

**MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
May 14, 2014, 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,
J. Stalvey

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>.

PROPOSED BOARD CONSENT CALENDAR ITEMS-ACTION

1. **TREASURER'S REPORT**
 - a. Revenue/Cash Receipt Report – April 2014
 - b. Disbursement Approval Report for the month of May 2014
 - c. Disbursement Ratification Report for the month of April 2014
 - d. GM Approved Disbursement Report for the month of April 2014
 - e. Water Use Efficiency Projects Cash Flow – April 30, 2014
 - f. Consolidated Summary of Cash and Investment –March 2014
 - g. OPEB Trust Fund monthly statement

2. FINANCIAL REPORT
 - a. Combined Financial Statements and Budget Comparative for the period ending March 31, 2014
 - b. Quarterly Budget Review
3. ATTENDANCE BY RICHARD BELL AT AWWA'S WHOLE WATER CONFERENCE (W2C) IN MONTEREY, JUNE 23-25, 2014

ACTION ITEMS

4. APPROVAL OF MWDOC's BUDGET FOR 2014-15
5. PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2014-15
6. ADOPTION OF MWDOC ORDINANCE TO ESTABLISH CLASSES OF WATER SERVICE AND TERMS AND CONDITIONS OF WATER SERVICE WITHIN THE DISTRICT
7. ANNUAL REVIEW OF INVESTMENT POLICY AND GUIDELINES
8. CHANGE IN WORKER'S COMPENSATION INSURANCE CARRIER
9. ADOPT RESOLUTION ESTABLISHING THE EMPLOYER PAID MEMBER CONTRIBUTION AMOUNT TO CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)
10. ELECTION INFORMATION (CANDIDATE'S STATEMENTS)
11. 2014-15 PAY STRUCTURE ADJUSTMENT

DISCUSSION

12. CHANGE IN CLASSIFICATION FOR APPOINTED MET DIRECTORS

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.)

13. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION & WATER SUPPLY INFORMATION
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 2014**

WATER REVENUES

Date	From	Description	Amount
04/03/14	City of Fountain Valley	February 2014 Water deliveries	233,802.55
04/03/14	Serrano Water District	February 2014 Water deliveries	184,405.95
04/04/14	City of San Clemente	February 2014 Water deliveries	574,462.51
04/08/14	City of San Juan Capistrano	February 2014 Water deliveries	179,879.39
04/08/14	City of Newport Beach	February 2014 Water deliveries	321,563.74
04/09/14	East Orange County Water District	February 2014 Water deliveries	335,085.53
04/09/14	Santa Margarita Water District	February 2014 Water deliveries	1,599,614.89
04/09/14	City of Westminster	February 2014 Water deliveries	324,559.60
04/10/14	Laguna Beach County Water District	February 2014 Water deliveries	234,485.37
04/14/14	El Toro Water District	February 2014 Water deliveries	734,785.76
04/14/14	Yorba Linda Water District	February 2014 Water deliveries	532,532.33
04/14/14	City of Orange	February 2014 Water deliveries	440,816.81
04/14/14	Mesa Water	February 2014 Water deliveries	87,758.19
04/14/14	Santiago Aqueduct Commission	February 2014 Water deliveries	158,602.50
04/15/14	Orange County Water District	February 2014 Water deliveries	3,566,572.08
04/15/14	Irvine Ranch Water District	February 2014 Water deliveries	800,196.47
04/15/14	Moulton Niguel Water District	February 2014 Water deliveries	1,684,702.74
04/15/14	Golden State Water Company	February 2014 Water deliveries	312,020.12
04/17/14	City of La Palma	February 2014 Water deliveries	5,734.52
04/25/14	City of Buena Park	March 2014 Water deliveries	177,943.40
04/25/14	City of Huntington Beach	March 2014 Water deliveries	736,955.09
04/29/14	City of Newport Beach	March 2014 Water deliveries	46,264.09

TOTAL REVENUES \$ 13,272,743.63

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
April 2014

MISCELLANEOUS REVENUES

Date	From	Description	Amount
04/03/14	Best, Best & Krieger	5/16/14 OC Water Summit registration	240.00
04/21/14	City of Laguna Woods	5/16/14 OC Water Summit registration	120.00
04/25/14	City of Tustin	5/16/14 OC Water Summit registration	120.00
04/25/14	OCLAFCO	5/16/14 OC Water Summit registration	120.00
04/30/14	Paypal	5/16/14 OC Water Summit registrations	6,990.42
04/04/14	Arcadis	5/16/14 OC Water Summit sponsorship	2,000.00
04/14/14	Mesa Water	5/16/14 OC Water Summit sponsorship	7,500.00
04/25/14	Kleinfelder	5/16/14 OC Water Summit sponsorship	2,000.00
04/03/14	Jean & Mike Posey	2/6/14 Water policy dinner	150.00
04/04/14	City of Torrance	2/6/14 Water policy dinner	85.00
04/21/14	West Basin Municipal Water District	2/6/14 Water policy dinner	85.00
04/30/14	Paypal	ISDOC registrations	65.13
04/25/14	Susan Hunt	May 2014 COBRA health premium	669.19
04/03/14	Judy Pfister	Apr-Jun 2014 Retiree medical premium	113.88
04/03/14	Phil Letrong	Apr-Jun 2014 Retiree medical premium	39.60
04/08/14	Lorraine Roy	Apr-Jun 2014 Retiree medical premium	39.60
04/17/14	Stanley Sprague	May 2014 Retiree medical premium	259.97
04/10/14	Susan Hinman	Jan-Mar 2014 Director's Pension and Health reimbursement	839.94
04/15/14	Joan Finnegan	Jan-Mar 2014 Director's Pension and Health reimbursement	859.94
04/08/14	Laura Loewen	Movie tickets	8.00
04/25/14	Maribeth Goldsby	Movie tickets	15.00
04/28/14	2 Checks	Movie tickets	172.50
04/03/14	James McConnell	Reimbursement for ACWA conference dinner in Washington DC	435.30
04/25/14	Irvine Ranch Water District	Baker Treatment Plant OC-33 Additional plan check deposit for MET	60,200.00
04/14/14	Yorba Linda Water District	January 2014 Smart Timer rebate program	150.00
04/04/14	City of Fullerton	February 2014 Smart Timer rebate program	75.00
04/21/14	Moulton Niguel Water District	February 2014 Smart Timer rebate program	225.00
04/28/14	Mesa Water	February 2014 Smart Timer rebate program	150.00
04/04/14	City of Orange	February 2014 Smart Timer & Turf Removal program	495.00
04/04/14	City of San Clemente	February 2014 Smart Timer & Turf Removal program	180.00
04/21/14	Santa Margarita Water District	February 2014 Smart Timer & Turf Removal program	881.29
04/04/14	City of Garden Grove	February 2014 Turf Removal rebate program	315.00
04/08/14	Golden State Water Company	February 2014 Turf Removal rebate program	735.00
04/21/14	City of San Juan Capistrano	February 2014 Turf Removal rebate program	420.00
04/04/14	El Toro Water District	February 2014 So Cal Watersmart rebate program	2,044.00
04/08/14	Irvine Ranch Water District	February 2014 So Cal Watersmart rebate program	33,581.10
04/08/14	Santa Margarita Water District	February 2014 So Cal Watersmart rebate program	1,658.99
04/21/14	Irvine Ranch Water District	February 2014 Landscape Performance Certification program	750.00
04/03/14	City of La Habra	Additional FY 13-14 Choice School program	221.52
04/28/14	Moulton Niguel Water District	Additional FY 13-14 Choice School program	1,834.56
04/21/14	Mesa Water	Additional FY 13-14 Choice School program	797.58
04/21/14	Santa Ana Police Department	Jan-Mar 2014 UASI Water trailers grant	33,152.00
04/28/14	Santa Ana Police Department	Oct-Dec 2013 Homeland Security training reimbursement	2,291.03

TOTAL MISCELLANEOUS REVENUES \$ **163,085.54**

TOTAL REVENUES \$ **13,435,829.17**



Robert J. Hunter, General Manager



Hilary Chumtazi, Deputy Treasurer

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2014**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Core Expenditures:		
	Aleshire & Wynder LLP	
27993	March 2014 Legal services	1,372.50
	*** Total ***	1,372.50
	Best Best and Krieger LLP	
55401-MAR14	March 2014 Legal services	22,180.18
	*** Total ***	22,180.18
	California T's	
E15291	24 Embroidered staff t-shirts for outreach events	427.68
E15450	1 Embroidered staff t-shirts for outreach events	17.82
	*** Total ***	445.50
	CDW Government	
KX83834	1 HP 8300 desktop computer	785.16
	*** Total ***	785.16
	Hunter T. Cook	
040914	February-April 2014 Coastal retiree health benefit	1,412.70
	*** Total ***	1,412.70
	Dissinger Associates	
041714	2012 & 2013 Pension plan administration fees	4,636.00
	*** Total ***	4,636.00
	Finley & Cook PLLC	
SI0002018	4/7/14-4/11/14 Navision software upgrade	445.00
	*** Total ***	445.00
	FoodCraft Coffee & Refreshment	
514032172	3/28/14 Coffee & tea supplies	216.06
514041890	4/25/14 Coffee & tea supplies	195.82
	*** Total ***	411.88
	Ronald R. Gastelum	
050114	April 2014 Strategic assistance on MET issues	7,500.00
	*** Total ***	7,500.00
	Immersiv Media, Inc.	
MWDOC 2013-009	Development of MWDOC annual report website	1,500.00
	*** Total ***	1,500.00

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2014**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	James C. Barker, PC	
105-0414	April 2014 Federal legislative advocacy services	7,000.00
	*** Total ***	7,000.00
	Lewis Consulting Group, LLC	
1323	April 2014 Professional services	3,437.50
	*** Total ***	3,437.50
	Edward G. Means III	
MWDOC-1018	April 2014 Support on MET issues & strategic guidance to Engineering department	4,500.00
	*** Total ***	4,500.00
	Metropolitan Water District	
050514	Additional deposit for OC-70 transfer switch	51,567.00
	*** Total ***	51,567.00
	Norco Delivery Services	
597075	4/13/14 Delivery charges for Board packets	133.23
	*** Total ***	133.23
	Office Solutions	
I-00610119	4/24/14 Office supplies	123.77
I-00611030	4/25/14 Office supplies	402.36
I-00611529	4/28/14 Office supplies	15.41
	*** Total ***	541.54
	Orange County Fast Print, Inc.	
49318	500 Business cards for R. Hunter	54.00
	*** Total ***	54.00
	Orange County Water District	
13770	March 2014 50% share WACO expense	294.39
13769	March 2014 Postage, shared office & maintenance expense	7,602.26
	*** Total ***	7,896.65
	Patricia Kennedy Inc.	
2747	April 2014 1 new plant installation	41.04
5500	May 2014 Plant maintenance	214.00
	*** Total ***	255.04
	Petty Cash	
043014	April 2014 Petty Cash reimbursement	205.66
050214	5/16/12 O.C. Water Summit service gratuity for venue wait staff & ability to make change	500.00
	*** Total ***	705.66

Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2014

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>Staples Advantage</i>	
8029300690	3/29/14 Office supplies	373.51
8029491061	4/12/14 Office supplies	85.86
	*** Total ***	459.37
	<i>Streamline Events</i>	
OCWD-004A	5/16/14 O.C. Water Summit audio visual services	8,355.00
	*** Total ***	8,355.00
	<i>Talent Assessment and Development, loc</i>	
1242	February 2014 Executive employee screening services	1,100.00
	*** Total ***	1,100.00
	<i>Top Hat Productions</i>	
88771	4/17/14 Lunch for Managers' meeting	395.28
	*** Total ***	395.28
	<i>Townsend Public Affairs, Inc.</i>	
10097	April 2014 State legislative advocacy services	7,500.00
	*** Total ***	7,500.00
	<i>USA Fact</i>	
2205782-IN	2/14/14 New hire background check	36.78
2207364-IN	2/19/14 New hire background check	7.75
2214063-IN	3/7/14 New hire background check	18.16
	*** Total ***	62.69
	<i>Total Core Expenditures</i>	<hr/> 134,651.88
<i>Choice Expenditures:</i>		
	<i>Discovery Science Center</i>	
033114MWDOC	March 2014 School program	37,202.36
	*** Total ***	37,202.36
	<i>Orange County Register</i>	
042814	Front page sticker advertising for Turf Removal program	4,018.00
	*** Total ***	4,018.00
	<i>Total Choice Expenditures</i>	<hr/> 41,220.36

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2014**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Other Funds Expenditures:		
	<i>AquaFicient Consulting</i>	
02-059	March 2014 Landscape Performance Certification program funded by IRWD & MET	1,500.00
	*** Total ***	1,500.00
	<i>Best Best and Krieger LLP</i>	
55401-MAR14	March 2014 Legal services	181.00
	*** Total ***	181.00
	<i>ConserVision Consulting, LLC</i>	
LPCP-217	March 2014 Consulting services for Landscape Performance Certification program	7,022.25
	*** Total ***	7,022.25
	<i>Enterprise Information Sys Inc</i>	
MWDOC-82110	March-April 2014 Services to Develop the California Sprinkler Adjustment Notification Subscription system	1,200.00
	*** Total ***	1,200.00
	<i>Mission RCD</i>	
1634	March 2014 Field verifications for Water Use Efficiency rebate programs	14,655.99
	*** Total ***	14,655.99
	<i>City of Newport Beach</i>	
24409	3/1/14-3/22/14 Activity for Residential WBIC & Rotating Nozzle installation program	14,232.00
24402	3/1/14-3/20/14 Activity for Commercial WBIC & Rotating Nozzle installation program	2,148.00
	*** Total ***	16,380.00

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2014**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>Turf Removal Program</i>	
TR4-BREA-004	C. Grattan	1,408.00
TR4-BREA-005	P. Weiseth	4,926.00
TR4-BREA-006	D. Bundy	562.00
TR4-ET-004	R. Watson	424.00
TR4-FV-001	S. Drum	1,200.00
TR4-GG-003	M. Franken	1,243.00
TR4-GG-006	J. Beerer	993.00
TR4-GSWC-008	J. Wada	680.00
TR4-GSWC-014	M. Abbey	580.00
TR4-GSWC-019	C. Herrick	1,808.00
TR4-IRWD-037	J. Rafter	637.50
TR4-IRWD-039	J. Hayes	1,122.00
TR4-IRWD-040	K. Hua	2,352.00
TR4-IRWD-043	P. Richardson	1,263.00
TR4-IRWD-047	E. Kuntzman	948.00
TR4-IRWD-051	G. Gregson	1,258.00
TR4-IRWD-059	N. Glassen	1,100.00
TR4-LB-005	E. Judd	656.00
TR4-MESA-014	R. Schureman	496.00
TR4-MESA-018	D. Reino	1,174.00
TR4-MN-004D-H,J,K	Ocean Ranch at Bear Brand (Laguna Niguel)	20,353.00
TR4-MN-008	H. Bethke	1,450.00
TR4-MN-010	K. Katmarian	333.00
TR4-MN-017	W. Lee	840.00
TR4-MN-029	P. Buller	582.00
TR4-O-010	M. Goss	1,465.00
TR4-O-014	E. Havens	2,763.00
TR4-O-015	S. Su	278.00
TR4-SC-002	Presidential Heights Community Association (San Clemente)	1,438.00
TR4-SC-011	Forster Meadwood Association (San Clemente)	2,429.00
TR4-SC-015	R. Paul	530.00
TR4-SC-017	M. Aleshire	515.00
TR4-SJC-005	T. Marchisotto	1,499.00
TR4-SJC-006	C. Christensen	1,903.00
TR4-SM-011A-H	CZ Master Association	38,423.00
TR4-SM-014	J. Moffett	423.60
TR4-SM-030	R. Gilbert	2,637.60
TR4-SOCO-013	T. Walsh	351.00
	*** Total ***	103,043.70
	<i>Total Other Funds Expenditures</i>	143,982.94
	<i>Total Expenditures</i>	<u><u>319,855.18</u></u>

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2014**

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
Core Disbursements:				
125705	4/4/14	TIMEWA 5210-APR14	Time Warner Cable April 2014 Telephone and internet expense ***Total ***	929.44 929.44
125708	4/15/14	BURKED 033114	Darcy M. Burke February -March 2014 Business expense ***Total ***	893.83 893.83
125709	4/15/14	CLARKW 033114	Wayne Clark March 2014 Business expense ***Total ***	78.40 78.40
125711	4/15/14	DELAGE 40662875	De Lage Landen Public Finance April 2014 Copier lease ***Total ***	509.00 509.00
125712	4/15/14	FINNEG 033114	Joan Finnegan March 2014 Business expense ***Total ***	100.68 100.68
125715	4/15/14	HOMED1 7785-MAR14	Home Depot Credit Services 2/26/14 Office supplies ***Total ***	20.97 20.97
125718	4/15/14	IRONMO KFA4405	Iron Mountain April 2014 Storage/retrieval of archived documents ***Total ***	454.38 454.38
125720	4/15/14	JACOBI 032714	Lee Jacobi March 2013 Business expense ***Total ***	42.44 42.44
125726	4/15/14	RAMIRE 031314	Sergio Ramirez February-March 2014 Business expense ***Total ***	36.12 36.12
125728	4/15/14	FRANKS 032814	Sarah Franks March 2013 Business expense ***Total ***	107.38 107.38
125731	4/15/14	TIMEWA 3564-APR14	Time Warner Cable April 2014 Telephone expense for 4 analog fax lines ***Total ***	127.22 127.22

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2014

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
125743	4/15/14	VERIZO	Verizon Wireless	
		9722372157	March 2014 4G Mobile broadband unlimited service	38.01
			***Total ***	38.01
125744	4/15/14	LAMVIV	Vivian Lam	
		032814	January-March 2014 Business expense	111.45
			***Total ***	111.45
ACH000884	4/15/14	BARBCO	Brett Barbre	
		MAR2014	March 2014 MET Director's compensation	2,443.30
			***Total ***	2,443.30
ACH000885	4/15/14	BERGJO	Joseph Berg	
		032014	January-March 2014 Business expense	198.25
			***Total ***	198.25
ACH000889	4/15/14	DICKCO	Larry Dick	
		MAR2014	March 2014 MET Director's compensation	2,443.30
		033114	March 2014 Business expense	190.96
			***Total ***	2,634.26
ACH000896	4/15/14	HINMAN	Susan Hinman	
		033114	March 2014 Business expense	448.75
			***Total ***	448.75
ACH000901	4/15/14	HUNTER	Robert J. Hunter	
		031314	February-March 2014 Business expense	473.40
			***Total ***	473.40
ACH000902	4/15/14	THOMAS	Jeffery Thomas	
		033114	March 2014 Business expense	108.70
			***Total ***	108.70
125748	4/30/14	ACKEEX	Linda Ackerman	
		033114	March 2014 Business expense	62.72
			***Total ***	62.72
125749	4/30/14	ACKERCO	Linda Ackerman	
		MAR2014	March 2014 MET Director's compensation	2,443.30
			***Total ***	2,443.30
125751	4/30/14	BELLRI	Richard Bell	
		032814	January-March 2014 Business expense	227.75
			***Total ***	227.75

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2014

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
125752	4/30/14	C3OFFI INV25365	C3 Office Solutions LLC March 2014 Copier maintenance ***Total ***	290.39 290.39
125755	4/30/14	DINHPA 041714	Patrick Dinh April 2014 Business expense ***Total ***	22.40 22.40
125765	4/30/14	USBANK MAR14	U.S. Bank 2/24/14-3/24/14 Cal Card charges ***Total *** (See attached sheet for details)	10,284.68 10,284.68
ACH000906	4/30/14	HUNTER 032614	Robert J. Hunter January-March 2014 Business expense ***Total ***	568.40 568.40
PAYPAL-042414	4/30/14	OCPUB1 042414	O.C. Public Affairs Association 4/24/14-4/24/15 Annual membership for J. Ouwerkerk ***Total ***	50.00 50.00
Total Core Disbursements				23,705.62

Choice Disbursements:

ACH000885	4/15/14	BERGJO 032014	Joseph Berg January-March 2014 Business expense ***Total ***	55.91 55.91
Total Choice Disbursements				55.91

Other Funds Disbursements:

125704	4/4/14	ATTEOC 4492-MAR14 8200-MAR14 0532-MAR14	AT&T March 2014 S. EOC telephone expense March 2014 N. EOC telephone expense March 2014 N. EOC dedicated phone line ***Total ***	216.68 152.63 117.29 486.60
125753	4/30/14	CATALI 0009933	Catalina Island Conservancy April 2014 WEROC radio repeater site lease ***Total ***	1,484.32 1,484.32

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2014**

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
125760	4/30/14	SDG&E 7768-APR14	SDG&E 3/20/14 - 4/20/14 Electrical service for Doheny Ocean Desal project ***Total ***	135.36 135.36
125761	4/30/14	SANTAM FEB2014	Santa Margarita Water District February 2014 SCP Operation surcharge ***Total ***	18,136.74 18,136.74
125765	4/30/14	USBANK MAR14	U.S. Bank 2/24/14-3/24/14 Cal Card charges ***Total *** (See attached sheet for details)	745.00 745.00
ACH000909	4/30/14	SPRINT 320982721-116	Sprint April 2014 WEROC cell phone expense ***Total ***	41.88 41.88
WIRE-140430	4/30/14	METWAT 7952	Metropolitan Water District February 2014 Water deliveries ***Total ***	13,656,671.69 13,656,671.69
Total Other Funds Disbursements				13,677,701.59
Total Disbursements				13,701,463.12


Robert J. Hunter, General Manager


Hilary Chumpitazi, Deputy Treasurer

Cal Card Statement Detail
Statement Date: March 24, 2014
Payment Date: April 30, 2014

Date	Description	Amount
Karl's Card		
02/22/14	ACWA DC2014 conference in Washington, DC from Feb. 25-27, 2014 - Airfare refund from ticket change for R. Hunter	\$ (78.00)
02/24/14	Legislative activities in Washington, DC from Mar. 12-14, 2014 - Airfare change for Director Barbre	64.01
02/25/14	Posters printed for legislative briefing in Washington, DC, on 2/26/14	325.17
02/25/14	Legislative activities in Sacramento, CA from Mar. 4-5, 2014 - Airfare change for D. Burke	36.00
02/25/14	Legislative activities in Sacramento, CA from Mar. 4-5, 2014 - Airfare change for Director Barbre	18.00
02/25/14	Legislative activities in Sacramento, CA from Mar. 4-5, 2014 - Airfare for R. Hunter	412.00
02/26/14	WaterReuse California Annual conference in Newport Beach, CA from Mar. 16-18, 2014 - Registration for R. Bell	300.00
02/26/14	Legislative activities in Washington, DC from Feb. 12-14, 2014 - Airfare refund from ticket cancellation for R. Hunter	(146.00)
02/27/14	FedEx delivery charges on Feb. 25, 2014 for DC legislative materials	128.80
02/27/14	Legislative activities in Washington, DC from Feb. 25-27, 2014 - Accommodations for Director Barbre	1,300.04 ¹
03/03/14	Employment advertising for Water Use Efficiency Intern position	165.00
03/04/14	Orange County Water Association membership renewal for K. Hubbard	50.00
03/04/14	UPS delivery charges for Board & Committee packets on Feb. 11, 2014	77.46
03/05/14	FedEx delivery charges for Board of Supervisors on Mar. 3, 2014	16.68
03/05/14	Legislative activities in Sacramento, CA from Mar. 4-5, 2014 - Accommodations for Director Barbre	404.19 ²
03/06/14	Lunch for O.C. MET Caucus on Mar. 6, 2014	244.36
03/07/14	Legislative activities in Washington, DC from Mar. 11-14, 2014 - Airfare for Director Barbre	636.00 ³
03/10/14	California Urban Water Conservation Council meeting in Sacramento, CA on Mar. 19, 2014 - Airfare for J. Berg	434.00
03/11/14	UPS delivery charges for Board & Committee packets on Feb. 27, 2014	65.36
03/14/14	1 Toner cartridge	73.04
03/14/14	Legislative activities in Washington, DC from Mar. 11-14, 2014 - Accommodations for Director Barbre	1,717.45 ⁴
03/15/14	FedEx delivery charges for James Barker on Mar. 13, 2014	30.06
03/18/14	Urban Water Institute, Inc. Jack Foley luncheon meeting on Mar. 26, 2014 - Registration for R. Hunter	40.00
03/18/14	UPS delivery charges for Board & Committee packets on Mar. 13, 2014	6.05
03/19/14	Employment advertising for Government Affairs Manager position	200.00
03/20/14	Employment advertising for Government Affairs Manager position	210.00
03/20/14	Leadership in Crises program in Cambridge, MA from Apr. 6-11, 2014 - Airfare for Kelly Hubbard	695.00

Cal Card Statement Detail
Statement Date: March 24, 2014
Payment Date: April 30, 2014

Date	Description	Amount
03/21/14	Legislative activities in Washington, DC from Apr. 9-13, 2014 - Airfare for Director Barbre	827.99 5
Total		<u><u>\$ 8,252.66</u></u>

- 1 Director Barbre reimbursed MWDOC \$773.34
- 2 Director Barbre reimbursed MWDOC \$115.20
- 3 Director Barbre reimbursed MWDOC \$249.00
- 4 Director Barbre reimbursed MWDOC \$948.01
- 5 Director Barbre to reimburse MWDOC \$249.00


Cal Card Statement Detail
Statement Date: March 24, 2014
Payment Date: April 30, 2014


Date	Description	Amount
<u>Rob's Card</u>		
2/24/14-3/24/14	Meals for R. Hunter's meetings on various dates	\$ 95.67
02/25/14	ACWA DC2014 conference in Washington, DC from Feb. 25-27, 2014 - Transportation for R. Hunter	30.60
02/27/14	ACWA conference dinner	1,567.08 ¹
02/27/14	ACWA DC2014 conference in Washington, DC from Feb. 25-27, 2014 - Accommodations for R. Hunter	764.86
02/27/14	ACWA DC2014 conference in Washington, DC from Feb. 25-27, 2014 - Airport parking for R. Hunter	63.16
03/04/14	Legislative activities in Sacramento, CA from Mar. 4-5, 2014 - Transportation for R. Hunter	39.60
03/05/14	Legislative activities in Sacramento, CA from Mar. 4-5, 2014 - Airport parking for R. Hunter	20.00
03/06/14	Legislative activities in Sacramento, CA from Mar. 4-5, 2014 - Accommodations for R. Hunter	196.05
Total		<u>\$ 2,777.02</u>

¹ J. McConnell reimbursed MWDOC \$435.30

Municipal Water District of Orange County
GM Approved Disbursement Report ⁽¹⁾
For the month of April 2014

