must establish its water rates on an annual basis and these rates shall take effect July 1st of each year. The classes and conditions of water service shall be established by Board Ordinance and water rates for the various classes of water service and other fees and charges shall be established by Resolution. At least ten days before the adoption of an Ordinance establishing classes and conditions of water service or a Resolution setting rates and other fees and charges, the General Manager shall provide written notice (U.S. mail or electronic email) that the Board will consider adoption of the Ordinance and/or Resolution at a Board meeting to be held on a specified date, along with a copy of the proposed Ordinance and/or Resolution, to each of the MWDOC's Member Agencies. Within ten days after the adoption of the Ordinance and/or Resolution, MWDOC shall provide written notice (U.S. mail or electronic email) of the adoption of the Ordinance and/or Resolution to its Member Agencies, along with a copy of the adopted Ordinance and/or Resolution. At the same time, a certified copy of the full text of the Ordinance and/or Resolution, along with the names of the Board members voting for and against the Ordinance or Resolution shall be posted ~~at~~ in MWDOC's offices for not less than ten (10) days. This section shall apply to amendments to any ordinance establishing classes and conditions of water service or resolution setting water rates then in effect.

M – 4/17/02

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

COMMITTEES	§1200-§1211
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§1200 ESTABLISHMENT OF COMMITTEES

The Board, at its discretion, may create Standing and Special (Ad hoc) Committees for the purpose of studying, reviewing and making recommendations concerning certain operations or subjects of interest to the Board and meeting with other persons or entities on the Board's behalf. Except for ad hoc advisory committees composed solely of less than a quorum of the Board, and which do not have continuing subject matter jurisdiction or meetings scheduled by the Board, the meetings of all committees created by formal action of the Board shall be open and public and shall comply with the requirements of the Brown Act. The general function and areas of concern for each Committee shall be defined. Committees will meet on a monthly basis or as needed basis.

Standing and Special Committees are responsible for reporting their findings and making recommendations to the Board of Directors. Committees are not empowered to act for the Board, ~~however meetings of MWDOC's Standing Committees meetings are noticed and held as committees of the whole, joint meetings of the Committee and the entire Board of Directors, and where all members of the Board of Directors may attend and participate in the discussion. On certain occasions, a Committee meeting may be adjourned and held as a full Board meeting to take action, with the appropriate noticing requirements met.~~

§1201 STANDING COMMITTEES

Standing Committees shall be formed for the purpose of considering, studying, reviewing and making recommendations to the Board on matters and subjects within the Committee's area of concern and shall be composed of any three members of the Board, with the exception of the Executive Committee which shall be composed of the President, Vice President, and the immediate past President. The President of the Board shall act as non-voting ex officio member ~~(non-voting member)~~ of each Standing Committee. If the Committee Chair requests that the President serve as an alternate Committee member for a member of the Standing Committee who is absent (pursuant to Section 1204), the President may vote in the capacity of the alternate Committee member. The President of the Board may also participate as a voting member of a Standing Committee to give the casting vote in the case of a tie.

The Standing Committee of the Board of Directors are:

- Executive Committee
- Administration & Finance Committee
- Planning & Operations Committee
- Public Affairs & Legislation Committee
- ~~Desalination Committee~~
- MWDOC/OCWD Joint Planning Committee

Rev. by Resolution No. 1707 - 1/15/03; Motion – 1/21/04; Motion – 02/15/06; M-04/19/06;
M-02/15/12

§1202 APPOINTMENTS

The Board President, by the end of February of each year, shall recommend to the Board, consider the appointment of members of its Standing Committees (Executive, Administration & Finance, and Planning Operations; Public Affairs & Legislation, ~~Desalination~~, and MWDOC/OCWD Joint Planning Committee) as well as establish the dates and times of the Committee meetings. ~~The Board~~ shall also review and establish Special Committees as appropriate and consider the appointment of members thereto. Members, including the Committee Chairs, shall be appointed to the Standing and Special Committees by the President and ratified by Board action. The President of the Board shall act as a non-voting ex-officio member ~~(non-voting member)~~ of each Standing Committee.

Upon approval of these appointments, the District Secretary shall prepare and post on the District's website, Fair Political Practices Commission (FPPC) Form 806 outlining all Director appointments. This form is used to report additional compensation that officials receive when appointing themselves to positions on committees, boards, or commissions of another public agency or to a committee or position of the agency of which the public official is a member. This form is required pursuant to FPPC Regulation 18705.5. Each agency must post on its website a single Form 806 which lists all the paid appointed positions to which an official will vote to appoint themselves. When there is a change in compensation or a new appointment, the Form 806 is updated to reflect the change. The form must be updated promptly as changes occur.

Motion - 5/15/85; Rev. 2/4/87; Motion - 4/20/94; Motion 2/19/97; RES. No. 1707 1/15/03;
Motion – 02/15/06; M-04/19/06

§1203 COMMITTEE MINUTES

The minutes of Standing Committee meetings shall be in writing and presented to the Board at its regular monthly meeting.

Motion - 4/21/93; Motion - 4/20/94;

§1204 ALTERNATE COMMITTEE MEMBERS

Whenever any member of a Committee is absent from a Committee assignment, any member of the Board ~~may~~ shall be requested to serve as alternate Committee members and shall be entitled to vote as a regular Committee member. The Committee Chair shall determine who the alternate Committee members shall be.

Motion - 4/21/93; Motion – 1/21/04

§1205 SPECIAL MEETINGS

Special meetings of any Committee shall be called upon order of its Chairman and duly noticed as required by Government Code section 54950 et seq.

Motion - 4/21/93; Motion - 4/20/94;

§1206 EXECUTIVE COMMITTEE

PURPOSE: The Executive Committee shall study, advise, and make recommendations with regard to policies and procedures to be considered by the Board; questions raised by members of the Board and staff between meetings of the Board and in unexpected situations and emergencies and other matters as may be required.

The Executive Committee shall review the draft Standing Committee agendas. Any substantive changes to the agendas subsequent to the review by the Executive Committee shall be approved by the Committee Chair.

The Executive Committee shall consist of the President, Vice President, and the immediate past President.

Motion - 8/6/86; Motion - 2/4/87; Motion - 4/21/93; Motion - 4/19/95; Resolution No. 1707 1/15/03; Motion – 1/21/04

§1207 ADMINISTRATION & FINANCE COMMITTEE

PURPOSE: The Administration & Finance Committee shall study, advise and make recommendations with regard to the form of MWDOC's organization and the flow of authority and responsibility; the classification of positions, job duties, salaries, and salary ranges; matters affecting wages, hours, pension plans and other employee benefits, policies and rules regarding employment, discipline and discharge; selection of management, personnel, auditors, financial and insurance consultants and the determination of the scope of their assignments; the terms and conditions of employment of all consultants, advisors, and special counsel; individuals to serve in positions requiring Board approval; and proposed amendments to the MWDOC Act affecting the organization and personnel policies as well as the finance and insurance functions of MWDOC. The Committee shall also study, advise and make recommendations with regard to the preparation of budgets; sale of bonds and borrowing and repayment of money; disposition and investment of funds; authorization of appropriations; revenues to be obtained through sale of water; financial impact and requirements of policies concerning annexation; financial aspects of MWDOC's risk management program; questions pertaining to insurance coverage; reports of auditors and financial statements; form and contents of accounts; financial reports and financial statements. The Administration & Finance Committee shall provide oversight for any legal matters affecting MWDOC within the Committee's scope of interest and responsibility.

Motion - 4/21/93; Motion 2/19/97

§1208 PLANNING & OPERATIONS COMMITTEE

PURPOSE: The Planning & Operations Committee shall study, advise and make recommendations with regard to plans, specifications and bids; the initiation, scheduling, contracting, and performance of construction programs and work, and the equipment or materials to be used, replaced, disposed of, or salvaged; operation, protection, and maintenance of the facilities required for the delivery of water; the providing of storage and distribution facilities and connections for the delivery of water; construction claims; the selection of engineering and geologic consultants and the determination of the scope of their assignments; functions relating to the Water Emergency Response Organization of Orange County (WEROC); and proposed amendments to the MWDOC Act affecting the engineering and operations functions of MWDOC.

Motion - 4/21/93; Motion - 4/20/94; Motion - 4/19/95; Motion - 2/19/97

§1209 PUBLIC AFFAIRS & LEGISLATION COMMITTEE

The Committee shall study, advise and make recommendations with regard to policies and practices and means of disseminating MWDOC information; copy or content of MWDOC public information projects; selection and compensation of public information consultants; budget allocations for public information; review or develop legislation and MWDOC position regarding support of or opposition to legislation; develop legislative policy principles and priorities, including key proposals to be presented to legislator(s) and/or legislative staff, MWDOC relationships with other governmental agencies or bodies; other matters related to or involving other governmental and/or regulatory agencies; any legal matters affecting the MWDOC within the Committee's areas of interest.

Motion – 02/15/06; M-04/19/06

§1210 MWDOC/OCWD JOINT PLANNING COMMITTEE

The Committee shall study, advise, and make recommendations with regard to policies and practices of joint interest to OCWD and MWDOC; discuss MET policies and programs as they relate to OCWD; and discuss other items as necessary for efficient coordination between imported and local OCWD supplies.

§1211 ~~DESALINATION COMMITTEE~~

~~**PURPOSE:** The Desalination Committee shall study, advise, and make recommendations with regard to policies and procedures to be considered by the Board with respect to ocean and brackish desalination. This shall include a broad range of oversight with respect to MWDOC's participation and planning on desalination activities, including coordination with MET, as well as legislative and regulatory activities relative to desalination (grant funding opportunities, etc.), and local and regional desalination activities~~

§1211² SPECIAL COMMITTEES

Special (Ad Hoc) Committees may be established by an action of the Board for the purpose of considering, studying, reviewing and making recommendations to the Board on specific matters and shall be terminated when its task is completed. A Special Committee may, at the direction of the Board, meet with certain individuals or entities and report its findings to the Board for its consideration. Special Committees shall be composed of no more than three members of the Board. Members shall be appointed to Special Committees by the President and ratified by Board action.

Motion - 5/15/85; Rev. 2/4/87; M-02/15/12

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

BOARD OFFICERS AND EMPLOYEES	§1300-§1309
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§1300 ESTABLISHMENT OF BOARD OFFICES

There shall be one office of President, and one office of Vice President. Directors may serve concurrently as either President or Vice President of MWDOC and as an appointee from MWDOC to the Board of Directors of MET.

R2 - 5/25/51; R6 - 5/25/51; R-1729 – 1/21/04

§1301 TERMS OF OFFICE; ELECTION OF BOARD OFFICERS; APPOINTMENT OF MWDOC OFFICERS

The President and Vice President of the Board shall serve one-year terms and shall be elected to such term by the members of the Board at its first Regular Board meeting in January of each year. Nominations will be taken from the floor and a roll call vote of the Directors shall be the method for electing President and Vice President. If the President is absent or unable to act, the Vice President shall perform the duties of the President.

The Board shall appoint, by majority vote, at its pleasure, a Secretary, Treasurer, Legal Counsel, General Manager and Auditor and shall define their duties and fix their compensation. At its first regular meeting in January of each year, the Board shall appoint the Secretary, Treasurer, and Legal Counsel. The Board may also appoint a Deputy Secretary and Deputy Treasurer. Each of these officers shall serve at the pleasure of the Board. The Auditor shall serve a term no longer than five (5) years.

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R1 - 5/25/51; Minute action - 8/13/51; Motion - 8/17/51; R33 - 5/12/52; Motion - 1/12/53; R66 - 5/10/54; Motion - 1/10/55; R 119 - 4/9/56; R160 - 5/7/58; R26 - 9/11/59; R188 - 4/6/60; R324 - 11/6/63; Motion 5/18/66; R452 - 1/18/67; Motion - 1/15/69; R631 - 1/24/73; R751 - 1/28/76; R746 - 11/26/76; R851 - 4/4/78; Minute action - 9/23/81; Minute action & R1156, R1157 - 1/26/83; R1192 - 8/83; R1231 - 5/23/84; R-1729 – 1/21/04

§1302 VACANCY IN OFFICE

Whenever a vacancy occurs in the offices of President or Vice President during a term of office, the Board shall elect one of its members to serve the unexpired term.

R324 - 1/6/63; R-1729 – 1/21/04

§1303 DUTIES AND POWERS OF PRESIDENT

The President of the Board of Directors shall be the presiding officer and shall preserve order and decorum at all MWDOC meetings. The President shall appoint (with ratification by the Board) all standing, special, and ad hoc committees (including the Committee Chair persons). In the absence of the President, Vice President shall act as President. In the absence of the President and Vice President, the immediate past President(s) shall act as President, and in the absence of any immediate Past President(s), the Secretary acts as President until the Board selects one of its members President Pro Tempore, who shall have all of the Board powers of the President during the continuance of the meeting as well as during the absence of the President.

R6 - 5/25/51; R-1729 – 1/21/04;

§1304 DUTIES AND POWERS OF VICE PRESIDENT

In the absence or disability of the President, the Vice President shall perform all of the duties of the President.

R452 - 1/18/67; R631 - 1/24/73; R-1729 – 1/21/04

§1305 DUTIES OF SECRETARY

The Secretary shall post all notices and agendas required by law, shall keep a record of all proceedings had at meetings of the Board, and shall be custodian of the MWDOC Seal and all documents pertaining to MWDOC affairs. In accordance with California Code of Regulations, Title 2, Section 18227, the Secretary shall serve as filing officer or filing official, responsible for receiving, forwarding or retaining statements of economic interest or campaign statements. The Secretary, in addition to the duties imposed by law, shall perform such duties as may be assigned by the Board. The Board may appoint one or more Deputy Secretaries. Under the direction of the Board and the Secretary, each such Deputy Secretary shall assist the Secretary in performance of the Secretary's duties, and shall perform such other duties as provided by the Board.

Motion - 4/20/94;

§1306 DUTIES OF TREASURER

The Treasurer and/or such other persons as may be authorized by the Board, shall invest and monitor MWDOC funds and draw checks or warrants to pay demands when such demands have been audited and approved in the manner prescribed by the Board. The Board may appoint one or more Deputy Treasurers or Alternate Deputy Treasurers who shall perform the duties of the Treasurer in the absence of the Treasurer.

R1166 - 3/23/83; R1277 - 12/18/85; R1429 - 1/16/91; R1434 - 4/3/91; Motion 4/21/93;

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§1307 GENERAL MANAGER

a. Powers and Duties of the General Manager

The Board employs a General Manager to carry out its policies, manage MWDOC operations and provide day-to-day supervision of MWDOC employees and control of MWDOC expenditures, and the Board has determined that clear delineation of the General Manager's authority is essential to effective MWDOC management. The General Manager may appoint a designee to act on his behalf in cases of his temporary absence.

Specifically, the Board delegates to the General Manager or his designee the authority to:

- 1) make and carry out management decisions in conformity with Board-established MWDOC policies;
- 2) employ, terminate, assign duties to, and direct the day-to-day activities of all MWDOC employees consistent with California law and the policies and procedures set forth in the MWDOC Personnel Manual. The Board retains authority to employ, terminate, and assign duties to the General Manager, Secretary, Treasurer, and Legal Counsel. The Board retains authority to establish salary ranges for all employees, and to authorize employee travel on MWDOC business outside the State of California;
- 3) establish MWDOC employee job classifications and descriptions, subject to periodic review of overall personnel utilization by Board. The Board retains authority to control overall staffing levels by setting number of authorized positions;
- 4) direct activities of contractors performing services for MWDOC including the authority to retain, define the scope of efforts of, and dismiss consultants;
- 5) manage MWDOC financial operations, oversee the investment of MWDOC funds and assure MWDOC funds are expended in conformity with Board-approved budgets and applicable laws. Annual budget shall be proposed in form and at level of detail as determined by Board. Upon Board approval of budget, General Manager shall have authority to commit budgeted funds for purposes and up to limits authorized for each budget category. When not authorized by the budget, the General Manager, but shall seek specific authorization from the Board to expend budgeted sums in excess of \$25,000 for any contract or purchases except as otherwise authorized in Exhibit A (Section 8000); General Manager shall review budget status quarterly with Board, and shall propose corrective action if revenues or expenditures vary materially from budget. The General Manager shall have the authority to move budgeted funds between cost centers, however the General Manager must notify the Board when moving between cost centers. Board approval is required to move funds between core and choice budget items, and to re-allocate grant funding. Funds that may not be moved between cost centers are (1) movement between core and choice budget items, and (2) grant funding.
- 6) expend non-budgeted funds to meet an emergency which adversely affects,

directly or potentially, ability of MWDOC to perform its services; which puts MWDOC property or personnel in jeopardy; or which may jeopardize health or property of the community or its residents. General Manager shall determine that an emergency exists and shall inform Board of the emergency, at the earliest opportunity, the steps taken and expenditures incurred to meet it;

7) propose and carry out, upon Board approval, MWDOC management objectives and plans;

~~7)8)~~ remove or prohibit an item that has passed through a Committee from being presented to the full Board (only with the concurrence of the Committee Chair);

~~8)9)~~ Board retains to itself, sole authority to accept and convey, on behalf of MWDOC, real property or real property rights, and water and capacity rights.

b. Rights and Benefits of General Manager

Unless otherwise set forth in this Administrative Code, the employment rights and benefits for the General Manager are limited to those enumerated in the General Manager's written employment contract with MWDOC. No employment rights or benefits for the General Manager are contained in the MWDOC Personnel Manual.

c. Compensation of General Manager

The salary of the General Manager shall be fixed at a flat rate set by the Board of Directors upon recommendation by the Executive Committee. Merit increases will be instituted in accordance with the approved Pay Increase Guidelines included in the Board Performance Evaluation Policy.

d. General Manager's Evaluation Process

The General Manager's evaluation process shall be in accordance with the Board Performance Evaluation Policy, as follows:

- On a quarterly basis the General Manager is expected to report on progress in attaining goals
- The performance appraisal will cover the prior fiscal year period of July 1 to June 30
- The performance appraisal is completed in October
- A mid-year update may be conducted in March of each year
- The Board shall conduct the appraisal interview with the General Manager in closed session

Specific details on the evaluation process is included in the Board Performance Evaluation Policy regarding Evaluation of the General Manager and can be obtained from the District Secretary and Human Resources.

R1201- 8/24/83; Motion - 4/21/93; Motion – 11/25/96; Motion 5/18/05; Motion 4/18/12

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§1308 DUTIES OF LEGAL COUNSEL

The Legal Counsel shall be the legal adviser of MWDOC and shall perform such duties as may be prescribed by the Board. The Legal Counsel shall serve at the pleasure of the Board, and shall be compensated for services as determined by the Board.

Motion - 4/21/93;

§1309 DUTIES OF AUDITOR

The Board shall appoint by majority vote, an Auditor, and shall determine the duties and compensation. The auditor shall serve a term ~~not~~ longer than five (5) years.

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

MWDOC DIRECTORS	§1400-§1405
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§1400 DIRECTORS' COMPENSATION

The amount of compensation to be received by Directors shall be pursuant to Water Code Sections 71255, 71256, 20201, and 20202 and may be automatically increased annually (in January) pursuant to Ordinance No. 47 by the maximum allowed by statute (5%) (no Board action is necessary). To suspend any increase or to reduce compensation for a designated calendar year, a Board Resolution is required. When suspension or reduction expires, the Board may increase its compensation only to the maximum allowed for one year with no catch-up provision. Members of the Board shall submit a Compensation Voucher complying with the submittal timelines described under Section 2206 of this Code.

The Compensation Vouchers shall be approved by the Board President. In the absence of the Board President, any member of the Executive Committee or Administration & Finance Committee may approve the Compensation Vouchers.

So that they may devote as much time as is necessary or beneficial to the full performance of their roles, such compensation shall be paid for each day's attendance at meetings of the Board, its Committees, and other functions deemed necessary and approved or ratified by the Board. Attendance at all meetings/conferences require Board approval or ratification except those meetings outlined in Section 1403 (meetings that do not require prior Board approval or ratification). The maximum number of days for which a Director may receive compensation shall not exceed ten in any calendar month.

R724 - 7/23/75; R1242 - 10/24/84; Ord. 33 - 1/22/86; Ord. 38 - 3/7/90; Ord. 40 - 12/9/92; R1472 - 12/9/92; R1504 - 2/16/94; R1524 - 12/21/94; 11/15/95; R1552 - 1/17/96; R1572 - 12/18/96; Motion - 9/16/98; Motion - 6/16/99; Ord. 47- 4/18/01; Motion - 8/15/01; Motion - 9/19/01; Motion - 4/16/03

§1401 DIRECTORS BENEFITS

Board members are eligible to participate in any health and welfare benefit provided by MWDOC pursuant to Government Code Sections 53200(d) and 53201 and 53208 and in the Directors' pension plan. Directors are not eligible to participate in the CalPERS retirement benefit.

Motion - 2/6/91; Motion - 3/16/94; Motion - 7/16/97; Motion - 4/16/03; Motion 4/21/10

§1402 DIRECTORS LEAVING STATE

Pursuant to Government Code Section 1062, Board members shall seek consent of the Board for absences from the State of more than 60 days and shall notify the Secretary of the Board of such request at least 7 days prior to the meeting of the Board, when possible.

The Secretary shall place the request on the Consent Calendar of the agenda of the Board for its consideration. In the event there is insufficient time for the Director to provide said request or there is insufficient time to agendaize said request prior to the departure of the Director, the Secretary shall notify the President and Vice President and agendaize the matter for consideration by the Board as soon as possible. Directors are requested to notify the Secretary of expected absences from the State of less than 60 days at least 3 days prior to departure when possible. Board members traveling outside the United States and to locations within the United States that do not have facsimile access, shall execute a Waiver of Notice of Special Board Meetings effective for the duration of the Directors absence.

The Secretary shall notify the Board, to the extent possible, when a majority of the Board will not be available for the transaction of MWDOC business due to absence from the State.

R1252 - 1/23/85; Rev. 6/16/99; Motion – 4/16/03

§1403 DIRECTORS ATTENDANCE AT OTHER MEETINGS

It is recognized that each member of the Board expends a considerable amount of time and effort serving on committees and attending meetings. While the MWDOC and its Directors derive great benefit through participation in various meetings, Directors' attendance at conferences, conventions, workshops, seminars, etc. outside the MET service area requires prior authorization of the Board. Additionally, any registration exceeding \$5200 also must have prior authorization of the Board. Expenses incurred that do not meet the above criteria require Board ratification before expenses can be approved. Without approval or ratification of the Board, such expenses will not be reimbursable.

Attendance is authorized without prior authorization of the Board, at the following meetings, but shall be monitored by periodic Board review. Directors may attend, without prior Board approval, association board, council and committee meetings as necessary, if the Director has been appointed to a specific board, council or committee or association.

Additional meetings that do not require prior approval or ratification of the Board (to be eligible for per diem compensation and expense reimbursement) include attendance at:

- MET Board and Committee meetings
- Water-related Inspection Trips
- Member Agency Board and Committee meetings
- Meetings with members of the boards, city councils, or management staff of MET and agencies within Orange County regarding water-related issues ~~(see meal restrictions below)~~
- Meetings with legislators and/or legislative staff
- Independent Special Districts of Orange County (ISDOC) meetings
- Meeting with elected officials and/or the elected official's staff

- Meetings with representatives of bureaucracies at the local, state, and regional levels
- Water Advisory Committee of Orange County (WACO) meetings
- Orange County Water Association Meetings
- Educational and compliance training
- Other MWDOC or water-related meetings

In accordance with AB 1234, eEach Director shall provide a brief report (oral or written) on meetings attended at the expense of the District, at the next monthly Board meeting, to the Board regarding these meetings.

~~*Only breakfast and luncheon meetings shall be eligible for per diem compensation and expense reimbursement and do not require prior Board approval/ratification. Dinner meetings shall not be eligible for compensation or expense reimbursement, unless the event includes official business of MWDOC.~~

~~Breakfast and luncheon meetings held in the normal course of business (e.g. following regularly held Board and Committee meetings) between two or more Directors shall not be eligible for purposes of expense reimbursement.~~

Motion - 4/21/93; Motion – 6/16/99; Motion – 4/16/03

§1404 DIRECTOR PARTICIPATION IN MEETINGS VIA TELECONFERENCE

Directors may attend MWDOC Board and Committee meetings via teleconference provided the meeting has been duly noticed as a teleconference meeting and complies with the Ralph M. Brown Act ~~requirements~~. For the purposes of establishing a quorum of the Board, the Director participating in the meeting by teleconference must be participating from a location within the jurisdictional boundaries of MWDOC. A Director is entitled to vote from a teleconference location, which shall constitute attendance for which and shall be eligible for compensation.- All voting shall be done by roll call when a Director is teleconferencing.

Gov. Code 71255 and 53232.1

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§1405 DIRECTOR AUTHORIZATION TO TRAVEL

Travel outside of California on MWDOC-related business by MWDOC Directors shall be undertaken upon the approval of the Board. Exceptions to this rule are MET or MWDOC sponsored inspection trips.

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. Please see §2300-2303 for Travel guidelines.

Rev. 6/16/99; Motion – 4/16/03

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

MWDOC MET DIRECTORS	§1500-§1505
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MWDOC appoints Directors to the Board of Directors of Metropolitan Water District of Southern California (MET). These Directors are appointed to serve at the pleasure of the Board. MWDOC/MET Directors' workshop meetings are held monthly to encourage exchange of ideas and information between the MWDOC Board and the MET Directors. Generally, the MWDOC Board avoids giving explicit direction on voting to the MET Directors, but may do so at any time.

§1500 APPOINTMENT OF MET DIRECTORS

A. APPOINTMENT PROCESS

The President of the MWDOC Board, with the consent and approval of the Board, shall appoint MET Directors to serve at the pleasure of the Board.

1. REVIEW OF CANDIDATES

The President of the Board will receive names and qualifications of proposed candidates submitted by MWDOC Directors.

2. SELECTION

To assist in the selection of a candidate, the President of the Board may appoint a Special Committee of the Board to interview and/or discuss the list of potential candidates. The Committee shall submit its recommendation to the President and the Board. The MWDOC Board shall retain a minimum of two (2) of the four (4) available MWDOC seats on the MET Board.

3. TERM OF OFFICE

The MWDOC Board shall appoint its MET Directors to serve at the pleasure of the Board.

B. QUALIFICATION OF CANDIDATES

The following guidelines shall be used to evaluate the qualifications of MET Director candidates:

1. AREA OF REPRESENTATION

MET emphasizes that MET Directors are required to consider problems and issues from the standpoint of their Metropolitan responsibility (i.e., a Southern California regional perspective). In addition, MWDOC requires that the candidate(s) shall represent the interests of the entire MWDOC service area in

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carrying out the responsibilities of a MET Director. While the candidate(s) will be nominated from a specific geographical area of Orange County, the Director must represent the interest of the entire MWDOC and MET service areas. The candidate shall represent the interests of the MWDOC service area in carrying out the functions and responsibilities of a Director on the MET Board. A balanced geographical representation and dependence on imported water supplies shall be considered.

2. MEETING ATTENDANCE

The candidate shall be able to regularly attend the meetings related to the duties of being a MET Director and is expected to allot adequate time to prepare for and participate in the activities associated with the position. If a candidate is employed, the candidate must submit evidence of approval from his employer that the time commitments are allowed.

3. LEADERSHIP AND ACTIVITIES

The candidate should plan to participate actively in the affairs of MET, representing the interest of MWDOC. The candidate shall have a broad base of acquaintanceship and support within Orange County, as the candidate needs to be able to call upon supporting groups who have knowledge of subject matter on a broader regional and/or national basis. The candidate's field of expertise should be an avenue for seeking support of experts in those special areas when the endeavor is within the MWDOC and MET framework. The candidate is expected to be an active, credible representative of MWDOC.

4. RESIDENCE

The candidate shall be a resident of Orange County and must reside within the MWDOC service area.

5. INCOMPATIBILITY OF OFFICE

It is the position of the MWDOC Board of Directors that the candidate they approve and appoint as a MET Director must correct potential incompatible office conditions prior to assuming the MET Director role. Such conditions would include the public offices of Director, City Council Member, or Mayor of one of the MWDOC Member Agencies. Incompatibility also would apply to City Managers and General Managers as principal executive officers of member agencies. Candidates would not need to resign the incompatible office to be nominated or tentatively selected as a MET Director. However, the candidate would need to resign the incompatible office, as defined by the MWDOC Board, with an effective date prior to being sworn in as a MET Director.

§1501 REQUEST BY MWDOC MET DIRECTORS TO SEEK ELECTED OFFICE AT MET

A MWDOC/MET Director desiring to seek any elected office of the MET board shall first obtain concurrence of the MWDOC Board.

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Motion – 4/21/93; Motion – 5/27/98; Motion – 1/20/99; Ord. No. 46-12/6/00

§1502 MET DIRECTORS' COMPENSATION

The amount of compensation to be received by MET Directors shall be pursuant to Water Code Sections 71255, 71256, 20201, and 20202 and may be automatically increased annually (in January) pursuant to Ordinance No. 47 by the maximum allowed by statute (5%) (no Board action is necessary). To suspend any increase or to reduce compensation for a designated calendar year, a Board Resolution is required. When suspension or reduction expires, the MWDOC Board may increase the compensation only to the maximum allowed for one year with no catch-up provision. MET Directors shall submit a Compensation Voucher complying with the submittal timelines described under Section 2206. The Compensation Vouchers shall be approved by the MWDOC Board President. In the absence of the MWDOC Board President, any member of the MWDOC Executive Committee or Administration & Finance Committee may approve the Compensation Vouchers. The maximum number of days for which a MET Director may receive compensation shall not exceed 10 in any calendar month in addition to any days for which the MET Director may be compensated as a MWDOC Director.

Ord. 38 - 3/7/90; Ord 40 - 12/9/92; R1472 - 12/9/92; 11/15/95; R1552 – 1/17/96; R1572 – 12/18/96; R1596 – 12/17/97; Ord. 47- 4/18/01

§1503 MET DIRECTOR LEAVING STATE

MET Directors shall notify the Secretary of the Board of their request to be absent from the State for 60 days or more, at least 7 days prior to the meeting of the Board, when possible. The Secretary shall place the request on the Consent Calendar of the agenda of the Board for its consideration. In the event there is insufficient time for the MET Director to provide said request or there is insufficient time to agendaize said request prior to the departure of the MET Director, the Secretary shall notify the President and Vice President and agendaize the matter for consideration by the Board as soon as possible.

MET Directors should notify the Secretary of expected absences from the State of less than 60 days at least 3 days prior to departure when possible.

R1253 - 1/23/85;

§1504 CHANGE IN RESIDENCE OF MET DIRECTORS OUTSIDE BOUNDARIES OF MWDOC SERVICE AREA

If a MWDOC MET Director moves his or her residence, as defined in Section 244 of the Government Code, outside the boundaries of the MWDOC service area, and if within 180 days of the move or the effective date of this section, the MET Director fails to reestablish a place of residence within MWDOC's service area, the MWDOC Board shall presume that a permanent change of residence has occurred and the MET Director at issue is no longer eligible for appointment to that position.

M-9/21/09

§1505 LEAVE OF ABSENCE FOR MET DIRECTORS

For good cause, the MWDOC Board may authorize a leave of absence for a MWDOC MET Director of up to 90 days. Such an approval must be obtained prior to requesting a leave of absence from the MET Board. ~~At the Board's discretion, an interim MET Director may be appointed to serve during an authorized leave of absence.~~

M-9/21/09

§ 1506 MWDOC MET DIRECTOR DELEGATION PROTOCOL

~~The Leader of the MWDOC MET delegation, who is designated~~empowered to speak on behalf of the MWDOC MET delegation and coordinate votes at MET, will be the elected MWDOC Director on the MET Board with the most seniority at MET. Should another member of the MWDOC MET delegation be elected as Chairman of the MET Board, they shall assume the position as Leader of the MWDOC MET delegation.

~~The Leader of the MWDOC MET delegation will be~~is responsible for preserving the decorum of the delegation at MET, and they shall also chair the MWDOC MET Director Workshop Board meeting, the MWDOC MET delegation Caucus meetings, and all other meetings prior to MET's monthly board and committee meetings. In consultation with other members of the MWDOC MET delegation, the Leader will have the ability to select the time and location of all Caucus meetings of the MWDOC MET delegation.

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

APPOINTMENT TO ASSOCIATIONS/BOARDS	§1600-§1603
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The Board, by the end of February of each year, shall consider the appointment of members of various associations/boards. Members shall be appointed to those associations/boards by the President and ratified by adoption of a Board resolution unless otherwise directed.

§1600 APPOINTMENT TO SANTIAGO AQUEDUCT COMMISSION

The Santiago Aqueduct Commission (SAC) consists of seven members, one member and up to two alternates selected by each of the following agencies: El Toro Water District, Irvine Ranch Water District, Santa Margarita Water District, Trabuco Canyon Water District, Moulton Niguel Water District, and MWDOC, to manage and operate the aqueduct system.

The member and alternate(s) appointed to SAC are chosen from the governing body and staff of the Districts. The member and alternates serve at the pleasure of the governing body of the appointing agency. MWDOC's member to SAC represents MWDOC, East Orange County Water District, ~~Santiago County Water District~~, the County of Orange, and The Irvine Company.

SAC is composed of agencies which are contained within the boundaries of MWDOC's Divisions 5 and 6; MWDOC's representatives to SAC shall be the Director from Division 5 or 6. Nomination of the member and alternate(s) (to serve in the absence of the regular member) shall be made in February of each year by the President of the MWDOC Board and ratified by adoption of a resolution. The alternate may be selected from among the members of the MWDOC Board-at-large and/or the staff.

Minute action 5/13/81; R1256 - 2/27/85; R1309, 7/2/86; Minute action 8/6/86; R1317, 2/4/87

§1601 APPOINTMENT TO MWDOC WATER FACILITIES CORPORATION

In April 1978, MWDOC formed the MWDOC Water Facilities Corporation (WFC), a nonprofit corporation to assist in financing the construction of the Allen-McColloch Pipeline. The Corporation consisted of five members who were appointed by the MWDOC Board to act as its directors.

Effective December 31, 2000, the MWDOC WFC Board is governed by the MWDOC Board of Directors sitting as the ex-officio Board of Directors to the Water Facilities Corporation.

The MWDOC Board of Directors perform the duties and obligations of the Water Facilities Corporation by virtue of and for the same term as they hold office as a Director of the Municipal Water District of Orange County.

The MWDOC Board of Directors shall receive no additional compensation for serving as Directors of the Water Facilities Corporation over and above the compensation which they receive as Directors of MWDOC.

Minute Action - 4/20/78; Motion - 6/17/96; Res. No. 1646 –11/15/00

§1602 APPOINTMENT TO WATER ADVISORY COMMITTEE OF ORANGE COUNTY (WACO)

In 1983, a joint committee of representatives of Coastal Municipal Water District, Municipal Water District of Orange County, and Orange County Water District was created to encourage discussion and agreement between Orange County water agencies on water-related issues, coordinate the development of Orange County water policies, and provide a forum for communication between County government and the Orange County water community. The member representatives were subsequently increased to include the cities of Anaheim, Fullerton and Santa Ana, plus all retail water agencies, including cities with water departments, and Public Utilities Commission regulated water utilities.

WACO also formed a Planning Committee which meets monthly to arrange a WACO program of activities and educational forums for the regular monthly WACO meetings. Representatives from MWDOC, Orange County Water District, the cities of Anaheim, Fullerton, and Santa Ana, as well as other interested agencies, comprise the WACO Planning Committee.

MWDOC shall designate two Directors to serve as WACO Representatives. In the event such Directors are unable or unwilling to serve, then the agency shall designate alternate members. MWDOC's representatives shall be members of the Board. The nomination of two representatives shall be made in February of each year by the President of MWDOC's Board and ratified by the MWDOC Board.

R1207 - 9/28/83; R1346 - 5/4/88; Motion - 4/21/93;

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

DISTRICT AND INDIVIDUAL MEMBERSHIPS	\$1700
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§1700 GENERAL POLICY

The MWDOC ~~has~~Strategic Plan identified the need for directors and staff to be involved with other associations to disseminate and acquire information, participate in forums which could lead to consensus building, and gain the support for and understanding of existing and future water supply needs as well as to represent MWDOC's financial interests.

~~A MWDOC Membership Action Plan was developed to document MWDOC's participation in various associations. It identifies the purpose of each association, identifies the staff and/or Directors who will be involved, their capacities, the frequency of meetings, the dues of the association, a narrative explaining the purpose of MWDOC's participation, and a recommendation for continued participation.~~

During the annual Budget process, the Board reviews and approves all District memberships and sponsorships.

Individual memberships in the Colorado River Water Users Association (CRWUA) are authorized for members of the MWDOC Board who will be attending conferences and staff as authorized by the General Manager. Individual memberships in the Orange County Water Association (OCWA) are authorized for members of the MWDOC Board and staff as authorized by the General Manager. At such time that an individual membership exceeds \$500, the matter of renewal would be submitted to the Administration & Finance Committee for consideration.

Due to the varying degrees of commitment, in terms of time and related costs, necessary for active participation in these associations, it is recommended a formal process for appointments to association boards and committees be implemented. In February of each year, the Board President (with ratification by the Board) shall make appointments for participation in the various associations that the District belongs. Upon approval of these appointments, the District Secretary shall prepare and post on the District's website, Fair Political Practices Commission (FPPC) Form 806 outlining all Director appointments. This form is used to report additional compensation that officials receive when appointing themselves to positions on committees, boards, or commissions of another public agency or to a committee or position of the agency of which the public official is a member. This form is required pursuant to FPPC Regulation 18705.5. Each agency must post on its website a single Form 806 which lists all the paid appointed positions to which an official will vote to appoint themselves. When there is a change in compensation or a new appointment, the Form 806 is updated to reflect the change. The form must be updated promptly as changes occur.

In those instances where a Director or staff would like to participate in an entity that was not previously approved/ratified (as stated above), the~~The~~ proposed appointment of

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| Directors and staff will be presented to the Executive Committee by the Board President and subsequently to the Board for approval prior to submission of interest or nomination to the individual associations. On occasions when prior approval is not feasible, either due to timing or information limitations, the matter will be presented to the Board for concurrence and ratification.

Motion - 2/24/82; Motion 5/26/82; Motion - 10/4/89; Motion - 3/6/91;

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

DIRECTORS VEHICLE AND MILEAGE REIMBURSEMENT POLICY	§1800 - §1804
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The following provisions outline the guidelines for Directors' mileage reimbursement, and insurance requirements. Please consult MWDOC's Personnel Manual for staff vehicle policy provisions (including provisions on Automobile Allowances).

§1800 GENERAL

When necessary during the course of a Director's official duties, transportation or reimbursement shall be provided by the District. The transportation method authorized will be determined in terms of the best interest of the District and in accordance with the provisions of this policy. Directors are not eligible to receive an Automobile Allowance (staff provisions are included in the Personnel Manual).

§1801 PURPOSE

It is the purpose of this policy to establish and provide for the implementation of procedures relative to the reimbursement procedures and insurance requirements for privately-owned vehicles used for MWDOC business and for which MWDOC pays mileage.

§1802 DRIVER RESPONSIBILITY

1. Only those Directors who possess a valid California driver's license may drive on behalf of the District. .
2. It is the responsibility of all Directors who drive vehicles on District business to practice safe and defensive driving.

~~3. As required by the District's insurance carrier, all Directors who receive mileage reimbursement, are to attend, at District cost, a defensive driver training course every four years or more often if driving record so dictates.~~

~~It is mandatory that lap belts and shoulder harnesses be used by the driver and all passengers.~~

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

DIRECTORS VEHICLE AND MILEAGE REIMBURSEMENT POLICY	§1800 - §1804
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§1803 MILEAGE REIMBURSEMENT

Directors are to use their own vehicles and be reimbursed for mileage driven when on official District business at the rate then permitted by the IRS. Cost of gasoline or oil purchases, vehicle repairs or maintenance and vehicle insurance are incorporated into the mileage reimbursement rate.

§1804 INSURANCE REQUIREMENTS

Directors driving personal vehicles on MWDOC business, shall maintain insurance to cover their normal private use of the vehicle. Directors of the District who are paid mileage reimbursement as set forth in Section 1803 for use of privately-owned automobile for District business, shall possess and maintain insurance on such automobile as mandated by law with liability coverage acceptable to the District. ~~Each Director shall provide private automobile insurance information which shall be maintained by the Human Resources Department and shall be reviewed and updated annually. The record maintained shall contain the following current information: Name of Director, insurance company, policy number, and expiration date.~~

CHAPTER 2

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

FINANCIAL MATTERS	§2000-§2008
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§2000 GENERAL POLICY

MWDOC activities are financed, to the extent possible, from water revenues, taxes, assessments, interest on investments, and any other revenue sources authorized by law. The Board establishes MWDOC fiscal policies and carefully reviews fiscal performance. The Board delegates to the General Manager the authority to manage MWDOC's day-to-day financial operations, including the investment of MWDOC funds and expending MWDOC funds in conformity with Board-approved policies, budgets and applicable laws. The General Manager also has the authority to expend non-budgeted funds to meet an emergency, as defined elsewhere in this Code, and inform the Board of the emergency, the steps taken and the expenditures incurred to meet such emergency.

R1201 - 8/24/83; Motion - 11/25/96;

§2001 BUDGET PREPARATION AND REVIEW

The MWDOC's fiscal year runs from July 1 to June 30. There shall be prepared, under the direction of the General Manager, a proposed annual consolidated budget which shall be submitted to all the members of the Board no later than the date of the regular Board meeting in May, immediately preceding the fiscal year to which the budget applies. The proposed budget shall indicate by fund all anticipated expenditures and required reserves and the source of moneys to be used to meet such expenditures and provide such reserves. Copies of the proposed budget shall be reviewed with the Administration & Finance Committee and the Member Agencies in advance of adoption of the Budget. After considering the proposed budget and making any revisions thereto that it may deem advisable, the Board shall adopt the budget before the beginning of the fiscal year to which the budget applies.

All amendments to the budget or transfers of operating budget appropriations ~~to or from~~ reserve accounts require ~~the approval notification to~~ the Board. The General Manager is authorized ~~to transfer budgeted amounts within and between Cost Centers Programs to move budgeted funds between cost centers, with notification to the Board. Board approval is required to move funds between core and choice budget items, and to re-allocate grant funding.~~ The General Manager shall review with the Administration & Finance Committee, at least quarterly, the status of the budget and any transfer of budgeted amounts, and propose appropriate corrective actions if revenues or expenditures vary materially from the budget.

Motion - 4/21/93;

§2002 ESTABLISHING FUNDS

To provide for accountability of public monies in accordance with applicable federal and state law and regulations, bond covenants, tax and non-arbitrage certificates, bond counsel letters of instruction and Board policies, all funds of MWDOC shall be maintained in accordance with standards for accounting and reporting established by the Government Accounting Standards Board (GASB).

§2003 BANKING SERVICES

Any state or national bank designated by the Board as an official depository for funds of MWDOC may be requested, authorized and directed to honor all checks, drafts or other orders for the payment of money drawn in MWDOC's name on its accounts when bearing the electronicfaesimile signature of the members of the Board, Treasurer, Deputy Treasurer, Accounting Manager, Director of Finance, ~~Manager~~, Assistant General Manager, and/or General Manager. Said banks shall be entitled to honor and to charge MWDOC for all such instruments, regardless of by whom or by what means the actual electronicfaesimile signature thereon may have been affixed thereto, if such electronicfaesimile signature is identical to one of the specimen electronicfaesimile signatures filed with the said banks. Authorized signatures for MWDOC's accounts are established by resolution of the Board, members of the Board, Treasurer, Deputy Treasurer, Accounting Manager, Director of Finance, Assistant General Manager and/or General Manager.

R17 - 7/19/51; R278 - 9/15/62; R476 - 5/15/68; R485 - 8/21/68; R532 - 10/28/70; Minute action - 3/4/87; R1326 - 4/1/87; R1375 - 4/5/89; R1446 - 11/6/91; R1480 - 1/20/93; Motion - 4/21/93; R1561 - 7/17/96; R1565 - 10/16/96; R1641 - 3/15/00; R1654 - 1/17/01

§2004 CHECK SIGNER DISBURSEMENT CONTROL MEASURES

~~All MWDOC disbursement checks must be processed through the check signer. General disbursement checks require two authorized signatures; one of which shall be an authorized signature processed through the check signer, and one of which shall be a handwritten original signature of another authorized signatory. Payroll disbursement checks require one authorized signature, which will be processed through the check signer. Check signer keys will be assigned so that no one individual will possess both keys needed for operation of the check signer. During emergency periods when the check signer is not operable, manual signatures are allowed.~~

All disbursements are processed via a check or electronically through ACH.

Check Procedures

Accounts Payable disbursement checks require two authorized signatures; the current President of the Board of Directors, which is electronically printed on the check and an original signature from the Director of Finance, General Manager or Assistant General Manager. Payroll disbursement checks require one authorized signature, which is the current President of the Board of Directors' electronically printed signature. The

electronic signature is imported from a folder under the Finance drive.

The blank checks are kept shall be secured in a locked computer room with access given accessible to Tthe Director of Finance, Accounting Manager, Financial Analyst, and Network Administrator. of which, tThe Accounting Manager and, the Financial Analyst, and the Accountants are authorized -have access to print checks along with the Accountants. All checks require an online Positive Pay filing through Bank of America online. if none exists, Tthe Accounting Manager or Financial Analyst shall have the authority to make appropriate filings with MWDOC's bank to authenticate the transactions release positive pay upon receiving and reviewing the Positive Pay notice from Bank of America will send an email notifying the Finance department when the check is trying to clear. The Accounting Manager and Financial Analyst have access to file and release a Positive Pay.

ACH Procedures

All ACH disbursements are reviewed by the Accounting Manager and approved by the Director of Finance, General Manager or Assistant General Manager. The initial ACH report is shall be reviewed and approved by the Accounting Manager; and the final ACH report is shall be reviewed and approved by the Director of Finance, General Manager or Assistant General Manager. These final report is shall be filed with the uploaded to bBank of America online for disbursement. No changes can shall be made to the final report unless an item is voided, in which case and then the approval process starts over shall restart with the review of the initial ACH report.

Minutes action - 10/2/91

§2005 APPROVAL OF VOUCHERS

Except for payment of the principal or interest on MWDOC bonds and for making investments, each disbursement must be supported by a voucher, certified by the Finance Manager. To each voucher must be attached, or incorporated by reference, such contract documents, invoices, receiving memoranda signed by an officer or employee qualified to attest to the receipt of the materials or services and as to their conformance with the terms of the contract, and other papers as are necessary for the complete documentation of the propriety of the disbursement.

Except for payment of the principal or interest on MWDOC bonds and for making investments, each disbursement must be supported by appropriate documentation, i.e. such as an invoice, or voucher, etc., and approved electronically or manually and in writing by the Director of Finance or the Accounting Manager. Each document must have attached, or incorporated by reference, such contract documents, invoices, receiving memoranda signed by a manager or employee qualified to attest to the receipt of the materials or services and as to their conformance with the terms of the contract, and other papers as are necessary for the complete documentation of the propriety of the disbursement.

Motion - 4/21/93; Motion - 11/25/96;

§2006 YEARLY AUDIT REPORT

At the end of the fiscal year, or at the Board's pleasure, an outside accounting firm audits MWDOC. The audit summarizes MWDOC's financial activities for the year, and also contains historical information on MWDOC's financial enterprises. The Board has given the General Manager the authority to retain an audit firm to perform MWDOC's auditing services for a period not to exceed five consecutive years.

Motion - 2/9/53; Minute action - 5/11/53; Minute action - 7/13/53; Motion - 9/14/53; Motion - 9/12/55; Motion - 11/14/55; Minute action 11/7/56; Motion - 9/4/57; Minute action - 7/2/58; Motion 6/6/62; Minute action - 4/4/78; Motion 11/22/78; Motion - 5/17/95;

§2007 REPORT TO STATE CONTROLLER

State law requires all special districts to file ~~an~~ (1) an Annual Report of Financial Transactions of Special Districts, and (2) an annual Local Government Compensation Report with the State Controller. The completed reports must be filed within 90 days after the close of each fiscal year. ~~(CA Government Code §53891).~~

Motion - 4/21/93; Gov. Code 53891

§2008 TIER TWO CONTINGENCY FUND

- ~~1. **Creation of Tier Two Contingency Fund:** From the revenues derived by MWDOC on the sale of all water subject to MWDOC's water rate, an amount equal to the difference between MWDOC's molded water supply rate and Metropolitan's Tier One rate, shall be deposited into a restricted fund designated the "Tier Two Contingency Fund", which fund shall be restricted to the uses and purposes specified herein.~~
- ~~2. **Uses of Tier Two Contingency Fund:** Money deposited into the Tier Two Contingency Fund shall not be expended or transferred except for the following purposes:~~
 - ~~(a) **Payment of Tier Two Costs:** Funds from the Tier Two Contingency Fund may be expended to pay the difference between Metropolitan's Tier One and Tier Two water rates, in the event MWDOC's water purchases from Metropolitan exceed the Tier One block.~~
 - ~~(b) **Cash Flow Management:** Funds from the Tier Two Contingency Fund may be advanced to the General Fund to pay those charges which are imposed on MWDOC by Metropolitan, the revenues designated to pay for such charges are collected by MWDOC over a different period. Advances made for such purposes shall be repaid into the Tier Two Contingency Fund, as the revenues designated to pay such charges are collected by MWDOC.~~

~~(c) Rate Stabilization: To the extent funds from the Tier Two Contingency Fund are not immediately needed for the purposes set forth in subsections (a) and (b) hereof, the Board may utilize such funds to offset any increase in water rates or charges imposed by Metropolitan which would otherwise necessitate an increase in MWDOC's water rate.~~

~~3. **Maximum and Minimum Fund Targets:** The Fund balance will be managed to achieve a calendar year end balance between a minimum and maximum target. The target amount will be determined as:~~

~~(a) Minimum Fund Target: The Minimum Fund Target shall be determined as sufficient funds to purchase 25,000 acre feet of Tier 2 supply multiplied by the differential in the Tier 2 and Tier 1 Metropolitan Supply Rate.~~

~~(b) Maximum Fund Target: The Maximum Fund Target shall be determined as sufficient funds to purchase 50,000 acre feet of Tier 2 supply multiplied by the differential in the Tier 2 and Tier 2 Metropolitan Supply Rate.~~

~~4. **Disposition of Excess Funds:** After the conclusion of each calendar year, the General Manager will review the year end Tier 2 Fund Balance (adjusted for certifications of non firm water purchases) and report this amount to the Board of Directors. If the Fund Balance exceeds the Maximum Fund Target, a credit shall be issued to the member agencies. The General Manager shall present an analysis to the Board to determine the appropriate credit amount taking into account projected water sales, variations in weather, the Melded Supply Rate, rate stability objectives, and the Tier 2 Contingency Fund targets. The Board shall review the General Manager's recommendation and determine the appropriate credit amount. The credit amount will be distributed to the member agencies in proportion to the amount of "melded rate" water each agency purchased in the calendar years since the last credit was issued (or from the fund inception date if no prior credit has been issued). The credit will be provided to each member agency either in check form or as a credit on the monthly water invoice (at the choice of the member agency).~~

~~MET has a tiered rate structure, wherein Tier 1 rates apply to a specified annual volume. The higher Tier 2 rates apply to purchases above that specified volume.~~

~~1. **Creation of Tier Two Contingency Fund:** MWDOC has established the Tier Two Contingency fund for the uses and purposes specified herein, as well as other uses as approved by the MWDOC Board. From time to time it may be necessary to increase the level of funds, utilize the funds for the purposes specified herein, or to reduce the level of funds being held by MWDOC. Historically, MWDOC has funded the Tier Two Contingency Fund by assessing a "melded water supply rate" on all firm water sales by increasing the supply rate from that charged by MET by an amount equal to the melded water rate increment.~~

~~2. **Uses of Tier Two Contingency Fund:** Funds deposited into the Tier Two Contingency Fund shall not be expended or transferred except for the following purposes:~~

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(a) Payment of Tier Two Costs: Funds from the Tier Two Contingency Fund may be expended to pay the difference between MET's Tier One and Tier Two water rates, in the event MWDOC's water purchases from MET exceed the Tier One block of allowable purchases.

(b) Cash Flow Management: Funds from the Tier Two Contingency Fund may be advanced to the General Fund to pay those charges which are imposed on MWDOC by MET, when the revenues designated to pay for such charges are collected by MWDOC over a different period. Advances made for such purposes shall be repaid into the Tier Two Contingency Fund, as the revenues designated to pay such charges are collected by MWDOC.

(c) Rate Stabilization: To the extent funds from the Tier Two Contingency Fund are not immediately needed for the purposes set forth in subsections (a) and (b) hereof, the Board may utilize such funds to purchase water or offset any increase in water rates or charges imposed by MET which would otherwise necessitate an increase in MWDOC's water rate.

3. Maximum and Minimum Fund Targets: The Fund balance will be reviewed from time to time and managed by MWDOC to achieve a calendar year end above the minimum target based on a risk analysis performed by MWDOC staff regarding the likelihood of having to purchase Tier 2 water under various hydrologies and demand situations.

(a) As of January 2015, the MWDOC Board established both the Minimum and Maximum Fund Target at approximately \$1,000,000, due to the diminished likelihood of purchasing MET water above the Tier 1 limit. At the current differential between Tier 1 and Tier 2, the minimum level of funding provides the ability to purchase about 7,500 AFaf of water.

(b) The Board may consider changes in the Policy of utilizing these funds to pay for the Tier 2 purchases differential based on the circumstances that are involved at such time as MWDOC purchases exceed the Tier 1 limit. The Tier 2 Contingency Fund was established within MWDOC to provide a regional mechanism to fund purchases above the Tier 1 limit such that any single MWDOC Member Agency would avoid direct exposure. Also, it avoided the need for MWDOC to allocate a Tier 1 limit to its Member Agencies. Tier 2 purchases can be triggered by a number of events in the County such as large purchases of water into Irvine Lake, large purchases of water for groundwater replenishment and large purchases of imported water due to a decrease in the OCWD Basin Production Percentage (BPP). Based upon how such circumstances arise, the Board may consider changes to this policy if they determine there is a more appropriate manner of dealing with Tier 2 costs. MWDOC's A&F Committee and Board reviewed the issues of Tiered or Melded Water Rates for Tier-1 and Tier-2 purchases from MET in November 2004, and retained the Melded Rate, with a provision for further review should OCWD's BPP fall below 60% in the future. Based upon such circumstances, the Board may consider one of the following actions:

4. **Disposition of Excess Funds:** After the conclusion of each calendar year, the General Manager will review the year end Tier 2 Fund Balance (adjusted for certifications of non firm water purchases) and report this amount to the Board of Directors. The Board may consider issuing a credit to the member agencies or consider other uses of funds which would result in long-term savings to the District. The General Manager shall present an analysis to the Board to determine the appropriate credit amount taking into account projected water sales, variations in weather, the Merged Supply Rate, rate stability objectives, and the Tier 2 Contingency Fund targets. The Board shall review the General Manager's recommendation and determine the appropriate credit amount. The credit amount, if issued, will be distributed to the member agencies in proportion to the amount of "merged rate" water each agency purchased in the calendar years since the last credit was issued (or from the fund inception date if no prior credit has been issued). In the event credits are to be provided, the credit will be provided to each member agency either in check form or as a credit on the monthly water invoice (at the choice of the member agency).

§2009 RESERVE POLICY --BOARD WANTS SIMPLIFIED

The MWDOC Reserve Policy became effective June 1, 2011 and will last five years. This policy agreement categorizes the reserves as follows into the following categories:

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

General District Reserves:

The agreement states that the General District Reserve should be set at \$1.85 million as of July 1, 2010 and should increase by the inflation rate each year. The following table shows a brief history of the General District reserves.

<u>MWDOC General Reserves</u>					
<u>Fiscal Year</u>	<u>Inflation Rate</u>	<u>Increase</u>	<u>Reserve Ending Balance Should Be per Agreement</u>	<u>Actual Reserve Ending Balance</u>	<u>Difference</u>
FY2010-11	2.25%	41,625	1,891,625	1,760,000	(131,625)
FY2011-12	2.35%	44,453	1,936,078	1,213,000	(723,078)
FY2012-13	1.60%	30,977	1,967,055	1,672,000	(295,055)
FY2013-14	1.50%	29,506	1,996,561	1,986,000	(10,561)
FY2014-15 ⁽¹⁾	1.50%	29,948	2,026,510	2,028,000	1,490

— Projected

Cash Flow:

Cash flow reserves should be set at \$1.00 million and said amount shall be reviewed from time to time for appropriateness based on the District's current operational needs. These have remained at \$1.00 million for cash flow purposes since June 1, 2011 and the recommendation is to leave it at that level.

Election expense:

MWDOC's we should have enough money in the election reserve shall be managed to fund to cover up to seven elections every four years. Based on previous election costs we have determined that \$1.04 million (or \$148,000 per division) shall would be is sufficient to cover seven elections. This requires that \$260,000 be contributed to the election reserve annually. These estimates will be updated annually as part of the budget process. with a reserve cap of \$600,000 (since a maximum of four elections occur every other year and not all the districts are contested). The following table shows a brief history of the Election Expense Reserves. In the event the election funds are not fully utilized, the Board may consider other uses that would lower the long-term costs of the District.

MWDOC Election Reserves			
Fiscal Year	Beginning Reserve Balance	Contribution	Election Expenses
FY2010-11	500,000	128,000	128,000
FY2011-12	500,000	0	0
FY2012-13	500,000	225,000	497,000
FY2013-14	228,000	0	0
FY2014-15 ⁽⁺⁾	228,000	260,000	444,000

—Projected

Building Expense:

MWDOC Building Reserves should be kept at a minimum of \$350,000 and adjusted from time to time to reflect the improvement needs of the office facility. The plan for rebuilding the building reserves is to contribute after the election reserves until 350k is reached. The following table shows brief history of the Building Expense Reserves.

A major renovation of MWDOC's HVAC Air Handler was completed this year. Additional work is required to be completed with OCWD on the boiler unit and the chiller unit that provide hot water and cold water to both buildings and to the Energy Management System that controls both buildings. MWDOC's estimated cost for the coming year has been estimated at \$168,000. Additional future work on the roof will be required in the next several years; a cost estimate for the roofing work has not be completed at this time.

MWDOC Building Reserves			
Fiscal Year	Beginning Reserve Balance	Contribution	Building Expense
FY2010-11	350,000	0	0
FY2011-12	350,000	0	0

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FY2012-13	350,000	37,125	37,125
FY2013-14	350,000	0	239,000
FY2014-15 ⁽⁴⁾ Projected	111,000	407,000	168,000

OPEB Reserve:

To the greatest extent practicable, any excess from higher reserve targets shall be deposited into MWDOC's OPEB trust.

The agreement states that initially there should be a contribution of \$500,000 in FY11-12 with \$120,000 annual contributions to fully fund the liability in 20 years. The \$120,000 was decided before the 2011 actuarial report was prepared. The 2011 report recommended an annual 20-year level pay amount of \$155,000.

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

- Beginning in January 2013, MWDOC no longer provides medical benefits to retirees after they become Medicare eligible, except for a supplemental Medicare policy in the amount of \$1800 annually. This will substantially reduce future OPEB costs after dealing with the existing employees who qualified for the prior benefits.
- The Board requested that staff examine options for accelerating the payoff of the OPEB liability by increasing the annual payments.
- The Board also took action on February 19, 2014 to utilize funds remaining from the Capacity Charge Close-out in the amount of \$90,000 to accelerate the OPEB payoff.

More recently, sStaff Staff examinedhas taken a look at the demographics of MWDOC's OPEB liabilities and has estimated that the bulk of the liabilities will occur by 2023 take place over the next 10 years as long term MWDOC employees who had access to lifetime medical coverage retire. The Board requested staff to take actions to increase the annual contributions toward fulfilling the OPEB liability by 2023 or sooner. At the end of each fiscal year, the Board may determine additional contributions to the OPEB reserves from any of the reserve accounts over the next 10 years. Taking into account the additional \$90,000 towards the OPEB liability plus an additional \$28,000 this year, staff has estimated that an increased annual contribution of \$52,000 per year starting next year and each year thereafter will move MWDOC toward fulfilling the OPEB liability over the next 10 years.

Summary of Reserves:

Table 1 provides a summary of MWDOC's target for existing reserves, actual reserve levels at the end of 2013-14 and a projected balance at the end of fiscal year 2014-15.

<u>Table 1</u> <u>MWDOC Reserves</u>				
<u>Reserve Fund-Description</u>	<u>2014 Target</u>	<u>Increases With</u>	<u>June 30, 2014 Projected</u>	<u>June 30, 2015 Projected</u>
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<u>General Fund (Designated)</u> <u>Used for variations in income; operations, expense,</u> <u>litigation, other</u>	<u>\$1.997M</u>	<u>Inflation</u>	<u>\$1.933M</u>	<u>1.973M</u>
<u>Cash Flow Reserves (Designated)</u> <u>Used for Grant and proposed project & program cash</u> <u>flow</u>	<u>\$1.0 M</u>	<u>Cost</u> <u>Experience</u>	<u>\$1.00 M</u>	<u>\$1.00 M</u>
<u>3. Election expense costs (Designated)</u>	<u>\$0.6M</u> <u>(Maximum)</u>	<u>Cost</u> <u>Experience</u>	<u>\$0.228M</u>	<u>\$0.044M</u>
<u>Building Repair (Designated)</u> <u>Used for office building repair, replace, refurbish</u>	<u>\$0.35 M</u>	<u>With Needs</u> <u>Assessment</u>	<u>\$0.111M</u>	<u>\$0.35 M</u>
<u>Total Designated Reserves</u>	<u>\$3.947M</u>		<u>\$3.325M</u> <u>Short by \$0.63 M</u>	<u>\$3.409M</u> <u>Short by \$0.43M</u>
<u>5. OPEB Reserves (Restricted in Irrevocable Trust)</u>	<u>\$2.3M Liability</u> <u>per 2011</u> <u>Calculations</u>	<u>With annual</u> <u>Payments,</u> <u>Interest</u> <u>earnings</u>	<u>0.90M± Estimated</u>	<u>\$1.4M</u> <u>Remaining</u> <u>Liability</u>

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The District will have two types of operational reserves unrestricted, designated funds and restricted funds. The general district reserves, cash flow reserves, election expense and building reserves are all proposed to be unrestricted but designated funds. These funds will be identified individually, but the funds may be comingled as needed for District purposes. The following analysis presents the recommended size, method of replenishment and proposed management approach for each unrestricted and restricted fund.

General District Reserve—staff proposes that the General District Reserve be set in July 2010 at \$1.85 million with a minimum of \$1.6 million and a maximum of \$2.1 million depending upon end of year cash flow, grant payments and other factors influencing the District's cash balance. The projected balance of \$1.85 million should increase annually with inflation, since the reasons for this reserve are all impacted by inflation. The reserve should be replenished from the MWDOC rates.

Cash Flow Reserves—the cash flow reserves needs are estimated to be approximately \$1.0 million dollars, based upon actual expense in the last 5 years and projected needs. In the past, trailing payments for District funds advanced for water use efficiency payments from MET and Federal and State grants payments have reached this amount. Given the payment schedule of the Federal grants, the State's financial situation and MET's payment process, we expect the need to remain constant for the next 5 years. The District should review its expenses and upcoming needs for grant cash flow every 5 years, and adjust the needed amount based upon expenses. The reserve should be replenished from trailing grant payments as they occur, and from rates if needed.

Election Expense—Normally, the District will have four directors up for election in one year, and 3 others up 2 years later. Because of the resignation of a director and the appointment of a replacement, MWDOC will have 4 directors up for election in 2010 and 4 up for election again in 2012. Each director's seat, if contested, cost \$175,000 in the last election. Based upon this, the reserve needed could be \$700,000. However, historically, not all seats are contested. Consequently, staff recommends an initial election reserve of \$500,000. The reserve should be replenished from the District's rate structure over the subsequent 2 years after each election to a level equal to the cost of 3 contested seats. In the event 4 seats are contested, the General Reserve can be used. Note that the swing in costs due to contested seat will result in a significant impact in the District's budget and rates post election.

Building Repair/Refurbishment—MWDOC purchased its current office in 1991 for \$2.1 million (exclusive of the land). The potential repair/refurbishment reserve incurred was estimated at \$350,000 several years ago. Staff recommends a designated reserves be established in this amount, and updated every 5 years based upon expense incurred and an estimate of actual needs.

Other Post Employment Benefit Reserve—MWDOC's Board is currently considering augmenting the initial \$500,000 OPEB restricted reserve funding with annual funding over the next 20 years so that at the end of 20 years, the current liability is fully funded at \$2.1 million. This would require annual contributions of approximately \$120,000 over the next 20 years to pay both current costs and reserve funding. Sources of funds should be the District's rates and charges.

Summary

Table A below summarizes the proposed MWDOC reserve policy and dollar amounts as of June 2010. Total reserves, exclusive of Tier 2 restricted reserves, are \$4.2 million, with \$3.7 million for 4 designated reserves and \$0.5 million in 1 restricted reserve. Note: the various reserve levels will be reviewed and revised, as needed, on a periodic basis.