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
Core Disbursements:				
125746	4/23/14	DISNEY 041814	Disneyland Resort 5/16/14 O.C. Water Summit for venue, food & beverage	25,146.00
			***Total ***	25,146.00
125747	4/23/14	SLEVEN OCWD-004	Streamline Events 5/16/14 O.C. Water Summit deposit for audio visual services	8,355.00
			***Total ***	8,355.00
125754	4/30/14	BRINKC APR2014	Cynthia Brink April 2014 Atrium landscaping maintenance	87.50
			***Total ***	87.50
ACH000903	4/30/14	ACWAJP M005-2014PROP	ACWA Joint Powers April 2014-March 2015 Annual property insurance	1,269.00
			***Total ***	1,269.00
Total Core Disbursements				<u>34,857.50</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>34,857.50</u></u>


 Robert J. Hunter, General Manager


 Hilary Chumpitazi, Deputy 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 4/30/14

Cash - Beginning Balance														TOTALS
	Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014		
\$	(204,195.07)	\$ (120,906.78)	\$ 153,254.44	\$ 203,884.71	\$ 194,437.45	\$ 86,512.97	\$ 298,487.84	\$ 269,698.65	\$ 215,800.74	\$ 285,912.59	\$ 242,643.48	\$ 242,643.48		
REVENUES:														
BUREC						129,236.42			30,253.50				\$ 159,489.92	
City of Anaheim, Brea, Buena Park		75.00				75.00	561.00	1,335.00	75.00				\$ 2,121.00	
City of Fountain Valley, Fullerton				84.96			9.96	5.48	69.00	75.00			\$ 244.40	
City of Garden Grove, Huntington Beach	75.00	105.00	224.28	394.96		75.00		197.90	180.00	315.00			\$ 1,567.14	
City of La Palma, La Habra, Newport Bch			9.96	150.00	150.00			9.96	75.00				\$ 394.92	
City of Santa Ana, San Clemente	300.00	75.00	220.91		75.00			330.00	150.00	180.00			\$ 1,330.91	
City of San Juan Capistrano	105.00	315.00		241.92				168.72	210.00	420.00			\$ 1,460.64	
City of Tustin, Westminster	315.00	285.00	75.00	70.91	87.25	150.00		150.00	69.00				\$ 1,202.16	
City of Orange, CUWCC	945.00	7,842.25	554.85	324.96		180.00		69.00	285.00	495.00			\$ 10,696.06	
Department of Water Resources	6,502.95		91,318.70	11,804.40			3,145.66		74,156.40				\$ 186,928.11	
East Orange County Water District													\$ -	
El Toro Water District	7,198.83		2,743.20	2,796.39	4,569.99		500.00	1,311.00	2,061.00	2,044.00			\$ 23,224.41	
Golden State Water Company	525.00		892.84	1,039.99	210.00	2,622.94	105.00	1,293.72	4,646.00	735.00			\$ 12,070.49	
Irvine Ranch Water District	55,800.00		1,500.00	43,514.14	2,250.00	750.00	66,856.99	18,660.00	35,281.24	34,331.10			\$ 258,943.47	
Laguna Beach County Water District			9.96			75.00		889.00					\$ 973.96	
Mesa Water District	654.96		75.00			75.00			375.00	150.00			\$ 1,329.96	
Metropolitan Water District	116,677.96	292,381.42	722.05	5,372.28	22,225.79	158,856.54		2,441.39					\$ 598,677.43	
Moulton Niguel Water District, NRCS	234.96	75.00	491.97			361.55	375.00	594.00	150.00	225.00			\$ 2,507.48	
MWDOC				54,000.00				7,600.00					\$ 61,600.00	
Santa Margarita Water District	300.00	534.96	1,106.21	6,402.99	246.99	3,333.94	1,258.00	3,610.00	5,140.88	2,540.28			\$ 24,474.25	
Serrano Water District													\$ -	
South Coast Water District		143.00						144.00					\$ 287.00	
State Water Resources Control Board		127,400.00											\$ 127,400.00	
Yorba Linda Water District		75.00		159.98			75.00	84.96		150.00			\$ 544.94	
Miscellaneous Revenues														
Interest Revenue	1.20						121.52						122.72	
Total Revenues	189,635.86	429,306.63	99,944.93	126,357.88	29,815.02	295,791.39	73,008.13	38,894.13	153,177.02	41,660.38	-	-	\$ 1,477,591.37	
EXPENDITURES:														
Alliance for WUE, A&N Technical	11,070.00	3,295.00	2,170.00	1,143.50									17,678.50	
Aquaicient, ABG Mktg,	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00			15,000.00	
Bridgecreek landscape, Boeing						37,924.96							37,924.96	
Conservation Consulting, LLC, Earthco	7,659.00	7,105.50	6,858.00	7,818.75	7,326.00	7,175.25	7,029.00	6,132.00	7,211.25	7,062.75			71,377.50	
City of Buena Park, City of Newport Bch	54,622.00	31,700.00			95,532.00	16,632.00		15,002.00		6,630.00			220,118.00	
City of San Clemente, San Juan Cap		105.00											105.00	
City of Tustin, City of Westminster		210.00		439.50									649.50	
EOCWD, El Toro WD, Fountain Valley													-	
Eco friendly landscape, EIS		8,850.00						7,200.00	6,450.00				22,500.00	
Federal Express, Glen's Landscaping					6,350.00					20,000.00			26,350.00	
Garden Grove, Hotel Prog part, IRWD										11,520.00			11,520.00	
Laguna Beach CWD										4,022.24			54,085.17	
MET, MESA, MNWD				8,060.72			24,066.44		17,935.77				100,664.79	
Mission RCD, Oakley, Paradise Designs	10,398.07	8,684.21	7,246.00	22,135.63		21,301.33		8,883.94	22,015.61				4,060.64	
SMWD, SCWD, Survey Gizmo				3,115.02			675.00		270.62				375,323.49	
Terra Firma, Turf Removal, URS Corp	16,118.50	90,345.70	21,493.77	84,789.00	23,521.50	29,412.00	23,781.92	54,074.10	19,952.50	11,834.50			20,310.00	
University of California, Irvine										20,310.00			25,710.00	
Wade Landscaping, Waterwise Consult	4,980.00	3,350.00	2,050.00	1,700.00	3,510.00		6,820.00		1,250.00	2,050.00			-	
YLWD														
Miscellaneous Expenses														
Interest Expense				41.86									41.86	
Salary & Benefit			7,996.89	5,061.16		7,795.94			6,479.42				27,333.41	
Total Expenditures	106,347.57	155,145.41	49,314.66	135,805.14	137,739.50	83,816.52	101,797.32	92,792.04	83,065.17	84,929.49	-	-	\$ 1,030,752.82	
Cash - Ending Balance	\$ (120,906.78)	\$ 153,254.44	\$ 203,884.71	\$ 194,437.45	\$ 86,512.97	\$ 298,487.84	\$ 269,698.65	\$ 215,800.74	\$ 285,912.59	\$ 242,643.48	\$ 242,643.48	\$ 242,643.48		



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

March 31, 2014

Street Address:18700 Ward Street
Fountain Valley, California 92708**Mailing Address:**P.O. Box 20895
Fountain Valley, CA 92728-0895(714) 963-3058
Fax: (714) 964-9389
www.mwdoc.comJoan C. Finnegan
*President*Jeffery M. Thomas
*Vice President*Brett R. Barbre
*Director*Larry D. Dick
*Director*Wayne A. Clark
*Director*Susan Hinman
*Director*Wayne Osborne
*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	\$1,687,565	18.66%
Grant & Project Cash Flow	1,000,000	11.06%
Building Repair	239,491	2.65%
Total Designated Reserves	2,927,056	32.37%
General Fund	2,805,411	31.02%
Water Fund	2,634,904	29.14%
Conservation Fund	292,392	3.23%
Desalination Feasibility Study Fund	325,487	3.60%
WEROC Fund	87,906	0.97%
Water Trailers Grant	(33,152)	-0.37%
Trustee Activities	3,632	0.04%
Total	\$9,043,636	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	9.27%	\$838,118	\$838,118
Short-term investment			
• LAIF	41.34%	\$3,739,179	\$3,739,179
• OCIP	26.12%	2,362,011	2,362,011
Long-term investment			
• Misc. Securities	22.16%	2,004,328	2,071,345
• Certificates of Deposit	1.11%	100,000	99,671
Total	100.00%	\$9,043,636	\$9,110,324

The average number of days to maturity/call as of March 31, 2014 equaled 136 and the average yield to maturity is 1.020%. During the month, the District's average daily balance was \$15,822,382.19. 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 2014.

The \$66,688 difference between the book value and the market value on March 31, 2014 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
Deputy Treasurer

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY



Portfolio Management - Portfolio Summary


March 31, 2014

3/31/2014	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Certificates of Deposit - Bank	100,000.00	99,671.00	100,000.00	1.22	1029	1.050
Local Agency Investment Funds	3,739,179.44	3,739,179.44	3,739,179.44	45.59	1	0.236
Miscellaneous Securities - Coupon	2,000,000.00	2,071,345.00	2,004,328.00	24.39	502	3.346
Orange County Investment Pool	2,362,010.48	2,362,010.48	2,362,010.48	28.80	1	0.291
Total Investments	8,201,189.92	8,272,205.92	8,205,517.92	100.00%	136	1.020
Cash						
Passbook Checking	838,118.05	838,118.05	838,118.05		1	0.00
Total Cash and Investments	9,039,307.97	9,110,323.97	9,043,635.97		136	1.020

Total Earnings	Month Ending March	Fiscal Year to Date
Current Year	8,754.07	82,734.88
Average Daily Balance	15,822,382.19	
Effective Rate of Return	1.020%	

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: 4.22.14


 Hilary Chumtazi, Deputy Treasurer
 Date: 04/22/2014

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
March 31, 2014

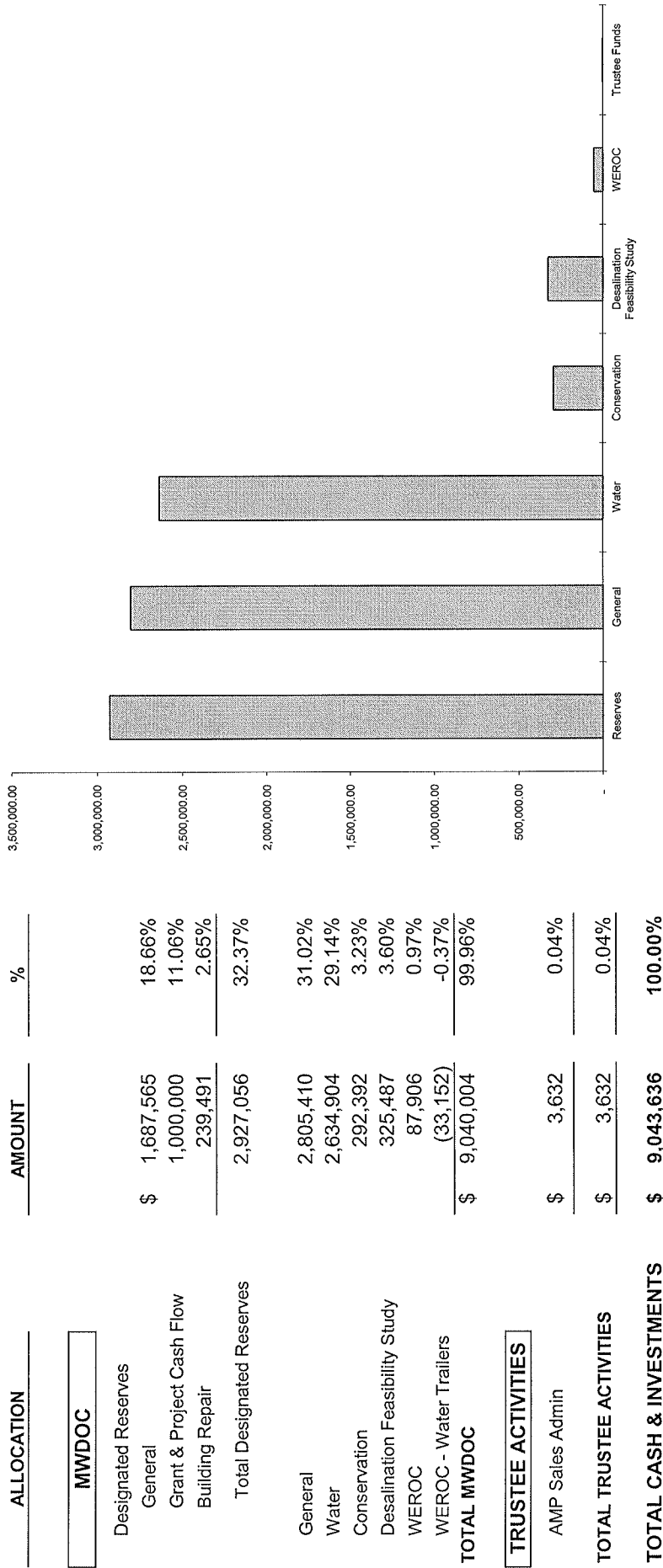
Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Certificate of Deposit - Bank									
Goldman Sachs Bank	38143A4T9	1/23/2013	100,000.00	99,671.00	100,000.00	1.050	1.050	1029	1/23/2017
Sub Total			100,000.00	99,671.00	100,000.00	1.050	1.050	1029	
Miscellaneous Securities - Coupon									
Bank of America	06051GED7	10/14/2010	250,000.00	259,827.50	252,293.73	3.700	3.000	519	9/1/2015
JPMorgan Chase	46625HHR4	11/23/2010	250,000.00	258,247.50	252,016.13	3.400	2.700	450	6/24/2015
MetLife Global	59217GAD1	2/25/2011	500,000.00	520,770.00	500,968.64	3.125	3.007	651	1/1/2016
Morgan Stanley	61747YCT0	3/9/2011	500,000.00	519,080.00	499,572.54	3.450	3.508	581	11/2/2015
UBS Financial Services	90261XFY3	6/10/2010	500,000.00	513,420.00	499,476.96	3.875	4.020	290	1/15/2015
Sub Total			2,000,000.00	2,071,345.00	2,004,328.00	3.500	3.346	502	
Total Investments			2,100,000.00	2,171,016.00	2,104,328.00	3.383	3.237	527	

			Month Ending March	Fiscal Year To Date
Total Earnings				
Current Year			6,262.53	51,884.50

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
March 31, 2014

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	3,739,179.44	3,739,179.44	3,739,179.44	0.236	0.236	1	N/A
Sub Total			3,739,179.44	3,739,179.44	3,739,179.44	0.236	0.236	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	2,362,010.48	2,362,010.48	2,362,010.48	0.291	0.291	1	N/A
Sub Total			2,362,010.48	2,362,010.48	2,362,010.48	0.291	0.291	1	
Total Investments			6,101,189.92	6,101,189.92	6,101,189.92	0.257	0.257		
Passbook Checking									
Bank of America Cash	CASH0547	7/1/2011	837,618.05	837,618.05	837,618.05	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			838,118.05	838,118.05	838,118.05	0.000	0.000	1	
Total Cash and Investments			6,939,307.97	6,939,307.97	6,939,307.97	0.257	0.257	1	
Total Earnings									
Current Year			2,491.54		Fiscal Year To Date	30,850.38			

**Municipal Water District of Orange County
Cash and Investments as of March 31, 2014**



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS GASB 45 Program**Monthly Account Report for the Period**
3/1/2014 to 3/31/2014Rob Hunter
General Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708**Account Summary**

Source	Beginning Balance as of 3/1/2014	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 3/31/2014
Employer Contribution	\$867,981.69	\$0.00	-\$2,900.62	\$491.92	\$0.00	\$0.00	\$864,589.15
Totals	\$867,981.69	\$0.00	-\$2,900.62	\$491.92	\$0.00	\$0.00	\$864,589.15

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			Inception Date
			3-Years	5-Years	10-Years	
-0.33%	1.33%	10.14%	N/A	N/A	N/A	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.

Inception Date: Plans inception date

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
COMBINED FINANCIAL STATEMENTS
AND
BUDGET COMPARATIVE
JULY 1, 2013 THRU MARCH 31, 2014

**Municipal Water District of Orange County
Combined Balance Sheet
As of March 31, 2014**

<u>ASSETS</u>	Amount
Cash in Bank	838,118.05
Investments	8,205,517.92
Accounts Receivable	27,057,845.78
Accounts Receivable - Other	258,831.29
Accrued Interest Receivable	25,335.52
Prepays/Deposits	327,641.93
Leasehold Improvements	2,796,412.08
Furniture, Fixtures & Equipment	536,387.64
Less: Accum Depreciation	(2,376,736.73)
TOTAL ASSETS	<u>\$37,669,353.48</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts Payable	28,148,049.61
Accrued Salaries and Benefits Payable	311,095.77
Other Liabilities	432,996.48
Other post employment benefits (OPEB) liabilities	31,956.00
Unearned Revenue	1,178,475.07
Total Liabilities	<u>30,102,572.93</u>
 Fund Balances	
Restricted Fund Balances	
Water Fund - T2C	1,011,295.30
Water Fund - CC	90,361.35
Total Restricted Fund Balances	<u>1,101,656.65</u>
Unrestricted Fund Balances	
Designated Reserves	
General Operations	1,655,608.61
Grant & Project Cash Flow	1,000,000.00
Building Repair	239,491.00
Total Designated Reserves	<u>2,895,099.61</u>
GENERAL FUND	1,270,445.12
WEROC	49,543.25
Total Unrestricted Fund Balances	<u>4,215,087.98</u>
Excess Revenue over Expenditures	
Operating Fund	2,186,512.24
Other Funds	63,523.68
Total Fund Balance	<u>7,566,780.55</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$37,669,353.48</u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July 2013 thru March 2014 (75%)

	Month to Date	Year to Date	Annual Budget	% of Budget	Encumbrance	Budget Remaining
<u>REVENUES</u>						
Retail Connection Charge	0.00	5,129,804.40	5,121,824.00	100.16%	0.00	(7,980.40)
Water Increment	<u>48,413.17</u>	<u>587,046.32</u>	<u>709,840.00</u>	<u>82.70%</u>	<u>0.00</u>	<u>122,793.68</u>
Water rate revenues	48,413.17	5,716,850.72	5,831,664.00	98.03%	0.00	114,813.28
Interest Revenue	<u>8,472.98</u>	<u>80,318.79</u>	<u>138,000.00</u>	<u>58.20%</u>	<u>0.00</u>	<u>57,681.21</u>
Subtotal	56,886.15	5,797,169.51	5,969,664.00	97.11%	0.00	172,494.49
Choice Programs	1,609.92	916,312.10	907,846.00	100.93%	0.00	(8,466.10)
Miscellaneous Income	662.96	2,571.84	3,000.00	85.73%	0.00	428.16
School Contracts	<u>14,248.00</u>	<u>65,549.45</u>	<u>70,000.00</u>	<u>93.64%</u>	<u>0.00</u>	<u>4,450.55</u>
Subtotal	<u>16,520.88</u>	<u>984,433.39</u>	<u>980,846.00</u>	<u>100.37%</u>	<u>0.00</u>	<u>(3,587.39)</u>
TOTAL REVENUES	<u>73,407.03</u>	<u>6,781,602.90</u>	<u>6,950,510.00</u>	<u>97.57%</u>	<u>0.00</u>	<u>168,907.10</u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July 2013 thru March 2014 (75%)

	Month to Date	Year to Date	Annual Budget	% of Budget	Encumbrance	Budget Remaining
<u>EXPENSES</u>						
Salaries & Wages	218,545.94	2,100,403.02	2,848,711.00	73.73%	0.00	748,307.98
Salaries & Wages - Grant Recovery	(4,917.07)	(21,059.67)	(20,851.00)	101.00%	0.00	208.67
Directors' Compensation	14,415.47	131,718.83	200,357.00	65.74%	0.00	68,638.17
MWD Representation	4,886.60	59,070.51	114,490.00	51.59%	0.00	55,419.49
Employee Benefits	67,796.88	611,914.39	962,227.00	63.59%	0.00	350,312.61
OPEB Annual Contribution	0.00	0.00	111,112.00	0.00%	0.00	111,112.00
Employee Benefits - Grant Recovery	(1,562.35)	(6,273.74)	0.00	0.00%	0.00	6,273.74
Director's Benefits	7,118.92	63,888.14	87,592.00	72.94%	0.00	23,703.86
Health Ins \$'s for Retirees	3,446.93	37,001.16	44,463.00	83.22%	0.00	7,461.84
Training Expense	0.00	1,639.00	11,600.00	14.13%	0.00	9,961.00
Tuition Reimbursement	0.00	3,728.60	6,000.00	62.14%	0.00	2,271.40
Personnel Expenses	309,731.32	2,982,030.24	4,365,701.00	68.31%	0.00	1,381,086.67
Engineering Expense	4,500.00	48,000.00	170,000.00	28.24%	13,500.00	108,500.00
Legal Expense	23,552.68	267,513.35	304,500.00	87.85%	89,728.15	(52,741.50)
Audit Expense	0.00	17,900.00	23,000.00	77.83%	0.00	5,100.00
Professional Services	59,339.36	494,542.36	795,313.00	62.18%	142,745.90	158,024.74
Professional Fees	87,392.04	827,955.71	1,292,813.00	64.04%	245,974.05	218,883.24
Conference-Staff	370.00	5,430.00	12,520.00	43.37%	0.00	7,090.00
Conference-Directors	0.00	3,058.00	7,960.00	38.42%	0.00	4,902.00
Travel & Accom.-Staff	4,507.09	17,369.18	28,360.00	61.25%	0.00	10,990.82
Travel & Accom.-Directors	2,804.01	9,852.15	15,950.00	61.77%	0.00	6,097.85
Travel & Conference	7,681.10	35,709.33	64,790.00	55.12%	0.00	29,080.67
Membership/Sponsorship	5,304.23	80,079.93	88,087.00	90.91%	0.00	8,007.07
CDR Support	0.00	29,969.25	39,140.00	76.57%	9,989.75	(819.00)
Dues & Memberships	5,304.23	110,049.18	127,227.00	86.50%	9,989.75	7,188.07
Business Expense	523.44	4,743.09	7,000.00	67.76%	0.00	2,256.91
Maintenance Office	7,096.28	69,524.52	104,880.00	66.29%	20,708.61	14,646.87
Building Repair & Maintenance	937.24	6,870.50	0.00	0.00%	4,852.55	(11,723.05)
Storage Rental & Equipment Lease	963.38	10,704.39	14,309.00	74.81%	3,603.61	1.00
Office Supplies	2,169.12	20,084.28	24,000.00	83.68%	923.10	2,992.62
Postage/Mail Delivery	603.45	8,039.79	15,100.00	53.24%	2,251.89	4,808.32
Subscriptions & Books	0.00	493.62	2,400.00	20.57%	0.00	1,906.38
Reproduction Expense	784.10	10,029.99	68,587.00	14.62%	9,828.45	48,728.56
Maintenance-Computers	419.00	2,435.44	7,500.00	32.47%	387.98	4,676.58
Software Purchase	0.00	1,769.94	9,500.00	18.63%	631.95	7,098.11
Software Support	0.00	19,015.14	54,400.00	34.95%	0.00	35,384.86
Automotive Expense	1,135.52	9,906.65	14,300.00	69.28%	0.00	4,393.35
Toll Road Charges	110.30	1,008.85	1,290.00	78.21%	0.00	281.15
Insurance Expense	11,524.68	78,753.12	96,000.00	82.03%	0.00	17,246.88
Utilities - Telephone	1,204.20	10,808.29	16,900.00	63.95%	0.00	6,091.71
Bank Fees	830.32	8,018.82	10,560.00	75.94%	0.00	2,541.18
Miscellaneous Expense	3,947.66	37,207.17	85,750.00	43.39%	2,844.74	45,698.09
MWDOC's Contrb. To WEROC	9,068.00	81,616.00	108,820.00	75.00%	0.00	27,204.00
Depreciation Expense	2,941.96	26,477.88	0.00	0.00%	0.00	(26,477.88)
Other Expenses	44,258.65	407,507.48	641,296.00	63.54%	46,032.88	187,755.64
Building Repair & Maintenance	0.00	216,837.00	315,000.00	68.84%	4,450.00	93,713.00
Capital Acquisition	0.00	15,001.72	23,500.00	63.84%	805.15	7,693.13
TOTAL EXPENSES	454,367.34	4,595,090.66	6,830,327.00	67.27%	307,251.83	1,927,984.51
NET INCOME (LOSS)	(380,960.31)	2,186,512.24	120,183.00			

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
From July 2013 thru March 2014 (75%)

	Month to Date	Year to Date	Annual Budget	% of Budget	Budget Remaining
<u>WATER REVENUES</u>					
Water Sales	12,622,640.90	127,516,031.60	145,306,842.00	87.76%	17,790,810.40
Readiness to Serve Charge	1,162,223.88	8,800,923.72	10,293,552.00	85.50%	1,492,628.28
Capacity Charge CCF	304,941.67	2,481,225.03	3,132,800.00	79.20%	651,574.97
SCP Surcharge	22,761.06	242,039.65	354,112.00	68.35%	112,072.35
Interest	223.34	2,166.60	4,630.00	46.79%	2,463.40
TOTAL WATER REVENUES	14,112,790.85	139,042,386.60	159,091,936.00	87.40%	20,049,549.40
<u>WATER PURCHASES</u>					
Water Sales	12,622,640.90	127,516,031.60	145,306,842.00	87.76%	17,790,810.40
Readiness to Serve Charge	1,162,223.88	8,800,923.72	10,293,552.00	85.50%	1,492,628.28
Capacity Charge CCF	304,941.67	2,481,225.03	3,132,800.00	79.20%	651,574.97
SCP Surcharge	22,761.06	242,039.65	354,112.00	68.35%	112,072.35
TOTAL WATER PURCHASES	14,112,567.51	139,040,220.00	159,087,306.00	87.40%	20,047,086.00
EXCESS OF REVENUE OVER EXPENDITURES	223.34	2,166.60	4,630.00		

Municipal Water District of Orange County
WUE Revenues and Expenditures (Actual vs Budget)
From July 2013 thru March 2014 (75%)

	Year to Date Actual	Annual Budget	% of Budget
Landscape Performance Certification			
Revenues	110,552.60	116,000.00	95.30%
Expenses	75,083.75	107,000.00	70.17%
Excess of Revenues over Expenditures	35,468.85	9,000.00	394.10%
SmarTimer Program			
Revenues	82,974.80	125,200.00	66.27%
Expenses	75,697.29	125,200.00	60.46%
Excess of Revenues over Expenditures	7,277.51	0.00	
Industrial Water Use Reduction			
Revenues	82,879.44	113,478.00	73.04%
Expenses	82,123.85	113,478.00	72.37%
Excess of Revenues over Expenditures	755.59	0.00	
Rotating Nozzles Rebate			
Revenues	138,231.32	0.00	0.00%
Expenses	138,301.17	0.00	0.00%
Excess of Revenues over Expenditures	(69.85)	0.00	
Hotel Water Use Reduction Program			
Revenues	63,030.00	189,484.00	33.26%
Expenses	65,048.66	189,484.00	34.33%
Excess of Revenues over Expenditures	(2,018.66)	0.00	
ULFT Rebate Program			
Revenues	45,516.70	40,000.00	113.79%
Expenses	45,440.55	40,000.00	113.60%
Excess of Revenues over Expenditures	76.15	0.00	
HECW Rebate Program			
Revenues	200,995.72	380,000.00	52.89%
Expenses	205,321.28	380,000.00	54.03%
Excess of Revenues over Expenditures	(4,325.56)	0.00	
CII Rebate Program			
Revenues	46,494.00	0.00	0.00%
Expenses	46,482.00	0.00	0.00%
Excess of Revenues over Expenditures	12.00	0.00	
Large Landscape Survey			
Revenues	47,794.12	21,600.00	221.27%
Expenses	65,951.62	21,600.00	305.33%
Excess of Revenues over Expenditures	(18,157.50)	0.00	
Indoor-Outdoor Survey			
Revenues	2,781.24	12,150.00	22.89%
Expenses	0.00	12,150.00	0.00%
Excess of Revenues over Expenditures	2,781.24	0.00	
Turf Removal Program			
Revenues	301,836.59	105,000.00	287.46%
Expenses	320,366.58	105,000.00	305.11%
Excess of Revenues over Expenditures	(18,529.99)	0.00	

Municipal Water District of Orange County
WUE & Other Funds Revenues and Expenditures (Actual vs Budget)
From July 2013 thru March 2014 (75%)

	Year to Date Actual	Annual Budget	% of Budget
WUE Master Plan			
Revenues	3,313.50	0.00	0.00%
Expenses	3,332.49	0.00	0.00%
Excess of Revenues over Expenditures	(18.99)	0.00	
WEROC			
Revenues	188,814.03	213,577.00	88.41%
Expenses	152,576.14	213,577.00	71.44%
Excess of Revenues over Expenditures	36,237.89	0.00	
WEROC Water Trailers			
Revenues	464,150.00	0.00	0.00%
Expenses	464,150.00	0.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
WUE Projects			
Revenues	1,126,400.03	1,102,912.00	102.13%
Expenses	1,123,149.24	1,093,912.00	102.67%
Excess of Revenues over Expenditures	3,250.79	9,000.00	
RPOI Distributions			
Revenues	4,447,821.66	1,619,665.00	274.61%
Expenses	4,447,821.66	1,619,665.00	274.61%
Excess of Revenues over Expenditures	0.00	0.00	
Ocean Desalination			
Revenues	56,447.41	115,459.00	48.89%
Expenses	56,447.41	115,459.00	48.89%
Excess of Revenues over Expenditures	0.00	0.00	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget Summary Report
Year to Date ending March 2014 (Unaudited)
(\$000 Omitted)
General Fund and Reserve Fund

GENERAL FUND

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>% Used</u>	<u>Projected Year End Cost</u>
<u>REVENUES</u>				
Water Rate revenues:				
Retail connection fees	5,130	5,122	100.2%	5,122
Water rate increment	<u>587</u>	<u>710</u>	<u>82.7%</u>	<u>730</u>
Subtotal	5,717	5,832	98.0%	5,852
Other Revenues:				
Interest income	80	138	58.2%	132
Choice Programs	916	908	100.9%	976
School Contracts	66	70	93.6%	70
Other income	<u>3</u>	<u>3</u>	<u>85.7%</u>	<u>3</u>
Subtotal	1,065	1,119	95.2%	1,181
TOTAL REVENUES	6,782	6,951	97.6%	7,033
<u>EXPENSES</u>				
Personal Expenses (incl. Dir.)	2,982	4,366	68.3%	4,090
Professional services	512	818	62.6%	838
Outside engineering	48	170	28.2%	170
Legal expense ⁽¹⁾	268	305	87.9%	354
Travel & Conference	36	65	55.1%	50
Dues and memberships ⁽²⁾	110	127	86.5%	127
General & Admin expense	408	641	63.5%	615
Building Repair & Maintenance	217	315	68.8%	247
Capital acquisition (not including building costs)	<u>15</u>	<u>24</u>	<u>63.8%</u>	<u>23</u>
TOTAL EXPENSES	4,595	6,830	67.3%	6,513
EXCESS OF REVENUES OVER EXPENSES	2,187	120		520

RESERVE FUND

Beginning Balance	2,566
Dec 2013 - excess from FY 12-13 General Fund	310
Jan 2014 - excess from FY 12-13 General Fund	32
Feb 2014 - closed out Projects 2325, 2335 and net with Summit loss 2013	<u>19</u>
TOTAL RESERVE FUND	2,927

¹ Legal expenses are high due to SDCWA lawsuit, public record requests, preparation of a number of agreements and legal costs for special projects. We anticipate going over budget by \$56k.

² Most dues and memberships are paid in the first half of the year. We do not anticipate going over budget.

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Year to Date ending March 2014 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
REVENUES			
Retail Connection Charge	5,129,804	5,121,824	100.16%
Water Increment	587,046	709,840	82.70%
Water rate revenues	5,716,851	5,831,664	98.03%
Choice Programs	916,312	907,846	100.93%
Interest Revenue	80,319	138,000	58.20%
Miscellaneous Income	2,572	3,000	85.73%
School Contracts	65,549	70,000	93.64%
Other revenues	1,064,752	1,118,846	95.17%
TOTAL REVENUES	6,781,603	6,950,510	97.57%

OPERATING EXPENSES			
Salaries & Wages	2,100,403	2,848,711	73.73%
less Recovery from Grants	(27,333)	(20,851)	131.09%
Directors' Compensation	131,719	200,357	65.74%
MWD Representation	59,071	114,490	51.59%
Employee Benefits	611,914	962,227	63.59%
OPEB Annual Contribution	0	111,112	0.00%
Directors Benefits	63,888	87,592	72.94%
Health Insurances for Retirees	37,001	44,463	83.22%
Training Expense	1,639	11,600	14.13%
Tuition Reimbursement	3,729	6,000	62.14%
Personnel Expenses	2,982,030	4,365,701	68.31%
Engineering Expense	48,000	170,000	28.24%
Legal Expense	267,513	304,500	87.85%
Audit Expense	17,900	23,000	77.83%
Professional Services	494,542	795,313	62.18%
Professional Fees	827,956	1,292,813	64.04%
Conference-Staff	5,430	12,520	43.37%
Conference-Directors	3,058	7,960	38.42%
Travel & Accom.-Staff	17,369	28,360	61.25%
Travel & Accom.-Directors	9,852	15,950	61.77%
Travel & Conference	35,709	64,790	55.12%
Membership/Sponsorship	80,080	88,087	90.91%
CDR Support	29,969	39,140	76.57%
Dues & Memberships	110,049	127,227	86.50%

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Year to Date ending March 2014 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
Business Expense	4,743	7,000	67.76%
Maintenance Office	69,525	104,880	66.29%
Building Repair & Maintenance	6,871	0	0.00%
Storage Rental & Equipment Lease	10,704	14,309	74.81%
Office Supplies	20,084	24,000	83.68%
Postage/Mail Delivery	8,040	15,100	53.24%
Subscriptions & Books	494	2,400	20.57%
Reproduction Expense	10,030	68,587	14.62%
Maintenance-Computers	2,435	7,500	32.47%
Software Purchase	1,770	9,500	18.63%
Software Support	19,015	54,400	34.95%
Automotive Expense	9,907	14,300	69.28%
Toll Road Charges	1,009	1,290	78.21%
Insurance Expense	78,753	96,000	82.03%
Utilities - Telephone	10,808	16,900	63.95%
Bank Fees	8,019	10,560	75.94%
Miscellaneous Expense	37,207	85,750	43.39%
MWDOC's Contribution To WEROC	81,616	108,820	75.00%
Depreciation Expense	26,478	0	0.00%
Election Expense	0	0	0.00%
Building Repair and Maintenance	216,837	315,000	68.84%
Capital Acquisition	15,002	23,500	63.84%
Other Expenses	639,346	979,796	65.25%
TOTAL EXPENSES	4,595,091	6,830,327	67.27%
-			
EXCESS OF REVENUES OVER EXPENSES	2,186,512	120,183	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Revenues and Expenditures
Year to Date ending March 2014 (Unaudited)
Water Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>Water Revenues</u>			
Water Sales	127,516,032	145,306,842	(17,790,810)
Ready to Serve Charge	8,800,924	10,293,552	(1,492,628)
Capacity Charge Flat Rate	2,481,225	3,132,800	(651,575)
SCP Surcharge	242,040	354,112	(112,072)
Interest	<u>2,167</u>	<u>4,630</u>	<u>(2,463)</u>
Total Water Revenues	<u>139,042,387</u>	<u>159,091,936</u>	<u>(20,049,549)</u>
<u>Water Purchases</u>			
Water Sales	127,516,032	145,306,842	(17,790,810)
Ready to Serve Charge	8,800,924	10,293,552	(1,492,628)
Capacity Charge	2,481,225	3,132,800	(651,575)
SCP Surcharge	<u>242,040</u>	<u>354,112</u>	<u>(112,072)</u>
Total Water Purchases	<u>139,040,220</u>	<u>159,087,306</u>	<u>(20,047,086)</u>
EXCESS OF REVENUES OVER			
EXPENDITURES	<u>2,167</u>	<u>4,630</u>	<u>(2,463)</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Year to Date ending March 2014 (Unaudited)
Other Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>WEROC</u>			
Revenues	188,814	213,577	(24,763)
Expenditures	<u>152,576</u>	<u>213,577</u>	<u>(61,001)</u>
Excess of Revenues over Expenditures	36,238	-	36,238
 <u>WEROC Water Trailers</u>			
Revenues	464,150	-	464,150
Expenditures	<u>464,150</u>	<u>-</u>	<u>464,150</u>
Excess of Revenues over Expenditures	-	-	-
 <u>WUE Projects (details on next page)</u>			
Revenues	1,123,087	1,102,912	20,175
Expenditures	<u>1,119,817</u>	<u>1,093,912</u>	<u>25,905</u>
Excess of Revenues over Expenditures	3,270	9,000	(5,730)
 <u>RPOI Distribution</u>			
Revenues	4,447,822	1,619,665	2,828,157
Expenditures	<u>4,447,822</u>	<u>1,619,665</u>	<u>2,828,157</u>
Excess of Revenues over Expenditures	-	-	-
 <u>Ocean Desalination</u>			
Revenues	52,620	115,459	(62,839)
Expenditures	<u>52,620</u>	<u>115,459</u>	<u>(62,839)</u>
Excess of Revenues over Expenditures	-	-	-

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
Year to Date ending March 2014 (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	110,553		116,000	95.30%	114,500
Expenditures	<u>75,084</u>		<u>107,000</u>	70.17%	<u>114,500</u>
Excess of Revenues over Expenditures	35,469	32%	9,000		

Actual Variance: MWDOC budgeted \$54k in July 2013. This MWDOC contribution was added to the program and is being drawn down with each monthly invoice. By year end, Revenues should align with Expenditures.

Budget Variance: No comment needed.

SmarTimers Rebate

Revenues	82,975		125,200	66.27%	115,000
Expenditures	<u>75,697</u>		<u>125,200</u>	60.46%	<u>115,000</u>
Excess of Revenues over Expenditures	7,278	9%	0		

Actual Variance: Expenses are incurred monthly while reimbursements are processed semi-annually.

Budget Variance: No comment needed.

Rotating Nozzle Rebate

Revenues	138,231		0	0.00%	
Expenditures	<u>138,301</u>		<u>0</u>	0.00%	
Excess of Revenues over Expenditures	(70)	0%	0		

Actual Variance: No comment needed.

Budget Variance: No budget established as this is a pass through of MET funds to MWDOC member agencies.

Industrial Water Use Reduction

Revenues	82,879		113,478	73.04%	115,000
Expenditures	<u>82,124</u>		<u>113,478</u>	72.37%	<u>115,000</u>
Excess of Revenues over Expenditures	756	1%	0		

Actual Variance: No comment needed.

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
Year to Date ending March 2014 (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>Hotel Water Use Reduction Program</u>					
Revenues	63,030		189,484	33.26%	75,000
Expenditures	<u>65,049</u>		<u>189,484</u>	34.33%	<u>75,000</u>
Excess of Revenues over Expenditures	(2,019)	-3%	0		

Actual Variance: No comment needed.

Budget Variance: Less than expected activity in the Hotel sector. MWDOC has requested a term extension in order to facilitate full program implementation.

<u>ULFT Rebate Program</u>					
Revenues	45,517		40,000	113.79%	55,000
Expenditures	<u>45,441</u>		<u>40,000</u>	113.60%	<u>55,000</u>
Excess of Revenues over Expenditures	76	0%	0		

Actual Variance: No comment needed.

Budget Variance: MET extended their program, which allowed for an increase in activity.

<u>HECW Rebate Program</u>					
Revenues	200,996		380,000	52.89%	380,000
Expenditures	<u>205,321</u>		<u>380,000</u>	54.03%	<u>380,000</u>
Excess of Revenues over Expenditures	(4,326)	-2%	0		

Notes:

Actual Variance: No comment needed.

Budget Variance: No comment needed.

<u>CII Rebate Program</u>					
Revenues	46,494		0	0.00%	
Expenditures	<u>46,482</u>		<u>0</u>	0.00%	
Excess of Revenues over Expenditures	12	0%	0		

Actual Variance: No comment needed.

Budget Variance: No budget established as this is a pass through of MET funds to MWDOC member agencies.

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
Year to Date ending March 2014 (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>Large Landscape Survey</u>					
Revenues	47,794		21,600	221.27%	55,000
Expenditures	<u>65,952</u>		<u>21,600</u>	305.33%	55,000
Excess of Revenues over Expenditures	(18,158)	-38%	0		

Actual Variance: Excess Expenditures will be covered by previous years' Unearned Revenue

Budget Variance: These funds are tied to commercial smart timer installation verifications. MET provides funding for installation inspections and in turn MWDOC uses these funds to pay for a third party installation verifications. Program participation for commercial smart timers was higher than anticipated.

Indoor-Outdoor Survey

Revenues	2,781		12,150	22.89%	3,500
Expenditures	<u>-</u>		<u>12,150</u>	0.00%	<u>3,500</u>
Excess of Revenues over Expenditures	2,781	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.

Turf Removal Program

Revenues	301,837		105,000	287.46%	375,000
Expenditures	<u>320,367</u>		<u>105,000</u>	305.11%	<u>375,000</u>
Excess of Revenues over Expenditures	(18,530)	-6%	0		

Actual Variance: Expenditures (rebate payments) are slightly out ahead of requested revenues.

Budget Variance: Through the Governor's Drought Declaration and marketing program participation has grown rapidly over the last 6 months.

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 21, 2014

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Richard Bell

**SUBJECT: ATTENDANCE BY RICHARD BELL AT AWWA'S WHOLE WATER
CONFERENCE (W2C) IN MONTEREY, JUNE 23-25, 2014**

STAFF RECOMMENDATION

Staff recommends that the Board approve Richard Bell's attendance at this conference.

COMMITTEE RECOMMENDATION

Committee recommends (to be determined at Committee Meeting)

DETAILED REPORT

The Whole Water Conference (W2C) is a new project of the California-Nevada Section, American Water Works Association (CA-NV AWWA) in partnership with the Urban Rivers Institute and with California-American Water Company. The conference's major focus is on development of coastal water supply with a particular emphasis on the Monterey area and ocean desalination. The Cal Am Ocean Desalination project has been selected as the preferred alternative with use of slant well technology for feedwater supply. Richard Bell has been asked to present the results of our Doheny Ocean Desalination investigation work on Slant Well technology as it is particularly relevant to the ongoing effort in development of ocean desalination for the Monterey area. He will be provided complimentary conference registration.

The conference will provide MWDOC with excellent recognition of our work to develop environmentally friendly ocean desalination projects for coastal areas. In addition, the conference will provide an opportunity for MWDOC to learn more about the approach that has been used to develop the Cal Am Monterey Water Supply Project, which includes both an ocean desalination project and an indirect potable reuse groundwater recharge and recovery project, similar to what is being planned by the San Juan Basin Authority and to meet the key agency and consulting staff involved with the project.

Budgeted (Y/N): No	Budgeted amount: NA	Core _x_	Choice __
Action item amount: \$1,200	Line item: Travel		
Fiscal Impact (explain if unbudgeted): Travel is under budget in this fiscal year; these charges can be incorporated into the travel line item for the current fiscal year without causing budget problems.			



ACTION ITEM

May 21, 2014

TO: Board of Directors

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

Rob Hunter
General Manager

Staff Contact: Harvey De La Torre, Karl Seckel

SUBJECT: FINAL DRAFT of MWDOC's Budget for 2014-15

STAFF RECOMMENDATION

Staff recommends the A&F Committee and Board approve MWDOC's budget for 2014-15.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

The form of findings for the FINAL DRAFT budget includes the following:

1. Adopt the budget Resolution as proposed with a budget total of \$193,595,603 and a general fund budget of \$8,026,182.
2. Fund the potential election expense of \$444,000.
3. Fund the Reserves to the levels specified in the Administrative Code and in compliance with the 2011 Settlement Agreement.
4. Establish a Building Improvement Budget for this coming year of \$168,000 as outlined in the discussion below with accommodation for future building improvements.
5. Fund OPEB at the 20-year level pay amount of \$155,575 plus and additional \$28,000 for a total of \$183,575.
6. 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 3%.

7. Continue the transition to a 100% fixed rate for retail meters with a FY2014-15 target of 95% fixed revenue.
8. Increase the total number of full-time MWDOC and WEROC employees by one to 29. This budget retains the Director of Finance position at a six-month funding level and converts the 30-hour WEROC position to a fulltime position.
9. The CHOICE Activities for this year will include the School Program, Water Use Efficiency and the addition of the third year of the Value of Water Communications Plan. It is anticipated that this implementation phase of the communication plan will begin October 2014 upon completion of the previously funded development work (FY2013-14). Budget levels include the funding commitments as of the required notice date and may increase as additional Member Agencies notify MWDOC of their decisions.
10. In accordance with the directions of the A&F Committee, the Doheny and Poseidon Desal Projects have CHOICE budgets and also activities and functions which are CORE budget functions. In addition, the Second Lower Cross Feeder Project is expected to be completed within FY2013-2014 and therefore no longer has a CHOICE budget. Any activities that carryover into the new fiscal year will be performed as part of the CORE budget. It is anticipated that the focus of this activity will focus on potential conjunctive use programs within the OCWD groundwater basin.
11. As was done last year, a reminder to the Board that a request for this year's budget was to consider the Memberships outlined in the Budget (Exhibit D) as being approved with approval of the budget. Therefore, each listed, individual membership will NOT be brought to the Board for approval. Any additional memberships would be brought to the Board for consideration.
12. The Board also requested that the budget approval include Board and Staff attendance at "standard conferences". Staff is recommending that the standard conferences be those included on Exhibit F.
13. Approval of the budget includes authorization for staff to utilize only the budgeted professional services as marked by a checkmark in Exhibit J. All other professional services will be brought to a Committee and/or the Board in accordance with the Administrative Code.

DETAILED REPORT

MWDOC BUDGET PROCESS

The MWDOC FY2014-2015 budget process has been iterative in nature and has incorporated significant review and comment by our Member Agencies. Since the release of the FIRST DRAFT of the budget a series of meetings have been held for the specific purpose of receiving input on the budget. These have included meetings with individual Member Agencies and groups of Member Agencies, two A&F Committee meetings, two Member Agency Managers meetings, the Elected Officials Forum and numerous one-on-

one meetings between MWDOC and Member Agency staff. Letters were received from Member Agencies proposing specific modifications or expressing support for the existing budget. While there were numerous specific comments, in general, there were few comments about the proposed activities or costs in the budget. While there were some questions about specific memberships or staffing proposals, the consensus opinion was in support of the proposed budget activities, expenses, rates and revenues.

The primary focus of the discussions were on CORE and CHOICE proposals. The CORE/CHOICE distinction was established in the 2011 Settlement Agreement and functionally defines activities or projects for which all Member Agencies pay (CORE) or for which only some of the Member Agencies pay (CHOICE). As the name implies, Member Agencies can elect to participate or not participate in CHOICE activities or can limit the extent to which they participate in the CHOICE activities. For example, Member Agencies can elect to participate or not in the School Program. If they participate then they can limit the degree of participation by placing a ceiling on the number of students who will be involved. In practice, CHOICE has been applied to a limited number of programs or projects which generally fall into two categories; (1) those perceived to benefit only part of the MWDOC service area, (2) those programs which duplicate existing programs which some Member Agencies may have in place. CORE functions and projects encompass all activities not explicitly defined as CHOICE.

Specific CORE and CHOICE activities and projects were listed in the 2011 Settlement Agreement and under the agreement activities can be established as CORE, CHOICE or both and can be moved between categories. The agreement identifies the budget process as the mechanism to discuss and decide the assignment of categories.

In previous budgets the Poseidon, Doheny (South Orange Coastal Ocean Desal) and the Second Lower Cross Feeder (SLCF) projects were categorized as CHOICE projects. This year, in the FIRST DRAFT Budget, the specific activities for these projects were either unclear or anticipated to be limited and most of the activities were included as CORE. The carryover funding for Poseidon Desal was included as a CHOICE cost center, as was the Foundational Grant funding for Doheny. The vast majority of comments related to the FIRST DRAFT budget focused on these CORE/CHOICE assignments. At the April 9, 2014 A&F Committee meeting, five budget options based on these comments and discussions were presented to the Committee. The A&F Committee voted in favor of Option 1, to eliminate the SLCF as a stand-alone budget item as it is anticipated that the project will be completed by the end of the current fiscal year. Subsequent activities would be continued as CORE functions related to reliability or conjunctive use. Option 2 was establishing Doheny and Poseidon as only CORE and was rejected by the Committee. A combination of Options 3, 4 and 5 was also approved by the Committee. Under this combined option Doheny and Poseidon would have certain elements in both CORE and CHOICE with the projects listed as CHOICE and with the specific understanding that MWDOC can utilize staff time to work on both these projects beyond seeking funding and approvals from MET. Ocean Desalination is recognized as a CORE category or function. The implementation of this guidance has required the subdivision of project cost centers which is more fully described in later sections of the FINAL DRAFT budget.

Significant discussion also focused on staffing level proposals in the FIRST DRAFT budget. Two modifications had been proposed. First the 30-hour position in WEROC was proposed to be expanded to a fulltime, 40-hour position. In addition, the position of Director of Finance was proposed to be eliminated. The WEROC discussion focused on both the cost of the change and the anticipated benefits of additional 10 hours per week of staff time. The general consensus was in support of the change and it remains in the FINAL DRAFT budget. The elimination of the finance position was coupled with contracted support functions for the accounting group in the FIRST DRAFT. The issues raised included both the availability of technical expertise and the value of the financial point of view to the management team. Management recognizes the value of these points but believes that the proposed approach is appropriate, very likely to succeed and has a low risk factor. However, while we do not anticipate having to fill the position, we are budgeting the Director of Finance position for six months in response to these comments.

Finally, significant discussion focused around the additions to the list of proposed District memberships (Exhibit D). This list has been modified and reformatted. Specifically eliminated were the increase to the Association of California Cities – Orange County, the Children’s Education Foundation of Orange County and several of the Chamber of Commerce memberships.

Several key items or processes were essential to the budget development and which are discussed in the following sections include:

1. MWDOC Budget Principles
2. Budget Input from Member Agencies
3. MWDOC Key Initiatives
4. Core/Choice Programs
5. Reserves including OPEB Liability
6. Water Rates and Charges

1. MWDOC Budget Principles for 2014-15

Staff has utilized several Budget Principles to develop the draft budget for this coming year. These principles include:

- **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 is a county-wide organization 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 in order 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.

PRIORITIES & PRACTICES

Metropolitan Water District of Southern California (MET)

MWDOC's top priority 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 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 in particular.
- MWDOC's 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 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. This includes the ability to make necessary investments to address pension liability, OPEB liability, investments in rehabilitation and repair of facilities and to incorporate future long term investments such as the BDCP while remaining strong financially. Following through with this implementation is a key element in our practices.
- 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.

Regional Water Reliability

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. Review and assisting in the decision-making process for the implementation of regional system and supply reliability projects from an Orange County perspective is a key aspect of what MWDOC does.

There are many opportunities that are available to Orange County and one of the principles for this year is to provide further assistance in evaluating and providing assistance in the decision-making process for projects that involve ocean desalination, other projects developing new supplies, water transfers and projects internal to the County that can be developed under a cooperative framework to advance Orange County's interests.

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 condition. 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 will likely emerge during the year and MWDOC must be able to capitalize on these opportunities as they arise.

Water Emergency Response

MWDOC has recently reviewed the preparedness of the Water Emergency Response Organization of Orange County (WEROC) is proposing actions that will improve and strengthen the state of readiness to assist in a time of emergency. WEROC will be pursuing additional funding options similar to this year's grant for fifteen new water trailers that have been deployed across the county.

Communication

Communications to our citizens, in conjunction 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 possibly the Water Bond.