M-4/19/06; M-6/16/10; 6/1/11

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MWDOC Draft Reserve Summary

Name	Use	Type	Amount	Range	Increase	Source of Funds
General	Variations in income; oper. expense, litigation, other	Designated (unrestricted)	\$1.85-M	\$1.6-2.1	With inflation	District rates
Cash Flow Reserves	Grant and proposed project /program cash flow	Designated	\$1.0-M	-	5- yrs. experience	Trailing revenue; district rates
Election Expense	Election costs	Designated	\$0.5-M	\$0.5-0.7	With cost experience	District rates
Building Repair	Repair, replace, refurbish	Designated	\$0.35-M	-	With need assessment	District rates
	Total Designated Reserves		\$3.70-M			
OPEB Liability	Pay OPEB liability	Restricted	\$0.5-M	\$0.5-2.1	With annual payment	District rates
	Total Restricted Reserves		\$0.5-M			

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

INVESTMENT POLICY AND GUIDELINES	§2100-§2109
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§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.

§2101 STATUTORY AND DELEGATED AUTHORITY TO INVEST FUNDS

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.

§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.

§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.

§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 ~~WFC~~ 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 investments 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 ~~or greater~~.
- 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 20% 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 (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 (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 20% 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 MWD OC 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 ~~MWD~~OCthe (entity). 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.

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

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

BUSINESS EXPENSE & CREDIT CARD POLICY	§2200-§2208
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§2200 POLICY

Payment for MWDOC-related expenses incurred by MWDOC staff, MWDOC Directors, and MWDOC MET Directors, shall be allowed only for the purpose of furthering the interests of MWDOC. Directors attending events outside the MET service area and events requiring a registration fee in excess of \$~~5200~~ require prior approval of the Board or ratification as per Section 1403. The purpose of this policy is to establish rules and procedures for reimbursement of expenses, use of MWDOC-issued credit cards and cash advances. Any expenses incurred by MET Directors, except mileage to MWDOC Board meetings, are to be submitted to MET for payment with accompanying receipts.

§2201 LEVEL OF EXPENSES AND EXPENSE REIMBURSEMENT RATES

Expenditures for lodging, meals, and transportation should provide for reasonable comfort and convenience. It should be borne in mind, however, that public funds are being spent and that only a reasonable level of expense is warranted. MWDOC shall not incur any costs for a spouse, or other accompanying person. The most economical mode and class of transportation reasonably consistent with scheduling requirements will be used. In the event a more expensive class of transportation is used, the reimbursable amount will be limited to the cost of the most economical class of transportation available. Reimbursement for travel expenses are subject to the following limits:

(a) Lodging shall be obtained at government group rates, when available. For conferences and organized educational activities, lodging costs shall not exceed the maximum group rate published by the sponsor of the conference or activity. If there is no government or group rate available, then lodging expenditures will be subject to the limitations of Section 2201 (c).

(b) Transportation costs and costs associated with transportation ~~will~~ shall be reimbursed according to the requirements of Section 2203.

(c) Reimbursement to directors for meals, ~~lodging~~, and other ~~actual-reasonable~~ and necessary incidental expenses (excluding costs described in Section 2201 (a) or 2201 (b) above, shall not exceed \$~~500-700~~ per day.

(d) ~~The maximum Reimbursement amounts in Section 2201(c) shall will be increased by -increase by~~ 5% COLA each year on January 1, commencing January 1, ~~2016~~2017.

Motion 12/21/05

§2202 SUPERVISION

Since circumstances vary considerably in those instances where MWDOC Directors and employees must incur expenses, care by those incurring expenses and supervision by those approving expense accounts is the most effective method of control over expenditures. When expenses that will exceed the cap are foreseen, the Director shall seek Board approval before expenditure. When expenses which might be regarded as out of the ordinary are foreseen, Directors and the General Manager shall seek the approval of the Board President prior to incurring the expense. Staff members shall seek approval from the General Manager before incurring the expense. Requests for reimbursement of authorized business expenses will be submitted on a MWDOC Business Expense Report form and will include only one month's business expenses per report form.

The General Manager will approve all expenditures for business expenses of staff over \$300. The appropriate Program Manager shall approve all staff expenditures less than \$300. The Board President or Vice President shall approve all expenditures for business expenses incurred by the General Manager. The Board President or Vice President shall approve all Compensation Vouchers and expenditures for business expenses incurred by the MWDOC Directors, and MWDOC MET Directors, following the procedures outlined in Section 2206. In the absence of both Board President and Vice President, any member of the Executive Committee or Administration & Finance Committee shall have approval authority.

The General Manager shall reject or reduce claims for reimbursement resulting from any unauthorized expenses.

§2203 AUTHORIZED EXPENSES

For purposes of this Section, the term "employees" shall include Directors.

(a) Transportation Costs and Cost Associated with Transportation - expenses may include, common carrier fares, rental of automobiles, parking fees, toll charges, and mileage reimbursement for the use of personal automobiles (both Directors and employees) at the currently authorized mileage reimbursement rate.

(b) Overnight Travel – (See Section 2208 DEFINITIONS) expenses may include telephone calls, including one telephone call per day to the employee's family, common carrier fares, rental of automobiles, use of personal vehicles, meals and lodging, baggage handling, tips, etc., and other expenses essential to the business of MWDOC. Any additional expenses incurred by any family members accompanying the employee are not reimbursable.

(c) Meals & Lodging - Subject to the requirements of Section 2201(c) meals and lodging will be reimbursed for the day before a conference, only if it is necessary to be present early the next morning or if early travel is necessary due to limited travel alternatives. Meals and lodging on the day after a conference will only be reimbursed if attendance

beyond noon of the last day of the conference is required or if travel the next day is necessary due to limited travel alternatives.

(d) Rental Vehicles – rental cars should be used only when less expensive transportation is not available; i.e., shuttle vans, taxis, etc. The rental of a vehicle while traveling on MWDOC business is allowable under this policy and can be arranged by MWDOC staff in conjunction with an employee's travel plans. **Travelers are not to obtain additional insurance when renting cars as they are covered for car rentals by existing MWDOC insurance policies as long as the rental is being used for business purposes.** The use of rental vehicles should be coordinated among employees traveling on MWDOC business to the same location. The use of hotel/airport shuttle buses or taxis, depending on the amount of expected business use, is encouraged.

(e) Business Meal - business meal expenses may include the reasonable cost of meals and beverages, except alcoholic beverages, ordinarily associated with normal eating customs.

~~——(i) Business meals for others: When two or more employees or Directors have a meal with non-employees for a business purpose (such as travel status or discussion with a non-employee) the cost of the meal will be reimbursed as follows: (a) A meal furnished to a fellow employee will only be reimbursed if 1) both/all would be entitled to reimbursement; 2) if the meal is in connection with a business discussion with a non-employee; or 3) while both employees are in overnight travel status. An employee who provides a business meal to an employee or non-employee must provide on their expense report the guests name(s) and the business reason for the expense. Expenses for business meals between two Directors that are not otherwise authorized in connection with an outside meeting or conference are not subject to reimbursement unless incurred in the performance of duties required or authorized by the Board.~~

~~Directors shall not be eligible for compensation or expense reimbursement for dinner meetings, unless the event includes official business of MWDOC. Breakfast and luncheon meetings held in the normal course of business (e.g. following regularly held Board and Committee meetings) between two or more Directors shall not be eligible for purposes of expense reimbursement.~~

~~Notwithstanding, the cost of a meal for another employee, Director, or guest shall not exceed the maximums set out above unless otherwise approved in advance by the Board of Directors.~~

(f) Transportation - the type of transportation employed shall be selected on the basis of the lowest cost to MWDOC after all costs are considered, including the travel time and compensation; however, travel by common carrier bus or train shall not be required. For any one trip in excess of 200 miles one way, the preferred mode of travel shall be by airline coach or economy class. Except in emergency situations, all air travel arrangements shall be made by MWDOC. It should be considered that there are occasions when an employee/Director is able to secure a lower rate than normal by

making his/her own reservations. In these instances, and to allow for appropriate tracking and accounting documentation, said Director shall notify staff immediately and payment for said reservations shall be made by MWDOC in accordance with this policy.

In the event a Director or employee chooses a higher fare (for personal reasons), said Director or employee shall be responsible for reimbursing MWDOC for the price difference in fare.

Should an employee elect a form of travel other than air for any one trip in excess of 200 miles one way, reimbursement for such travel shall not exceed the cost that would have been incurred and reimbursable if airline transportation had been used; i.e., Director compensation, travel to and from the airport (mileage, shuttle, taxi), round trip coach airfare to the ultimate destination in effect at the time, and airport parking. Expenses for extra lodging and meals, mileage, and Director compensation, as a result of such alternative travel will only be reimbursed if the total reimbursable cost does not exceed the costs that would have been incurred and reimbursable if airline transportation had been used. Under no circumstances shall reimbursement exceed the actual cost of the method of transportation used.

Any alternative travel for MWDOC business must be by the most direct route, considering the mode of transportation used. Additional expense resulting from travel by an indirect route for the personal interest of the employee is not reimbursable.

An employee who obtains airline tickets from MWDOC for the purpose of combining personal travel with MWDOC travel, or for travel with a family member, shall, prior to receipt of such ticket, make payment for the portion of cost attributed to personal travel or to the family member's travel.

Motion - 7/21/93; 11/15/95; Motion - 9/16/98; Motion - 6/16/99; Motion – 4/16/03;
Motion – 10/15/03; 12/21/05

§2204 EMPLOYEE/DIRECTOR CASH ADVANCES

Employees and Directors on travel status are expected to provide themselves with sufficient funds to cover all out-of-pocket expenses, which will be reimbursed by MWDOC, if appropriate.

If necessary, funds up to \$200 per day for business-related expenses will be advanced to employees and Directors to be on travel status on a temporary basis. Employees are required to complete a Seminar/Conference Attendance and Cash Advance Request form to be approved by the Program Manager or General Manager and must be submitted in advance to allow adequate time for processing. Directors shall obtain approval from the Board President or Vice President and shall notify staff at least two weeks in advance of traveling to allow adequate time for processing. Only one employee/Director advance shall be outstanding at any time and must be cleared through submission of a MWDOC Business Expense Report within 30 days from last day of travel. Any Business Expense

report outlining the cash advance expenditures submitted after 30 days will be submitted to the Executive Committee for approval. The Director must repay any amount of the advance not covered by receipts or mileage claims.

§2205 MWDOC CREDIT CARD ADVANCE OF FUNDS

These guidelines and regulations provide the rules, procedures and restrictions for use of MWDOC-issued credit cards. Adherence to these procedures and restrictions in conjunction with the above authorized expenses is mandatory. Use of a MWDOC credit card in any manner determined by the Board as inappropriate or outside of the established regulations could result in the loss of credit card privileges. Credit cards are issued to only the General Manager, Finance/Information Systems Manager, and Assistant General Manager. Cards are issued in the name of MWDOC and the General Manager, Finance/Information Systems Manager and Assistant General Manager.

Credit card limits are set at ~~\$5,000 for the Finance/Information Systems Manager,~~ \$240,000 for the General Manager and \$240,000 for the Assistant General Manager. Increased limits require action by the Board. Use of the General Manager's credit card by staff is only with the expressed authority of the General Manager. Use of the MWDOC issued credit card for any personal expenses is prohibited.

If, inadvertently in the course of use of the MWDOC-issued credit cards, expenses that are unsubstantiated by receipts or not allowed under this policy are charged to the credit card, the amount will be identified on the MWDOC Business Expense/Credit Card Report form and subtracted from the allowable total.

Because the use of the MWDOC issued credit card is considered the same as a cash advance, all credit card expenses are to include the date, purpose and amount, with the total allowable charges reflected as a cash advance at the bottom of the Business Expense/Credit Card Report form, reducing the total amount due for reimbursement. All receipts for expenses over \$25 must be attached to the MWDOC Business Expense Report. If an employees' or Directors' Business Expense/Credit Card Report form results in a negative balance, a personal check for that amount is to be attached at the time of submittal. Any MWDOC Business Expense Report submitted incomplete and without proper attachments will be returned to the employee or Director. Expenses over \$25 without a receipt will require written explanation of the charge and shall be signed by the employee or Director.

If a Director's Business Expense Report is not submitted by the time MWDOC must make payment on the credit card, all charges reflected on the billing will be charged against and used as a reduction of the next per diem compensation voucher. If the MWDOC Business Expense Report is submitted subsequent to the reduction of the compensation voucher, reimbursement will be made at the issuance of the next per diem compensation check.

Any disputed or unsubstantiated charges for Directors will be submitted to the Executive Committee for review. Until a determination has been made and resolution has been

arrived at, the amount in question will be charged against and used as a reduction of the next per diem compensation voucher.

Any disputed or unsubstantiated charges for employees will be submitted to the General Manager for review and appropriate action.

Motion – 7/21/93; 11/15/95; 7/16/97; 4/16/03; 10/20/04; M 12/21/05

§2206 APPROVAL FOR REIMBURSEMENT OF FUNDS

MWDOC Business Expense Reports and Compensation Vouchers should be submitted within 60 days and should be separated by the month with which the activity/expense occurred. Credit card charges and cash advance details, however, shall be submitted for approval within 30 days of incurring the credit card or cash advance expense. More frequent submission may be required in the case of an Employee Advance. Payment for Compensation Vouchers for the MWDOC Directors is coordinated with MWDOC's bi-weekly payroll period.

Detailed expenses shall be reported on the MWDOC Business Expense/Credit Card Report, substantiated by the appropriate back up material as outlined in Section 2205 and submitted to the Program Manager for review and approval. The approved claim is submitted to the Accounting Department and scheduled for payment at month-end unless an early disbursement is requested. Expenses over \$25 without a receipt will require written explanation of the charge and shall be signed by the employee or Director.

Any Compensation Voucher or MWDOC Business Expense/Credit Card Report submitted more than 60 days after the close of any given month will be submitted to the Executive Committee for approval and may be disallowed for reimbursement. As stated above, credit card charges and cash advance explanations must be submitted to MWDOC within 30 days of incurring the expense. When Compensation Vouchers or expense reports are not submitted within 60 days after the expense is incurred, the expense may not be reimbursed unless a written explanation of the exceptional circumstances which caused the delay is submitted to and approved by the Executive Committee.

Motion: 11/15/95; 4/16/03; 12/21/05

§2207 PETTY CASH REIMBURSEMENT/ADVANCES

The Board has established a petty cash fund for the purpose of reimbursing MWDOC employees for minor expenses necessarily incurred in carrying out their duties. Requests for reimbursement must be accompanied by a receipt and must be approved by the Program Manager. Requests for reimbursement from petty cash are not to exceed \$100.00. The fund is available for purchases of miscellaneous items authorized by the Program Manager totaling less than \$100.00. An itemized receipt is to be submitted to Accounting within one working day of purchase.

Claims for minor local mileage, parking, tolls, or postage expenses aggregating not more than \$50.00 may be reimbursed from petty cash. The claim shall include all information and approvals required to substantiate the claim. No business expenses other than those expenses identified may be reimbursed through the petty cash fund.

Employee advances from petty cash must not exceed \$50.00 per employee and must be cleared within one week of issuance. Exception to this amount would be any advances required by the employee for the approved purchase of MWDOC supplies.

R526 - 8/26/70; R539 - 11/25/70; Motion - 7/1/87; Motion - 2/6/91; Motion - 3/3/91; Motion - 1/15/92; Motion - 4/21/93; Motion 7/16/97; Motion 4/16/03; Motion 12/21/05

NOTE: The policies relating to authorization to travel, and route and mode of travel are located in the Conferences and Travel Section of the Code.

§2208 DEFINITIONS

"Employee" shall mean MWDOC Directors, and MWDOC employees unless specifically stated otherwise. MWDOC MET Directors shall also be considered employees under this definition for the purpose of mileage reimbursement to attend MWDOC Board meetings. MET Directors are to submit all other expenses incurred in the performance of their duties as MET Directors to Metropolitan Water District of Southern California.

"Travel" shall mean attendance at meetings, conferences, or other functions on MWDOC business at other than the employee's headquarters or temporary headquarters or, in the case of Directors, their residences or places of business, whichever is applicable.

"Overnight travel" shall mean travel which prevents employees from spending their usual sleeping hours at their residences. Unless a meeting or conference is outside of the local area (Orange or Los Angeles County), lodging for such travel will not be considered an eligible expense unless the function spans more than one day AND requires travel time of one hour or more each way.

"Business meal" shall be one in which employees provide ~~non-employees and themselves~~ meals and beverages, except alcoholic beverages, ordinarily associated with normal eating customs under circumstances which are generally considered to be conducive to furthering the business of MWDOC. A "business meal" shall also include employees' meals at business meetings with non-employees who pay for their own meals, or at a business program sponsored by a business or professional association where the subject matter of the discussion is of importance to MWDOC.

Employees (not including Directors) ordinarily may not themselves partake in, or provide for others, business meals without authorization by the Program Manager or General Manager.

Whenever an employee who customarily performs MWDOC job assignments outside

Orange County and is required to be outside of Orange County on MWDOC business during a period when a meal is usually partaken, the employee shall be reimbursed by MWDOC for the expense of meals partaken.

"Mileage reimbursement" shall mean the product of "business miles driven" times "the currently approved mileage rate" to reflect reimbursement for the use of a personal vehicle. Cost of gasoline or oil purchases, vehicle repairs or maintenance and vehicle insurance are incorporated into the mileage rate. Direct reimbursement for any expense incurred for a personal vehicle is discouraged and will at no time exceed the total amount derived from the "mileage" times "business miles driven" formula.

Motion - 7/21/93; Motion 8/17/94; Motion 6/16/99; 4/16/03; Motion12/21/05

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

CONFERENCES AND TRAVEL	§2300-§2303
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§ 2300 GENERAL POLICY

a. Employees

Attendance at most conferences is approved in the annual budget. Attendance at conferences by employees for those conferences not pre-approved in the annual budget requires Board approval. An employee wishing to attend a seminar, workshop, or convention must complete a Seminar/Conference Attendance and Cash Advance Request form and obtain approval by the Program Manager and General Manager prior to arrangements being made.

b. Directors

Attendance at conferences and seminars by Directors requires Board approval. (Please see Section 1403 for meetings that do not require Board approval).

Following Board approval for Director attendance at conferences, meetings, and seminars, the following shall apply:

1. For conferences, meetings and seminars within Southern California, all Directors are eligible to attend;
2. For the Association of California Water Agencies (ACWA) Spring and Fall conferences, all Directors are eligible to attend;
3. For conferences, meetings, and seminars involving travel outside of Southern California, without special Board approval, attendance at any one event shall be limited to participation by no more than three Directors (for expense reimbursement by MWDOC). It shall be the duty of the Executive Committee, or the Board President, at the time of approval, to determine which Directors may attend if more than three are interested.
4. A Director attending a conference, meeting or seminar for which he/she receives reimbursement shall make a brief report on that conference, meeting or seminar at the next open session after his/her return.

Travel expenses are subject to the terms of Section 2201(c).

§2301 AUTHORIZATION TO TRAVEL

Inside California –For staff travel within California, but outside of MET service area, on MWDOC-related business shall be undertaken only with prior approval of the Program

Manager and the General Manager. The Board shall approve all travel by members of the Board.

Outside California - Travel outside California on MWDOC-related business shall be undertaken only upon approval of the Board.

Emergency Travel Situations - In those instances when there is no Board meeting scheduled and Board approval cannot be obtained, the General Manager shall seek the approval of the Board President, or a member of the Executive Committee prior to such travel. The General Manager shall then immediately notify the Board of the approval and the nature of the travel. The General Manager shall then seek ratification by the Board.

§2302 TRAVEL EXPENSES

Payment of travel expenses while on MWDOC-related business shall be as allowed under the provisions outlined in Section 2200-2208 of this Code.

§2303 TRAVEL ARRANGEMENTS

All travel arrangements for attendance at meetings on MWDOC-related business (by both Board and staff) shall be made by staff pursuant to the provisions provided under Section 2300.

Motion - 4/21/93 (previously part of Credit Card & Business Expense Policy, Code Section 7200); Motion - 7/21/93; Motion – 4/16/03; Motion 1/21/04

CHAPTER 3

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

ANNEXATIONS	§3000-§3005
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§3000 POLICY CONSIDERATIONS

The main policy considerations by MWDOC ~~for-in-considering~~ a prospective annexation of ~~territory includes~~are the ~~annexation fees for both MWDOC and MET, costs involved, the calculation of MWDOC's annexation fees, a determination of who will be providing the~~ retail water service to annexing ~~lands, the level of~~ ; future water demands ~~that will develop as a result of the annexation, compliance with the terms and conditions of the MET Annexation Policy, proposed conservation measures,~~ and the exclusion of public lands.

§3001 REQUEST FOR ANNEXATION

Prior to providing water service to an area not currently within MWDOC or MET's service area, the area will require concurrent annexation to both Districts. ~~Annexation to one of MWDOC's member agencies is not requisite.~~ A request for annexation of areas to MWDOC shall be made in writing executed on behalf of the local agency or property owner. The request shall include:

1. A general description of the area proposed to be annexed and a map of the area indicating the boundaries of the area and existing streets and highways;
2. A certificate from the county assessor setting forth the assessed valuation of each parcel included within the proposed area to be annexed;
3. Identification of the ownership of each parcel included within the area proposed to be annexed;
4. A description of the present use of each of the parcels included within the area proposed to be annexed;
5. A description of the existing or proposed development plans for such parcels;
6. The estimated total annual and peak demands for water service to the area proposed to be annexed; and
7. A description of the water conservation measures used or planned for the area, including use of local groundwater, surface water, and ~~recycled~~~~aimed~~ wastewater.

In addition, the local agency or property owner shall furnish such other information as may be requested by MWDOC ~~or MET~~. The agency or property owner seeking the annexation

to MWDOC shall bear all associated costs.

§3002 CONSIDERATION OF REQUEST

MWDOC staff will review the legal description and boundary map for accuracy and completeness and will submit proposed annexation to MWDOC Board at their next regular meeting taking place no earlier than 30 days after receipt by MWDOC of the request or after receipt of all supplemental information required.

§3003 ANNEXATION PROCEDURES

1. If MWDOC Board approves, a resolution requesting preliminary terms and conditions will be requested from MET. Evidence of compliance with MET's Administrative Code Section 3107 Water Use Efficiency Guidelines must also be provided.
2. MET's ~~Water Problems Committee-Finance and Insurance Committee~~ receives report and recommends preliminary terms and conditions to their Board; legal description and sketch must be prepared.
3. MWDOC's Board adopts resolution applying to LAFCO for hearing, terms, conditions, and environmental assessment.
4. LAFCO approves annexation following hearing and provides MWDOC with certified copy of resolution.
5. MWDOC's Board requests formal terms and conditions from MET's Board, providing certified MWDOC and LAFCO resolutions approving annexation and documents complying with California Environmental Quality Act.
6. MET's ~~Water Problems Committee-Finance and Insurance Committee~~ and Board approves formal terms and conditions.
7. LAFCO holds hearing and, if successful, orders annexation.
8. As a term of any annexation, the deposit requests for processing of the applications must be paid up-front and the MWDOC will make a part of its resolution of application a requested term that annexation fees to both MWDOC and MET must be paid in full, prior to completion of the annexation cash to MWDOC and MET. MET's annexation fees are estimated based on the greater of the amounts of (1) the Back Tax Computation and (2) the Per-Acre charge adopted by their Board. MET's Per-Acre charge in 2014 was \$4,498. MWDOC's annexation fees are based on the Back Tax Computation.
9. LAFCO prepares a certificate of completion and makes the filings required by

Government Code Sections 57203 and 57204.

The entire process typically takes between six and twelve months.

§3004 MWDOC ANNEXATION CHARGES

Besides MET and MWDOC annexation fees, other costs involved in the processing of an annexation include legal, environmental, engineering and administrative costs. As a prerequisite to MWDOC submitting a resolution of application to LAFCO for an annexation, MWDOC will require that the agency or property owner requesting annexation agree to be fully responsible for all of the costs, including any legal costs incurred as a result of an action against the MWDOC.

MWDOC's annexation fees are estimated based on prior tax rates (Back Tax Computation). MWDOC's engineering, legal and administrative costs are estimated up front and a deposit is requested from the applicant.

§3005 EXCLUSION OF PUBLIC LANDS

Public lands, not subject to annexation fees, include public roads, streets, highways, freeways, and other such public lands that may be determined by MET.

Minute action - 9/8/52; R39 - 10/14/59; Motion - 6/11/56; R150 - 5/13/57; R151 - 7/8/57;
Ord. 3 - 8/26/57; R152 - 8/26/57; R155 - 10/7/57; Minute action 12/4/57; Motion - 4/21/93;

CHAPTER 4

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

WATER SERVICE, CLASSIFICATION AND RATES POLICIES	§4000 – 4001
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§4000 GENERAL WATER SERVICE POLICY

Municipal Water District of Orange County is authorized and directed by Section 71616 of the California Water Code to establish water rates and charges for the sale of water which will result in revenues sufficient to meet the operating expenses of MWDOC, 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 the bonded debt.

~~A copy of the current Ordinance on file with MWDOC establishing classifications and the water service policy may be obtained from the District Secretary.~~

§4001 CLASSIFICATION AND WATER RATES

~~A copy of the current Ordinance on file with MWDOC establishing classifications and the current Water Rate Resolution may be obtained from the District Secretary. The water rate shall be established by the MWDOC Board of Directors in an amount which, in combination with revenues from other charges collected by MWDOC, will result in revenues sufficient for the purposes set forth in Section 71616 of the California Water Code.~~

~~A copy of the current Resolution on file with MWDOC establishing the classifications and water rates may be obtained from the District Secretary.~~ The procedures for establishing water rates resolutions and ordinances are outlined under Section 1117.

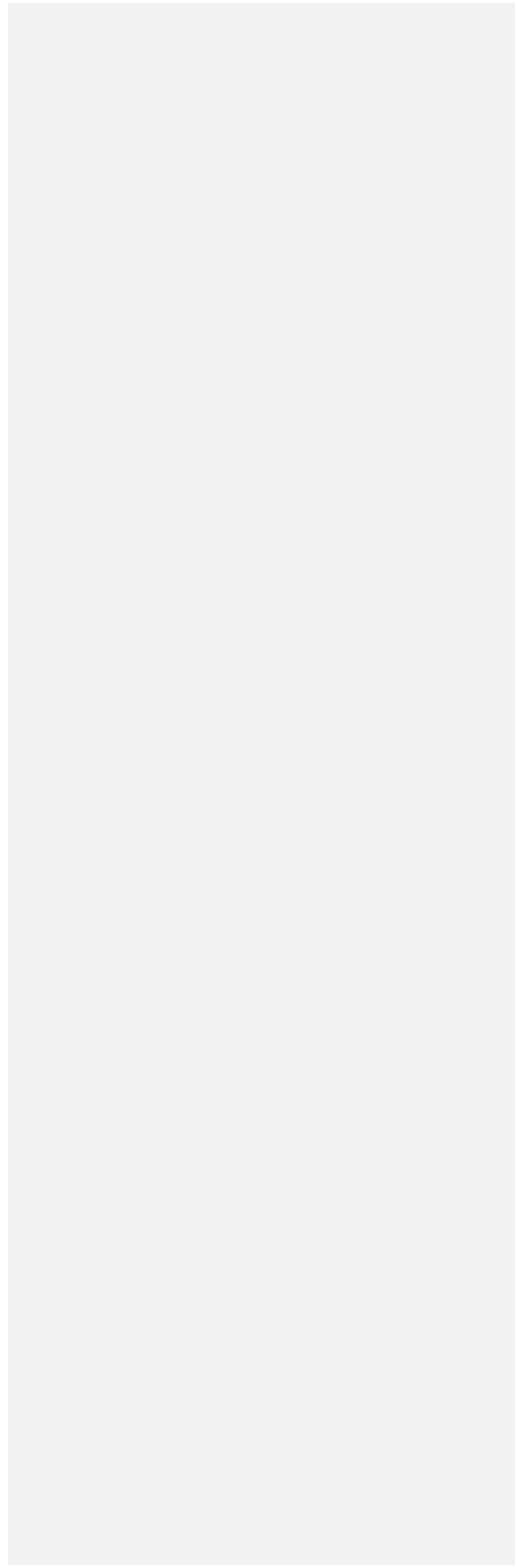
§4002 DISCOVERY OF MISTAKES OR ERRORS

~~In the event a mistake or error is discovered in a District water sales record, the General Manager shall initiate appropriate corrective action. No mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District. In the event a mistake or error is discovered by a member agency in its water sales record or certifications, no mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District.~~

~~If an incorrect invoice has been issued to a member agency, the General Manager shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.~~

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CHAPTER 5

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

SERVICE CONNECTIONS	§5000-§5013
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§5000 GENERAL

Upon formal request by a Member Agency for a service connection, the ~~Board may authorize the General Manager~~ is authorized to prepare for the Board's consideration, to execute on behalf of MWDOC a formal agreement for the sale and delivery of water with the Member Agency being required to accept and comply with the terms and conditions of the Administrative Codes, rate resolutions, and rate ordinances put forth by MWDOC's and MET's which may be amended from time to time ~~resolutions relating to such service agreement~~. MWDOC will furnish the Member Agency with the appropriate provisions and conditions with respect to completion of any service connection agreement.

The Member Agency shall make arrangements for the completion of service connections ~~through or~~ with MWDOC. The Member Agency shall make all deposits required and execute and furnish all necessary documents within sixty (60) days of notification by MWDOC. If necessary deposits and documents are not submitted within the required time, MWDOC will consider application for service connection canceled, no longer pending and of no force and effect.

The service connection agreements shall have provisions covering the topics in Sections 5001-5013.

§5001 DELIVERY OF WATER

Upon completion of said connection, MWDOC will deliver from said connection ~~to Member Agency, as it receives said water from MET,~~ such quantities of water as requested and at such times as Member Agency may request, subject to the capacity of the connection, the availability of the water and the terms and conditions ~~and subject to the an agreements between MWDOC and MET. Delivery of water by MWDOC is~~ Water through said connection is available to MWDOC only from MET, and MWDOC's obligations thereunder are subject to its ability to purchase said water from MET.

§5002 TITLE

Delivery of water to ~~M~~member ~~A~~agency shall occur as the water is discharged from MET to MWDOC to the Member Agency ~~said connection~~, and thereafter such water shall be the property of the member agency, which shall be solely responsible for it.

§5003 PAYMENT FOR WATER

The Member Agency shall pay MWDOC for all quantities of water delivered subject to the

price, rates, classification and conditions established by MWDOC from time to time according to the use to be made of such water. All deliveries shall be metered by MET and monthly statements will be presented by MWDOC to the Member Agency. Statements are due and payable within the time and according to the conditions established by MWDOC from time to time.

§5004 EQUIPMENT AND RIGHT OF WAY

The Member Agency must furnish without cost to MWDOC and MET all facilities, including any rights of way, meter or meters or other measuring devices, vaults, facilities and equipment for the securing of water from the lines of MET and will pay all costs, charges and expenses incurred in connecting its lines to, maintaining said connection and disconnecting said lines from the lines of MET. The Member Agency must agree to install and maintain such flow control device or devices in connection with the service connection as required by MWDOC and MET.

The Member Agency must furnish, operate and maintain its own lines for the distribution of any water received by it from MET and MWDOC who shall not be under any duty relative thereto or obligated therefor in any way.

§5005 AMOUNT OF WATER DELIVERED

If any question arises as to the amount of water delivered to the Member Agency and/or others, the decision of MWDOC's General ManagerEngineer shall be final as to determining the amount and the apportionment thereof. The method of measure of water used by the member agency shall also be as determined by MWDOC's General ManagerEngineer, who is also authorized and empowered to fix and apportion to the Member Agency the loss, if any, incurred in the transportation of water at and below the place of measuring of said water.

§5006 RESPONSIBILITY FOR FACILITIES AND ACCESS

MWDOC is not the owner of any meter, vaults, facilities and equipment, nor ~~it-is-it~~ responsible in any way for any vaults, meter, facilities and equipment used in serving its Member Agencies. However MWDOC's General ManagerEngineer shall have access at all times to any such facilities and equipment furnishing water to the Member Agencies and used in measuring water purchased by member agencies from MWDOC, whether connected to the source of supply of MET, or otherwise, and if such devices are under lock or located in any structure, MWDOC's General ManagerEngineer shall have ~~the keys thereto and shall have~~ free and unobstructed access to any and all facilities in which such devices are kept. Said MWDOC General ManagerEngineer has the right, power and authority to test any such device, used by the member agency or on its behalf, if it is believed to be inaccurate or faulty in any way, and any devices found defective shall be promptly repaired or replaced without cost to MWDOC.

§5007 MET's CONDITIONS

Member Agencies shall accept and agree to comply with all the terms and conditions of MWDOC's and MET's resolutions relating to service connections and agree to grant or cause to be granted to MWDOC and MET such permanent easement as may be necessary for the construction, reconstruction, operation, maintenance, repair and removal of said connection in, over, through and under a parcel of land, the location and dimensions of which parcel shall be adequate for said purposes as determined by the Chief Executive Officer of MET, and which easement shall be in form satisfactory to MET's General Counsel.

§5008 WATER RATES

MWDOC charges a water rate in addition to the price charged for water by MET. If, in the opinion of MWDOC, it should become necessary for MWDOC to charge additional rates in connection with the furnishing of any water to a Member Agency under the agreement, the Member Agency shall promptly pay MWDOC its proportion of any such charges, based on the amount of water received which may be deemed necessary by MWDOC to be charged Member Agency in MWDOC, provided, however, that no such charge shall be levied or made by MWDOC to or against the member agency until MWDOC first gives written notice by registered mail to the member agency of its intention to make such a charge at least 10 days prior to making such charge or levy.

Notwithstanding any agreement to the contrary, in the event MWDOC incurs expenses relative to the operation and maintenance pertaining to said service connection, the Member Agency shall reimburse MWDOC for such expenses on presentation of bills for such expense.

See Sections 4001 and 1117 for additional Water Rates procedures and information.

§5009 REPAIRS

Pursuant to the terms of any agreements and/or MET resolutions or Administrative Code provisions, MET shall be responsible for any subsequent maintenance, alteration, reconstruction or relocation of said service connection, except changes which are requested by the member agency or MWDOC which changes shall be handled as a new service connection.

§5010 INDEMNITY

The Member Agency must agree that it will at all times indemnify and save harmless MWDOC from and against all loss, cost, damage and expense, including, but not limited to, reasonable engineers' and attorneys' fees, and from and against any and all claims or demands on account of injury to persons or property which may be made against MWDOC in any way related to the Member Agency's operations or the attachment, maintenance and operations of its facilities to or the removal of its facilities from the facilities of MET.

§5011 MWDOC/MET AGREEMENT

The Member Agency must accept and agree to comply with, and be subordinate to, the agreement between MWDOC and MET, which agreement shall be attached to and made a part of Member Agency's agreement with MWDOC.

§5012 ENVIRONMENTAL PROCEDURES

In connection with the water service of such service connection agreement and agreement with MET, the Member Agency shall be responsible for compliance with all governmental environmental impact procedures and shall be responsible for all governmental permits, if any, prerequisite to the performance of any service agreement with MWDOC and comply with laws applicable thereto.

Original policy adopted 9/8/52 - R36; rescinded by R43 - 5/11/53; R74 - 10/11/54; Motion - 4/21/93;

§5013 ABILITY TO DEAL WITH A SUSPENSION OF IMPORTED WATER DELIVERIES

The goal of MWDOC ~~is for its's~~ Member Agencies is to ~~have available~~ provide sufficient water supplies to their customers during both planned and unplanned outages of the import water system ~~to. It is the goal of the MWDOC Board of Directors that each of MWDOC's Member Agencies~~ be able to continue providing service to their consumers, from storage, local resources or interconnections with other agencies, without benefit of imported water through MET's system, for 7 average days of demand. MWDOC staff will be available to work with the Member Agencies toward meeting this goal. ~~The MWDOC staff shall submit periodic progress reports to the Planning & Operations Committee.~~

In the event one or more of MWDOC's Member Agencies are unable to sustain a planned shutdown, MWDOC may pass on any costs imposed by MET. MWDOC may also pass on any non-staff costs directly incurred by MWDOC for helping agencies to plan for or to sustain a planned or unplanned outage of the import water system. Costs imposed by MET and non-staff costs incurred by MWDOC, if passed on to MWDOC's Member Agencies, may be passed through to certain Member Agencies by way of a special invoice. MWDOC will determine the "need for import" supplies, based on demands and available local supplies including storage. Supplies that would have been available from MET will be allocated proportionally among all agencies by their "need for import supplies". The special invoice will be allocated proportionally among all agencies calculated to have a "remaining unmet demand" after the MET supplies that would have been available have been fully allocated. In the event MWDOC cannot reasonably determine to which agency or agencies to pass the costs, the Board shall have the option to (1) pass the costs on to all of MWDOC's Member Agencies, or (2) fund the costs from MWDOC's reserves.

~~To provide for a transition period for implementation of this policy, during calendar years 2006 through 2010, the Board shall consider the specific circumstances, projects and costs for upcoming planned shutdowns and may use a portion of MWDOC's reserves, as approved by the Board, toward measures to improve the ability of the Member Agencies to sustain shutdowns.~~

Motion 10/19/05

CHAPTER 6

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

PERSONNEL MATTERS	\$6000
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MWDOC's personnel policies are detailed in its Personnel Manual and revised as necessary.

Personnel policies apply to all employees of MWDOC. Every employee is provided with a copy of the Personnel Manual upon hire. The Manual covers salary policies and regulations governing hours, benefits and working conditions with periodic revisions submitted to the Board for approval.

Pursuant to Section ~~132~~07 of this Code, the Board has delegated to the General Manager the authority to employ, terminate, assign duties to, and direct the day-to-day activities of all MWDOC employees, except that the Board retains the authority to employ, terminate, and assign duties to the General Manager, Secretary and Treasurer of the Board, and Legal Counsel.

The General Manager has the authority to establish MWDOC employee job classifications and descriptions, subject to periodic review of overall personnel utilization by the Board. The Board retains the authority to control the overall staffing levels by setting the number of authorized positions.

Motion - 7/21/93; Motion – 7/21/04

CHAPTER 7

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

CONFLICT OF INTEREST AND DISCLOSURE OF PERSONAL FINANCES	§7000-§7006
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§7000 GENERAL REQUIREMENTS

The Political Reform Act, Government Code Sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Section 18730) which contains the terms of a standard Conflict of Interest Code, which may be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference.

§7001 MWDOC CONFLICT OF INTEREST CODE

MWDOC has adopted the Fair Political Practices Commission Model Code (2 Cal. Code of Regs., Section 18730) as its Conflict of Interest Code (Code) and has promulgated a list of Designated Positions and Disclosure Categories as required therein (see Appendix A to Section 7005). This Code incorporates, by reference, the definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission and any amendments to the Act or regulations. This regulation and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the Conflict of Interest Code of the Municipal Water District of Orange County and the Municipal Water District of Orange County Water Facilities Corporation.

In accordance with Government Code 82011(b), the Board of Supervisors for the County of Orange (Board of Supervisors) has been designated as the Code Reviewing Body for MWDOC. Amendments to the MWDOC or MWDOC Water Facilities Corporation Conflict of Interest Code, including Appendix "A", will be submitted to the Board of Supervisors for approval within 90 days after the circumstances necessitating the amendments have become apparent. (Government Code Section 87306(a).)

Res. No. 1874 – 2/17/10

§7002 FILING OFFICER/OFFICIAL

The District Secretary is designated as the filing official responsible for receiving and forwarding original statements of economic interest (statements) for MWDOC and MWDOC Water Facilities Directors to the Clerk of the Board of Supervisors. The District Secretary shall retain one copy of each such statement for MWDOC records. The District Secretary is designated as filing officer for all other designated filers of MWDOC and MWDOC Water Facilities Corporation and as such shall be responsible for receiving and retaining the original statements of such filers in the official records of MWDOC. The District Secretary shall follow the duties of filing officer denoted in Title 2, Section 18115(a)

and of filing official denoted in Title 2, Section 18115(b).

Motion - 4/20/94; Motion - 9/21/94; M – 9/20/06

§7003 FILING OF STATEMENTS OF ECONOMIC INTERESTS

Persons in designated positions are required to file statements with the District Secretary as follows:

1) Initial Statements - Within 30 days after adoption of the Code or amendments to the Code. Includes all reportable interests during 12 months prior to the effective date of the Code or amendments thereto.

2) Assuming Office Statements - Within 30 days after assuming the designated position. Includes all reportable interests during the 12 months prior to the date of assuming office or date of appointment or nomination

3) Annual Statements - No later than April 1 each year. Includes all reportable interests during the previous calendar year.

4) Leaving Office Statements - Within 30 days after leaving office. Includes all reportable interests during period between the closing of the last statement filed and the date of leaving office.

Motion - 4/20/94;

§7004 OPINIONS OF LEGAL COUNSEL

A. Opinion Requests - Any designated employee who is unsure of any right or obligation arising under this Code may request an opinion from MWDOC's Legal Counsel or the Fair Political Practices Commission.

B. Evidence of Good Faith - If an opinion is rendered by the Fair Political Practices Commission, stating in full the facts and the law upon which the opinion is based, compliance by a designated employee with such opinion may be evidence of good faith in any civil or criminal proceeding brought pursuant to the Political Reform Act of 1974 or this Code. The designated employee's good faith compliance with the opinion of the Fair Political Practices Commission shall also act as a complete defense to any disciplinary action that MWDOC may bring under Section 91003.5 of said Act or this Code (Government Code Section 83114).

Motion 4/20/94

§7005 DESIGNATED POSITIONS AND CATEGORIES

Designated employees shall file statements of economic interests with the Municipal Water District of Orange County's Political Reform Act Filing Officer, District Secretary, who will make the statements available for public inspection and reproduction (Government Code Section 82008).

Upon receipt of the statements of the Members of the Board of Directors, General Manager, Treasurer, Deputy Treasurer, Director of Finance-~~Manager~~, and Legal Counsel the Filing Officer shall make and retain a copy and forward the original of these

statements to the Clerk of the Orange County Board of Supervisors, who is the Filing Officer for these positions

Statements for all other designated employees will be retained by the Filing Officer.

Motion – 9/20/06; Res. No. 1861 – 11/18/09; Res. No. 1874 – 2/17/10; M-11/17/10; M-11/19/14

APPENDIX A
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY WATER FACILITIES CORPORATION
CONFLICT OF INTEREST CODE

Designated Positions	Disclosure Categories
Board Member	OC-01
General Manager	OC-01
Treasurer	OC-01
Deputy Treasurer	OC-01
Director of Finance AS	OC-01
Legal Counsel	OC-01
Administrative Services Manager	OC-02
Associate General Manager	OC-01
Assistant General Manager	OC-01
Consultant	OC-30
Governmental Affairs Manager	OC-01
District Secretary	OC-02
Director of Public Affairs	OC-01
Principal Water Resources Planner	OC-02
Principal Engineer	OC-02
Principal Water Resources Analyst	OC-02
Water Use Efficiency Program Manager	OC-02
<u>WEROC Programs Manager</u>	<u>OC-02?</u>

DISCLOSURE CATEGORIES
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Disclosure Category	Disclosure Description
OC-01	All interests in real property in Orange County or the District, as well as investments, business positions and sources of income (including gifts, loans and travel payments).
OC-02	All investments, business positions and sources of income (including gifts, loans and travel payments).
OC-30	Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest category in the code subject to the following limitation: The Department Head/Director/General Manager/Superintendent/etc. may determine that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure required. The determination of disclosure is a public record and shall be filed with the Form 700 and retained by the Filing Officer for public inspection.

EXHIBIT B: CATEGORIES

Category I: Designated Employees in Must Disclose for the Following Types of Business Entity, Investment, Source of Income or Real Property:

1. Real Property
2. Pipes, valves, fittings, pumps, tanks, meters, etc.
3. Construction and building materials
4. Soil tests, compaction and other soil-related services
5. Engineering and architectural services
6. Agriculture
7. Construction firms
8. Well drilling service and equipment
9. Cathodic protection equipment services and supplies
10. Real estate leasing, sales and investments
11. Real estate appraisal firms
12. Environmental services
13. Petroleum products
14. Safety equipment and facilities
15. Water quality testing services and supplies
16. Chemicals
17. Electrical generating equipment, supplies and operations

Category II: Designated Employees Must Disclose for the Following Types of Business Entity, Investment, Source of Income or Real Property:

1. All disclosure categories listed for other positions
2. Banks
3. Savings and loan associations
4. Securities dealers
5. Insurance agencies and companies
6. Financial audit and accounting firms
7. Computer and office equipment and furnishings, sales and services
8. Office and computer sales and service
9. Office services
10. Employment agencies
11. Temporary help agencies
12. Travel agencies
13. Printing, copying, reproduction, commercial art and microfilm services and equipment sales
14. Food services and supplies
15. General and special equipment leasing, sales and maintenance services

16. Periodicals, books and newspaper publishing and sales
17. Legal reporting services
18. Newspaper clipping services
19. Mail delivery service
20. Communications and telephone services and equipment sales and maintenance
21. Lodging and transportation services
22. Staff development training sales and services
23. Motor vehicles, parts, sales, service, leasing, maintenance
24. Surveying equipment services and supplies
25. Public utilities
26. Medical services, supplies and informational material
27. Right-of-way agent services
28. Securities
29. Consulting services (i.e., real estate, public relations, legal, energy and power, engineering, soils testing, water treatment, data processing, computers, employee training, advertising, travel, communications, design, art work, audio-visual, movie productions, planning, water pricing and demand, economists, desalting, environmental, appraisers, real estate sales and investment services, financial services, management services, legislative and lobbying services)
30. Electric energy
31. Security services
32. Title insurance and escrow services
33. Private water companies
34. Real estate development firms
35. Audio or visual aids
36. Educational equipment and supplies

- The General Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Minute action - 6/24/81; R1132 - 6/23/82; R1306 - 6/4/86; R1386 - 7/5/89; Minute action - 4/3/91; R1468 - 9/2/92; Motion - 7/21/93; Motion - 3/16/94; Motion - 4/20/94; R1519 - 9/21/94; R1564 - 9/18/96; Motion - 11/15/00; Motion - 11/20/02; Motion - 9/20/06; Motion 9/19/12; [Motion 11/19, 2014](#)

§7006 ARTICLE 2, POLITICAL REFORM ACT

Pursuant to Article 2 of the Political Reform Act (Government Code Section 87200 et seq.)

those positions which involve the management of public investments are required to report their economic interests under the provisions of Article 2 rather than under MWDOC's Conflict of Interest Code, on Form 700. Those positions with MWDOC who are required to report their economic interests are as follows:

- General Manager
- Members of the Board of Directors
- Treasurer
- Deputy Treasurer
- Director of Finance ~~Manager~~

Filing requirements will be followed as listed under Administrative Code §7003.

R1519 - 9/21/94; R1538 - 4/19/95; R1564 - 9/18/96; Motion – 11/15/00

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

ETHICS POLICY	§7100-§7110
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§7100 PURPOSE

The policy of MWDOC is to maintain the highest standards of ethics from its Board members, officers and employees (all shall be referred to as employees for the purposes of this section). The proper operation of MWDOC requires decisions and policy to be made in the proper manner, that public office not be used for personal gain, and that all individuals associated with MWDOC remain impartial and responsible toward the public. Accordingly, all employees are expected to abide by the highest ethical standards and integrity when dealing on behalf of MWDOC with fellow Board members or employees, vendors, contractors, customers, and other members of the public.

§7101 RESPONSIBILITIES OF BOARD MEMBERS

Board members are obliged to uphold the Constitution of the United States and the Constitution of the State of California and shall comply with all applicable laws regulating Board member conduct, including conflicts of interest and financial disclosure laws. No Board member or officer shall grant any special consideration, treatment, or advantage to any person or group beyond that which is available to every other person or group in the same circumstances.

§7102 PROPER USE OF MWDOC PROPERTY AND RESOURCES

Except as specifically authorized, no employee shall use or remove or permit the use or removal of MWDOC property, including MWDOC vehicles, equipment, telephones, office supplies, and materials for personal convenience or profit. No employee shall require another MWDOC employee to perform services for the personal convenience or profit of another employee. Each employee must protect and properly use any MWDOC asset within his/her control, including information recorded on paper or in electronic form. Employees shall safeguard MWDOC property, equipment, monies, and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

Employees are responsible for maintaining written records, including expense reports, in sufficient detail to reflect accurately and completely all transactions and expenditures made on MWDOC's behalf. Creating a document with misleading or false information is prohibited.

Motion - 1/17/96;

§7103 CONFLICT OF INTEREST

All MWDOC Directors, officers, and employees at every level shall comply with the requirements of Section 1090 of the California Government Code which prohibits such persons from being financially interested in any contract made by them in their official capacity, or by any body or board of which they are members, or from being a purchaser at any sale or a vendor at any purchase made by them in their official capacity.

All Directors and employees designated under MWDOC's Conflict of Interest Code ("designated employees") and employees required to report under Chapter 7, Article 2 of the Political Reform Act (Government Code Section 7300 et seq.) shall promptly and fully comply with all requirements thereof.

MWDOC employees who are not designated employees under MWDOC's Conflict of Interest Code shall refrain from participating in, making a recommendation, or otherwise attempting to influence MWDOC's selection of a contractor, consultant, product, or source of supply if the non-designated employee, or an immediate family member, has a direct or indirect financial interest in the outcome of the selection process. No employee shall use his/her position with MWDOC in any manner for the purpose of obtaining personal favors, advantages or benefits for him/herself or an immediate family member from a person or entity doing business or seeking to do business with MWDOC. Such favors, advantages, or benefits would include, but are not limited to: 1) offers of employment; 2) free or discounted goods or services; or 3) gifts.

§7104 GIFTS

No employee shall accept, directly or indirectly, any compensation, reward or gift from any source except from MWDOC, for any action related to the conduct of MWDOC business, except as set forth below:

1. Acceptance of food and refreshments of nominal value on infrequent occasions in the ordinary course of a breakfast, luncheon or dinner meeting or other meeting or on an inspection tour where the arrangements are consistent with the transaction of official business.*
2. Acceptance of transportation, lodging, meals or refreshments, in connection with attendance at widely attended gatherings sponsored by industrial, technical or professional organizations; or in connection with attendance at public ceremonies or similar activities financed by nongovernmental sources where the employee's participation on behalf of MWDOC is the result of an invitation addressed to him or her in his/her official capacity, and the transportation, lodging, meals or refreshment accepted is related to, and is in keeping with, his/her official participation.*
3. Acceptance of unsolicited advertising or promotional materials such as pens, pencils, note pads, calendars, or other items of nominal value.*

4. Acceptance of plaques and commemorative mementoes, of nominal value, or of value only to the recipient, such as service pins, recognition awards, retirement mementoes.

5. Acceptance of incidental transportation from a private organization, provided it is furnished in connection with an employee's official duties and is of the type customarily provided by the private organization.

* Nothing herein shall be deemed to relieve any Director or designated employee from reporting the value of such meals, transportation, lodging or gifts and abstaining from participation in any decision of MWDOC which could foreseeably have a material financial effect on the donor when the value of such gifts reaches the limits set forth in MWDOC's Conflict of Interest Code and the Political Reform Act.

In no event shall any employee accept gifts from any single source, the cumulative value of which exceeds the applicable gift limit under California law.

A gift or gratuity, the receipt of which is prohibited under this section, shall be returned to the donor. If return is not possible, the gift or gratuity shall be turned over to a public or charitable institution without being claimed as a charitable deduction and a report of such action, and the reasons why return was not feasible shall be made on MWDOC records. When possible, the donor also shall be informed of this action.

Motion - 1/17/96;

§7105 PERSONS OR COMPANIES REPORTING GIFTS

All persons and companies doing business with MWDOC, with the exception of public agencies, shall submit a summary, by January 31 of each calendar year, of all gifts claimed for internal vendor audits (including meals) made to, or on behalf of, employees or Directors of MWDOC, or their immediate family members, that have occurred in the normal course of business during the previous calendar year. Failure to provide this information to MWDOC may result in the termination of MWDOC business with that person or company.

Motion - 7/21/93; Motion - 8/18/93;

§7106 USE OF CONFIDENTIAL INFORMATION

Confidential information (i.e., information which is exempt from disclosure under the California Public Records Act) shall not be released to unauthorized persons unless the disclosure is approved by the Board, President of the Board, or General Manager. Employees are prohibited from using any confidential information for personal advantage or profit.

§7107 POLITICAL ACTIVITIES

"During the course and scope of their employment employees are prohibited from engaging in campaign activities associated with MWDOC Director elections, MWDOC Director appointments, the appointment of MET Directors, or from attempting to influence changes to MWDOC Division boundaries, except where such activities are expressly required in the course of official duties. Employees are otherwise free to personally, endorse, advocate, contribute to, or otherwise support any political party, candidate, or cause they may choose; however, employees are prohibited from soliciting political funds or contributions at MWDOC facilities or during the course and scope of their duties for MWDOC. In any personal political activity an employee may be involved in, it shall be made clear that the employee is acting personally and not for MWDOC. These provisions are intended to protect employees against political assessments, coerced political activities, and to prevent political activities on the part of employees from interfering with MWDOC operations. Nothing in this section shall be interpreted or applied in a manner to unlawfully curtail the constitutional right to political activity of MWDOC employees."

~~All eEmployees are prohibited from engaging in any campaign activities associated with MWDOC Director elections, MWDOC Director appointments, the appointment of MET Directors, and from influencing changes in the MWDOC Division boundaries, except where such activities are required in the course of the employee's official duties. Employees are otherwise free to endorse, advocate, contribute to, or otherwise support any political party, candidate, or cause they may choose; however, employees are prohibited from soliciting political funds or contributions at MWDOC facilities. In any personal political activity an employee may be involved in, it shall be made clear that the employee is acting personally and not for MWDOC. All staff of MWDOC is prohibited from engaging in any campaign activities associated with MWDOC Director elections, MWDOC Director appointments, the appointment of MET Directors, and from influencing changes in the MWDOC Division boundaries. These provisions are intended to protect employees against assessments for political purposes and other involuntary, coerced political activities and to prevent political activity on the part of employees from interfering with the efficiency of MWDOC. Nothing in this section shall be applied in a manner that unlawfully curtails the constitutional rights of the employee.~~

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§7108 IMPROPER ACTIVITIES

Employees shall not interfere with the proper performance of the official duties of others, but are strongly encouraged to fulfill their own moral obligations to the public, MWDOC, and its member agencies by disclosing, to the extent not expressly prohibited by law, improper activities within their knowledge. No employee shall directly or indirectly use or attempt to use the authority or influence of his/her position for the purpose of intimidating, threatening, coercing, commanding, or influencing any person with the intent of interfering with that person's duty to disclose improper activity.

§7109 VIOLATION OF POLICY – STAFF AND STAFF OFFICERS

If an employee is reported to have violated MWDOC's Ethics Policy, the matter shall be

referred to any of the following: (1) the General Manager; (2) Human Resources; (3) the Board of Directors; or (4) any member of the management staff, for investigation and consideration of any appropriate action warranted which may include employment action such as demotion, reduction in salary, or termination.

If a Board appointed officer (Secretary, Treasurer or General Manager) is reported to have violated MWDOC's Ethics Policy, the matter shall be referred to the Executive Committee for investigation and consideration of any appropriate action. The Executive Committee may make a determination and present the issue to the full Board.

Motion - 1/17/96;

§7110 VIOLATION OF POLICY – DIRECTORS

A perceived violation of this policy by a Director should be referred to the President of the Board or the full Board of Directors for investigation, and consideration of any appropriate action warranted. A violation of this policy may be addressed by the use of such remedies as are available by law to MWDOC, including, but not limited to: (a) adoption of a resolution expressing disapproval of the conduct of the Director who has violated this policy, (b) injunctive relief, or (c) referral of the violation to MWDOC Legal Counsel and/or the Grand Jury.

§7111 PERIODIC REVIEW OF ETHICS, CONFLICT OF INTEREST AND ADMINISTRATIVE GUIDELINES

Pursuant to the terms of Government Code Sections 53234 through 53235.2, each Director shall receive at least two hours of training in general ethics principles every two years. Pursuant to Government Code Section 53235(c), the curricula for ethics training must be approved by the Fair Political Practices Commission (FPPC) and the Attorney General. It is the general desire of the MWDOC Board to meet and review and/or receive a presentation that addresses principles relating to reporting guidelines on compensation, conflict of interest issues, and standards for rules of conduct during the first quarter of the year immediately following an election (every two years).

Each Director shall retain the certificate of completion from any ethics course in which he/she participates and shall provide a copy of such report to MWDOC. Such records shall be retained for five years from the date they are received.

M-12/21/05

CHAPTER 8

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

CONTRACTS	§8000-§8004
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§8000 CONTRACTS

Contract documents shall consist of such documents as the General Manager may deem desirable and as approved as to form by MWDOC's Legal Counsel in addition to those required by law. The contract documents may include, among others, a notice inviting bids, proposal, bidder's bond, form of agreement, performance bond, payment bond, specifications and drawings. Whenever an award is made by the Board, such award shall constitute approval of the contract documents and contractor or consultant shall be authorized to proceed with the provision of services or materials described in the contract document, subject to compliance with the insurance and bonding requirements, execution of all documents and, where applicable, issuance by MWDOC of a Notice to Proceed.

It is MWDOC's policy that purchasing and contracting shall be conducted in a fair, open, and transparent manner so as to maximize benefits to MWDOC. All contracts should be reviewed and re-bid at least every five (5) years, except in situations with documented significant benefits to MWDOC.

The procedures for entering into contracts shall be pursuant to the laws governing MWDOC and those policies outlined in MWDOC's Contracts Manual ~~(currently in draft form and under review by staff).~~

§8001 APPROVING AUTHORITY FOR PURCHASES/CONTRACT SERVICES

Approving authorities listing the standards and procedures for various purchases and contract services are listed in the matrix attached to this section as Exhibit A.

The General Manager shall have the authority to authorize Change Orders up to 10% or \$10,000, of the original authorization, whichever is greater, but in no event shall it exceed \$25,000. The General Manager may delegate all purchasing approval authorities to the Assistant General Manager during periods when the General Manager is absent.

§8002 STANDARD AGREEMENT FOR CONSULTANT SERVICES

During the budget approval process, each fiscal year, a listing of all proposed contracts with consultants to provide ongoing or new professional services such as auditing, legal or engineering services shall be included in the budget for approval. After Board approval, a "Standard Agreement for Consultant Services" shall be prepared and completed, including receipt of all required insurance documents, before services are

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initiated. The Agreement shall have a scope of work attached and incorporated into the Agreement by reference, specifically setting out the tasks to be completed. Tasks other than those specifically described shall not be performed without prior written approval of the General Manager. ~~In the event the same consultant is hired five years in a row, the appropriate Standing Committee shall review the contract and determine whether it would be prudent to issue a Request for Proposal (RFP) for future services.~~

Work performed under such Agreement is to be billed and paid for at rates set forth in the consultant's fee schedule or schedule of charges and invoices must reference the appropriate Purchase Order number as referenced in the Agreement. MWDOC's Ethics Policy (Section 7100-7111) shall be incorporated in to the Standard Agreement for Consultant Services, as an Exhibit.

Motion – 12/9/92; 7/21/93; 7/16/97; 11/21/01; 06/15/11; 02/15/12

Selection of Consultants

The following criteria shall be used to qualify candidates for professional services.

1. Specialized experience and technical competence of the consultant and its personnel considering the type of services required and the complexity of the project.
2. The consultant's familiarity with types of problems applicable to the project.
3. Past record of performance on projects with MWDOC, other governmental agencies or public bodies and with private industry, including such factors as control of costs, quality of work and ability to meet schedules.
4. The consultant's capacity to perform the work (including any specialized services) within the time limitations and with proposed staff, considering the firm's current and planned workload.
5. The consultant's level of financial responsibility.
6. The consultant's documentation of no personal or organizational conflicts of interest prohibited under State or local law.
7. Types of guarantees or warranties offered by the consultant.
8. Estimate of the range of proposed services and costs.

Procedure for Contracts Between \$3,000 and \$25,000 Awarded Under the General Manager's Authority

In the event that Professional Service contracts between \$3,000 and \$25,000 are awarded pursuant to the General Manager's authority, the Sole Source Procurement

Justification Form (included in the District's Contracts Manual) shall be completed and submitted to the next Board or Committee meeting as an informational item, prior to starting the work. If time constraints occur, the General Manager shall submit the Sole Source Procurement Justification Form and any supporting documentation to the Board President at least a week prior to starting the contract work and then will still include the Form on the next Board or Committee agenda as an informational item.

On competitively based contracts for professional services between \$3,000 - \$25,000, the General Manager shall report to the Board via email or as an informational item to the Board or a Committee meeting regarding the nature of the contract. The General Manager shall submit an annual written status report on all contracts executed under the General Manager's authority to the Administration & Finance Committee.

Procedures for Developing Requests for Proposals

Staff will prepare a description of the proposed project, its purpose, location, and other pertinent facts and shall request interested consultants to submit proposals; consultants may be requested to submit a statement of qualifications for certain activities. The proposals shall contain detailed information, including, but not limited to, the firm's ability to perform the job within the designated timeframe, the firm's design team, the firm's proposed use of sub-contractors, the firm's proposed scope of work, level of effort and estimated cost range, and contract documents.

M-6/15/11

§8003 REQUISITIONS AND PURCHASE ORDERS

All requests for purchases require the completion of a requisition signed by the appropriate ~~Cost Center~~~~Program~~ Manager. If the ~~Cost Center~~~~Program~~ Manager is not available, the Assistant Manager may sign the requisition. All requisitions for purchases over \$3,000 require the issuance of a purchase order. A copy of the purchase order is to be provided to the ~~Cost Center~~~~Program~~ Manager. The ~~Accounting~~~~Finance~~ Manager may authorize purchases up to \$3,000. ~~with-t~~The General Manager and the ~~Accounting~~~~Finance~~ Manager required to jointly sign for purchases over \$3,000.

In the absence of the ~~Accounting~~~~Finance~~ Manager or General Manager, the Assistant Manager and/or the ~~Alternate Deputy Treasurer(s)~~~~Sr. Accountant~~ are authorized to sign purchase orders. It is normally expected that neither the General Manager nor the ~~Accounting~~~~Finance~~ Manager nor those signing in their absence shall sign their own purchase orders. However, if those whose signatures are normally required are not available, they may sign their own purchase orders provided the purchase is ratified upon the return of the one who would normally sign. Confirming purchase orders are used for emergency situations only and require approval of the General Manager.

A. Procurement Policy

Every attempt will be made to obtain the best quality materials, equipment supplies and

services in the optimum time frame for the minimum price. Quality of performance, as well as lowest cost, will be considered in the process.

B. Requisition Forms

The purchase requisition form shall be used for requesting the purchase of supplies, material, equipment, labor or services. The requisition form shall be submitted sufficiently in advance of the date the supplies, materials, equipment, labor or services are needed, in order to allow time for processing of a purchase order.

Requisitions are to clearly specify the type, quantity, quality and cost of the goods or services required. Common-use items should be described by their popular names, supplemented by number, size, style or other identifying data. In the case of items or services regularly needed in MWDOC operations, where experience and convenience have indicated the most economical and convenient place of purchase, the requisition should indicate the name and address of the customarily used vendor. If the vendor is not incorporated, their Tax ID number must be indicated on the form.

If transportation costs are involved, the manner in which the goods are to be shipped is to be shown on the requisition together with the approximate cost if MWDOC is to pay those costs. If items requisitioned need to be installed or assembled, it should be stated on the requisition whether MWDOC or the vendor is to do the installing or assembling. Any unusual conditions in connection with delivery and/or installation/assembly should be indicated.

C. Chargeable Account

Each requisition will specify the program and activity for which the supplies, materials, equipment or services are necessary so that the costs of such purchase may be charged to the proper account. The ~~Cost Center~~Program Manager approving the requisition shall insure there are sufficient unencumbered funds in the proper account to cover the cost of the purchase.

D. Inspection and Acceptance of Order

The requisitioner in all cases is responsible for inspecting and for accepting or rejecting deliveries and for determining that both the quality and quantity of the delivery are as specified on the purchase order. The requisitioner shall sign the delivery ticket and submit it to Accounting as certification that the goods were received and accepted. If the goods delivered do not conform to the specifications indicated on the purchase order, the requisitioner shall immediately notify the vendor and Accounting that the delivery is rejected and will require satisfactory replacement or a supplemental delivery or a credit for returned goods.

M-6/15/11

§8004 PERSONS OR COMPANIES REPORTING GIFTS

All contracts shall contain provisions as contained in Administrative Code Section 7105

with regard to reporting of gifts.