2. Input from the Member Agencies

MWDOC has a structured process to involve our Member Agencies in our budget process. This includes review and comment on the draft budget. In addition it includes the solicitation of suggestions and comments from our agencies before the draft budget is prepared. The initial input included the following suggestions and observations:

- MWDOC should continue to focus its efforts on representing the interests of MWDOC's member agencies at MET. This should include expansion of the MET LRP program to include additional funding for recycled water projects for onsite conversion costs (MET has a limited Pilot Program on this now), seasonal storage projects and a review of the contribution rate, which has been fixed at \$250 per AF for a long time.
- MWDOC should explore the development of a policy, with MET and other key entities, that would facilitate the purchase, delivery and storage of MET system water at storage programs, located both inside and outside of MET's service area.
- MWDOC should continue its efforts with development and implementation of Water Use Efficiency programs. The preference is that MWDOC continue to administer the Turf Removal Program at MWDOC rather than shifting it to MET's regional program as such a switch could reduce quality control assurances and could result in inaccurate approvals of applications.
- MWDOC should consider how climate variability could affect water supplies and demands in Orange County (much work has already been done, so take advantage of that work); could be done in conjunction with MET and OCWD.
- WEROC should have a higher presence at the Manager's meetings to keep the higher level staff integrally involved in emergency planning. We should meet once or twice per year at the EOC's.
- Following are key issues for the coming year:
 - Met water supply/shortage allocation policy
 - Met's renewal or not of their 10-Year Purchase Order policy and implications of same
 - Met's Long Range Finance Plan
 - BDCP analysis and information sharing in conjunction with MET and OCWD
 - Ocean Desalination evaluation and facilitation in conjunction with MET and OCWD
- Consider conducting a series of regularly scheduled and focused discussions and /or workshops throughout the year on the following issues:
 - Water reliability and planning
 - Alternative Water Sources
 - Delivery of alternative water sources such as Poseidon, Fenner Valley, and Baker. MWDOC plays a key role with MET in working out the requirements for projects to utilize MET facilities for delivery.
 - Rates

- Continue MWDOC advocacy at MET including building coalitions with other MET member agencies which will be important for many of the projects being considered in the County.
- Examine State Funding for Local Projects in Orange County.
- As the San Diego Rate lawsuit issues develop, it is suggested that MWDOC continue its advocacy with respect to the MET rate structure particularly to agencies that rely heavily on MET supplies. The rate issues will include wheeling rates, local project funding and may include BDCP project costs. MWDOC should remain heavily involved in discussions throughout the year on MET rates, 10-year MET rate projections and potential risk analyses to those rates.
- Consider periodic reports from MWDOC Directors and MET directors at strategic member agency meetings. This would be part of a broader Orange County coalition that includes OCWD and the Three Cities along with the member agencies to develop positions and information on:
 - Proposed State Water Bond
 - Climate change
 - State water policy
 - Development of State or Regional storage projects
- MWDOC could consider offering a choice service for agencies wishing to have more support for their communication efforts and could involve setting up a business plan for MWDOC's Public Affairs Group to provide support for newsletters, websites and other press releases tailored desired by the member agencies.
- From an operational perspective, efforts on the following are recommended to continue:
 - Continued assistance in validating MET meter accuracy on the Allen McColloch Pipeline including development of procedures or a process that provides regular confirmation.
 - Facilitate in sharing equipment/assets with regional agencies, this is a potential extension of the efforts done under WEROC to non-emergency resources
- MWDOC's efforts on the Foundational Action Funding program this year were appreciated and we look forward to continuing to work closely with MWDOC on the both the SJBA and Doheny Desal projects over the next year.

Member Agency input has occurred at several additional points during the budget process including the regularly scheduled Manager Meetings, the Elected Officials Forum, Committee meetings and Board meetings as well as meetings with individual Member Agencies Boards and Committees as well as working groups of multiple Member Agencies.

3. **MWDOC Key Initiatives**

Key initiatives from staff for 2014-15 that are included into the budget include:

- Continue to work closely with MET on rate/stability issues, support for the Bay-Delta and management of water, particularly within the OCWD groundwater basin. This includes emphasizing the need for MET or the State Water Contractors to take-over operation and maintenance of the State Water Project to resolve the deferred maintenance of the SWP system and ensure regional reliability. Close scrutiny of QSA issues and how these are worked out with regard to Colorado River supplies will also occur.
- This year MWDOC and the water entities are dealing with the immediate needs of the Drought and water management issues it brings while also forging ahead with 50-year solutions such as the BDCP preferred alternative EIR/EIS and the start of project implementation. While keeping Orange County elected officials and water agencies up to date on the progress, costs and benefits of the Bay-Delta Conservation Program is key, if calendar year 2015 starts out dry, it will likely mean movement towards water allocation scenarios.
- Work on Reliability issues such as conjunctive use, Doheny Desal, Poseidon Huntington Beach Ocean Desalination and other projects in support of the member agencies. A key element to complete will be to seek approval from MET for introduction of local water into their treated pipeline system. This has never been done, but if accomplished opens up a number of options for Orange County.
- Examine opportunities for local or regional reliability via banking programs.
- Continue with implementation of the Water Use Efficiency Master Plan including methods to firm up local funding options for local agencies. Additional funding for water use efficiency efforts will likely emerge which brings with it an opportunity to continue working on assisting residents in the County with opportunities to use water in a more efficient manner, thus saving water for future years.
- In previous years. MWDOC's member agencies recommended developing a program to increase public affairs/outreach efforts to improve credibility with the public regarding the value of water and water service they receive. 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. These efforts being developed this fiscal year include:
 - Define public attitudes and perceptions of water and water service
 - Development of a communication plan and message refinement
 - Implementation and monitoring of outreach

The program is slated for completion of the development phase in the fall of 2014 at which time implementation efforts will shift to the retail agencies in the County, along with MWDOC, to implement as part of the Choice program in this budget.

- 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 involves a training program for MWDOC staff to ensure sufficient support staff for both a North and South Emergency Operations Centers and a search for more grant funding. WEROC has been relying on volunteers to staff these functions. Several recent test exercises involved a number of key volunteer staff being unavailable. WEROC found its operations were hampered by these missing volunteers. Because MWDOC is a wholesale agency without system operations to attend to during an emergency event, staff is proposing to train about 15 MWDOC staff members at a sufficient level to ensure the basics of an EOC response will be present under any situation. Each of these staff members will participate in about 50 hours of training to help WEROC remain at a high state of readiness. The budget includes a proposal to upgrade the WEROC Program Assistant from 30-hours per week part-time status to full time status to improve the coverage and functioning of the WEROC Program. This will also facilitate the identification and pursuit of additional grant funds.
- Urban Water Management Plans are due by December 31, 2015, but have a high likelihood of having the deadline pushed to June 30, 2016. In any event, fiscal year 2014-15 will be the time to begin the process of laying out the responsibility and plan for completion of these efforts in Orange County. 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.
- Decisions regarding projects to improve system and supply reliability on a regional basis are approached from many aspects. The need for the project, the cost of the project and the timing of the project are just three aspects of this decision-making process. The systems, supplies and responsibilities overlap a number of Orange County and regional organizations. A comprehensive assessment of regional reliability will require both the participation and cooperation of several agencies to maximize value and efficiency. MWDOC will provide further assistance in the decision-making process in Orange County by bringing on specialized expertise in reliability planning to assist the collective efforts at the retail and regional levels. The consulting assistance is aimed at providing several perspectives for necessary water reliability investments and the timing of these investments.
 - Planning for reliable water supplies in the face of uncertainty can be difficult—but nonetheless is crucially important. There are many water supply issues that face water agencies in Orange County, such as: (1) addressing the levee risks, environmental and water conveyance problems in the Sacramento-San Joaquin Delta (Bay Delta); (2) providing adequate system redundancy in South Orange County to deal with seismic risks to

critical local and regional water treatment and delivery infrastructure; (3) providing adequate groundwater recharge to the Orange County groundwater basin in light of urban development and upstream water recycling that results in reduced recharge in OC; and (4) climate variability that has the potential to significantly reduce Colorado River and State Water Project water supplies.

- While it may be difficult to project the specific outcomes of all of the uncertainties that can affect supply reliability in Orange County, many techniques and tools are available that can provide a solid framework for assessing risk and making wise investments. These techniques include scenario planning and adaptive management. Scenario planning defines plausible futures that can include success and no success for completion of a Delta fix, or presence or no presence of climate change, or a complete levee failure in the Delta. Scenario planning does not necessarily seek to define the probability that these possible futures will occur (although some of them can be put into these terms), but rather measures the impacts on water availability if the scenarios unfold. Projects and portfolios of projects can then be tested against these scenarios to measure resiliency and cost-effectiveness.
- Adaptive management can be used to identify which projects may be no or low regrets in that they are cost-effective under most or all of the future scenarios. These are projects that ideally should move forward sooner than later. Triggers can be established to measure when other, generally more costly projects should be implemented. An example of a trigger could be an important milestone in fixing the Delta, such as voter approval of a bond measure or resolution of litigation with the record of decision to proceed with part of the solution.
- This effort would utilize work already completed in Orange County by MWDOC, OCWD, Irvine Ranch Water District, and work now underway by Moulton Niguel Water District. Building off of these other studies means this plan can be completed in a timely and cost-effective manner.

4. CORE/CHOICE Programs for 2014-15

As stated previously, the CORE/CHOICE proposals dominated the FIRST DRAFT budget discussions. Comments and questions ranged from generic (What are CHOICE projects?) to very specific (Is LRP funding pursuit a CORE MWDOC function regardless of project?). Perhaps the single common element to the CHOICE programs is that Member Agencies can choose to participate and pay for a program or project or elect to not subscribe and pay. In the latter case they do not receive the benefits of the program. The following summaries of the

FY 2014-2015 CHOICE programs summarize the programs and highlights the subscription differences.

- **Water Use Efficiency (WUE) Program**
The WUE program subscription was a 5-year commitment that started in 2011 with the advent of the Settlement Agreement. The program costs for the fourth year are allocated based on the actual and projected costs for the current (third) year. Actual costs are verified and billings adjusted after the fiscal year closes. Participating Member Agencies are covering the MWDOC staffing costs to implement a full suite of WUE technologies and rebate programs.
- **School Program**
Member Agencies commit to a specific number of students attending a specific mix of programs (traditional assembly program, keypad program and water quality program). In most cases, the agencies also specify the grade levels for the students. The water quality program is restricted to the 6th & 7th grades and is a three day event. Commitment is on an annual basis.
- **Value of Water Communications Program Implementation Phase**
The implementation phase is the third year of this communication program which in previous years was a CORE budget item. A commitment was made last year that the implementation phase would become a CHOICE project. This phase included creative material development, regional media buys and ongoing metrics and monitoring efforts. The CHOICE phase will not begin until approximately October 1, 2014 and after the current CORE tasks are completed.
- **Poseidon Huntington Beach Project**
In the past there have been 19 participants in this CHOICE program. In FY2013-14 budget was \$52,340 with \$12,328 remaining and being carried over in FY2014-15. While the scope of work is not detailed for this coming year, it is likely that additional analysis and meetings will be requested by the Member Agencies as Poseidon completes their intake structure analysis and reopens their permit application with the Coastal Commission. MWDOC has contacted all the Member Agencies and requested a CHOICE contribution of \$3,000 per agency for those who elect to participate this year.
- **Doheny Desal Project**
Since 2008, five Member Agencies have chosen to participate in and fund this project. The Phase 3 work is substantially completed but the system has not been removed, expenses continue to be incurred and there is not final agreement on terminating or continuing the project. While this year's activities are uncertain, there were strong requests by some Member Agencies that Doheny remain a CHOICE project. This has necessitated a multiple cost center approach to maintain fund integrity and project liability issues.
 - 2008 Fund for Doheny Desal (Phase 3 efforts) – The label 2008 is used to signify the year the efforts began. Funding for this has involved the five Participating Agencies, MWDOC and Grants brought into the program such that the total revenue for the effort is \$6.2 M. MWDOC's latest

accounting indicates that approximately \$94,000 remains, plus the \$356,000 reserved to remove the facilities at such time it is appropriate to do so. The following should be noted:

- i. A number of discussions were held in an attempt to close-out or wrap up these efforts and, to date, agreement has not been reached among the five Participants.
 - ii. The funds on hand have been 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 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.
 - iii. 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.
 - iv. In the event additional funds are needed at some point, we will invoice all five agencies for such.
- Foundational Action Funding for Doheny Desal – MWDOC is assisting the South Coast Water District and the Laguna Beach County Water District in this effort. MWDOC staff will provide management of the funds to be received by this project similar to other MET grant funded projects including the San Juan Basin Authority Project. MWDOC staff time in the amount of \$37,922 was specifically included in the Doheny grant proposal to MET. MWDOC staff will be working on several of the grant tasks as a staff extension. MWDOC will be invoicing South Coast Water District directly for this assistance. In the FIRST DRAFT budget, this effort was included as the sole component of the Doheny CHOICE budget.
 - 2014 Fund for Doheny Desal - The label 2014 is used to signify the year the efforts are to begin, meaning fiscal year 2014-15 (starting July 1). As called out in MWDOC correspondence to Member Agencies regarding CHOICE discussions for the coming year, the activities and level of effort for Doheny are uncertain at this point. However, based on the Member Agency requests that Doheny be funded as a CHOICE project, we have requested that any of our Member Agencies who wish to participate in this CHOICE project commit to a contribution of \$10,000 per agency. The purpose of this request is to ensure that some level of funding will be available in the event it is needed in 2014-15. As the participating agencies may be different than the original five Doheny participants, this fund will be maintained separately from the 2008 Fund.

A few other items enter into the CORE/CHOICE discussions.

- **Second Lower Cross Feeder (SLCF) Project** – It is projected that the SLCF project will be completed during the current fiscal year and therefore on CHOICE

budget is included. Any carryover activities will be dealt with as CORE activities. With OCWD's concurrence, this project has evolved into a discussion of potential conjunctive use options for development of a collaborative project between OCWD and the South County area. As such, MWDOC views this type of arrangement as a Core element in Orange County and will proceed as such.

- Several projects in Orange County, including conjunctive use and Poseidon, will likely involve transport of locally produced water via a MET pipeline, a pipeline in which MET owns capacity or a pipeline for which MET has the responsibility for water quality provisions. One of MWDOC's key goals for the coming year is to work with MET staff on the terms and conditions for conveyance of local supplies in these types of facilities. Development of this concept in a manner that works both for MET and the local agencies opens up several options in Orange County and hence is further support that these projects be considered as CORE for this budget year.
- AMP Sale Administration Agreement – The Allen McColloch Pipeline (AMP) agreement is reaching specific termination milestones that will require the review of legal counsel. Member Agencies who have responsibilities under this agreement have been notified of the anticipated activities.
- WEROC Funding – WEROC is funding through the participation of seven agencies: MWDOC, OCWD, SOCWA and the cities of Anaheim, Santa Ana and Fullerton. All seven agencies have agreed to the funding levels for FY2014-15.

5. MWDOC's Reserve Funds

The MWDOC Reserve Policy is based on strategy that is in accordance with the Settlement Agreement that became effective June 1, 2011 and will last five years. The agreement categorizes the reserves 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.

MWDOC General Reserves					
Fiscal Year	Inflation Rate	Increase	Reserve Ending Balance Should Be per Agreement	Actual Reserve Ending Balance	Difference
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

(1) Projected

Cash Flow:

The agreement states that cash flow reserves should be set at \$1.00 million. 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:

The agreement states we should have enough money in the reserve 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) would be sufficient to cover seven elections. This requires that \$260,000 be contributed to the election reserve annually 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.

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 ⁽¹⁾	228,000	260,000	444,000

(1) Projected

Building Expense:

The agreement states that MWDOC Building Reserves should be kept at \$350,000. 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
FY2012-13	350,000	37,125	37,125
FY2013-14	350,000	0	239,000
FY2014-15 ⁽¹⁾	111,000	407,000	168,000

(1) Projected

OPEB Reserve:

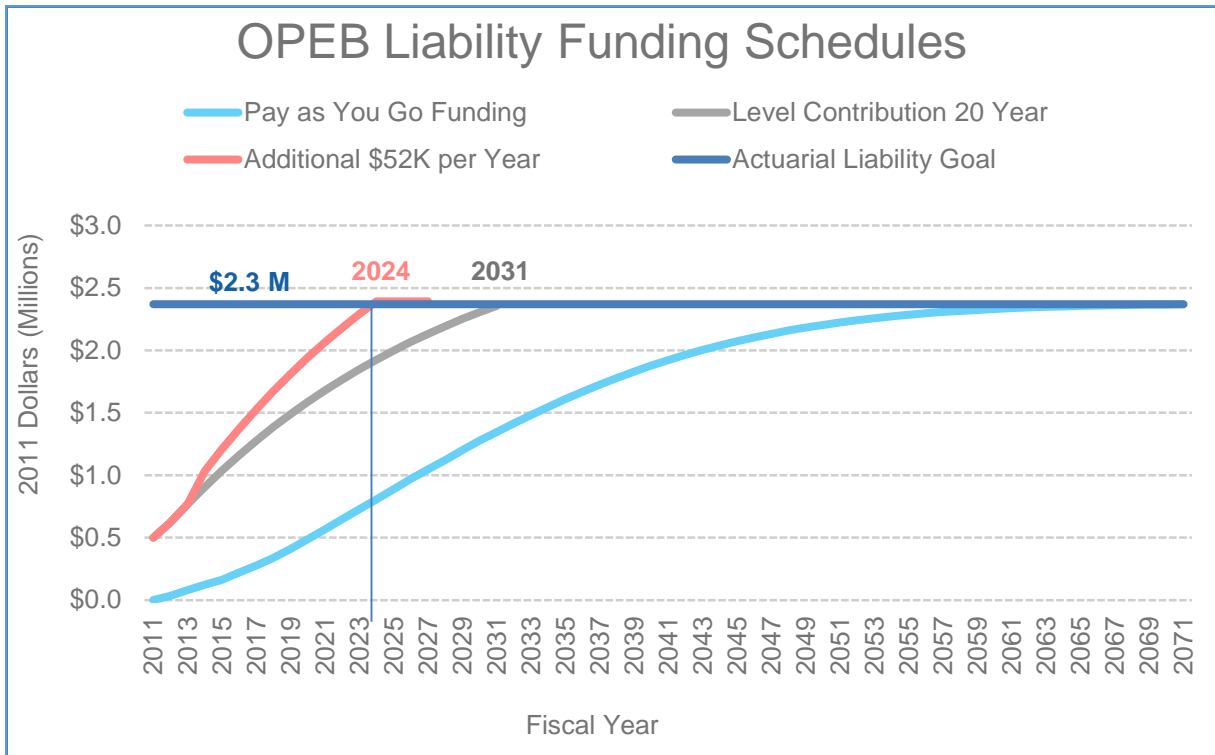
The agreement states that initially there should be a contribution of \$500,000 in FY11-12 with \$120,000 annual contributions to fully fund the liability in 20 years. The \$120,000 was decided before the 2011 actuarial report was prepared. The 2011 report recommended an annual 20-year level pay amount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

Staff has taken a look at the demographics of MWDOC's OPEB liabilities and has estimated that the bulk of the liabilities will take place over the next 10 years as long term MWDOC employees who had access to lifetime medical coverage retire. 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.

6. Water Rates and Charges

MWDOC's revenue is impacted by the meter (fixed) and water volume increment (variable) charges established with each budget. The budgeted increment revenue varies with the projected water purchases provided by our Member Agencies. Actual increment revenue is dependent on the actual water volumes used by the Member Agencies during the year.

The total amount of revenue from water sales is also influenced by the mix of treated and untreated MET water with prices that are relatively higher or lower. The volumes sold and the type sold can be influenced by a number of factors including weather, conservation efforts, local water supply efforts, groundwater basin pumping percentages and

replenishment purchases. The impact of this variation is minimized by the continued progression to fixed charges.

The proposed Total Revenues for FY2014-15 are \$193,595,603 with \$181,841,285 attributed to Water Sales. Total Normal Operating Expenses are budgeted at \$7,310,951 with Total Expenses of \$7,922,951.

For FY 2014-15 the proposed Incremental Rate is \$0.50 per acre foot and the proposed Connection Charge (meter) rate is \$10.50.

7. Grants and Outside Funding

MWDOC secures a number of grants and other funding from outside sources each year. These funds support a number of our choice programs, the LRP funding for local projects and portions of WEROC. The magnitude of this funding is solidified during the budget process and throughout the fiscal year. The approximate level of active grants for FY 2013-2014 is included in the attached table.

Attachments:

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

Table 1 MWDOC Reserves				
Reserve Fund Description	2014 Target	Increases With	June 30, 2014 Projected Level	June 30, 2015 Projected Level
1. General Fund (Designated) Used for variations in income; operations, expense, litigation, other	\$1.997M	Inflation	\$1.933M	1.973M
2. Cash Flow Reserves (Designated) Used for Grant and proposed project & program cash flow	\$1.0 M	Cost Experience	\$1.00 M	\$1.00 M
3. Election expense costs (Designated)	\$0.6M (Maximum)	Cost Experience	\$0.228M	\$0.044M
4. Building Repair (Designated) Used for office building repair, replace, refurbish	\$0.35 M	With Needs Assessment	\$0.111M	\$0.35 M
Total Designated Reserves	\$3.947M		\$3.325M Short by \$0.63 M	\$3.428M Short by \$0.42M
5. OPEB Reserves (Restricted in Irrevocable Trust)	\$2.3M Liability per 2011 Calculations	With annual Payments, Interest earnings	0.90M± Estimated	\$1.4M Remaining Liability

Table 2 Approximate Level of Active Grants Within MWDOC for Fiscal Year 2013-14		
Source	Project	Approximate Amount
MET Foundational	Doheny Desal	\$200,000
MET Foundational	San Juan Basin Authority	\$200,000
MET Foundational	Direct Potable Reuse	\$100,000
Urban Area Security Initiative	Water Trailers	\$500,000
Urban Area Security Initiative	Training	\$15,000
<u>Water Use Efficiency</u>		
South OC IRWMP (2)	Landscape Programs	
OWOW IRWMP	CII & Landscape	
USBR (6)	WaterSmart & Field Services	
MET	Regional Rebates (hosted by MET & MWDOC); the MET funding is supplemented via our other sources of funds	
MET	Member Agency Administered – Turf removal & retail agency programs	
MET	Recycled Water Conversion	
Total Approximate of WUE Grants		\$3,000,000
Total of all Grants This Year		\$4,000,000
MET LRP Funding	For various local resources programs throughout the county.	\$15,400,000
Total of All Outside Funding		\$19,400,000



Final Draft (5/14/2014)
Annual Budget for Fiscal Year 2014-15

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***

**RESOLUTION NO.
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

**APPROVING AND ESTABLISHING THE MWDOC BUDGET FOR
FISCAL YEAR 2014-2015 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 2014-2015, as recommended, be and the same is hereby adopted as follows:

General Fund Budget (Inclusive of Expenses funded by Reserves).....	\$7,919,101
Water Purchases Budget.....	181,841,285
Water Use Efficiency Budget.....	3,730,332
WEROC Budget.....	253,622
AMP Budget.....	20,000
AMP Sales Proceeds Distribution Budget.....	4,921
MWDOC Inter-fund Transfers	(177,508)
 Total Budget Resolution	 \$193,591,753

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 2014-15

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 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 2,524,013	\$ 2,363,897	\$ (160,116)	\$ 2,609,584 ¹	\$ 245,687	\$ 85,571
less for Recovery from Grants	\$ -	\$ -	\$ -	\$ -	-	0
Employee Benefits	848,848	702,346	(146,502)	831,155 ²	128,809	(17,693)
Director Compensation	200,357	170,322	(30,035)	210,342	40,020	9,985
Director Benefits	87,592	87,063	(530)	93,148	6,085	5,556
MWD Representation	114,490	97,028	(17,462)	120,197	23,169	5,707
OPEB Annual Contribution	111,112	112,165	1,053	133,331	21,166	22,219
Overhead Reimbursement	(139,513)	(134,844)	4,669	(139,240)	(4,396)	273
Health Insurance Coverage for Retirees	44,463	43,410	(1,053)	50,244	6,834	5,781
Audit Expense	23,000	17,900	(5,100)	23,000	5,100	0
Automotive & Toll Road Expenses	15,590	13,486	(2,104)	14,550	1,064	(1,040)
Conference Expense - Staff	12,520	9,885	(2,635)	13,925	4,040	1,405
Conference Expense - Directors	7,960	4,680	(3,280)	8,650	3,970	690
Engineering Expense	170,000	170,000	-	355,000	185,000	185,000
Insurance Expense	96,000	95,999	(1)	97,000	1,001	1,000
Legal Expense - General	304,500	391,414	86,914	329,000	(62,414)	24,500
Maintenance Expense	104,880	99,750	(5,130)	118,768	19,018	13,888
Membership / Sponsorship	88,087	86,742	(1,345)	93,937	7,195	5,850
CDR Participation	39,140	39,140	-	39,961	821	821
Miscellaneous Expense	78,610	70,874	(7,736)	71,150	276	(7,460)
Postage / Mail Delivery	15,100	10,175	(4,925)	11,100	925	(4,000)
Professional Fees	492,102	514,337	22,235	463,700	(50,637)	(28,402)
Rents & Leases	14,308	14,697	389	16,708	2,011	2,400
Outside Printing, Subscription & Books	53,487	44,737	(8,750)	51,725	6,988	(1,762)
Office Supplies	24,000	22,583	(1,417)	24,288	1,705	288
Building Repair & Maintenance	-	15,443	15,443	10,800	(4,643)	10,800
Computer Maintenance	7,500	5,742	(1,758)	6,000	258	(1,500)
Business Expense	7,000	6,224	(776)	7,000	776	-
Software Support & Expense	63,900	62,285	(1,615)	54,384	(7,901)	(9,516)
Computers and Equipment	-	-	-	9,300	9,300	9,300
Telecommunications Expense	16,900	15,172	(1,728)	16,900	1,728	-
Temporary Help Expense	-	-	-	-	-	-
Training Expense	14,200	8,061	(6,139)	18,000	9,939	3,800
Tuition Reimbursement	6,000	4,469	(1,531)	6,000	1,531	-

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

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	28,360	22,574	(5,786)	38,300	15,726	9,940
Travel & Accommodations - Directors	15,950	12,785	(3,165)	29,600	16,815	13,650
MWDOC's Contribution to WEROC	108,820	108,820	-	128,508	19,688	19,688
Capital Acquisition (excluding building)	23,500	23,292	(208)	-	(23,292)	(23,500)
NORMAL OPERATING EXPENSES	\$ 5,622,776	\$ 5,332,653	\$ (290,122)	\$ 5,966,015	\$ 633,361	\$ 343,239
Building Repair & Maintenance	\$ 315,000	\$ 238,596	\$ (76,404)	\$ 168,000	\$ (70,596)	\$ (147,000)
Election Expense	-	-	-	444,000	444,000	444,000
TOTAL EXPENSES	\$ 5,937,776	\$ 5,571,249	\$ (366,526)	\$ 6,578,015	\$ 1,006,765	\$ 640,239

REVENUES:						
Retail Meter Charge	\$ 5,121,824	\$ 5,121,824	\$ -	\$ 6,440,532	\$ 1,318,708	\$ 1,318,708
Water Increment Charge	709,839	730,467	20,628	103,564	(626,903)	(606,275)
Interest Revenue	138,000	132,000	(6,000)	138,000	6,000	0
Miscellaneous Income	-	3,000	3,000	3,000	-	0
School Contracts	-	-	-	-	-	0
Inter Fund In	-	-	-	-	-	0
TOTAL REVENUES	\$ 5,969,663	\$ 5,987,291	\$ 17,628	\$ 6,685,096	\$ 697,805	\$ 715,433

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 31,888	\$ 416,042	\$ 384,154	\$ 107,081	\$ (308,960)	