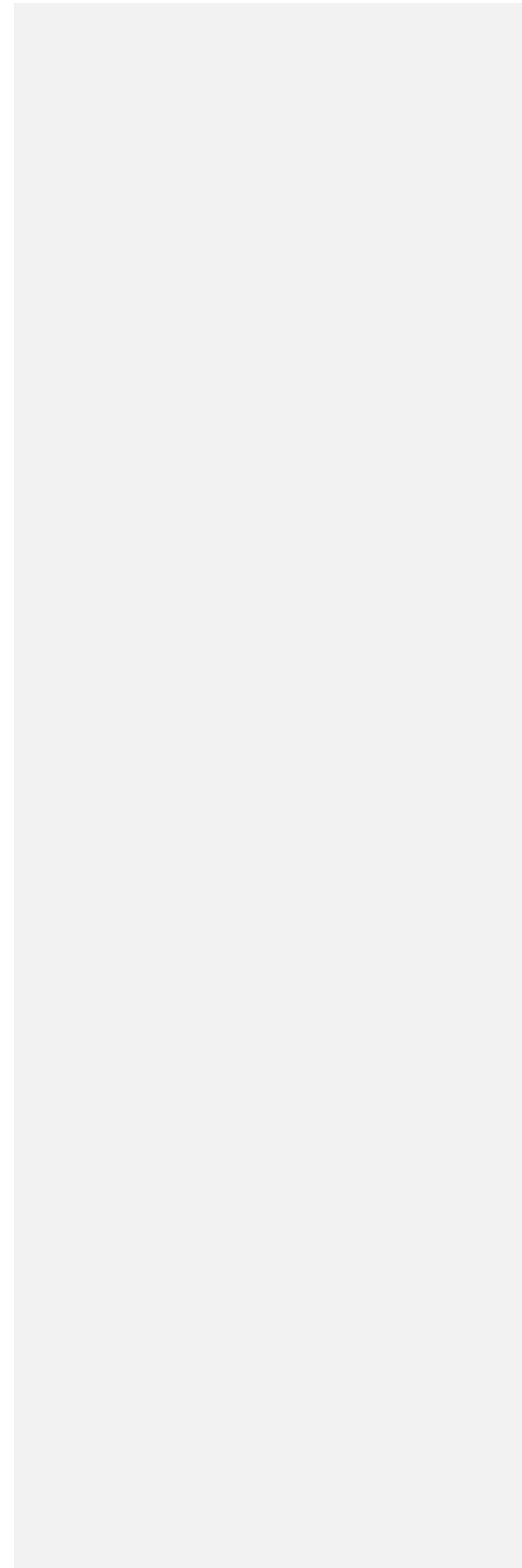


Exhibit A
AUTHORIZATION PROCEDURES FOR PURCHASES, CONTRACTS, AND
CONSULTING & PROFESSIONAL SERVICES

TABLE 1 – REGULAR SITUATIONS

Dollar Amount	Requires Preparation of:	Signed By	Approving Authority
Up to \$3,000	<ul style="list-style-type: none"> 2 written quotes on purchases Selection based on qualifications for professional services 	Program Manager & Accounting Finance Manager	N/A
\$3,001 - \$25,000**	<ul style="list-style-type: none"> Competitive bidding process on purchases Competitive proposals on professional services contracts. If competitive proposals are not utilized, a justification for sole source services must be completed and submitted to the next Board meeting as an informational item. 	Program Manager & GM	N/A
Over \$25,000	<ul style="list-style-type: none"> Request for competitive proposals or bidding as appropriate or justification of a sole source contract 	General Manager	Committee and Board of Directors

*Any aggregate work that will exceed \$25,000 for any one consultant over a one year period requires a report of activities to be presented to the appropriate Committee and the Board of Directors for the work to be authorized.

**The General Manager shall have the authority to authorize Change Orders up to 10% or \$10,000, of the original authorization, whichever is greater, but in no event shall it exceed \$25,000, without Board approval.

TABLE 2 – EMERGENCY SITUATIONS**

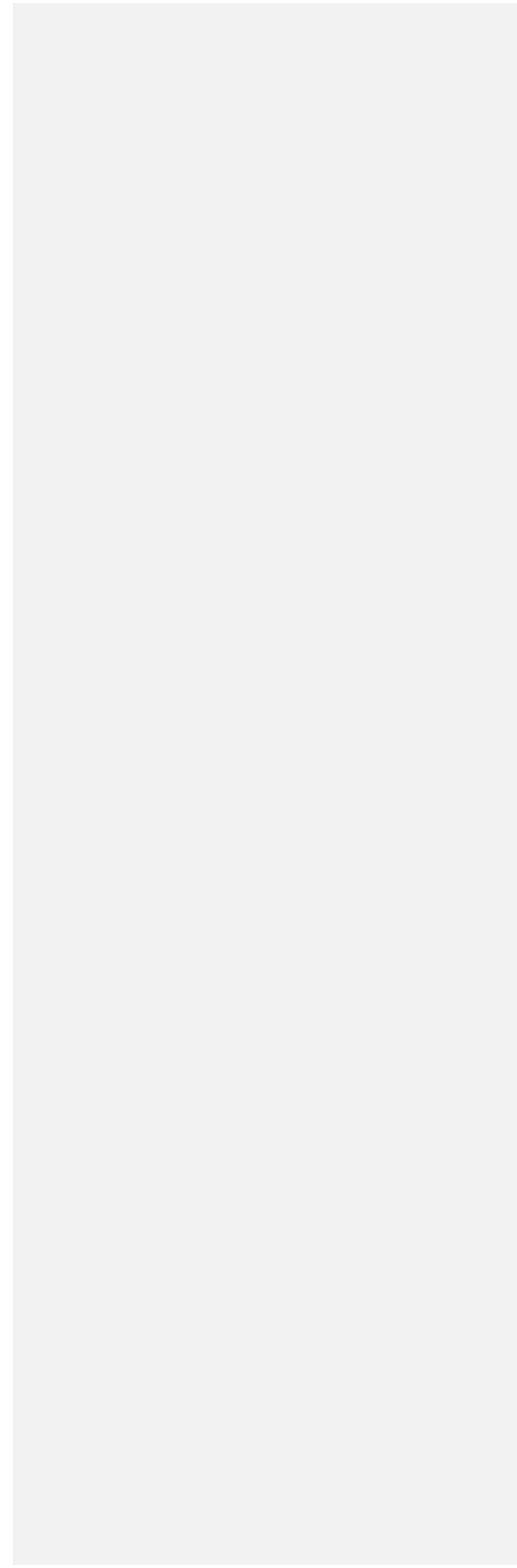
Dollar Amount	Requires Preparation of:	Signed By	Approving Authority
Up to \$100,000	Purchase order/Agreement or Contract	General Manager	Board of Directors ratification at next regular meeting or earliest special meeting
Over \$100,000	Agreement or Contract	General Manager	Board of Directors

**Events requiring immediate extraordinary action to protect public health, safety, welfare and property

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M-6/15/11; 02/15/12



CHAPTER 9

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

MWDOC PROPERTY	§9500-§9501
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§9500 DISPOSAL OF SURPLUS PERSONAL PROPERTY

The General Manager shall have the authority and responsibility for the ultimate sale or disposal of surplus personal property of MWDOC. The ~~Accounting~~ ~~Finance~~ Manager shall be informed whenever MWDOC personal property is surplus to the needs of MWDOC. The ~~Accounting~~ ~~Finance~~ Manager shall investigate whether the recommended surplus material or equipment can be economically used by another department within MWDOC. If, after this investigation, it is determined that the material or equipment is either broken, obsolete or of no further use for the purposes of MWDOC the following guidelines shall apply:

- In the case of items listed on MWDOC's fixed assets, submit the item(s) to the General Manager who is authorized to declare items as surplus and to sell, scrap or dispose of such items. The Administration & Finance Committee shall be informed of the intention to write off or dispose of any items declared as surplus.
- Both items listed on the fixed assets and those items not listed on fixed assets shall be reviewed and may be disposed of at the discretion of the General Manager and in no event shall it be distributed to an officer, Director, employee or family member.
- Under the direction of the ~~Accounting~~ ~~Finance~~ Manager, staff will conduct a physical inventory of fixed assets every three years.
- Whenever it is advantageous or useful to MWDOC to publicly advertise surplus personal property for sale or otherwise dispose of said property, the ~~Finance~~ ~~Accounting~~ Manager shall sell such materials to the highest bidder at auction or by an established fixed price based on value analysis of the material
- An attempt shall be made to determine the value of items declared surplus by contacting vendors who normally take items as trade-in or buy surplus items.
- If the ~~Accounting~~ ~~Finance~~ Manager determines that surplus personal property shall be disposed of by sale or auction, notice of the time and place of said sale or auction shall be either published in a newspaper of general circulation or posted in at least three public places at least seven, but not more than 14 days prior to the date of the sale or auction. The notice shall identify with reasonable particularity the items to be sold and shall state that any person may bid on said items and that all sales will be paid in cash. No officer or Director of MWDOC or immediate family of an officer or Director shall be permitted to bid at auction for or purchase any surplus property of MWDOC.

No MWDOC employee or immediate family of an employee shall be permitted to bid at auction for or purchase any surplus property of MWDOC if such employee was in any way involved in the decision to originally purchase the item, the recommendation or decision to declare said item surplus, the determination of the value of items declared surplus, or the advertising or conduct of any sale or auction.

Motion - 9/5/90; Motion – 11/17/99; 11/21/01

§9501 DISPOSAL OF SURPLUS REAL PROPERTY

SECTION 1: IDENTIFYING SURPLUS REAL ~~TAIL~~ PROPERTY

- 1.1 Preliminary Requirements - The General Manager shall establish a procedure for the continuous review of real property owned by MWDOC for the purpose of determining which of such property is surplus to MWDOC's needs. Upon determination by the General Manager that property is surplus, the Board shall be notified of the determination, then a) cause the property to be appraised by one or more appraisers and b) comply with the California Environmental Quality Act and the legal requirements pertaining to the disposition of property in cities or counties which have a general plan. If, upon such compliance, any official body objects to the proposed sale, the Board shall first expressly uphold or reject the objections. There being no objections, or the objections having been completed, the General Manager may then sell the surplus property as hereinafter set forth.
- 1.2 Authority for General Manager to Sell Surplus Property - If, after offering the property for sale to certain public agencies, as required by law, at the fair market value was determined by the General Manager after review of any or all appraisals of the property, no such offer is accepted, the General Manager may sell it either by public auction or by using the services of real estate brokers or a professional auctioneer.

SECTION 2: AUCTION BY MWDOC STAFF

- 2.1 If the General Manager or a duly authorized agent elects to sell the property by public auction, such auction shall be at such time and place as may be determined by the General Manager, with or without sealed bids having been first submitted.
- 2.2 Whenever the General Manager or a duly authorized agent determines that the sale shall be at public auction without sealed bids having been first submitted, no bid at the auction shall be considered unless the bidder shall, prior to the holding of the auction, deposit with the person designated by the General Manager to conduct such sale, the percentage indicated in Section 4.1 of the amount specified in the notice of sale as the minimum bid, in cash, cashier's check or check certified by a responsible bank, as a guarantee that the person making the bid will purchase the

property under the terms specified in the notice of sale. The property shall be sold to the highest responsible bidder at or above the minimum bid and the deposits of all other bidders be returned forthwith. The General Manager or a duly authorized agent shall reject all bids below the minimum bid.

- 2.3 Whenever the General Manager determines that the sale be by sealed bids, all bids shall be filed in the MWDOC office at or before the time specified in the notice of sale, shall be on forms approved by the General Manager, and shall be accompanied by a cash deposit, cashier's check or check certified by a responsible bank in an amount not less than the percentage indicated in Section 4.1 of the amount specified in the notice of sale as the minimum bid, as a guarantee that the person making the bid will purchase the property under the terms specified in the notice of sale. The General Manager shall, at the time and place specified in the notice of sale, open the bids. Thereafter, there shall be a public auction at a time and place specified in the notice of sale, and any person shall be eligible to bid at the auction; provided, however, that any oral bid shall be ignored unless it exceeds by at least five percent the highest sealed bid made by a responsible person. No oral bid at such sale not preceded by a sealed bid from the same party shall be considered unless accompanied by a cash deposit, cashier's check or check certified by a responsible bank in an amount not less than the percentage indicated in Section 4.1 of the amount specified in the notice of sale as the minimum bid, as a guarantee that the person making the bid will purchase the property under the terms specified in the notice of sale. If no oral bid is made at the public auction, or if such oral bid is not in accordance with the provisions hereof, the property shall be ordered sold to the highest responsible bidder at or above the minimum bid. The General Manager shall reject all bids below the minimum bid.

- 2.4 A real estate commission shall be paid in connection with a sale at public auction on the following basis: the real estate commission shall not exceed the prevailing rate in the same area where the property is located and it shall be stated in the bid for which a claim for the payment of a commission is made that it is subject to the same. The commission shall be distributed in this manner:

When at a public auction, without sealed bids, the highest bid was procured by a licensed real estate broker, the commission shall be paid to the broker. When at a public auction following submission of sealed bids, the successful bid is the highest sealed bid, and it was procured by a licensed real estate broker, the commission shall be paid to that broker.

When at a public auction following the submission of sealed bids, the successful bid was procured by a licensed real estate broker, but the highest sealed bid was not obtained by such a broker, the commission shall be paid to the broker. When at a public auction following the submission of sealed bids, the highest sealed bid was procured by a licensed real estate broker, but the successful bid was procured by a different licensed real estate broker, the commission shall be divided equally

between the brokers.

When at a public auction following the submission of sealed bids, the highest sealed bid was procured by a licensed real estate broker, but the successful bid was not subject to a commission, one-half of the commission based upon the amount of the successful bid shall be paid to the broker.

In determining which is the highest bid, there shall not be subtracted therefrom the commission, if any, which the bid provides shall be paid to a licensed real estate broker.

- 2.5 The General Manager shall cause a notice of sale to be posted on the property in at least one conspicuous place. It shall specify the minimum bid which will be accepted for the property, which shall not be less than 90 percent of the lowest appraisal and shall state the terms of the sale which shall be in conformity with Section 1. The General Manager shall cause one or more advertisements of the sale to be placed in a newspaper, or newspapers, so as to give reasonable notice of the sale.

SECTION 3: OPEN LISTING

If the General Manager elects to sell the property by using the services of licensed real estate brokers, he shall do so by offering it for sale by advertising in a newspaper, or newspapers, that the property is being offered for sale with courtesy to brokers, and by notifying real estate boards in the area in which the property is located that the property is being offered for sale with courtesy to licensed brokers. The initial offer for sale shall be for no less than the highest appraised valuation of the property. The General Manager is authorized to sell the property for the highest price which can be obtained; provided, however that such price shall be no lower than the lowest appraisal without approval of the Board. The General Manager is authorized to pay to the broker who procures the accepted offer, a commission not to exceed the prevailing rate in the area in which the property is located.

- 3.1 Exclusive Listing - The General Manager may with the approval of the Board, give an exclusive listing to an individual licensed broker; provided, however, that the property shall not be sold for less than the lowest appraisal without the approval of the Board. In such case, the General Manager is authorized to pay a commission, upon consummation of the sale, not to exceed the prevailing rate in the area in which the property is located.

SECTION 4: AUCTION BY PROFESSIONAL AUCTIONEERS

The General Manager may sell the property by using the services of a professional auctioneer and may in connection therewith pay the reasonable expense of advertising the auction, and agree to pay a commission to the auctioneer not in excess of the prevailing rate in the area upon the consummation of the sale. Any such sale shall be

subject to the approval of the Board of Directors.

- 4.1 Required Deposit - No bid offer made pursuant to Sections 2, 3.0, and 3.1 above, shall be considered unless the bidder or offeror shall at the time the bid or offer is made, deposit with the person designated by the General Manager the percentage indicated below of the specified amount in cash, cashier's check or check certified by a responsible bank as a guarantee that the bidder or offeror will purchase the property for the bid or offered price.

Specified Amount

Deposit

To \$500	Full amount of bid or offer
\$501 to \$10,000	\$500 + 10% of minimum bid or offer
\$10,001 to \$50,000	\$1,500 + 5% over \$10,000
\$50,001 to \$100,000	\$3,000 + 3% over \$50,000
\$100,000 and above	\$4,500 + 2% over \$100,000

- 4.2 Terms - Any sale shall be for cash or on the following minimum terms: 20 percent down payment with balance amortized over 10 years at an interest rate equal to the prevailing rate charged by financial institutions in the area in which the property is located, and to be secured by a deed of trust on the property sold. No prepayment penalty shall be required.
- 4.3 Where the property was appraised on the basis of a different zoning on the property than the existing zoning, the sale may be made contingent upon the bidder or offeror's obtaining a rezoning of the property within a reasonable time to be determined by the General Manager.
- 4.4 Policy of Title Insurance - The General Manager may furnish the successful bidder or offeror with a policy of title insurance, if possible, and open an escrow to complete the sale, paying the usual seller's charges in connection therewith; provided, however, that if it subsequently develops that the title company is unwilling to issue a policy insuring title to the bidder or offeror in the manner indicated, the General Manager shall not be required to furnish such a policy and the bidder has the option to cancel the sale; whereupon money previously deposited by offeror shall be refunded promptly and there shall be no further obligation on the part of either the bidder or the General Manager in connection with the sale; provided, further, that if under such circumstances the bidder or offeror elects not to cancel the transaction, the General Manager shall furnish such title insurance as the title company will then issue, and shall be released from liability on any representation relating to title theretofore made and not covered by the title insurance policy.
- 4.5 Completion of Sale - Execution and Delivery of Deed - The General Manager shall apply the deposit made by the successful bidder, or offeror, on the purchase price or down payment if the sale is on terms, and, upon completion of the sale either

directly to him, or through an escrow, the General Manager is authorized to execute and deliver on behalf of MWDOC a grant deed conveying the property to such bidder or offeror. In the case of a sale for cash (1) without an escrow, the successful bidder or offeror must pay the balance of the purchase price to the General Manager within thirty days after the auction or acceptance of the offer or (2) with an escrow, upon the closing thereof; provided, however, that the General Manager may choose to give the successful bidder or offeror extensions of time in which to make the payment.

- 4.6 Forfeiture of Deposits - Any deposit made by a successful bidder or offeror shall be retained by MWDOC as liquidated damages if the bidder or offeror shall fail to complete the purchase in accordance with the terms and conditions of the notice of sale or offer. If there is such a failure, a licensed real estate broker, otherwise entitled to a commission under the provisions of this Section shall be paid as a commission, an amount not to exceed one-half of the deposit so retained after deducting title and escrow expenses, if any; but in no event shall it exceed the commission which would have been received in the absence of such failure. If the successful bidder or offeror does not complete the sale as required by this Section, the property may be sold to the next highest bidder or offeror who wishes to buy.

SECTION 5: RESERVATION OF OIL, GAS AND MINERAL RIGHTS

The right to extract all oil, gas hydrocarbons or other minerals without the right of surface entry for the development thereof, shall be reserved in the sale of any real property under the provisions of this Resolution provided, however, that there shall be no such extraction within 500 feet of the surface.

R1101 - 8/26/81; R1245 - 11/26/84;

CHAPTER 10

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

RISK MANAGEMENT AND CLAIMS HANDLING	§10000-§10004
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§10000 OBJECTIVE

To preserve and protect MWDOC assets and public service capabilities against loss, destruction, or depletion to the extent physically and financially reasonable; to protect against the financial consequences of such loss; to prevent or minimize the effects of injury to employees and the public; to identify various risks and procure appropriate protection against such losses at the most reasonable long-term cost; and, to follow sound risk transfer practices by transferring risks to third parties through appropriate provisions whenever practicable and feasible.

§10001 POLICY STATEMENT

MWDOC has established this policy for management of MWDOC risks. This policy applies to all risks of loss such as fire, natural disaster, liability claims, theft, employee injury claims and other risks of property and liability loss, direct and indirect. This policy does not apply to deliberately assumed costs such as employee benefits, depreciation, wear and tear, or obsolescence. It shall be the policy of MWDOC to:

- Identify and measure risks of accidental loss
- Avoid or eliminate loss where practical
- Minimize, control or contractually transfer loss to others where practical
- Retain risks that can be assumed from current funds without serious impact on MWDOC's financial condition where this is the most economical and practical approach
- Purchase insurance coverage or participate in joint self-insurance arrangements with other public entities when the risks of loss are beyond MWDOC's capacity to absorb or where this expenditure is justified economically
- Maintain information for proper reporting and record keeping of losses, claims, premiums and related costs, insurance policies, coverage documents and other information

It is MWDOC's policy to follow the guidelines developed by ~~its insurance provider-the Association of California Water Agencies/Joint Powers Insurance (ACWA/JPIA) for which outline the~~ risk transfer procedures for contracts.

§10002 RESPONSIBILITY

MWDOC shall designate a staff member as Risk Manager for the purpose of carrying out the intent of this policy. That person shall be responsible to direct and administer the program and to recommend changes as required to best implement the overall policy of

MWDOC as set forth above. It is the responsibility of management and staff personnel at all levels to maintain lines of communication to the Risk Manager so that he/she will be advised on a timely basis of factors that would have a bearing in the management of risks or on the purchase of insurance or participation in a joint self-insurance program. This responsibility applies particularly to contracts, new or discontinued facilities, newly-recognized hazards, potential losses and known losses.

Re – Motion 10/21/98

§10003 DETAILS OF RISK TRANSFER PROGRAM

The details for implementation of MWDOC's risk transfer program are outlined in both the Contracts Manual and Personnel Manual (with each manual containing the pertinent provisions for its area of interest). Please consult those manuals for further information.

CHAPTER 11

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

MWDOC RECORDS	§11000-§11003
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SUMMARY

MWDOC records shall be open to inspection at all times during normal office hours. The District Secretary shall be the official custodian of MWDOC records and shall make all nonexempt records freely available to the public in accordance with Government Code Section 6250 et seq. Certain MWDOC records may be exempted from disclosure under the Public Records Act or other provisions of law.

§11000 INSPECTION OF MWDOC RECORDS

The following rules shall apply to MWDOC records with the exception of requests for inspection or reproduction of documents created or retained in MWDOC files in accordance with the Political Reform Act, Government Code Sections 81000 through 91015. See Section 11003 regarding procedures for said documents.

Procedure for Responding to Inspection Request

Persons desiring to inspect any public record shall submit a request in writing specifying the records desired to be inspected. The request shall reasonably describe an identifiable record or information produced therefrom. Since the majority of MWDOC records are kept off-site, the District Secretary shall determine whether said records are on the premises or at an off-site location. If found to be off-site, a minimum of two (2) working days will be required to search for, retrieve, and make said records available. The requesting party shall be advised of date and time said records will be available. If access is to be denied, a written notice shall be given to the requesting party within ten (10) days stating the reason therefor and identifying the person responsible for denying the request. The time limit may be extended in unusual circumstances through written notice by the District Secretary to the requesting party, setting forth the reasons for the extension and the date on which such determination is expected to be made. No such notice shall specify a date which would result in an extension of more than ten (10) additional working days. Unusual circumstances are defined in Section 11001.

Any person requesting inspection of records under the provisions of the California Public Records Act shall be assisted in making a focused and effective request by the District Secretary or designated representative. Original records and copies which are permanently retained by MWDOC may not be removed by the inspecting person from the designated inspection area.

Motion - 7/21/93; Motion - 4/20/94

Search for Records and Restriction on Access

A reasonable effort shall be made to locate requested records. If the records are located and are determined to be exempt from disclosure under the Public Records Act, the requesting party shall be advised in writing of the reasons for the restrictions and, in cases of denial of access, of the name and title of the person responsible for the denial. If only a portion of a record is exempt from disclosure, any reasonably segregable non-exempt portion of the record shall be provided to a person requesting such record after deletion of the portions which are exempt. If the documents requested cannot be located after a reasonable search the requesting party is to be so advised.

Motion - 7/21/93; Motion 4/20/94;

§11001 REQUESTS FOR COPIES OF RECORDS

Any person requesting copies of records shall submit a written request to the District Secretary and shall reasonably describe an identifiable record or information produced therefrom. Since the majority of MWDOC records are kept off-site, the District Secretary shall determine whether said records are on the premises or at an off-site location. If found to be off-site, copies of documents determined to be subject to disclosure will be provided within ten (10) working days. The requesting party shall be advised of date and time said records will be available. If access is to be denied, a written notice shall be given to the requesting party within ten (10) days identifying the reason therefor and the person responsible for denying the request. The time limit may be extended in unusual circumstances through written notice by the District Secretary to the requesting party, setting forth the reasons for the extension and the date on which such determination is expected to be made. No such notice shall specify a date that would result in an extension for more than ten (10) additional working days.

For purposes of this section, "unusual circumstances" means:

- a. The need to search for and collect the requested records from off-site facilities or other establishments that are separate from the office processing the request.
- b. The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records which are demanded in a single request.
- c. The need for consultation, which shall be conducted with all practicable speed, with another agency having a substantial interest in the determination of the request or among two or more units of MWDOC having substantial subject matter interest therein.

Motion 7/21/93; Motion - 4/20/94

§11002 FEES FOR DUPLICATION OF RECORDS

The direct cost for ~~photocopies of reproduction of~~ MWDOC records, except as provided in Section 11003, shall be twenty-five cents (\$0.25) per page, and for electronic copies provided on a compact disk (CD) the direct cost shall be \$1 per CD. For records produced through other media, the requestor shall be responsible for the direct costs of duplication. Where production of an electronic record either (1) involves a record that is produced only at otherwise regularly scheduled intervals, or (2) requires data compilation, extraction, or programming, the requester shall bear the cost of producing a copy of the record, including the cost to construct a record, and the cost of programming and computer services necessary to produce a copy of the record. An invoice and a receipt shall be furnished to the person or agency requesting copies. Actual postage charges incurred in mailing such copies shall be included in the invoice and receipt; however, no fee may be charged for time involved in research or retrieval. All fees shall be paid on or before delivery of such copies. Public agencies may, at the discretion of MWDOC, be exempted from payment of such fees if duplication of records is deemed to be pertinent to the business of such public agency.

§11003 RECORDS PURSUANT TO THE POLITICAL REFORM ACT

Documents prepared and filed in the MWDOC records in accordance with the Political Reform Act (conflict of interest code, statements of economic interest, campaign statements) are a public record open for public inspection and reproduction during regular business hours, commencing as soon as practicable, but no later than the second business day following the day on which the request for inspection or reproduction was received.

Copies shall be provided at a charge not to exceed ten cents (\$.10) per page. A retrieval fee not to exceed five dollars (\$5.00) per request shall be charged for copies of reports and statements which are five years old or more (Government Code Section 81008).

Motion - 4/20/94;

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

RECORDS RETENTION/DESTRUCTION SCHEDULE	§11100-§11104
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The purpose of this policy is to provide for the maintenance, retention and disposal of MWDOC's historical, administrative, legal, and financial records while complying with the legal requirements and the needs of MWDOC. All District records should be inventoried and analyzed to ensure that valuable records are adequately preserved; and non-records and obsolete records are destroyed in accordance with the approved records retention schedule.

§11100 PERMANENT RETENTION OF ORIGINAL RECORDS

Records which shall be retained permanently in their original form include resolutions, ordinances and orders of the Board, minutes of meetings of the Board, deeds, easements, records that are determined by an executive officer of MWDOC to be of very significant and lasting historical, administrative, engineering, legal, fiscal or research value and records required by law to be filed and preserved as advised by General Counsel. The attached chart, made a part of this section, should be referenced as it is more comprehensive and easier to use.

§11101 DESTRUCTION OF RECORDS WHERE ALTERNATE ARCHIVING IS REQUIRED

The following records may be destroyed at any time provided they are first archived on alternate media in accordance with the requirements of Government Code Section 60203:

- a. Records not expressly required to be preserved pursuant to state statute as advised by General Counsel;
- b. Financial records summarizing the financial status of MWDOC;
- c. Oaths of office and related materials depicting the authenticity of the appointment of any of the directors or executive officers of MWDOC;
- d. All canceled checks for payments;
- e. Any records not otherwise provided for in this chapter.

§11102 DESTRUCTION OF ORIGINAL DOCUMENTS WHERE ALTERNATE ARCHIVING IS NOT REQUIRED

The following records may be authorized for destruction without archiving to alternate media when the use for such records has passed (Government Code Section 60201):

- a. Rough drafts, notes and working papers accumulated in preparation of a

communication, study or other document unless of a formal nature contributing significantly to preparation of a document representing the work of any department of MWDOC;

- b. Cards, listings, nonpermanent indices, other papers used for controlling work and transitory files including letters of transmittal, suspense letters and tracer letters;
- c. Duplicate records, after the officer or employee authorizing destruction of a record is certain that the original record or at least one copy thereof is available within MWDOC;
- d. Any records, other than those included in Section 11101, whose content is substantially found in another record.

§11103 CUSTODIAN OF MWDOC RECORDS

While the District Secretary is the official custodian of MWDOC records, each Division Head shall be the custodian of records which are permanently filed in that particular department and may determine that records, in accordance with this Code, be destroyed only on prior approval given by the Division Head. Further, records that are still active and/or needed for reference may be kept beyond the time frame set forth in MWDOC's Records Retention Schedule and this Code upon prior approval by the Division Head.

§11104 ELECTRONIC MAIL (E-MAIL) RETENTION POLICY

E-mail messages and their attachments (which may include executable, video, and/or voice files) are records which are created, stored, and delivered in an electronic format. Similar to paper-based records, they may contain information pertaining to District business, necessitating retention and disposal in accordance with the District's records retention schedule.

E-mail messages which are considered transitory are non-records that should not be retained after they have fulfilled their purpose. These messages do not set policy, establish guidelines or procedures, certify a transaction, or become a receipt; rather, they are informal communications with no historical significance or public importance.

Motion-10/19/05; 10/20/10

**Municipal Water District of Orange County (MWDOC)
Records Retention Schedule**

April 2013

Page 1 of 25

Code	Record Series <i>Definition and Citation(s)</i>	RETENTION	V H C
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BOARD OF DIRECTORS

BOD01	BOARD OF DIRECTORS ADMINISTRATIVE RECORDS		
	Records related to the Board of Directors. Includes general correspondence and reports. Citation(s): CA GC 60201, 60203, AC 11102	2	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
BOD02	BOARD AND INTERNAL POLICIES		
	Policy set by Board of Directors. Citation(s): CA GC 60201, 60203	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
BOD03	ORDINANCES AND RESOLUTIONS		
	Records related to regulations for the District that are approved or adopted by the Board of Directors, and the formal expression of the will, opinion, and intent voted by the Board of Directors. Includes Proofs of Publication. Citation(s): CA GC 60201, AC 11100	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
BOD04	BOARD & COMMITTEE MEETING AGENDAS, PACKETS, AND NOTICES		
	Records related to information provided to the official Board of Directors for consideration and action at official proceedings. Includes agendas, records related to committee operations and meetings, rosters of committee members, discussion points, action and information submittals, regular and special meeting notices, and adjournment and cancellation notifications. Citation(s): CA GC 60201, 60203	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
BOD05	BOARD & COMMITTEE MEETING MINUTES		
	Records related to actions and decisions of the Board of Directors. Includes minutes, administrative orders, minute orders, and minute actions. Citation(s): CA GC 60201, AC 11100	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
BOD06	BOARD & COMMITTEE MEETING NOTES		
	Records include shorthand notebooks, stenotype records, and keys to audio tapes. Citation(s): AC 11103	1	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

RETENTION PERIOD EVENT CODES All retention periods are listed in years (unless otherwise specified).

AR – Annual Review	CU – Current Year	RE – Revised	SU – Superseded
AU – After Audit	EX – Expiration/end of usefulness	SA – Sale, Disposition	TE – Termination
CL – Closed, Completed	PE – Permanent	ST – Settlement	

Characteristics
V - Vital
H - Historical
C - Confidential

**Municipal Water District of Orange County (MWDOC)
Records Retention Schedule**

April 2013

Page 2 of 25

Code	Record Series <i>Definition and Citation(s)</i>	RETENTION	V H C
BOD07	BOARD & COMMITTEE MEETING AUDIO AND VIDEO TAPES		
	Records include audio and video tape recordings of Board & Committee Meetings when used for minute preparation or where they may have historical value. Citation(s): AC 11103 / CA GC 60201, 60203	CL+30 Days	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
BOD08	ELECTION RECORDS		
	Records related to the election process. Includes filing information, maps, directors divisions, polling places and election results. Citation(s): CA GC 60201, 81009, CA EC 17100	PE	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
BOD09	OATH OF OFFICE		
	Records of the Oaths of Office and related materials depicting the authenticity of the appointment of any of the Directors or Executive Officers of MWDOC. Citation(s): CA GC 60201, 60203, AC 11101	PE	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

RETENTION PERIOD EVENT CODES All retention periods are listed in years (unless otherwise specified).

AR – Annual Review	CU - Current Year	RE –Revised	SU – Superseded
AU – After Audit	EX – Expiration/end of usefulness	SA – Sale, Disposition	TE – Termination
CL – Closed, Completed	PE – Permanent	ST – Settlement	

Characteristics
V - Vital
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ADMINISTRATION

ADM01	ADMINISTRATION		
	Records related to general administrative activities and duties of the District. Includes general memos, letters, reports, visitor log, District Report of Gifts forms, and surveys pertaining to day to day function of the District office. Citation(s): CA GC 60201, 60203	3	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ADM02	SUCCESSFUL PROPOSALS RELATING TO REAL PROPERTY		
	Records related to bid invitations, RFP's, successful proposals and bids, drawings and specifications issued by the District for competitive bid, relating to real property. Successful bid is awarded a contract. This file does not include the original contract or insurance information. Citation(s): CA GC 60201, CA CCP 337	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
ADM03	SUCCESSFUL PROPOSALS NOT RELATING TO REAL PROPERTY		
	Records related to construction and service bid invitations, RFP's, successful proposals and bids, drawings and specifications issued by the District for competitive bid. Successful bid is awarded a contract. This file does not include the original contract or insurance information. Citation(s): CA GC 60201, CA CCP 337	CL+10	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
ADM04	UNSUCCESSFUL PROPOSALS		
	Records related to Request for Proposals issued for competitive bids received and not selected for services. Citation(s): CA GC 60201, 60203	CL+6	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ADM05	BUSINESS PLAN RECORDS		
	Reports describing long-range planning, District services, and goals of the District. Includes strategic plans and financial planning records. Citation(s): CA GC 60201, 60203	PE	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

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ADM06	HISTORICAL RECORDS		
	Records related to the history of the District. Includes photos, anniversary celebrations, facility dedications, proclamations, and awards. These items are the archives collection. Citation(s): CA GC 60201, 60203	PE	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
ADM07	PERMITS & LICENSES		
	Records related to permits and licenses necessary for the operation of the facilities and District. Includes business license, building & construction permits, and Department of Health and Safety permits. Citation(s): CA GC 60201, 60203; 40 CFR 122.41, 40 CFR 141.33, 40 CFR 141.91	PE	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ADM08	ADMINISTRATIVE POLICIES & PROCEDURES		
	Records providing documentation on the implementation of management and administrative policies and directions for District functions. Includes MWDOC's Rules and Administrative Code. Citation(s): CA GC 60201, 60203	PE	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
ADM09	SAFETY		
	Records regarding District Safety Policy & training. Including employee safety training, special skills of staff, IIPP Manual, OSHA Information, Sexual Harassment Training, and Ergonomics Training. Citation(s): 8 CCR 3203, CA GC 60201, 60203	SU+10	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ADM10	EMERGENCY & SECURITY		
	Records providing instructions in the event of a disaster, including evacuation information, Emergency & Disaster Plans, Emergency Response Inspection Requirements, Security Policies, Continuity of Operations Plan and related correspondence. Citation(s): CA GC 60201, 60203	SU+3	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ADM11	MATERIAL SAFETY DATA SHEETS		
	Records related to the use of hazardous substances. Citation(s): AC 11103, 40 CFR 122.21	PE	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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ADM12	PUBLIC INFORMATION REQUESTS		
	Requests for records under the Public Records Act, includes MWDOC response. Citation(s): CA GC 6251, 60201	CL+4	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ADM13	RECORDS MANAGEMENT FILES		
	Records related to the management of District records: (a) Documentation of the location of records within the District offices, and transfer of records to an offsite records center (b) Destruction Certificates that certify (confirm) the destruction of official records that have been approved for destruction, and attests that destruction was accomplished in accordance with policies and procedures (c) Records Retention Schedule: a legal document listing record series maintained by the District, with associated retention periods, characteristics, the responsible department, and legal citations Citation(s): CA GC 60201, 60203	PE	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
ADM14	DISTRICT INSURANCE RECORDS		
	Records related to insurance policies purchased by the District, includes the policies and any amendments. Excludes invoices, premium payment information, and general correspondence pertaining to insurance. Citation(s): AC 11103	PE	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ADM15	PUBLIC NOTICES		
	Records announcing Requests for Proposals or Requests for Quotes including proofs of publication. Citation(s): CA GC 60201	5	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
ADM16	GENERAL CORRESPONDENCE		
	Records related to internal and external general communications. Includes memos and letters kept in chronological order as a convenience file. Citation(s): CA GC 60201, 60203	3	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

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ADM17	REFERENCE FILES		
	Documents used for reference and research, such as books, technical journals, reference materials, reports, studies, magazines, periodicals, and presentations. Includes Library Policies & Procedures. Citation(s): CA GC 60201, 60203	AR	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ADM18	EQUIPMENT MAINTENANCE & WARRANTY INFORMATION		
	Records related to the maintenance, & warranty information for equipment & furniture purchased by the District. Does not include purchase or repair invoices (see Finance section). Citation(s): CA GC 60201, 60203	SA+4	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ADM20	MWDOC MEMBER AGENCIES		
	Correspondence to and from Member Agencies relating to issues directly impacting MWDOC business and information from Member Agency Manager's Meetings. Citation(s): CA GC 60201, 60203	7	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
ADM21	OTHER AGENCIES		
	Correspondence to and from other agencies relating to MWDOC business. Citation(s): CA GC 60201, 60203	5	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
ADM22	OUTSIDE AGENCY EVENT INFORMATION		
	Records related to events sponsored by other agencies attended by MWDOC Directors & Staff. Includes conference & seminar information and travel records. Does not include attendance records, expense reports, or payment records. Citation(s): CA GC 60201, 60203	CL+2	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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LEGAL

LGL01	ANNEXATION FILES		
	Records related to receiving or transferring land within District boundaries. Citation(s): CA GC 60201	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
LGL02	FORMATION FILES		
	Records documenting the terms under which the District was formed, organized, re-organized or consolidated. Includes directives from LAFCO on boundaries or services. Citation(s): CA GC 60201, 60203	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
LGL03	PARCEL RECORDS		
	Records related to real property. Includes deeds, easements, and similar documents related to property which MWDOC holds or owns. Citation(s): CA GC 60201, AC 11100	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
LGL04	LEGAL OPINIONS		
	Records related to legal opinions on issues, problems, and policies impacting the organization. Citation(s): CA GC 60201	PE	<input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
LGL05	LITIGATION FILES		
	Records related to threatened or actual litigation or government investigations. Includes subpoenas, pleadings, discovery files, work product, exhibits, final judgments, and court documents. Citation(s): CA GC 60201, 60203, CA CCP 583.310	CL+5	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
LGL06	SUBPOENAS		
	Records related to subpoenas received by the District, where MWDOC is a third party. Includes the Districts response. Citation(s): CA GC 60201, 60203	CL+7	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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LGL07	FAIR POLITICAL PRACTICES COMMISSION FILINGS		
	Records related to FPPC filings for campaign contributions. Includes annual conflict of interest filings (Form 700) for Board members, employees, and consultants; assuming/leaving statements; and lobbyist registration. Citation(s): CA GC 81009, CA EC 17000	PE	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
LGL08	CONTRACTS & AGREEMENTS, RELATING TO REAL PROPERTY		
	Records related to obligations defined in contracts and agreements relating to real property. Includes promissory agreements, contracts for services, purchases and sales, certificates of insurance from vendors, and change orders. Citation(s): AC 11103, CA GC 60201, 60203	PE	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
LGL09	CONTRACTS & AGREEMENTS, CONSTRUCTION		
	Records related to obligations defined in construction contracts and agreements. Includes promissory agreements, contracts for services, purchases and sales not relating to real property, certificates of insurance from vendors, and change orders. Citation(s): AC 11103, CA GC 60201, 60203	CL+10+AR	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
LGL10	CONTRACTS & AGREEMENTS, GENERAL		
	Records related to obligations defined in contracts and agreements. Includes software licenses, promissory agreements, contracts for services, purchases, and sales, certificates of insurance from vendors, and change orders. Excludes construction contracts. Citation(s): CA GC 60201, 60203	CL+7+AR	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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HUMAN RESOURCES

HR01	EMPLOYEE BENEFIT PLANS & PROGRAMS		
Records related to all employee benefits plans and programs, including health and life insurance policies & information, tuition reimbursement, eligibility, and retirement plans. Does not include employee enrollment or other individual forms. Citation(s): 29 CFR 1627.3, CA GC 60201 (d)(12)	CL+7	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
HR03	SALARY SCHEDULES		
Records related to District Salary Schedules as established by the Board. Citation(s): CA GC 60201(d)(12), 60203, 29 CFR 1627.3	SU+7	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
HR04	MEDICAL FILES		
Records related to the medical history of employees, required physicals or drug testing, doctor releases/notes for workers' compensation or other absences. Citation(s): 8 CCR 3204	TE+5	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	
HR05	PERSONNEL MANUAL		
Records related to Personnel Policies of the District. Citation(s): CA GC 12946, 60201, 60203	SU+3	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
HR06	PERSONNEL ADMINISTRATION RECORDS		
Records related to the overall administration of personnel activities. Includes studies, surveys, and reports. Citation(s): CA GC 60201	4	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
HR07	PERSONNEL FILES		
Records related to individual employees. Includes employment applications, pre-employment physicals, I-9 forms, training records, performance evaluations, driving records, awards or certificates, salary information, insurance enrollment, beneficiary designations and other forms, and separation documents. Citation(s): CA GC 60201, 60203, 29 CFR 1627.3, 8 USC 1234a	TE+5	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	

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HR08	EMPLOYEE COMPLAINTS		
	Records related to employee complaints, includes MWDOC response and disciplinary action. Citation(s): CA GC 60201, 60203, 29 CFR 1602.31	TE+5	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
HR09	RECRUITMENT RECORDS		
	Records regarding the advertisement of available positions. Includes job descriptions, job postings, advertising, interviews, resumes, applications, testing questions and results. Citation(s): 29 CFR 1602.32, 29 CFR 1627.3	CL+2	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
HR11	FORMS		
	Blank forms pertaining to Personnel administration. Citation(s): CA GC 60201, 60203	SU+1	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
HR12	ORGANIZATIONAL CHART		
	Records related to District organizational structure. Citation(s): CA GC 60201, 60203	SU+5	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
HR13	RETIREE BENEFITS		
	Records regarding benefits offered to retirees Citation(s): CA GC 60201(d)(12), 60203; 29 CFR 1627.3	CL+5	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
HR14	NEW HIRE INFORMATION		
	Records related to background checks for newly hired employees. Citation(s): CA GC 60201, 60203	TE+5	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
HR16	RISK MANAGEMENT		
	Records related to Worker's Compensation Claims, Disability Claims, and Incident/Accident Reports. Citation(s): 29 CFR 1904 et seq.	ST+5	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>

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ENGINEERING

ENGINEERING PROJECTS			
ENG01	Records related to major projects or capital improvements for District services. Citation(s): CA GC 60201, 60203	CL+10+AR	☒ ☐ ☐
LOCAL WATER OPERATIONS AND WATER USAGE DATA			
ENG02	Records related to non-Metropolitan water operations. Includes water usage & production information and joint facility operations & maintenance allocations. Citation(s): CA GC 60201, 60203	10	☒ ☐ ☐
DRAWINGS & MAPS			
ENG03	Records of graphic depictions (drawings, sketches) of facilities. Includes bid set drawings marked up by contractors during construction to show how facility or component is actually constructed, base maps for service areas, Director divisions, and atlases. Citation(s): CA GC 60201, 60203	PE	☒ ☒ ☐
FACILITIES MAPS			
ENG04	Records related to planning of District facilities that are geographical in nature and show pipelines and other waterworks facilities. Citation(s): CA GC 34090	10+AR	☒ ☒ ☐
RESEARCH & PLANNING			
ENG05	Records related to planning of District projects and programs. Includes water reliability & drought issues, Orange County Water Plan, Water Demand Forecast & Regional Urban Water Management Plan, Five Year Water Projections, and water supply alternatives. Citation(s): CA GC 60201, 60203	10+AR	☒ ☒ ☐

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ENG06	SERVICE CONNECTIONS & ALLEN MCCOLLOCH PIPELINE		
	Records related to service connections, local distribution systems, and Allen McColloch Pipeline (AMP) operations. Does not include records regarding sale of AMP. Citation(s): CA GC 60201, 60203	10+AR	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
ENG07	RATES, FEES AND CHARGE RECORDS		
	Records related to determining rates and fees charged by the District, includes annual water rates survey. Citation(s): CA GC 60201, 60203	10+AR	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

METROPOLITAN ADMINISTRATIVE INFORMATION			
MWD01	Records related to Metropolitan issues of vital interest to MWD OC business, that are not easily obtained or readily available through electronic means. Citation(s): CA GC 60201, 60203	5	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
OPERATIONS & SERVICE INTERRUPTIONS			
MWD02	Records related to Metropolitan water operations that are of vital interest to MWD OC business. Includes shutdown & chlorination notifications & reports, treatment facilities, distribution system (including maps, capacity diagrams, & detailed schematics), water quality, and water reliability. Citation(s): CA GC 60201, 60203, 40 CFR 141.33	5	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
PROJECTS & PROGRAMS			
MWD03	Records related to Metropolitan projects and programs that are of vital interest to MWD OC business. Includes Capital Improvement Program, desalination projects, water supply projects, Interim Agricultural Water Program, Local Resources Program, power related projects, groundwater Conjunctive Use Programs, and Community Partnering Program. Citation(s): CA GC 60201, 60203, 40 CFR 122.44, 40 CFR 141.33	CL+5	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
WATER TRANSFERS & WHEELING			
MWD04	Records related to Water Transfers and Wheeling that are of vital interest to MWD OC business. Citation(s): CA GC 60201, 60203, 40 CFR 122.44, 40 CFR 141.33	5	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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GOVERNMENTAL AFFAIRS

GA01	FEDERAL LEGISLATION		
	Information regarding House and Senate Bills. Citation(s): CA GC 60201, 60203	10	□ □ □ □
GA02	STATE LEGISLATION		
	Information regarding Assembly & State Senate Bills and Ballot Initiatives. Citation(s): CA GC 60201, 60203	10	□ □ □ □
GA03	LEGISLATIVE CORRESPONDENCE		
	Records of correspondence related to State & Federal Legislation, including support & oppose letters and floor alerts. Citation(s): CA GC 60201, 60203	10	□ □ □ □
GA04	LOBBYIST CORRESPONDENCE		
	Information regarding lobbyist activities & related correspondence. Does not include FPPC filings/Lobbyist registrations. Citation(s): CA GC 60201, 60203	10	□ □ □ □
GA05	CONSUMER CONFIDENCE REPORTS		
	Information from Member Agencies, consultants, state government, related to the content for and annual production of the report. Citation(s): CA GC 60201, 60203	SU+3	□ □ □ □

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WATER USE EFFICIENCY

WUE01 CONSERVATION AND LANDSCAPE PROGRAMS			
	Records related to conservation and landscape programs facilitated by the District to encourage efficient use of water. Includes exchange and rebate programs, performance certification and training programs, and surveys. Citation(s): CA GC 60201, 60203	CL+7	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
WUE02 WATER USE EFFICIENCY ADMINISTRATIVE RECORDS			
	Records related to general WUE program correspondence, transmittals and workgroup meeting information. Citation(s): CA GC 60201, 60203	7	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
WUE03 CONSERVATION RESEARCH ACTIVITIES			
	Records related to District research activities in the area of conservation and water use efficiency. Citation(s): CA GC 60201, 60203	10	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

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PUBLIC AFFAIRS

PA01	INSPECTION TRIPS & EVENTS		
	Records related to District sponsored trips/tours and other events. Includes venue information, invitations, agendas, and final attendee list. Does not include expense or cost reports or other financial information (see Finance section). Citation(s): CA GC 60201, 60203	CL+5	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
PA02	PUBLIC RELATIONS INFORMATION		
	Records related to preparing public information, brochures describing District activities, and advertising materials that promote District events or programs. Includes samples of promotional items, newspaper clippings and photographs, artwork, videos, news releases and newsletters. Citation(s): CA GC 60201, 60203	4	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
PA03	MWDOC WEBSITE		
	Records relating to the creation & maintenance of the official MWDOC website. Citation(s): CA GC 60201, 60203	SU+3	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
PA04	PUBLIC COMPLAINT FILES		
	Records related to verbal and written public complaints. Includes documentation regarding MWDOC's response. Does not include government and/or legal claims. Citation(s): CA GC 60201, 60203	CL+4	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
PA05	SPEECHES & PRESENTATIONS		
	Records related to the preparation of presentation materials by staff. Includes text of speeches, presentation materials, and computer presentation software files. Citation(s): CA GC 60201, 60203	5+AR	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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Code	Record Series <i>Definition and Citation(s)</i>	RETENTION	V H C
PA06	SCHOOL PROGRAM		
	Includes information from Discovery Science Center, contests, school presentations, and information from other education related events. Citation(s): CA GC 60201, 60203	7	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

RETENTION PERIOD EVENT CODES All retention periods are listed in years (unless otherwise specified).

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Characteristics
V - Vital
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**Municipal Water District of Orange County (MWDOC)
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Code	Record Series Definition and Citation(s)	RETENTION	V H C
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FINANCE

FIN01	GENERAL LEDGER		
	Financial records related to the general ledger posting. Citation(s): CA GC 60201, 60203, AC 11101	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
FIN02	INTERIM FINANCIAL REPORTS		
	Records describing the financial status of the District. Includes financial, fiscal, and monthly reports, worksheets, printouts, and statements on the financial position and condition of the District. Citation(s): CA GC 60201	10	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
FIN03	AUDIT RECORDS		
	Records related to reviewing the District's activities to ensure compliance with policies, procedures, and standards. Includes draft reports and correspondence. Does not include final audit report. Citation(s): CA GC 60201, 60203, 26909	AU+7	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
FIN04	ANNUAL FINANCIAL REPORT & AUDITOR REPORT		
	Records describing the financial status of the District, including the Annual Financial Report and the Final Audit Report. Citation(s): CA GC 60201, 60203, 26909	PE	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
FIN05	DRAFT MWDOC BUDGET		
	Records related to internal financial planning and management. Includes final budget vs. cost reports, summaries, worksheets, and goals and objectives. Citation(s): CA GC 60201, 60203	7	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

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**Municipal Water District of Orange County (MWDOC)
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Code	Record Series Definition and Citation(s)	RETENTION	V H C
FIN06	FINAL MWDOC BUDGET		
	Records related to the Final MWDOC Annual Budget and milestones for the final approved budget. Final budget is approved by the Board. Citation(s): CA GC 60201, 60203	PE	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
FIN07	ACCOUNTS PAYABLE		
	Records related to payment of financial obligations (money owed by the District). Includes vendor invoices, bills, check requests, statements including credits/refunds, disbursement reports, completed purchase orders & purchase requisitions, travel & expense reports, membership renewal payments, and petty cash. Citation(s): CA GC 60201, 60203	ST+7	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
FIN08	ACCOUNTS RECEIVABLE		
	Records related to accounting for money owed to the District. Includes cash receipts, check copies, uncollectible debts, MWDOC invoices and bankruptcies. Excludes Water Billing. Citation(s): CA GC 60201, 60203	ST+7	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
FIN09	PAYROLL RECORDS		
	Records related to payment of labor costs. Includes employee timesheets, completed request for leave forms, salary, wage, and deferred compensation; deduction, garnishment, and retirement contribution. Citation(s): 29 CFR 516.5, 29 CFR 516.6, CA GC 60201, 60203	10	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
FIN10	PAYROLL TAX RECORDS		
	Records related to Annual & Quarterly payroll tax filings, includes W-2 forms. Citation(s): CA GC 60201, 60203	PE	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>

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Code	Record Series Definition and Citation(s)	RETENTION	V H C
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FIN11	BANKING RECORD		
	Records related to bank transactions. Includes deposits of funds, cancelled checks, check registers, bank advices, wire transfers, bank statements, and reconciliations. Citation(s): AC 11100, CA GC 60201, 60203	AU+7	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
FIN12	CASH & INVESTMENT RECORD		
	Records related to portfolio investments. Includes cash flow statement, transaction records, and investment pool statements. Citation(s): CA GC 60201, 60203, AC 11100	PE	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
FIN13	WATER BILLING RECORD		
	Records related to the processing of the monthly water billing. Includes Metropolitan invoices, invoices issued, and reconciliation reports. Citation(s): CA GC 60201, 60203	10	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
FIN14	FIXED ASSET RECORD		
	Records related to the acquisition, depreciation, and accruals of fixed assets. Includes purchase and sale or disposition information. Citation(s): CA GC 60201, 60203	SA+7	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
FIN15	GRANT RECORDS		
	Records related to accepted / approved federal or state grants, includes financial records. Citation(s): CA GC 60201, 60203	CL+5	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
FIN16	OLD BUSINESS		
	Records related to previously closed finance related issues not included in other record categories. Includes the OC Bankruptcy. Citation(s): CA GC 60201, 60203	CL+10	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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**Municipal Water District of Orange County (MWDOC)
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Code	Record Series <i>Definition and Citation(s)</i>	RETENTION	V H C
FIN17	CONSERVATION FUNDING RECONCILIATION		
	Records related to conservation project & program grant reconciliation. Citation(s): CA GC 60201, 60203	CL+7	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
FIN18	TRUSTEE ACTIVITY RECORDS		
	Records of non-WFC trustee activities for agency deposits related to special projects. Citation(s): CA GC 60201, 60203	AU+7	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

INFORMATION TECHNOLOGY

IT01	COMPUTER SYSTEM RECORDS		
	Records and manuals related to District hardware records, maintenance files, software application files, database programs and back up tapes. Excludes data contained in any of the above programs. Citation(s): CA GC 60201	SU	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
IT02	NETWORK OPERATING MANUAL		
	Records related to the operation of the District Information Technology. Citation(s): CA GC 60201, 60203	SU+2	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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**Municipal Water District of Orange County (MWDOC)
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April 2013

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Code	Record Series Definition and Citation(s)	RETENTION	V H C
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WATER FACILITIES CORPORATION

WFC01	WATER BONDS & CERTIFICATES OF PARTICIPATION – OTHER DOCUMENTS		
Records related to interest-bearing certificates issued by the District to raise revenues, includes interest & redemption vouchers and Certificates of Participation (COPS). Does not include Official Statement. Citation(s): CA GC 26907.1, CA CP 337.5, AC 11103	CL+10	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
WFC02	WATER BONDS & CERTIFICATES OF PARTICIPATION –OFFICIAL STATEMENT		
Records including final official statement for Bond or COPS issuance. Citation(s): CA GC 60201, 60203	PE	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
WFC03	ALLEN-MCCOLLOCH PIPELINE SALE TO METROPOLITAN		
Records related to the sale of the AMP to Metropolitan. Includes the Sales Proceed Agreement, RPOI distribution to the participants. Citation(s): CA GC 60201, 60203	PE	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

IMPROVEMENT DISTRICT NO. 1

ID101	IMPROVEMENT BONDS & COPS		
Records related to interest-bearing certificates issued by the District to raise revenues. Includes certificates of participation (COPS). Citation(s): CA GC 60201, 60203, CA CP 337.5	CL+10	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ID102	PROPERTY TAX FILING		
Records related to the filing of Property Taxes with the County of Orange. Citation(s): CA GC 60201, 60203	PE	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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Code	Record Series <i>Definition and Citation(s)</i>	RETENTION	V H C
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WATER EMERGENCY RESPONSE ORGANIZATION OF ORANGE COUNTY

WER01	PROGRAM ORGANIZATION & HISTORY		
Records relating to the development and administrative functions of WEROC, including Steering Committee & Executive Committee Meeting information & minutes, and Indemnification Agreements. Citation(s): CA GC 60201, 60203	PE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
WER02	EMERGENCY RESPONSE PLANS		
Records relating to the Standardized Emergency Management System, National Incident Management System, Hazard Mitigation Plan, and Vulnerability Assessments & Emergency Response Plans. Citation(s): CA GC 60201, 60203	SU+30	<input type="checkbox"/>	<input type="checkbox"/>
WER03	VOLUNTEER INFORMATION & TRAINING DOCUMENTATION		
Records relating to WEROC volunteers & training. Includes contact information forms and training records. Citation(s): CA GC 60201, 60203	TE+15	<input type="checkbox"/>	<input type="checkbox"/>
WER04	FACILITIES		
Records related to the Emergency Operations Center. Includes information on maintenance and maps & equipment. Citation(s): CA GC 60201, 60203	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WER05	WEROC MEMBER AGENCIES		
Records related to communications, Quarterly Meetings & Metropolitan Agency Radio System. Citation(s): CA GC 60201, 60203	10	<input type="checkbox"/>	<input type="checkbox"/>

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**Municipal Water District of Orange County (MWDOC)
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Code	Record Series <i>Definition and Citation(s)</i>	RETENTION	V H C
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WER06	COUNTY, STATE & FEDERAL EMERGENCY SERVICES		
	Records related to Orange County Emergency Management Organization & Operational Area Executive Board, State of California Office of Emergency Services, Federal Emergency Management Agency, Water/Wastewater Agency Response Network, California Utility Emergency Association, and Infragard. Citation(s): CA GC 60201, 60203	30	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
WER08	DISASTER RESPONSE		
	Records containing documentation for individual events, filed by incident. Includes activation records and communications. Citation(s): CA GC 60201, 60203.	CL+30	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

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Code	Record Series <i>Definition and Citation(s)</i>	RETENTION	V H C
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Event Code Descriptions

Code	Event Name	Description
+	Plus	Some retention periods consist of two or more components; i.e. CL+6 means they should be kept until closed plus 6 years.
AR	Annual Review	Subject to an annual review to determine if record has continued value.
AU	After Audit	Retain until audit has been performed.
CL	Closed; Completed	Retain until District Manager determines closed or project completion date.
CU	Current Year	A period of time starting after the end of the current calendar year – December 31.
EX	Expiration / end of usefulness	Retain until file has expired or is no longer useful or relevant.
M	Month	Additional retention period of 1 calendar month
PE	Permanent	Record retained indefinitely.
RE	Revised	The corrected or updated version of a record.
SA	Sale	Retain until item is sold, demolished or removed from service.
ST	Settlement	The act of settling, or the state of being settled.
SU	Superseded	Record is maintained until made obsolete by the creation or receipt of a newer version.
TE	Termination	Retain until termination, retirement, or death.

Record Characteristics

Code	Characteristic Name	Description
V	Vital	A record identified as essential for the continuation or survival of the organization if a disaster strikes. Such records are necessary to re-create the organization's legal and financial status and to determine the rights and obligations of employees, customers, stockholders, and citizens.
H	Historical	The value attributed to a record which preserves documentation on significant historical events including the organization's operations, origin, policies, authorities, functions, and organizations, as well as significant administrative decisions.
C	Confidential	A record requiring protection against unauthorized disclosure, modification, or destruction. A document with restricted access.

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CHAPTER 12

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

MWDOC/COASTAL CONSOLIDATION ISSUES	§12000-12002
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§12000 INTRODUCTION

MWDOC and Coastal MWD consolidated effective January 17, 2001. Many factors and issues were evaluated in bringing the two agencies together. MWDOC has documented several of the issues in the event they become important for future consideration. The Administration & Finance Committee shall review these issues on an annual basis until such time as the Administration & Finance Committee determines a review is no longer necessary.

§12001 Standby Charge Levied in MWDOC and Coastal Service Areas

This is an issue has to do with the level of Standby Charge being levied in the MWDOC service area of \$10.09 per acre or per parcel less than an acre and a similar but higher charge of \$11.60 in the Coastal service area. The Standby Charge levied by ~~MetropolitanMET~~ is higher in the Coastal service area because at the time the Standby Charge was established by ~~MetropolitanMET~~ (1993), it was partially based on the dependence on imported water to the member agency service area. Since the Coastal service area had proportionally fewer groundwater resources than the MWDOC service area, the charge was higher. Amounts raised by ~~MetropolitanMET~~ through the Standby Charge are forwarded to each participating ~~MetropolitanMET~~ member agency (including MWDOC and Coastal) as credits against the amount owing under ~~MetropolitanMET~~'s Readiness-to Serve Charge. The higher charge in the Coastal service area generates about \$120,000 per year more than if the charge was reduced to \$10.09 to match the MWDOC service area standby charge.

During the consolidation transition period (from 1998-2000), ~~MetropolitanMET~~ engaged in continued discussions regarding restructuring of its rates and charges, and the continued levy of a ~~MetropolitanMET~~ Readiness-to-Serve Charge was often in doubt. Consequently, no action was taken by Coastal or MWDOC to request that ~~MetropolitanMET~~ equalize the two charges. The only reason for retaining this item is to be aware of the different levels of the Standby Charge in the event MET ever changes its rate structure.

§12002 ~~MetropolitanMET~~ Capacity Provided in the EOCF#2 for the Coastal Service Area

The East Orange County Feeder Number 2 (EOCF#2) is a 25-mile long treated water transmission main, constructed in 1962 by ~~MetropolitanMET~~, Anaheim, Santa Ana,

MWDOC and Coastal. The purpose of the pipeline was to increase the treated water capacity to southeastern Orange County and to replace capacity to Anaheim, Santa Ana and Coastal that had been used in the Orange County Feeder by the growing MWDOC service area. It should be remembered that upon the formation of the MWDOC service area in 1951 the Anaheim and Santa Ana city service areas from ~~MetropolitanMET~~ had been frozen and the growing portions of these cities beyond the boundaries as they existed in 1951 was included as part of the MWDOC service area. That has since been changed.

Coastal MWD purchased 10.0 cfs of capacity in the EOCF#2 as it was constructed. This capacity has since been assigned to the retail agencies within Coastal (July 2000). In addition, ~~MetropolitanMET~~ provided 84 cfs of oversizing capacity in the facility to meet the additional needs of Coastal and the original city areas of Anaheim, Fullerton and Santa Ana. ~~MetropolitanMET~~'s 84 cfs of capacity provided was designated to the following areas:

Agency	cfs
Anaheim	6
Santa Ana	15
Coastal	63

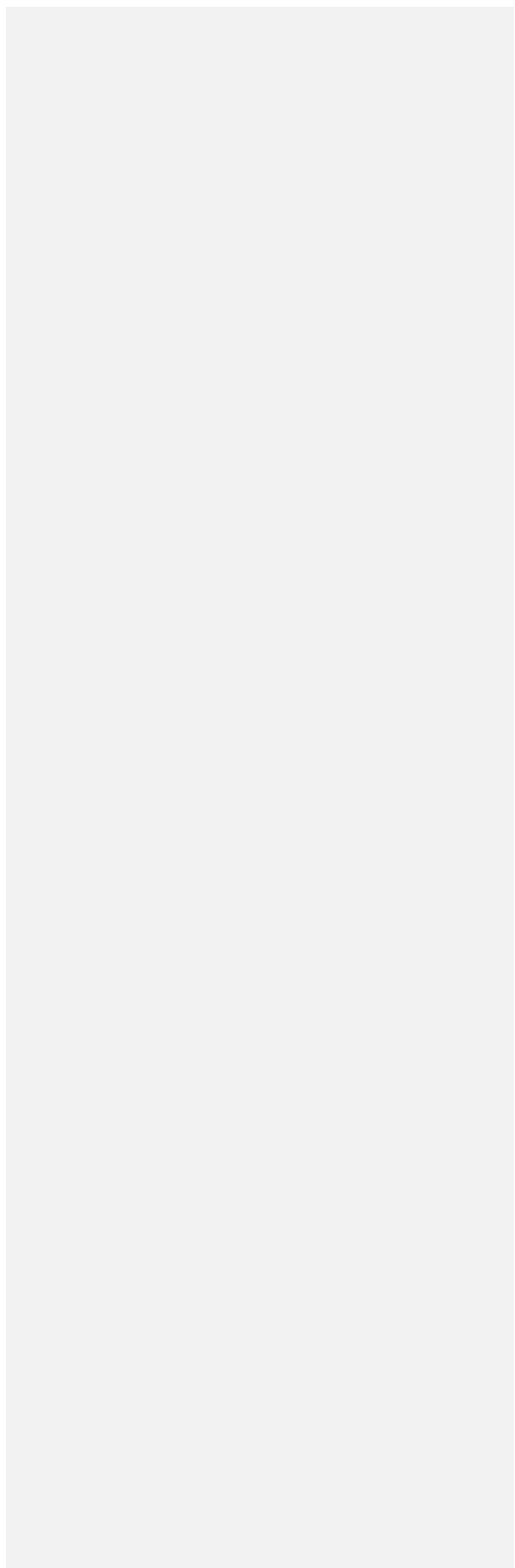
Met Total 84

In ~~MetropolitanMET~~ Resolution 6635, adopted January 12, 1965, it was noted that:

"the capacities allocated to ~~MetropolitanMET~~ in the several reaches of the East Orange County Feeder No. 2 shall be used for delivery of water to said older member cities to meet their requirements for services to areas which were within their boundaries on November 26, 1951, the date of the annexation of Orange County Municipal Water District to ~~MetropolitanMET~~ and to the Coastal Municipal Water District as it was constituted on January 1, 1955, until such time as like delivery of water can be made to them in whole or in part through other facilities, provided, that until such conveyance capacity is needed for delivery to such older members for such purpose and always subject to the policy declared herein as to such older members, it may be used by ~~MetropolitanMET~~ for the sale and delivery of water in accordance with the provisions of the Metropolitan Water District Act. . . . "

The exact meaning of this section in today's context given that ~~MetropolitanMET~~ has provided capacity in the Allen McColloch Pipeline and South County Pipeline facilities to serve both MWDOC and Coastal, has not been fully analyzed or debated with ~~MetropolitanMET~~. Rather, the purpose of this section is to raise the issue and provide that the consolidation of MWDOC and Coastal shall not in any manner erode or diminish any rights that the retail agencies within the Coastal service area may have or be able to assert with respect to any or all of the 63 cfs of capacity in the EOCF#2 provided by ~~MetropolitanMET~~.