- 1 Total Salaries & Wages includes \$46,135 for intern support
- 2 Total Benefits includes \$5,293 for intern support

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

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 390,163	\$ 402,637	\$ 12,474	\$ 386,270 ¹	\$ (16,366)	\$ (3,892)
less for Recovery from Grants	\$ (20,851)	\$ (22,194)	\$ (1,343)	\$ (16,437) ¹	5,757	4,414
Employee Benefits	133,211	130,091	(3,120)	130,763 ²	672	(2,448)
Director Compensation	-	-	-	-	-	-
Director Benefits	-	-	-	-	-	-
MWD Representation	-	-	-	-	-	-
OPEB Annual Contribution						
Overhead Reimbursement	139,513	134,844	(4,669)	139,240	4,396	(272)
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	-	-	-	2,000	2,000	2,000
Membership / Sponsorship	-	-	-	-	-	-
CDR Participation	-	-	-	-	-	-
Miscellaneous Expense	12,500	7,502	(4,998)	49,250	41,748	36,750
Postage / Mail Delivery	-	-	-	-	-	-
Professional Fees	327,000	305,741	(21,259)	585,500	279,759	258,500
Rents & Leases	-	-	-	24,000	24,000	24,000
Outside Printing, Subscription & Books	17,500	17,500	-	40,500	23,000	23,000
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 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	-	-	-	-	-	-
Travel & Accommodations - Directors	-	-	-	-	-	-
Capital Acquisition (excluding building)	-	-		-	-	-
TOTAL EXPENSES	\$ 999,035	\$ 976,120	\$ (22,915)	\$ 1,341,087	\$ 364,966	\$ 342,051

REVENUES:						
Choice Revenue	977,847	976,121	(1,726)	1,341,086	364,965	363,240
TOTAL REVENUES	\$ 977,847	\$ 976,121	\$ (1,726)	\$ 1,341,086	\$ 364,965	\$ 363,240

Staff only for South Orange Coastal Ocean Desal

1 Total Salaries & Wages includes \$27,060 for intern support

2 Total Benefits includes \$3,210 for intern support

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 2,914,176	\$ 2,766,534	\$ (147,642)	\$ 2,995,854 ¹	\$ 229,321	\$ 81,679
less for Recovery from Grants	\$ (20,851)	\$ (22,194)	\$ (1,343)	\$ (16,437)	5,757	4,414
Employee Benefits	982,059	832,437	(149,622)	961,918 ²	129,481	(20,141)
Director Compensation	200,357	170,322	(30,035)	210,342	40,020	9,985
Director Benefits	87,592	87,063	(530)	93,148	6,085	5,556
MWD Representation	114,490	97,028	(17,462)	120,197	23,169	5,707
OPEB Annual Contribution	111,112	112,165	1,053	133,331	21,166	22,219
Overhead Reimbursement	(0)	-	0	-	-	0
Health Insurance Coverage for Retirees	44,463	43,410	(1,053)	50,244	6,834	5,781
Audit Expense	23,000	17,900	(5,100)	23,000	5,100	0
Automotive & Toll Road Expenses	15,590	13,486	(2,104)	14,550	1,064	(1,040)
Conference Expense - Staff	12,520	9,885	(2,635)	13,925	4,040	1,405
Conference Expense - Directors	7,960	4,680	(3,280)	8,650	3,970	690
Engineering Expense	170,000	170,000	-	355,000	185,000	185,000
Insurance Expense	96,000	95,999	(1)	97,000	1,001	1,000
Legal Expense - General	304,500	391,414	86,914	329,000	(62,414)	24,500
Maintenance Expense	104,880	99,750	(5,130)	120,768	21,018	15,888
Membership / Sponsorship	88,087	86,742	(1,345)	93,937	7,195	5,850
CDR Participation	39,140	39,140	-	39,961	821	821
Miscellaneous Expense	91,110	78,376	(12,734)	120,400	42,024	29,290
Postage / Mail Delivery	15,100	10,175	(4,925)	11,100	925	(4,000)
Professional Fees	819,102	820,078	976	1,049,200	229,122	230,098
Rents & Leases	14,308	14,697	389	40,708	26,011	26,400
Outside Printing, Subscription & Books	70,987	62,237	(8,750)	92,225	29,988	21,238
Office Supplies	24,000	22,583	(1,417)	24,288	1,705	288
Building Repair & Maintenance	-	15,443	15,443	10,800	(4,643)	10,800
Computer Maintenance	7,500	5,742	(1,758)	6,000	258	(1,500)
Business Expense	7,000	6,224	(776)	7,000	776	-
Software Support & Expense	63,900	62,285	(1,615)	54,384	(7,901)	(9,516)
Computers and Equipment	-	-	-	9,300	9,300	9,300
Telecommunications Expense	16,900	15,172	(1,728)	16,900	1,728	-
Temporary Help Expense	-	-	-	-	-	-
Training Expense	14,200	8,061	(6,139)	18,000	9,939	3,800
Tuition Reimbursement	6,000	4,469	(1,531)	6,000	1,531	-

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	28,360	22,574	(5,786)	38,300	15,726	9,940
Travel & Accommodations - Directors	15,950	12,785	(3,165)	29,600	16,815	13,650
MWDOC's Contribution to WEROC	108,820	108,820	-	128,508	19,688	19,688
MWDOC's Contribution to Desalination	-	-	-	-	-	-
Expenses billed to AMP, WFC	-	-	-	-	-	-
Election Expense	-	-	-	-	-	-
Capital Acquisition (excluding building)	23,500	23,292	(208)	-	(23,292)	(23,500)
NORMAL OPERATING EXPENSES	\$ 6,621,811	\$ 6,308,774	\$ (313,037)	\$ 7,307,101	\$ 998,328	\$ 685,290
Building Repair & Maintenance	\$ 315,000	\$ 238,596	\$ (76,404)	\$ 168,000	\$ (70,596)	\$ (147,000)
Election Expense	-	-	-	444,000	444,000	444,000
TOTAL EXPENSES	\$ 6,936,811	\$ 6,547,370	\$ (389,441)	\$ 7,919,101	\$ 1,371,732	\$ 982,290

REVENUES:						
Retail Meter Charge	\$ 5,121,824	\$ 5,121,824	\$ -	\$ 6,440,532	\$ 1,318,708	\$ 1,318,708
Water Increment Charge	709,839	730,467	20,628	103,564	(626,903)	(606,275)
Interest Revenue	138,000	132,000	(6,000)	138,000	6,000	0
Miscellaneous Income	-	3,000	3,000	3,000	-	3,000
School Contracts - Core	-	-	-	-	-	0
Inter Fund In	-	-	-	-	-	0
Choice Revenue	977,847	976,121	(1,726)	1,341,086	364,965	363,240
TOTAL REVENUES	\$ 6,947,510	\$ 6,963,412	\$ 15,902	\$ 8,026,182	\$ 1,062,770	\$ 1,078,672

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 10,699	\$ 416,043	\$ 405,344	\$ 107,081	\$ (308,961)	

1 Total Salaries & Wages includes \$73,195 for intern support

2 Total Benefits includes \$8,503 for intern support

2 Total Benefits assumes a Calpers contribution for full time employees of 15.522% for legacy classic employees, 11.522% for classic employees and 6.25% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 8% for calendar year 2015.

Exhibit B
Expenditures by Program

Cost Center	PROGRAM	FY 2013-2014 BUDGET FTE	FY 2014-2015 BUDGET FTE	FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
11	Administrative - Board	1.91	1.94	\$ 1,098,823	\$ 1,129,603	\$ 1,142,391
12	Administrative - General	2.61	3.04	392,648	391,479	380,442
13	Personnel / Staff Development	1.27	1.30	209,432	197,712	265,991
19	Overhead	3.55	3.33	811,695	761,152	845,224
21	Planning & Resource Development	2.79	2.72	616,983	571,410	675,164
22	Research Participation	0.00	0.00	39,140	39,140	39,961
23	Met Issues and Special Projects	3.98	4.78	629,170	622,655	827,523
31	Governmental Affairs	0.86	1.37	384,001	366,638	499,389
35	Policy Development	0.26	0.26	53,941	60,101	58,313
32	Public Affairs	2.72	2.28	536,434	476,211	357,037
41	Finance	3.92	3.73	512,831	400,387	566,654
45	Information Technology	1.07	0.99	228,858	207,344	179,417
25	MWDOC's Contribution to WEROC ¹	1.80	2.00	108,820	108,820	128,508
CORE TOTAL		26.74	27.74	\$ 5,622,776	\$ 5,332,653	\$ 5,966,015
62	Water Use Efficiency Program	4.92	4.75	683,599	697,503	785,805
63	School Programs	0.12	0.12	267,871	239,135	275,109
67	Value of Water	0.00	0.00	-	-	148,250
64	Foundational Action - Doheny Desal	0.32	0.14	-	4,246	37,922
65	Poseidon Desal	0.19	0.00	47,565	35,237	-
27	2008 Fund - Doheny Desal	0.00	0.00	-	-	94,000
68	2014 Fund - Doheny Desal	0.00	0.00	-	-	-
CHOICE TOTAL		5.55	5.02	\$ 999,035	\$ 976,120	\$ 1,341,087
CORE & CHOICE TOTAL		32.29	32.76	\$ 6,621,811	\$ 6,308,774	\$ 7,307,101
Includes:	Full-time employees	27.00	27.00			
	WEROC Full-time employee	1.00	2.00			
	Part-time employees	2.02	1.22			
	Interns	2.27	2.54			

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
2014-2015 FISCAL MASTER PLAN PROJECTIONS**

(in thousands)

	Projected ACTUALS FY13-14	BUDGET FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
Beginning Designated Reserve Balance - MWDOC	\$2,909	\$ 3,325	\$ 3,432	\$ 3,729	\$ 3,495	\$ 3,794	\$ 3,652
Adjusted Reserve Balance	2,909	3,325	3,432	3,729	3,495	3,794	3,652
Revenues							
Water Rate Revenues:							
Retail Meter Fees	5,122	6,441	6,544	6,637	6,773	6,968	7,100
Water Rate Increment	730	104	-	-	-	-	-
Subtotal	5,852	6,544	6,544	6,637	6,773	6,968	7,100
Other Revenues:							
Choice Revenues	976	1,341	1,375	1,409	1,444	1,480	1,517
Interest Earnings	132	138	114	118	138	167	188
Misc./Reimbursements	3	3	5	5	5	5	5
Subtotal	1,111	1,482	1,493	1,532	1,587	1,652	1,710
Total Revenues	6,963	8,026	8,037	8,169	8,360	8,620	8,810
Expenses							
Core Expenses	5,309	5,966	6,171	6,381	6,597	6,818	6,988
Choice Expenses	976	1,341	1,375	1,409	1,444	1,480	1,517
Capital Acquisitions (not including building)	23	-	20	20	20	20	20
Total Expenses w/o Building & Election	6,309	7,307	7,566	7,810	8,061	8,318	8,526
Revenue Over Expenses w/o Building & Election	655	719	472	359	299	302	284
Annual Election Reserve Contribution	228	260	260	260	260	260	260
Annual Election Expense	-	444	592	444	444	444	444
Election Reserve Balance	228	44	304	-	260	76	336
Annual Building Reserve Contribution	350	407	175	-	-	-	-
Annual Building Expense	239	168	175	-	-	-	-
Building Reserve Balance	111	350	350	350	350	350	350
Effects on General Reserves							
General Reserves Contribution (Draw)	77	52	37	71	39	42	24
Ending General Fund & Cash Flow Reserves	\$ 2,986	\$ 3,038	\$ 3,075	\$ 3,145	\$ 3,184	\$ 3,226	\$ 3,250
MWDOC Water Rates							
Water Sales in Acre Feet	224,759	207,128	198,656	197,252	202,611	210,819	198,403
Total Retail Meters	609,741	613,384	614,475	617,440	621,355	624,960	625,510
OCWD BPP %	70%	72%	75%	75%	75%	75%	75%
Increment Rate	\$ 3.25	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Charge	\$ 8.40	\$ 10.50	\$ 10.65	\$ 10.75	\$ 10.90	\$ 11.15	\$ 11.35
Fixed Charge %		95%	100%	100%	100%	100%	100%

1 Assumptions for FMP:

Inflation factor: 2.50% per year
 Rate of return on Investment of portfolio: 1.25% per year

Working Capital and Interest Revenue Projections

	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Working Capital:					
Designated Reserve Fund	3,432	3,729	3,495	3,794	3,652
General Fund Float	1,000	1,000	1,000	1,000	1,000
WUE use of fund	(200)	(200)	(200)	(200)	(200)
Water Payment Float	4,850	4,875	4,900	4,925	4,950
Average Working Capital	9,082	9,404	9,195	9,519	9,402
Interest rate	1.25%	1.25%	1.50%	1.75%	2.00%
Interest Revenue Projections:					
Interest income - General	114	118	138	167	188
Total Interest Revenue Projections	114	118	138	167	188

Total Core Expenses

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	2,524,013	2,363,897	2,609,584
	S & W Reimb. DSC or Recov from Grants	-	-	-
6090	Directors Compensation - MWDOC	200,357	170,322	210,342
6095	Directors Compensation - MWD	114,490	97,028	120,197
6105	Benefits - Admin	848,848	702,346	831,155
	OPEB Annual Contribution	111,112	112,165	133,331
	Overhead Reimbursement	(139,513)	(134,844)	(139,240)
6115	Benefits - Directors	87,592	87,063	93,148
6120	Health Insurance Coverage for Retirees	44,463	43,410	50,244
6205	Training	14,200	8,061	18,000
6210	Tuition Reimbursement	6,000	4,469	6,000
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	170,000	170,000	355,000
7020	Legal - General	304,500	391,414	329,000
7030	Audit	23,000	17,900	23,000
7040	Other Professional Fees	492,102	514,337	463,700
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	12,520	9,885	13,925
7115	Conference - Directors	7,960	4,680	8,650
7150	Travel & Accommodations - Employee	28,360	22,574	38,300
7155	Travel & Accommodations - Director	15,950	12,785	29,600
7210	Membership / Sponsorship	88,087	86,742	93,937
7250	CDR Participation	39,140	39,140	39,961
7305	Business Expense	7,000	6,224	7,000
7310	Office Maintenance	104,880	99,750	118,768
7315	Building Repair & Maintenance	-	15,443	10,800
7320	Rents & Leases	14,308	14,697	16,708
7330	Office Supplies	24,000	22,583	24,288
7340	Postal / Mail Delivery	15,100	10,175	11,100
7350	Subscriptions / Books	2,400	1,035	1,600
7360	Reproduction Expense	51,087	43,702	50,125
7410	Computer & Peripherals Maint	7,500	5,742	6,000
7430	Software Purchase	9,500	8,270	25,515
7440	Software Support	54,400	54,015	28,869
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	-	-	9,300
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	14,300	12,267	13,300
7615	Toll Road Charges	1,290	1,219	1,250
7620	Insurance Expense	96,000	95,999	97,000
7640	Utilities - Telephone	16,900	15,172	16,900
7650	Bank Fees	10,560	10,530	10,700
7670	Miscellaneous Expenses	68,050	60,344	60,450
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	23,500	23,292	-
	Total Expenditure	5,513,956	5,223,833	5,837,507

MWDOC's Contribution to WEROC	108,820	108,820	128,508
MWDOC's Election Expense	-	-	444,000
MWDOC's Building Expense	315,000	238,596	168,000
	<u>5,937,776</u>	<u>5,571,249</u>	<u>6,578,015</u>

Total Choice Revenue and Expense

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
	Choice Revenue	907,847	907,847	1,177,086
4205	School Contracts	70,000	70,000	70,000
4705	Prior Year Carry Over	-	-	94,000
		-	-	-
	Choice billing over/under	-	(1,726)	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
	Total Revenue	977,847	976,121	1,341,086

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	390,163	402,637	386,270
	S & W Reimb. DSC or Recov from Grants	(20,851)	(22,194)	(16,437)
6090	Directors Compensation - MWDOC	-	-	-
6095	Directors Compensation - MWD	-	-	-
6105	Benefits - Admin	133,211	130,091	130,763
	Overhead Reimbursement	139,513	134,844	139,240
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	99,000	98,929	351,500
	Other Professional Fees - DSC	228,000	206,812	234,000
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	-	-	2,000
7320	Rents & Leases	-	-	24,000
7330	Office Supplies	-	-	-
7340	Postal / Mail Delivery	-	-	-
7350	Subscriptions / Books	-	-	-
7360	Reproduction Expense	17,500	17,500	40,500
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	12,500	7,502	49,250
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8710	Election Expenses	-	-	-
8810	Capital Acquisition	-	-	-
	Total Expenditure	999,035	976,120	1,341,087

Total Core and Choice Expenses

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	2,914,176	2,766,534	2,995,854
	S & W Reimb. DSC or Recov from Grants	(20,851)	(22,194)	(16,437)
6090	Directors Compensation - MWDOC	200,357	170,322	210,342
6095	Directors Compensation - MWD	114,490	97,028	120,197
6105	Benefits - Admin	982,059	832,437	961,918
	OPEB Annual Contribution	111,112	112,165	133,331
	Overhead Reimbursement	(0)	-	-
6115	Benefits - Directors	87,592	87,063	93,148
6120	Health Insurance Coverage for Retirees	44,463	43,410	50,244
6205	Training	14,200	8,061	18,000
6210	Tuition Reimbursement	6,000	4,469	6,000
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	170,000	170,000	355,000
7020	Legal - General	304,500	391,414	329,000
7030	Audit	23,000	17,900	23,000
7040	Other Professional Fees	591,102	613,266	815,200
	Other Professional Fees - DSC	228,000	206,812	234,000
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	12,520	9,885	13,925
7115	Conference - Directors	7,960	4,680	8,650
7150	Travel & Accommodations - Employee	28,360	22,574	38,300
7155	Travel & Accommodations - Director	15,950	12,785	29,600
7210	Membership / Sponsorship	88,087	86,742	93,937
7250	CDR Participation	39,140	39,140	39,961
7305	Business Expense	7,000	6,224	7,000
7310	Office Maintenance	104,880	99,750	120,768
7315	Building Repair & Maintenance	-	15,443	10,800
7320	Rents & Leases	14,308	14,697	40,708
7330	Office Supplies	24,000	22,583	24,288
7340	Postal / Mail Delivery	15,100	10,175	11,100
7350	Subscriptions / Books	2,400	1,035	1,600
7360	Reproduction Expense	68,587	61,202	90,625
7410	Computer & Peripherals Maint	7,500	5,742	6,000
7430	Software Purchase	9,500	8,270	25,515
7440	Software Support	54,400	54,015	28,869
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	-	-	9,300
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	14,300	12,267	13,300
7615	Toll Road Charges	1,290	1,219	1,250
7620	Insurance Expense	96,000	95,999	97,000
7640	Utilities - Telephone	16,900	15,172	16,900
7650	Bank Fees	10,560	10,530	10,700
7670	Miscellaneous Expenses	80,550	67,846	109,700
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	23,500	23,292	-
	Total Expenditure	6,512,991	6,199,954	7,178,593

MWDOC's Contribution to WEROC	108,820	108,820	128,508
MWDOC's Election Expense	-	-	444,000
MWDOC's Building Expense	315,000	238,596	168,000
	<u>6,936,811</u>	<u>6,547,370</u>	<u>7,919,101</u>

Administrative - Board

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		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4020	Water Increment			
4050	Retail Connection Charge			
4105	Interest Revenue			
4550	Interest From Leases - SAC			
4205	School Contracts			
4220	Delinquent Payment Penalty			
4240	Miscellaneous Income			
4410	DWR Grants			
4805	Inter Fund In			
	Total Revenue	-	-	-

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	251,767	258,921	242,249
6090	Directors Compensation - MWDOC	200,357	170,322	210,342
6095	Directors Compensation - MWD	114,490	97,028	120,197
6105	Benefits - Admin	80,657	70,197	73,905
6115	Benefits - Directors	87,592	87,063	93,148
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	299,000	386,009	320,000
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors	7,960	4,680	8,650
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director	15,950	12,785	29,600
7210	Membership / Sponsorship	25,000	24,339	25,000
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery	4,600	4,300	4,600
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	9,300	9,040	9,500
7615	Toll Road Charges	650	719	700
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	1,500	4,201	4,500
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8810	Capital Acquisition			
	Total Expenditure	1,098,823	1,129,603	1,142,391

1,2 Based on 5% increase from Jan to June 2015.

3	Best, Best & Krieger	\$ 300,000
	Aleshire & Wynder	\$ 20,000
		\$ 320,000

4 See Exhibit F.

5 LAFCO Annual Assessment
See Exhibit D.

6 Misc board expenses (supplies)

7	Best, Best & Krieger	\$ 346,009
	Aleshire & Wynder	\$ 40,000
		\$ 386,009

MWDOC's Election Expense

	444,000
1,098,823	1,129,603
1,586,391	

Administrative - General
12

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	218,861	239,107	204,597	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	66,740	58,984	54,593	
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	12,520	9,885	13,925	1
7115	Conference - Directors				
7150	Travel & Accommodations - Employee	28,360	22,574	38,300	1
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship	49,527	48,843	54,877	2
7250	CDR Participation				
7305	Business Expense	7,000	6,224	7,000	
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books	2,400	1,035	1,600	
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	5,000	3,227	3,800	
7615	Toll Road Charges	640	500	550	
7620	Insurance Expense				
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	1,600	1,100	1,200	
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	392,648	391,479	380,442	

1 See Exhibit E.

2 See Exhibit D.

Personnel / Staff Development
13

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	123,722	120,410	144,067
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	41,960	41,435	45,924
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	14,200	8,061	18,000
6210	Tuition Reimbursement	6,000	4,469	6,000
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	5,500	5,405	9,000
7030	Audit			
7040	Other Professional Fees	10,000	7,500	35,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	8,050	10,432	8,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	209,432	197,712	265,991

1 • Staff Technical Training & Leadership Development Training	\$ 18,000
2 Best, Best & Krieger Demsey, Filliger & Associates	\$ 6,000 \$ 3,000 \$ 9,000
3 • Semi-annual Review of Deferred Comp and pension investment composition. • Salary & Benefit Benchmark Study	\$ 15,000 \$ 20,000 \$ 35,000
4 • Employee Recognition program • Employee Background Checks • Team Building, Lunch meetings • Holiday Lunch • OCWD Health Fair • Employee Flu Shots	\$ 2,800 \$ 1,200 \$ 1,400 \$ 1,800 \$ 250 \$ 550 \$ 8,000

Overhead
19

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	376,064	343,165	359,881
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	123,719	95,844	115,544
	OPEB Annual Contribution	111,112	112,165	133,331
	Overhead Reimbursement from Choice	(139,513)	(134,844)	(139,240)
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees	44,463	43,410	50,244
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	10,602	9,922	10,100
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7250	CDR Participation			
7310	Office Maintenance	104,880	99,750	118,768
7315	Building Repair & Maintenance		15,443	10,800
7320	Rents & Leases	14,308	14,697	16,708
7330	Office Supplies	24,000	22,583	24,288
7340	Postal / Mail Delivery	8,000	5,375	6,000
7350	Subscriptions / Books			
7360	Reproduction Expense	3,900	7,827	5,400
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	96,000	95,999	97,000
7640	Utilities - Telephone	16,900	15,172	16,900
7650	Bank Fees	10,560	10,530	10,700
7670	Miscellaneous Expenses	6,700	4,114	6,500
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	811,695	761,152	845,224

1	Retirees:		
	• 8 Retirees	\$	50,244
2	• Pension Plan administration by Dissinger Associates	\$	3,400
	• Cafeteria Plan Wameworks	\$	2,400
	• ECS Records Management maintenance and support	\$	3,800
	• Blytheco HR Maint	\$	500
			10,100
3	• Site maintenance and receptionist from OCWD	\$	107,200
	• Plant Maintenance	\$	2,700
	• Copier machine maint.	\$	3,268
	• Landscape Atrium Maint	\$	1,800
	• Binding Machine Renewal	\$	600
	• Phone Maintenance	\$	3,200
			118,768
4	• Iron Mountain	\$	9,600
	• Copier machine lease	\$	6,108
	• El Toro Water District (South EOC site)	\$	1,000
			16,708
5	• Chillers, Boilers, new EMS, Board Room MWDOC @ 36%	\$	168,000
6	• ABRA HR module upgrade	\$	2,300

MWDOC's Building Expense	315,000	238,596	168,000
	1,126,695	999,748	1,013,224

Planning Resource Development
21

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	382,129	350,975	395,062
6012	Salaries & Wages - Reimb. from Grants	-		-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	127,853	114,939	133,102
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	100,000	100,000	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	5,497	7,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	616,983	571,410	675,164

1 Includes general consulting, reliability of MET, conjunctive use, climate change and value of being reliable.

Research Participation
22

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 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	39,140	39,140	39,961
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	39,140	39,140	39,961

1 Center for Demographic Research at
Cal State University Fullerton \$ 39,961

Met Issues and Special Projects
23

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	413,670	419,131	462,691	1
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	145,500	133,524	149,832	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services	70,000	70,000	215,000	2
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	629,170	622,655	827,523	

1 Admin Staff hours & costs moved from 11 (40%), 12 (20%) to 23 to provide a better estimate of the costs of MET Activities.