M-5/2005; M-2/16/11





ACTION ITEM

May 20, 2015

TO: Board of Directors

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

Rob Hunter
General Manager

SUBJECT: APPROVAL OF MWDOC'S BUDGET for 2015-16

STAFF RECOMMENDATION

Staff recommends the A&F Committee, Board, Member Agencies and the public review and provide input and comments in the FINAL DRAFT of MWDOC's budget for 2015-16. The form of findings for the FINAL DRAFT budget includes the following:

1. Adopt the budget Resolution as attached, with a budget total of \$188,352,060 and a consolidated general fund budget of \$8,423,954 (Revenue).
2. The total amount of Water Use Efficiency (WUE) outside funding for rebates and grants will increase from a FY2014-15 budget of approximately \$3.7 million to a proposed budget of almost \$23 million. This requires an increase in the Cash Flow Reserve to \$1.5 million.
3. The total outside funding from WUE and Local Resource Project (LRP) sources will be approximately \$38.2 million in FY2015-16. This means that MWDOC will be bringing in revenue that is more than 4.6 times its consolidated operating budget.
4. Fund the Reserves to the levels specified in the Administrative Code.
5. Fund the Election Reserve via an annual contribution of \$260,000 which has been determined to be the long-term annual contribution to allow full funding for election costs every two years.
6. Establish a Building Improvement Budget of \$500,000 by the end of FY14-15 as outlined in the discussion below and maintain the Building Reserve Fund at the target level of \$350,000 from then on.
7. Fund OPEB at the annual level pay amount of \$155,000. Combined with the estimates provided in our most recent actuarial evaluation, this level of annual contributions should allow satisfaction of the OPEB liabilities within the next 10 years.

8. 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% has been achieved. This year, the budget was developed assuming the staff contribution is 4%.
9. Complete the transition to a 100% fixed rate for retail meters with a FY2015-16 target of 100% fixed revenue for the Core Budget.
10. Increase the total number of full-time MWDOC and WEROC employees from 29 to 30 (includes WEROC staff as being fully counted).
11. Significant project activities in FY2015-16 will include:
 - Orange County Reliability Study actions
 - Value of Water communication program
 - MWDOC rate study
 - Water Use Efficiency efforts on water savings potential and a web-based rebate processing platform
 - Metropolitan activities related to allocations and the Integrated Resource Plan
 - Update of the MWDOC website and communication surveys
 - Government Affairs activities at the local, state and federal level.
12. The CHOICE Activities for this year will include:
 - School Program
 - Water Use Efficiency
 - Value of Water Communications Plan
 - Doheny Desal
 - Poseidon
 - Urban Water Management Plans
 - Water Loss Control Auditing
 - South Coast & Laguna Beach CWD Foundational Program Work on Doheny
 - South Coast WD Baseline Environmental Monitoring Work

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.

In a similar sense to Memberships, budget approval includes Board and Staff approval for attendance at "standard conferences". Standard conferences are those included 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 FIRST DRAFT TO THE FINAL DRAFT

Changes from the First Draft to the FINAL DRAFT of the Budget includes:

1. Increased the total Salaries & Wages budget based on the results of the Salary Survey by approximately \$33,600 with an associated increase in the Benefits of approximately \$8,800.
2. Modified the budget treatment of the 1% PERS charge that resulted in a decrease in Salaries & Wages plus Benefits of \$19,000.
3. Increased the Consultant Fees for the Public Affairs cost center by \$68,000 to manage the short-term personnel issues. This will be partially offset by salary savings.
4. Made several modifications to the WUE Choice budget to adjust for the anticipated rebate volume
5. Adjusted the FY15-16 water sales to reflect reductions from the Governor's Executive Order.

DETAILED REPORT

The FY 2015-16 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 of Member Agencies and concludes with the formal budget approval by the Board of Directors in May. The general budget schedule is outlined below.

December 2014
<ul style="list-style-type: none"> • Notification to Member Agencies of start of budget process and solicitation of input.
January 2015
<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 2015
<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 Services.
March 2015
<ul style="list-style-type: none"> • Publish and post the First Draft Budget in the packet for the Administration and Finance (A&F) Committee in early March. • Review Full Draft Budget with A&F Committee. • Formally request comments from all Member Agencies. • DRAFT information completed on prior year WUE benefits to Member Agencies to serve as basis of charging agencies for the upcoming year for WUE activities. • Member Agencies are to confirm participation in CHOICE Services by March 15. However in practice, this often doesn't occur until the end of April and after Elected Officials meeting. • Discuss First Draft Budget at Member Agency Managers' Meeting. • Meet with Member Agencies as requested or scheduled.
April 2015
<ul style="list-style-type: none"> • FINAL information completed on prior year WUE benefits to Member Agencies to serve as basis of charging agencies for the upcoming year for WUE activities. • Member Agencies' submit Formal Comments about the Budget before April 15. • Review Final Draft Budget and MWDOC's rates with Member Agencies. • Discuss Final Draft Budget at Member Agency Managers' Meeting • Discuss Final Draft Budget in A&F Committee. • Conduct meeting with Elected Officials from Member Agencies to discuss budget and other topics before the end of April. • Confirm CHOICE Participation.
May 2015
<ul style="list-style-type: none"> • Final Draft Budget and Rates presented to A&F Committee. • Member Agencies' Formal Comments presented to A&F Committee. • Discussion at Member Agency Manager's meeting. • Board approval of FY2015-16 Budget and Rates.

2. MWDOC Budget Principles for 2015-16

Staff continues to utilize several Budget Principles to develop the draft budget including:

- **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 the Orange County's borders and the budgeted activities must comprehensively address issues, needs and benefits for the entire county.
- **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 & Settlement Agreement**
The proposed budget and budget process should fully comply with applicable sections of the code and agreement.

3. Budget Input From Member Agencies

At this point in the budget process, input from Member Agencies has been limited. No additional comments were received at the April 29 Elected Officials Meeting.

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
- Water Use Efficiency (WUE)
- Water Emergency Response
- Communications
- Government 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 citizens and ratepayers in Orange County and to Southern California.

- MET is key to 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. The value of these types of relationships resulted in significant progress made in the last year in getting approval at the MET level for increased contributions towards MET's LRP Program, in working out the details of the Allocation Program and in securing water for groundwater replenishment for OCWD, providing additional funding for WUE and drought communications of about \$80 million.
- MWDOC appoints four MET directors who sit on the MET Board and directly advocate issues. These four MET directors work with the other three directors from Orange County (Anaheim, Fullerton, Santa Ana) and 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 for 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, appropriate levels of reserves, and financial policies that minimize and level long-term costs and rates impacts. 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 and in incorporating future long term investments such as the BDCP while remaining strong financially.
- MWDOC will continue its involvement in the lawsuit between SDCWA and MET, as well as other litigation. The outcome is critically important to Orange County and our involvement in the litigation is to ensure the taxpayers and ratepayers of Orange County are fully represented.
- The upcoming year will involve an update to MET's Integrated Resources Plan (IRP), the first update since 2010. The IRP is the Region's Roadmap to Reliability, combining both local supplies and imported supplies to meet total Southern California demands over the next 20 years. This time around, the IRP will likely involve a number of interesting discussions and decisions given that 8 of the last 9 years have involved supplies considerably lower than historic supplies and demand conditions hotter and drier than have typically been encountered under our 90 year historical climate conditions. Key to meeting demands over the long-run is the completion of the BDCP. However, questions loom over how reliability will be achieved in California and Southern California over the next 20 years or so until the BDCP comes on-line. Other key issues are climate variability and how this will affect our ability to store water in wet years for use in dry years and how we might collectively plan to meet

demands in Southern California if the San Andreas Fault simultaneously interrupted the Colorado River Aqueduct and the State Water Project.

Regional Water Reliability and the OC Water Reliability Study

The improvement of water supply and system reliability is key for the ratepayers and citizens 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 past year included the kick-off of the OC Water Reliability Study which will wrap up on the coming fiscal year. The goals for the OC Water Reliability Study are:

1. To understand Orange County's current and future situation with respect to WATER SUPPLY and SYSTEM RELIABILITY issues
2. Develop and provide information towards prioritization and decision-making for reliability improvements in Orange County
3. Involve/engage the large stakeholder group in the process of improving SUPPLY and SYSTEM reliability
4. To foster actions that produce quantifiable reliability improvements in Orange County that are timely and cost-effective

The OC Reliability Study is the first comprehensive look at local and regional investments that can benefit OC in many years. The examination of our SUPPLY and SYSTEM reliability must consider not only the regional system, but the upcoming investments through MET Integrated Resources Plan and must take into account the many intricacies and policies of tracking where benefits accrue for the water resources investments being made. The biggest example of this is how investments in OC will pay-off for OC under future shortage scenarios and whether the existing policies appropriately vest the benefits in the correct places.

Water Use Efficiency (WUE)

Sound water management policy requires a continuing effort to improve water use efficiency. This requirement is intensified by the current drought conditions. 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. Additional funding for WUE efforts emerged this year increasing the rebate levels from about \$4 million to over \$23 million in the coming year. MWDOC must be able to capitalize on these opportunities as they arise and bring the benefits to OC.

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 the state of readiness to assist in a time of emergency. WEROC will pursue further changes this coming year to enhance response efforts and to seek additional funding options for improved resilience across the county. At the time of printing of the budget, WEROC is in the process of securing grants for both fuel trailers and for generator connection cables to allow added flexibility when sharing generators from agency to agency.

Communication

Communications to our citizens, in coordination with our member agencies, is a key part of MWDOC's efforts. 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 Plan. 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. This division of responsibilities is a key area of coordination on behalf of MWDOC. Crucial issues in the coming year will be the drought, BDCP discussions, regional reliability and funding from the Water Bond.

Government 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 not only funding opportunities such as Prop1 but also policy legislative and regulatory developments and opportunities.

5. MWDOC Key Initiatives

Besides the items previously discussed above, the key initiatives from staff for 2015-16 that are included in the budget include:

- Continue to work closely with MET on rate/stability issues, support for the Bay-Delta, completion of the IRP Update and management of water in Southern California, especially since it is anticipated that we will be under Mandatory Restrictions from MET beginning in July 1 of this year. The drought and water management issues it brings will likely remain at the fore-front as a short-term priority, but we can't forget about planning for the long-term solutions such as the BDCP preferred alternative and recirculated EIR/EIS that is anticipated this coming summer.
- Continue work on the OC Water Reliability Study. The OC Water Reliability Study was initiated last year and should wrap up in the fall of 2015. It is too early to predict the exact nature of the spin-off efforts from the Study work, however, staff will seek to provide sufficient budget to accommodate whatever work efforts may arise, which could include:
 - A conjunctive use program between OCWD and South Orange County
 - Consideration of ocean desalination

- Consideration of central valley banking and transfers
- Support for additional recycling, Indirect Potable Reuse and Direct Potable Reuse planning
- Improvements to respond to emergency outages
- Work with MET and DWR on Emergency Colorado River and State Water Project Outages
- Examination of additional investments in WUE to reduce demands
- Sharing of supplies and resources within the County
- On-going work with OCWD on basin issues
- 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.

The key aspects of the OC Water Reliability Study are:

- 10-Year update of Countywide Water Reliability
- Improved methodology for projecting water demands
- Agreed upon definition and evaluation of SUPPLY and SYSTEM Reliability
- Comprehensive Review of ALL Water Sources
- MET Import including put and take from storage sources
- Local supplies Including groundwater
- Regional Projects
- Storage
- Water Banking
- Transfers/Contracts
- Focus on utility of information for decision-making
- Decision making remains with local utilities

The key tasks of the OC Water Reliability Study are:

- Analyze historical demands and develop updated projection of future demands & potential for future WUE impacts in OC
- Review existing OC local supplies and project these supplies into the future
- Estimate of supplies available from MET – This will involve modeling of supplies from the State Water Project and the Colorado River Aqueduct as well “puts” into and “takes” out of MET storage accounts; will also characterize climate variability impacts and biops impacts on supplies as well as “with” and “without” a BDCP solution (note – our time frame is out to 2035, so under almost any condition, a BDCP solution will not be in place at that time)
- Develop a SUPPLY GAP Analysis – This is the most difficult analysis for the study, which is to estimate through the year 2035 what the reliability of our import supplies will be from MET under various scenarios. The goal of this task is to provide a reasonably analysis of what is to be expected and to understand the impacts of key drivers of reliability or the lack of reliability.

- Develop an Emergency SYSTEM GAP Analysis – Based on prior work completed by MET, the ability of the local water systems to provide supplies for 60 days assuming there is an outage of the MWD system will be made; the key analysis will be to estimate the potential impacts to local well production facilities due to earthquake ground acceleration and to examine recovery aspects.
 - Review options for NEW local supplies & SYSTEM capabilities/supplies to resolve GAPS identified
 - Recommendations/Follow-up
- 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 Water Use Efficiency programs by accelerating recycled water connections through customer incentives. Additional funding for water use efficiency efforts did emerge and will likely increase again this year which brings with it an opportunity to continue working to assist residents and businesses in the County with opportunities to use water more efficiently, thus saving water for future years, achieving compliance with the 20% by 2020 and attaining Integrated Resources Plan reliability goals.
 - Secure MET funding; over the past several years, MWDOC has brought in about \$4 million this year, with funding reaching as high as \$23 million this coming year. Had MWDOC not had the staffing, expertise, know-how and systems in place, a large opportunity would have been missed. Our WUE staff continues to perform for the benefit of OC.
 - Secure Proposition 84 (last round) and Prop 1 via the IRWMP to allow additional WUE programs to be implemented in South OC.
 - Complete implementation and evaluation of the Spray-to-Drip Pilot Program. Seek opportunities to expand beyond the Pilot Phase.
 - Conduct a Turf Removal Rebate Program water savings evaluation to establish an OC based water savings metric
 - Engage with the SWRCB regarding Drought Regulations
 - Develop a methodology for implementation of “efficiency targets” as a way of measuring how we are doing and examining the potential for future savings from investments in WUE
 - The massive upsurge in WUE rebate funding requires the development of a new web-based rebate processing platform to contain costs, maintain timely performance and continue stringent audit controls.
- Continue to expand drought response assistance to member agencies and customers. This includes understanding the implications of the water supply situation, moving into allocations and how to manage local issues including the development of key messages, input to MET on their key messages, coordination of messages internal to the County and the Value of Water Communications.
- The Value of Water Communications Plan is a long-term effort designed to engage, educate and inform Orange County residents and businesses of the value water service provides. The value of reliable water service includes building support for

local projects, repair and replacement programs and water rate increases. In addition, one of the core elements of this plan is to improve public trust and credibility. Changing public perception and sentiment as well as instilling public trust is a long-term effort. It is not a switch that you turn on and off overnight; rather, it is a commitment that the family of Orange County Water Agencies make every day, with each customer and stakeholder interaction. These communication needs are occurring against a backdrop of aging infrastructure, regulatory changes, competition for supplies, projected water rate increases, and a need for greater transparency – and now the drought.

Last year the program, implemented as a Choice program, included:

- Definition of public attitudes and perceptions of water and water service
- Development of a communication plan and message refinement
- Working with our communications consultant, Fraser Communications, a number of creative elements were developed and made available to participating agencies/cities; these included:
 - Video: a short, two-minute video will be developed. This format can also provide shorter, 30-second versions for digital media channels as well as local Public Service Announcements.
 - Digital media/Social media: Facebook marketed via weekly “boosted” posts. As our research indicated, digital and social media channels are becoming more important to consumers. This also provides outreach to those consumers that are not directly paying their bill and do not receive information from their water provider in other formats. This also includes social media elements agencies can incorporate with their existing media strategy and editorial calendars.
 - Bill inserts: print and electronic bill inserts will be distributed via the retail water agencies’ billing systems. Although digital and social media is growing in popularity, bill stuffers are still a reliable way to reach the bill-paying consumer.
 - Give-away items: a selection of message-focused items are being purchased and distributed at community events. These items will be focused on innovation and provide a way to reinforce our message to the public.
 - Professional services and staff support: ongoing subject matter expertise and in-house staff support will be available to implement the program and provide necessary support and resources.
 - Briefing Papers; one page, visually engaging elements are being developed to support the three pillars and to easily convey information to stakeholders and influencer groups.
 - Electronic Consumer Confidence Report Templates
 - Newsletter articles: based on the three platforms we developed, newsletter articles are being crafted and made available to member agencies and to influencer groups.
 - Presentation templates: a PowerPoint and Prezi template are being developed and distributed to participating agencies to use as part of their outreach efforts. Assistance with community outreach will be made available as resources permit.

This coming year, the Value of Water Communications was expecting to provide a similar menu of options for our agencies which will also consider message points relative to the drought and allocation situation, but with larger media purchases. Given the severity of the drought situation and the need to meet the Governor's cutbacks, the program activities may be parked or converted into drought messaging. MWDOC will continue working with its agencies on this issue.

- Public Affairs activities increase focus on a few critical areas. MWDOC will implement a major upgrade of our website in FY2015-16. The current website is not functional for some mobile devices and iPads. In addition, our biennial phone survey is scheduled for this year along with an experimental survey to address portions of the population which are being under-represented in the normal phone surveys.
- MWDOC's renewed efforts on Government 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 including WIFIA and SRF. At the state level, significant efforts will be made in tracking and obtaining funding opportunities, including Prop 1, for Orange County projects.
- Protect MWDOC and local agency interests in MET via continued participation in the SDCWA lawsuit against MET.
- 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.
- A renewed effort for WEROC this past year will continue. It involves an enhanced training program for MWDOC staff to ensure sufficient support staff exists and is fully cross-trained to staff both a North and South Emergency Operations Centers and to search for more grant funding for resiliency improvements in the County. The investment in MWDOC staff training this past year resulted in one of the best WEROC test exercises ever, while requiring the volunteers to take-on positions they had not previously staffed. The resulting cross-training should continue to pay-off. Again this coming year, each of the MWDOC staff members will participate in about 30 to 40 hours of training to help WEROC remain at a high state of readiness. Also, in this coming year, there are potential grants in the form of fuel trailers and generator cabling to allow connections to differing types of electrical transfer switches. Both of these improvements should improve our resiliency in the County. Also, the outcome of the OC Water Reliability Study SYSTEM evaluation should result in proposals for further improvements in the County resiliency in dealing with earthquakes or other events and allow us to seek further grant funding.
- Preparing for the MET Update of its Integrated Resources Plan. Work from the OC Water Reliability Study will position us well to provide input into the process.

Additional work may be required to demonstrate the need for MET to conduct work in specific areas.

- Tracking Progress on the BDCP and whether any deeper involvement from MWDOC and OC is warranted
- Completion of a study to support MWDOC's rates and charges.
- Review of staffing levels and succession planning issues.

6. Core/Choice Programs for 2015-16

The Choice Programs for 2015-16 include:

- School Program – will continue grade-level appropriate educational opportunities in accordance with State Curriculum for grades 1-6. MWDOC has negotiated with Discovery Science Center to secure the keypad program for all of the assembly programs in these grades. MWDOC is still involved in seeking to add a High School component for grades 9-12, however, the details of this program have not yet been approved.
- Water Use Efficiency – Will continue to access MET WUE funding and grants from other sources for implementation programs for OC.
- Value of Water Communications Plan - It was first anticipated that this implementation phase of the communication plan will continue as a Choice Budget at a level consistent with last year. The effort may be parked or converted into drought messaging for this coming year. Work remains in working out the details.
- Doheny Desal 2008 – Work at maintaining the site, compliance with the State Parks Lease arrangement and conduct of site tours will continue. Limited funding remains from the 2008 Participation Agreement to fund the State Lease and electrical costs of the facility; furthermore, the group of five Participants needs to make a decision regarding leaving the facilities in place or pulling them out (funds in the amount of \$356,000 have been retained for the removal effort). It is uncertain at this time what other focus activities might be involved this coming year.
- Doheny Desal 2015 – This would be activities initiated in this coming year in the event two or more Participants would want to continue on with the project. MWDOC's involvement might include the formation of a JPA with MWDOC holding a position open for future potential participation by other local agencies. The exact nature of these efforts is not entirely certain for the coming year or which participants may be involved.
- Poseidon – Much work on the Poseidon Project is anticipated by Poseidon this year with their desire being to secure the final Coastal Commission Permit. It is

expected that OCWD will remain involved in the discussions as will MWDOC. MWDOC will continue its efforts to secure LRP funding and to secure approval to convey the water in the EOCF#2 (these efforts are not part of the Choice Program, but are efforts undertaken by MWDOC in support of our agencies). It is uncertain the exact focus of MWDOC's Choice efforts this coming year or which participants may be involved although it is anticipated that the work group will be active in reviewing project documents and proposals.

- 2015 Urban Water Management Plans - By the start of the fiscal year, MWDOC should be seeking Member Agency Participation in a contract to prepare the 2015 Urban Water Management Plans, which must be submitted to DWR by July 1, 2016. As the budget is being prepared, MWDOC is in the process of preparing an RFP to various consulting firms to invite them to provide proposals to help 20 to 30 of our agencies in the preparation of these plans. In 2010, MWDOC developed a plan to complete 24 UWMP's simultaneously in Orange County, saving the average agency about \$40,000 in the process.
- 2015 Water Loss Control Audits - A NEW UWMP requirement for this coming year is the completion of reporting for Water Loss Control Auditing, as prescribed by AWWA. MWDOC will also be seeking proposals from consultants to help our agencies comply with this requirement, as an additional option.
- South Coast & Laguna Beach CWD Foundational Program Work on Doheny (requires the staff time of Richard Bell) – These efforts, which began in 2014, should be completed this coming fiscal year. The work undertaken will result in a better understanding of the water quality issues for feed water for various sized project and will provide a better understanding of any mitigation that might be required for a smaller, 5 mgd facility, as well as for a 15 mgd facility. Most of MWDOC's work under this program, similar to what MWDOC is providing for the SJBA Foundational Action Program, is staff support MWDOC would provide to any of its agencies seeking MET funding. This is listed under the Choice Program because Richard Bell's time and assistance was specifically requested for several of the tasks involved in the study, which would have been beyond the level of input provided by MWDOC. That extra amount (about \$37,000 of Richard's time between last fiscal year and this coming fiscal year) serves as the basis for the Choice Program, paid by the two agencies.
- South Coast WD Baseline Environmental Monitoring Work – Requires the staff time of Richard Bell. As South Coast Water District has initiated work for a 5 mgd facility, they have opted to begin the baseline environmental work that would be necessary for any future facility. Again, they requested assistance from MWDOC to help in this effort by contracting for the work and providing input to South Coast in the management of this work (about \$153,000 in consulting work and about \$6,000 of Richard's time). That is why this is listed as a Choice option.

7. MWDOC's Reserve Funds

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 FY2015-16 the target reserve balance will be \$2,056,908. The general district reserve balance will be on 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 is 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 \$1.04 million (or \$148,000 per division) is sufficient to cover seven elections. This requires that \$260,000 be contributed to the election reserve annually.

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.

- Staff has working with OCWD and others on estimates of the costs involved for a number of projects, which include:
 - Renovation of Joint Boardroom, including conference room C-3 and the Lobby/Entrance area
 - Renovation of restrooms outside of the Joint Boardroom
 - Renovation of transition area from Lobby to MWDOC offices
 - Renovation of one set of MWDOC Bathrooms
 - Replacement of Boiler, Chiller and Energy Management System that serves both the MWDOC and the OCWD buildings (last year MWDOC replaced the air handler in its building)
 - Upgrade of front Landscaping
 - Renovation of office roof for future years

- Upgrade to fire alarm system
- Slurry coat of parking lot

Overall, these costs are estimated at about \$400,000 in expenses next year.

The FY2015-16 budget includes a building expense contribution of \$250,000 to maintain the \$350,000 reserve balance.

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 the prior benefits.
- The Board requested that staff examine options for accelerating the payoff of the OPEB liability by increasing the annual payments. Based on the most recent actuarial as of July 1, 2014, it is recommended that the Board continue with annual contributions of \$155,000 per year to both fund the actual annual costs and include an annual contribution to the Trust fund. Based on this level of investment, the liability should be fully accommodated within the next 10 years.

8. Water Rates and Charges

Historically, MWDOC's revenue towards funding of its Core Budget has been derived from charges associated with a retail meter charge (fixed) and a water volume increment charge (variable). Beginning in 2015-16, MWDOC's Core Budget will be supported ONLY by the retail meter charge. This is the fifth year of transition from the two-component charge to a single component charge. It should be noted that MWDOC has budgeted to complete a review of its water rate charges to determine if any future changes should be considered beginning on or after July 1, 2016.

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 Revenues for FY2015-16 are \$157,046,715 which is less than the adopted FY2014-15 budget number of \$181,545,560 and the projected FY2014-15 actual of \$198,166,020. This is due to the Governor of California asking for a 25% reduction in potable water use throughout the state.

For FY 2015-16 the proposed Retail Meter Charge is \$10.85.

Attachments:

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

**RESOLUTION NO.
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

**APPROVING AND ESTABLISHING THE MWDOC BUDGET FOR
FISCAL YEAR 2015-2016 INCLUDING THE RESERVE FUND, GENERAL FUND,
WATER FUND, WATER USE EFFICIENCY FUND, WEROC FUND, AMP FUND, AND
DEBT SERVICE FUND**

BE IT RESOLVED by the Board of Directors of Municipal Water District of Orange County that the Budget for financing the District's operations for Fiscal Year 2015-2016, as recommended, be and the same is hereby adopted as follows:

General Fund Budget (Inclusive of Expenses funded by Reserves).....	\$8,168,723
Water Purchases Budget.....	157,043,815
Water Use Efficiency Budget.....	22,766,204
WEROC Budget.....	283,613
AMP Budget.....	17,558
AMP Sales Proceeds Distribution Budget.....	4,823
 Total Budget Resolution	 \$188,284,736

Upon Board approval and the adoption of the Budget and rate resolutions, the General Manager will expend, under District policy, such budgeted amounts as necessary for the purposes identified in the Budget for the Municipal Water District of Orange County.

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

AYES:
NOES:
ABSENT:
ABSTAIN:

I hereby certify the foregoing is a full, true and correct copy of Resolution No. , adopted by the Board of Directors of Municipal Water District of Orange County at its meeting held on _____.

Maribeth Goldsby, Secretary
Municipal Water District of Orange County



Annual Budget for Fiscal Year 2015-16

Final Draft

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 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 2,609,584	\$ 2,418,754	\$ (190,830)	\$ 2,811,451 ¹	\$ 392,698	\$ 201,867
less for Recovery from Grants	\$ -	\$ -	\$ -	\$ -	-	0
Employee Benefits	831,154	724,025	(107,129)	738,389 ²	14,364	(92,765)
Director Compensation	210,342	182,258	(28,084)	220,588	38,330	10,246
Director Benefits	119,356	70,765	(48,591)	60,024	(10,740)	(59,332)
MWD Representation	120,197	104,078	(16,119)	126,050	21,972	5,853
OPEB Annual Contribution	133,331	180,456	47,125	105,188	(75,268)	(28,143)
Overhead Reimbursement	(139,240)	(177,093)	(37,853)	(223,770)	(46,677)	(84,530)
Health Insurance Coverage for Retirees	50,244	45,980	(4,264)	50,387	4,407	143
Audit Expense	23,000	21,125	(1,875)	23,000	1,875	0
Automotive & Toll Road Expenses	14,550	14,100	(450)	14,775	675	225
Conference Expense - Staff	13,925	15,113	1,188	19,450	4,337	5,525
Conference Expense - Directors	8,650	10,745	2,095	9,800	(945)	1,150
Engineering Expense	355,000	465,000	110,000	300,000	(165,000)	(55,000)
Insurance Expense	97,000	95,000	(2,000)	96,000	1,000	(1,000)
Legal Expense - General	329,000	295,435	(33,565)	355,000	59,565	26,000
Maintenance Expense	118,768	115,804	(2,964)	126,670	10,866	7,902
Membership / Sponsorship	90,437	97,055	6,618	103,961	6,906	13,524
CDR Participation	39,961	39,961	-	39,740	(221)	(221)
Miscellaneous Expense	71,150	62,307	(8,843)	104,170	41,863	33,020
Postage / Mail Delivery	11,100	10,100	(1,000)	11,285	1,185	185
Professional Fees	463,700	365,495	(98,205)	785,278	419,783	321,578
Rents & Leases	16,708	11,780	(4,928)	19,000	7,220	2,292
Outside Printing, Subscription & Books	51,725	34,568	(17,157)	48,620	14,052	(3,105)
Office Supplies	24,288	25,244	956	29,400	4,156	5,112
Building Repair & Maintenance	10,800	10,000	(800)	11,000	1,000	200
Computer Maintenance	6,000	6,000	-	7,100	1,100	1,100
Business Expense	7,000	6,589	(411)	6,800	211	(200)
Software Support & Expense	54,384	43,723	(10,661)	52,500	8,777	(1,884)
Computers and Equipment	9,300	9,000	(300)	21,150	12,150	11,850
Telecommunications Expense	16,900	14,405	(2,495)	15,650	1,245	(1,250)
Temporary Help Expense	-	-	-	-	-	-
Training Expense	18,000	12,000	(6,000)	18,000	6,000	-
Tuition Reimbursement	6,000	-	(6,000)	5,000	5,000	(1,000)

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

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	38,300	36,898	(1,402)	56,510	19,612	18,210
Travel & Accommodations - Directors	29,600	31,087	1,487	27,600	(3,487)	(2,000)
MWDOC's Contribution to WEROC	128,508	128,508	-	141,807	13,299	13,299
Capital Acquisition (excluding building)	-	-	-	6,000	6,000	6,000
NORMAL OPERATING EXPENSES	\$ 5,988,722	\$ 5,526,265	\$ (462,457)	\$ 6,343,573	\$ 817,309	\$ 354,851
MWDOC's Building Expense	\$ 168,000	\$ 17,000	\$ (151,000)	\$ 400,000	\$ 383,000	\$ 232,000
Election Expense	444,000	272,537	(171,463)	-	(272,537)	(444,000)
TOTAL EXPENSES	\$ 6,600,722	\$ 5,815,802	\$ (784,920)	\$ 6,743,573	\$ 927,772	\$ 142,851

REVENUES:						
Retail Meter Charge	\$ 6,440,532	\$ 6,440,532	\$ -	\$ 6,687,322	\$ 246,790	\$ 246,790
Water Increment Charge	103,564	108,979	5,415	-	(108,979)	(103,564)
Interest Revenue	138,000	119,641	(18,359)	117,675	(1,966)	(20,325)
Miscellaneous Income	3,000	3,000	-	3,000	-	0
School Contracts	-	-	-	-	-	0
Inter Fund In	-	-	-	-	-	0
TOTAL REVENUES	\$ 6,685,096	\$ 6,672,152	\$ (12,945)	\$ 6,807,997	\$ 135,845	\$ 122,901

EFFECT ON RESERVES:						
Reserves Contribution (Draw) to cover for Operating expenses for Operations	\$ 84,374	\$ 856,350	\$ 771,976	\$ 64,423	\$ (791,927)	
Increment Refund Due to OC-88 Error	\$ -	\$ (72,809)	\$ (72,809)	\$ -	\$ 72,809	
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 84,374	\$ 783,541	\$ 699,167	\$ 64,423	\$ (719,118)	\$ (19,951)

1 Total Salaries & Wages includes \$62,604 for intern support

2 Total Benefits includes \$7,349 for intern support

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

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 386,271	\$ 431,039	\$ 44,768	\$ 498,498 ¹	\$ 67,459	\$ 112,227
less for Recovery from Grants	\$ (16,437)	\$ (20,080)	\$ (3,643)	\$ (23,500) ¹	(3,420)	(7,063)
Employee Benefits	130,762	124,204	(6,558)	124,680 ²	477	(6,082)
Director Compensation	-	-	-	-	-	-
Director Benefits	-	-	-	-	-	-
MWD Representation	-	-	-	-	-	-
OPEB Annual Contribution						
Overhead Reimbursement	139,240	177,093	37,853	223,770	46,677	84,530
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	49,250	20,000	(29,250)	12,500	(7,500)	(36,750)
Postage / Mail Delivery	-	-	-	-	-	-
Professional Fees	695,500	642,000	(53,500)	756,559	114,559	61,059
Rents & Leases	-	-	-	-	-	-
Outside Printing, Subscription & Books	40,500	30,000	(10,500)	23,450	(6,550)	(17,050)
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 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	-	-	-	-	-	-
Travel & Accommodations - Directors	-	-	-	-	-	-
Capital Acquisition (excluding building)	-	-		-	-	-
TOTAL EXPENSES	\$ 1,425,086	\$ 1,404,256	\$ (20,830)	\$ 1,615,957	\$ 211,701	\$ 190,871

REVENUES:						
Choice Revenue	1,425,086	1,404,256	(20,830)	1,615,957	211,701	190,871
TOTAL REVENUES	\$ 1,425,086	\$ 1,404,256	\$ (20,830)	\$ 1,615,957	\$ 211,701	\$ 190,871

1 Total Salaries & Wages includes \$52,246 for intern support

2 Total Benefits includes \$5,600 for intern support

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 2,995,855	\$ 2,849,793	\$ (146,062)	\$ 3,309,949 ¹	\$ 460,156	\$ 314,094
less for Recovery from Grants	\$ (16,437)	\$ (20,080)	\$ (3,643)	\$ (23,500)	(3,420)	(7,063)
Employee Benefits	961,916	848,229	(113,687)	863,069 ²	14,841	(98,847)
Director Compensation	210,342	182,258	(28,084)	220,588	38,330	10,246
Director Benefits	119,356	70,765	(48,591)	60,024	(10,740)	(59,332)
MWD Representation	120,197	104,078	(16,119)	126,050	21,972	5,853
OPEB Annual Contribution	133,331	180,456	47,125	105,188	(75,268)	(28,143)
Overhead Reimbursement	-	-	-	-	-	0
Health Insurance Coverage for Retirees	50,244	45,980	(4,264)	50,387	4,407	143
Audit Expense	23,000	21,125	(1,875)	23,000	1,875	0
Automotive & Toll Road Expenses	14,550	14,100	(450)	14,775	675	225
Conference Expense - Staff	13,925	15,113	1,188	19,450	4,337	5,525
Conference Expense - Directors	8,650	10,745	2,095	9,800	(945)	1,150
Engineering Expense	355,000	465,000	110,000	300,000	(165,000)	(55,000)
Insurance Expense	97,000	95,000	(2,000)	96,000	1,000	(1,000)
Legal Expense - General	329,000	295,435	(33,565)	355,000	59,565	26,000
Maintenance Expense	118,768	115,804	(2,964)	126,670	10,866	7,902
Membership / Sponsorship	90,437	97,055	6,618	103,961	6,906	13,524
CDR Participation	39,961	39,961	-	39,740	(221)	(221)
Miscellaneous Expense	120,400	82,307	(38,093)	116,670	34,363	(3,730)
Postage / Mail Delivery	11,100	10,100	(1,000)	11,285	1,185	185
Professional Fees	1,159,200	1,007,495	(151,705)	1,541,837	534,342	382,637
Rents & Leases	16,708	11,780	(4,928)	19,000	7,220	2,292
Outside Printing, Subscription & Books	92,225	64,568	(27,657)	72,070	7,502	(20,155)
Office Supplies	24,288	25,244	956	29,400	4,156	5,112
Building Repair & Maintenance	10,800	10,000	(800)	11,000	1,000	200
Computer Maintenance	6,000	6,000	-	7,100	1,100	1,100
Business Expense	7,000	6,589	(411)	6,800	211	(200)
Software Support & Expense	54,384	43,723	(10,661)	52,500	8,777	(1,884)
Computers and Equipment	9,300	9,000	(300)	21,150	12,150	11,850
Telecommunications Expense	16,900	14,405	(2,495)	15,650	1,245	(1,250)
Temporary Help Expense	-	-	-	-	-	-
Training Expense	18,000	12,000	(6,000)	18,000	6,000	-
Tuition Reimbursement	6,000	-	(6,000)	5,000	5,000	(1,000)

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	38,300	36,898	(1,402)	56,510	19,612	18,210
Travel & Accommodations - Directors	29,600	31,087	1,487	27,600	(3,487)	(2,000)
MWDOC's Contribution to WEROC	128,508	128,508	-	141,807	13,299	13,299
MWDOC's Contribution to Desalination	-	-	-	-	-	-
Expenses billed to AMP, WFC	-	-	-	-	-	-
Election Expense	-	-	-	-	-	-
Capital Acquisition (excluding building)	-	-	-	6,000	6,000	6,000
NORMAL OPERATING EXPENSES	\$ 7,413,808	\$ 6,930,520	\$ (483,288)	\$ 7,959,530	\$ 1,029,010	\$ 545,722
MWDOC's Building Expense	\$ 168,000	\$ 17,000	\$ (151,000)	\$ 400,000	\$ 383,000	\$ 232,000
Election Expense	444,000	272,537	(171,463)	-	(272,537)	(444,000)
TOTAL EXPENSES	\$ 8,025,808	\$ 7,220,057	\$ (805,751)	\$ 8,359,530	\$ 1,139,473	\$ 333,722

REVENUES:						
Retail Meter Charge	\$ 6,440,532	\$ 6,440,532	\$ -	\$ 6,687,322	\$ 246,790	\$ 246,790
Water Increment Charge	103,564	108,979	5,415	-	(108,979)	(103,564)
Interest Revenue	138,000	119,641	(18,359)	117,675	(1,966)	(20,325)
Miscellaneous Income	3,000	3,000	-	3,000	-	0
School Contracts - Core	-	-	-	-	-	0
Inter Fund In	-	-	-	-	-	0
Choice Revenue	1,425,086	1,404,256	(20,830)	1,615,957	211,701	190,871
TOTAL REVENUES	\$ 8,110,182	\$ 8,076,407	\$ (33,775)	\$ 8,423,954	\$ 347,546	\$ 313,772

EFFECT ON RESERVES:						
Reserves Contribution (Draw) to cover for Operating expenses for Operations	\$ 84,374	\$ 856,350	\$ 771,976	\$ 64,423	\$ (791,927)	
Increment Refund Due to OC-88 Error	\$ -	\$ (72,809)	\$ (72,809)	\$ -	\$ 72,809	
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 84,374	\$ 783,541	\$ 699,167	\$ 64,423	\$ (719,118)	\$ (19,951)

① Total Salaries & Wages includes \$114,850 for intern support

② Total Benefits includes \$12,948 for intern support

② Total Benefits assumes a Calpers contribution for full time employees of 11.512% for legacy classic employees, 8.512% for classic employees and 6.237% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 12% for calendar year 2016.

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

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
Water Revenues						
Water Sales	\$ 179,976,734	\$ 192,637,559	\$ 12,660,825	\$ 154,475,665	\$ (38,161,894)	\$ (25,501,069)
Local Resource Program Incentives	(16,102,631)	(12,171,036)	3,931,595	(15,450,587)	(3,279,551)	652,044
Readiness-To-Serve Charge	13,946,682	13,282,405	(664,278)	13,214,277	(68,128)	(732,405)
Capacity Charge	3,659,300	4,041,880	382,580	4,424,460	382,580	765,160
Tier 2 Contingency	-		-	-	-	-
Interest Revenue - CC			-		-	-
Interest Revenue - Tier 2 Cont.	4,275	2,700	(1,575)	2,900	200	(1,375)
SCP Operation Surcharge	361,200	372,512	11,312	380,000	7,488	18,800
TOTAL WATER REVENUES	\$ 181,845,560	\$ 198,166,020	\$ 16,320,459	\$ 157,046,715	\$ (41,119,305)	\$ (24,798,845)
Water Expenses						
Water Purchases	\$ 179,976,734	\$ 192,637,559	\$ 12,660,825	\$ 154,475,665	\$ (38,161,894)	\$ (25,501,069)
Local Resource Program Incentives	(16,102,631)	(12,171,036)	3,931,595	(15,450,587)	(3,279,551)	652,044
Readiness-To-Serve Charge	13,946,682	13,282,405	(664,278)	13,214,277	(68,128)	(732,405)
Capacity Charge	3,659,300	4,041,880	382,580	4,424,460	382,580	765,160
Tier 2 Surcharge	-		-	-	-	-
SCP Operation Surcharge	361,200	372,512	11,312	380,000	7,488	18,800
TOTAL WATER EXPENSES	\$ 181,841,285	\$ 198,163,320	\$ 16,322,034	\$ 157,043,815	\$ (41,119,505)	\$ (24,797,470)
Changes to Fund Balance:						
Capacity Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tier 2 Contingency	\$ 4,275	\$ 2,700	\$ (1,575)	\$ 2,900	\$ 200	\$ (1,375)

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

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
Funding						
Metropolitan Water District	\$ 1,050,465	\$ 17,591,710	\$ 16,541,246	\$ 18,519,094	\$ 927,384	\$ 17,468,629
USBR	420,706	375,937	(44,769)	380,548	4,612	(40,158)
DWR	1,461,363	1,314,715	(146,648)	305,829	(1,008,886)	(1,155,534)
Member Agencies	748,798	3,507,494	2,758,696	3,511,734	4,240	2,762,936
MWDOC	49,000	49,000	0	49,000	0	0
						0
TOTAL OUTSIDE FUNDING	\$ 3,730,332	\$ 22,838,855	\$ 19,108,524	\$ 22,766,204	\$ (72,651)	\$ 19,035,873
Program Expenses Funded from Outside Sources						
Project Administration - Staff Time	\$ 25,135	\$ 22,043	\$ (3,092)	\$ 14,000	\$ (8,043)	\$ (11,135)
Consultant Administration	116,000	117,000	1,000	142,420	25,420	26,420
Monitoring and Evaluation	79,384	0	(79,384)	121,947	121,947	42,563
Installation Verification	140,383	188,845	48,463	148,592	(40,254)	8,209
Rebate Incentives	3,151,969	22,342,345	19,190,376	22,140,474	(201,872)	18,988,504
Surveys and Audits	188,500	141,712	(46,788)	185,475	43,763	(3,025)
Databasing	3,063	1,291	(1,772)	1,097	(195)	(1,966)
Customer Support	3,986	813	(3,173)	0	(813)	(3,986)
Marketing and Outreach	10,000	5,000	(5,000)	10,575	5,575	575
Engineering Assistance	11,913	19,805	7,893	1,626	(18,180)	(10,287)
TOTAL PROGRAMS EXPENSES	\$ 3,730,331	\$ 22,838,855	\$ 19,108,524	\$ 22,766,204	\$ (72,651)	\$ 19,035,873

**Exhibit B
Expenditures by Program**

Cost Center	PROGRAM	FY 2014-2015 BUDGET FTE	FY 2015-2016 BUDGET FTE	FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
11	Administrative - Board	1.94	1.78	\$ 1,169,584	\$ 1,010,494	\$ 1,131,747
12	Administrative - General	3.04	2.92	376,942	407,426	471,461
13	Personnel / Staff Development	1.30	1.48	265,991	274,149	304,655
19	Overhead	3.33	3.64	844,239	809,160	779,267
21	Planning & Resource Development	2.72	3.71	675,164	689,781	743,370
22	Research Participation	0.00	0.00	39,961	39,961	39,740
23	Met Issues and Special Projects	4.78	4.06	827,523	787,018	751,674
31	Governmental Affairs	1.37	0.84	499,389	367,470	418,009
35	Policy Development	0.26	0.39	58,313	93,595	145,864
32	Public Affairs	2.28	3.40	357,037	351,765	629,110
41	Finance	3.73	3.23	566,654	384,795	563,041
45	Information Technology	0.99	1.06	179,417	182,142	223,827
25	MWDOC's Contribution to WEROC ¹	2.00	2.00	128,508	128,508	141,807
CORE TOTAL		27.74	28.50	\$ 5,988,722	\$ 5,526,265	\$ 6,343,573
62	Water Use Efficiency Program	4.75	6.23	785,805	822,221	899,925
63	School Programs	0.13	0.07	275,109	276,618	295,049
67	Value of Water	0.00	0.55	148,250	175,784	177,645
64	Foundational Action - Doheny Desal	0.14	0.10	37,922	60,988	136,983
65	Poseidon Desal	0.00	0.00	54,000	5,838	45,162
69	2008 Fund - Doheny Desal	0.00	0.04	94,000	62,806	31,194
68	2014 Fund - Doheny Desal	0.00	0.00	30,000	-	30,000
CHOICE TOTAL		5.02	7.00	\$ 1,425,086	\$ 1,404,256	\$ 1,615,957
CORE & CHOICE TOTAL		32.76	35.50	\$ 7,413,808	\$ 6,930,520	\$ 7,959,530
Includes:	Full-time employees	27.00	28.00			
	WEROC Full-time employee	2.00	2.00			
	Part-time employees	1.22	2.22			
	Interns	2.54	3.28			

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
2015-2016 FISCAL MASTER PLAN PROJECTIONS**

(in thousands)

	Projected ACTUALS FY14-15	BUDGET FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Beginning Designated Reserve Balance - MWDOC	\$3,520	\$ 4,328	\$ 4,418	\$ 4,109	\$ 4,395	\$ 4,234	\$ 4,465
OPEB Contribution above the ARC	37	62	87	111	135	158	182
Adjusted Reserve Balance	3,483	4,266	4,331	3,998	4,260	4,076	4,283
Revenues							
Water Rate Revenues:							
Retail Meter Fees	6,441	6,687	6,854	6,990	7,125	7,225	7,342
Water Rate Increment	109	-	-	-	-	-	-
Subtotal	6,550	6,687	6,854	6,990	7,125	7,225	7,342
Other Revenues:							
Choice Revenues	1,404	1,616	1,656	1,698	1,740	1,784	1,828
Interest Earnings	120	118	125	121	149	172	201
Misc./Reimbursements	3	3	3	3	3	3	3
Subtotal	1,527	1,737	1,784	1,822	1,893	1,958	2,032
Total Revenues	8,076	8,424	8,638	8,812	9,017	9,183	9,374
Expenses							
Core Expenses	5,526	6,338	6,552	6,772	6,997	7,172	7,351
Choice Expenses	1,404	1,616	1,656	1,698	1,740	1,784	1,828
Capital Acquisitions (not including building)	-	6	20	20	20	20	20
Total Expenses w/o Building & Election	6,931	7,960	8,228	8,490	8,757	8,976	9,200
Revenue Over Expenses w/o Building & Election	1,146	464	409	322	260	207	174
ELECTION Reserve Beginning Balance	228						
Annual Election Reserve Contribution	260	260	260	260	260	207	174
Annual Election Expense	273	-	592		444		592
Election Reserve Ending Balance	215	475	143	403	219	426	9
BUILDING Reserve Beginning Balance	111						
Annual Building Reserve Contribution	406	250	150	59	-	-	-
Annual Building Expense	17	400	150	60	-		
Building Reserve Ending Balance	500	350	350	350	350	350	350
CASH FLOW Reserve Beginning Balance	1,000						
Annual Cash Flow Reserve Contribution	480	(46)	(1)	3	-	-	-
Cash Flow Reserve Ending Balance	1,480	1,434	1,433	1,436	1,436	1,436	1,436
Adjustments to the General Fund Reserve							
Increment Refund Due to OC-88 Meter Error	(73)						
Ending General Fund & Cash Flow Reserves	\$ 3,551	\$ 3,505	\$ 3,504	\$ 3,507	\$ 3,507	\$ 3,507	\$ 3,507
Document does not reflect MWDOC's irrevocable trust towards OPEB liability							
MWDOC Water Rates							
Water Sales in Acre Feet	217,957	184,643	219,374	224,800	225,123	223,541	228,456
Total Retail Meters	613,384	616,343	617,440	621,355	624,960	625,510	627,510
OCWD BPP %	72%	70%	70%	70%	70%	70%	70%
Increment Rate	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Charge	\$ 10.50	\$ 10.85	\$ 11.10	\$ 11.25	\$ 11.40	\$ 11.55	\$ 11.70
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 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	2,609,584	2,418,754	2,811,451
	S & W Reimb. DSC or Recov from Grants	-	-	-
6090	Directors Compensation - MWDOC	210,342	182,258	220,588
6095	Directors Compensation - MWD	120,197	104,078	126,050
6105	Benefits - Admin	831,154	724,025	738,389
	OPEB Annual Contribution	133,331	180,456	105,188
	Overhead Reimbursement	(139,240)	(177,093)	(223,770)
6115	Benefits - Directors	119,356	70,765	60,024
6120	Health Insurance Coverage for Retirees	50,244	45,980	50,387
6205	Training	18,000	12,000	18,000
6210	Tuition Reimbursement	6,000	-	5,000
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	355,000	465,000	300,000
7020	Legal - General	329,000	295,435	355,000
7030	Audit	23,000	21,125	23,000
7040	Other Professional Fees	463,700	365,495	785,278
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	13,925	15,113	19,450
7115	Conference - Directors	8,650	10,745	9,800
7150	Travel & Accommodations - Employee	38,300	36,898	56,510
7155	Travel & Accommodations - Director	29,600	31,087	27,600
7210	Membership / Sponsorship	90,437	97,055	103,961
7250	CDR Participation	39,961	39,961	39,740
7305	Business Expense	7,000	6,589	6,800
7310	Office Maintenance	118,768	115,804	126,670
7315	Building Repair & Maintenance	10,800	10,000	11,000
7320	Rents & Leases	16,708	11,780	19,000
7330	Office Supplies	24,288	25,244	29,400
7340	Postal / Mail Delivery	11,100	10,100	11,285
7350	Subscriptions / Books	1,600	1,238	2,060
7360	Reproduction Expense	50,125	33,330	46,560
7410	Computer & Peripherals Maint	6,000	6,000	7,100
7430	Software Purchase	25,515	19,154	18,500
7440	Software Support	28,869	24,569	34,000
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	9,300	9,000	21,150
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	13,300	12,900	13,500
7615	Toll Road Charges	1,250	1,200	1,275
7620	Insurance Expense	97,000	95,000	96,000
7640	Utilities - Telephone	16,900	14,405	15,650
7650	Bank Fees	10,700	9,000	17,900
7670	Miscellaneous Expenses	60,450	53,307	86,270
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	-	-	6,000
	Total Expenditure	5,860,214	5,397,757	6,201,766

MWDOC's Contribution to WEROC	128,508	128,508	141,807
MWDOC's Election Expense	444,000	272,537	-
MWDOC's Building Expense	168,000	17,000	400,000
	<u>6,600,722</u>	<u>5,815,802</u>	<u>6,743,573</u>

Total Choice Revenue and Expense

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
	Choice Revenue	1,261,086	1,447,836	1,302,618
4205	School Contracts	70,000	70,000	70,000
4705	Prior Year Carry Over	94,000	94,000	243,290
		-	-	-
	Choice billing over/under	-	(207,580)	49
		-	-	-
		-	-	-
		-	-	-
		-	-	-
	Total Revenue	1,425,086	1,404,256	1,615,957

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	386,271	431,039	498,498
	S & W Reimb. DSC or Recov from Grants	(16,437)	(20,080)	(23,500)
6090	Directors Compensation - MWDOC	-	-	-
6095	Directors Compensation - MWD	-	-	-
6105	Benefits - Admin	130,762	124,204	124,680
	Overhead Reimbursement	139,240	177,093	223,770
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	461,500	408,000	499,159
	Other Professional Fees - DSC	234,000	234,000	257,400
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	40,500	30,000	23,450
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	49,250	20,000	12,500
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8710	Election Expenses	-	-	-
8810	Capital Acquisition	-	-	-
	Total Expenditure	1,425,086	1,404,256	1,615,957

Total Core and Choice Expenses

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	2,995,855	2,849,793	3,309,949
	S & W Reimb. DSC or Recov from Grants	(16,437)	(20,080)	(23,500)
6090	Directors Compensation - MWDOC	210,342	182,258	220,588
6095	Directors Compensation - MWD	120,197	104,078	126,050
6105	Benefits - Admin	961,916	848,229	863,069
	OPEB Annual Contribution	133,331	180,456	105,188
	Overhead Reimbursement	-	-	-
6115	Benefits - Directors	119,356	70,765	60,024
6120	Health Insurance Coverage for Retirees	50,244	45,980	50,387
6205	Training	18,000	12,000	18,000
6210	Tuition Reimbursement	6,000	-	5,000
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	355,000	465,000	300,000
7020	Legal - General	329,000	295,435	355,000
7030	Audit	23,000	21,125	23,000
7040	Other Professional Fees	925,200	773,495	1,284,437
	Other Professional Fees - DSC	234,000	234,000	257,400
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	13,925	15,113	19,450
7115	Conference - Directors	8,650	10,745	9,800
7150	Travel & Accommodations - Employee	38,300	36,898	56,510
7155	Travel & Accommodations - Director	29,600	31,087	27,600
7210	Membership / Sponsorship	90,437	97,055	103,961
7250	CDR Participation	39,961	39,961	39,740
7305	Business Expense	7,000	6,589	6,800
7310	Office Maintenance	118,768	115,804	126,670
7315	Building Repair & Maintenance	10,800	10,000	11,000
7320	Rents & Leases	16,708	11,780	19,000
7330	Office Supplies	24,288	25,244	29,400
7340	Postal / Mail Delivery	11,100	10,100	11,285
7350	Subscriptions / Books	1,600	1,238	2,060
7360	Reproduction Expense	90,625	63,330	70,010
7410	Computer & Peripherals Maint	6,000	6,000	7,100
7430	Software Purchase	25,515	19,154	18,500
7440	Software Support	28,869	24,569	34,000
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	9,300	9,000	21,150
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	13,300	12,900	13,500
7615	Toll Road Charges	1,250	1,200	1,275
7620	Insurance Expense	97,000	95,000	96,000
7640	Utilities - Telephone	16,900	14,405	15,650
7650	Bank Fees	10,700	9,000	17,900
7670	Miscellaneous Expenses	109,700	73,307	98,770
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	-	-	6,000
	Total Expenditure	7,285,300	6,802,012	7,817,723

MWDOC's Contribution to WEROC	128,508	128,508	141,807
MWDOC's Election Expense	444,000	272,537	-
MWDOC's Building Expense	168,000	17,000	400,000
	<u>8,025,808</u>	<u>7,220,057</u>	<u>8,359,530</u>

Administrative - Board

11

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	242,249	238,288	259,175	
6090	Directors Compensation - MWDOC	210,342	182,258	220,588	1
6095	Directors Compensation - MWD	120,197	104,078	126,050	2
6105	Benefits - Admin	73,905	62,607	62,720	
6115	Benefits - Directors	119,356	70,765	60,024	
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General	320,000	268,035	320,000	4
7030	Audit				
7040	Other Professional Fees				
7110	Conference - Employee				
7115	Conference - Directors	8,650	10,745	9,800	5
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director	29,600	31,087	27,600	5
7210	Membership / Sponsorship	25,000	23,181	25,040	6
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery	4,600	4,000	4,500	
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	9,500	8,900	9,300	
7615	Toll Road Charges	700	650	700	
7620	Insurance Expense				
7640	Utilities - Telephone	985	1,100	1,150	
7650	Bank Fees				
7670	Miscellaneous Expenses	4,500	4,800	5,100	7
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8810	Capital Acquisition				
	Total Expenditure	1,169,584	1,010,494	1,131,747	

1&2 Based on 5% increase from Jan to June 2015.

3	Best, Best & Krieger	\$	250,000
	Aleshire & Wynder	\$	18,035
		\$	268,035

4	Best, Best & Krieger	\$	305,000
	Aleshire & Wynder	\$	15,000
		\$	320,000

5 See Exhibit F.

6 LAFCO Annual Assessment
See Exhibit D.

7 Misc board expenses (supplies)

MWDOC's Election Expense

444,000	272,537
1,613,584	1,283,031
	1,131,747

Administrative - General
12

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	204,597	221,704	260,773	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	54,593	60,119	56,852	
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	13,925	15,113	19,450	1
7115	Conference - Directors				
7150	Travel & Accommodations - Employee	38,300	36,898	56,510	1
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship	51,377	59,814	62,791	2
7250	CDR Participation				
7305	Business Expense	7,000	6,589	6,800	
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books	1,600	1,238	2,060	
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	3,800	4,000	4,200	
7615	Toll Road Charges	550	550	575	
7620	Insurance Expense				
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	1,200	1,400	1,450	
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	376,942	407,426	471,461	

1 See Exhibit E.

2 See Exhibit D.

Personnel / Staff Development
13

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	144,067	138,205	163,771	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	45,924	45,545	46,134	1 • Staff Technical Training & Leadership Development Training
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training	18,000	12,000	18,000	1
6210	Tuition Reimbursement	6,000	-	5,000	
6220	Temporary Help				2 Best, Best & Krieger \$ 35,000
7010	Engineering - Outside Services				
7020	Legal - General	9,000	27,400	35,000	2
7030	Audit				
7040	Other Professional Fees	35,000	37,000	25,000	3 • Semi-annual Review of Deferred Comp and pension investment composition. \$ 25,000
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				4 • Employee Recognition program \$ 2,500
7320	Rents & Leases				• Applicant Background Checks \$ 2,400
7330	Office Supplies				• Team Building, Lunch meetings \$ 1,500
7340	Postal / Mail Delivery				• Holiday Lunch \$ 2,000
7350	Subscriptions / Books				• OCWD Health Fair \$ 300
7360	Reproduction Expense				• Employee Flu Shots \$ 550
7410	Computer & Peripherals Maint				• Job Adds Recruiting 2,500
7430	Software Purchase				\$ 11,750
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	8,000	14,000	11,750	4
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	265,991	274,149	304,655	

Overhead
19

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	359,881	358,327	404,418
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	115,544	95,357	105,189
6109	OPEB Annual Contribution	133,331	180,456	105,188
6111	Overhead Reimbursement from Choice	(139,240)	(177,093)	(223,770)
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees	50,244	45,980	50,387
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	10,100	10,000	5,800
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7250	CDR Participation			
7310	Office Maintenance	118,768	115,804	126,670
7315	Building Repair & Maintenance	10,800	10,000	11,000
7320	Rents & Leases	16,708	11,780	19,000
7330	Office Supplies	24,288	25,244	29,400
7340	Postal / Mail Delivery	6,000	6,100	6,785
7350	Subscriptions / Books			
7360	Reproduction Expense	5,400	2,000	2,400
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support	2,300	-	
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense	97,000	95,000	96,000
7640	Utilities - Telephone	15,915	13,305	14,500
7650	Bank Fees	10,700	9,000	17,900
7670	Miscellaneous Expenses	6,500	7,900	8,400
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	844,239	809,160	779,267

1 Retirees:
• 9 Retirees

2 • Pension Plan administration by
Dissinger Associates \$ 4,000
• Cafeteria Plan Wageworks \$ 1,800
5,800

3 • Site maintenance and receptionist
from OCWD \$ 112,000
• Plant Maintenance \$ 2,820
• Copier machine maint. \$ 4,200
• Landscape Atrium Maint \$ 3,600
• Binding Machine Renewal \$ 650
• Phone Maintenance \$ 3,400
\$ 126,670

4 • Iron Mountain \$ 9,600
• Copier machine lease \$ 8,400
• El Toro Water District \$ 1,000
(South EOC site)
\$ 19,000

5 • Misc equipment repairs, fees etc.

6 • Chillers, Boilers, new EMS, Board Room
MWDOC @ 36%

MWDOC's Building Expense

168,000	17,000	400,000
1,012,239	826,160	1,179,267

Planning Resource Development
21

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	395,062	390,610	481,564
6012	Salaries & Wages - Reimb. from Grants	-		-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	133,102	110,218	114,806
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	140,000	185,000	140,000
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	3,952	7,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	675,164	689,781	743,370

1 Includes general consulting, reliability of MET, conjunctive use, climate change and value of being reliable.

2 Over budget portion funded via the use of carry over funds from FY13-14.

Research Participation
22

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 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	39,961	39,961	39,740
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	39,961	39,961	39,740

1 Center for Demographic Research at
Cal State University Fullerton \$ 39,740

Met Issues and Special Projects
23

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	462,691	388,762	466,513
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	149,832	118,256	125,162
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	215,000	280,000	160,000
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	827,523	787,018	751,674

1 Includes funding for local project decision-making, MET advocacy, MET workgroup and UWMP.

2 Over budget portion funded via the use of carry over funds from FY13-14.

Government Affairs
31

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	156,272	83,145	86,110
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	46,317	26,825	29,159
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	280,000	247,000	279,000
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
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	16,800	10,500	23,320
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	499,389	367,470	418,009

1 • Townsend \$ 90,000
 • Barker \$ 96,000
 • Travel/Miscellaneous \$ 2,000
 • Lewis Consulting \$ 34,000
 • Ackerman \$ 25,000
\$ 247,000

2 • Townsend \$ 96,000
 • Barker \$ 96,000
 • Travel/Miscellaneous \$ 3,000
 • Lewis Consulting \$ 48,000
 • Ackerman \$ 36,000
\$ 279,000

3 • State & Federal Legislative Tracking \$ 3,500
 • Legislative Outreach & Briefings \$ 7,000
 • Legislative Staff Trip Travel Costs \$ 10,000
 • WACO \$ 2,820
\$ 23,320

Public Affairs
32

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	167,213	196,814	268,678	
	Salaries & Wages - Reimb. from Grants				
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	51,234	60,972	70,965	
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	65,600	43,995	220,478	1
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	500	-	-	
7350	Subscriptions / Books				
7360	Reproduction Expense	44,725	31,330	43,740	2
7410	Computer & Peripherals Maint				
7430	Software Purchase	15,515	10,154	-	
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	12,250	8,500	25,250	3
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	357,037	351,765	629,110	

1 Public Affairs Activities:

• PA Consultant 1	\$ 40,000
• PA Consultant 2	\$ 28,800
• Resolutions	\$ 5,000
• Member Agency Workshops PAW	\$ 10,000
• Consumer Confidence Reports	\$ 34,178
• Website Hosting & Maintenance	\$ 10,000
• Event Registration Fees	\$ 2,500
• PAW meeting materials	\$ 2,500
• New Website	25,000
Subtotal	157,978

Communications Plan Activities:

• Outreach	\$ 7,500
• Marketing Materials	\$ 15,000
• Survey - Phone	\$ 20,000
• IPSO Survey	\$ 20,000
Subtotal	\$ 62,500
	<u>\$220,478</u>

2 • Briefing Papers	\$ 2,500
• Name Badges	\$ 1,500
• Attire & Promo items	\$ 1,500
• Folders 1000@\$4.25	\$ 4,250
• Thumb Drives 1000@10.24	\$ 10,240
• Brochures 1500 @ 2.50	\$ 3,750
• Awards and Events	\$ 7,500
• Promotional Items	\$ 12,500
	\$ 43,740

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	\$ 1,500
• OC Water Hero	\$ 10,000
	\$ 25,250

**Water Use Efficiency
Policy Development (Core)**
35

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	34,719	55,021	50,567
6010	Salaries & Wages - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	9,534	24,514	14,168
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			65,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	14,060	14,060	16,130
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	58,313	93,595	145,864

1 • Project Audit	\$ 5,000
• Water Savings Potential Study	\$ 60,000
	\$ 65,000
2 • CUWCC Dues	\$ 8,005
• South O.C. Watershed Mngmt	
Area Dues	6,625
• OC CLCA	1,500
	\$ 16,130

General Finance
41

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	352,263	253,302	270,180
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	115,391	82,213	78,860
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	23,000	21,125	23,000
7040	Other Professional Fees	73,000	27,500	190,000
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	2,000	-	-
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	655	1,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	566,654	384,795	563,041

1 • Custodial Bank fees	\$ 3,000
• Financial Consulting	\$ 112,000
• Rate Study	\$ 75,000
	<u>\$ 190,000</u>

1

Information Technology
45

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	90,570	94,575	99,703	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	35,778	37,399	34,374	
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				1 • Misc repairs, maint & components
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				2 • Misc software upgrades and License
7320	Rents & Leases				
7330	Office Supplies				3 • Investment software usage cost \$ 2,340
7340	Postal / Mail Delivery				• Financial Management System \$ 22,286
7350	Subscriptions / Books				• Cisco Smartnet support \$ 790
7360	Reproduction Expense				• Misc NAV development \$ 2,000
7410	Computer & Peripherals Maint	6,000	6,000	7,100	1 • Jet Reports support \$ 1,277
7430	Software Purchase	10,000	9,000	18,500	2 • B:ythco ABRA \$ 750
7440	Software Support	24,569	24,569	34,000	3 • ECS Laserfiche \$ 3,557
7450	Software Development				• Anti-Malware Protection \$ 1,000
7510	Site Maintenance				\$ 34,000
7540	Computers and Equipment	9,300	9,000	21,150	4 • 2 Laptop computers \$ 2,000
7580	Maintenance Expense				• 13 desktop computers \$ 10,400
7610	Automotive / Mileage				• 13 Monitors \$ 2,600
7615	Toll Road Charges				• Miscellaneous hardware \$ 6,150
7620	Insurance Expense				\$ 21,150
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	3,200	1,600	3,000	5 • Misc supplies \$ 1,800
8410	Overhead Reimbursement				• MWDOC Website \$ 1,200
8610	Depreciation Expense				
8710	Election Expenses				6 • HP Z5400 Plotter \$ 6,000
8810	Capital Acquisition			6,000	
	Total Expenditure	179,417	182,142	223,827	

**Water Use Efficiency
(choice)
62**

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	785,805	785,805	899,925
4705	Prior Year Carry over			
	Choice billing over/under		36,416	
	Total Revenue	785,805	822,221	899,925

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2015 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	354,469	392,761	432,740
6012	Salaries & Wages - Recovery from Grants	(16,437)	(20,080)	(23,500)
6090	Directors Compensation - MWD			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	120,651	115,580	113,126
	Overhead Reimbursement	127,122	158,960	189,359
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	195,000	170,000	183,200
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	5,000	5,000	5,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	785,805	822,221	899,925

1 Recovery from WUE Grants for some Salaries and Benefits:

• CII Performance Based - North County	\$ 8,500
• Comprehensive Landscape Water Use	\$ 15,000
	\$ 23,500

2 • Marketing of WUE programs \$ 60,000
• Water Smart Landscape \$ 50,000
• California Sprinkler Adjustment Program \$ 1,200
• Web Based Rebate Processing Platform \$ 72,000
\$ 183,200

**School Program
(choice)
63**

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	205,109	205,109	225,049
4205	School Contracts	70,000	70,000	70,000
4705	Prior Year Carry over			
	Choice billing over/under		1,509	
	Total Revenue	275,109	276,618	295,049

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2015 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	9,482	10,370	6,415
6010	Sal & Wages - Reimb. from DSC & Grants		-	
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	2,989	3,192	1,652
	Overhead Reimbursement	3,638	4,056	2,832
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 - DSC	234,000	234,000	257,400
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	17,500	17,500	19,250
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	7,500
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	275,109	276,618	295,049

1 • Assemblies; FY15-16
Goal is 75,000 students

2 • School books and other printings

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

Foundational Action - Doheny Desal
(choice)
64

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	37,922	197,922	-
4705	Prior Year Carry over			136,934
	Choice billing over/under		(136,934)	49
	Total Revenue	37,922	60,988	136,983

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2015 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	22,320	8,822	17,059
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	7,122	2,052	3,393
	Overhead Reimbursement	8,480	4,114	8,531
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		46,000	108,000
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	37,922	60,988	136,983

To Be Funded by South Coast Water District. An additional \$160,000 was added during FY14-15 for the Environmental Baseline Monitoring Project. All Revenue and expense are shown here in FY14-15 but in actuality this project is expected to carry over into FY15-16

**Poseidon Desal
(choice)
65**

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	54,000	51,000	
4705	Prior Year Carry over			45,162
	Choice billing over/under		(45,162)	
	Total Revenue	54,000	5,838	45,162

Recommendation for 2015-16 is to maintain existing funds for efforts that might arise this coming year.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin		3,436	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		796	-
	Overhead Reimbursement		1,606	-
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	54,000		45,162
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	54,000	5,838	45,162

Actual activity for 2015-16 are uncertain at this time.

**Value of Water
(choice)
67**

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	148,250	178,000	177,645
	Choice billing over/under		(2,216)	
	Total Revenue	148,250	175,784	177,645

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2015 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin		11,645	34,988
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		1,660	4,973
	Overhead Reimbursement		6,479	19,483
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	88,500	136,000	114,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - 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	23,000	12,500	4,200
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	36,750	7,500	
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	148,250	175,784	177,645

- | | |
|-------------------------------|-------------------|
| 1 • Communications Consultant | \$ 35,000 |
| • Pump Toppers | \$ 23,150 |
| • Movie Theaters | \$ 26,350 |
| • Social Media Advertising | \$ 1,500 |
| • Bus Shelter Adds | \$ 10,000 |
| • Video | \$ 40,000 |
| | <u>\$ 136,000</u> |
| 2 • Bill Stuffers | \$ 7,500 |
| • Printed Materials | \$ 5,000 |
| | <u>\$ 12,500</u> |
| 3 • Communications Consultant | \$ 32,500 |
| • Pump Toppers | \$ 35,000 |
| • Movie Theaters | \$ 35,000 |
| • Social Media Advertising | \$ 4,000 |
| • Bus Shelter Adds | \$ 7,500 |
| | <u>\$ 114,000</u> |
| 4 • Printed Materials | \$ 4,200 |

**2014 Fund - Doheny Desal
(choice)
68**

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	30,000	30,000	
4705	Prior Year Carry over			30,000
	Choice billing over/under		(30,000)	
	Total Revenue	30,000	-	30,000

This fund includes deposits from South Coast, LBCWD and San Clemente. Recommendation for 2015-16 is to maintain existing funds from 2014-15 for efforts that might arise this coming year.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin		-	-
	Salaries & Wages - Reimb. from Grants			
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	30,000		30,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - 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	30,000	-	30,000

Actual activity for 2015-16 are uncertain at this time.

**2008 Fund - Doheny Desal
(choice)
69**

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
4215	Choice Revenue				
4705	Prior Year Carry over	94,000	94,000	31,194	1
	Choice billing over/under		(31,194)		
	Total Revenue	94,000	62,806	31,194	

The source of funding for these efforts are remaining funds from the 2008 participation agreement for Doheny desalination.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
6010	Salaries & Wages - Admin		4,006	7,297	
	Salaries & Wages - Reimb. from Grants				
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin		922	1,537	
	Overhead Reimbursement		1,878	3,563	
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	94,000	56,000	18,797	
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - 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	94,000	62,806	31,194	

Anticipated activities consist of payment of state park lease, electrical costs, coordination with state park planning for removal of the facilities.

**WEROC
25**

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4320	Revenues from MWDOC	128,508	128,508	141,807
4210	WEROC Contracts	126,973	126,973	141,807
4705	Prior Years Carryover	(1,859)	(17,478)	(0)
4205				
4230	Reimbursements		4,933	
4240				
4410				
4805				
	Total Revenue	253,622	242,937	283,613

6 • OCSD	\$ 27,795
• SOCWA	\$ 10,777
• OCWD	\$ 70,904
• 3 Cities -- \$10,777 ea	\$ 32,331
	<u>\$ 141,807</u>

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	139,368	134,228	159,880
6012	Salaries & Wages - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	55,648	48,046	55,489
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	3,000	3,000
7110	Conference - Employee	1,800	1,800	1,800
7115	Conference - Directors			
7150	Travel & Accomodations - Employee	3,500	2,700	3,500
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship	205	225	420
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases	18,183	18,183	19,092
7330	Office & Radio Supplies	1,000	1,000	1,000
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	200	100	200
7410	Computer & Peripherals Maint	4,642	4,000	4,207
7430	Software Purchase			
7440	Software Support			6,750
7450	Software Development			
7510	Site Maintenance	850	460	850
7540	Computers and Equipment			
7580	Maintenance - Generators	2,000	1,000	2,000
7581	Maintenance - Radios	1,000	7,000	2,000
7582	Maintenance - EOC's	3,000	3,000	3,000
7610	Automotive / Mileage	600	679	800
7615	Toll Road Charges	125	116	125
7620	Insurance Expense	1,500	1,200	1,500
7640	Utilities - Telephone	10,000	8,000	10,000
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	1,000	1,000
7671	Miscellaneous Training	1,000	2,200	2,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	248,621	237,937	278,613

- 1 Catalina Repeater (6% increase)
- 2 'In Case of Crisis' Software
- 3 Janitorial services for 2 EOCs.
- 4 Land-line and cellular phones, and DSL
- 5 • WEROC Staff & Agencies trainings

Sinking Fund (generator/radio)

5,000	5,000	5,000
<u>253,621</u>	<u>242,937</u>	<u>283,613</u>

AMP Proceeds Agreement Administration
61

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4020	Interest Revenue	-		-
4050	O & M Maintenance Deposit	-	-	-
4230	Reimbursement	20,000	20,000	17,558
4680	Miscellaneous Income	-		-
	Billing over/under		3,150	
	Total Revenue	20,000	23,150	17,558

Participating Member agencies will be billed annually per the AMP sales admin agreement to cover legal and audit expenses until the RPOI ends in 2016

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	-	989	2,098
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	-	263	460
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	17,000	21,897	15,000
7030	Audit	3,000		
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	20,000	23,150	17,558

Exhibit D

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Proposed District Participation Costs Fiscal Year 2015-2016

	Budget	Projected	Budget	Approval included in
	FY 2014-2015	FY 2014-2015	FY 2015-2016	Budget Approval
		Actuals		
Required Participation or Service				
Colorado River Water Users Association	\$ -	\$ 40	\$ 40	✓
LAFCO	25,000	23,141	25,000	✓
Subtotal Cost Center 11	25,000	23,181	25,040	
Association. of Calif. Water Agencies (ACWA)	15,631	16,849	18,200	✓
Federal Affairs				
Local Government				
Water Management				
Joint Powers Ins. Auth.				
eCivis, LLC - Grants Locator	3,900	3,900	-	
Santiago Aqueduct Commission	3,906			
Subtotal Cost Center 12	23,437	20,749	18,200	
OC Chapter-Calif. Landscape Contractors Assoc.	500	500	1,500	✓
CA Urban Water Conservation Council Dues	7,810	7,810	8,005	✓
South OC Watershed Management Area Dues	5,750	5,750	6,625	✓
Subtotal Cost Center 35	14,060	14,060	16,130	
Subtotal - Required Participation or Service	\$ 62,497	\$ 57,990	\$ 62,870	
Elective Participation				
Association of California Cities- Orange County (ACCOC)	\$ 5,000	\$ 5,000	\$ 5,000	✓
American Water Works Association (AWWA)	1,550	1,513	1,550	✓
Association of Metropolitan Water Agencies (AMWA)		12,000	16,004	✓
Association of Public Treasurers (APT)	145	-	-	
CA Chamber of Commerce (HR California)	499	449	499	✓
CALDESAL	5,000	5,000	5,000	✓
California Municipal Treasurers Association (CMTA)	155	155	155	✓
California Society of Municipal Finance Officers (CSMFO)	125	125	125	✓
CA Special Districts Assn. (CSDA)	5,294	5,691	6,100	✓
Colorado River Water Users Assn. (CRWUA)	100	60	60	✓
Government Finance Officers Association (GFOA)	165	160	165	✓
Indep. Special Districts of Or. Co. (ISDOC)	200	200	200	✓
International Personnel Management Association	105	105	105	✓
Latino Business Association	250	250	250	✓
Municipal Information Systems Association of California (MISAC)	-	-	200	New
National Water Resources Assn., Mun. Caucus	500	500	500	✓
Orange County Business Council (OC Chamber)	1,500	1,500	5,000	✓
Orange County Employment Rltns Consortium (Liebert, Cassidy & Wh	2,994	2,994	-	
Orange County Public Affairs Association	150			
Orange County Water Association (OCWA)	200	100	100	✓
Public Agency Risk Managers Association (PARMA)	100	100	100	✓
Public Relations Society of America/O.C.	300	-	300	✓
Society of Human Resources Management (SHRM)	180	185	200	✓
Southern California Personnel Management Assoc. (SCPMA)		50	50	✓
South Orange County Economic Coalition	1,500	1,500	1,500	✓
Southern California Water Committee	850	850	850	✓
Vietnamese Chamber of Commerce	500	-	-	
Water Education Foundation	578	578	578	✓
Subtotal Cost Center 12	27,940	39,065	44,591	
Subtotal - Elective Participation	\$ 27,940	\$ 39,065	\$ 44,591	

Exhibit D

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Proposed District Participation Costs Fiscal Year 2015-2016

	Budget	Projected	Budget	Approval included in
	FY 2014-2015	FY 2014-2015	FY 2015-2016	Budget Approval
		Actuals		
(Exhibit D Continued..)				
International Association of Emergency Managers	-	-	\$ 185	New
InfraGard	\$ 55	\$ -	\$ 55	✓
California Emergency Services Association	150	225	180	✓
WEROC Program Total	205	225	420	
GRAND TOTAL	\$ 90,642	\$ 97,280	\$ 107,881	

New or Increased Memberships for 2015-16

	Budget	Projected	Budget	Approval included in
Association	FY 2014-2015	FY 2014-2015	FY 2015-2016	Budget Approval
		Actuals		
Orange County Business Council (OC Chamber)	\$ 1,500	\$ 1,500	\$ 5,000	✓
Municipal Information Systems Association of California (MISAC)	-	-	200	✓
International Association of Emergency Managers	-	-	185	✓
OC Chapter-Calif. Landscape Contractors Assoc.	500	500	1,500	✓
CA Urban Water Conservation Council Dues	7,810	7,810	8,005	✓
South OC Watershed Management Area Dues	5,750	5,750	6,625	✓
CA Special Districts Assn. (CSDA)	5,294	5,691	6,100	✓
Society of Human Resources Management (SHRM)	180	185	200	✓
Total of New or Increased Memberships	\$ 21,034	\$ 21,436	\$ 27,815	

Exhibit E

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Summary of Proposed Staff Registration & Travel Budget ⁽¹⁾ Fiscal Year 2015-2016

Conference / Meeting	Registration	Travel ⁽¹⁾	Approval included in Budget Approval
ACWA - DC Conference (2 staff)	\$ 1,250	\$ 5,000	✓
- Fall Conference (3 staff)	2,400	2,500	✓
- Spring Conference (3 staff)	2,400	5,000	✓
- Legislative Symposium (2 staff)	200	600	✓
ACC-OCBC Legislative Advocacy Trip	950	300	New
ACWA Region 10 (2 Staff)	150	200	✓
Association of Metropolitan Water Agencies (AMWA)	2,400	3,700	New
AWWA Cal Nevada & National Conference (1)	400	900	New
AWWA Fall Conference (1 staff)	550	1,200	✓
AWWA Spring Conference (1 staff)	550	1,200	✓
Bond Buyers Conference (1 Staff)	200	500	✓
California Dept. of Health Svcs Certif Stakeholder Mtg. (2 Trips)	-	1,200	✓
California Dept. of Water Resources (USC & ITP) (1 staff)	-	600	✓
Calif. Soc. of Mun. Finance Officers (2 staff)	200	400	✓
Cal Desal Conference (2 staff)	500	1,200	✓
CRWUA - Fall (3 staff)	1,350	3,750	✓
CSDA Annual Conference (1 staff)	500	-	
CUWCC Board Plenary & Committee Meetings (13 meetings)	-	5,760	✓
DWR Stakeholder Meetings (4x)		1,200	✓
Gov. Finance Officers Assoc. Seminar (1 staff)	200	400	✓
Information Technology Seminar (2 staff)	600	1,200	✓
Irrigation Association Annual Conference (3 staff)	1,200	-	
Liebert Cassidy & Whitmore Employment Law Conference (2 Staff)	950	-	
Sacramento Legislative Advocacy (12 trips)		5,000	✓
Urban Water Institute (2x)	300	300	✓
Washington Legislative Advocacy (6 trips)	-	11,000	✓
Water Smart Innovations (1 Staff)	400	900	✓
Miscellaneous*	1,800	2,500	✓
General Fund Total **	\$ 19,450	\$ 56,510	
AWWA Security Congress (1 WEROC staff)	600	1,500	✓
California Emergency Services Association (2 WEROC staff)	1,200	2,000	✓
WEROC Program Total	\$ 1,800	\$ 3,500	
PROPOSED GENERAL FUND BUDGET	\$ 19,450	\$ 56,510	

* 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 F

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Summary of Proposed Board Registration & Travel Budget Fiscal Year 2015-2016

Conference	Registration	Travel ⁽¹⁾	Approval included in <u>Budget Approval</u>
ACWA DC Conference (2 Directors)	\$ 1,250	\$ 3,800	√
ACWA Fall Conference (3 Directors)	\$ 2,400	\$ 2,500	√
ACWA Spring Conference (3 Directors)	\$ 2,400	\$ 5,000	√
ACWA Region 10 (2 Directors)	\$ 150	\$ 200	√
Bond Buyers Conference (2 Directors)	\$ 400	\$ 1,000	√
CRWUA Fall Conf (2 Directors)	\$ 900	\$ 2,500	√
CSDA Annual Conference (1 Director)	\$ 1,000	\$ 200	√
Sacramento Legislative Advocacy (8 Trips)	-	\$ 2,400	√
Washington DC Legislative Advocacy (6 trips)	-	\$ 8,500	√
Urban Water Institute (2 Directors)	300	\$ 300	√
Miscellaneous*	\$ 1,000	\$ 1,200	√
 TOTAL**	 \$ 9,800	 \$ 27,600	
 PROPOSED GENERAL FUND BUDGET	 <u><u>\$ 9,800</u></u>	 <u><u>\$ 27,600</u></u>	

* 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 2015-2016

	Proposed Budget	Approval included in Budget Approval
Computer Equipment - 45-8810:		
HP Z5400 Plotter	6,000	New
Subtotal Cost Center 45	6,000	
Total Capital Expenditures	\$ 6,000	

Exhibit J
Professional / Special Services Authorized
Core Fund

Department	Consultant	Service	Budget FY 14-15	Budget FY 15-16	* Approval included in Budget Approval
Engineering Expenses					
Planning & Operation (21)	(To be determined)	Various Engineering/Technical Services	140,000	140,000	
Met Issues & Special Projects (23)	Ed Means Consulting	Consulting on MET issues	60,000	60,000	√
	Ron Gastelum Consulting		10,000	10,000	√
	(To be determined)	Urban Water Management Plan	65,000	30,000	
	(To be determined)	MET IRP Analysis and Reliability Planning	80,000	60,000	
Total Engineering Expenses			355,000	300,000	
Legal Expenses					
Administration (11 & 13)	Best, Best & Krieger	General Legal Counsel Services	300,000	305,000	√
	Aleshire & Wynder	Legal Counsel Services Regarding San Diego County Water Authority	20,000	15,000	√
	Demsey, Filliger & Associates, LLC	OPEB Actuarial	3,000		
	Best, Best & Krieger	Labor Counsel Services	6,000	35,000	√
Total Legal Expenses			329,000	355,000	
Audit Expenses					
Finance (41)	Vavrinek, Trine, Day & Co., LLP	Annual Financial Audit and Federal Single Audit	23,000	23,000	√
Training					
Administration (13)	TBD/Cal State University Fullerton Leadership	Staff Development/Training/indiv. Employee training	18,000	18,000	√
Professional Fees					
Administration (12 & 13 & 19)	Dissinger Associates	Pension Plan Administration	3,400	4,000	√
	(To be determined)	Evaluate fund portfolio on a semi annual basis for 401 and 457 Plan/RFP for 401 & 457	15,000	25,000	
	Wage Works	Cafeteria Plan Administration	2,400	1,800	√
	Blytheco	HR Maintenance	500		
	(To be determined)	Salary and Benefit Benchmark study	20,000		
	ECS, Inc.	Info. Management Professional Services	3,800		
Governmental Affairs (31)	Townsend Public Affairs	State Legislative Advocate	90,000	96,000	√
	James C. Barker	Federal Legislative Advocate	96,000	96,000	√
	Lewis Consulting	County Issues Consulting	48,000	48,000	√
	Ackerman	Legal and Regulatory	36,000	36,000	√
	(To be determined)	Miscellaneous	10,000	3,000	
Public Affairs (32)	Stetson Engineers	Consumer Confidence Report (CCR) Technical Water Quality Advisor	31,000	34,178	√
	(To be determined)	Public Outreach	7,500	7,500	
	(To be determined)	Collateral materials update and resolutions	5,000	5,000	
	(To be determined)	Event Registration Fees	3,500	2,500	
	(To be determined)	PAW Meeting Materials	2,600	2,500	
	(To be determined)	Client Agency Workshops for PAW	5,000	10,000	
	(To be determined)	Marketing Materials	3,500	15,000	
	(To be determined)	Surveys - Phone and IPSO		40,000	
	Michelle Tuckman	Temp PA consultant in lieu of PA director		40,000	
	Jessica Ouwerkerk	Temp PA consultant in lieu of PA director		28,800	
	(To be determined)	Website updates and Maintenance/New Website	7,500	35,000	
Finance & IT (41 & 45)	(To be determined)	Rate Study	-	75,000	
	Union Bank	Custodial Bank fees	3,000	3,000	√
	(To be determined)	Financial Consulting	20,000	112,000	
	(To be determined)	Project Financial Consulting	50,000		
Total Professional Fees			463,700	720,278	

Exhibit J
Professional / Special Services Authorized
Trustee Activities

Department	Consultant	Service	Budget FY 14-15	Budget FY 15-16	* Approval included in Budget Approval
Legal Expenses					
AMP Administration (61)	Best, Best & Krieger	AMP Administration, 1996 COPS	17,000	15,000	√
Audit Expenses					
AMP Administration (61)	(To be determined)	Annual Audit	3,000		

* 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 14-15	Budget FY 15-16	* Approval included in Budget Approval
Professional Fees					
Water Use Efficiency (62)	*ConserVision Consulting, LLC	Water Smart Landscape	55,000	50,000	√
	(To be determined)	Printing of marketing materials for all WUE programs	40,000	60,000	
	Enterprise Information Systems	California Sprinkler Adjustment Program	35,000	1,200	√
	(To be determined)	Landscape Design Assistance Program	35,000		
	Gilbert & Associates	Project Audit	5,000		√
	(To be determined)	Web Based Rebate Processing Platform		72,000	
Value of Water (67)	(To be determined)	Landscape Ordinance Plan Review	25,000		
	(To be determined)	Outreach	25,000		
	(To be determined)	Communications Consultant	20,000	32,500	
	(To be determined)	Gas Station Pump Video Adds	12,000	35,000	
	(To be determined)	Bus Shelter Adds	12,500	7,500	
	(To be determined)	Public Service Announcements	8,000		
	(To be determined)	Website Development	3,500		
	(To be determined)	Mobile Application Development	7,500		
	(To be determined)	Movie Theaters		35,000	
	(To be determined)	Social Media Advertising		4,000	
Poseidon Desal	(To be determined)	(To be determined)	54,000	45,162	
2008 Fund Doheny Desal	(To be determined)	(To be determined)	94,000	18,797	
2014 Fund Doheny Desal	(To be determined)	(To be determined)	30,000	30,000	
School Program (63)	Discovery Science Center	Assemblies	234,000	257,400	√
Foundational Action Doheny Desal	(To be determined)	(To be determined)		108,000	
Total Professional Fees			695,500	756,559	

* 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 2014-2015 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		\$ 197,943,916					\$ 181,841,285		\$ 181,841,285
Local Resource Program Incentives		\$ (16,102,631)							
Retail Meter Charge	6,440,532						6,440,532		6,440,532
Water Increment Charge	103,564						103,564		103,564
Interest Revenue	138,000	4,275					142,275		142,275
MWDOC's Contribution			49,000	128,508			177,508	(177,508)	-
Outside Fundings	-		3,681,332	126,973	20,000	4,921	3,833,226		3,833,226
Carryover Funds				(1,859)			(1,859)		(1,859)
Choice Revenue	1,425,086						1,425,086		1,425,086
Miscellaneous Income	3,000						3,000		3,000
Total Revenues	8,110,182	181,845,560	3,730,332	253,622	20,000	4,921	193,964,617	(177,508)	193,787,109
Expenses:									
Water Purchases	-	181,841,285					181,841,285		181,841,285
Salaries & Wages	2,995,854			139,368	-		3,135,223		3,135,223
less S & W Reimb. DSC or Recov from Grants	(16,437)						(16,437)		(16,437)
Employee Benefits	1,095,249			55,648			1,150,897		1,150,897
Engineering Expense	355,000						355,000		355,000
Professional Fees	1,133,200		3,730,332	3,000			4,866,532	(49,000)	4,817,532
Election Expense (annualized)	444,000						444,000		444,000
Legal Expense - General	329,000			-	17,000		346,000		346,000
Maintenance Expense	131,568			3,850			135,418		135,418
Insurance Expense	97,000			1,500			98,500		98,500
Membership / Sponsorship	90,437			205			90,642		90,642
Director Compensation	210,342						210,342		210,342
MWDOC Contribution to WEROC	128,508						128,508	(128,508)	-
MWDOC Contribution to Desalination							-	-	-
RPOI Distribution to Member Agencies						4,921	4,921		4,921
Others:									
MWD Representation	120,197						120,197		120,197
Director Benefits	119,356						119,356		119,356
Health Insurance Coverage for Retirees	50,244				-		50,244		50,244
Audit Expense	23,000				3,000		26,000		26,000
Automotive & Toll Road Expenses	14,550			725			15,275		15,275
Conference Expense - Staff	13,925			1,800			15,725		15,725
Conference Expense - Directors	8,650						8,650		8,650
CDR Participation	39,961						39,961		39,961
Business Expense	7,000						7,000		7,000
Miscellaneous Expense	120,400			5,000	-		125,400		125,400
Postage / Mail Delivery	11,100						11,100		11,100
Rents & Leases	40,708			18,183			58,891		58,891
Outside Printing, Subscription & Books	92,225			200			92,425		92,425
Office Supplies	24,288			1,000			25,288		25,288
Computer Maintenance	6,000			4,642			10,642		10,642
Software Support & Expense	54,384						54,384		54,384
Computers and Equipment	9,300			-			9,300		9,300
Telecommunications Expense	16,900			10,000			26,900		26,900
Temporary Help Expense	-						-		-
Training Expense	18,000						18,000		18,000
Tuition Reimbursement	6,000						6,000		6,000
Travel & Accommodations - Staff	38,300			3,500			41,800		41,800
Travel & Accommodations - Directors	29,600						29,600		29,600
MWDOC Building Expense	168,000						168,000		168,000
WEROC Sinking Fund Expense (generator & radios)				5,000			5,000		5,000
Capital Acquisition	-						-		-
Total Expenses	8,025,809	181,841,285	3,730,332	253,622	20,000	4,921	193,875,969	(177,508)	193,698,461
EFFECT ON RESERVES / FUND BALANCE	\$ 84,373	\$ 4,275^[3]	\$ -	\$ -	\$ -	\$ -	\$ 88,648	\$ -	\$ 88,648

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 2015-2016 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		\$ 172,494,402					\$ 172,494,402		\$ 172,494,402
Local Resource Program Incentives		(15,450,587)					(15,450,587)		(15,450,587)
Retail Meter Charge	6,687,322						6,687,322		6,687,322
Water Increment Charge	-						-		-
Interest Revenue	117,675	2,900					120,575		120,575
MWDOC's Contribution			49,000	141,807			190,807	(190,807)	-
Outside Fundings	-		22,717,204	141,807	17,558	4,823	22,881,392		22,881,392
Carryover Funds				(0)			(0)		(0)
Choice Revenue	1,615,957						1,615,957		1,615,957
Miscellaneous Income	3,000						3,000		3,000
Total Revenues	8,423,954	157,046,715	22,766,204	283,613	17,558	4,823	188,542,867	(190,807)	188,352,060
Expenses:									
Water Purchases	-	157,043,815					157,043,815		157,043,815
Salaries & Wages	3,309,949			159,880	2,098		3,471,927		3,471,927
less S & W Reimb. DSC or Recov from Grants	(23,500)						(23,500)		(23,500)
Employee Benefits	968,257			55,489	460		1,024,207		1,024,207
Engineering Expense	300,000						300,000		300,000
Professional Fees	1,541,837		22,766,204	3,000			24,311,041	(49,000)	24,262,041
Election Expense (annualized)	-						-		-
Legal Expense - General	355,000			-	15,000		370,000		370,000
Maintenance Expense	137,670			4,850			142,520		142,520
Insurance Expense	96,000			1,500			97,500		97,500
Membership / Sponsorship	103,961			420			104,381		104,381
Director Compensation	220,588						220,588		220,588
MWDOC Contribution to WEROC	141,807						141,807	(141,807)	-
MWDOC Contribution to Desalination							-	-	-
RPOI Distribution to Member Agencies						4,823	4,823		4,823
Others:									
MWD Representation	126,050						126,050		126,050
Director Benefits	60,024						60,024		60,024
Health Insurance Coverage for Retirees	50,387				-		50,387		50,387
Audit Expense	23,000				-		23,000		23,000
Automotive & Toll Road Expenses	14,775			925			15,700		15,700
Conference Expense - Staff	19,450			1,800			21,250		21,250
Conference Expense - Directors	9,800						9,800		9,800
CDR Participation	39,740						39,740		39,740
Business Expense	6,800						6,800		6,800
Miscellaneous Expense	116,670			6,000	-		122,670		122,670
Postage / Mail Delivery	11,285						11,285		11,285
Rents & Leases	19,000			19,092			38,092		38,092
Outside Printing, Subscription & Books	72,070			200			72,270		72,270
Office Supplies	29,400			1,000			30,400		30,400
Computer Maintenance	7,100			4,207			11,307		11,307
Software Support & Expense	52,500			6,750			59,250		59,250
Computers and Equipment	21,150			-			21,150		21,150
Telecommunications Expense	15,650			10,000			25,650		25,650
Temporary Help Expense	-						-		-
Training Expense	18,000						18,000		18,000
Tuition Reimbursement	5,000						5,000		5,000
Travel & Accommodations - Staff	56,510			3,500			60,010		60,010
Travel & Accommodations - Directors	27,600						27,600		27,600
MWDOC Building Expense	400,000						400,000		400,000
WEROC Sinking Fund Expense (generator & radios)				5,000			5,000		5,000
Capital Acquisition	6,000						6,000		6,000
All Other Expenses	1,207,961	-	-	58,474	-	-	1,266,435	-	1,266,435
Total Expenses	8,359,530	157,043,815	22,766,204	283,613	17,558	4,823	188,475,543	(190,807)	188,284,737
EFFECT ON RESERVES / FUND BALANCE	\$ 64,424	\$ 2,900^[3]	\$ -	\$ -	\$ -	\$ -	\$ 67,324	\$ -	\$ 67,323

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.



ACTION ITEM
May 20, 2015

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Karl Seckel, Harvey De La Torre

SUBJECT: Proposed MWDOC Water Rate Resolution for Fiscal Year 2015-16

STAFF RECOMMENDATION

Staff recommends the Board of Directors:

1. Decrease MWDOC's Incremental rate from \$0.50 to \$0 per AF, increase the MWDOC Retail Meter Charge from \$10.50 to \$10.85 per meter, and
2. Adopt the Water Rate Resolution setting forth rates and charges to be effective July 1, 2015 and January 1, 2016 as identified in the Water Rate Resolution for Fiscal Year 2015-16.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

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 a markup copy of the new Water Rate Resolution showing the proposed changes from the prior resolution.

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

Summary of Changes in rates and Charges

Below is a summary of the Proposed Rates and Charges for FY2015-16:

Proposed Rates	Proposed Rates July 1, 2015	Proposed Rates January 1, 2016
MWDOC Retail Meter Charge	\$0.00	\$0.00
MWDOC Increment Rate	\$10.50	\$10.85
System Access Rate	\$257.00	\$259.00
System Power Rate	\$126.00	\$138.00
Water Stewardship Rate	\$41.00	\$41.00
MWDOC Melded Supply Rate	\$158.00	\$156.00
Treatment Surcharge	\$341.00	\$348.00
Treated Full Service Rate	\$923.00	\$942.00
Untreated Full Service Rate	\$582.00	\$594.00

Attachment A – Proposed MWDOC Water Rate Resolution for Fiscal Year 2015-16

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

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WHEREAS, Municipal Water District of Orange County ("MWDOC") is authorized and directed by Section 71616 of the Water Code of the State of California 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 the bonded debt; and,

WHEREAS, on March 12, 2002, Metropolitan Water District of Southern California ("Metropolitan"), adopted a revised rate structure which became effective January 1, 2003, which eliminated or changed the method of calculation of various existing charges and added new charges, necessitating an amendment to MWDOC's water rate structure and schedule of rates and charges; and,

WHEREAS, pursuant to Ordinance 52, the Board of Directors of MWDOC has established classes of water service, terms and conditions of such service, and to provide for fixing the rates and charges for said classes of water service (including Choice services) by Resolution; 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 area 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, 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 (as distinguished from "Core 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 10 of this Resolution as part of MWDOC's water rate 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 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

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agencies shall be as follows:

SECTION 1. MWDOC'S INCREMENTAL RATE.

MWDOC's Incremental Rate, which is added to MWDOC's cost of acquisition of water, shall be \$0.00 per acre foot from July 1, 2015 through June 30, 2016, and thereafter until amended by the Board of Directors, on water sold or delivered by MWDOC in those classes of water service to which MWDOC's Incremental Rate applies.

SECTION 2. 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.

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SECTION 4. 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, 20 <u>15</u>	Beginning January 1, 20 <u>16</u>
Untreated Full Service	\$582.00	\$594.00
Treated Full Service	\$923.00	\$942.00

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Unbundled Rate By Component:		
System Access Rate	\$257.00	\$259.00
System Power Rate	\$126.00	\$138.00
Water Stewardship Rate	\$41.00	\$41.00
MWDOC Melded Supply Rate*	\$158.00	\$156.00
Tiered Supply Rate (Tier 1/Tier 2)*	N/A	N/A
MWDOC Incremental Rate**	\$0.00	\$0.00
Subtotal Untreated Full Service:	\$582.00	\$594.00
Treatment Surcharge	\$341.00	\$348.00
Total Treated Full Service:	\$923.00	\$942.00

* 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.

** OCWD will be charged the MWDOC Incremental rate multiplied by the Eight-Year Average deliveries calculated according to Ordinance No. 52. Therefore, the rate for purchases of Full service water by OCWD shall not include MWDOC's Incremental rate on MWDOC's monthly water invoices.

(b) **For Emergency Service**

(Rates to be established by Board action in accordance with the Water Supply Allocation Plan (WSAP), as required.)

(c) **For Replenishment Service**

Effective January 1, 2013, Metropolitan discontinued the Replenishment Service Program and rate.

(d) **For Recycled Water**

As defined in Metropolitan's Administrative Code.

SECTION 5. 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. This Plan, as adopted

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Deleted: SECTION 5. CHOICE Services to the MWDOC Member Agencies 2014-1515-16
¶
The CHOICE services to the member agencies shall be provided and charged for as follows for 2014-1515-16.¶
<#>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 (incentive payments from Metropolitan and other sources of funding from the program in the most recent calendar year - 201314 is the most recent year data is available and will be used for 2014-1515-16 charges). There may be other costs allocated over and above these costs for participation in certain of the Water Use Efficiency program efforts in various parts of the 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 MOU. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.¶
<#>School Education Program – Each participating member agency can set a target number of students for which the School Education assembly program for grades 1-6 to will 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 \$3.6520 per student. The School Education Program in FY2014-1515-16 offers other additional services to the member agencies that can be contracted through MWDOC under a separate fee structure. A program will also be offered for grades 9-12 [THE COST BASIS NEEDS TO BE DESCRIBED]. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.¶
<#>2014 Doheny Desalination Program – During FY14/15, given an uncertain scope of work for NEW Doheny activities, MWDOC requested \$10,000 from each of the five agencies. Only three of the five agencies contributed funding (Sou... [1])
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in 2009, updated in 2014, and as amended from time to time, established procedures allowing MWDOC to assess penalties to its member agencies in the event MWDOC is assessed penalties under Metropolitan's own "Water Supply Allocation Plan." Under MWDOC's Plan, penalties may be assessed according to a particular member agency's prorated share of its over usage relative to the MWDOC penalty amount assessed by Metropolitan. However, the rates set forth in this Resolution do not include or otherwise account for potential penalties that may be assessed by MWDOC under its Plan.↓

SECTION 6. MWDOC'S RETAIL METER CHARGE.

The annual charge for each retail water meter in MWDOC served by a MWDOC member agency which is in service as of January 1 of each year ("MWDOC's Retail Meter Charge") shall be \$10.85. MWDOC's Retail Meter Charge shall be collected in accordance with Section 12 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 also is also authorized to conduct random on-site visits with the member agencies to verify the data on the number of retail meters.

SECTION 7. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that, for fiscal year 2015-16, Metropolitan estimates that the amount of Metropolitan's Readiness to Serve Charge ("RTS") applicable to MWDOC, which exceeds the standby charges collected in MWDOC's service area ("Net RTS") is \$12,939,661. 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 on a monthly installment basis. The MWDOC Net RTS charge will be invoiced to the MWDOC member agencies on a monthly basis.

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(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 firm purchases of water ending one year prior to the year of the charge being imposed (i.e., for 20~~15-16~~ charges, the four-year average shall be based on 20~~10-11~~ through 20~~13-14~~). The Net Metropolitan RTS Charges to MWDOC shall be apportioned to the MWDOC member agencies based on the four-year average of firm sales, which would include wheeled and transferred water.

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(c) Fiscal Year 20~~15-16~~ MWDOC Readiness to Serve Charge Rate

For fiscal year 20~~15-16~~, MWDOC will charge the MWDOC member agencies total Net RTS charges of \$~~12,939,661~~. **Exhibit A** shows the amount of the Net RTS charge to be apportioned to each of the MWDOC member agencies.

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(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 expected Net Standby Charge Revenue for MWDOC in fiscal year 20~~15-16~~ is displayed in **Exhibit A**. Once actual net standby charge revenue is known, Metropolitan may adjust the amount of Net RTS 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.

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SECTION 8. MWDOC CAPACITY CHARGE

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year 20~~16~~, the amount of the

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Metropolitan Capacity Charge applicable to MWDOC will be ~~\$4,829,790~~. The 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 Method of apportioning the Capacity Charge to the MWDOC member agencies uses each agency's highest peak day flow for delivery of full service water, which would include 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 ~~2016~~ charges, the highest peak day flow shall be based on ~~2012~~, ~~2013~~ and ~~2014~~). 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 agencies' highest peak day flows. **Exhibit B** shows the amount of the ~~2016~~ Capacity Charge apportioned to each member agency.

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SECTION 9. 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, the then-applicable rates for Wheeling Service 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

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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 10. CHOICE Services to the MWDOC Member Agencies 2015-16

The CHOICE services to the member agencies shall be provided and charged for as follows for 2015-16.

- (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 (incentive payments from Metropolitan and other sources of funding from the program in the most recent calendar year - 2014 is the most recent year data is available and will be used for 2015-16 charges. There may be other costs allocated over and above these costs for participation in certain Water Use Efficiency program efforts in various parts of the 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 MOU. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.
- (b) School Education Program – Each participating member agency can set a target number of students for which the School Education assembly program for grades 1-6 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 \$3.65 per student. The School Education Program in FY2015-16 offers other additional services to the member agencies that can be contracted through MWDOC under a separate fee structure. A program will also be offered for grades 9-12 [THE COST BASIS NEEDS TO BE DESCRIBED]. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.

Commented [A3]: We will update this dollar amount per the recent RFP?

- (c) 2014 Doheny Desalination Program – During FY14/15, given an uncertain scope of work for NEW Doheny activities, MWDOC requested \$10,000 from each of the five agencies. Only three of the five agencies contributed funding (South Coast WD, Laguna Beach CWD and San Clemente). Therefore, \$30,000 remains in this fund. For FY15/16, the \$30,000 from FY14/15 will be retained for use by these agencies for activities to be decided by the group.
- (d) Doheny Desal 2015 - This would include any NEW activities initiated in this coming year in the event two or more Participants want to continue on with the project. MWDOC's involvement might include the formation of a Joint Power Authority (JPA) with MWDOC holding a position open for future potential participation by other local agencies. The exact nature of these efforts is not entirely certain for the coming year or which participants may be involved.
- (e) 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 Agencies, MWDOC and Grants brought into the program such that the total revenue for the effort is \$6.2M. MWDOC's latest accounting indicates that approximately \$31,194 of available revenue remains, plus the \$356,000 reserved to remove the facilities at such time it is appropriate to do so. The following should be noted:

A number of discussions were held in an attempt to close-out or wrap up these efforts and, to date, an agreement has not been reached among the five Participating agencies.

The funds on hand have continued to be used to pay the annual lease to the State Parks (\$24,000 per year) and the electrical bills (about \$2,000 per year) to keep the power switched on at the facilities. MWDOC's intention is to continue to make the annual lease payment out of these funds and continue to pay the electricity bills on a monthly basis as they arrive.

In addition, MWDOC will charge any staff time associated with these facilities. Participants Meetings and/or development of a wrap-up agreement or subsequent negotiations out of these funds, until such time as the issues have been resolved.

In the event additional funds are needed at some point, MWDOC will invoice all five participating agencies, until such time as a close-out arrangement has been completed.

- (f) Poseidon Huntington Beach Ocean Desalination Program – The Poseidon Ocean Desalination project CHOICE activities for FY2015-16 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. During FY14/15, 17 Member Agencies participated in the Poseidon CHOICE program. MWDOC will not charge the agencies during FY15/16, and instead will maintain the existing accumulation of funds that will be made available for such uses as decided by the Poseidon Workgroup. Approximately \$45,162 remains in the fund.

- (g) Value of Water Communications Program – The charge for the Value of Water

Communications Program CHOICE activities for FY2015-16 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. The Core development phase of the program initiated in FY2013-14. The first phase of implementation occurred in FY2014-15. Additional media buys and refinements of messaging and use of the PSA 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 FY2015-16. It was noted that these dollar estimates are placeholders for determining the initial CHOICE selections for FY2015-16 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.

(h) Urban Water Management Plans: MWDOC anticipates being ready to award a consultant contract prior to July 15, 2015 for preparation of the 2015 Urban Water Management Plans, and will ask for Member Agency commitments towards participation at that time. It is estimated that the cost for the completion of each UWMP would be approximately \$55,000; however, this estimate will change according to the consultant's fees and pricing, agency's additional services, and the number of participating agencies.

(i) Water Loss Control Program: The 2015 UWMP requires a Water Loss Control

effort to be included as a new component. MWDOC anticipates being ready to award a consultant contract prior to July 1, 2015 for the Water Loss Control effort, and will ask for Member Agency commitments towards participation at that time. It is estimated that the cost for the completion of this effort would be approximately \$15,000 for each participating agency, however this estimate may change according to the consultant's fees and pricing and the number of participating agencies.

- (j) South Coast WD & Laguna Beach CWD Foundational Program Work on Doheny (requires the staff time of Richard Bell) – These efforts, which began in 2014, should be completed this coming fiscal year. The work undertaken will result in a better understanding of the water quality issues for feed water for various sized projects and will provide a better understanding of any mitigation that might be required for a smaller, 5 mgd facility, as well as for a 15 mgd facility. Most of MWDOC's work under this program, similar to what MWDOC is providing for the SJBA Foundational Action Program, is staff support MWDOC would provide to any of its agencies seeking MET funding. This is listed under the CHOICE Program because MWDOC staff time (Richard Bell) and assistance was specifically requested for several of the tasks involved in the study, which would have been beyond the level of input provided by MWDOC. That extra amount (about \$37,000 of staff time (Richard Bell) between last fiscal year and this coming fiscal year) serves as the basis for the CHOICE Program, paid by the two agencies.
- (k) South Coast WD Baseline Environmental Monitoring Work – Requires the staff time (Richard Bell). As South Coast WD has initiated work for a 5 mgd facility, they have opted to begin the baseline environmental work that would be

necessary for any future facility. Again, they requested assistance from MWDOC to help in this effort by contracting for the work and providing input to South Coast WD in the management of this work (about \$153,000 in consulting work and about \$6,000 of staff time (Richard Bell). That is why this is listed as a CHOICE option.

The details on these CHOICE options and charges to the agencies are included in Section 12 and Exhibit C.

SECTION 11. EFFECTIVE DATE.

The rates set forth in this Resolution shall become effective as of July 1, 20~~15~~ or thereafter as specified and shall remain in effect until changed by subsequent Resolution of the Board of Directors.

SECTION 12. 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, MWDOC's Incremental Rate (if applicable) 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 which is within MWDOC; (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 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. The fixed annual charge to OCWD for water deliveries, as set forth in

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MWDOC's Water Rate Ordinance No. 52 and referred to in Section 4 hereof, shall be billed to OCWD annually 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 13. EXEMPTION FROM CEQA.

The Board of Directors finds that the adoption of the water rate schedule as set forth in this Resolution is 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 MWDOC, 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 14. REASONABLE COST.

The Board of Directors finds that the water rates established herein are in accordance with the adopted Fiscal Year 20~~15-16~~ 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.

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SECTION 15. SUPERSEDES PRIOR RESOLUTIONS.

All resolutions 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 16. RATES SUBJECT TO ORDINANCE.

The rates for water service established herein are subject to Ordinance No. 52 as it may be amended from time to time.

SECTION 17. **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
MWDOC's member agencies.

Said Resolution No. was adopted this by the following roll call vote:

AYES: Directors
NOES: None
ABSENT: None
ABSTAIN: None

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County

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SECTION 5. CHOICE Services to the MWDOC Member Agencies 2014-1515-16

The CHOICE services to the member agencies shall be provided and charged for as follows for 2014-1515-16.

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 (incentive payments from Metropolitan and other sources of funding from the program in the most recent calendar year - 2013¹⁴ is the most recent year data is available and will be used for 2014-1515-16 charges). There may be other costs allocated over and above these costs for participation in certain of the Water Use Efficiency program efforts in various parts of the 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 MOU. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.

School Education Program – Each participating member agency can set a target number of students for which the School Education assembly program for grades 1-6 to will 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 \$3.6520 per student^[A1]. The

School Education Program in FY2014-15-16 offers other additional services to the member agencies that can be contracted through MWDOC under a separate fee structure. A program will also be offered for grades 9-12 [THE COST BASIS NEEDS TO BE DESCRIBED]. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.

2014 Doheny Desalination Program – During FY14/15, given an uncertain scope of work for NEW Doheny activities, MWDOC requested \$10,000 from each of the five agencies. Only three of the five agencies contributed funding (South Coast WD, Laguna Beach CWD and San Clemente).

Therefore, \$30,000 remains in this fund. For FY15/16, the \$30,000 from FY14/15 will be retained for use by these agencies for activities to be decided by the group. The 2014 Doheny Desalination project CHOICE activities for FY2014-15 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. The initial CHOICE Program for this year will be \$10,000 per agency. However, in the event the project activities increase during the year, MWDOC shall convene the past participants in the program and any other interested parties and may, in agreement with the Participants, develop, assess and proceed under the agreed upon additional CHOICE activities.

Doheny Desal 2015 - This would include any NEW activities initiated in this coming year in the event two or more Participants want to continue on with the project. MWDOC's involvement might include the formation of a

Joint Power Authority (JPA) with MWDOC holding a position open for future potential participation by other local agencies. The exact nature of these efforts is not entirely certain for the coming year or which participants may be involved.

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 Agencies, MWDOC and Grants brought into the program such that the total revenue for the effort is \$6.2M. MWDOC's latest accounting indicates that approximately \$94,000\$31,194 of available revenue remains, plus the \$356,000 reserved to remove the facilities at such time it is appropriate to do so. The following should be noted:

A number of discussions were held in an attempt to close-out or wrap up these efforts and, to date, an agreement has not been reached among the five Participating agencies.

The funds on hand have continued to be used to pay the annual lease to the State Parks (\$24,000 per year) and the electrical bills (about \$2,000 per year) to keep the power switched on at the facilities.

MWDOC's intention is to continue to renew the lease with the State Parks and make the annual lease payment out of these funds by the end of May and we will continue to pay the electricity bills on a monthly basis as they arrive.

In addition, MWDOC will charge any staff time associated with these facilities, Participants Meetings and/or development of a wrap-up

agreement or subsequent negotiations out of these funds, until such time as the issues have been resolved.

In the event additional funds are needed at some point, MWDOCwe will invoice all five participating agencies, until such time as a close-out arrangement has been completed for such.

Poseidon Huntington Beach Ocean Desalination Program – The Poseidon Ocean Desalination project CHOICE activities for FY2015-1614-15 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. During FY14/15, 17 Member Agencies participated in the Poseidon CHOICE program. MWDOC will not charge the agencies during FY15/16, and instead will maintain the existing accumulation of funds that will be made available for such uses as decided by the Poseidon Workgroup. Approximately \$45,162000 remains in the fund. The initial CHOICE Program for this year will be \$3,000 per agency. The carryover funds of \$12,328 will be retained by MWDOC to cover any ancillary costs, however in the event the project activities increase during the year, MWDOC shall convene the past participants in the program and any other interested parties and may, in agreement with the Participants, develop, assess and proceed under the agreed upon additional CHOICE activities.

Value of Water Communications Program – The charge for the Value of Water Communications Program CHOICE activities for FY20145-156 are uncertain at the time the Board is adopting the budgets and setting the

rates and charges. The Core development phase of the program initiated in FY2013-14. The first phase of implementation occurred in will carry over into the first quarter of FY2014-15. Additional media buys and refinements of messaging and use of the PSA 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. As this Core work is completed, the actual activities for the remainder of FY2014-15 under the program will be developed in discussions between the consultant, MWDOC and the member 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 the remainder of FY2014-15. It was noted that these dollar estimates are placeholders for determining the initial CHOICE selections for FY2014-15 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 following the completion of the program development work. At that time any of the MWDOC agencies and other interested parties may, in agreement with MWDOC, proceed under the agreed upon CHOICE activities for the remainder of the fiscal year.. The chargebilling for

services will occur at that time.

Urban Water Management Plans: MWDOC anticipates being ready to award a consultant contract prior to July 15, 2015 for preparation of the 2015 Urban Water Management Plans, and will ask for Member Agency commitments towards participation at that time. It is estimated that the cost for the completion of each UWMP would be about approximately \$55,000; however, this estimate will change according to the consultant's fees and pricing, and agency's additional services, and the numbers of participating agencies.

Water Loss Control Program: The 2015 UWMP requires a Water Loss Control effort to be included as a new component. MWDOC anticipates being ready to award a consultant contract prior to July 1, 2015 for the Water Loss Control effort, and will ask for Member Agency commitments towards participation at that time. It is estimated that the cost for the completion of this effort would be approximately about \$15,000 for each participating agency, however this estimate may change according to the consultant's fees and pricing and the number of participating agencies.

South Coast WD & Laguna Beach CWD Foundational Program Work on Doheny (requires the staff time of Richard Bell) – These efforts, which began in 2014, should be completed this coming fiscal year. The work undertaken will result in a better understanding of the water quality issues for feed water for various sized projects and will provide a better understanding of any mitigation that might be required for a smaller, 5

mgd facility, as well as for a 15 mgd facility. Most of MWDOC's work under this program, similar to what MWDOC is providing for the SJBA Foundational Action Program, is staff support MWDOC would provide to any of its agencies seeking MET funding. This is listed under the CHOICEchoice Program because Richard Bell's time and assistance was specifically requested for several of the tasks involved in the study, which would have been beyond the level of input provided by MWDOC. That extra amount (about \$37,000 of Richard's time between last fiscal year and this coming fiscal year) serves as the basis for the CHOICEchoice Program, paid by the two agencies.

South Coast WD Baseline Environmental Monitoring Work – Requires the staff time of Richard Bell. As South Coast WDater District has initiated work for a 5 mgd facility, they have opted to begin the baseline environmental work that would be necessary for any future facility. Again, they requested assistance from MWDOC to help in this effort by contracting for the work and providing input to South Coast WD in the management of this work (about \$153,000 in consulting work and about \$6,000 of Richard's time). That is why this is listed as a CHOICEchoice option.

Doheny Foundational Actions???

The details on these CHOICE options and charges to the agencies are included in Section 132 and **Exhibit C**.

EXHIBIT A
Readiness-to-serve Charge for MWDOC Client Agencies for FY 2015-16

Expected Standby Revenue Less Met Administrative Charge Plus Delinquencies & Uncollectables FY 2015/16 = \$		19,979,244
Metropolitan Readiness-to-serve (RTS) Charge to MWDOC for FY 2015/16 = \$		(7,039,583)
Net RTS Charge = \$		12,939,661

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Agency	RTS Eligible Purchases					4-Yr Ave	AF Share (%)	Net RTS	2015	2016
	2010-11 [1]	2011-12	2012-13	2013-14					Monthly Charge July - December	Monthly Charge January - June
Brea	3,186	2,812	3,163	3,459		3,155	1.51%	\$ 195,361.75	\$ 16,614	\$ 15,946
Buena Park	5,277	4,998	5,252	4,571		5,025	2.40%	\$ 311,111.04	\$ 26,458	\$ 25,394
East Orange County Water District	3,329	4,108	3,512	4,765		3,928	1.88%	\$ 243,238.21	\$ 20,686	\$ 19,854
El Toro Water District	8,376	9,005	9,420	10,165		9,241	4.42%	\$ 572,209.47	\$ 48,663	\$ 46,705
Fountain Valley	3,574	3,373	3,201	3,081		3,307	1.58%	\$ 204,779.46	\$ 17,415	\$ 16,715
Garden Grove	9,380	8,775	6,893	5,183		7,558	3.62%	\$ 467,962.97	\$ 39,797	\$ 38,197
Golden State Water Company	9,583	9,285	8,793	8,209		8,967	4.29%	\$ 555,228.49	\$ 47,219	\$ 45,319
Huntington Beach	10,680	10,431	9,545	9,342		10,000	4.78%	\$ 619,158.70	\$ 52,656	\$ 50,538
Irvine Ranch Water District	18,551	17,633	23,516	21,127		20,207	9.67%	\$ 1,251,152.98	\$ 106,403	\$ 102,123
La Habra	1,447	1,976	938	42		1,101	0.53%	\$ 68,171.59	\$ 5,798	\$ 5,564
La Palma	868	756	505	663		698	0.33%	\$ 43,217.13	\$ 3,675	\$ 3,528
Laguna Beach County Water District	3,792	3,556	3,637	3,926		3,728	1.78%	\$ 230,814.39	\$ 19,629	\$ 18,840
Mesa Water	4,480	6,169	2,900	0		3,387	1.62%	\$ 209,718.96	\$ 17,835	\$ 17,118
Moulton Niguel Water District	26,858	27,551	28,361	28,869		27,910	13.36%	\$ 1,728,109.52	\$ 146,965	\$ 141,054
Newport Beach	5,882	5,536	4,651	6,045		5,529	2.65%	\$ 342,317.66	\$ 29,112	\$ 27,941
Orange	9,732	9,065	8,583	7,796		8,794	4.21%	\$ 544,493.48	\$ 46,306	\$ 44,443
Orange County Water District	1,855	2	24,360	54,777		20,248	9.69%	\$ 1,253,742.70	\$ 106,623	\$ 102,334
San Clemente	7,346	9,118	9,014	9,654		8,783	4.20%	\$ 543,821.67	\$ 46,249	\$ 44,388
San Juan Capistrano	6,026	3,876	4,731	5,189		4,956	2.37%	\$ 306,834.07	\$ 26,094	\$ 25,045
Santa Margarita Water District	25,458	26,532	27,929	28,779		27,174	13.00%	\$ 1,682,572.02	\$ 143,092	\$ 137,337
Seal Beach	1,295	1,287	1,188	1,164		1,233	0.59%	\$ 76,371.06	\$ 6,495	\$ 6,234
Serrano Water District	0	0	501	4,034		1,134	0.54%	\$ 70,200.95	\$ 5,970	\$ 5,730
South Coast Water District	4,896	5,558	5,625	6,030		5,527	2.64%	\$ 342,230.97	\$ 29,105	\$ 27,934
Trabuco Canyon Water District	2,031	2,187	2,832	3,183		2,558	1.22%	\$ 158,399.87	\$ 13,471	\$ 12,929
Westminster	4,479	4,179	3,980	3,760		4,099	1.96%	\$ 253,807.59	\$ 21,585	\$ 20,717
Yorba Linda Water District	10,429	10,807	10,820	10,881		10,734	5.14%	\$ 664,634.29	\$ 56,523	\$ 54,249
Sum of MWDOC Agencies	188,806	188,574	213,850	244,694		208,981	100.00%	\$ 12,939,661	\$ 1,100,436	\$ 1,056,174

EXHIBIT B
Capacity Charge for MWDOC Member Agencies for CY 2016

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MWDOC's Peak to MWD (cfs)	2012	2013	2014	Peak
	398.6	379.4	443.1	443.1
Date	8/9/12	8/30/13	7/25/14	7/25/14
Metropolitan Capacity Charge to MWDOC for CY 2016	\$	4,829,790		

A few shared connections not yet allocated

Agency	Capacity Charge Eligible Flows (CFS)			CFS Share (%)	Annual Capacity Charge	Monthly Capacity Charge
	2012	2013	2014			
City of Brea	11.3	12.1	12.4	2.07%	\$ 99,937	\$ 8,328
City of Buena Park	8.9	8.7	4.9	1.49%	\$ 71,833	5,986
City of San Juan Capistrano	15.2	18.8	21.1	3.52%	\$ 170,081	14,173
East Orange County Water District	15.6	21.2	18.9	3.54%	\$ 171,181	14,265
El Toro Water District	20.9	18.1	20.2	3.49%	\$ 168,734	14,061
City of Fountain Valley	3.3	3.3	0.0	0.55%	\$ 26,721	2,227
City of Garden Grove	35.1	14.1	14.2	5.86%	\$ 282,896	23,575
City of Huntington Beach	35.4	29.2	31.8	5.92%	\$ 286,023	23,835
Irvine Ranch Water District	45.5	41.6	43.3	7.60%	\$ 367,225	30,602
City of La Habra	8.4	8.5	0.0	1.42%	\$ 68,714	5,726
City of La Palma	2.2	3.4	0.0	0.56%	\$ 27,151	2,263
Laguna Beach County Water District	7.5	7.3	7.5	1.26%	\$ 60,871	5,073
Mesa Consolidated Water District	18.8	0.0	0.0	3.14%	\$ 151,641	12,637
Moulton Niguel Water District	57.1	56.4	57.7	9.64%	\$ 465,460	38,788
City of Newport Beach	11.0	13.4	11.8	2.23%	\$ 107,745	8,979
Orange County Water District	0.6	0.6	101.4	16.94%	\$ 818,360	68,197
City of Orange	20.5	18.0	18.5	3.42%	\$ 165,120	13,760
City of San Clemente	20.0	20.0	20.0	3.34%	\$ 161,393	13,449
Santa Margarita Water District	63.3	60.5	59.6	10.58%	\$ 510,809	42,567
City of Seal Beach	5.8	5.4	5.5	0.96%	\$ 46,597	3,883
Serrano Water District	0.0	0.0	0.0	0.00%	\$ -	-
Golden State Water Company	19.1	14.8	14.1	3.19%	\$ 153,837	12,820
South Coast Water District	10.6	11.4	11.6	1.94%	\$ 93,661	7,805
Trabuco Canyon Water District	5.9	6.3	6.5	1.09%	\$ 52,619	4,385
City of Westminster	5.1	5.2	4.8	0.87%	\$ 41,955	3,496
Yorba Linda Water District	32.1	31.4	15.1	5.37%	\$ 259,228	21,602
Total				100%	\$ 4,829,790	\$ 402,483
MWDOC Capacity Charge Per CFS:					\$	8,070

* Based on MWDOC's aggregate peak flow of 443.1 cfs on 7/25/2014 charge at MET's rate of \$10,900 per cfs 2012 & 2013 peak flows adjusted for MET OC-88 metering error.

MWDOC Member Agency Choice Services Program Summary

Cost Allocations by Agencies for FY 2015-16

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Program Budget		No contributions needed this year								As of 4/2/2015		
		Water Use Efficiency	School Education	Value of Water Communications	Poseldon Ocean Desalination[3]	Doheny 2008 [4]	Doheny 2014 [5]	Doheny Foundational Action [6]	Urban Water Management Plan (\$55,000 each) [7]	Water Loss Control Program (\$15,000 each) [8]	AMP Administration	Total Choice Allocation
Draft Budget (3/6/2015) [1]		\$ 864,576	\$ 312,000	\$ 178,033	\$ -	\$ (31,194)	\$ -	\$ -	\$ 1,650,000	\$ 450,000	\$ 17,098	\$ 3,471,707
Prior Year Adjustment [2]		\$ -	\$ -	\$ (2,216)	\$ (45,162)	\$ (31,194)	\$ (30,000)	\$ (136,983)	\$ -	\$ -	\$ 3,151	\$ (242,404)
Net Project Budget		\$ 864,576	\$ 312,000	\$ 175,817	\$ (45,162)	\$ (31,194)	\$ (30,000)	\$ (136,983)	\$ 1,650,000	\$ 450,000	\$ 20,249	\$ 3,229,303
Retail Agency		Water Use Efficiency	School Education	Value of Water Communications	Poseldon Ocean Desalination[3]	Doheny 2008 [4]	Doheny 2014 [5]	Doheny Foundational Action [6]	Urban Water Management Plan (\$55,000 each) [7]	Water Loss Control Program (\$15,000 each) [8]	AMP Administration	Total Choice Program
Brea		\$ 9,743	\$ 7,000	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 93,743
Buena Park		\$ 8,384	\$ 10,000	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 97,384
East Orange County WD		\$ 2,909	\$ 1,500	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ 615	\$ 80,025
El Toro WD		\$ 16,171	\$ 10,000	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ 938	\$ 104,109
Fountain Valley		\$ 8,500	\$ 5,500	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 92,000
Garden Grove		\$ 12,994	\$ 14,500	\$ 14,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 111,494
Golden State Water Company		\$ 32,347	\$ 10,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 112,847
Huntington Beach		\$ 49,660	\$ 26,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 160,660
Irvine Ranch WD		\$ 149,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ 8,500	\$ 227,558
La Habra		\$ 4,534	\$ 7,500	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 90,034
La Palma		\$ 967	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 74,467
Laguna Beach County WD		\$ 10,122	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 81,622
Mesa Water		\$ 21,168	\$ 8,500	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 109,668
Moulton Niguel WD		\$ 214,533	\$ 31,000	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ 2,754	\$ 331,288
Newport Beach		\$ 20,035	\$ 2,000	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 100,035
Orange		\$ 60,951	\$ 8,500	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ 1,069	\$ 152,521
Orange County WD		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 70,000
San Clemente		\$ 21,559	\$ 3,500	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 103,059
San Juan Capistrano		\$ 14,174	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 89,174
Santa Margarita WD		\$ 127,766	\$ 17,000	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ 5,623	\$ 233,389
Seal Beach		\$ 5,721	\$ 3,000	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 84,721
Serrano WD		\$ 1,586	\$ 2,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 78,586
South Coast WD		\$ 33,187	\$ 5,500	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 115,687
Trabuco Canyon WD		\$ 3,145	\$ 2,500	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ 343	\$ 81,988
Tustin		\$ 9,482	\$ 13,500	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 100,982
Westminster		\$ 8,284	\$ 11,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 89,284
Yorba Linda WD		\$ 12,926	\$ 8,500	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ 187	\$ 100,613
Anaheim		\$ 2,189	\$ 31,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ 219	\$ 103,408
Fullerton		\$ 675	\$ 11,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 81,675
Santa Ana		\$ 1,804	\$ 51,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 15,000	\$ -	\$ 122,804
Orange County Total		\$ 864,576	\$ 312,000	\$ 178,000	\$ -	\$ -	\$ -	\$ -	\$ 1,650,000	\$ 450,000	\$ 20,249	\$ 3,474,825

Note: Totals may not foot due to rounding.

These numbers are draft and subject to change

These numbers are from the MWDOC Draft Budget dated 3/6/2015

The adjustment amounts reflect prior year revenue overage or (shortfall) to be reconciled with participating member agencies

The activity for Poseldon Desal for FY 2015-16 remain uncertain at this time. The funds in the account are from last year and are recommended to remain to assist with efforts that may arise in this coming Fiscal Year

The activity for Doheny 2008 is utilizing existing remaining funds to pay the state lease and the power costs at the pilot plant site

The activity for Doheny 2014 remain uncertain at this time. The funds listed in the account are from last year and are recommended to remain to assist with efforts that may arise in this coming Fiscal Year

The activity for Doheny Foundational Action Program remain uncertain at this time. The funds listed in the account are from last year and are recommended to remain to assist with efforts that may arise in this coming Fiscal Year

Participation in the Urban Water Management Plan is currently estimated at \$55K per agency. The actual cost will vary depending on each agency's plan and the number of participants. MWDOC plans to select the consultant firms in the coming months



ACTION ITEM
May 20, 2015

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contacts: Cathy Harris, Administrative Services Manager
Katie Davanaugh, Executive Assistant/HR Specialist

SUBJECT: DISTRICT BENCHMARK COMPENSATION STUDY AND APROVAL OF MWDOC PAY STRUCTURE

STAFF RECOMMENDATION

Staff recommends the Board of Directors approve the MWDOC Pay Structure as presented;

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

In accordance with District policy, a comprehensive compensation and benefits survey shall be conducted every three years to evaluate market practices and job grading. The last survey was completed in April of 2012. Creative Management Solutions recently completed the District's 2015 benchmark study and the report is attached for review.

The survey results identified that MWDOC's current ranges compared to the average market range maximums were below market by 2.04%. In an effort to maintain internal equity within the pay structure and stay competitive with the labor market, those positions identified below market will require a reclassification to the bottom of the new range.