2 Includes funding for local project decision-making, MET advocacy, MET workgroup and start of UWMP

Government Affairs
31

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	77,115	65,323	156,272
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	36,386	5,315	46,317
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	254,000	290,000	280,000
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	6,000	-	-
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	10,500	6,000	16,800
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	384,001	366,638	499,389

1	• Townsend	\$ 117,000
	• Barker	\$ 84,000
	• Travel/Miscellaneous	\$ 5,000
	• Lewis Consulting	\$ 48,000
	• Nossaman/Ackerman	\$ 36,000
		<u>\$ 290,000</u>

2	• Townsend	\$ 90,000
	• Barker	\$ 96,000
	• Ackerman	\$ 36,000
	• Lewis Consulting	\$ 48,000
	• Travel & Misc expenses	\$ 10,000
		<u>\$ 280,000</u>

3	• State & Federal Legislative Tracking	\$ 3,500
	• Legislative Outreach & Briefings	\$ 7,000
	• Water Policy Dinners	\$ 6,300
		<u>\$ 16,800</u>

Public Affairs
32

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	192,083	156,270	167,213	
	Salaries & Wages - Reimb. from Grants				
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	59,664	51,152	51,234	
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	212,500	204,415	65,600	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	2,500	500	500	
7350	Subscriptions / Books				
7360	Reproduction Expense	41,187	35,875	44,725	2
7410	Computer & Peripherals Maint				
7430	Software Purchase			15,515	4
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	28,500	28,000	12,250	3
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	536,434	476,211	357,037	

1	Public Affairs Activities:	
	• Resolutions	\$ 5,000
	• Member Agency Workshops PAW	\$ 5,000
	• Consumer Confidence Reports	\$ 31,000
	• Website Hosting & Maintenance	\$ 7,500
	• Event Registration Fees	\$ 3,500
	• PAW meeting materials	\$ 2,600
	Subtotal	54,600

	Communications Plan Activities:	
	• Outreach	\$ 7,500
	• Marketing Materials	\$ 3,500
	Subtotal	\$ 11,000
		<u>\$ 65,600</u>

2	• Briefing Papers	\$ 2,500
	• Name Badges	\$ 1,850
	• Attire & Promo items	\$ 1,500
	• Folders 1000@\$4.25	\$ 4,250
	• Thumb Drives 1000@9.75	\$ 9,750
	• Brochures 1500 @ 3.25	\$ 4,875
	• Awards and Events	\$ 7,500
	• Promotional Items	\$ 12,500
		<u>\$ 44,725</u>

3	• On Site Printer for events	\$ 750
	• Children's Water Festival Sponsorship	\$ 3,500
	• Industry Events	\$ 3,500
	• Event Display Materials	\$ 2,500
	• Speaker Recognition	\$ 1,500
	• Microphone	\$ 500
		<u>\$ 12,250</u>

4	• Illustrator - Creative Suite	\$ 4,620
	• Smartdraw	\$ 2,145
	• ACT	\$ 7,500
	• Prezi	\$ 1,250
		<u>\$ 15,515</u>

**Water Use Efficiency
Policy Development (Core)**
35

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	30,115	30,151	34,719
6010	Salaries & Wages - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	10,265	16,390	9,534
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	13,560	13,560	14,060
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	53,941	60,101	58,313

1 • CUWCC Dues	\$ 7,810
• South O.C. Watershed Mngmt Area Dues	5,750
• OC CLCA	500
	<u>\$ 14,060</u>

General Finance
41

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	364,463	297,061	352,263
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	119,368	80,426	115,391
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	17,900	23,000
7040	Other Professional Fees	3,000	2,500	73,000
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	500	1,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition	2,000	2,000	
	Total Expenditure	512,831	400,387	566,654

1 • Custodial Bank fees	\$ 3,000
• Accounting Consulting	\$ 20,000
• Project Financial Consulting	\$ 50,000
	<u>\$ 73,000</u>

2 Financial Management System software
reporting & customized improvements

Information Technology
45

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	94,023	83,383	90,570	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	36,735	34,142	35,778	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				1 • Management Information System
7020	Legal - General				Consultant Support
7030	Audit				
7040	Other Professional Fees	2,000	-	-	1
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				2 • Misc repairs, maint & components
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				3 • Misc software upgrades and License
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				4 • Investment software usage cost \$ 2,340
7350	Subscriptions / Books				• Financial Management System \$ 18,481
7360	Reproduction Expense				• Cisco Smartnet support \$ 790
7410	Computer & Peripherals Maint	7,500	5,742	6,000	• Misc NAV development \$ 2,000
7430	Software Purchase	9,500	8,270	10,000	• Jet Reports support \$ 958
7440	Software Support	54,400	54,015	24,569	\$ 24,569
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment			9,300	5 • 4 desktop computers \$ 2,800
7580	Maintenance Expense				• 3 Laptops \$ 3,000
7610	Automotive / Mileage				• Portable Projector \$ 500
7615	Toll Road Charges				• Miscellaneous hardware \$ 3,000
7620	Insurance Expense				\$ 9,300
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	3,200	500	3,200	
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition	21,500	21,292		
	Total Expenditure	228,858	207,344	179,417	

**Water Use Efficiency
(choice)
62**

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4215	Choice Revenue	683,599	683,599	785,805
4705	Prior Year Carry over			
	Choice billing over/under		13,904	
	Total Revenue	683,599	697,503	785,805

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2014 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	353,414	371,391	354,468
6012	Salaries & Wages - Recovery from Grants	(20,851)	(22,194)	(16,437)
6090	Directors Compensation - MWD			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	121,594	120,749	120,651
	Overhead Reimbursement	125,442	123,627	127,122
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	99,000	98,929	195,000
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	5,000	5,002	5,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	683,599	697,503	785,805

1 Recovery from WUE Grants for some Salaries and Benefits:

• CII Large Landscape Program	\$ 2,437
• Comprehensive Landscape Water Use	\$ 12,000
• CII Large Landscape North County	\$ 2,000
	\$ 16,437

2 • Project Audit \$ 5,000
• Marketing of WUE programs \$ 40,000
• Water Smart Landscape \$ 55,000
• California Sprinkler Adjustment Program \$ 35,000

• Landscape Design Assistance Program	\$ 35,000
• Landscape Ordinance Plan Review	\$ 25,000
	\$ 195,000

• Landscape Database -- \$10,000

**School Program
(choice)
63**

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4215	Choice Revenue	176,682	176,683	205,109
4205	School Contracts	70,000	70,000	70,000
4705	Prior Year Carry over			
	Choice billing over/under		(7,548)	
	Total Revenue	246,682	239,135	275,109

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2014 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	8,753	7,432	9,482
6010	Sal & Wages - Reimb. from DSC & Grants		-	
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	2,784	2,327	2,990
	Overhead Reimbursement	3,334	2,563	3,638
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	228,000	206,812	234,000
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	17,500	17,500	17,500
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	2,500	7,500
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	267,871	239,135	275,109

1 • Assemblies; FY14-15
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 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4215	Choice Revenue	0	0	37,922
4705	Prior Year Carry over			
	Choice billing over/under		4,246	
	Total Revenue	0	4,246	37,922

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2014 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin		2,561	22,320
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		807	7,121
	Overhead Reimbursement		878	8,480
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			
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	-	4,246	37,922

ONLY STAFF RELATED COSTS
SHOWN

Costs shown are minimal effort and
could increase

**Poseidon Desal
(choice)
65**

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4215	Choice Revenue	47,565	47,565	-
4705	Prior Year Carry over			
	Choice billing over/under		(12,328)	
	Total Revenue	47,565	35,237	-

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2014 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	27,996	21,253	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	8,833	6,209	-
	Overhead Reimbursement	10,737	7,775	-
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			
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	47,565	35,237	-

ONLY STAFF RELATED COSTS
SHOWN

Costs shown are minimal effort and
could increase

**Value of Water
(choice)
67**

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4215	Choice Revenue			148,250
	Total Revenue	-	-	148,250

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin		-	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		-	-
	Overhead Reimbursement			-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			88,500
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			23,000
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
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	-	-	148,250

- 1 • Outreach
 - Temporary In-House Staffing
 - Gas Station Pump Video Adds
 - Bus Shelter Adds
 - Public Service Announcements
 - Website Development (Microsite)
 - Mobile Application Development
- 2 • Printed Marketing Materials
 - Water Bill Inserts
- 3 • Regional Advertising
 - Digital and Social Media Marketing
 - Event Booth Materials
 - Promotional Items (for events)

**2008 Fund - Doheny Desal
(choice)
27**

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4215	Choice Revenue			
4705	Prior Year Carry over			94,000
	Choice billing over/under		-	
	Total Revenue	-	-	94,000

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2014 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 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			68,000
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			2,000
7320	Rents & Leases			24,000
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

Costs shown are minimal effort and could increase

**2014 Fund - Doheny Desal
(choice)
68**

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4215	Choice Revenue			
4705	Prior Year Carry over			
	Choice billing over/under		-	
	Total Revenue	-	-	-

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2014 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 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			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	-	-	-

Amounts to be Decided

**WEROC
25**

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4320	Revenues from MWDOC	108,820	108,820	128,508
4210	WEROC Contracts	104,907	104,907	126,973
4705	Prior Years Carryover	(150)	(7,307)	(1,859)
4205				
4230	Reimbursements			
4240				
4410				
4805				
	Total Revenue	213,577	206,420	253,622

6 • OCSD	\$ 24,015
• SOCWA	\$ 9,708
• OCWD	\$ 64,126
• 3 Cities -- \$9,708ea	\$ 29,124
	<u>\$ 126,973</u>

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	122,899	119,220	139,368
6012	Salaries & Wages - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	43,408	42,027	55,648
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	1,000	4,610	3,000
7110	Conference - Employee	1,500	200	1,800
7115	Conference - Directors			
7150	Travel & Accomodations - Employee	3,000	200	3,500
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship	230	200	205
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases	16,560	17,133	18,183
7330	Office & Radio Supplies	1,000	1,000	1,000
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	200	200	200
7410	Computer & Peripherals Maint	3,730	1,000	4,642
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance	850	735	850
7540	Computers and Equipment			
7580	Maintenance Expense	2,000	4,000	2,000
7581	Maintenance - Radios	1,000	4,860	1,000
7582	Maintenance - Miscellaneous	3,000	2,000	3,000
7610	Automotive / Mileage	600	447	600
7615	Toll Road Charges	100	127	125
7620	Insurance Expense	1,500	250	1,500
7640	Utilities - Telephone	10,000	7,211	10,000
7650	Bank Fees			
7670	Miscellaneous Expenses	750	750	1,000
7671	Miscellaneous Training	250	250	1,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	213,577	206,420	248,622

1 Catalina Repeater (6% increase)

2 Janitorial services for 2 EOCs.

3 • Generators	\$ 2,000
• OA radios	\$ 1,000
• Misc	\$ 3,000
	<u>\$ 6,000</u>

4 Land-line and cellular phones, and DSL

5 • WEROC Staff & Agencies trainings

Sinking Fund (generator/radio)

	5,000
213,577	206,420
	<u>253,622</u>

AMP Proceeds Agreement Administration
61

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4020	Interest Revenue	-		-
4050	O & M Maintenance Deposit	-	-	-
4230	Reimbursement and Carryover Funds	5,000	7,369	20,000
4680	Miscellaneous Income	-		-
4205				
4220				
4240				
4410				
4805				
	Total Revenue	5,000	7,369	20,000

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 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	-	895	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	-	216	-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	2,500	3,259	17,000
7030	Audit	2,500	3,000	3,000
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - 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	5,000	7,369	20,000

Exhibit D

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Proposed District Participation Costs Fiscal Year 2014-2015

	Budget	Projected	Budget	Approval included in
	FY 2013-2014	FY 2013-2014	FY 2014-2015	Budget Approval
		Actuals		
Required Participation or Service				
LAFCO	\$ 25,000	\$ 24,339	\$ 25,000	√
Subtotal Cost Center 11	25,000	24,339	25,000	
Association. of Calif. Water Agencies (ACWA)	15,620	15,631	15,631	√
Federal Affairs				
Local Government				
Water Management				
Joint Powers Ins. Auth.				
eCivis, LLC - Grants Locator	3,900	3,900	3,900	√
Santiago Aqueduct Commission	3,906	3,906	3,906	√
Subtotal Cost Center 12	23,426	23,437	23,437	
CA Urban Water Conservation Council Dues	7,810	7,810	7,810	√
South OC Watershed Management Area Dues	5,750	5,750	5,750	√
Subtotal Cost Center 35	13,560	13,560	13,560	
Subtotal - Required Participation or Service	\$ 61,986	\$ 61,336	\$ 61,997	
Elective Participation				
Association of California Cities- Orange County (ACCOC)	\$ 5,000	\$ 5,000	\$ 5,000	√
American Water Works Association (AWWA)	1,550	1,476	1,550	√
Association of Public Treasurers (APT)	145	145	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)	5,225	5,294	5,294	√
Colorado River Water Users Assn. (CRWUA)	100	40	100	√
Government Finance Officers Association (GFOA)	165	165	165	√
Indep. Special Districts of Or. Co. (ISDOC)	200	200	200	√
Latino Business Association			250	√ New
National Ground Water Association	-	-		
Municipal Information Systems Association of California (MISAC)	-	-		
International Personnel Management Association	105	105	105	√
National Water Resources Assn., Mun. Caucus	500	500	500	√
Orange County Business Council (OC Chamber)	1,500	1,500	1,500	√
Orange County Employmnt Ritns Consortium (Liebert, Cassidy & Whit	2,994	2,894	2,994	√
Orange County Public Affairs Association	150	150	150	√
Orange County Water Association (OCWA)	200	200	200	√
Public Agency Risk Managers Association (PARMA)	100	100	100	√
Public Relations Society of America/O.C.	300	300	300	√
Society of Human Resources Management (SHRM)	160	180	180	√
South Orange County Chamber of Commerce			5,000	√ New
Southern California Water Committee	850	850	850	√
Vietnamese Chamber of Commerce			500	√ New
Water Education Foundation	578	578	578	√
Subtotal Cost Center 12	25,601	25,406	31,440	

Exhibit D

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Proposed District Participation Costs Fiscal Year 2014-2015

Required Participation or Service	Budget FY 2013-2014	Projected FY 2013-2014 Actuals	Budget FY 2014-2015	Approval included in Budget Approval
OC Chapter-Calif. Landscape Contractors Assoc.			500	√ New
Subtotal Cost Center 35			500	
Subtotal - Elective Participation	\$ 25,601	\$ 25,406	\$ 31,940	
InfraGard	\$ 55	\$ 55	\$ 55	√
California Emergency Services Association	175	145	150	√
WEROC Program Total	230	200	205	
GRAND TOTAL	\$ 87,817	\$ 86,942	\$ 94,142	

New or Increased Memberships for 2014-15

Association	Budget FY 2013-2014	Projected FY 2013-2014 Actuals	Budget FY 2014-2015	Approval included in Budget Approval
OC Chapter-Calif. Landscape Contractors Assoc.			\$ 500	√ New
Latino Business Association			250	√ New
South Orange County Chamber of Commerce			5,000	√ New
Vietnamese Chamber of Commerce			500	√ New
Total of New or Increased Memberships			\$ 6,250	

Exhibit E

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Summary of Proposed Staff Registration & Travel Budget ⁽¹⁾ Fiscal Year 2014-2015

Conference / Meeting	Registration	Travel ⁽¹⁾	Approval included in Budget Approval
ACWA - DC Conference (2 staff)	\$ 1,200	\$ 3,800	✓
- Fall Conference (3 staff)	1,650	2,000	✓
- Spring Conference (3 staff)	1,650	4,200	✓
- Legislative Symposium (2 staff)	500	1,000	✓
ACWA Region 10 (2 Staff)	150	200	New
AWWA Fall Conference (1 staff)	475	1,500	✓
AWWA Spring Conference (1 staff)	475	1,000	✓
Bond Buyers Conference (1 Staff)	100	800	✓
California Dept. of Health Svcs Certif Stakeholder Mtg. (2 Trips)		800	✓
California Dept. of Water Resources (USC & ITP) (1 staff)		500	✓
Calif. Soc. of Mun. Finance Officers (2 staff)	200	400	✓
Cal Desal Conference (2 staff)	500	400	✓
CRWUA - Fall (3 staff)	1,275	1,500	✓
CSDA Annual Conference (1 staff)	300	200	✓
CUWCC Board Plenary & Committee Meetings (9 meetings)		3,600	✓
Gov. Finance Officers Assoc. Seminar (1 staff)	300	600	✓
Information Technology Seminar (3 staff)	600	1,200	✓
Irrigation Association Annual Conference (1 staff)	300	900	✓
Liebert Cassidy & Whitmore Employment Law Conference (2 Staff)	950	-	✓
NWRA Legislative DC Trip (1 staff)	600	1,500	New
Sacramento Legislative Advocacy (4 trips)		1,600	✓
Municipal Treasurer's Association Conference (2 staff)	600		✓
Urban Water Institute (2x)		600	✓
Washington Legislative Advocacy (5 trips)		7,500	✓
Water Smart Innovations (1 Staff)	300	500	✓
Miscellaneous*	1,800	2,000	✓
General Fund Total **	\$ 13,925	\$ 38,300	
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	\$ 13,925	\$ 38,300	

* 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 2014-2015

Conference	Registration	Travel ⁽¹⁾	Approval included in Budget Approval
ACWA DC Conference (2 Directors)	\$ 1,200	\$ 3,800	New
ACWA Fall Conference (3 Directors)	\$ 1,650	\$ 2,000	✓
ACWA Spring Conference (3 Directors)	\$ 1,650	\$ 4,200	✓
ACWA Legislative Symposium (2 Directors)	\$ 500	\$ 1,000	New
ACWA Region 10 (2 Directors)	\$ 150	\$ 200	✓
Bond Buyers Conference (2 Directors)	\$ 200	\$ 1,600	✓
CRWUA Fall Conf (2 Directors)	\$ 850	\$ 1,000	✓
CSDA Annual Conference (1 Director)	\$ 300	\$ 200	New
NWRA Conference (1 Director)	\$ 550	\$ 1,200	New
NWRA Legislative DC Trip (1 Directors)	\$ 600	\$ 1,500	New
Sacramento Legislative Advocacy (8 Trips)		\$ 3,200	New
Washington DC Legislative Advocacy (5 trips)		\$ 7,500	✓
Urban Water Institute (2 Directors)		\$ 600	✓
Miscellaneous*	\$ 1,000	\$ 1,600	✓
TOTAL **	\$ 8,650	\$ 29,600	
 PROPOSED GENERAL FUND BUDGET	 \$ 8,650	 \$ 29,600	

* 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 J
Professional / Special Services Authorized
Core Fund

Department	Consultant	Service	Budget FY 13-14	Budget FY 14-15	Approval included in Budget Approval
Engineering Expenses					
Planning & Operation (21)	(To be determined)	Various Engineering/Technical Services	100,000	140,000	√
Met Issues & Special Projects (23)	Ed Means Consulting	Consulting on MET issues	62,500	60,000	√
	Ron Gastelum Consulting		7,500	10,000	√
	(To be determined)	Urban Water Management Plan		65,000	√
	(To be determined)	Decision Making OC Investments		80,000	√
Total Engineering Expenses			170,000	355,000	
Legal Expenses					
Administration (11 & 13)	Best, Best & Krieger	General Legal Counsel Services	229,000	300,000	√
			-		
	Aleshire & Wynder	Legal Counsel Services Regarding San Diego County Water Authority	70,000	20,000	√
	Demsey, Filliger & Associates, LLC	OPEB Actuarial		3,000	√
	Best, Best & Krieger	Legal Service regarding Pension Plan, Deferred Compensation, Risk Management, Personnel Issues	5,500	6,000	√
Total Legal Expenses			304,500	329,000	
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	14,200	18,000	√
Professional Fees					
Administration (12 & 13 & 19)	*Dissinger Associates	Pension Plan Administration	3,000	3,400	√
	*Arnerich & Associates	Evaluate fund portfolio on a semi annual basis for 401 and 457 Plan	10,000	15,000	√
	*Wage Works	Cafeteria Plan Administration	2,000	2,400	√
	Blytheco	HR Maintenance	350	500	√
	(To be determined)	Salary and Benefit Benchmark study		20,000	√
	(To be determined)	EAP	1,452		√
	ECS, Inc.	Info. Management Professional Services	3,800	3,800	√
Governmental Affairs (31)	Townsend Public Affairs	State Legislative Advocate	120,000	90,000	√
	James C. Barker	Federal Legislative Advocate	42,000	96,000	√
	Lewis Consulting	County Issues Consulting	48,000	48,000	√
	Ackerman	Legal and Regulatory	36,000	36,000	√
	(To be determined)	Miscellaneous	8,000	10,000	√
Public Affairs (32)	Stetson Engineers	Consumer Confidence Report (CCR) Technical Water Quality Advisor	31,000	31,000	√
	(To be determined)	Public Outreach	66,365	7,500	√
	(To be determined)	Collateral materials update and resolutions	5,000	5,000	√
	(To be determined)	Event Registration Fees	5,000	3,500	√
	(To be determined)	PAW Meeting Materials	22,500	2,600	√
	(To be determined)	Client Agency Workshops for PAW	12,335	5,000	√
	(To be determined)	Marketing Materials		3,500	√
	(To be determined)	Project WET/Focus Groups	66,100		
	(To be determined)	Website updates and Maintenance	4,200	7,500	√
Finance & IT (41 & 45)	McClure Consulting	MIS consultant fees	2,000	-	√
	*Union Bank	Custodial Bank fees	3,000	3,000	√
	(To be determined)	Accounting Consulting		20,000	√
	(To be determined)	Project Financial Consulting		50,000	√
Total Professional Fees			492,102	463,700	

Exhibit J
Professional / Special Services Authorized
Trustee Activities

Department	Consultant	Service	Budget FY 13-14	Budget FY 14-15	Approval included in Budget Approval
Legal Expenses					
AMP Administration (61)	Best, Best & Krieger	AMP Administration, 1996 COPS	2,500	17,000	√
Audit Expenses					
AMP Administration (61)	(To be determined)	Annual Audit	2,500	3,000	√

* Upon approval of the budget by the Board, staff is authorized to use these professional services. All other professional services will be brought before the Committees and Board pursuant to the procedures set out in Chapter 8, Contracts section of the MWDOC Administrative Code.

Exhibit J1
Professional / Special Services Authorized
Choice Funds

Department	Consultant	Service	Budget FY 13-14	Budget FY 14-15	Approval included in Budget Approval
Professional Fees					
Water Use Efficiency (62)	*ConserVision Consulting, LLC	Water Smart Landscape	54,000	55,000	√
	(To be determined)	Printing of marketing materials for all WUE programs	40,000	40,000	√
	Enterprise Information Systems	California Sprinkler Adjustment Program		35,000	√
	(To be determined)	Landscape Design Assistance Program		35,000	√
	Gilbert & Associates	Project Audit	5,000	5,000	√
Value of Water (67)	(To be determined)	Landscape Ordinance Plan Review		25,000	√
	(To be determined)	Outreach		25,000	√
	(To be determined)	Temporary In-House Staffing		20,000	√
	(To be determined)	Gas Station Pump Video Adds		12,000	√
	(To be determined)	Bus Shelter Adds		12,500	√
2008 Fund Doheny Desal	(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)	(To be determined)		68,000	√
School Program (63)	Discovery Science Center	Assemblies	228,000	234,000	√
Total Professional Fees			327,000	585,500	

* Upon approval of the budget by the Board, staff is authorized to use these professional services. All other professional services will be brought before the Committees and Board pursuant to the procedures set out in Chapter 8, Contracts section of the MWDOC Administrative Code.

Municipal Water District of Orange County
Fiscal Year 2013-2014 Consolidated Budget Summary

DRAFT #6

	Core & Choice	Water Fund	Water Use Efficiency	WEROC	AMP Proceeds Agreement Administration	RPOI ¹	Phase III Desalination	Total with Inter-Fund Transfers	Less Inter-Fund Transfers ²	Consolidated Budget Total
Revenues:										
Water Sales		\$ 159,087,306						\$ 159,087,306		\$ 159,087,306
Retail Meter Charge	5,121,824							5,121,824		5,121,824
Water Increment Charge	709,839							709,839		709,839
Interest Revenue	138,000	4,630						142,630		142,630
MWDOC's Contribution			49,000	108,820				157,820	(157,820)	-
Outside Fundings	-		2,326,244	104,907	5,000	1,619,665		4,055,816		4,055,816
Carryover Funds				(150)			115,459	115,309		115,309
Choice Revenue	977,847							1,110,259		1,110,259
Miscellaneous Income								3,000		3,000
Total Revenues	6,947,510	159,091,936	2,375,244	213,577	5,000	1,619,665	115,459	170,503,803	(157,820)	170,345,983
Expenses:										
Water Purchases	-	159,087,306						159,087,306		159,087,306
Salaries & Wages	2,914,176			122,899	-			3,037,075		3,037,075
less S & W Reimb. DSC or Recov from Grants	(20,851)							(20,851)		(20,851)
Employee Benefits	1,093,170			43,408				1,136,579		1,136,579
Engineering Expense	170,000							170,000		170,000
Professional Fees	797,913		2,375,244	1,000			115,459	3,310,805	(49,000)	3,261,805
Election Expense (annualized)	-							-		-
Legal Expense - General	304,500			-	2,500			307,000		307,000
Maintenance Expense	104,880			3,850				108,730		108,730
Insurance Expense	96,000			1,500				97,500		97,500
Membership / Sponsorship	88,087			230				88,317		88,317
Director Compensation	200,357							200,357		200,357
MWDOC Contribution to WEROC	108,820							108,820	(108,820)	-
MWDOC Contribution to Desalination								-	-	-
RPOI Distribution to Member Agencies						1,619,665		1,619,665		1,619,665
Others:										
MWD Representation	114,490							114,490		114,490
Director Benefits	87,592							87,592		87,592
Health Insurance Coverage for Retirees	44,463				-			44,463		44,463
Audit Expense	23,000				2,500			25,500		25,500
Automotive & Toll Road Expenses	15,590			700				16,290		16,290
Conference Expense - Staff	12,520			1,500				14,020		14,020
Conference Expense - Directors	7,960							7,960		7,960
CDR Participation	39,140							39,140		39,140
Business Expense	7,000							7,000		7,000
Miscellaneous Expense	91,110			4,000	-			95,110		95,110
Postage / Mail Delivery	15,100							15,100		15,100
Rents & Leases	14,308			16,560				30,868		30,868
Outside Printing, Subscription & Books	70,987			200				71,187		71,187
Office Supplies	24,000			1,000				25,000		25,000
Computer Maintenance	7,500			3,730				11,230		11,230
Software Support & Expense	63,900							63,900		63,900
Computers and Equipment										
Telecommunications Expense	16,900			10,000				26,900		26,900
Temporary Help Expense	-							-		-
Training Expense	14,200							14,200		14,200
Tuition Reimbursement	6,000							6,000		6,000
Travel & Accommodations - Staff	28,360			3,000				31,360		31,360
Travel & Accommodations - Directors	15,950							15,950		15,950
MWDOC Building Expense	315,000							315,000		315,000
WEROC Sinking Fund Expense (generator & radios)										
Capital Acquisition	23,500							23,500		23,500
Total Expenses	6,915,622	159,087,306	2,375,244	213,577	5,000	1,619,665	115,459	170,353,062	(157,820)	170,195,243
EFFECT ON RESERVES / FUND BALANCE	\$ 31,888	\$ 4,630³	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,741	\$ -	\$ 150,740

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 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		\$ 181,841,285					\$ 181,841,285		\$ 181,841,285
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	1,341,086						1,341,086		1,341,086
Miscellaneous Income	3,000						3,000		3,000
Total Revenues	8,026,182	181,845,560	3,730,332	253,622	20,000	4,921	193,880,617	(177,508)	193,703,109
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	1,049,200		3,730,332	3,000			4,782,532	(49,000)	4,733,532
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	93,937			205			94,142		94,142
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	93,148						93,148		93,148
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	7,919,101	181,841,285	3,730,332	253,622	20,000	4,921	193,769,261	(177,508)	193,591,753
EFFECT ON RESERVES / FUND BALANCE	\$ 107,081	\$ 4,275³	\$ -	\$ -	\$ -	\$ -	\$ 111,356	\$ -	\$ 111,356

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 21, 2014

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 2014-15

STAFF RECOMMENDATION

Staff recommends the Board of Directors:

1. Decrease MWDOC's Incremental rate from \$3.25 to \$0.50 per AF, increase the MWDOC Retail Meter charge from \$8.40 to \$10.50 per meter, and
2. Adopt the Water Rate Resolution setting forth rates and charges to be effective July 1, 2014 and January 1, 2015 as identified in the Water Rate Resolution for fiscal year 2014-15.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

MWDOC adopts a Water Rate Resolution annually to reflect water rates 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.

Summary of Changes in rates and Charges

Below is a summary of the Proposed Rates and Charges for FY2014-15:

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

Proposed Rates	Proposed July 1, 2014	Proposed January 1, 2015
MWDOC Retail Meter Charge	\$10.50	\$10.50
MWDOC Increment Rate **	\$0.50	\$0.50
System Access Rate	\$243.00	\$257.00
System Power Rate	\$161.00	\$126.00
Water Stewardship Rate	\$41.00	\$41.00
MWDOC Melded Supply Rate *	\$148.00	\$158.00
Treatment Surcharge	\$297.00	\$341.00
Treated Full Service Rate	\$890.50	\$923.50
Untreated Full Service Rate	\$593.50	\$582.50

* 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.

** OCWD will be charged the MWDOC Increment 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 Increment rate on MWDOC's monthly water invoices.

Attachment A – Proposed MWDOC Water Rate Resolution for fiscal year 2014-15

RESOLUTION NO .

~~5-87652-144-30221-145 DRAFT~~

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ESTABLISHING WATER RATES**

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 ~~previously adopted Ordinance No. 5254~~ establish~~ing~~ classes of water service, ~~which are provided by MWDOC, and the~~ terms and conditions of such service, ~~and said Ordinance provides that the Board of Directors shall establish and to provide for fixing~~ the rates and charges for said classes of water service ~~(including and for~~ Choice services) ~~from time to time~~ by Resolution; and

Comment [A1]: Needs comma???

WHEREAS, the Board of Directors has reviewed ~~MWDOC's water rate schedule with respect to~~ the cost of water ~~acquired from Metropolitan~~ and other charges imposed on MWDOC by Metropolitan, and with respect to the projected MWDOC operating expenses and ~~other financial needs of the District~~, 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 approved a phase-out or opt-out provision in its Interim
Agricultural Water Program (IAWP) in 2008 for member agencies that participated in the
IAWP, which included MWDOC, as a result of severe limitations on Metropolitan water
supplies due in part to Bay-Delta pumping restrictions; and~~

~~WHEREAS, MWDOC and its member agencies opted out of Metropolitan's IAWP
Program; and~~

WHEREAS, Metropolitan continues to levy its Standby Charge within the
MWDOC service area, which will be credited against ~~the~~ 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 as part of MWDOC's water rate charges; and

WHEREAS, ~~the MWDOC Board requested development of a method of charging~~ there is a need to charge for costs associated with the transfer or wheeling of water into the MWDOC service area by any ~~of the member agencies and directed that such~~ charges be made a part of 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 ~~all previous water rate resolutions are hereby repealed and superseded and that, subject to the terms and conditions set forth herein,~~ the rates and charges for the classes of water service provided by MWDOC to MWDOC's member agencies shall be as follows:

SECTION 1. MWDOC'S INCREMENTAL RATE.

MWDOC's Incremental Rate, which is added to MWDOC's cost of acquisition of water, shall be ~~\$0.500.603-25~~ per acre foot from July 1, ~~2014-2013~~ through June 30, ~~2015-2014~~, 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.

SECTION 3. BLANK

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 ~~(Non-Interruptible)~~, including water delivered for seawater barrier and groundwater replenishment purposes and for agricultural purposes.

Rate Component	July 1 through December 31, <u>20142013</u>	Beginning January 1, <u>20152014</u>
Untreated Full Service	\$593.5060596.25	\$582.5060596.25
Treated Full Service	\$890.5060850.25	\$923.5060893.25

Unbundled Rate By Component:		
System Access Rate	\$243.00 223.00	\$257.00 243.00
System Power Rate	\$161.00 189.00	\$126.00 161.00
Water Stewardship Rate	\$41.00	\$41.00
MWDOC Melded Supply Rate*	\$148.00 140.00	\$158.00 148.00
Tiered Supply Rate (Tier 1/ Tier Tier 2)*	N/A	N/A
MWDOC Incremental Rate**	\$0.506 03.25	\$0.506 03.25
Subtotal Untreated Full Service:	\$593.5060596.25	\$582.5060596.25
Treatment Surcharge	\$297.00 254.00	\$341.00 297.00
Total Treated Full Service:	\$890.5060850.25	\$923.5060893.25

* 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.

** OCWD will be charged the MWDOC Incremental rate multiplied by the Eight-Year Average deliveries calculated according to Ordinance No. 5254. Therefore, the rate for purchases of Full service water by OCWD shall not include MWDOC's Incremental rate on MWDOC's monthly water invoices.

~~Delta Surcharge was suspended by Metropolitan after 2012.~~

(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. Assuming a revised replenishment or storage program is adopted by Metropolitan's Board, incentives would be provided by Metropolitan for water stored within the revised/amended program, which has been scheduled to be completed in FY2014/152013/14.

(d) **For Recycled Water**

As defined in Metropolitan's Administrative Code.

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~~(e) For Interim Agricultural Water Service subject to compliance with the requirements of Metropolitan's Interim Agricultural Water Program (IAWP).~~

~~In 2008, the MET Board approved the phase-out of the IAWP. The MET Board decision allowed participating agencies to either opt-out of the program all together or continue participating in the program until it phases out in 2013. All of the participating MWDGC member agencies chose to opt-out and are no longer eligible for the IAWP treated or untreated rates.~~

SECTION 5. CHOICE Services to the MWDOC Member Agencies ~~2014-15~~~~2013-14~~

The CHOICE services to the member agencies shall be provided and charged for as follows for ~~2014-15~~~~2013-14~~.

- (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 - ~~2013~~~~2012~~ is the most recent year data is available and will be used for ~~2014-15~~~~2013-14~~ 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.

- (b) School Education Program – Each participating member agency can set a target number of students for which the School Education assembly program 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 \$~~3,203~~~~-42~~ per student. The School

Education Program in FY~~2014-15~~^{2013/14} offers other additional services to the member agencies that can be contracted through MWDOC under a separate fee structure. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.

(c) 2014 Doheny Desalination Program – The 2014 Doheny Desalination project CHOICE~~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~~choice~~ Program for this year will be \$10,000 per agency\$0. However, in the event the project activities increase during the year, MWDOC shall convene the ~~five~~-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~~choice~~ activities.

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(d) 2008 Fund for Doheny Desal (Phase 3 efforts) – The label 2008 is used to signify the year the efforts began. Funding for this Project has involved the five Participating Agencies, MWDOC and Grants brought into the program such that the total revenue for the effort is \$6.2-M. MWDOC's latest accounting indicates that approximately \$94,000 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, agreement has not been reached among the five Participantings agencies.

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The funds on hand have been 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 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.

(b) In the event additional funds are needed at some point, we will invoice all five agencies for such.

(c) ~~South Orange Coastal Ocean Desalination Program~~ The estimated cost of MWDOC's staff time and other charges, as established in the MWDOC budget (staff time), necessary to manage the project shall be apportioned among the participants in equal proportions. The Participants are listed in Exhibit C. If the membership in the project changes, changes in the allocations will be made. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.

(e) Poseidon Huntington Beach Ocean Desalination Program – The Poseidon Ocean Desalination project CHOICEChoice activities for FY2014-15 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. The initial CHOICEChoice Program for this year will be \$3,000 per agency\$0. 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 49-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 CHOICEChoice activities.

(d) ~~Poseidon Huntington Beach Ocean Desalination Program~~ The estimated

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~~cost of MWDOC's staff time to manage the project shall be apportioned among the participants in equal proportions. The member agencies participating are listed in Exhibit C. If the membership in the project changes, changes in the allocations will be made. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.~~

(f) Value of Water Communications Program – The charge for the Value of Water Communications Program project CHOICEChoice activities for FY2014-15 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 will carry over into the first quarter of FY2014-15. 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 CHOICEChoice 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 CHOICEChoice selections for FY2014-15 and will not be billed with the other CHOICE selections., but that Instead, final decisions on the level of the CHOICEChoice participation by the various agencies will be made 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 CHOICEChoice

activities for the remainder of the fiscal year. The billing for services will occur at that time.

~~(e) Second Lower Cross Feeder—The estimated cost of MWDOC's staff time and other charges to manage the project shall be apportioned among the participants in equal proportions. The participants are listed in Exhibit C. If the membership in the project changes, changes in the allocation will be made. The costs to be charged shall reflect any carry over or deficit funds from the preceding year.~~

The details on these charges to the agencies are included in Section 12 and Exhibit C.

SECTION 6. 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 ~~its~~ Water Supply Allocation Plan. This Plan, as adopted in 2009 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 ~~it is~~ assessed by MetropolitanMET. 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, and those penalties are not subject to the billing, payment, administrative and other provisions established hereby.

SECTION 7. 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 \$~~10.50298-40~~. MWDOC's Retail Meter Charge shall be collected in accordance with Section 12 of this Resolution.

SECTION 8. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that, for fiscal year ~~2014-152013-14~~, 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 \$13,586,844 is \$13,568,39811,963,709~~. The Net RTS charge ~~of \$13,586,84413,577,62113,568,39811,963,709~~ 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.

(b) Apportionment of ~~Net MetropolitanMWDMet~~ 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 ~~2014-152013-14~~ charges, the four-year average shall be based on ~~2009-102008-09~~ through ~~2012-132011-12~~). 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.

(c) Fiscal Year ~~2014-15~~~~2013-14~~ MWDOC Readiness to Serve Charge Rate

For fiscal year ~~2014-15~~~~2013-14~~, MWDOC will charge the MWDOC member agencies total Net RTS charges of \$~~13,586,844~~~~13,577,621~~~~13,568,398~~~~11,963,709~~.

Exhibit A shows the amount of the Net RTS charge to be apportioned to each of the MWDOC member agencies.

(d) Adjustment of RTS Charge

Metropolitan determines its Net RTS Charge to each agency based on the estimated revenue derived from the ~~Metropolitan~~~~MWD~~ Standby Charge within each member agency (less delinquencies and administrative costs). The expected Net Standby Charge Revenue for MWDOC in fiscal year ~~2014-15~~~~2013-14~~ 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.

SECTION 9. MWDOC CAPACITY CHARGE

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year ~~2015~~~~2014~~, the amount of the Metropolitan Capacity Charge applicable to MWDOC will be \$~~4,452,210~~~~3,659,300~~. 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 MWD Met~~ 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 ~~20152014~~ charges, the highest peak day flow shall be based on ~~2011, 2012 and 20132010, 2011 and 2012~~). 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 ~~20152014~~ Capacity Charge apportioned to each member agency.

**SECTION 10. 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:

- (a) A one time administrative charge, based on actual time spent but not to exceed \$20,000 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, not to exceed \$5,000 in any year in which water is wheeled or transferred through exchanges with Metropolitan, to cover up to 80 hours of staff time to account for and bill for the water.

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

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SECTION 11. EFFECTIVE DATE.

The rates set forth in this Resolution shall become effective as of July 1, ~~2014~~2013 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 ~~on the same invoice as MWDOC's Retail Meter Charge~~ in accordance with **Exhibit C**, ~~and/or~~

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as may be adjusted during the fiscal year in discussions with and as agreed to by the CHOICEchoice Program participants. The fixed annual charge to OCWD for water deliveries, as set forth in 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 2014-152013-14 budget, and that said rates do not exceed the reasonable cost of providing water service and other services and regulatory functions for which they are charged.

SECTION 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

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extent of such inconsistency.

SECTION 1615. RATES SUBJECT TO ORDINANCE.

The rates for water service established herein are subject to Ordinance No. ~~5254~~ as it may be amended from time to time.

SECTION 1716. 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. ~~1962~~ was adopted this ~~21st~~~~19th~~ day of ~~May~~~~June~~ ~~2014~~~~2013~~ by the following roll call vote:

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

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County

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

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 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 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 \$0.50 per acre foot from July 1, 2014 through June 30, 2015, 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.

SECTION 3. **BLANK**

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, 2014	Beginning January 1, 2015
Untreated Full Service	\$593.50	\$582.50
Treated Full Service	\$890.50	\$923.50

Unbundled Rate By Component:		
System Access Rate	\$243.00	\$257.00
System Power Rate	\$161.00	\$126.00
Water Stewardship Rate	\$41.00	\$41.00
MWDOC Melded Supply Rate*	\$148.00	\$158.00
Tiered Supply Rate (Tier 1/Tier 2)*	N/A	N/A
MWDOC Incremental Rate**	\$0.50	\$0.50
Subtotal Untreated Full Service:	\$593.50	\$582.50
Treatment Surcharge	\$297.00	\$341.00
Total Treated Full Service:	\$890.50	\$923.50

* 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.

** 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. **CHOICE Services to the MWDOC Member Agencies 2014-15**

The CHOICE services to the member agencies shall be provided and charged for as follows for 2014-15.

- (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 - 2013 is the most recent year data is available and will be used for 2014-15 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.
- (b) School Education Program – Each participating member agency can set a target number of students for which the School Education assembly program 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 \$3.20 per student. The School Education Program in FY2014-15 offers other additional services to the member agencies that can be contracted through MWDOC under a separate fee

structure. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.

- (c) 2014 Doheny Desalination Program – 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.
- (d) 2008 Fund for Doheny Desal (Phase 3 efforts) – The label 2008 is used to signify the year the efforts began. Funding for this Project has involved five Participating 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 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, agreement has not been reached among the five Participating agencies.

The funds on hand have been 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 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, we will invoice all five agencies for such.

- (e) Poseidon Huntington Beach Ocean Desalination Program – The Poseidon Ocean 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 \$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.
- (f) Value of Water Communications Program – The charge for the Value of Water Communications Program CHOICE activities for FY2014-15 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 will carry over into the first quarter of FY2014-15. 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 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 billing for services will occur at that time.

The details on these charges to the agencies are included in Section 12 and **Exhibit C.**

SECTION 6. **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 in 2009 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, and those penalties are not subject to the billing, payment, administrative and other provisions established hereby.

SECTION 7. 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 \$10.50. MWDOC's Retail Meter Charge shall be collected in accordance with Section 12 of this Resolution.

SECTION 8. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that, for fiscal year 2014-15, 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 \$13,586,844. 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.

(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 2014-15 charges, the four-year average shall be based on 2009-10 through 2012-13). 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.

(c) Fiscal Year 2014-15 MWDOC Readiness to Serve Charge Rate

For fiscal year 2014-15, MWDOC will charge the MWDOC member agencies total Net RTS charges of \$13,586,844. **Exhibit A** shows the amount of the Net RTS charge to be apportioned to each of the MWDOC member agencies.

(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 2014-15 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.

SECTION 9. **MWDOC CAPACITY CHARGE**

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year 2015, the amount of the Metropolitan Capacity Charge applicable to MWDOC will be \$4,452,210. 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 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 2015 charges, the highest peak day flow shall be based on 2011, 2012 and 2013). 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 2015 Capacity Charge apportioned to each member agency.

**SECTION 10. 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:

- (a) A one time administrative charge, based on actual time spent but not to exceed \$20,000 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, not to exceed \$5,000 in any year in which water is wheeled or transferred through exchanges with Metropolitan, to cover up to 80 hours of staff time to account for and bill for the water.
- (c) Other charges established by written agreement between MWDOC and a Member Agency.

SECTION 11. EFFECTIVE DATE.

The rates set forth in this Resolution shall become effective as of July 1, 2014 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 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 2014-15 budget, and that said rates do not exceed the reasonable cost of providing water service and other services and regulatory functions for which they are charged.

SECTION 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 21st day of May 2014 by the following roll call vote:

AYES:	Directors
NOES:	None
ABSENT:	None
ABSTAIN:	None

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County

EXHIBIT A

April 14, 2014 Draft

Readiness-to-serve Charge for MWDOC Client Agencies for FY 2014-15

Metropolitan Readiness-to-Serve (RTS) Charge to MWDOC for FY 2014/15 =	\$ 20,621,168
Expected Standby Revenue Less Metropolitan Administrative Charge Plus Delinquencies & Uncollectables FY 2014/15 =	\$ (7,043,547)
Net MWD RTS Charge =	\$ 13,577,621
Adjustment for FY 2012-13 Standby Charge Credit and FY 2013-14 Under Collection =	\$ 9,223
Net RTS with Adjustment =	\$ 13,586,844

Agency	RTS Eligible Purchases					AF Share (%)	FY 2013-14 RTS Adjustment	Net RTS	Monthly Charge July - December	Monthly Charge January - June
	2009-10	2010-11 [1]	2011-12	2012-13	4-Yr Ave					
Brea	2,733	3,186	2,812	3,163	2,974	1.46%	\$ (921)	\$ 197,845	\$ 16,930	\$ 16,044
Buena Park	5,612	5,277	4,998	5,252	5,285	2.60%	\$ 782	\$ 354,038	\$ 30,291	\$ 28,715
East Orange County Water District	1,710	3,329	4,108	3,512	3,165	1.56%	\$ (38)	\$ 211,519	\$ 18,098	\$ 17,155
El Toro Water District	8,574	8,376	9,005	9,420	8,844	4.35%	\$ 123	\$ 591,291	\$ 50,593	\$ 47,956
Fountain Valley	3,688	3,574	3,373	3,201	3,459	1.70%	\$ 724	\$ 231,941	\$ 19,844	\$ 18,813
Garden Grove	9,872	9,380	8,775	6,893	8,730	4.30%	\$ 1,926	\$ 585,482	\$ 50,092	\$ 47,489
Golden State Water Company	9,969	9,583	9,285	8,793	9,407	4.63%	\$ 589	\$ 629,413	\$ 53,853	\$ 51,049
Huntington Beach	11,197	10,680	10,431	9,545	10,463	5.15%	\$ 2,482	\$ 701,911	\$ 60,052	\$ 56,933
Irvine Ranch Water District	20,614	18,551	17,633	23,516	20,078	9.88%	\$ (2,698)	\$ 1,339,446	\$ 114,614	\$ 108,627
La Habra	1,942	1,447	1,976	938	1,576	0.78%	\$ (439)	\$ 104,909	\$ 8,977	\$ 8,507
La Palma	773	868	756	505	725	0.36%	\$ 105	\$ 48,593	\$ 4,158	\$ 3,941
Laguna Beach County Water District	4,067	3,792	3,556	3,637	3,763	1.85%	\$ 140	\$ 251,677	\$ 21,534	\$ 20,412
Mesa Water District	2,388	4,480	6,169	2,900	3,984	1.96%	\$ 1,832	\$ 268,148	\$ 22,940	\$ 21,752
Moulton Niguel Water District	29,491	27,360	28,047	28,920	28,455	14.01%	\$ 266	\$ 1,902,327	\$ 162,769	\$ 154,286
Newport Beach	6,181	5,882	5,536	4,651	5,563	2.74%	\$ 1,198	\$ 373,032	\$ 31,915	\$ 30,257
Orange	10,272	9,732	9,065	8,583	9,413	4.63%	\$ 1,910	\$ 631,103	\$ 53,995	\$ 51,189
Orange County Water District	20,713	1,855	2	24,360	11,732	5.78%	\$ (590)	\$ 783,658	\$ 67,054	\$ 63,556
San Clemente	8,554	7,391	9,213	9,121	8,570	4.22%	\$ 326	\$ 573,160	\$ 49,041	\$ 46,486
San Juan Capistrano	6,379	6,060	3,935	4,785	5,290	2.60%	\$ (755)	\$ 352,837	\$ 30,192	\$ 28,615
Santa Margarita Water District	28,077	25,916	27,056	28,479	27,382	13.48%	\$ 572	\$ 1,830,910	\$ 156,658	\$ 148,494
Seal Beach	1,500	1,295	1,287	1,188	1,318	0.65%	\$ 254	\$ 88,326	\$ 7,557	\$ 7,164
Serrano Water District	0	0	0	501	125	0.06%	\$ (363)	\$ 8,010	\$ 686	\$ 649
South Coast Water District	5,444	4,929	5,606	5,669	5,412	2.66%	\$ (73)	\$ 361,685	\$ 30,947	\$ 29,334
Trabuco Canyon Water District	2,334	2,031	2,187	2,832	2,346	1.15%	\$ (53)	\$ 156,754	\$ 13,413	\$ 12,713
Westminster	4,726	4,479	4,179	3,980	4,341	2.14%	\$ 957	\$ 291,114	\$ 24,907	\$ 23,612
Yorba Linda Water District	10,835	10,429	10,807	10,820	10,723	5.28%	\$ 965	\$ 717,715	\$ 61,408	\$ 58,211
Sum of MWDOC Agencies	217,642	189,878	189,796	215,164	203,120	100%	\$ 9,223	\$ 13,586,844	\$ 1,162,516	\$ 1,101,958

[1] RTS Eligible Purchases for 2010-11 were reduced by 2,872.3 acre-feet for Irvine Ranch WD and 876.8 acre-feet for Mesa WD for their participation in the Tier 2 Avoidance Program.

EXHIBIT B
Capacity Charge for MWD OC Member Agencies for CY 2015

	2011	2012	2013	Peak
MWD OC's Peak to MWD (cfs)	390.1	401.1	381.9	401.1
Date	7/20/11	8/9/12		8/9/12

DRAFT 5/5/14

SEVERAL SHARED CONNECTIONS NOT YET ALLOCATED

Metropolitan Capacity Charge to MWD OC for CY 2014 **\$ 4,452,210***

Agency	Capacity Charge Eligible Flows (CFS)				CFS Share (%)	Annual Capacity Charge	Monthly Capacity Charge
	2011	2012	2013	3-Yr Peak			
City of Brea	11.0	11.3	12.1	12.1	2.29%	\$ 102,034	\$ 8,503
City of Buena Park	9.4	8.9	8.7	9.4	1.77%	\$ 78,880	6,573
City of San Juan Capistrano	18.5	15.3	15.3	18.5	3.50%	\$ 155,864	12,989
East Orange County Water District	20.8	15.6	21.2	21.2	4.02%	\$ 178,889	14,907
El Toro Water District	22.1	20.9	18.1	22.1	4.19%	\$ 186,708	15,559
City of Fountain Valley	6.7	3.3	3.3	6.7	1.27%	\$ 56,421	4,702
City of Garden Grove	13.4	35.1	14.1	35.1	6.64%	\$ 295,619	24,635
City of Huntington Beach	27.6	35.4	30.5	35.4	6.71%	\$ 298,887	24,907
Irvine Ranch Water District	50.5	45.5	41.4	50.5	9.56%	\$ 425,494	35,458
City of La Habra	8.4	8.4	8.5	8.5	1.61%	\$ 71,787	5,982
City of La Palma	2.4	2.2	3.4	3.4	0.64%	\$ 28,359	2,363
Laguna Beach County Water District	8.0	7.5	7.5	8.0	1.51%	\$ 67,327	5,611
Mesa Consolidated Water District	22.0	18.8	26.1	26.1	4.95%	\$ 220,259	18,355
Moulton Niguel Water District	55.7	58.3	57.3	58.3	11.04%	\$ 491,465	40,955
City of Newport Beach	11.0	11.0	13.4	13.4	2.53%	\$ 112,575	9,381
Orange County Water District	8.1	0.6	0.6	8.1	1.54%	\$ 68,371	5,698
City of Orange	19.1	20.5	18.0	20.5	3.88%	\$ 172,546	14,379
City of San Clemente	20.0	20.0	20.0	20.0	3.79%	\$ 168,652	14,054
Santa Margarita Water District	68.5	64.7	63.9	68.5	12.97%	\$ 577,568	48,131
City of Seal Beach	5.4	5.8	5.4	5.8	1.09%	\$ 48,692	4,058
Serrano Water District	0.0	0.0	0.0	0.0	0.00%	\$ -	-
Golden State Water Company	20.7	19.1	14.8	20.7	3.92%	\$ 174,332	14,528
South Coast Water District	10.0	10.6	10.6	10.6	2.01%	\$ 89,681	7,473
Trabuco Canyon Water District	6.7	5.9	5.9	6.7	1.26%	\$ 56,118	4,677
City of Westminster	6.5	5.1	5.2	6.5	1.23%	\$ 54,795	4,566
Yorba Linda Water District	27.6	32.1	31.4	32.1	6.08%	\$ 270,887	22,574
Total				528.0	100%	\$ 4,452,210	
MWD OC Capacity Charge Per CFS:						\$ 8,433	

* Based on MWD OC's aggregate peak flow of 401.1 cfs on 8/9/2012 charge at MET's rate of \$11,100 per cfs

EXHIBIT C
DRAFT MWDOC Choice Services Program
Cost Allocations by Agencies for FY 2014-15

As of May 6, 2014

Program Budget [1]	Water Use Efficiency	School Program	Value of Water Communications	Poseidon Ocean Desalination	Doheny Ocean Desal	AMP Sale Agreement Legal	Total Choice Allocation
Second Draft Budget (4/9/2014)	\$ 785,805	\$ 275,109	\$ 148,250	TBD	TBD	\$ 20,000	\$ 1,209,164

Retail Agency Allocation	Water Use Efficiency [2]	School [3] Program	Value of Water [4] Communications	Poseidon Ocean Desalination	Doheny Ocean Desal	AMP Sale Agreement Legal	Total Choice Program
Brea	\$ 23,235	\$ 6,336	\$ 7,000	\$ -	\$ -	\$ -	\$ 36,571
Buena Park	\$ 5,378	\$ 9,350	\$ 9,000	\$ -	\$ -	\$ -	\$ 23,728
East Orange County WD	\$ 2,123	\$ 1,254	\$ 5,000	\$ 3,000	\$ -	\$ 300	\$ 11,677
El Toro WD	\$ 46,752	\$ 9,374	\$ 7,000	\$ 3,000	\$ -	\$ 1,650	\$ 67,776
Fountain Valley	\$ 4,911	\$ 5,197	\$ -	\$ -	\$ -	\$ -	\$ 10,108
Garden Grove	\$ 8,653	\$ 13,802	\$ 14,000	\$ -	\$ -	\$ -	\$ 36,455
Golden State Water Company	\$ 29,042	\$ 10,240	\$ -	\$ 3,000	\$ -	\$ -	\$ 42,282
Huntington Beach	\$ 49,885	\$ 24,448	\$ 15,000	\$ 3,000	\$ -	\$ -	\$ 92,333
Irvine Ranch WD	\$ 252,133	\$ -	\$ -	\$ -	\$ -	\$ 3,268	\$ 255,401
La Habra	\$ 4,104	\$ 6,957	\$ 8,000	\$ -	\$ -	\$ -	\$ 19,061
La Palma	\$ 1,380	\$ 3,078	\$ -	\$ -	\$ -	\$ -	\$ 4,458
Laguna Beach County WD	\$ 14,269	\$ 1,200	\$ -	\$ 3,000	\$ 10,000	\$ -	\$ 28,469
Mesa WD	\$ 11,718	\$ 7,913	\$ 10,000	\$ 3,000	\$ -	\$ -	\$ 32,631
Moulton Niguel WD	\$ 72,871	\$ 29,624	\$ 13,000	\$ 3,000	\$ 10,000	\$ 4,930	\$ 133,425
Newport Beach	\$ 64,442	\$ 1,949	\$ 8,000	\$ 3,000	\$ -	\$ -	\$ 77,391
Orange	\$ 21,942	\$ 8,077	\$ 12,000	\$ 3,000	\$ -	\$ 546	\$ 45,565
Orange County WD	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ 3,000
San Clemente	\$ 22,654	\$ 3,094	\$ 8,000	\$ -	\$ 10,000	\$ -	\$ 43,748
San Juan Capistrano	\$ 19,301	\$ 4,429	\$ 7,000	\$ 3,000	\$ 10,000	\$ 274	\$ 44,004
Santa Margarita WD	\$ 69,677	\$ 16,000	\$ 13,000	\$ 3,000	\$ -	\$ 7,636	\$ 109,313
Seal Beach	\$ 7,528	\$ 2,720	\$ 6,000	\$ 3,000	\$ -	\$ -	\$ 19,248
Serrano	\$ 1,872	\$ 1,619	\$ 5,000	\$ -	\$ -	\$ -	\$ 8,491
South Coast	\$ 24,192	\$ 5,251	\$ 7,000	\$ 3,000	\$ 10,000	\$ 600	\$ 50,043
Trabuco Canyon	\$ 5,730	\$ 2,157	\$ 6,000	\$ 3,000	\$ -	\$ 224	\$ 17,110
Tustin	\$ 7,347	\$ 12,678	\$ 8,000	\$ -	\$ -	\$ -	\$ 28,025
Westminster	\$ 4,325	\$ 10,064	\$ -	\$ 3,000	\$ -	\$ -	\$ 17,389
Yorba Linda	\$ 9,601	\$ 8,090	\$ 9,000	\$ 3,000	\$ -	\$ 144	\$ 29,835
Anaheim	\$ 279	\$ 30,000	\$ 23,000	\$ 3,000	\$ -	\$ 428	\$ 56,707
Fullerton	\$ 243	\$ 10,000	\$ 12,000	\$ -	\$ -	\$ -	\$ 22,243
Santa Ana	\$ 219	\$ 49,983	\$ 22,000	\$ -	\$ -	\$ -	\$ 72,202
Orange County Total	\$ 785,805	\$ 294,884	\$ 234,000	\$ 54,000	\$ 50,000	\$ 20,000	\$ 1,438,689

[1] Final charges will also include prior year revenue overage or shortfall to be reconciled with participating member agencies.