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

For the 2015/16 MWDOC Budget, a total of 6% is included in the merit pool, with 5% for merit increases and 1% for employee share of the PERS contribution. Approximately \$34,000 for equity adjustments to allow for reclassification of positions to the minimum of the new range is included in the 2015/16 Budget.

There will be no range adjustments to the minimum and maximum of each range at this time.

Based on the Compensation Study, all benefits were reviewed and no changes are recommended.

The proposed changes will be implemented after July 1, 2015.

.



May 4, 2015

Mr. Robert Hunter
General Manager
MWDOC
P.O. Box 20895
Fountain Valley, CA 92728

MWDOC 2015 TOTAL COMPENSATION ASSESSMENT

Dear Mr. Hunter,

Attached is an assessment of the District's Total Compensation Program that was completed by Creative Management Solutions, Inc., an independent compensation consulting firm.

This Report provides the study background and findings, and our recommendations. Please advise us if you should have any questions regarding the findings and recommendations at (714) 281-7300 or barry@creativemgtsolutions.com.

Sincerely,

Barry C. Newton

Barry C. Newton, CCP, SPHR
Creative Management Solutions, Inc. (CMS)

MWDOC TOTAL COMPENSATION ASSESSMENT

TABLE OF CONTENTS:

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Attachment	MWDOC Regular and Intern Pay Structure	

A. STUDY BACKGROUND

The Municipal Water District of Orange County (MWDOC) is a wholesale water supplier and resource planning agency that serves nearly all of Orange County through 28 retail water agencies. MWDOC purchases imported water from the Metropolitan Water District of Southern California and distributes it to client agencies which provide retail water services while promoting supply and system reliability, conservation, and public education.

MWDOC manages a total operating budget of over \$193,698,000, of which approximately \$4,098,000 is dedicated to employee and director compensation and direct and indirect benefits. The FY2014-2015 budget reflects 27 full-time employees, 2 WEROC employees, 1.22 part-time positions, and 2.54 interns. Financing for District expenses is drawn from water sales, capacity charges, interest income, and grant revenues.

The last total compensation analysis of District positions was completed in FY2011-2012 and changes were subsequently adopted by the MWDOC Board. During the past three years, there have been changes in the organization structure, staffing, and modifications of the job content of District positions. In addition, market conditions have been improving through the economic recovery. In accordance with Board Policy, an independent total compensation study of the District's positions has been conducted to address the following policy questions:

- Are the jobs **properly classified given organization design and staffing changes** and are **any changes needed in the career paths**?
- Are the District's **compensation rates externally competitive and internally equitable**?
- Are the District's **benefit practices** aligned with the market with respect to program practices and **plan contributions from employers and employees**?



The General Manager approved the services of Creative Management Solutions, Inc. (CMS), an independent compensation consulting firm, and known hereafter as “CMS” or the “Consultant” in this Report. CMS has conducted organizational analyses and compensation studies for over 150 client organizations for public, not-for-profit, and private sector organizations since 1989. Mr. Newton serves as the administrator of CalPACS, the California Public Agencies Compensation Survey, which represents a compensation and benefits database for local governments, including water and sanitation districts, planning agencies, and cities and counties within Southern California.

B. STUDY METHODOLOGY

I. Overview

CMS used a number of widely accepted organizational planning and data analysis methods to design the study elements and to achieve greater validity and acceptability of the study findings and results. The Consultant reviewed the study goals with the General Manager and Administrative Services Manager and Human Resources Department to identify changes in the organization structure, levels of staffing, modifications of position responsibilities, and labor market recruiting and retention practices.

As part of MWDOC staff’s classification review, employees were asked to complete a review of their job descriptions to ensure that the information was complete and accurate. Comments were solicited to clarify how the jobs may have changed given departmental needs, legislative and program changes, and turnover.

Four positions were studied for conformance with the Fair Labor Standards Act and the California Industrial Welfare Commission Guidelines to establish their proper exemption status for overtime compensation:

- Network Administrator
- Financial Analyst
- Public Affairs Coordinator
- Water Resources Analyst (first level)

As part of the study, the Consultant has reviewed the job titling methodology by job series to determine if more accurate or descriptive designations could be used to convey job levels.

The Consultant considered the adequacy of the District’s career paths by job family and bridge classification and the extent to which the job definitions are responsive to changes in the applicant pool for District positions. MWDOC’s current organization chart has been considered in the evaluation of practices of the survey organizations and benchmark jobs.

II. Job Evaluation Comparisons



The Consultant has established benchmarking comparison factors to achieve greater consistency in the District's evaluation of its job classifications:

SUMMARY OF BENCHMARK JOB COMPARISON FACTORS

1. **Impact of Job In Relation To Organizational Success:** encompasses the nature and importance of the work performed by the job in relation to the mission of the District and its departments, and the initiatives of the General Manager and Board of Directors.
2. **Scope of Responsibility:** considers the impact and diversity of job functions, programs, contracts, and services that are performed directly, or through the work of other employees. Also considers the budgetary accountabilities of the job.
3. **Decision-Making Authority:** assesses the ability of the position to make decisions that have major policy, program, and departmental impacts upon member agencies and the MET. This factor considers the independence of action and the significance of decisions, including potential financial, political and human impact of errors in judgment.
4. **Nature and Extent of Interpersonal Communications:** analyzes the purpose, frequency and level of interpersonal interactions that are required, both internally and externally. This factor considers the purpose and nature of interpersonal relationships, and how they are initiated, the types of coaching, counseling or guidance that is provided or received, and how relationships are developed and maintained, and how the job must influence other persons to take action. Examples of job-related communications include interfaces with the Board, committees, member agencies, MET and advisory representatives, staff, consultants, contractors, vendors, auditors, governmental officials and the general public.
5. **Breadth and Depth of Knowledge and Skills:** evaluates the breadth and depth of required education, experience, training and licensure or certification that may be required to perform the essential job functions. Particular jobs will require specialized expertise or competencies that are highly valued internally, or in the marketplace.
6. **Level of Supervision Exercised and Received:** considers the number of employees supervised, the nature of supervision provided, and the classification level of jobs that are supervised. Also assesses technical direction that may be provided to other departmental representatives or staff when these persons are not directly supervised by this job. Further considers the type of direction received from the General Manager and Board and committee representatives.



III. Job Classifications and Benchmarking

MWDOC's current classification structure is organized into general and limited term classifications which have been evaluated in conjunction with the study. In accordance with compensation surveying practices, benchmark jobs were selected for market surveying practices. *Benchmark* jobs can be commonly compared given the similarity of job functions and qualifications guidelines with other industry jobs.

The term ***benchmark job*** is used since not all job classifications can be accurately compared with industry jobs given differences in the job responsibilities, organizational structure and reporting relationships, and qualifications guidelines. Non-benchmark jobs are compared internally with the benchmark jobs using the job descriptions and job evaluation factors to determine appropriate pay grades. The following is a master list of the District's current classifications that were benchmarked (excluding the General Manager), and includes some position classifications that are not filled or authorized for the FY2015-2016 budget.

Accountant
Accounting Manager
Accounting Technician
Administrative Assistant
Administrative Services Manager
Assistant General Manager
Assoc. Water Resources Analyst
Director of Finance/IS
Director of Public Affairs
Exec. Assist/HR Specialist
Financial Analyst/Database Analyst
Governmental Affairs Manager
Intern
Network Administrator
Office Assistant
Principal Engineer
Principal Water Resources Analyst
Principal Water Resources Planner
Public Affairs Coordinator
Public Affairs Manager
Public Affairs Specialist
Records Coordinator
Sr. Accountant
Sr. Admin. Assist.
Sr. Admin. Assist. / Public Affairs Assist
Sr. Engineer
Sr. Exec. Assist to the Board



Sr. Exec. Assist. to the GM
Water Resources Analyst
WEROC Programs Coordinator
WEROC Programs Manager
WUE Analyst
WUE Program Coordinator
WUE Program Manager
WUE Program Specialist
WUE Program Supervisor

IV. Labor Market Definition

Benchmark survey agencies are selected as part of the market compensation analysis to make comparisons with similar types of organizations that provide employment opportunities for current and prospective employees. Multiple survey resources are used to improve the validity of the survey findings and to increase possible job matches. Direct labor market survey organizations were selected using these criteria:

Geographic proximity (Orange County and other agencies in L.A. and Riverside Counties within recruiting/commuting radius of MWD OC based on its workforce)
Industry (Water districts, planning agencies, special districts, and cities)
Organizational Size (accounting for budget or number of employees)
Benchmark classification (including job content and qualifications)

The District's direct labor market of public sector survey organizations for use in setting pay structures for FY15-16 are summarized below:

Central Basin Municipal Water District	MET
City of Brea	Moulton Niguel Water District
City of Fountain Valley	Orange County Sanitation District
City of San Clemente	Orange County Water District
City of Tustin	San Diego County Water Authority
Eastern Municipal Water District	Santa Margarita Water District
El Toro Water District	South Coast Water District
Inland Empire Utilities Agency	Three Valleys Municipal Water District
Irvine Ranch Water District	Walnut Valley Water District
Laguna Beach County Water District	West Basin Water District
Las Virgenes Municipal Water District	Western Municipal Water District
Mesa Water	Yorba Linda Water District



The City of Anaheim, City of Los Angeles and Orange County Fire Authority and County of Orange have been included to collect supplementary data for specialized WEROC classifications.

In conjunction with the public labor market analysis, the Consultant used four major published and recognized industry surveys for additional comparisons of pay and benefit practices of public and private sector employers:

• California Center For Not-For-Profit Management (CNPM)
• California Public Agencies Compensation Survey (CalPACS)
• Economic Research Institute Survey (ERI)
• Employers Group (EG)

The **California Center For Non-Profit Management (CNPM) Compensation and Benefits Survey** reports data for 300 Southern California organizations and includes over 160 benchmark jobs by organizational budget and employment size, and given comparisons of wages, salaries, and benefit programs.

The **California Public Agencies Compensation Survey (CalPACS)** reports data for Southern California organizations and includes over 125 benchmark jobs by organizational budget and employment size, and given comparisons of wages, salaries, and benefit programs.

The **Economic Research Institute (ERI) Salary Assessor Survey** reports competitive wage, salary, and incentive pay survey data by benchmark job, city, level of experience, industry, and organizational size throughout California and North America. The data is updated on a quarterly basis. The Economic Research Institute survey database includes over 5,800 benchmark jobs and the companion Geographic Assessor provides prevailing rate comparisons for 8,300 North American locations and 12 million employers and is normalized to Fountain Valley, California prevailing rates.

The **Employers Group** represents one of the largest California-based compensation and benefits survey databases for private and not-for-profit sector benchmark job comparisons. The Employers Group conducts 14 published compensation and benefit surveys for about 1,000 benchmark job classifications.

The Consultant has considered MWDOC's actual recruiting and top candidate data to understand employee and candidate profile and valued total compensation elements in relation to market practices.

As part of this assessment, it has become more apparent that the District's labor market should consist of both public and private comparisons. The reasoning here is that a number of the District's classifications exist in both the public and private sector and the candidate pools are increasingly reflecting candidates from both sectors, as well as recent college graduates specializing in public administration and business administration programs, and related marketing and policy development curriculums.



The labor market analysis is based upon total compensation comparisons. When base pay and lump sum or incentive payments are combined for survey comparisons, this is known as comparing total cash compensation. When health and welfare benefit comparisons and other forms of indirect compensation are added to employee compensation, this is known as total compensation for comparison purposes.

The Consultant modified the market data in some cases to improve the validity of the survey comparisons, to account for differences in the responsibilities and experience requirements, as compared with the District's jobs. When the job functions and qualifications of each benchmark job was compared, it was possible for the District's jobs to be comparable to, lesser than, greater than, or not comparable to the District's jobs.

Given accepted compensation standards used by professional consultants and federal audit agencies, the survey findings section is based upon an averaging of the published data and direct comparator organizations within the surrounding area.

V. Elements of Total Compensation Compared

The elements of total compensation that were compared are summarized below:

Elements of Total Compensation	Programs and Practices
A. Salaries	Base Salary Rates and Pay Ranges, if provided
B. Proposed Merit Increases	Planned Merit Increases and Pay Structure Adjustments for FY2015-16, if any
C. Short-Term Incentive Payments	Planned Lump Sum or Incentive Compensation Payments for FY2015-16, if any
D. Sum of A+B+C = Cash Compensation	
E. Benefits Practices	Health and Welfare, Paid Time Off, Long-Term Contributions, and Perquisites
Total Compensation (A+ D+E)	

The **benefits practices** can be further delineated by program element. MWDOC's practices are generally competitive with the market for general and management employees.

Health and Welfare	Paid Time Off and Categories	Long-Term Contributions	Perquisites and Allowances
Health Insurance	Vacation	Retirement (PERS)	Auto Allowance or Mileage Reimbursement
Dental Insurance	Holidays	Deferred Compensation	Educational Reimbursement
Vision Insurance	Sick Leave	Retiree Health Insurance	
Life Insurance and Long-Term Disability Insurance	Administrative Leave (Mgmt)		

C. EXECUTIVE SUMMARY OF RECOMMENDATIONS

The following is a summary of the key report recommendations, based on the benchmark findings and evaluation of the current organizational structure. The General Manager will implement the following changes effective, July 1, 2015:

- A. **Reclassifications/Title Changes/Classification Additions:** Reclassify positions to new ranges as follows:

2014 Grade	2015 Grade	Exempt Non-Exempt	Title
R2	R3		Office Specialist
R4	R5		Admin Assist
	R6		Sr. Admin. Assist. /Public Affairs Assist
R5	R7		WEROC Programs Coordinator
R5	R7		Records Coordinator
R7	R8		Public Affairs Coordinator
R7	R9		WUE Analyst
	R9		Exec. Assist/HR Specialist <u>Executive Assistant</u>
R7	R9		<u>Associate</u> Water Resources Analyst
R8	R10		WUE Program Coordinator
	R10		Sr. Exec. Assist. to the GM <u>Sr. Executive Assistant</u>
	R11		Water Resources Analyst



	R12	NE <u>E</u>	Financial Analyst/Database Analyst
	R12		Network <u>Systems Administrator</u> <u>Engineer</u>
R10	R12		WUE Program Specialist
R12	R13		Public Affairs Manager
	R13	NE <u>E</u>	Assoc. <u>Sr.</u> Water Resources Analyst
R13	R14		WUE Program Supervisor
R13	R14		WEROC Programs Manager
	<u>R14</u>	<u>E</u>	<u>Sr. Financial Analyst/Database Analyst</u>
R14	R15		Accounting Manager
R14	R15		Governmental Affairs Manager
R15	R16		Principal Water Resources Analyst
R15	R16		Administrative Services Manager
R16	R18		Director of Public Affairs
	R18	E	Director of Water Use Efficiency
	<u>R19</u>	<u>E</u>	<u>Associate General Manager</u>

1. Merit Pool and Equity Adjustments for FY2015-16:

- A. In an effort to properly recognize internal job value and prevailing market rates and to reconcile market lag for classifications based on the recent benchmark study, a total of 6%, will be included in the 2015/16 merit pool, with 5% for merit increases and 1% for employee share of PERS contribution.
- B. Approximately \$34,000 is included in the 2015/16 Budget for equity adjustments and reclassification of positions to the minimum of the new range.

D. COMPENSATION AND BENEFITS FINDINGS

I. Projected Salary Increases and Market Positioning

The following market survey data reflects current FY14-15 and FY15-16 projections:



	2014/15 (current FY)		2015/16 (next FY)		
Agency	COLA %	Merit %	COLA %	Merit %	Additional Comments
Central Basin MWD	0%	5%	0%	4%	Per CBMWD policy, no COLAs offered.
City of Brea	1%	Unknown	TBD	TBD	
City of Fountain Valley					
City of San Clemente	2.78%		2.78%		
City of Tustin	0%	5%	TBD	5%	Employees eligible for 5% merit increase every 12 months until reaching the top of the range. Contracts expire 06.30.15 - increases TBD.
County of Orange					
Eastern Municipal Water District	2.30%	up to 5%*	2.50%	up to 5%*	
El Toro Water District	0.80%	3%	1.30%	3%	Agency has one annual "pool" that consists of both the COLA and merit component. For 2015/2016 that pool is 4.3% and is for General Staff as well as Management Staff.
Inland Empire Utilities Association	3%		3%		
Irvine Ranch Water District	2%	2%	2%	2%	In addition to 2.5% Merit and COLA increases, the GM also approved (in contract) 2014-15 bonus of \$7500 and 2015-16 bonus of \$7500 for each qualified employee.
Laguna Beach County Water District	1%	1.5% TO 2.5%	1%	1.5% TO 2.5%	In addition to 2.5% Merit and Cola increase, GM also approved FY14-15 Bonus of \$7,500 and FY15-16 bonus of \$7,500.
Las Virgenes Municipal Water District					
Mesa Water District	3%		3%		
Orange County Sanitation District					



Orange County Water District	2%		2%		
San Diego County Water Authority	2.40%				2015/2016 - Currently in negotiations for next contract. Current contract expires 6/30/2015.
Santa Margarita Water District	2%	2.5% -5.0%	Per CPI-U. Not less than 2% and not more than 3%	2.5% - 5.0%	
South Coast Water District	2%	Undetermined	Based on CPI	Undetermined	FY14/15 TBD by 6/30/15.
Three Valleys MWD	1.13%	5%	1.31%	5%	
Walnut Valley Water District	2%	See Comments	2%	See Comments	All Merit increases depend on employee performance.
West Basin Municipal Water District					
Yorba Linda Water District	3%		3%		
Market Median Range	1.0 to 3.0%	1.5 to 5.0%	1.0 to 3.0%	1.50 to 5.0%	

Recap: The median market practices show that merit and COLA adjustments have both been in effect or planned for FY14-15 and FY15-16 and the rates are similar. The combined Median Merit and COLA budgets range from 2.5% to 7.5%. Employers use the CPI as well as other survey data to determine the amount of pay structure adjustments as well as merit pools.

Market Survey Results

Based on the benchmark survey data results, MWDOC's current classifications were below market by 2.04%. Those positions that are below market will require a reclassification to the minimum of the new range. In an effort to maintain internal equity within the pay structure and stay competitive with the labor market, positions will be reclassified accordingly. The pay structure ranges will not be adjusted.

II. Pay Structure Design and Merit Increase Plan

Labor market survey organizations are increasingly using a table of merit increases based on overall performance appraisal score, consideration of pay range position of employee and lump sum payments for employees paid at higher rates within the salary range. These options should be reviewed in relation to the performance appraisal program using an accepted tabling option that considers goal attainment and factor



attainment, as linked to General Manager and Board initiatives and individual development goals.

Commentary:

During the past three years, there have been changes to minimum wage standards for the State of California. The minimum wage was raised to \$9.00 per hour effective July 1, 2014 and will be raised again to \$10.00 per hour effective January 1, 2016.

The District's current pay structure rates are in compliance with present California law and already exceed the minimum rates that will be in effect as of January 1, 2016 mid-way through MWDOC's 2015-2016 Fiscal Year.

Proposed Changes:

There are currently three levels of Student Intern. It is recommended that a single Intern Classification and pay grade be established with an adequate salary range that complies with minimum wage standards, and differences in education levels. This also conforms with the most popular market compensation practices which is to have a single classification level.

The Consultant has proposed a new hourly pay structure for Interns:

Classification	Range Minimum	Range Maximum
Student Intern	\$13.23	\$19.78

Current Regular Pay Structure and Effects of Job Changes

The current pay structure was designed with 21 ranges. The plan was for sufficient grades to be established to include non-exempt and exempt jobs with a constant range progression of 7.5% beginning at Grade 2. The spreads are tapered beginning at 40% and rising to 60% at the top ranges in accordance with all industry norms recognized by the World at Work (American Compensation Association) based on the size of organization and number of job classifications. The pay regression line has been used to compare the current line of range maximum rates for 2015 to determine if additional changes are needed.

III. Premium, Bonus, and Incentive Compensation Plans

MWDOC's Practices: MWDOC does not have a formal bonus or incentive compensation plan based on the attainment of target goals and objectives. The adoption of a formula-based program would often be accompanied by established project plans and goals that were linked to the strategic plan. The Employee Excellence Award Program in which an employee can receive individual gift recognition up to \$200 and the General Manager may grant a special award up to \$1,000.



Market Practices: For employers with variable merit increase plans in the marketplace, it is more common to use a merit pay and equity increase matrix table in which differences in the overall performance rating and range position of the employee are used to determine eligibility for increases. In cases where current employee pay rates are close to range maximum rates, lump sum bonus payments tied to goal attainment is a method used to recognize employee contributions.

Bonus incentive applications tend to be limited in practice with limited dollar payouts of 5% or less. Professional certification pay related to licenses is commonly limited to professional engineering classifications with water planning resources organizations or these credentials are incorporated within the base salary range practices.

Employee recognition programs have become increasingly popular. However, the forms of recognition are modest in scope and cost. For these programs, labor market industry employers tend to host award luncheons and dinners, provide gift cards, and offer public recognition. Cash limits typically do not exceed \$300 per employee on an annualized basis.

MARKET BENEFITS PRACTICES

A. Health and Welfare Contributions

Within industry, these forms of insurance benefits are typically provided to regular full-time employees in both General and Management classifications. Within industry, part-time employees may not be eligible to receive these types of benefits at all. In December of 2014, MWDOC negotiated changes in the Long-Term Disability Insurance, Life Insurance, and Employee Assistance Plans that produced significant premium cost savings as shown below:

Type of Plan	2014 Annual Premium Rate	2015 Premium Rate	Cost Savings
Long Term Disability	\$13,821	\$10,431	\$3,390
Life	\$13,248	\$8,640	\$4,608
Employee Assistance Plan	\$850	\$353	\$497
Total Cost Savings			\$8,495

1. Health Insurance and Cafeteria Plan Contributions

MWDOC's Practices: For General and Management employees, MWDOC offers HMO/PPO/Kaiser plan options. MWDOC pays 100% of the employee only coverage of the least expensive plan and 80% of dependent and family coverage insurance benefits. Employees may opt for higher level coverage for employee only coverage by paying 10% of the difference between the least expensive plan and the other plans.



Market Practices: All of the core survey organizations sponsor health insurance coverage with one or more options. About two-thirds of employers in the core labor market provide three or more plan types such as HMO, PPO, POS and/or indemnity plans. About one-third of the remaining survey organizations offer a cafeteria plan for general and management employees, and provide a fixed employer contribution, regardless of the number of dependents covered. Employees are increasingly being expected to cover a greater share of the cost of plan coverage. Employers tend to charge higher premium rates for employees who elect the most expensive plans. Many employers are now beginning to require that employees contribute a co-payment of 10% or more of the Employee Only premium cost. An equal or higher share, such as 20% of the spousal and dependent care cost, is being adopted by employers in the plan design. Alternatively, if an employer cafeteria plan is provided, the contribution amounts often equate to about \$1,400 for health, dental, and vision insurance. The use of incentive payments for the employee's waiver of health insurance benefits is declining in usage and employer dollar amounts provided as part of employer cost containment strategies.

Conclusions/Recommendations: MWDOC employees are required to contribute 20% toward the cost of employee plus one and family plans. The current policy of having employees contribute 20% of employee plus one and family health coverage should be retained. For employee only coverage, the employee is paying 10% of the difference between the least expensive plan and the other plans.

2. Dental Insurance

MWDOC's Practices: MWDOC currently pays for 90% of the total cost for employees and dependents for General and Management employees.

Market Practices: Over three quarters of the survey organizations sponsor and provide group dental insurance coverage for their General and Management employees. The water districts and public agencies are increasingly having employees contribute toward employee and couple and dependent coverage costs for dental coverage. Direct percentage comparisons are difficult since employers may limit total premium contributions to a specific monthly dollar value. However, the overall long-term trend is to provide a lesser percentage of employer contributions to couple and dependent coverage than employee only coverage.

Conclusions/Recommendations: Based on current market practices, no changes are recommended in the District's current practices with respect to employee contributions to employee only, employee plus one, or family coverage.

3. Vision Insurance

MWDOC's Practices: MWDOC currently pays for 100% of the employee vision care costs for employee and dependents.



Market Practices: Over three quarters of the survey organizations sponsor group vision as well as group dental insurance benefits through their HMO/PPO group carrier or cafeteria coverage. MWDOC provides the same benefits to these General and Management employees as with other employees of the organization. The survey data shows that MWDOC's contribution rates are in line with market practices. Most employers do not require employee contributions to vision insurance coverage given that coverage is often quoted in conjunction with dental plan coverage and the relative monthly premium costs are low.

Conclusions/Recommendations: Based on current market practices, no changes are recommended in the District's current practices with respect to employee contributions to employee only, couple, or family coverage.

4. Life and Accidental Death & Dismemberment (AD &D) Insurance

MWDOC's Practices: MWDOC presently offers 100% employer paid life and accidental death/dismemberment insurance policy for its General and Management employees as a factor of two times annual salary up to a maximum employer paid policy value of \$250,000.

Market Practices: A majority of the survey organizations are providing coverage of at least \$50,000 of group life insurance coverage. It should be noted that employees are subject to ordinary income tax on paid premium value in excess of \$50,000, as adjusted for the age of the employee, and subject to employee ordinary income taxes, based on IRS regulations. The market policy value is highly variable but is typically equal to one to two times annual salary with a cap equal to \$200,000 to \$300,000.

Conclusions/Recommendations: The life insurance policy values and contributions on behalf of the employer are consistent and competitive with market practices. No changes are recommended.

5. Long-Term Disability Insurance

MWDOC's Practices: The employer provides and pays for the cost of Long-Term Disability (LTD) insurance plan for General and Management employees. Plan eligibility begins on the first of the month following 30 days of employment and the plan value is up to a maximum benefit value of \$7,500 per month. For plan integration, employees are eligible for short-term disability benefits following 60 days of employment.

Under California law, employees pay for the cost of State Disability Insurance for non-work related accidents, injuries, and disabling conditions. Work-related injuries and illnesses are covered by the employer's Workers' Compensation policies.

Market Practices: The core labor market survey results have shown that over three quarters of the core survey organizations sponsor and pay for the full premium cost of long-term disability insurance benefits.



Conclusions/Recommendations: No changes are recommended in the current plan benefits.

Paid Time Off

1. Employer Paid Vacation Leave

MWD OC's Practices: The MWD OC presently provides employer-paid vacation, sick leave, and holiday leave benefits for its General and Management employees. Management level employees may receive up to five days of administrative leave per year at the discretion of the General Manager. MWD OC's full-time General and Management employees currently accrue vacation paid-time off benefits at the following maximum annual rates:

Years of Service with MWD OC (No Combined PTO Plan)	MWD OC Annual Hours Accrued	Market Practices: Accrued Hours
Beginning with first year	80 hours	80 hours
Beginning with fourth year	120 hours	120 hours
Beginning with eleventh year	136 hours	120 to 144 hours
Beginning with fifteenth year	160 hours	160 hours
Beginning with twentieth year	168 hours	Unchanged

MWD OC's maximum carry-over rate of vacation pay is two times the annual accrual rate and linked to the number of years of service.

Market Practices: In the marketplace, the level of employee paid leave time is typically graduated by years of service with the employer. There are typically four to five break points in the benefits accrual schedule (after one year, after four years, after eight years, after 15 years, and after 20 years of service). Two weeks of paid vacation are often provided after the first year of service, three weeks are often provided by the time the employee attains five years of service, and four weeks are often provided by the 20th year of employee service. The average maximum vacation carryover varies from 240 to 260 hours in the marketplace.

Some employers combine vacation and sick leave into a single comprehensive leave bank of hours of that can be used for paid time off.

Conclusions/Recommendations: MWD OC's practices are competitive when compared with the market. No change is recommended in the existing vacation plan.

2. Employer Paid Holidays

MWD OC's Practices: MWD OC provides the equivalent of 11 paid holidays for its General and Management employees as part of its paid time off practices. Employees



have one floating holiday. Here are the current standard and floating paid holidays when comparing MWD OC and labor market practices:

MWD OC Practices- Current Standard Holidays	Dates of Current MWD OC Holidays	Market Practices- Standard or Variable Practices
New Year's Day	January 1	Standard Holiday
President's Day	3 rd Monday in February	Standard Holiday
Memorial Day	Last Monday in May	Standard Holiday
Independence Day	July 4	Standard Holiday
Labor Day	1 st Monday in September	Standard Holiday
Veteran's Day	November 11	Variable Recognition
Thanksgiving Day	4 th Thursday in November	Standard Holiday
Day After Thanksgiving	4 th Friday in November	Standard Holiday
Christmas Eve	December 24	Variable Recognition- Day Before or After
Christmas Day	December 25	Standard Holiday
One floating holiday to be designated by employee each year		Variable Recognition/Day Off

Market Practices: The modal number of holidays in the survey was 11 days. There are typically two floating holidays in the total count. The holidays are frequently administered separately from vacation and sick leave within a paid time off plan. New Year's Eve is often considered as part of the paid holidays. Martin Luther King Day and Veteran's Day are typically variable in being recognized.

Conclusions/Recommendations: The MWD OC holiday policy was just updated in December of 2014. No additional changes are recommended at this time.

Employer Paid Sick Leave

MWD OC's Practices: MWD OC employees earn 96 hours per year with the option to donate up to 16 hours toward another employee as part of a catastrophic sick leave bank. A sliding scale is used to pay employees for accumulated and unused sick leave above 488 hours per year. Employees can receive 0% to 50% of accumulated sick leave above 488 hours dependent upon the number of hours of sick leave used in the year.

Market Practices: The median sick leave accrual rate in the core labor market survey was 12 days (96 hours) per year with the option to contribute toward a catastrophic sick leave bank. Paid sick leave is typically paid at a conversion rate of 50% of accrued annual sick leave or a lesser rate. However, employers may opt to carry the sick leave time to a specific maximum accrual value and then pay employees for the hours over



that rate. The longer term trends have been toward reducing the percentage of payment to employees for accrued and unused sick leave.

Conclusions/Recommendations: The District's current plan provides for the advantage of accruing a larger bank of hours that can be accessed under catastrophic conditions or for other major health needs. No changes are recommended in the existing paid sick leave practices.

3. Employer Paid Administrative Leave

MWDOC's Practices: MWDOC provides five days of paid administrative leave for management employees at the General Manager's discretion.

Market Practices: Management employees in the core labor market typically earn three to five days of administrative leave whereas General employees do not typically receive paid administrative leave.

Conclusions: No changes are recommended in existing administrative leave practices.

C. Long-Term Employer Contributions

1. Retirement Plans

MWDOC's Practices: MWDOC is a member of the CalPERS plan and provides retirement benefits based upon with the Miscellaneous plan formula of 2.0% per year of service with full retirement at age 55. Currently, the District pays 4.0% of the employee's (member) share of the PERS cost and the employee contributes 3% of the member share of the cost. MWDOC pays the full share of the employer's cost.

For FY2015-16, the District will pay 3.0% of cost of the employee's share and the full 10.514% share of the agency cost. The employee will contribute 4.0% to the employee's share of the employee's cost.

MWDOC is a participant in a designated CalPERS pool that provides for a pre-retirement death benefit, 1959 survivor benefit level four credit, sick leave credit, 2.0% COLA adjustment feature, and EPMC (employee's share of retirement earnings). The CalPERS credits provided by MWDOC are common and in line with market practices. MWDOC does not have an enhanced age formula such as 2.5% at age 55 that would result in higher plan benefit costs.

The following is a history of the changes in employee and employer cost sharing beginning in FY2009-10:



MWDOC Fiscal Year	Employer (ER) Cost	Employee (EE) Cost Paid By District	Employee (EE) Cost Paid By Employee	Total PERS Obligation
2009/2010	9.5770%	7.0000%	0.0000%	16.577%
2010/2011	8.9840%	7.0000%	0.0000%	15.984%
2011/2012	10.0590%	7.0000%	0.0000%	17.059%
2012/2013	10.2380%	6.0000%	1.0000%	16.238%
2013/2014	10.7810%	5.0000%	2.0000%	15.781%
2014/2015	11.5220%	4.0000%	3.0000%	15.522%
2015/2016	10.5140%	3.0000%	4.0000%	13.514%

The average employer contribution to the member share of the current CalPERS cost is 2.4% for FY15-16. Therefore, the District's planned contribution of 3.0% plan of the member cost is competitive with that practice. The actual dollar cost per employee may be actuarially determined and it can vary by employment tier so these comparisons can be more complex.

Market Practices:

Public sector organizations, such as water districts and cities, typically provide membership in the California Public Employees Retirement System (CalPERS). Employees who participate in CalPERS have been assuming responsibility for paying for a portion of CalPERS retirement cost over the past several years. Some organizations have continued to pay for the full amount of the employee's share of the cost. However, the survey data shows that two-thirds of employers have already instituted or are planning to adopt policies which require employee contributions. There are significant variations by employer based on the number of employment tiers, and whether enhanced plan options are available to employees with higher accrual rates by years of service.

Conclusions/Recommendations:

MWDOC members should continue to be expected to provide a level of contribution to the member share of the plan benefits. The level of contribution should be lower than that of an employer with an enhanced formula. This is the case with MWDOC's current practices when overall comparisons are made. The Consultant does not favor a second tier retirement plan since employees whose hire dates vary yet have the same full-time status would provide different levels of plan contributions and the District would be required to administer a second separate plan.

2. Deferred Compensation Plans



MWDOC's Practices: All employees are eligible to participate in the 457(b) plan on an elective basis subject to annual contribution limits, notwithstanding the IRS catch-up provisions for qualified employees who are 50 years of age and older. Eligibility for plan participation begins the first day of employment.

Market Practices: Public agencies can sponsor 457 (b), (f), and (k) plans to provide opportunities for employees to set aside additional savings. In recent years, many public sector employers have been suspending or limiting employer matching contributions. These qualified 457 plans are subject to an IRS salary discrimination test so that the top 5% of compensated employees do not receive excessive benefits. The market data shows that over two-thirds of the employers are not making matching contributions to the employee's contributions to deferred compensation plans.

Conclusions/Recommendations: It is important to sponsor a qualified savings plan for employees that can reduce tax liability for the employer and employees. Employer contributions should be based on competitive market practices and economic conditions. At this time, the Consultant does not recommend that MWDOC make employer matching contributions to deferred compensation plans.

3. Retiree Medical Insurance Plan

MWDOC's Practices: Employees hired on or after July 1, 2012 are not eligible to receive District-paid retiree medical and elective health and welfare benefits. For eligible employees, the plan requires 10 or more years of service and a minimum age of 55. The District pays 100% of medical coverage for lowest cost plan for retirees, or 80% of medical coverage for retiree and spouse until retired employees are eligible for Medicare. Other requirements and restrictions apply.

Market Practices: The core labor market survey results and CalPACS survey data have shown high variability in employer practices with respect to the administration of retiree health plans for retirees. Increasingly, water districts and cities have adopted a more conservative policy position for newer employees, either providing the CalPERS statutory minimum values or not contributing to a plan. Retiree medical insurance benefits typically expire when employees reach age 65 and qualify for Medicare coverage. Similar to MWDOC's practices, a minimum agency service period of at least five years is commonly established. Some organizations do not establish age limits although Medicare coverage is required after age 65.

For employers who support retiree medical plans, the contributions vary greatly from over \$100 per month up to the same value as active employee health insurance coverage. Many employers are beginning to limit the dollar value of contributions to employee only, couple, and dependent care coverage, and have also considered the adoption of higher employee contributions for employees hired more recently.

Conclusions/Recommendations: No changes are recommended to the existing policy.

D. Perquisites and Reimbursements

1. Auto Allowance, Vehicle Provided, Mileage Reimbursement

MWDOC's Practices: A monthly auto allowance of \$500 is provided to seven professional and management positions listed below, as well as the General Manager, who receives a monthly allowance of \$750 per month:

- Assistant General Manager
- Director of Public Affairs
- Principal Water Resources Planner
- WEROC Program Manager
- Governmental Affairs Manager
- WUE Program Manager
- Principal Engineer

New requests for the automobile allowance are made through the annual budget process and during the year subject to the approval of the Administration and Finance Committee of the Board and the General Manager provides an annual report to the Administration and Finance Committee listing eligible positions. Employees are not eligible simultaneously for auto allowances and mileage reimbursement.

Market Practices: Most of the survey organizations limit the auto allowance to management positions. An allowance of \$600 per month to \$800 per month would be common for the General Manager. Designated department management positions tend to receive an allowance of \$400 to \$500 per month. As a perquisite, employers often consider whether the a) allowance value is tied to pay grade as part of the job responsibilities and b) the expectation is that the employee frequently uses a personal vehicle for travel to conduct District business.

Management level positions that require frequent travel to Board and committee meetings for District business are typically those that qualify for the allowance. In some cases, the mileage reimbursement is viewed as a management perquisite rather than being tied to actual business usage. However, it is uncommon for professional employees in lower classifications to receive an allowance with the exception of sales personnel.

Conclusions/Recommendations: The Consultant maintains that the monthly value of the allowance is reasonable. However, the job responsibilities should require frequent business travel (average threshold of 300 business miles per month) and these jobs should be assigned to management level pay grades. A detailed assessment of actual vehicle for those positions receiving the allowance was provided in 2012 to determine which positions should qualify for this dispensation. Any of these positions not driving an average threshold of 300 business miles per month using personal vehicles for District business should be reimbursed at the latest IRS approved reimbursement rate for 2015 of 57.5 cents per mile. No changes are recommended to the existing policy.



2. Educational Reimbursement

MWDOC's Practices: The MWDOC provides an Education Reimbursement Program for all regular full-time employees for work-related study approved by the supervisor, General Manager, and Human Resources and requiring one year of District service. An employee whose service is terminated within 12 months of course completion is required to reimburse the District for 100% of the reimbursement received. An employee who terminates employment within 13 to 24 months of completion of coursework and payment is expected to reimburse the District for 50% of the expenses. The FY14-15 program budget is \$6,000. Requests for reimbursement may be denied given the absence of available budgetary resources. Eligible expenses are tuition, books, registration fees, lab and materials fees, and parking.

The annual limit each year for educational expenses has been based upon the Cal State University Fullerton adopted program fee schedule for undergraduate and graduate programs given the program in which the employee is enrolled. Coursework should be completed with proof of an equivalent of a B average or higher for completed coursework. The remaining provisions of the District's new Education Reimbursement Policy were adopted in July, 2012 and apply to all employees who are not currently enrolled in an approved degree or certificate program under the District's current policies. Employees must submit an Education Reimbursement Approval Form prior to or within 30 days of enrollment in the course.

Market Practices: Most of the core labor market survey organizations reported having a formal educational reimbursement plan. The IRS establishes an annual limit of \$5,250 for TY2014 based on qualified job-related plan expenses. Public sector employers typically include tuition, educational fees and books as part of reimbursable expenses. However, the plans typically require that employees have full-time status, an annual limit that equates to \$5,000 or specified amount, since it is possible for the student to be taking classes throughout the year at a private institution. Most survey organizations plan and budget for this expense each year from the department budget or Administrative Services/Human Resources budget. Conference expenses are typically considered separately, including travel, lodging, and meal expenses as part of professional membership expenses. Reimbursement is typically based on satisfactory completion of coursework or certification, either at the equivalent of at least a "C" grade or "B" grade. Employers are increasingly requiring pro-rated re-payment of educational expenses for employees who terminate employment within one year of completion of their educational coursework.

Conclusions/Recommendations: No changes are recommended in the current Education Reimbursement Plan policies.



MWDOC PAY STRUCTURE - EFFECTIVE JULY 2015									
Pay Grade	Dept	Exempt / Non-Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
R1	Admin	NE	Office Assistant	Annual	\$31,873	\$34,645	\$37,438	\$40,231	\$43,024
R1				Monthly	\$2,656	\$2,887	\$3,120	\$3,353	\$3,585
R1				Hourly	\$15.32	\$16.66	\$18.00	\$19.34	\$20.68
R2		NE	Open	Annual	\$38,227	\$41,574	\$44,921	\$48,268	\$51,616
R2				Monthly	\$3,186	\$3,465	\$3,743	\$4,022	\$4,301
R2				Hourly	\$18.38	\$19.99	\$21.60	\$23.21	\$24.82
R3	Admin	NE	Office Specialist	Annual	\$41,105	\$44,708	\$48,290	\$51,893	\$55,496
R3				Monthly	\$3,425	\$3,726	\$4,024	\$4,324	\$4,625
R3				Hourly	\$19.76	\$21.49	\$23.22	\$24.95	\$26.68
R4	Finance	NE	Accounting Technician	Annual	\$44,196	\$48,055	\$51,914	\$55,794	\$59,653
R4				Monthly	\$3,683	\$4,005	\$4,326	\$4,650	\$4,971
R4				Hourly	\$21.25	\$23.10	\$24.96	\$26.82	\$28.68
R5	Admin	NE	Administrative Assistant	Annual	\$47,501	\$51,658	\$55,816	\$59,973	\$64,131
R5		NE		Monthly	\$3,958	\$4,305	\$4,651	\$4,998	\$5,344
R5				Hourly	\$22.84	\$24.84	\$26.83	\$28.83	\$30.83
R6	Admin	NE	Sr. Admin Assistant	Annual	\$51,061	\$55,539	\$59,994	\$64,472	\$68,928
R6	PA	NE	Public Affairs Assist	Monthly	\$4,255	\$4,628	\$5,000	\$5,373	\$5,744
R6				Hourly	\$24.55	\$26.70	\$28.84	\$31.00	\$33.14
R7	WEROC	NE	WEROC Programs Coordinator	Annual	\$54,899	\$59,696	\$64,493	\$69,311	\$74,108
R7	Admin	NE	Records Coordinator	Monthly	\$4,575	\$4,975	\$5,374	\$5,776	\$6,176
R7				Hourly	\$26.39	\$28.70	\$31.01	\$33.32	\$35.63
R8	PA	NE	Public Affairs Coordinator	Annual	\$59,014	\$64,173	\$69,333	\$74,492	\$79,673
R8	Finance	NE	Accountant	Monthly	\$4,918	\$5,348	\$5,778	\$6,208	\$6,639
R8				Hourly	\$28.37	\$30.85	\$33.33	\$35.81	\$38.30
R9	WUE	NE	WUE Analyst	Annual	\$63,427	\$68,992	\$74,535	\$80,099	\$85,642
R9	Admin	NE	Executive Assistant	Monthly	\$5,286	\$5,749	\$6,211	\$6,675	\$7,137
R9	Eng		Associate Water Resources Analyst	Hourly	\$30.49	\$33.17	\$35.83	\$38.51	\$41.17
R10	PA	NE	Public Affairs Specialist	Annual	\$68,203	\$74,151	\$80,121	\$86,090	\$92,060
R10	Finance	NE	Sr. Accountant	Monthly	\$5,684	\$6,179	\$6,677	\$7,174	\$7,672
R10	WUE	NE	WUE Program Coordinator	Hourly	\$32.79	\$35.65	\$38.52	\$41.39	\$44.26
R10	Admin	NE	Sr. Executive Assistant						
R11	PA	E	Public Affairs Supervisor	Annual	\$73,319	\$79,715	\$86,133	\$92,550	\$98,967
R11	Eng	E	Water Resources Analyst	Monthly	\$6,110	\$6,643	\$7,178	\$7,713	\$8,247
R11				Hourly	\$35.25	\$38.32	\$41.41	\$44.50	\$47.58
R12	Finance	E	Financial Analyst/Database Analyst	Annual	\$78,799	\$85,706	\$92,593	\$99,500	\$106,387
R12	Finance	NE	Network Systems Engineer	Monthly	\$6,567	\$7,142	\$7,716	\$8,292	\$8,866
R12	WUE	NE	WUE Program Specialist	Hourly	\$37.88	\$41.21	\$44.52	\$47.84	\$51.15
R12	Admin	NE	Sr. Exec. Assist to the Board						
R13	Finance	E	Accounting Supervisor	Annual	\$84,726	\$92,124	\$99,543	\$106,962	\$114,360
R13	PA	E	Public Affairs Manager	Monthly	\$7,060	\$7,677	\$8,295	\$8,914	\$9,530
R13	Eng	E	Sr. Water Resources Analyst	Hourly	\$40.73	\$44.29	\$47.86	\$51.42	\$54.98
R14	WUE	E	WUE Program Supervisor	Annual	\$91,079	\$99,031	\$107,005	\$114,979	\$122,952
R14	WEROC	E	WEROC Programs Manager	Monthly	\$7,590	\$8,253	\$8,917	\$9,582	\$10,246
R14	Finance	E	Sr. Financial Analyst/Database Analyst	Hourly	\$43.79	\$47.61	\$51.44	\$55.28	\$59.11
R15	Eng	E	Sr. Engineer	Annual	\$97,901	\$106,472	\$115,043	\$123,592	\$132,163
R15	Finance	E	Accounting Manager	Monthly	\$8,158	\$8,873	\$9,587	\$10,299	\$11,014
R15	GA	E	Governmental Affairs Manager	Hourly	\$47.07	\$51.19	\$55.31	\$59.42	\$63.54
R16	Eng	E	Principal Water Resources Analyst	Annual	\$105,236	\$114,446	\$123,656	\$132,866	\$142,076
R16	Admin	E	Administrative Services Manager	Monthly	\$8,770	\$9,537	\$10,305	\$11,072	\$11,840
R16	WUE	E	WUE Program Manager	Hourly	\$50.59	\$55.02	\$59.45	\$63.88	\$68.31

MWDOC PAY STRUCTURE - EFFECTIVE JULY 2015									
Pay Grade	Dept	Exempt / Non-Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
R17	Eng	E	Principal Engineer	Annual	\$113,145	\$123,038	\$132,930	\$142,844	\$152,736
R17	Eng	E	Principal Water Resources Planner	Monthly	\$9,429	\$10,253	\$11,078	\$11,904	\$12,728
R17				Hourly	\$54.40	\$59.15	\$63.91	\$68.68	\$73.43
R18	PA	E	Director of Public Affairs	Annual	\$121,631	\$132,269	\$142,908	\$153,547	\$164,185
R18	WUE	E	Director of Water Use Efficiency	Monthly	\$10,136	\$11,022	\$11,909	\$12,796	\$13,682
R18				Hourly	\$58.48	\$63.59	\$68.71	\$73.82	\$78.94
R19	Finance	E	Director of Finance/IS	Annual	\$130,756	\$142,183	\$153,632	\$165,059	\$176,508
R19	Eng	E	Associate General Manager	Monthly	\$10,896	\$11,849	\$12,803	\$13,755	\$14,709
R19				Hourly	\$62.86	\$68.36	\$73.86	\$79.36	\$84.86
R20			Open	Annual	\$140,541	\$152,843	\$165,145	\$177,446	\$189,748
R20				Monthly	\$11,712	\$12,737	\$13,762	\$14,787	\$15,812
R20				Hourly	\$67.57	\$73.48	\$79.40	\$85.31	\$91.23
R21	Eng	E	Assistant General Manager	Annual	\$147,939	\$162,736	\$177,532	\$192,328	\$207,124
R21				Monthly	\$12,328	\$13,561	\$14,794	\$16,027	\$17,260
R21				Hourly	\$71.12	\$78.24	\$85.35	\$92.47	\$99.58
GM	Eng	E	General Manager	Annual	\$237,375				\$237,375
Number of Grades = 22 Range Spread (R1-R20) = 35% Range Spread (R21) = 40% Grade Differential = 7.5% at R3 Annual and Monthly amounts are based on a 40-hour work week									
MWDOC INTERN PAY STRUCTURE - EFFECTIVE JULY 2015									
Pay Grade		Exempt / Non-Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
INT		NE	Student Intern I (Undergraduate-Freshman/Sophomore)	Hourly	13.23	14.87	16.51	18.15	19.78

**DISCUSSION ITEM**

May 13, 2015

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

FROM: Robert Hunter, General Manager

SUBJECT: DISCUSSION REGARDING LEGAL COUNSEL SERVICES

STAFF RECOMMENDATION

Staff recommends the Board of Directors: Review the rate increase proposal by Best, Best & Krieger and direct staff.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

In December 2011, MWDOC's legal counsel Russ Behrens closed McCormick, Kidman & Behrens (MKB), and in January 2012 he joined Best, Best & Krieger (BBK) as a partner. In January 2012, the MWDOC Board authorized the retention of BBK at the same rates and fees that were paid to MKB and MWDOC has utilized the services of BBK as MWDOC's legal counsel since that time. Prior to this date, MWDOC was utilizing the services of BBK on issues pertaining to the District's pension plan (going back to 2007).

BBK has not revised its rate schedule, nor raised its rates for services on MWDOC's behalf since we began using them full-time in January 2012 and these are the same rates MWDOC was paying MKB (which date back to 2008). As such, the District received a request for fee increase by BBK, as well as a proposed new rate structure (both attached). The new rates reflect an increase in legal fees of approximately 17%. It should be noted that BBK first proposed this increase eight months ago.

BBK is also recommending the District purchase a subscription to BBK's Public Policy and Ethics Program at the rate of \$4600 per year (plus discounted costs relative to Form 700 training, Political Reform Act issues, and AB 1234 trainings). An outline of this program is also attached.

The Executive Committee suggested the Administration & Finance Committee discuss this issue.

Budgeted (Y/N): N	Budgeted amount:	Core __	Choice __
Action item amount:	Line item:		
Fiscal Impact (explain if unbudgeted): If the rate increase is approved, the FY 2015/16 budget will need to be revised so that the legal services line item is increased by 17%.			

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File No. 55396.00001

February 17, 2015

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

Re: Proposed Revisions for Staffing of Legal Services, and Rate Adjustments

Dear Rob:

I enjoyed our recent meeting to talk about upcoming District business and issues. We also discussed proposed staffing changes and rate adjustments for legal services by BBK.

As you know, I have been providing legal advice to MWDOC since 1969. I have had the pleasure of working with MWDOC on all of its major projects including the Irvine Lake Pipeline, Allen McColloch Pipeline, Irvine Reservoir, El Toro Reservoir, South County Pipeline, Sale of the Allen McColloch Pipeline to Met, legislation to change the MWDOC enabling statute, LAFCO issues including securing special district representation, the Settlement Agreement (South County), Allen McColloch Pipeline Flow Augmentation Agreement, and working with Metropolitan and MWDOC Member Agencies to negotiate contracts, assist in litigation including challenges to Metropolitan rates by San Diego County Water Authority, copper pipe pinhole leaks and other matters. I have thoroughly enjoyed working for the District and the Board over the years and I still do.

When I first joined BBK in January 2012 I was assisted by Dan Payne. After Dan left BBK and became general counsel for the City of Anaheim Power Commission, I introduced you to Mal Richardson and Joe Byrne who assisted me in MWDOC's work. Mal and Joe worked on the following MWDOC projects: Mal Richardson; EOCWD DI-08 emergency power installation, Baker Treatment Plant Water transmission in the SCP, the EOCF#2 Joint Powers Agreement with Met and the criteria for selection of the South County Met Director. Joe Byrne worked on the OCWD Consolidation Proposal, Grant Funding Criteria, WEROC, Master Water Conservation Agreements, the Doheny Project and the MWDOC/Met Agreement to Convey IRWD Water.

Recently, BBK was selected as City Attorney of the City of San Clemente. Scott Smith, a senior partner in BBK will fill that position. This has resulted in Mal Richardson taking over as City Attorney for Lake Forest. Mal's time will now be limited because of his extra work load

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BEST BEST & KRIEGER
ATTORNEYS AT LAW

Robert Hunter
February 17, 2015
Page 2

with the City, but he will be able to continue to work on the projects listed above and additional projects that may be assigned to him in the future as appropriate.

Joe Byrne, as you know, is versed in MWDOC projects and his practice is focused on water law and policy, and general counsel representation of water districts. He is also at the present time the Chairman of the California Water Commission which provides him with a broad perspective on California water issues and related legislation.

This brings me to the point of future BBK legal staffing for MWDOC. I propose that General Counsel staffing now be handled and coordinated by Joe Byrne with my assistance. Joe would be the first point of contact on General Counsel matters and would coordinate with you and your staff on various MWDOC matters in the same manner that I have been providing such service. I would continue to be the first point of contact on projects assigned to me other than the usual General Counsel work. Thus Joe would attend Board and Committee meetings, review agendas, minutes, Brown and Public Records Act, Personnel matters as directed by you. In Joe's absence, I will continue to work as alternate General Counsel. This arrangement will free up my time to focus working on MWDOC transactions, negotiations and projects as you and the Board determine appropriate. I would like to implement this arrangement by July 1, 2015 which will allow four months to complete the transition. After July 1 Joe would provide the primary General Counsel services and I will continue to work on special projects assigned to me and should Joe not be available, to work as the alternate General Counsel. I would provide my services at the General Counsel rates proposed below.

Second, I propose that the BBK rates for legal services to MWDOC be increased from the 2008 rates as follows:

General Counsel; Partners, \$255 per hour (currently \$235 per hour); Associates, \$225 per hour (currently \$200 per hour); Paralegals \$135 per hour (currently \$125 per hour).

Special Counsel: Partners \$295 per hour (currently \$235 per hour); Associates \$265 per hour (currently \$200 per hour); Paralegal \$150 per hour (currently \$125 per hour).

General Counsel Services

Examples of Basic General Counsel Services: (a) Attendance at meeting of the Board or Staff; (b) Advice to the Board and Staff on matters including, but not limited to, the Water Code, Government Code, Brown Act, and conflict of interest issues; (c) Preparation of ordinances, resolutions and contracts; and (d) phone calls, emails and other correspondence on a day-to-day basis.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Robert Hunter
February 17, 2015
Page 3

Special Counsel Services would only be provided on specific authorization by MWDOC's general manager. We believe Special Counsel Services are reasonable because of the experience and focused knowledge of certain BBK lawyers justifies a higher rate than rates of general counsel services, BBK has invested its resources over many years in these specialized areas of public law for the benefit of its public agency clients. These areas of practice include (a) Environmental, CEQA, NEPA and Endangered Species (b) Real Property – eminent domain, easements, leases and other property interests, (c) Public Works Construction – bidding, contract development, and contractor disputes; (d) Labor Relations and Employment, pension plans and federal tax issues; (e) Water Rights, Water Supply and Water Quality; (f) Taxes, Rates and Charges; (g) Renewable Energy; (h) Litigation and Formal Administrative Hearing Matters/Enforcement of Policies and Contracts. General Counsel has generalized knowledge on all of these subjects, but not to the level that BBK special counsel have due to their involvement in their areas of specialty on a day to day basis, publication of papers and presentation as experts in their fields or historic involvement or participation in the matter. Special Counsel work must be authorized by the General Manager.

In addition I propose that there be annual COLA Adjustments which we believe to be fair and reasonable as follows:

Annual COLA Adjustment; Other Mutual Adjustments. The rates or amounts provided for in Sections 3.7.1 through 3.7.6 and 3.7.11 shall be automatically adjusted as follows: On July 1, 2016 and every July 1st thereafter during the term of this Agreement, they shall be adjusted for the change in the cost of living for the twelve (12) month period published for the month of May, as shown by the U.S. Department of Labor in its All Urban Consumers Index set forth for the Los Angeles-Anaheim-Riverside area ("COLA"); provide, however, that such adjustment shall not be lower than zero percent (0%) nor more than five percent (5%). In addition to the COLA rate adjustment, initiation of consideration of a rate increase may occur at any time; but shall not be implemented without the express written consent of the Client.

In closing, we again wish to express our desire to continue to provide our legal services to MWDOC. If this proposal is acceptable I have enclosed an amendment for your signature. A copy of the existing Agreement is also enclosed. If you have any thoughts, questions or comments, please do not hesitate to call me.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Robert Hunter
February 17, 2015
Page 4

Very truly yours,

Russell G. Behrens
of BEST BEST & KRIEGER LLP

Russell G. Behrens, 949-263-6569 (direct)
Joseph P. Byrne, 949-263-2501 (direct)
Matthew E. Richardson, 949-263-6562 (direct)

RGB:sp

cc: Joseph P. Byrne
Matthew E. Richardson

AMENDMENT TO AGREEMENT FOR LEGAL SERVICES

1. Parties to Date:

This Amendment is made and entered into as of the ____ day of ____ 2015, to be effective as of ____, 2015 by and between Municipal Water District of Orange County ("The District") and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law ("BB&K").

2. Recitals

2.1 This is an Amendment to the Agreement for Legal Services between District and BB&K executed January 1, 2012 ("Services Agreement").

3. Changes to Section 3

3.1 Section 3.3 of the Services Agreement shall be changed by striking "Russell G. Behrens" and inserting "Joseph Byrne", "Dan Payne" shall be struck and "Russell G. Behrens" inserted.

3.2 Section 3.7 of the Services Agreement shall be changed by substituting Exhibit A with "Exhibit A-2015" which is attached hereto and incorporated by reference and made a part hereof.

3.3 Section 3.9 is hereby amended to read as follows:

"3.6 Annual Reviews. The District and BB&K agree that a review of performance of services referenced in this Agreement should occur at least annually."

4. All other provisions of the Services Agreement shall remain in full force and effect.

IN WITNESS WHERE OF, the District and BB&K have executed this Amendment to Agreement for Legal Services as of the date first written above.

MUNICIPAL WATER DISTRICT OF
ORANGE COUNTY

By: _____
Name: ROBERT J. HUNTER
Title: General Manager

BEST BEST & KRIEGER, LLP

By: _____
Name: RUSSELL G. BEHRENS
Title: Partner

EXHIBIT "A-2015"

***FEE SCHEDULE FOR MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Basic General Counsel Services: \$255/hour for partners; \$225/hour for associates; and \$135/hour for paralegals.

Examples of Basic General Counsel Services: (a) Attendance at meetings of the Board or Staff; (b) Advice to the Board and Staff on matters including, but not limited to, the Water Code, Government Code, Brown Act, Public Records Act, and conflict of interest issues; (c) Preparation of ordinances, resolutions and contracts; and (d) phone calls, emails and other correspondence on a day-to-day basis.

Special Counsel Services: \$295/hour for partners; \$265/hour for associates; and \$150/hour for paralegals.

Special Counsel Services *Include The Following: (a) Environmental — CEQA, NEPA, and Endangered Species; (b) Real Property — eminent domain, easements, leases, and other property interests; (c) Public Works Construction — bidding, contract development, and contractor disputes; (d) Labor Relations and Employment; (e) Water Rights, Water Supply and Water Quality; (f) Taxes, Rates and Charges; (g) Renewable Energy; and (h) Litigation And Formal Administrative Hearing Matters/Enforcement of Policies and Contracts.

Annual COLA Adjustments: Other Mutual Adjustments. The rates or amounts provided for in Sections 3.7.1 through 3.7.6 and 3.7.11 shall be automatically adjusted as follows: On July 1 2016 and every July 1st thereafter during the term of this Agreement, they shall be adjusted for the change in the cost of living for the twelve (12) month period published for the month of May, as shown by the U.S. Department of Labor in its All Urban Consumers Index set forth for the Los Angeles-Anaheim-Riverside area ("COLA"); provided, however, that such adjustment shall not be lower than zero percent (0%) nor more than five percent (5%). In addition to the COLA rate adjustments, initiation of consideration of a rate increase may occur at any time; but shall not be implemented without the express written consent of the Client.

*Special Counsel Services will only be provided on express written (including email) authorization by MWDOC's General Manager.

3/7/2012

**AGREEMENT FOR LEGAL SERVICES
BETWEEN
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
AND
BEST BEST & KRIEGER LLP**

COPY

1. PARTIES AND DATE.

This Agreement is made and entered into as of the 1st day of January, 2012, by and between the Municipal Water District of Orange County ("the District") and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law ("BB&K").

2. RECITALS.

2.1 The District wishes to engage the services of BB&K as its Attorney to perform all necessary legal services for the District on the terms set forth below.

3. TERMS.

3.1 Term. The term of this Agreement shall commence on January 1, 2012 and shall continue in full force and effect until terminated in accordance with Section 3.12. Any previous agreement between BB&K and the District is hereby terminated as of that date.

3.2 Scope of Services. BB&K shall serve as the District's Attorney and shall perform legal services ("Services") as may be required from time to time by the District as set forth by this Agreement, unless otherwise agreed to by the District and BB&K. As part of the Services to be performed hereunder, BB&K shall be responsible for the following:

3.2.1 Preparation for, and attendance at, regular meetings of the District;

3.2.2 Provision of legal counsel at such other meetings as directed by the District;

3.2.3 Preparation or review of all District ordinances and resolutions, together with such staff reports, orders, agreements, forms, notices, declarations, certificates, deeds, leases and other documents as requested by the District;

3.2.4 Rendering to the officers and employees of the District legal advice and opinions on all legal matters affecting the District, including new legislation and court decisions, as directed by the District;

3.2.5 Researching and interpreting laws, court decisions and other legal authorities in order to prepare legal opinions and to advise the District on legal matters pertaining to District operations, as directed by the District;

3.2.6 Performing legal work pertaining to property acquisition, property disposal, public improvements, public rights-of-way and easements, as directed by the District;

3.2.7 Responding to inquiries and review for legal sufficiency ordinances, resolutions, contracts, and administrative and personnel matters, as directed by the District;

3.2.8 Representing and assisting on litigation matters, as directed by the District. Such services shall include, but shall not be limited to, the preparation for and making of appearances, including preparing pleadings and petitions, making oral presentations, and preparing answers, briefs or other documents on behalf of the District, and any officer or employee of the District, in all federal and state courts of this State, and before any governmental board or commission, including reviewing, defending or assisting any insurer of the District or its agents or attorneys with respect to any lawsuit filed against the District or any officer or employee thereof, for money or damages, or for any other relief.

3.2.9 Advising the District and representing the District, as directed by the District with respect to groundwater and water quality issues, water service and purchase agreements, drafting legislation and legislative advocacy, desalination water agreements and transactions, real estate matter and such other matters as may arise.

3.3 Designated General Counsel Attorney. Russell G. Behrens shall be designated as District General Counsel, and shall be responsible for the performance of all Services under this Agreement, including the supervision of Services performed by other members of BB&K. Dan Payne shall assist as General Counsel from time to time as needed. No change in this assignment shall be made without the consent of the District.

3.4 Time of Performance. The Services of BB&K shall be performed expeditiously in the time frames and as directed by the District.

3.5 Assistance. The District agrees to provide all information and documents necessary for the attorneys at BB&K to perform their obligations under this Agreement.

3.6 Independent Contractor. BB&K shall perform all legal services required under this Agreement as an independent contractor of the District and shall remain, at all times as to the District, a wholly independent contractor with only such obligations as are required under this Agreement. Neither the District, nor any of its employees, shall have any control over the manner, mode or means by which BB&K, its agents or employees, render the legal services required under this Agreement, except as otherwise set forth. The District shall have no voice in the selection, discharge, supervision or control of BB&K's employees, representatives or agents, or in fixing their number, compensation, or hours of service.

3.7 Fees and Costs. BB&K shall render and bill for the Services at rates set forth in Exhibit "A" which is attached hereto and incorporated herein by reference. In addition, the District shall reimburse BB&K for reasonable and necessary expenses incurred by it in the performance of the Services under this Agreement. Authorized reimbursable expenses shall include, but are not limited to, mileage expenses at the rate allowed by the Internal Revenue Service for travel to and from the District's offices, toll road expenses, long distance telephone and facsimile tolls in excess of \$25.00 per call or fax, research services performed by BB&K's library staff, extraordinary mail or delivery costs (e.g. courier, overnight and express delivery),

copying costs, court fees and similar costs relating to the Services that are generally chargeable to a client.

3.8 Billing. BB&K shall submit monthly to the District a detailed statement of account for Services. The District shall review BB&K's monthly statements and pay BB&K for Services rendered and costs incurred, as provided for in this Agreement, on a monthly basis.

3.9 Annual Reviews and Rate Adjustments. The District and BB&K agree that a review of performance and the compensation amounts referenced in this Agreement should occur at least annually. In addition, either BB&K or the District may initiate consideration of a rate increase at anytime.

3.10 Risk Transfer Provisions.

3.10.1 Workers' Compensation Insurance. BB&K certifies that it is aware of the provisions of section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and BB&K will comply with such provisions before commencing the performance of the work of this agreement.

3.10.2 Indemnification. BB&K shall indemnify and hold harmless and defend the District, its directors, officers, and employees, and each of them from and against any claims, liabilities, costs, damages, judgments or causes of action to the extent caused by BB&K's negligent acts or omissions, or its willful acts or omissions, in the course of performance of this contract. In order to defend the District, its directors, officers and employees under this paragraph, BB&K shall retain counsel for the District acceptable to the District, or may defend the District consistent with ethical obligations under California law and conditioned upon the District's agreement. BB&K's obligation under this paragraph shall not apply to any claims, liabilities, costs, damages or causes of action caused solely by the negligent or willful acts or omissions of the District, its directors, officers, and employees.

3.11 Required Insurance.

3.11.1 Liability Insurance. BB&K shall provide and maintain at all times during the performance of the work under this Agreement, the following commercial general liability, professional liability and automobile liability insurance:

3.12 Coverage. Coverage shall be at least as broad as the following:

3.12.1 Coverage for Professional Liability appropriate to BB&K's profession covering BB&K's wrongful acts, negligent actions, errors or omissions. The retroactive date (if any) is to be no later than the effective date of this Agreement.

3.12.2 Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001)

3.12.3 Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (non-owned, and hired automobiles)

3.13 Limits. BB&K shall maintain limits no less than the following:

3.13.1 Professional Liability – Two million dollars (\$2,000,000) per claim an annual aggregate.

3.13.2 General Liability – Two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to the District) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.

3.13.3 Automobile Liability – One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.

3.14 Required Provisions. The general liability policy must contain, or be endorsed to contain, the following provisions:

3.14.1 The District, its directors, officers, and employees, are to be given insured status (via ISO endorsement CG 2010, CG 2033, or insurer's equivalent for general liability coverage) as respects: liability arising out of activities performed by or on behalf of BB&K; and premises owned, occupied or used by BB&K. The coverage shall contain no special limitations on the scope of protection afforded to the District, its directors, officers, or employees.

3.14.2 For any claims related to this project, BB&K's insurance shall be primary insurance as respects the District, its directors, officers, or employees. Any insurance, self-insurance, or other coverage maintained by the District, its directors, officers, or employees shall not contribute to it.

3.14.3 Any failure to comply with the reporting or other provisions of the policies including breaches and warranties shall not affect coverage provided to the District, its directors, officers, or employees.

3.14.4 BB&K's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

3.14.5 Such liability insurance shall indemnify BB&K against loss from liability imposed by law upon, or assumed under contract by, BB&K for damages on account of such bodily injury (including death), property damage, personal injury, completed operations, and products liability.

3.14.6 The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

3.14.7 Each insurance policy required by this Agreement shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or BB&K, except

after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to the District.

3.14.8 All of the insurance shall be provided on policy forms and through companies satisfactory to the District.

3.15 Workers' Compensation and Employer's Liability Insurance. BB&K shall cover or insure under the applicable laws relating to workers' compensation insurance, all of their employees employed directly by them in carrying out the work contemplated under this contract, all in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof. BB&K shall provide employer's liability insurance with limits of no less than \$1,000,000 each accident, \$1,000,000 disease policy limit, and \$1,000,000 disease each employee.

3.16 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by the District.

3.17 Acceptability of Insurers. Insurance is to be placed with insurers having a current A.M. Best rating of no less than A:-VII or equivalent or as otherwise approved by the District.

BB&K shall, upon demand of the District, deliver to the District such policy or policies of insurance and the receipts for payment of premiums thereon.

3.18 Continuation of Coverage. If any of the required coverage expires during the term of this Agreement, BB&K shall deliver the renewal certificate(s) including the general liability additional insured endorsement to the District at least ten (10) days prior to the expiration date.

3.19 Attorney-Client Privilege. Confidential communication between the District and BB&K shall be covered by the attorney-client privilege. As used in this article, "confidential communication" means information transmitted between the District and BB&K in the course of the relationship covered by this Agreement and in confidence by a means that, so far as the District is aware, discloses the information to no third persons other than those who are present to further the interests of the District in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for which BB&K is consulted, and includes any legal opinion formed and advice given by BB&K in the course of this relationship.

3.20 Termination of Agreement and Legal Services. This Agreement and the Services rendered under it may be terminated at any time upon thirty (30) days' prior written notice from either party, with or without cause. In the event of such termination, BB&K shall be paid for all Services authorized by the District and performed up through and including the effective date of termination. BB&K shall also be reimbursed for all costs associated with transitioning any files or other data or documents to a new law firm or returning them to the District.

3.21 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

3.22 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.23 Amendment: Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.

3.24 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.

3.25 Invalidity: Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.26 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.27 Delivery of Notices. All notices permitted or required under this Agreement notices shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose;

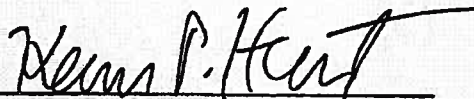
District: Municipal Water District of Orange County
18700 Ward Street
Fountain Valley, CA 92728
Attention: General Manager

BB&K: Best Best & Krieger LLP
3750 University Avenue, Suite 400
Riverside, CA 92502
Attention: Managing Partner

3/7/2012

IN WITNESS WHEREOF, the District and BB&K have executed this Agreement for Legal Services as of the date first written above.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

By: 
Name: Kevin P. Hunt
Title: General Manager

BEST BEST & KRIEGER LLP

By: 
Eric L. Garner
Its Managing Partner

3/7/2012

EXHIBIT "A"
Fee Schedule for Municipal Water District of Orange County

Partners/Of Counsel	\$235/per hour
Senior Associate	\$200/per hour
Junior Associate	\$175/per hour
Paralegal	\$125/per hour

Indian Wells
(760) 568-2811

Los Angeles
(213) 817-9100

Ontario
(909) 889-8584

Riverside
(951) 688-1450

Russell G. Behrens
(949) 263-8569
russell.behrens@bbklaw.com
File No. 55401.00001



BEST BEST & KRIEGER
ATTORNEYS AT LAW

18101 Von Karman Avenue, Suite 1000, Irvine, CA 92612
Phone: (949) 263-2600 | Fax: (949) 260-0872 | www.bbklaw.com

Sacramento
(916) 325-4000

San Diego
(619) 525-1300

Walnut Creek
(925) 977-3300

Washington, DC
(202) 785-0800

April 6, 2015

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

Re: Proposed Revisions for Staffing of Legal Services, and Rate
Adjustments, Compared to 2014 Billed Time

Dear Rob:

Pursuant to your request attached is a spreadsheet illustrating how the new proposed rates would impact the MWDOC legal costs based on billed time for the year ending December 2014. The time billed by BBK on the new rates includes the time spent by BBK Partners/Of Counsel, Associates and Paralegals (see top of schedule). There are certain MWDOC matters that involve the need for special counsel at the outset which are noted by the asterisks. These special counsel matters would be billed according to the schedule. General Counsel rates will apply to general counsel coordination with you and special counsel.

Other matters that are not listed as special counsel matters will be billed at general counsel rates unless they need to be handled by special counsel. For example, a Public Records Act or Brown Act matter that develops into litigation. As set forth in the proposal, we will discuss the need for special counsel with you in advance for your authorization. We take pride in coordinating with our clients in the delivery of legal services at the competent, efficient and economical levels.

We also recommend that MWDOC subscribe to the BBK PPEG Program. This service is of real value because it is staffed by BBK lawyers and paralegals dedicated to identifying and analyzing important and significant issues for their public agency clients. The cost of this work is shared among other BBK clients and is therefore more cost efficient for the participants because

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BEST BEST & KRIEGER
ATTORNEYS AT LAW

Robert Hunter
April 6, 2015
Page 2

of the economies of scale. This service also saves money by relieving general counsel from having to spend time to develop and analyze certain issues solely on behalf of MWDOC. I suggest that a meeting or conference call with Joe and me before the April 16, 2015 Executive Committee meeting would be appropriate to discuss any questions or comments you may have.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Russell G. Behrens'.

Russell G. Behrens
of BEST BEST & KRIEGER LLP

RGB:sp

Enclosures

55401.000019677811 1

Client Analysis and Projections
Client: 55401 - MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Year: 2014

2014 - All Matters Priced as General Counsel				Hours Wk	Hours Billed	Fee Amount	New Fee Amount
ALL MATTERS - Actuals				1,173	1,133	\$231,445	
Rates:							
Partners & Of Counsel	Current						
Associates	235	General Counsel	Special Counsel				
Paralegals & Law Clerks	200	255	285				
	125	225	150				
		135					
If new rates had been charged this past year:							
Total Client				1,173	1,133	\$231,445	\$270,061
55401.00000 - GENERAL				228.3	214.6	\$43,154	\$47,220
55401.00001 - BOARD MEETINGS				87.2	83.2	\$18,552	\$21,216
55401.00002 - FINANCIAL DISCLOSURE - DIRECTORS				2.1	2.1	\$318	\$344
55401.00003 - MET CONSERVATION CREDITS PROGRAM				43.9	43.9	\$10,317	\$11,195
* 55401.00004 - DESALINATION PROJECT				42.3	42.3	\$9,841	\$12,479
55401.00005 - MWDOC/COWD V. NORTHROP				7.2	7.2	\$1,413	\$1,500
55401.00006 - ELECTION - APPOINTMENT OF DIRECTORS				119.1	100.2	\$22,252	\$24,441
55401.00007 - PUBLIC RECORDS				4.4	4.4	\$759	\$822
55401.00008 - FINANCIAL DISCLOSURE - EMPLOYEES/CONSULTANTS				3.9	3.9	\$559	\$611
55401.00009 - WEROC (WATER EMERGENCY RESPONSE FOR ORANGE COUNT				15.3	15.3	\$3,338	\$3,590
* 55401.00010 - PERSONNEL				79.7	79.7	\$16,926	\$21,134
55401.00011 - MINUTES AND AGENDAS				1.4	1.4	\$307	\$333
* 55401.00012 - CLAIMS FOR DAMAGE TO COPPER PIPES				183.1	182.3	\$25,489	\$33,363
55401.00013 - BROWN ACT				4.8	4.8	\$954	\$1,059
55401.00014 - COMPENSATION DIRECTORS				23.3	23.3	\$4,839	\$5,456
55401.00015 - CONFLICT OF INTEREST/INCOMPATIBILITY				12.9	12.9	\$1,809	\$1,982
55401.00016 - CONSULTANTS CONTRACT				1.8	1.8	\$200	\$218
* 55401.00017 - RATES - CHARGES				39.5	39.3	\$9,236	\$11,594
* 55401.00018 - LAFCO ISSUES				2.2	2.2	\$489	\$525
* 55401.00019 - PENSION AND RETIREMENT FUND				8.1	8.1	\$1,434	\$1,800
55401.00020 - MET WATER RATES AND TAXES				8.1	8.1	\$1,832	\$2,144
55401.00023 - MET ISSUES				25.1	24.9	\$5,300	\$5,774
55401.00028 - ALLEN-MCCOLLOCH SAC - GENERAL				84.1	84.1	\$20,528	\$22,619
* 55401.00033 - INTERGOVERNMENTAL COORDINATION				63.9	62.2	\$13,789	\$17,812
* 55401.00034 - DIRECTOR BENEFITS				72.3	72.3	\$16,536	\$20,939

* Denotes matters using special counsel rates

PPEC

Russell Behrens

From: Russell Behrens
Sent: Monday, December 22, 2014 1:53 PM
To: Pat Meszaros (PMeszaros@mwdoc.com)
Cc: Robert Hunter (RHunter@mwdoc.com); Matthew Richardson; Susan Palmer
Subject: FW:
Attachments: Scanned from a Xerox Multifunction Device.pdf

Importance: High

Hi Pat – Attached is the August 19, 2014 letter I sent to Rob concerning the Public Policy and Ethics Program. The Program is staffed by BBK lawyers, paralegals and legal assistants who are dedicated to monitoring all of the recent developments in law and regulations that affect public agencies, directors and staff. Each member of the team regularly monitors the laws and regulatory agencies assigned to them to catch current changes, and new developments that are important to public agencies. This dedicated team is designed to assist to carry out the general counsel function and is more cost efficient because the work is spread over the BBK client base of public agencies. As you can see from the letter, the Program provides written legal advice on each significant change or development in laws, regulations judicial decisions and legislation. As I see it, the value is being able to determine what actions to take in advance rather than discovering there is a problem later that must be corrected. In addition to the foregoing, the Program provides reduced cost of trainings on Form 700, Conflicts of Interest Code requirements, AB 1234 trainings on ethics and a copy of the Brown Act and current updates which are all a very central part of the day to day work of a public agency. Susan provided me a list of some of the items that were included in this year's memorandums to BBK's Program clients. I strongly recommend that the District give the Program a try for a year. I'm sure you will see its value and will want to continue in the future. Russ

From: Susan Palmer
Sent: Monday, December 22, 2014 12:31 PM
To: Russell Behrens
Subject:

- 2014 Brown Act and Memo of Amendments
- New FPPC Travel Regulations
- New FPPC Gift to Agency Regulations
- AB 800: Enhanced Authority of State to Enforce Campaign Contribution and Expenditure Laws
- Rules and Regulations for Public Officials Regarding Meals
- Notice Regarding 2014 Mandatory Review of Conflict of Interest Codes
- FPPC Changes in Real Property Materiality Rules
- FPPC Adopts new Regulations 18706 and 18706.1 - Reasonably Foreseeable
- Conflict of Interest - Materiality Standards for Financial Interests in Business Entities
- Notice Information for Mandatory Ethics Training Under AB 1234 .

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BBK
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August 19, 2014

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

Re: Public Policy & Ethics Program

Dear Rob:

This letter explains Best Best & Krieger LLP's (BB&K) new Public Policy & Ethics (PP&E) Program for local government clients. The PP&E Program provides participants with memoranda on laws that directly affect public agencies, such as the Political Reform Act, Fair Political Practices Commission Regulations, the Brown Act, and the Public Records Act. The Program also provides participants with updates on new legislation and judicial decisions affecting local governments. Previously, such memoranda and updates were provided to participants of Projects 1 and 2, however those Projects have been consolidated into the PP&E Program.

By providing our Program updates to a large pool of participants, BB&K is able to divide the overall cost of the products among all participants and charge only a fraction of the total costs to the individual client agencies.

For Municipal Water District of Orange County (MWDOC), BB&K would charge a onetime fee on July 1 of each year for all of the services provided under the Program. Annual costs for this fiscal year are \$4,600.¹ The annual fee covers the following services under the Program:

- Written legal advice concerning matters that affect local government such as new legislation, regulations, court decisions and Attorney General opinions. This service includes monitoring significant developments that may affect the agencies, legal research, and drafting memoranda for those developments.
- Annual updates on the Brown Act, the Public Records Act, the Political Reform Act, and other conflict of interest laws.

¹ The PP&E Program annual fee and discounted fees for training is subject to adjustment each year, depending on the number of participants, BB&K rate increases and other factors.
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In addition, clients who participate in the Program are offered the following legal services at a discounted rate in addition of the annual fee:

- Customized, on-site training regarding Statements of Economic Interests (Form 700s). Statements of Economic Interests are building blocks for transparency and good governance. Our Form 700 training covers the different types of reportable interests, avoiding over-disclosure, completing a Form 700, and amending a filed statement. This training is for officials and employee positions listed in the Client's Conflict of Interest Code. This usually costs \$2,500, but is billed to Program participants for \$800, plus costs;
- BBK-hosted presentations related to the Political Reform Act and the client's role as: (1) the Filing Officer and/or Filing Official receiving and filing Statements of Economic Interests (Form 700s); and (2) the creators and enforcers of the Agency's Conflicts of Interest Code. This usually costs \$125 per attendee, but is billed to Program participants for \$75 per attendee.
- Customized, on-site training certifying attendees for compliance with State "general ethics principles and ethics laws" required under AB 1234. This usually costs \$2,000 for 6 attendees, but is billed to Program participants for \$1,200 for 6 attendees and \$75 for each additional attendee.

As new and existing laws develop and become more complex, public scrutiny intensifies, and expectations for the role of legal counsel change. We realize that many of our legal updates are critical, and in some cases, required for our local government clients. However these updates are often done outside the scope of our contracted "general legal services" work. To that extent, we have revised our Professional Services Agreements for all new public agency clients to include the PP&E Program as a standard part of our legal services, and are asking our existing clients to amend their current agreements to add participate in the Program.

Should MWDOC choose to forego the PP&E Program, we respectfully request that you sign the opt-out signature block below to confirm its decision not to participate, and acknowledge that it will not receive the materials and updates provided by the PP&E Program. If MWDOC wishes to participate in the PP&E Program, please sign the opt-in signature block below.

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Please let me know if you have any questions. Thank you.

Sincerely,


for BEST BEST & KRIEGER LLP

cc: Matthew E. Richardson

The Municipal Water District of Orange County wishes to participate in the PP&E Program:

By: _____

Dated: _____

The Municipal Water District of Orange County does not wish to participate in the PP&E Program:

By: _____

Dated: _____



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Memorandum

To: Robert Hunter, General Manager, Municipal Water District of Orange County
From: Dianna Marie Valdez, Senior Paralegal
Conflicts of Interest & Ethics Coordinator
Date: July 21, 2014
Re: PUBLIC POLICY & ETHICS PROGRAM

This memo is to explain Best Best & Krieger LLP's (BB&K) new Public Policy & Ethics (PP&E) Program for local government clients. The PP&E Program provides participants with memoranda on laws that directly affect public agencies, such as the Political Reform Act, Fair Political Practices Commission Regulations, the Brown Act, and the Public Records Act. The Program also provides participants with information on new legislation and judicial decisions affecting local governments. Previously, such memoranda and updates were provided to participants of Projects 1 and 2, however, those Projects have been consolidated into the PP&E Program.

As new and existing laws develop and become more complex, public scrutiny intensifies, and expectations for the role of legal counsel change. We realize that many of our legal updates are critical, and in some cases, required for our local government clients. However, these updates are often times done outside the scope of our contracted "general legal services" work. To that extent, we have revised our Professional Services Agreement for all new public agency clients to include the PP&E Program as a standard part of our legal services and are asking our existing clients to amend their current agreements to add participation in the Program.

By providing our PP&E updates to a large pool of participants, the firm is able to divide the overall cost of the products among all participants and charge only a fraction of actual total costs to the individual client agencies.

BB&K charges an annual fee on July 1 of each year for all of the services provided under the PP&E Program. There are no further charges under the Program for the entire year for this service.¹

The annual fee covers the following Program services:

Written legal advice concerning matters that affect local government such as new legislation, regulations, court decisions and Attorney General opinions. This service includes the monitoring and reporting of significant developments that may affect the agencies, legal research, and drafting memoranda for said developments; and

¹ The PP&E Program annual fee for subsequent fiscal years is subject to adjustment, depending on the number of participants and other factors.
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BBK
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ATTORNEYS AT LAW

Annual updates on the Brown Act, the Public Records Act, the Political Reform Act, and other conflict of interest laws.

In addition, clients who participate in the Program are offered the following legal services at a discounted rate in addition of the annual fee:

Customized, on-site training session regarding Statements of Economic Interests (Form 700s). Statements of Economic Interests are building blocks for transparency and good governance. Our Form 700 training covers the different types of reportable interests, avoiding over-disclosure, completing a Form 700, and amending a filed statement. This training is for elected officials and employee positions listed in the Agency's Conflict of Interest Code. This usually costs \$2,500, but is billed to Program participants for \$800, plus costs;

Attendance at Firm-hosted presentations related to the Political Reform Act and the Agency's role as (1) the Filing Officer and/or Filing Official receiving and filing Statements of Economic Interests (Form 700s); and (2) the creators and enforcers of the Agency's Conflicts of Interest Code. This usually costs \$125 per attendee, but is billed to Program participants for \$75 per attendee.

BB&K feels participation in the PP&E Program is so important that we are respectfully asking existing general counsel clients choosing to forego BB&K's offer of participation in the Program to sign an opt-out clause to confirm its decision not to participate, and acknowledge that it will not receive the materials and updates provided by the PP&E Program.

Please let me know if you have any questions. Thank you.

Russell Behrens

From: Dianna Marie Valdez
Sent: Wednesday, April 08, 2015 11:31 AM
To: All - Education Law; All - Eminent Domain; All - Labor & Employment; All - Municipal & Redevelopment; All - Natural Resources; All - Public Finance; All - Special Districts; Mark Gediman
Cc: PPEG
Subject: PENDING LEG: STATUS

Below is a summary and status of certain legislative bills we are tracking with substantive changes/actions.

AB 1 - Drought: local governments: fines. Would prohibit a city or county from imposing a fine for brown lawn or failure to water a lawn during Governor issued state of emergency due to drought.

Status: ASM Local Gov. Hrg – 4/8/15

Analysis: [http://www.leginfo.ca.gov/pub/15-16/bill/asm/ab_0001-0050/ab_1_cfa_20150407_121943_asm_comm.html](http://www.leginfo.ca.gov/pub/15-16/bill/asm/ab_0001-0050/ab_0001-0050_ab_1_cfa_20150407_121943_asm_comm.html)

AB 10 - Political Reform Act of 1974: *behested payments and economic interest disclosures.* Originally proposed to increase disqualification thresholds, AB 10 was amended 4/7/15 to require candidates required to file campaign statements and former elected officers for one year after leaving elected office to file behested payments reports, as provided.

Status: Com on E&R – Read 2nd time and amended.

Text: http://www.leginfo.ca.gov/pub/15-16/bill/asm/ab_0001-0050/ab_10_bill_20150407_amended_asm_v98.pdf

Please let me know if you have any questions or need any additional information.

Di

Dianna Marie Valdez, Senior Paralegal
Conflicts of Interest & Ethics Coordinator
Public Policy & Ethics Group
Best Best & Krieger LLP
P.O. Box 1028, Riverside, CA 92502-1028
951-826-8252 (Direct) | 951-686-1450 | 951-686-3083 (FAX)
diannamarie.valdez@bbklaw.com





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Memorandum

To: Public Agency Clients
From: Public Policy & Ethics Compliance Group of BB&K
Date: January 12, 2015
Re: Revised FPPC Gift Limits and Disqualification Processes

I.
INTRODUCTION

With the new year, the FPPC has revised upward the gift limit to \$460 for 2015-2016. This memorandum discusses that change. Additionally, we take this opportunity to discuss a recurring issue which arises with our public agency clients, namely, how to properly handle recusal and disqualification once a disabling conflict of interest is identified.

II.
GIFT LIMIT ADJUSTMENT

The so-called "gift limit" serves two functions. First, it sets a ceiling on the value of any gift or accumulated gifts a public official may lawfully receive from a single source in any calendar year. Government Code section 89503 prohibits public officials from accepting gifts from a single source in any calendar year with a total value over the specified limit. The FPPC has adjusted the gift limit to four hundred sixty dollars (\$460) for 2015-2016. (Reg. 18940.2.) This is an increase from the previous limit of four hundred forty dollars (\$440), and affects the receipt, tracking, and reporting of gifts beginning January 1, 2015. (The upward adjustment will also be reflected in Regulation 18730--the provisions affecting agency conflict of interest codes.)

The second role of the "gift limit" is that it establishes the floor for an "economic interest" that could give rise to a conflict of interest under Government Code section 87100. This adjustment is reflected in Regulation 18703.4, defining the source of a gift as an "economic interest" for disqualification purposes, and raising that floor from four hundred forty dollars (\$440) to four hundred sixty dollars (\$460) or more. Disqualification from participating in the making of a governmental decision is required for public officials who received gifts from a single source totaling four hundred sixty dollars (\$460) or more in the twelve (12) months (and not the calendar year) prior to a decision which could directly, and in some circumstances, indirectly, affect the source of the gift. Therefore, the four hundred sixty dollar (\$460) figure could include gifts from both the 2014 and 2015 for the purposes of triggering the public official's "economic interest" for disqualification purposes.



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It is important to note that this revised "gift limit" is approaching the five hundred dollar (\$500) threshold which independently creates a "source of income" "economic interest" with potential disqualification consequences. (Reg. 18703.3.)

Finally, public officials and others who are required to file a Statement of Economic Interest (Form 700) need to keep in mind that the "gift limit" is different from the gift reporting requirement. Any gift or combination of gifts from a single source in a calendar year of fifty dollars (\$50) or more must be reported in the Statement of Economic Interests. (Gov. Code § 87207; Reg. 18730.)

III.
DISQUALIFICATION PROCESSES

A. Conflicts of Interest Under Government Code § 87100

The Political Reform Act prohibits a public official from making, participating in making, or using his or her official position to influence a governmental decision which the public official knows or has reason to know will have a "material financial effect" on an "economic interest" of the official. (Gov. Code § 87100.) This means a public official must disqualify and recuse himself or herself from participating in any governmental decision in which he or she is financially interested.

A public official has a financial interest in a decision if it is reasonably foreseeable that the decision will have a "material financial effect" on the official, a member of his or her immediate family, or on any of the public official's "economic interests", such as:

- (1) **Business Investments.** Any for-profit business entity in which the public official or immediate family member has a direct or indirect investment worth two thousand dollars (\$2,000) or more.
- (2) **Real Property.** Any real property in which the public official or immediate family member has a direct or indirect interest worth two thousand dollars (\$2,000) or more.
- (3) **Sources of Income.** Any source of income aggregating five hundred dollars (\$500) or more in value provided or promised to the public official within twelve (12) months prior to the time when the decision is made.
- (4) **Business Employment or Management.** Any business entity in which the public official is a director, officer, partner, trustee, employee, or holds any position of management, regardless of compensation.



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(5) **Gifts.** Any gift or gifts aggregating four hundred sixty dollars (\$460) or more in value provided or promised to the public official within twelve (12) months prior to the time when the decision is made.

(6) **Personal Finances.** Personal expenses, income, assets, or liabilities of the public official and his or her immediate family.

(Gov. Code § 87103.)

B. Conflicts of Interest Under Section 1090

Government Code section 1090 prohibits a public official or employee of a public agency from being financially interested in any contract made by him or her in their official capacity, or by any board or body of which they are members. "Making a contract" in this context includes everything leading up to the approval and signing of a contract, including preliminary discussion, reasoning, negotiation and planning. And, "contract" is not used in its technical, legal sense, but includes any kind of agreement, grant, etc. A public official is financially interested if he or she has an economic interest that could be materially affected by the decision.

Thus, Government Code section 1090 prohibits an entire public body or board from making a contract in which any member is financially interested, even if the member abstains. This means that if one member is financially interested in a contract, that conflict of interest cannot be cured by disqualifying and recusing that member. The entire public body is prohibited from making the contract.

The disqualification of the entire body or board applies only if it is a voting member of the body or board who has a conflict of interest. If an employee or other designated person, rather than a board member, is financially interested in the contract, then that employee is disqualified from participating in the making of the contract, but the board is not prohibited from making the contract.

For purposes of this discussion, we will examine financial interests under section 1090 that trigger individual disqualification of officials, employees and others covered by the section. Under section 1090, such individual disqualification is triggered by what are known as "remote interests."

Certain financial interests are considered "remote interests" and do not prevent the public body or board from making a contract, but do require individual disqualification and recusal. "Remote interests" are defined in Government Code section 1091, and include sixteen (16) separate categories, too exhaustive to list here. For example, the interest of an officer or employee of a nonprofit entity is considered a "remote interest." (Gov. Code § 1091, subd. (b)(1).)



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C. Disqualification Processes

Government Code section 87100

The disqualification process, itself, is formal and spelled out in the law. Once it is determined that a public official or other designated person has a disqualifying financial interest in a governmental decision under Government Code section 87100, that person must do the following:

- (1) **Disclose.** Publicly identify the financial interest that gives rise to the conflict of interest or potential conflict of interest in detail sufficient to be understood by the public, except that disclosure of an exact street address of a residence is not required.
- (2) **Recuse.** Recuse himself or herself from discussing and voting on the matter, or otherwise acting in violation of Section 87100. The public official should also not use his or her official position to influence others engaged in the decision making process whatsoever.
- (3) **Exclude.** If the official is a voting member, he or she must disqualify from taking part in any discussion or voting on the matter. During a meeting, the disqualified official must leave the meeting room until after the discussion, voting and any other disposition of the matter is concluded (unless the matter has been placed on the portion of the agenda reserved for uncontested matters).

(Gov. Code § 87105, subd. (a).)

1. Exception for Public Participation

A public official or other designated position who has a disqualifying conflict of interest and who has recused and is disqualified himself or herself, may, however, speak on the issue during the time that the general public speaks on the issue. (Gov. Code § 87105, subd. (a)(4).)

The FPPC has construed this "public participation" exception as follows:

"(a) Making or participating in making a governmental decision shall not include:

(2) Appearances by a public official as a member of the general public before an agency in the course of its prescribed governmental function to represent himself or herself on matters related solely to the official's personal interests as defined in Title 2, California Code of Regulations, section 18702.4(b)(1);

(b) Notwithstanding Title 2, California Code of Regulations, section 18702.3(a), an official is not attempting to use his or her official position to influence a governmental decision of an agency covered by that subsection if the official: (1) Appears in the same manner as any



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other member of the general public before an agency in the course of its prescribed governmental function solely to represent himself or herself on a matter which is related to his or her personal interests.

(Reg. 18702.4, in pertinent part)

2. Exception for Legally Required Participation

Section 87100 does not prevent any public official from making or participating in the making of a governmental decision to the extent his participation is legally required for the action or decision to be made. (Gov. Code § 87101.) This is sometimes referred to as the "rule of necessity." The FPPC has provided by regulation that: "A public official who has a financial interest in a decision may establish that he or she is legally required to make or to participate in the making of a governmental decision within the meaning of Government Code section 87101 only if there exists no alternative source of decision consistent with the purposes and terms of the statute authorizing the decision." (Reg. 18708.) For example, a mayor was permitted to participate in a redevelopment decision affecting property he owned, because his participation was necessary for the city charter to function as voters intended. (*Brown v. Fair Political Practices Com.* (2000) 84 Cal.App.4th 137.)

Encompassed in this rule is that an exception for the disqualified official to sit in a meeting during voting if his or her presence is required to constitute a quorum, so a vote can be taken. However, the disqualified official may not vote, even for purposes of breaking a tie. (Gov. Code sec. 87101; 61 Ops.Cal.Atty.Gen. 243 (1978).)

Even in this circumstance, there is a strict procedure which must be followed.

"(b) Whenever a public official who has a financial interest in a decision is legally required to make or to participate in making such a decision, he or she shall state the existence of the potential conflict as follows:

(1) The public official shall disclose the existence of the conflict and describe with particularity the nature of the economic interest. 'Particularity' as used in this regulation shall be satisfied if the official discloses:

(A) whether the conflict involves an investment, business position, interest in real property, or the receipt of income, loans or gifts;

(B) if the interest is an investment, the name of the business entity in which each investment is held; if the interest is a business position, a general description of the business activity in which the business entity is engaged; if the interest is real property, the address or another indication of the location of the property, unless the property is the official's principal or personal residence, in which case the official shall disclose this fact.



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For income, loans or gifts, the official shall disclose the person or entity that is the source.

(2) The public official or another officer or employee of the agency shall give a summary description of the circumstances under which he or she believes the conflict may arise.

(3) Either the public official or another officer or employee of the agency shall disclose the legal basis for concluding that there is no alternative source of decision.

(4) The disclosures required by this regulation shall be made in the following manner:

(A) If the governmental decision is made during an open session of a public meeting, the disclosures shall be made orally before the decision is made, by either the public official or by another officer or employee of the agency. The information contained in the disclosures shall be made part of the official public record either as a part of the minutes of the meeting or as a writing filed with the agency. The writing shall be prepared by the public official and/or any officer or employee and shall be placed in a public file of the agency within 30 days after the meeting; or

(B) If the governmental decision is made during a closed session of a public meeting, the disclosures shall be made orally during the open session either before the body goes into closed session or immediately after the closed session. The information contained in the disclosures shall be made part of the official public record either as a part of the minutes of the meeting or as a writing filed with the agency. The writing shall be prepared by the public official and/or any officer or employee and shall be placed in a public file of the agency within 30 days after the meeting; or

(C) If the government decision is made or participated in other than during the open or closed session of a public meeting, the disclosures shall be made in writing and made part of the official public record, either by the public official and/or by another officer or employee of the agency. The writing shall be filed with the public official's appointing authority or supervisor and shall be placed in a public file within 30 days after the official makes or participates in the decision. Where the public official has no appointing authority or supervisor, the disclosure(s) shall be made in writing and filed with the agency official who maintains the records of the agency's statements of economic interests, or other designated office for the maintenance of such disclosures, within 30 days of the making of or participating in the decision."

(Reg. 18708.)

Government Code section 1090

The recusal and disqualification process for the existence of a disqualifying “remote” financial interest in a contract under Government Code section 1090 is quite similar to that for disqualification under Government Code section 87100 (the Political Reform Act). That process is as follows:

- (1) The interested official discloses the financial interest to the body or board;
- (2) The interest is noted in the body’s or board’s official records; and
- (3) The official abstains from any participation in the making of the contract.

(Gov. Code § 1091, subd. (a).)

Thereafter, the body or board may approve the contract in good faith by vote of its membership sufficient for the purpose without counting the vote of the officer or member with the remote interest. (*Id.*)

A public official who intentionally fails to disclose the existence of a remote interest before action is taken on the contract violates section 1090. However, such a violation would not void the contract unless the contracting party knew of the official’s remote interest at the time of contracting. (Gov. Code § 1091, subd. (d).)

Exclusion

An issue that occasionally arises in the disqualification context is how to conduct agency business when one of its voting officials is disqualified based on a conflict which arises when an official has brought a claim or lawsuit against the agency or has an “economic interest” in litigation brought by another, and has a “financial interest” arising from that claim or lawsuit. In these circumstances the agency will often go into closed session under the Brown Act with counsel to discuss the claim or litigation (Gov. Code § 54956.9). The question that arises is whether the disqualified official is precluded from attending or having any access to information from the closed session.

There is scant law on this topic, which we refer to here as “exclusion,” however, excluding a disqualified official from a closed session flows directly from the fact of disqualification under Government Code section 87100. That is, because the official is disqualified, he or she may not make, participate in making, or use his or her official position to influence a governmental decision. Thus, the disqualified official must be excluded from (and denied access to any information from) any closed session discussion of such a claim or lawsuit. (*Hamilton v. City of Los Gatos* (1999) 213 Cal.App.3d 1050, 1058-1059 (a public official with a conflict may not be present or participate in or receive information from a closed session related



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to a matter in which the official is disqualified due to a financial interest).) This conclusion is consistent with the Attorney General's opinion that a person may not be in a closed session under the Brown Act unless that person has official business to perform. (82 Ops.Cal.Atty.Gen. 29, 33-34 (1999).) Clearly a disqualified official could not have any business to perform in such a closed session. Additionally, under Government Code section 1091(b)(15), a settlement agreement is a "remote interest" which triggers disqualification, thus the disqualified official could not participate in any discussions that might impact on a settlement of a claim or lawsuit.

CONCLUSION

2014 was a dynamic year for the Political Reform Act, with eight (8) new bills signed by the Governor changing the Act, and the FPPC making sixteen (16) amendments to its regulations. More changes are on the horizon for 2015. The Public Policy and Ethics Compliance Group of BB &K is dedicated to keeping its clients informed, up to date, and in compliance with the law as it evolves. Our lawyers are available to assist you with the specifics of any issue which might arise under our laws governing government agency transparency, fairness and integrity.

GARY W. SCHONS
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Washington, DC
(202) 785-0600

Russell G. Behrens
(949) 263-6589
russell.behrens@bbklaw.com
File No. 55401.00000

January 16, 2014

RECEIVED

JAN 17 2014

MWD OF OC

Rob Hunter, General Manager
Metropolitan Water District of Orange County
P.O. Box 20895
Fountain Valley, CA 92708

Dear Rob:

I have completed a review of our current billing rates for the Agency and I believe it is time to propose an adjustment. Although the firm annually reviews and adjusts rates for our private entity clients, that is not the case in regard to public agency clients such as the District. We are acutely aware of the financial pressures that public agencies face. As a result, there has not been a rate adjustment for the District since 2008.

We are honored to have had the opportunity to serve as legal counsel for the District for many years and do not address this issue lightly. Taking into account the apportionment of work between partners and associates, and the need to adequately price the services of our specialists, we would propose that the rates be adjusted as follows:

Current rates: \$235/hour for partners; \$200/hour for senior associates; \$175/hour for junior associates; and \$125/hour for paralegals

Proposed rates, with an annual COLA adjustment:

Basic General Counsel Services: \$255/hour for partners; \$225/hour for associates; and \$135/hour for paralegals.

Examples of Basic General Counsel Services: (a) Attendance at meetings of the Board or Staff; (b) Advice to the Board and Staff on matters including, but not limited to, the Water Code, Government Code, Brown Act, Public Records Act, and conflict of interest issues; (c) Preparation of ordinances, resolutions and contracts; and (d) phone calls, emails and other correspondence on a day-to-day basis.

Special Counsel Services: \$295/hour for partners; \$265/hour for associates; and \$150/hour for paralegals.

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BEST BEST & KRIEGER
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January 16, 2014

Page 2

Special Counsel Services Include The Following: (a) Environmental – CEQA, NEPA, and Endangered Species; (b) Real Property – eminent domain, easements, leases, and other property interests; (c) Public Works Construction – bidding, contract development, and contractor disputes; (d) Labor Relations and Employment; (e) Water Rights, Water Supply and Water Quality; (f) Taxes, Rates and Charges; (g) Renewable Energy; and (h) Litigation And Formal Administrative Hearing Matters/Enforcement of Policies and Contracts.

It is proposed that these rates go into effect as of January 1, 2014. The COLA adjustment would be implemented as of July 1 of each year.

We respectfully request that you sign this letter as indicated below and return to our offices via email, fax or mail. If you have any questions, please let me know. We are very honored to be general counsel for the District and look forward to working with you for many years to come.

Do not hesitate to call me with any questions or comments.

Very truly yours,

Russell G. Behrens
of BEST BEST & KRIEGER LLP

ACCEPTED AND AGREED:

By: _____

Name: _____

Title: _____

RGB:SP

55401.00000\8541864.1

AMENDMENT TO AGREEMENT FOR LEGAL SERVICES

1. Parties to Date:

This Amendment is made and entered into as of the ____ day of ____ 2014, to be effective as of January 1, 2014 by and between Municipal Water District of Orange County ("The District") and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law ("BB&K").

2. Recitals

- 2.1 This is an Amendment to the Agreement for Legal Services between District and BB&K executed January 1, 2012 ("Services Agreement").

3. Changes to Section 3

- 3.1 Section 3.3 of the Services Agreement shall be changed by striking "Dan Payne" and inserting "Matthew Richardson."
- 3.2 Section 3.7 of the Services Agreement shall be changed by substituting Exhibit A with "Exhibit A-2014" which is attached hereto and incorporated by reference and made a part hereof.
- 3.3 Section 3.9 is hereby amended to read as follows:
- "3.9 Annual Reviews. The District and BB&K agree that a review of performance of services referenced in this Agreement should occur at least annually."

4. All other provisions of the Services Agreement shall remain in full force and effect.

IN WITNESS WHERE OF, the District and BB&K have executed this Amendment to Agreement for Legal Services as of the date first written above.

MUNICIPAL WATER DISTRICT OF
ORANGE COUNTY

By: _____
Name: ROBERT J. HUNTER
Title: General Manager

BEST BEST & KRIEGER, LLP

By: _____
Name: RUSSELL G. BEHRENS
Title: Partner

EXHIBIT "A-2014"

***FEE SCHEDULE FOR MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Basic General Counsel Services: \$255/hour for partners; \$225/hour for associates; and \$135/hour for paralegals.

Examples of Basic General Counsel Services: (a) Attendance at meetings of the Board or Staff; (b) Advice to the Board and Staff on matters including, but not limited to, the Water Code, Government Code, Brown Act, Public Records Act, and conflict of interest issues; (c) Preparation of ordinances, resolutions and contracts; and (d) phone calls, emails and other correspondence on a day-to-day basis.

Special Counsel Services Include The Following: (a) Environmental – CEQA, NEPA, and Endangered Species; (b) Real Property – eminent domain, easements, leases, and other property interests; (c) Public Works Construction – bidding, contract development, and contractor disputes; (d) Labor Relations and Employment; (e) Water Rights, Water Supply and Water Quality; (f) Taxes, Rates and Charges; (g) Renewable Energy; and (h) Litigation And Formal Administrative Hearing Matters/Enforcement of Policies and Contracts.

Annual COLA Adjustments; Other Mutual Adjustments. The rates or amounts provided for in Sections 3.7.1 through 3.7.6 and 3.7.11 shall be automatically adjusted as follows: On July 1 2014 and every July 1st thereafter during the term of this Agreement, they shall be adjusted for the change in the cost of living for the twelve (12) month period published for the month of May, as shown by the U.S. Department of Labor in its All Urban Consumers Index set forth for the Los Angeles-Anaheim-Riverside area ("COLA"): provided, however, that such adjustment shall not be lower than zero percent (0%) nor more than five percent (5%). In addition to the COLA rate adjustments, initiation of consideration of a rate increase may occur at any time; but shall not be implemented without the express written consent of the Client.

COLA INCREASE CALCULATION FOR MWDOC
Jan 2014

WITH CPI INCREASE		3.5%	0%	1.2%	2.7%	2.0%	1.1%
	2008	2009	2010	2011	2012	2013	2014
PARTNER/ OF COUNSEL	235	243	243	246	253	258	261
ASSOCIATE	200	207	207	209	215	219	222
ASSOCIATE 2	175	181	181	183	188	192	194
PARALEGAL	125	129	129	131	134	137	139

Area: LOS Angeles-Riverside-Orange County, CA
Item: All items
Base Period: 1982-84=100

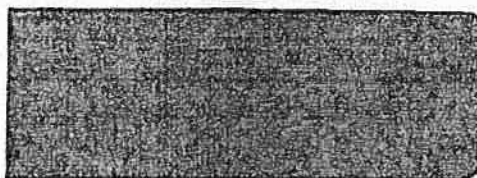
Download: [\[XLS\]](#) .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1992	3.1	3.6	4.2	3.6	3.7	3.8	3.7	3.7	3.4	3.8	3.3	3.6	3.6	3.7	3.5
1993	3.4	3.5	3.0	2.8	2.8	2.4	2.1	2.0	1.9	1.7	2.3	2.5	2.6	3.0	2.1
1994	2.0	1.5	1.8	1.4	0.9	1.1	1.3	1.4	1.7	1.7	0.9	1.0	1.3	1.4	1.3
1995	1.4	1.5	1.4	1.8	2.4	2.3	1.8	1.6	1.2	1.2	1.0	0.8	1.5	1.8	1.2
1996	0.9	1.1	1.7	1.9	1.5	1.2	2.0	1.9	2.3	2.3	2.6	2.4	1.9	1.4	2.3
1997	2.2	1.9	1.6	1.4	1.3	1.7	1.2	1.5	1.5	1.4	1.5	1.8	1.6	1.7	1.5
1998	1.2	1.2	1.0	1.2	1.8	1.8	1.6	1.8	1.3	1.3	1.7	1.4	1.4	1.3	1.5
1999	2.0	2.2	2.2	3.0	2.4	2.0	2.3	2.3	2.8	2.5	2.3	2.3	2.3	2.3	2.4
2000	2.3	2.9	3.5	2.4	2.9	3.4	3.6	3.5	3.6	3.9	3.8	3.7	3.3	2.9	3.7
2001	3.8	3.6	3.2	3.5	3.7	4.5	3.8	3.6	3.2	2.6	2.7	2.1	3.3	3.8	3.0
2002	2.7	2.7	2.8	3.2	2.9	1.7	2.2	2.6	2.6	3.0	3.3	3.7	2.8	2.6	2.9
2003	3.5	3.6	3.9	3.0	2.1	2.4	2.3	2.1	2.6	2.2	1.7	1.8	2.6	3.1	2.1
2004	1.8	1.9	1.8	2.3	3.7	4.0	3.8	3.3	3.3	4.5	5.2	4.4	3.3	2.6	4.1
2005	3.7	3.8	4.0	4.8	4.2	3.6	4.1	5.2	5.8	5.4	4.4	4.5	4.5	4.0	4.9
2006	5.4	5.1	4.7	4.7	5.4	5.2	5.0	4.3	3.4	2.2	2.7	3.3	4.3	5.1	3.5
2007	3.2	3.5	3.8	3.5	2.9	2.9	2.9	2.6	2.3	3.5	4.2	4.2	3.3	3.3	3.2
2008	3.9	3.1	3.3	3.1	3.7	5.4	5.7	5.1	4.5	3.4	1.0	0.1	3.5	3.8	3.3
2009	-0.1	0.0	-1.0	-1.3	-1.8	-2.2	-2.6	-1.7	-1.0	-0.4	0.9	1.8	-0.8	-1.1	-0.5
2010	1.8	1.4	1.9	1.9	1.8	0.9	0.9	0.8	0.4	0.7	0.7	1.3	1.2	1.6	0.8
2011	1.8	2.3	3.0	3.3	3.1	2.9	2.4	2.4	3.1	2.8	3.0	2.2	2.7	2.7	2.6
2012	2.1	2.1	2.0	1.5	1.6	1.6	1.9	2.3	2.2	3.0	2.1	1.9	2.0	1.8	2.3
2013	2.0												2.0	1.8	2.3

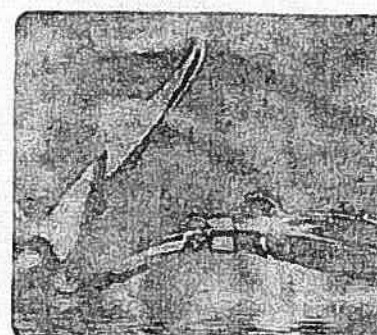
Base Period: 1982-84=100

Download: [\[XLS\]](#) .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2011	1.8	2.3	3.0	3.3	3.1	2.9	2.4	2.4	3.1	2.8	3.0	2.2	2.7	2.7	2.6
2012	2.1	2.1	2.0	1.5	1.6	1.6	1.9	2.3	2.2	3.0	2.1	1.9	2.0	1.8	2.3
2013	2.0	2.2	1.3	0.9	1.0	1.4	1.3	0.8	0.6	-0.1	0.4	1.1	1.3	1.5	0.7



About BB&K



Best Best & Krieger LLP is a full-service law firm with more than 200 attorneys in California and Washington, D.C. delivering effective, timely and service-oriented solutions to complex legal issues facing public agencies, businesses and individuals. The firm has been helping businesses, from local to international, achieve their goals for more than 100 years. BB&K lawyers serve as city attorney to 30 California cities and as general and special counsel to water districts and other special districts, school districts, cities, counties and other public agencies. BB&K also has attorneys who specialize in complex areas including environmental and natural resources law; taxes, rates and charges; eminent domain; and litigation.

Broad Practice Scope

- Bankruptcy
- Business Services
- Education Law
- Eminent Domain
- Environmental Law & Natural Resources
- Health Care
- Labor & Employment
- Land Use
- Litigation

- Municipal Law
- Public Finance
- Real Estate
- Sustainable Communities
- Taxes, Rates & Charges
- Telecommunications
- Trust & Estate Planning, Administration & Litigation
- Public Works Construction
- Water Districts and Other Special Districts
- Water Rights, Supply & Quality

Many Resources – One Point of Contact

BB&K provides each client with a **relationship partner** who is the client's primary contact. The relationship partner is responsible for intimately understanding the client's business and coordinating the services of any other firm attorneys on the client service team. This ensures that the client's goals are met in the most efficient manner while having access to the full range of firm expertise and resources. Effective communication is the cornerstone of our legal services.

www.BBKlaw.com

Indian Wells | Irvine | Los Angeles | Ontario | Riverside | Sacramento | San Diego | Walnut Creek | Washington, D.C.

ATTACHMENT B

2/14

Indian Wells
(760) 568-2511

Los Angeles
(213) 817-8100

Ontario
(909) 989-8584

Riverside
(951) 688-1450



BEST BEST & KRIEGER
ATTORNEYS AT LAW

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Walnut Creek
(925) 977-3300

Washington, DC
(202) 785-0800

Russell G. Behrens
(949) 263-6569
russell.behrens@bbklaw.com
File No. 55401.00001

February 13, 2014

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

Re: Proposed Rate Adjustments, Legal Services

Dear Rob :

In response to your questions last week about our proposed rate adjustment I have the following information to offer:

1. COLA is an acronym for cost of living adjustment. The standard to be used would be the U.S. Department of Labor, all Urban Consumers Index for the Los Angeles, Anaheim, Riverside area. It is suggested the index would be representative and fair to both MWDOC and our firm (Attachment A).
2. The COLA would only be adjusted by no less than 0% and no more than 5%.
3. The proposed rate adjustment for general counsel services is less than the total of COLA since our last adjustment in 2008. Our proposal rate of \$255 per hour is a \$20 per hour increase. If COLA were applied to our rate of \$235 since 2008, the increase would be \$26 per hour. The proposed rate of \$255 per hour is about 23% below COLA. We submit the increase is fair and reasonable.
4. Breaking out special counsel rates separately is a change from the present rate schedule. It is believed this change is fair and reasonable because the experience and focused knowledge of certain BBK lawyers justifies a higher rate than rates for general counsel services. BBK has invested its resources over many years in these specialized areas of public law practice for the benefit of its public agency clients. The proposed rate for these specialized services is \$295 per hour or \$40 on hour more than the proposed general counsel rates. In light of the significance and importance of the issues calling for specialized services this proposed rate is very competitive. Enclosed is a description of our firm's dedicated specialties, including those applying to water districts (Attachment B).

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BEST BEST & KRIEGER LLP
ATTORNEYS AT LAW

Robert J. Hunter
February 13, 2014
Page 2

5. The differences between general and special counsel rates are governed not by who is performing the service but by whether the issue is a fundamental matter which is within the knowledge of general counsel or is a matter involving unique knowledge requiring dedicated focus and recognized experience in the field. (Thus, if a BBK lawyer is a known expert in a particular field of law and their services are required, the special counsel rates would apply.) It is important to note that discussion with MWDOC management will take place and MWDOC's consent would be required before special counsel services are engaged.

In closing, we again wish to express our desire to continue to provide our legal services to MWDOC. If this proposal is acceptable I have enclosed an amendment for your signature. If you have any thoughts, questions, or comments, please do not hesitate to call us.

Very truly yours,


Russell G. Behrens
of BEST BEST & KRIEGER LLP

RGB:SP

Enclosures

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Fiscal Year 2014-15

Sole Source Procurement Justification for Projects under \$25,000*



- A. Supplier Information/Name of Company and Prime Contact at the Supplier and at MWDOC:
- Tuchman Communications/Michelle Tuchman, MWDOC staff person responsible for contract oversight is Rob Hunter.
- B. Contract awards to Supplier over prior 36-months: None
- C. Product(s) or Service(s) to be provided and Deliverables: Public Affairs/Communication Services for the District during the Department restructure.
- D. Justification Definition** Urgent necessity
- E. Narrative Explanation: Due to the departure of 2 key staff members in the Public Affairs Department. This will cause a significant impact to the department leaving only 1 staff person. Based on the number of significant upcoming projects as well as to continue with the ongoing projects, time is of the essence in entering into a contract with Tuchman Communication to provide Public Affairs/Communication services. Based on her expertise in this area and familiarity with the District, as well as the urgent necessity, staff is recommending the District enter into an Agreement.
- F. Budget Line Item Reference: Salaries and Overhead
- G. Core or Choice designation: Core
- H. Signature/Approvals:

Requestor

Date


General Manager

4-30-15

Date

* Projects over \$25,000 must go to a Committee of the Board.

** Possible justifications include but are not limited to: Only qualified bidder; Proprietary item; Urgent necessity; Bid process did not produce competitors; Governmental agency, association or Utility; Prior phase of professional services contract completed successfully by same Consultant; and Special technical expertise by Consultant for tasks desired.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Fiscal Year **2014-15**

Sole Source Procurement Justification for Projects under \$25,000*



- A. Supplier Information/Name of Company and Prime Contact at the Supplier and at MWDOC: Hanley Communications/Jessica Ouwerkerk
Person responsible for contract oversight is Rob Hunter
- B. Contract awards to Supplier over prior 36-months: None
- C. Product(s) or Service(s) to be provided and Deliverables: Provide assistance with Public Affairs/Communications/Marketing services for the District during staffing transition.
- D. Justification Definition** Urgent Necessity
- E. Narrative Explanation: Due to departure of 2 key staff positions in the Public Affairs Department and the number of upcoming activities and projects, as well as ongoing projects, assistance is needed until key positions are filled. Based on her expertise and familiarity with the District, staff is recommending the District enter into an Agreement.
- F. Budget Line Item Reference: Salaries and Overhead
- G. Core or Choice designation: Core
- H. Signature/Approvals:

Requestor

Date



General Manager

May 6, 2015

Date

* Projects over \$25,000 must go to a Committee of the Board.

** Possible justifications include but are not limited to: Only qualified bidder; Proprietary item; Urgent necessity; Bid process did not produce competitors; Governmental agency, association or Utility; Prior phase of professional services contract completed successfully by same Consultant; and Special technical expertise by Consultant for tasks desired.



INFORMATION ITEM

May 13, 2015

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

FROM: Robert Hunter, General Manager Staff Contact: Harvey De La Torre

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 2015 was above average compared to past usage.

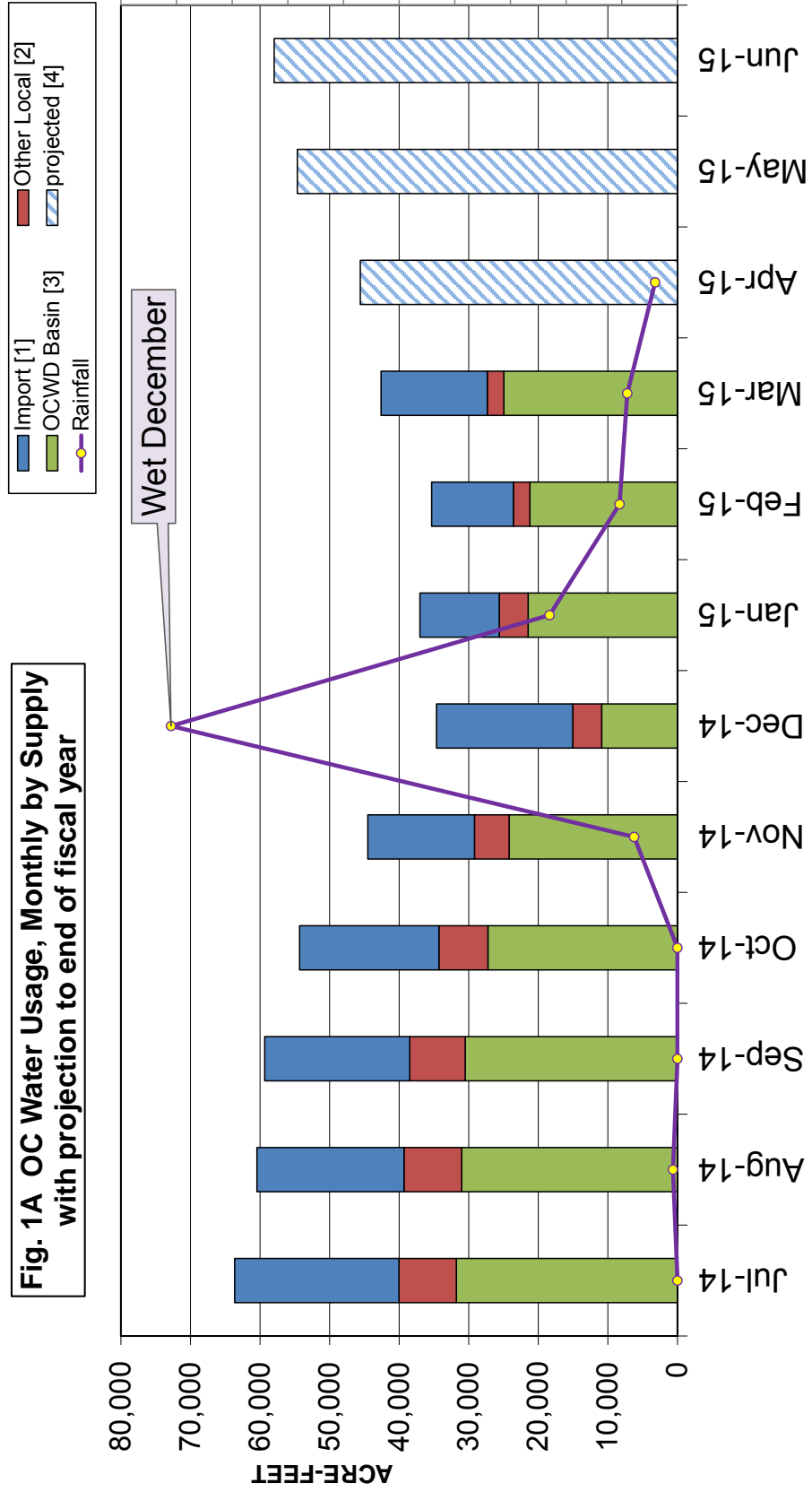
Fig. 3 Historical OC Water Consumption OC water consumption of about 622,000 AF in FY 2013-14 was up about 3-½ % from FY 2012-13, but was still below the long-term average of about 630,000 AF/yr. Although OC population has increased 20% over the past two decades, water usage has not increased, on average. A long-term decrease in per-capita water usage is attributed mostly to Water Use Efficiency (water conservation) efforts. High Temperature, precipitation and the economy all remain indicators to O.C. water consumption. Predicted water consumption for 2014-15 is 590,000 AF.

Fig. 4 MWDOC “Firm” Water Purchases, 2015 “Firm” water above the Tier 1 limit will be charged at the higher Tier 2 rate. Our current projection of Tier 2 purchases is zero in 2015.

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.

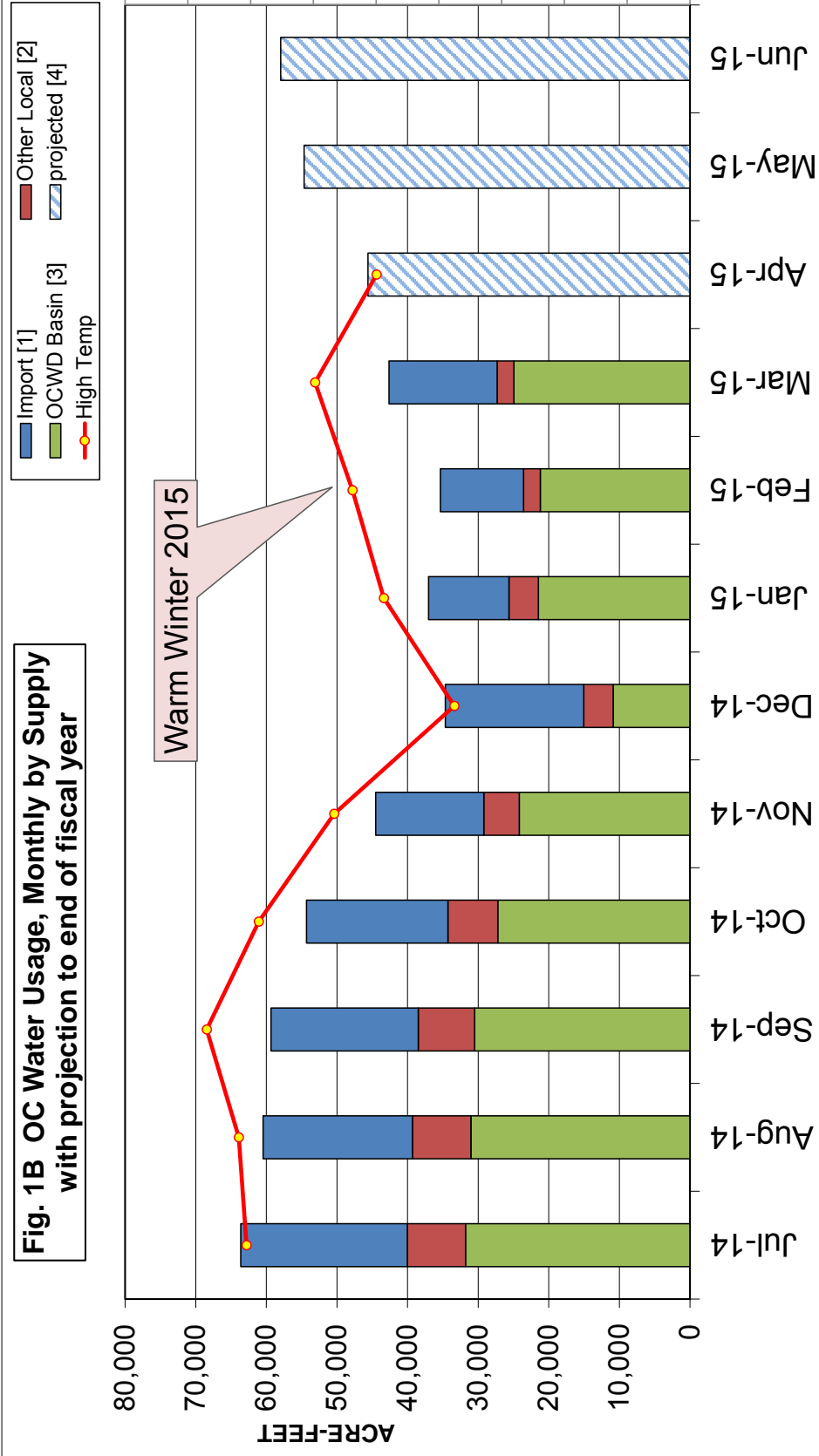
- Orange County’s accumulated rainfall through April was below average for this period. This continues the impact of the previous three hydrologic years’ below-normal rainfall in reducing those local supplies that are derived from local runoff.
- Northern California accumulated precipitation in April was around 75% of normal for this period. The Northern California snowpack was 5% of normal as of April 1st, the date used for year-to-year comparison. This follows three below-average hydrologic years. The State of California has been in a declared Drought Emergency since January 2014. The State Water Project Contractors Table A Allocation is only 20% as of the end of April. This percentage will most likely remain 20% due to dry conditions throughout the state.
- Colorado River Basin accumulated precipitation in April was a little 72% average for this period. The Upper Colorado Basin snowpack was 76% of average as of April 15th. However, this follows two below-average hydrologic years, and this watershed is in a long-term drought. Lake Mead and Lake Powell combined have about 61% of their average storage volume for this time of year. If Lake Mead’s level falls below a “trigger” limit, then a shortage will be declared by the US Bureau of Reclamation (USBR), impacting Colorado River water deliveries for the Lower Basin states. The USBR predicts that the “trigger” limit could be reached as early as June 2015 and most likely in March 2016.

**Fig. 1A OC Water Usage, Monthly by Supply
with projection to end of fiscal year**



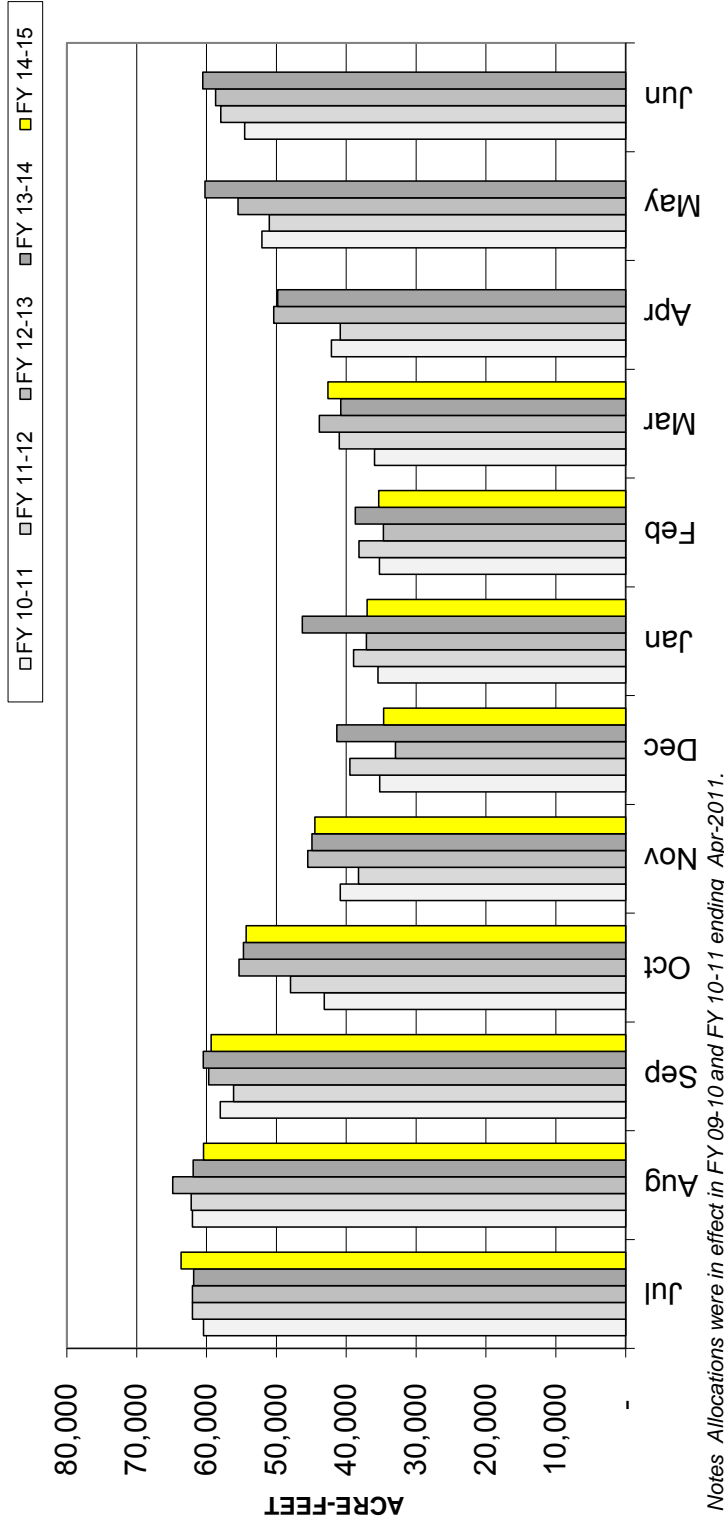
- [1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water, "Barrier Replenishment" deliveries, and deliveries into Irvine Lake.
- [2] Other local includes recycled water, local basin water, Irvine Lake water extraction, and Cal Domestic deliveries. Excludes recycled water used for Barrier recharge. Numbers are estimates until data collection is completed.
- [3] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '14-15 is 72%.
- [4] MWDOC's estimate of monthly demand is based on the projected FY 14-15 "Retail" water demand and historical monthly demand patterns.

**Fig. 1B OC Water Usage, Monthly by Supply
with projection to end of fiscal year**

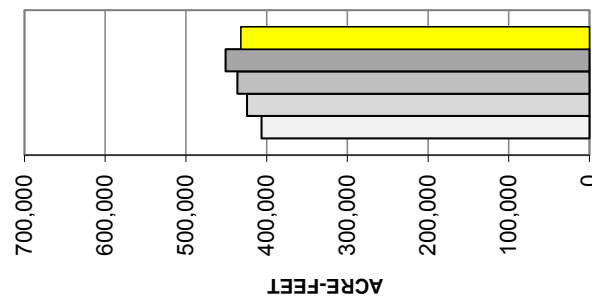


[1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water, "Barrier Replenishment" [2] Other local includes recycled water, local basin water, Irvine Lake water extraction, and Cal Domestic deliveries. Excludes recycled water used for Barrier recharge. Numbers are [3] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '14-15 is 72%. [4] MWDOC's estimate of monthly demand is based on the projected FY 14-15 "Retail" water demand and historical monthly demand patterns.

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

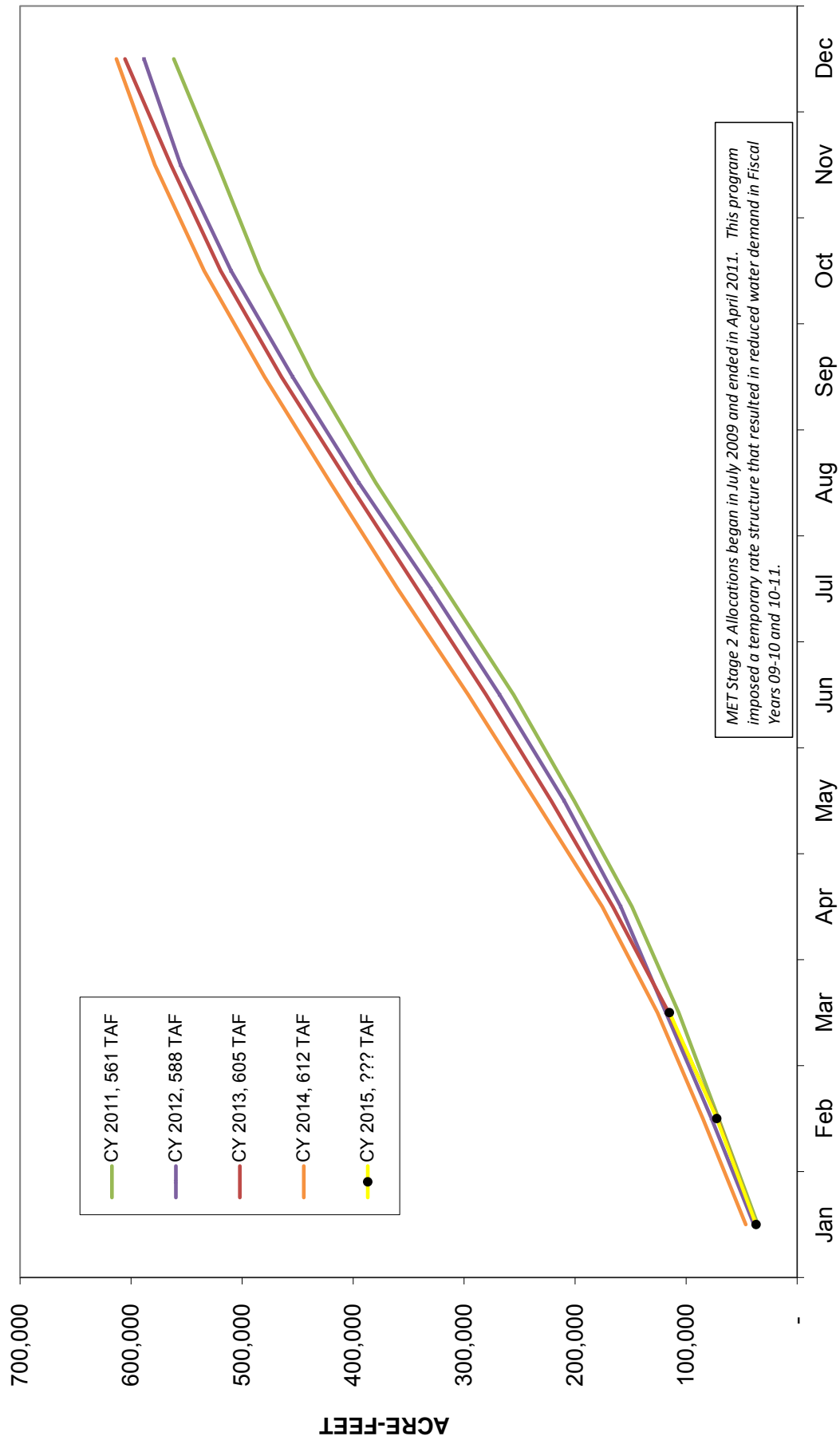


Partial Year Subtotals



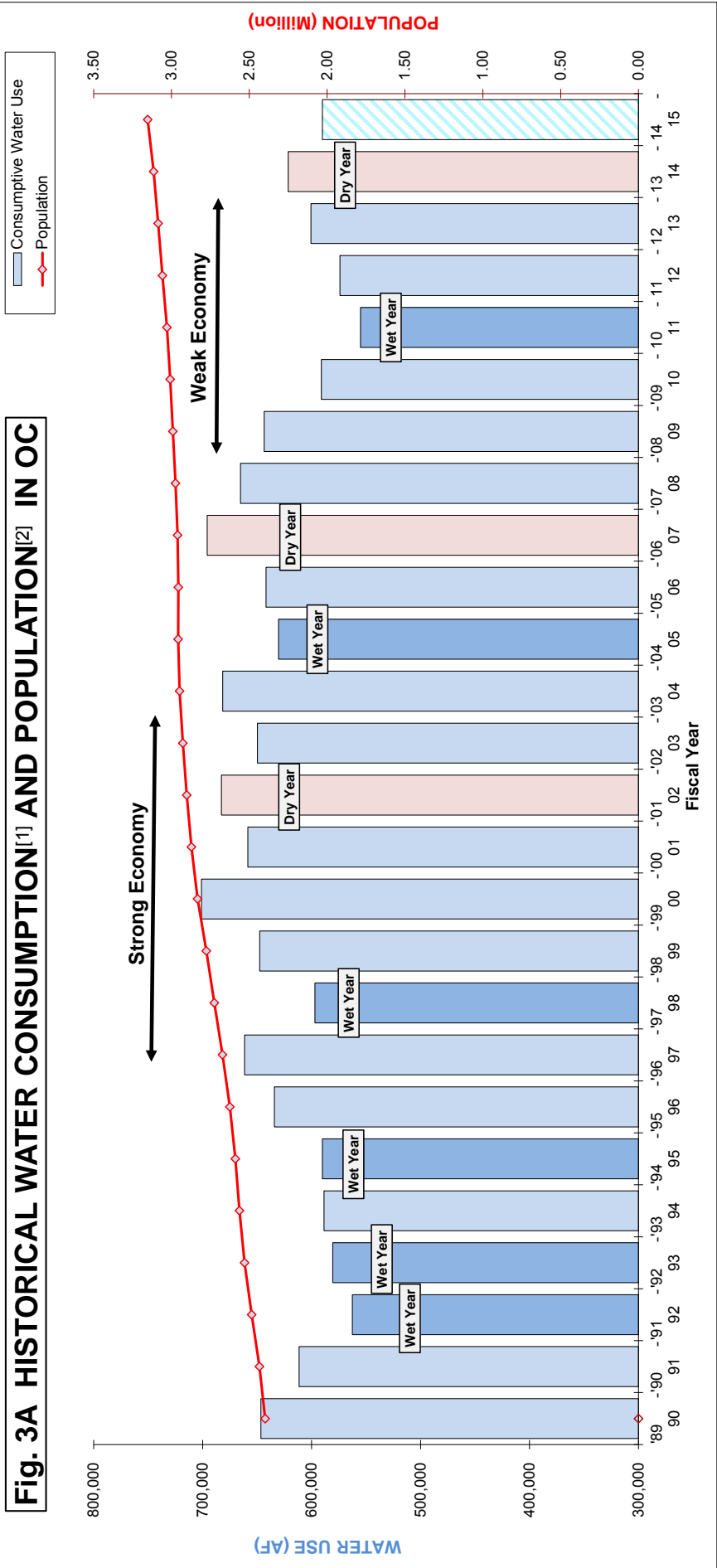
[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment" and "Barrier Replenishment") and Local water for consumptive use

**Fig. 2B Orange County Cumulative Monthly Consumptive Water Usage [1]:
present year compared to last 4 calendar 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

Fig. 3A HISTORICAL WATER CONSUMPTION^[1] AND POPULATION^[2] IN OC

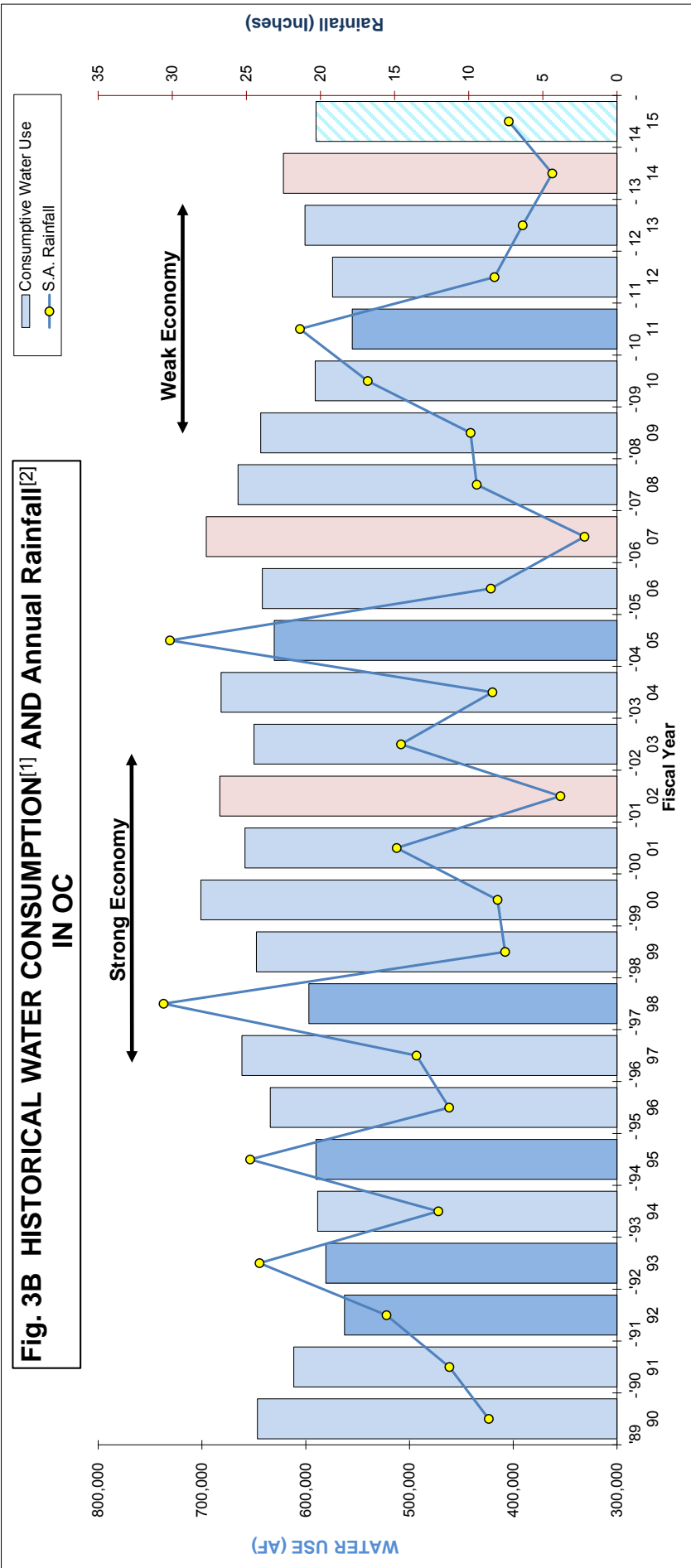


[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier and Spreading water. The most recent data involve some estimation.

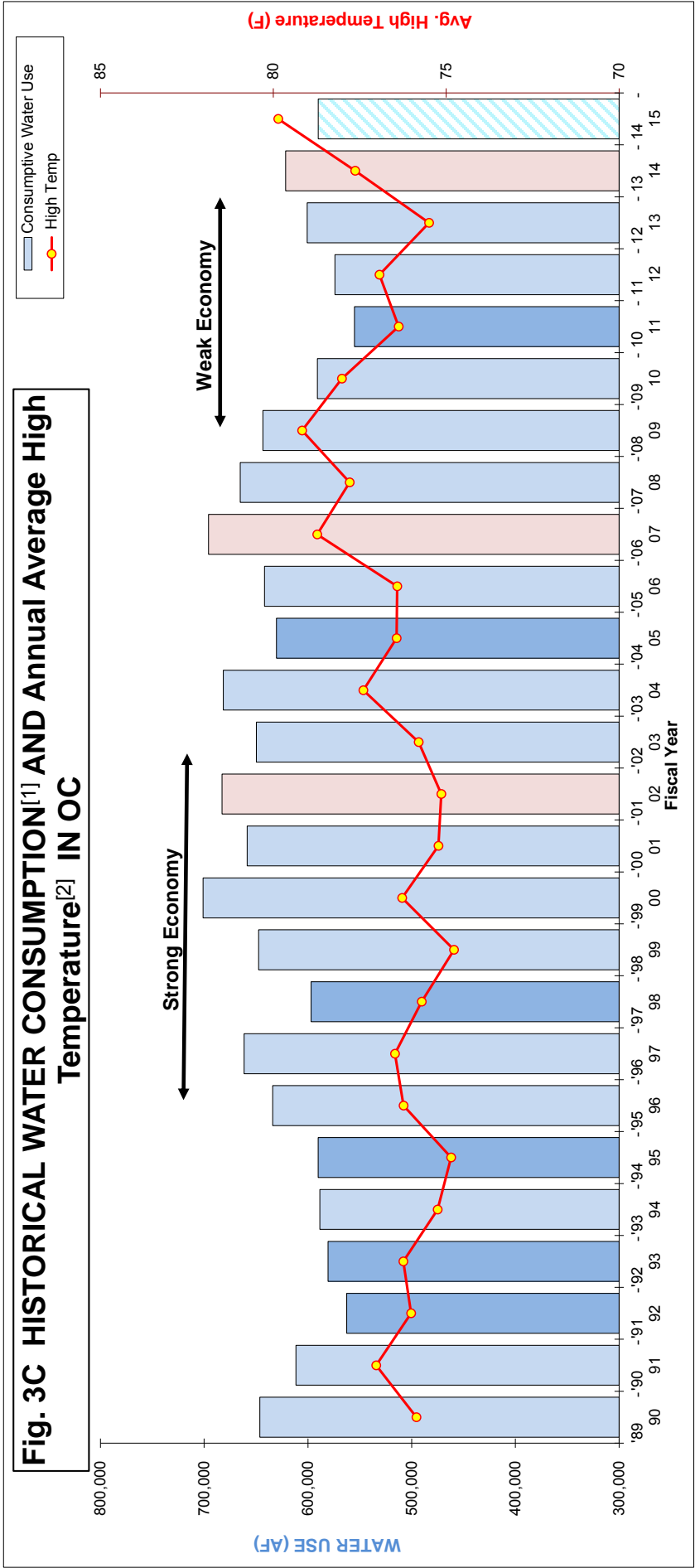
[2] Population estimates in the 2000s decade were revised by the State Dept. of Finance to reflect the 2010 Census counts.

[3] Projection of FY 14-15 water use estimated by MWDOC based on partial-year data.

Projection of FY 14-15 population estimated by MWDOC continues historical trend.



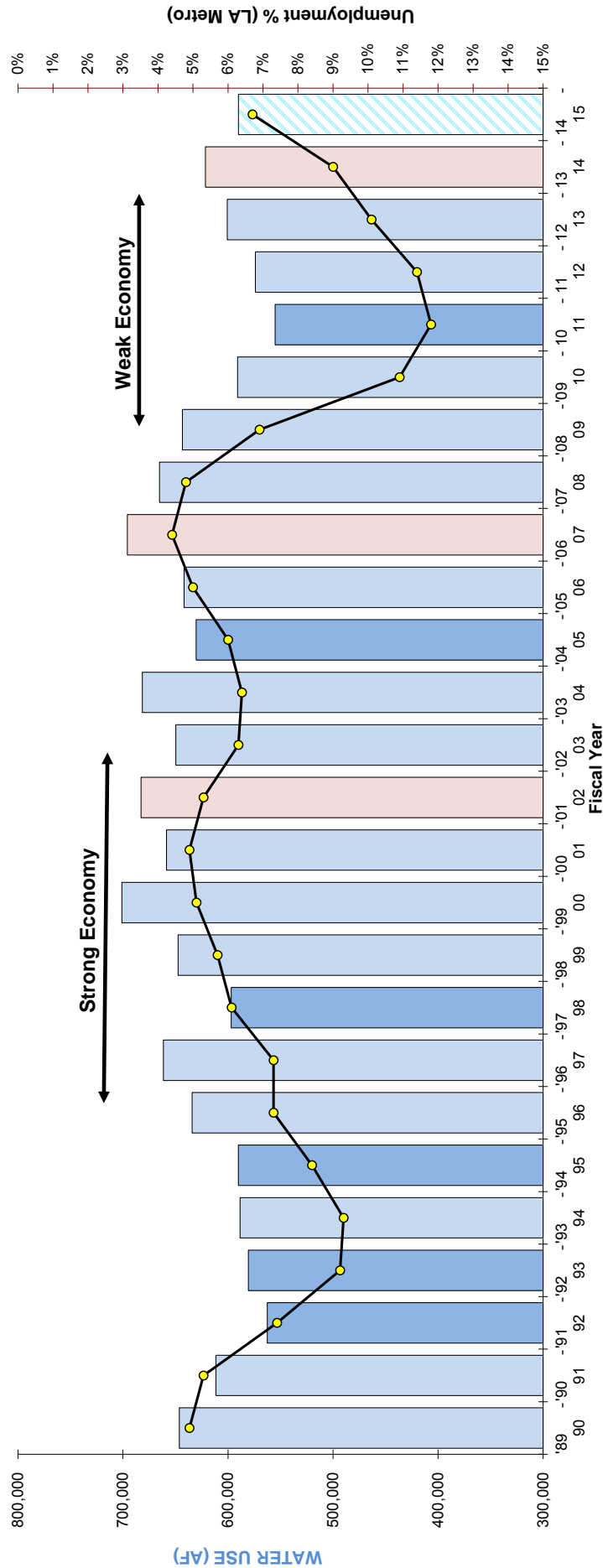
[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier and Spreading water. The most recent data involve some estimation.
 [2] Rainfall data from Santa Ana Statin #121



[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier and Spreading water. The most recent data involve some estimation.

[2] Temperature data is from Santa Ana Fire Station, elevation 135'

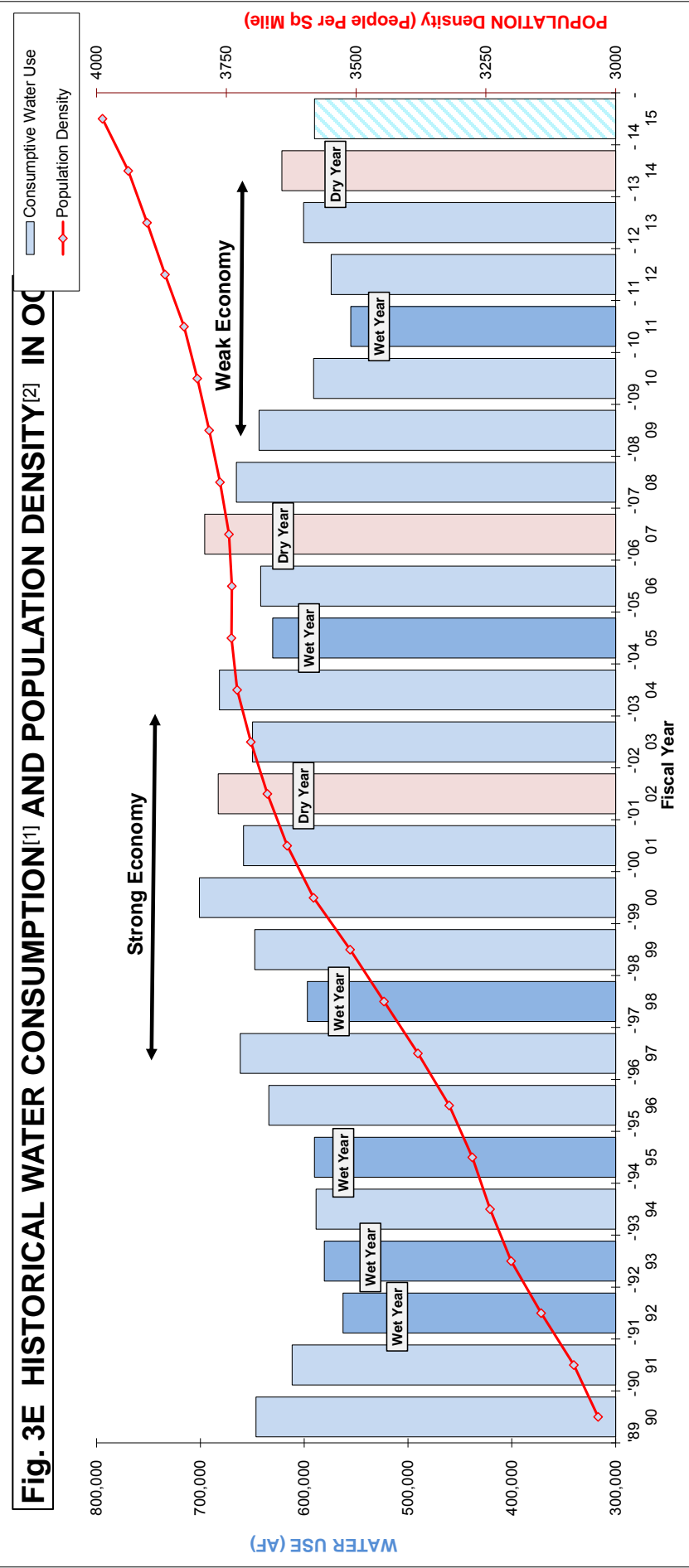
Fig. 3D HISTORICAL WATER CONSUMPTION^[1] AND Average Unemployment^[2] IN OC



[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier and Spreading water. The most recent data involve some estimation.

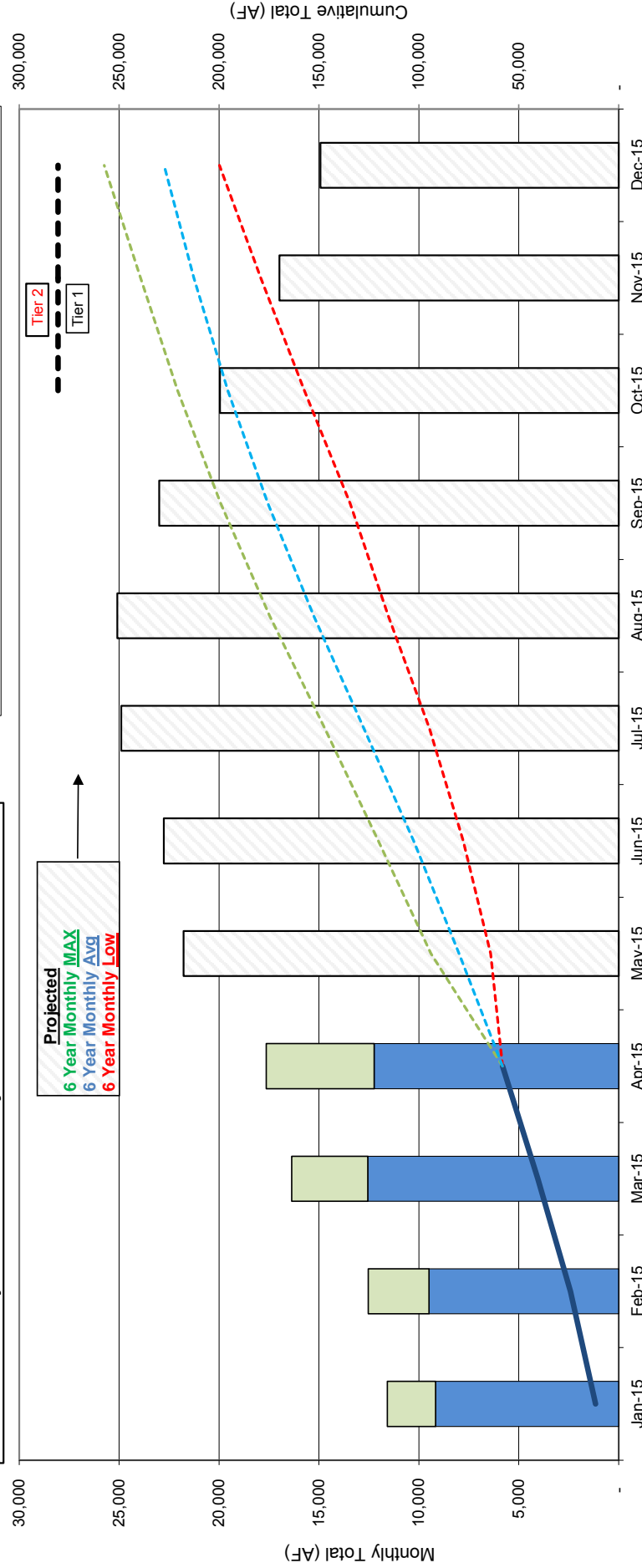
[2] Employment Data source Bureau of Labor Statistics for Long Beach-L.A.-Santa Ana Metro Area

<http://www.bls.gov/lau/>



[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier and Spreading water. The most recent data involve some estimation.
 [2] Population estimates in the 2000s decade were revised by the State Dept. of Finance to reflect the 2010 Census counts.

Fig. 4 MWDOC's Firm Water Purchases in CY 2015
Monthly Actual and Projected to CY Total



Notes

1. Firm" includes Full Service (both Treated and Untreated) and Barrier water.

Basin Pumping Percentage (BPP) is the percentage of a retail water agency's total water demand that they are limited to pump from the OCWD-managed groundwater basin. BPP pertains to Basin agencies only. For example, if a Basin agency's total demand is 10,000 AF/yr and OCWD sets the BPP at 72%, then the agency is limited to 7,200 AF of groundwater that year. There may be certain exceptions and/or adjustments to that simple calculation. OCWD sets the BPP for the Basin agencies, usually as of July 1st. Import demands for Jan.-Jun. were with BPP of 72% for Basin agencies; for Jul.-Dec. they are projected with BPP of 70%.

prepared by the Municipal Water District of Orange County

**numbers are subject to change*

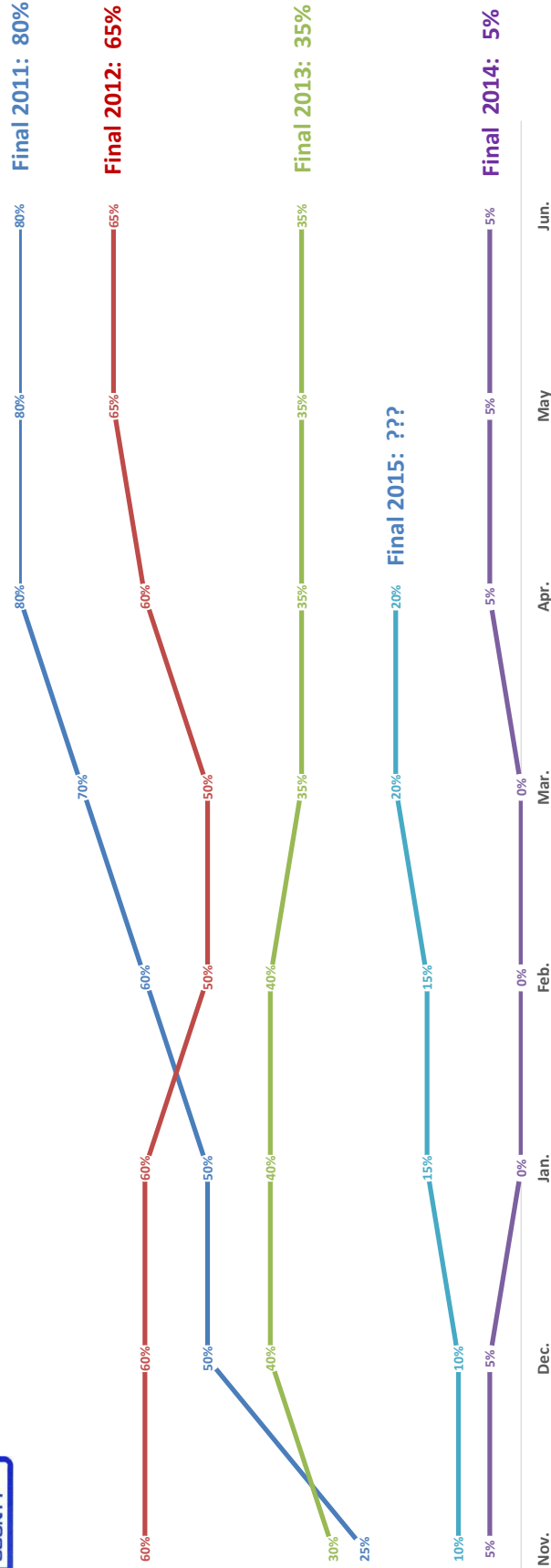
printdate

5/4/2015



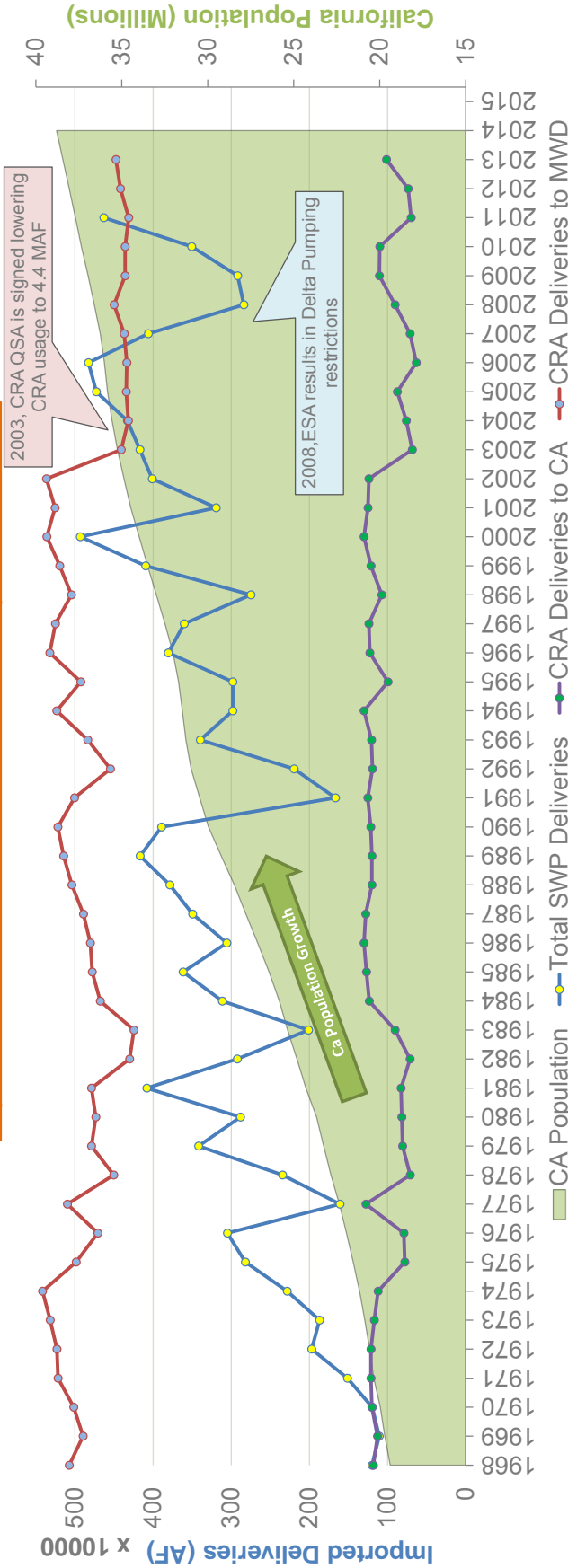
SWP TABLE A ALLOCATION

FOR STATE WATER PROJECT CONTRACTORS

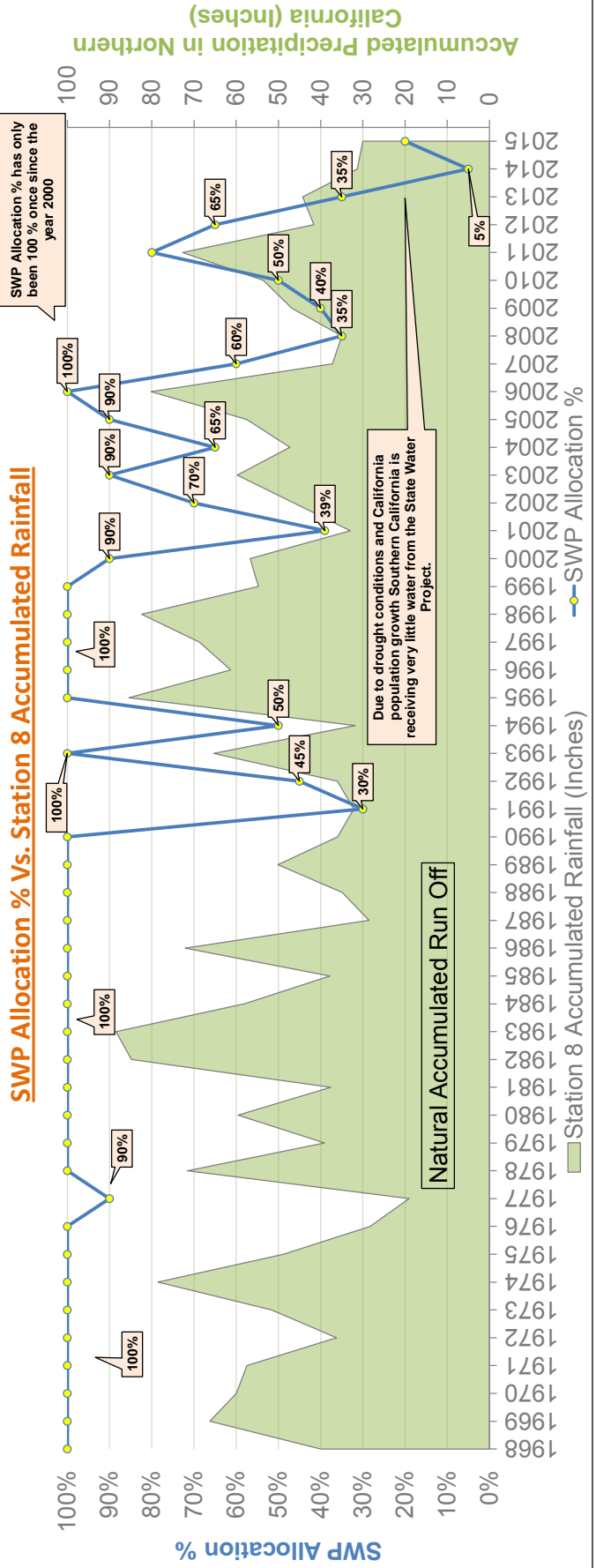


— Water Year 2011
 — Water Year 2012
 — Water Year 2013
 — Water Year 2014
 — Water Year 2015

Imported Water Deliveries Vs. California Population Growth

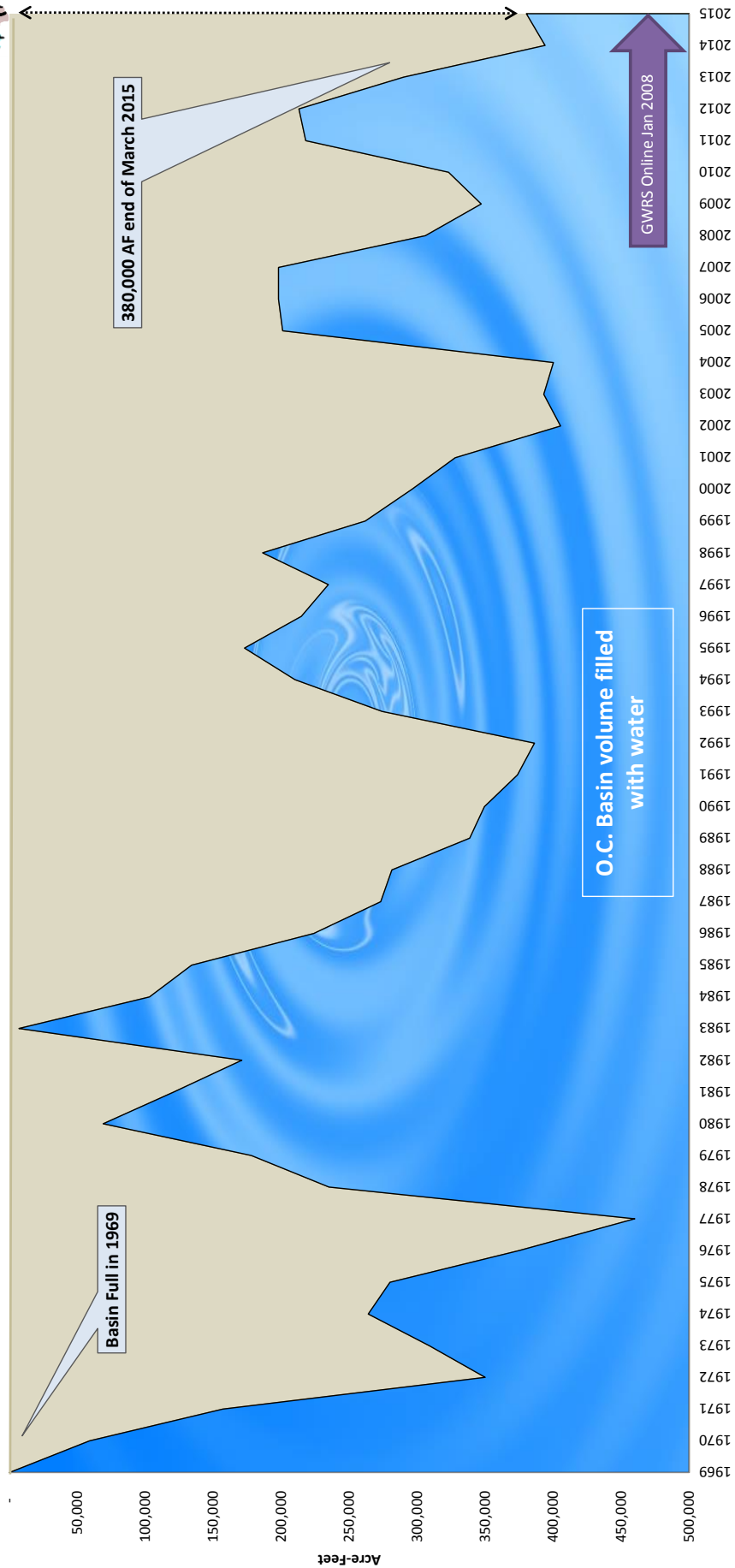


SWP Allocation % Vs. Station 8 Accumulated Rainfall



O.C. Basin Accumulated Overdraft

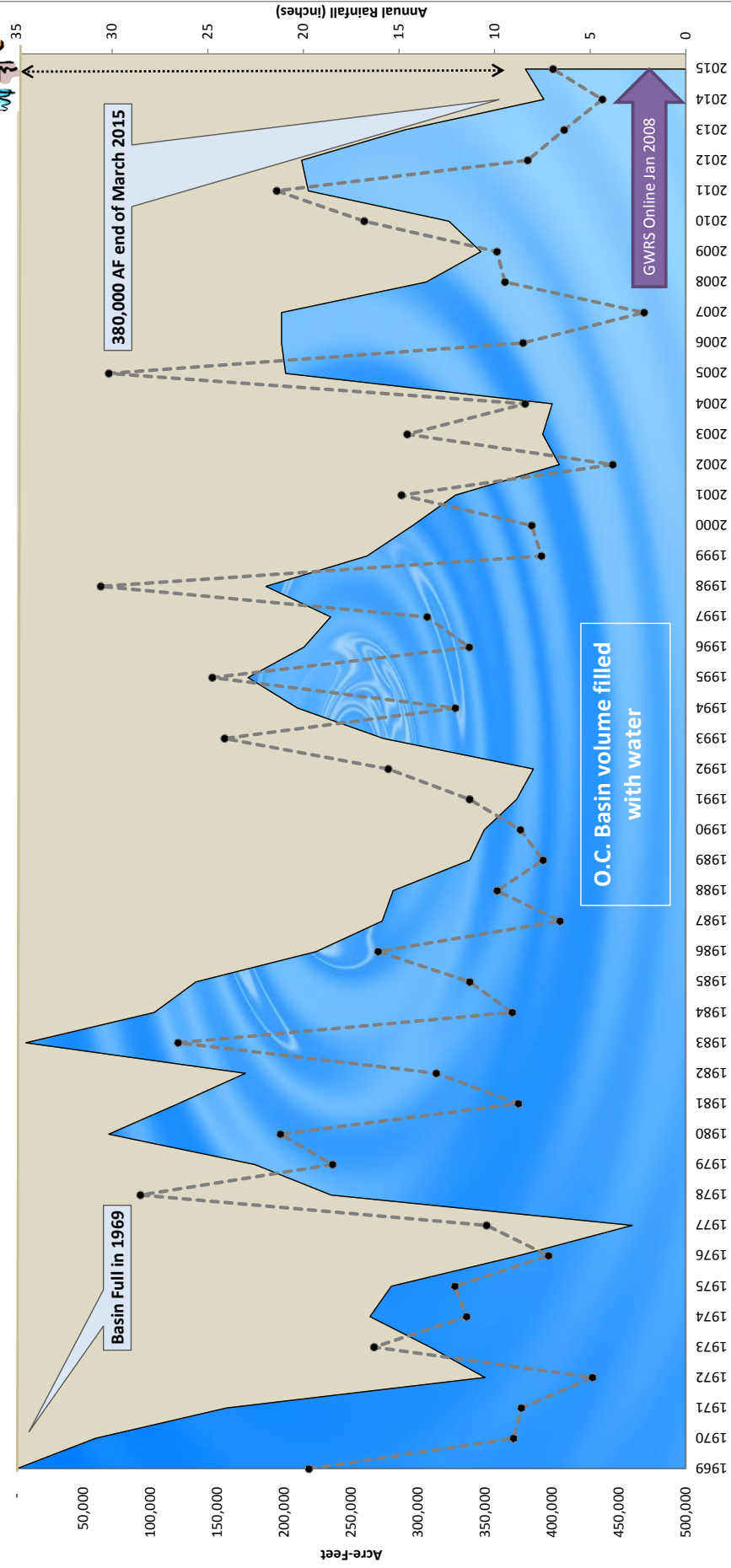
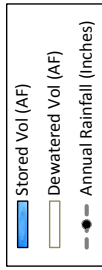
Annual, 1969 to Present



~ Accumulated Overdraft (dewatered volume) shown as white area, excluding the volume stored by Metropolitan. source: OCWD

O.C. Basin Accumulated Overdraft Vs. Annual Rainfall

Annual, 1969 to Present

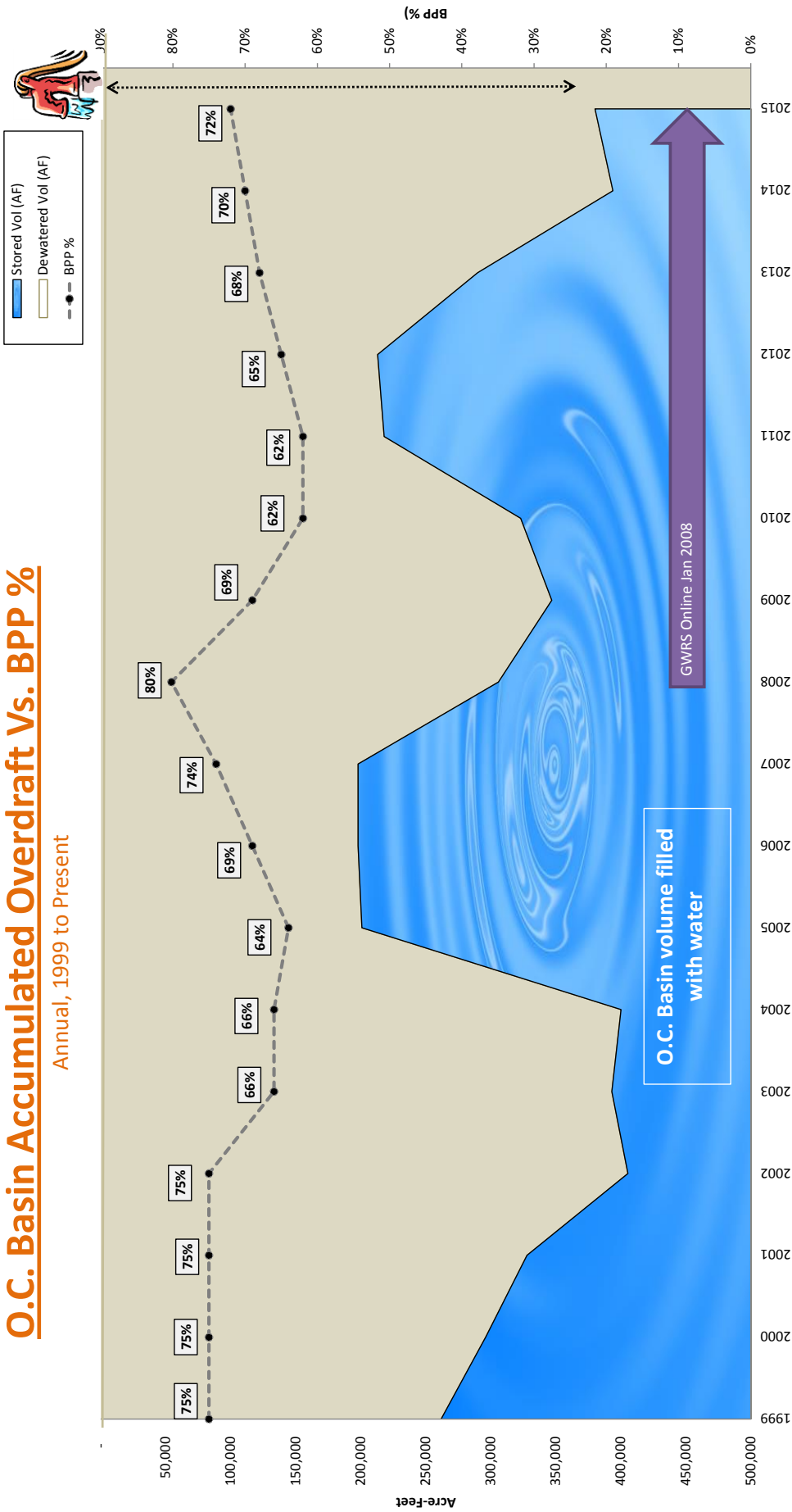


~ Accumulated Overdraft (dewatered volume) shown as white area, excluding the volume stored by Metropolitan. source: OCWD



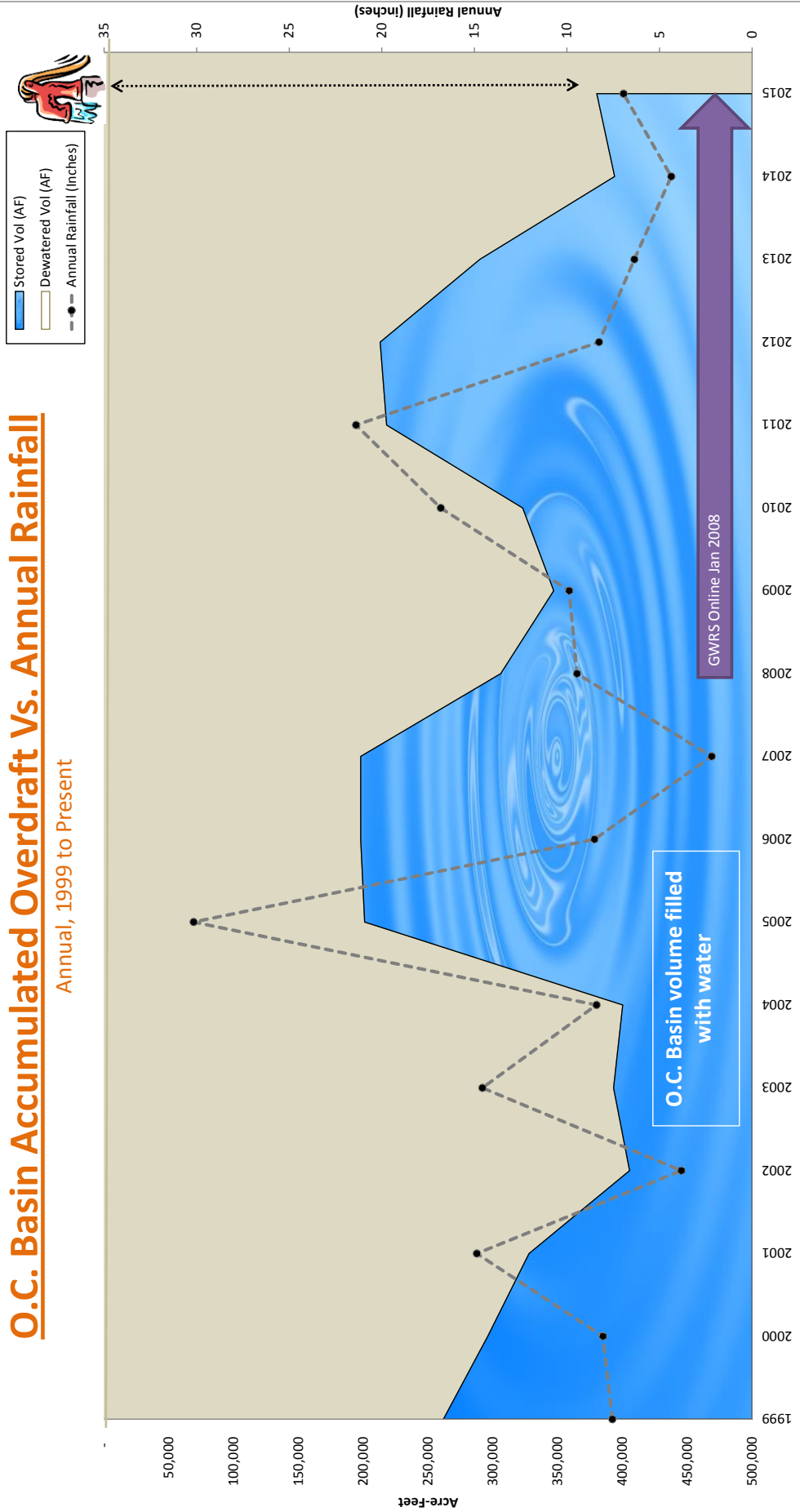
O.C. Basin Accumulated Overdraft Vs. BPP %

Annual, 1999 to Present

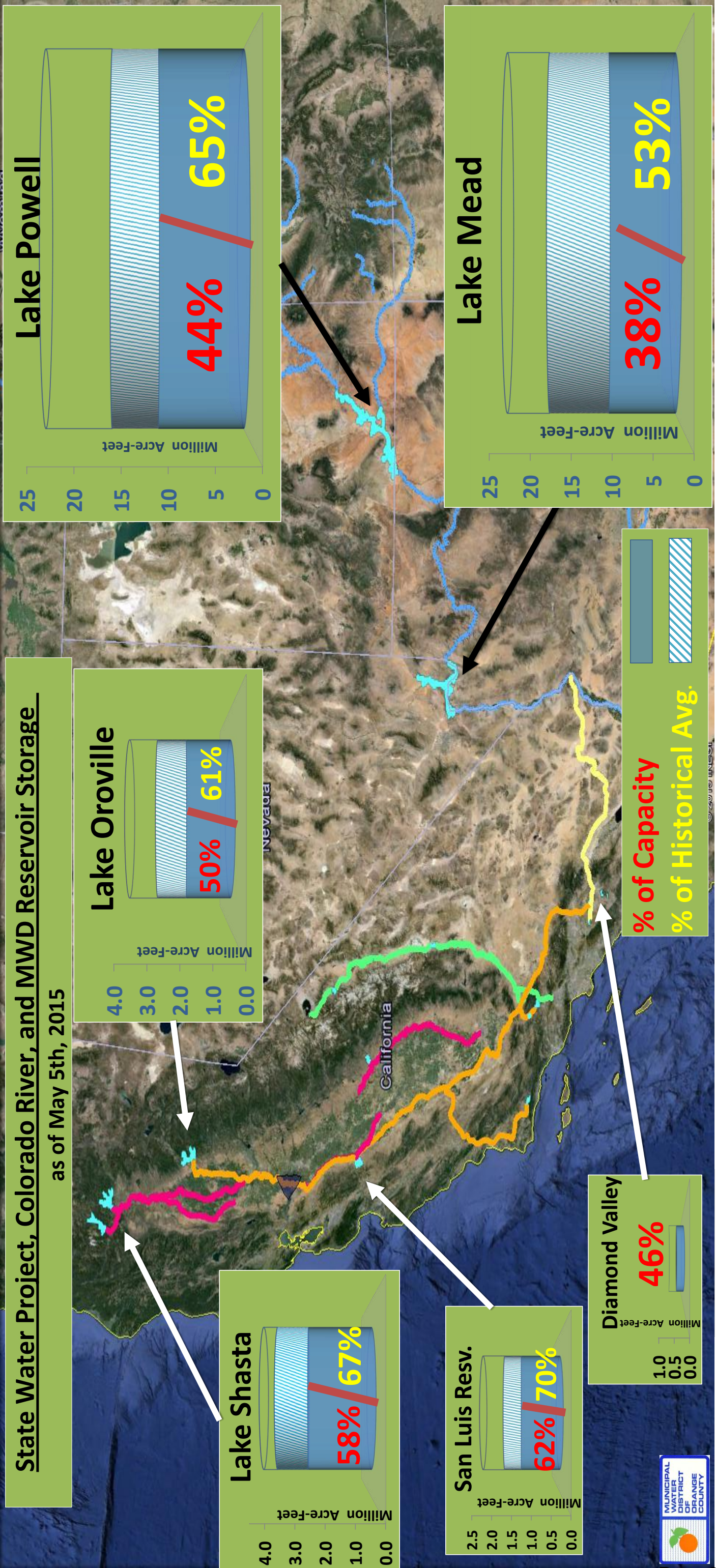


O.C. Basin Accumulated Overdraft Vs. Annual Rainfall

Annual, 1999 to Present

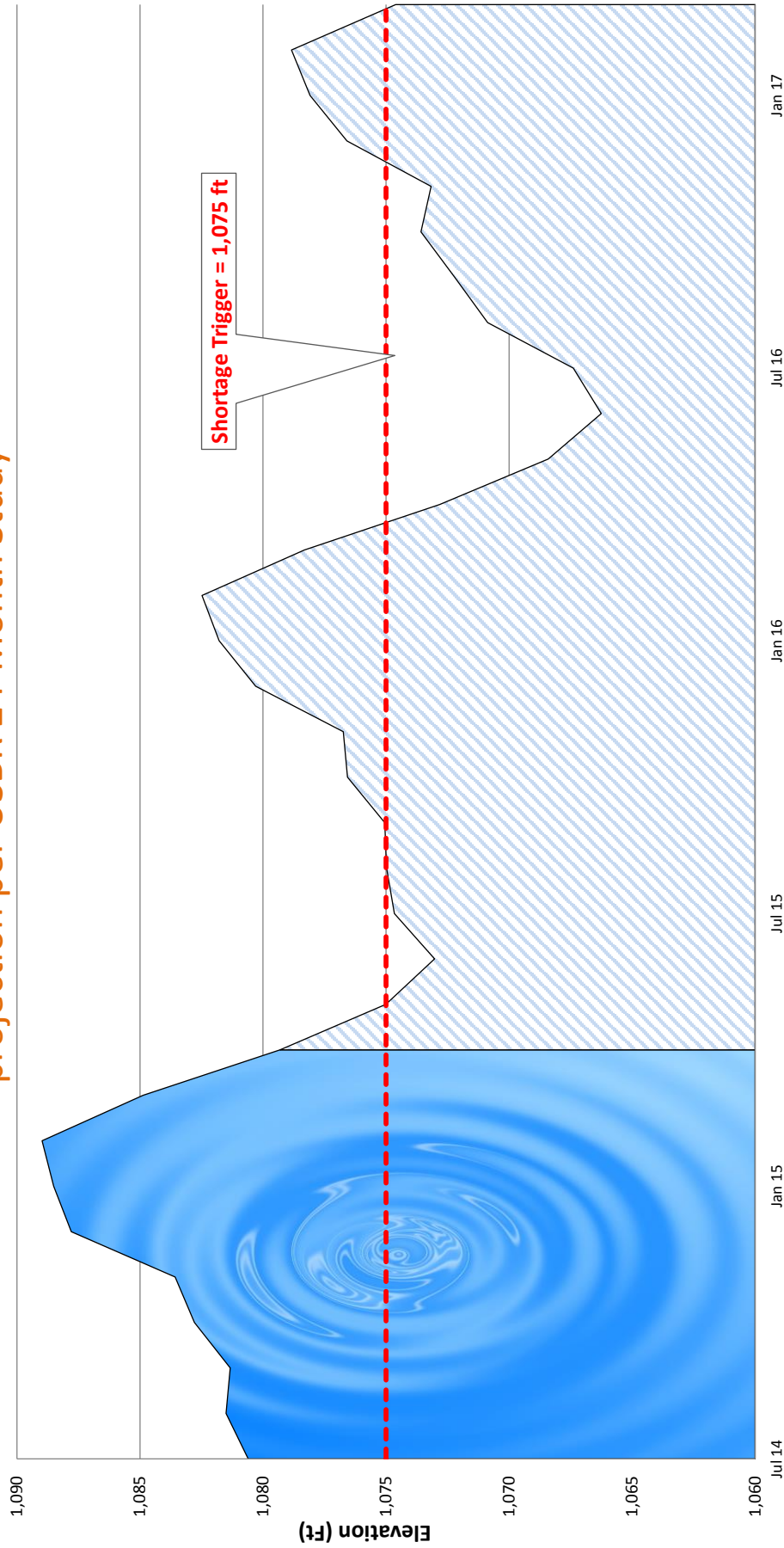


~ Accumulated Overdraft (dewatered volume) shown as white area, excluding the volume stored by Metropolitan. source: OCWD



Lake Mead Levels: Historical and Projected projection per USBR 24-Month Study

■ Historical ■ Projected



Activity	Summary
Administration/Board	<ul style="list-style-type: none"> • Maribeth has been busy scheduling meetings for Rob Hunter and for various Ad Hoc Committees of the Board. • Maribeth has been assisting Rob/Karl with various write ups and follow-up for the Committees and Board, as well as research projects. • Maribeth has been working with legal counsel and the General Manager regarding revisions to the Administrative Code. • Maribeth organized and attended the Elected Officials Forum • Maribeth has been collecting information for submittal to CSDA regarding the District of Distinction award. • Pat has been scheduling meetings for Karl and Harvey. • Pat proofed and formatted letters for Karl and Heather and proofed Board items for Karl. • Pat received rsvs for the Elected Officials Forum. • Pat gave Laura a brief introductory training using Constant Contacts. • Pat has been scheduling travel for the ACWA Spring Conference, ACWA Legislative Committee, CUWCC and other misc. travel and/or workshops, which includes preparation of purchase requisitions and back-up. • Pat continued updating contacts and lists and created a new "Elected Officials" group.
MWDOC/OCWD Joint Administration	Cathy is coordinating with OCWD on Joint Budget items regarding upcoming projects for 2015/16.
Health Benefits	Nothing to report this month.
Records Management	<ul style="list-style-type: none"> • Sarah has been processing documents for archiving and or destruction and importing electronic files to Laserfiche. • Approximately 3 boxes have been shredded in accordance with the District Retention Schedule and 2 ½ boxes have been archived to disc.
CalPERS	Nothing to report.
Agency Inquiries	<ul style="list-style-type: none"> • Cathy responded to Moulton Niguel Water District survey regarding General Manager's salary and benefits.
Recruitment /Departures	<ul style="list-style-type: none"> • Recruitment is underway for the Director of Public Affairs position and the posting is scheduled to close on May 8th. • Recruitments continue for the Water Use Efficiency Internships as well as the Part-Time Temporary WUE Program Assistant. • Tiffany Bui-Feliciano has been re-hired on a temporary basis to assist with immediate needs of the Public Affairs department.

Recruitment /Departures (continued)	<ul style="list-style-type: none"> Sergio Ramirez will be departing the WUE Efficiency Department on May 11th. Recruitment for his replacement is currently under review.
Other	
Projects and Activities	<ul style="list-style-type: none"> Cathy and Katie completed the classification and compensation study. Cathy and Katie reviewed the findings with the General Manager and recommendations are included in the A&F Packet. Cathy is coordinating with Rob on the implementation of a Supervisor Evaluation Survey to be distributed to all employees. Cathy has been meeting with Pacific Design Center, to evaluate the upcoming office areas to be renovated (MWDOC lobby and restrooms), as well as vacant offices that need paint and carpeting and office space planning options. Cathy coordinated with Legal Counsel in reviewing the District's Standard Agreement for Professional Services and revised accordingly. Cathy has been coordinating with Legal Counsel on IRS Audit issues. A few of MWDOC staff participated in the annual Red Cross blood drive.

**INFORMATION ITEM**

May 13, 2015

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

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 and department activities that are in-progress or to be completed during FY 2014-15.

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
Implementation of WUE Landscape Programs Database for Member Agencies.	95%	6/30/15	In Progress
Preparation of documents for FY15-16 budget process.	90%	6/30/15	In Progress
Fiscal Year 2014/15 Annual Audit	0%	10/08/15	Preliminary meeting May 19 th

<u>Information Technology</u>			
Network security issues (hackers, viruses and spam emails)	On-going	On-going	Continuous system monitoring
Implement Web Security for District Network	95%	6/30/2015	In Progress
Purchase and upgrade Network Attach Storage for Offsite Backup.	100%	3/31/2015	Completed
Program and implement "Music On Hold" for District Phone System.	30%	6/30/2015	On Hold

FY 2014-15 Completed Special Tasks

Description	% of Completion	Completion date	Status
<u>Finance</u>			
Upgrade Serenic ERP Software from version 5 to version 7	100%	7/31/14	Completed
Research additional Investment options for Reserves	100%	8/31/14	Invested \$1,000,000 in four CD's; ladderd terms. Approximate monthly gain of \$970.
Investment in OCIP	100%	8/15/2014	Invested \$3 million in OCIP from Retail Meter revenues. May need to transfer some back out in 6 months for operating expenses.
State Tax filing for Water Facilities	100%	9/30/14	Completed
Government Compensation in California report	100%	10/31/14	Completed
State Controller Report preparation	100%	10/31/14	Completed
Annual financial audit conducted by Vavrinek, Trine, Day & Company	100%	10/31/14	Completed
\$500k Bond Investment matured 1/30/15. Invested in a 3 yr. FHLMC Step-up callable bond at 1.74%.	100%	01/30/15	Completed

Description	% of Completion	Completion date	Status
<u>Information Technology</u>			
Upgrade existing Windows Server Operating Systems from 2003 and 2008 versions to 2012 version (software upgrade).	100%	6/30/14	Completed
Purchase and upgrade District Record Management Database Server (hardware and software).	100%	6/30/14	Completed
Purchase and upgrade Finance database Server (hardware and software) to run new version of Serenic application (64-bit).	100%	6/30/14	Completed
Purchase and upgrade 4 Desktop Computers for WEROC SEOC (hardware and software).	100%	09/30/14	Completed
Purchase and upgrade 2 Network Printers.	100%	10/31/14	Completed
Purchase and upgrade 5 Desktop Computers for Staff.	100%	10/31/14	Completed
Purchase and implement SmartDraw software for Public Affairs Dept.	100%	10/31/14	Completed
Purchase and replace Projection Screen in Conference Room 102	100%	10/31/14	Completed
Program auto voice respond for "Turf Removal Program" for WUE Department	100%	11/30/14	Completed
Purchase and upgrade 3 laptops for Staff.	100%	12/31/14	Completed
Purchase and upgrade portable Projector.	100%	12/31/14	Completed
Implement and upgrade ACT software on a new Virtual Windows Server.	100%	12/31/14	Completed
Purchase and upgrade MS Office 2013 for remain Desktop Computers	100%	3/31/2015	Completed
Purchase and upgrade 4 Desktop Computers for WEROC NEOC (hardware and software).	100%	3/31/2015	Completed