[2] Water Use Efficiency Program costs are allocated using outside funding brought into the agency service area by MWDOC in the previous calendar year.

[3] For FY 2014-15 the Assembly Program will be provided at a rate of \$3.20 per student, the Keypad Program at \$6.33 per student, and the Water Quality Program at \$17.08 per student.

[4] Conceptual Program based on \$5,000 per Agency base, plus proportion of other costs and 50% participation (if all agencies participate, costs would be approximately half of those shown).



ACTION ITEM
May 21, 2014

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: Adoption of MWDOC Ordinance to Establish Classes of Water Service and Terms and Conditions of Water Service Within the District

STAFF RECOMMENDATION

Staff recommends the Board of Directors: Adopt the attached Ordinance No. 52 to Establish Classes of Water Service and Terms and Conditions of Water Service Within the District. (MWDOC Administrative Code Section 1117 states that MWDOC shall provide at least ten days written notice that the Board will consider the adoption of a water service Ordinance and/or rates Resolution. Staff has met this requirement by emailing the Board letter and proposed Ordinance and Resolution to the member agencies on May 8)

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

As needed, the Board may adopt an Ordinance for water service. To reflect recent changes in water service, proposed revisions to Ordinance No. 51 is attached, which would become Ordinance No. 52, and would supersede Ordinance No. 51.

The revisions from Ordinance No. 51 to Ordinance No. 52 reflect Metropolitan's discontinuance of Replenishment Service effective January 1, 2013 and the completed phase-out of the Interim Agricultural Water Program (2008 – 2013). Demands for imported water for recharging groundwater basins and for reservoir storage, and for agricultural water

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

will be considered Full service deliveries and charged at the Full service rate. Section 8.1 has been strengthened to require MWDOC's consent on all water exchanges/transfers that will result in water being delivered into MWDOC's service area. Other minor additional changes were made.

Attached:

Adopted Ordinance No. 51 (redlined)

Proposed Ordinance No. 52

ORDINANCE NO 5254

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ESTABLISHING CLASSES OF WATER SERVICE AND
TERMS AND CONDITIONS OF WATER SERVICE
WITHIN THE DISTRICT**

Draft 5-8-14

WHEREAS, Municipal Water District of Orange County (hereinafter "MWDOC") is a member agency of the Metropolitan Water District of Southern California (hereinafter "Metropolitan") and the sole purveyor of imported water purchased from Metropolitan to retail water agencies and municipalities within MWDOC's service area; and

WHEREAS, MWDOC is authorized and directed by §71616 of the Water Code of the State of California to establish water rates and charges for the sale of such 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, Metropolitan has established classes of service for water service available to MWDOC consisting of Treated and Untreated Full Service, ~~Replenishment Service (for groundwater and reservoirs)~~, and ~~has established rates, and~~ charges and conditions of service applicable to each class of water service as set forth in the Metropolitan Water District Administrative Code; and

WHEREAS, on March 12, 2002, Metropolitan adopted a revised rate structure to become effective January 1, 2003, which eliminated or changed the method of calculation of various existing charges and added new charges for water service,

consisting of a two tier water supply rate, and separate unbundled charges for system access, water stewardship, system power, water treatment; and a new charge for capacity;¹⁷ in addition to Metropolitan's existing Readiness-to-Serve Charge, which ~~is~~^{will} ~~be~~ imposed on MWDOC as a condition of receiving water deliveries from Metropolitan; and,

WHEREAS, Metropolitan ~~also~~ took action ~~in 2002~~ to eliminate ~~effective January 1, 2003~~, Metropolitan's New Demand Charge, Connection Maintenance Charge, and Short Term Seasonal Storage (seasonal shift) rates ~~effective January 1, 2003~~; and

WHEREAS, in 2002 and ~~again in~~ 2003, the MWDOC Administration and Finance Committee and the Board of Directors of MWDOC reviewed several options for implementation of Metropolitan's rates within MWDOC's service area; and

WHEREAS, MWDOC's 2001 Strategic Plan and the 2010 Update emphasizes MWDOC's role in pursuing a regional approach to providing a reliable water supply to the residents of MWDOC and Orange County; and

WHEREAS, ~~in 2008~~ Metropolitan approved a phase-out ~~or opt-out~~ provision in its Interim Agricultural Water Program (IAWP) ~~in 2008~~ for member agencies that participated in the IAWP, ~~which includes including~~ MWDOC, as a result of severe limitations on Metropolitan water supplies due in part to Bay-Delta pumping restrictions; and

WHEREAS, in 2012 Metropolitan took action to discontinue the Replenishment Service Program and rates effective January 1, 2013 in response to significant increases to regional storage capacity (accomplished by and in coordination with Metropolitan's

Member Agencies), concerns about the Program's effectiveness, and issues regarding regional equity; and

WHEREAS, the MWDOC Board views MWDOC's service area (and Orange County) as a single economic unit in which water supply reliability in one area of the County has an economic impact to the entire County; and

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

WHEREAS, the Board of Directors of MWDOC desires to establish classifications classes offer water service that will enable MWDOC to fix water rates and charges that will cover MWDOC's cost of water and other operating expenses including~~and~~ financial requirements; and

WHEREAS, the Board of Directors of MWDOC desires to adopt terms and conditions for the provision of the various classes of water service and to provide for the fixing of~~establish~~ water rates and charges for such classes of service~~from time to time to~~ be imposed by resolution periodically; and

WHEREAS, Orange County Water District ("OCWD") has entered into an agreement with MWDOC whereby OCWD has agreed to pay, (on behalf of its member agencies) within OCWD's basin, MWDOC's an incremental rate on water delivered by MWDOC which directly or indirectly results in groundwater replenishment; and

WHEREAS, on January 17, 2001, MWDOC, ~~as it existed prior to 2001,~~ was consolidated with the Coastal Municipal Water District ("Coastal") into a single agency which comprises the combined territories formerly within Coastal and MWDOC. The combined agency is referred to herein as Municipal Water District of Orange County or "MWDOC," and the territory within the former Coastal Municipal Water District is referred to herein as "Coastal."

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors subject to the provisions set forth herein that Ordinance No. ~~5159~~ is hereby repealed and superseded and this Ordinance No. ~~5254~~ is adopted and enacted as follows:

SECTION 1. SCOPE:

1.1 ——— This Ordinance establishes classes of water service, the terms and conditions for water delivery by MWDOC ~~for imported water sold to~~ customers of the District, and ~~the concept of "CHOICE" services~~ as defined herein ~~in which the member agencies and the cities of Anaheim, Fullerton and Santa Ana can choose to participate.~~ This Ordinance shall apply to customers of MWDOC after the effective date of the Ordinance.

1.2 General definitions are set forth in Section 2. Definitions concerning Rates are set forth in Section 3. Definitions for Charges are set forth in Section 4.

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SECTION 2. DEFINITIONS:

2.1 Whenever used in this Ordinance, the following terms shall have the meaning indicated herein:

2.2 "Board" shall mean the Board of Directors of Municipal Water District of Orange County.

2.3 "MWDOC" shall mean the Municipal Water District of Orange County.

2.4 "MWDOC Member Agency" shall mean any city, county, water district, county water board, mutual water company, investor owned utility or other entity including a joint powers agency which receives water from MWDOC, directly or indirectly (excepting the cities of Anaheim, Fullerton and Santa Ana), the corporate area of which, in whole or in part, is included in MWDOC.

2.4.1 "Retail Water Meter" or "Retail Water Measuring Device" shall mean a water meter, or water measuring device, through which water, other than replenishment, construction and recycled water, directly or indirectly supplied by MWDOC, is delivered~~delivered~~ to any ~~residential, agricultural, commercial, industrial, municipal, or other~~ consumer within the boundaries of each MWDOC Member Agency or customer. Retail Water Meters are considered to be "in service" if they were used at any time within the preceding calendar year. Meters on dedicated fire lines shall not be considered as being "in service"; retail meters not being utilized due to temporary interruption as a result of a change in service or a past due account shall be considered as being "in service."

2.5 "Customer" shall mean any MWDOC Member Agency or other purchaser of water or services from MWDOC and shall include the cities of Anaheim, Fullerton and Santa Ana.

2.6 "General Manager" shall mean the General Manager of MWDOC.

2.7 "Groundwater Basin" shall mean any managed groundwater basin located entirely or partially within the boundaries of MWDOC.

2.7.1 "Groundwater Basin Manager" shall mean the agency that manages a groundwater basin.

2.8 "State" shall mean the State of California.

2.9 "Metropolitan" shall mean the Metropolitan Water District of Southern California.

2.10 "Treated Water" shall mean water that is treated at any Metropolitan water treatment facility.

2.11 "Untreated Water" shall mean water that is not treated water.

2.12 "Imported Water" shall mean water which is acquired by MWDOC from Metropolitan, except for recycled water.

2.13 "Surface Water" shall mean water which is not groundwater or recycled water.

2.14 "Domestic and Municipal Purposes" shall mean the use of water for all domestic, municipal, commercial, industrial, and recreational purposes commonly, but not exclusively, serviced by the water supply of a city, town, or other similar population group, ~~but shall not include water used for agricultural purposes.~~

2.15 ~~"Agricultural Purposes" shall mean the growing or raising, in conformity with recognized practice of husbandry, for the purposes of commerce, trade, or industry, or for use by public educational or correctional institutions, of agricultural, horticultural, or floricultural products, and produced (1) for human consumption or for the~~

~~market, or (2) for the feeding of fowl or livestock produced for human consumption or for the market, or (3) the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively therefor.~~

2.16 "Groundwater Replenishment" shall mean, ~~and since 1958 has meant,~~ the act of spreading or injecting water or causing water to be spread or injected, and utilizing imported water in-lieu of producing groundwater~~water~~ for the purpose of replenishing natural groundwater basins, without regard to the subsequent use of such~~the~~ water.

2.16.1 "Groundwater Replenishment by Spreading or Injecting" shall mean groundwater replenishment that results from the act of spreading or injecting water, ~~other than and shall not include~~ water used for Seawater Barrier Groundwater Replenishment~~seawater barrier groundwater replenishment.~~

2.16.2 "Seawater Barrier Groundwater Replenishment" shall mean groundwater replenishment by injection of water for the principal purpose of maintaining groundwater barriers designed and intended to avoid the contamination of groundwater storage basins by the intrusion of seawater.

~~2.17~~ 2.16.3 "In-lieu groundwater replenishment" shall mean maintenance or replenishment of water supplies in groundwater basins by reduction or elimination of extraction therefrom through the substitution of deliveries of water to customers and their consumers from imported water distribution facilities in-lieu of such extraction.

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2.18 Blank "Reservoir storage" shall mean the act of storing water in surface reservoirs or the maintenance of reservoir storage either by delivering water directly into a reservoir or reducing or eliminating reservoir withdrawals through substitution of deliveries of imported water to consumers from imported water distribution facilities in lieu of such withdrawals.

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2.20 "Full Service" shall mean service of water for domestic or municipal purposes, agricultural purposes ~~agricultural purposes~~ and groundwater replenishment ~~or reservoir storage purposes~~ that does not request or qualify for the Replenishment Service discount and that is not subject to reduction or interruption except by application of the preferential rights referred to in Section 135 of the Metropolitan Water District Act or by application of the then effective MWDOC Water Supply Allocation Plan (WSAP) or other shortage allocation plan as adopted by the Board.

2.21 "Emergency service" shall mean service of water ~~for domestic and municipal purposes~~ when a determination has been made by the General Manager that serious hardship would result to a MWDOC Member Agency in the event of the MWDOC Member Agency's inability to sustain all or any part of a reduction or interruption in the delivery of water to the extent and for the time mandated by the Board pursuant to Section 6.3 and such inability results from a cause other than an unforeseeable catastrophic event or loss of water supplies from sources other than -MWDOC, or due to circumstances determined by the General Manager to be exceptional. If the inability to

sustain an interruption is determined by the General Manager to be due to a catastrophic event, loss of water source or exceptional circumstances, then the water service provided to avoid hardship shall be treated as Full Service.

2.22 "Recycled water," which is sometimes referred to as sub-potable water, is water that does not meet criteria established by the State Department of Health Services for domestic use, and shall mean wastewater which has been collected in a sanitary sewer system and treated within a water reclamation plant or is untreated low quality water extracted from groundwater basins, both types of water being suitable for selected non-potable uses.

2.23 ~~"Blank" Replenishment Service" shall mean service of water for groundwater replenishment by spreading or injection, in lieu groundwater replenishment, in lieu reservoir storage, and direct reservoir storage available during periods designated by the General Manager that qualifies within the certification criteria as described in Metropolitan's User Handbook for Replenishment Service.~~

~~2.23.1 "Replenishment Service shall mean deliveries of water by MWDOC to a MWDOC Member Agency, for groundwater replenishment by spreading or injecting or in lieu of water which would otherwise have been produced from local sources, as certified by the MWDOC Member Agency and/or the Groundwater Basin Manager using the Metropolitan Replenishment Service guidelines.~~

~~2.23.2 "Replenishment for reservoir storage" shall mean deliveries of water by MWDOC to a MWDOC Member Agency which is put into reservoir storage or taken~~

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~~in-lieu of reservoir withdrawals and remains in reservoir storage past the end of the fiscal year in which it was delivered, as calculated in the certification form.~~

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2.25 "Summer period" shall mean May 1 through September 30 of a calendar year.

2.26 "Fiscal year" shall mean the ~~period~~~~fiscal year~~ which commences July 1 of each calendar year and ends June 30 of the following calendar year.

2.27 "Eight-Year Average" shall mean the adjusted average quantity of groundwater replenishment water deliveries used to calculate the total amount of MWDOC's Incremental Rate to be charged to OCWD for groundwater replenishment and in-lieu replenishment which shall be a fixed charge in addition to the acquisition cost of replenishment deliveries ~~(calculated pursuant to Section 5.3.2)~~. The Eight-Year Average is calculated for each fiscal year as the average of all groundwater replenishment deliveries to the OCWD basin, including in-lieu replenishment to OCWD, Coastal (prior to January 17, 2001) and the cities of Anaheim, Fullerton and Santa Ana for the preceding eight years, adjusted to exclude the percentage of such deliveries attributable to the cities of Anaheim, Fullerton and Santa Ana calculated on the basis of proportionate production of groundwater from the OCWD basin. The purpose of the calculation is to exclude the ~~three~~ Cities' share of replenishment deliveries from MWDOC's Incremental Rate, whether acquired by the Cities directly or by OCWD, because as members of Metropolitan, the three Cities should not be subject to MWDOC's incremental rate.

The Eight-year Average is calculated as follows:

1. The Unadjusted Eight-Year Average is the average annual total of all seawater barrier, direct and in-lieu replenishment deliveries, for the benefit of the OCWD basin, from Metropolitan to MWDOC, Coastal (prior to January 17, 2001), and the cities of Anaheim, Fullerton and Santa Ana (3 Cities) for the preceding eight years. (Note: This amount includes replenishment water ultimately purchased or stored by OCWD through MWDOC).
2. The 3 Cities Groundwater Production Average is the average annual combined groundwater production, and in-lieu replenishment deliveries taken by the 3 Cities within the OCWD basin for the preceding eight years.
3. The Total Basin Production Average is the average annual total groundwater production, and in-lieu replenishment deliveries within OCWD's jurisdiction for the preceding eight years.
4. The 3 Cities Production Percentage is the 3 Cities Groundwater Production Average divided by the Total Basin Production Average.
5. The Eight-Year Average is calculated by reducing the Unadjusted Eight-Year Average by the 3 Cities Production Percentage of the total OCWD basin production attributable to groundwater production by the 3 Cities.
6. The Eight-Year Average will be calculated prior to July 1 of each year using the final delivery and production data for the preceding eight full fiscal years, i.e., data for the year in which the calculation is made will not be

used because such data would not be available until after the close of the fiscal year.

2.28 "New AMP Connection" shall mean a service connection to the Allen-McColloch Pipeline requested by a MWDOC Member Agency which is not a party to the Agreement for Allocation of Proceeds of Sale of the Allen-McColloch Pipeline.

2.29 "Metropolitan Readiness-to-Serve Charge" or "~~MET~~Metropolitan RTS Charge" shall mean the total monetary charge imposed by Metropolitan on MWDOC and collected either (1) by Metropolitan as a standby charge on property within MWDOC's boundaries or (2) directly from MWDOC.

2.30 "Net Metropolitan Readiness-to-Serve Charge" or "Net ~~MET~~Metropolitan RTS Charge" shall mean that portion of the Metropolitan Readiness-to-Serve Charge which is not collected as a standby charge on property within MWDOC's boundaries, which is billed by Metropolitan directly to MWDOC, and which, if no standby charge is levied, shall constitute the entire RTS Charge.

2.31 "MWDOC Member Agency Readiness-to-Serve Charge" or "MWDOC Member Agency RTS Charge" shall mean the apportionment of the Net ~~MET~~Metropolitan RTS Charge to the MWDOC Member Agencies based upon the rolling average water sales, as may be established from time to time by the MWDOC Board.

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2.37 "MWDOC Water Supply Allocation Plan (WSAP)" shall mean a plan, established by the Board of Directors, to allocate water among the MWDOC agencies during times of water shortage.

2.38 "CHOICE" services (as distinguished from "Core" services imposed on all Member Agencies) shall mean those services made available by MWDOC to its Customers on an elective basis. Each Customer will make a decision whether and to what extent it will engage the services and participate in the activities (depending on the nature of the services and the manner in which they are charged).

2.39 "Water Rate Resolution" shall mean a Resolution adopted by MWDOC from time to time periodically at the discretion of the Board that establishes MWDOC's water rates and other charges.

SECTION 3. MWDOC's WATER RATE:

The water rate shall be established in an amount that, in combination with revenues from other charges collected by MWDOC, will result in revenues sufficient for the purposes set forth in §71616 of the California Water Code. The water rate shall include components for:

- (a) The cost of acquisition of water or wheeling service (i.e. for water acquired from Metropolitan, the cost of acquisition would include, a per acre foot

rate based on a melding of Metropolitan's Tier 1 and Tier 2 supply rates, plus Metropolitan's System Access Charge, Capacity Charge (if collected as a water rate, otherwise cost will be recovered at time the Capacity Charge is assessed annually), Water Stewardship Rate, System Power Rate, and, for treated water deliveries, Metropolitan's Treatment Surcharge); ~~the cost of acquisition of Replenishment Service water; and~~ including other Metropolitan rates, charges, fees, any penalties and other applicable charges to MWDOC; and

(b) An incremental water rate (hereinafter MWDOC's Incremental Rate) applied per acre-foot of water delivered by MWDOC (except as to direct and in-lieu groundwater replenishment deliveries to OCWD, in which case MWDOC's Incremental Rate shall be a fixed annual charge calculated in accordance with Section 2.275-3.2); and

(c) Retail Meter Charge - ~~a~~An annual basic rate for each retail water meter (as defined in Section 2.4.1) served by a MWDOC Member Agency which is "in service" as of January 1 of each year (hereinafter referred to as "MWDOC's Retail Meter Charge").

MWDOC's Retail Meter Charge shall be set to generate revenue that, in combination with revenues derived from MWDOC's Incremental Rate, shall cover MWDOC's operating expenses and financial requirements, including reserves ~~for repair and depreciation of works, a reasonable surplus for improvements, extensions and enlargements, and funds to cover principal and interest payments and costs associated with bonded debt.~~

(d) AMP Surcharge. A per acre-foot surcharge on water delivered through the Allen-McColloch Pipeline ("AMP Surcharge") to cover repair, maintenance and operation costs for the Allen-McColloch Pipeline to the extent such costs are not fully assumed and paid by Metropolitan, pursuant to the Agreement for Sale and Purchase of the Allen-McColloch Pipeline.

The Board shall establish said rates and charges by resolution and shall adjust said rates and charges from time to time by resolution periodically as determined appropriate by the Board in its discretion. Written notice of the proposed establishment or amendment of water rates and charges and the amounts and details thereof ~~or amendment of water rates~~ shall be given to all member agencies not less than 10 days prior to the meeting at which such resolution will be considered.

SECTION 4. OTHER CHARGES:

In addition to the water rate provided in Section 3, each MWDOC Member Agency shall be assessed charges as follows:

4.1 MWDOC Readiness-to-Serve Charge - an annual charge which shall be assessed to each MWDOC Member Agency and calculated as described in the rate resolution adopted pursuant to this Ordinance.

4.2 MWDOC Capacity Charge – Beginning in Calendar Year 2003 the MWDOC Capacity Charge was recovered by a water rate applied to purchases of Full Service water and water wheeling service sufficient to recover MWDOC's cost of

Capacity Charges incurred from Metropolitan. Beginning in Calendar Year 2007, the MWDOC Capacity Charge is assessed to each MWDOC Member Agency on the basis of recent historic peak day capacity usage (including capacity usage for Full Service and Wheeling as a fixed charge on each Member Agency calculated on such past peak day usage, as described in the rate resolution adopted pursuant to this Ordinance).

4.3 ~~Blank MWDOC Connection Maintenance Charge—this charge was discontinued by Metropolitan and MWDOC after December 2002.~~

4.4 The MWDOC Readiness-to-Serve Charge and the MWDOC Capacity Charge shall be set by the Board by resolution and shall be established at a level which, in the judgment of the Board, will yield revenues sufficient to cover the charges imposed by Metropolitan upon MWDOC under Metropolitan's rates and charges for water service, provided that MWDOC's charges may provide for collection in advance of expected invoice by Metropolitan and provide for a reasonable excess to cover variations in the amount of Metropolitan's charges that cannot be calculated in advance.

4.5 AMP Connection Charge

(a) As a condition to the approval for any request for a New AMP Connection, the agency requesting the New AMP Connection shall pay, in addition to the cost of constructing the service connection and all costs and fees imposed by Metropolitan, a connection charge (AMP Connection Charge). The AMP Connection Charge shall be calculated upon the maximum potential flow through the requested service connection, multiplied by the average unreimbursed 1993 replacement cost, less depreciation of a cubic foot per second (cfs) of capacity at

all points along the AMP, calculated to be \$109,700 per cfs, and that price shall be escalated from 1993 to the year in which the readjustment is made at the annual interest rate of 4.0% and payment shall be made in cash at the time of the readjustment.

(b) The proceeds of AMP Connection Charges collected by MWDOC shall be used to reimburse those MWDOC Member Agencies and those agencies outside MWDOC's service area which acquired leasehold interests in the AMP, prior to the sale of the AMP to Metropolitan, for a portion of their acquisition costs, which were not recovered through the sale of the AMP to Metropolitan, in proportion to their cfs-foot ownership in the AMP system.

(c) The AMP Connection Charge shall terminate and shall not be applied to any New AMP Connections requested after Metropolitan completes a project which augments the capacity of the AMP in any amount. Notwithstanding the foregoing, an agency that has requested and obtained a new connection to the AMP shall not be entitled to reimbursement of all or any portion of the AMP Connection Charges already paid, by reason of Metropolitan's subsequent augmentation of the AMP.

(d) The payment of the AMP Connection Charge shall not entitle the agency requesting the New AMP Connection to any rights or benefits under the Agreement for Allocation of Proceeds of Sale of the Allen-McColloch Pipeline, nor to any portion of the payments to be made by Metropolitan in consideration of the sale of the Allen-McColloch Pipeline, nor to any interest in the AMP Facilities.

- 4.6 Charges for CHOICE services. The categories, budget levels and methodology for allocating the costs to MWDOC's Customers for CHOICE services shall be set each year by the Board in its adoption of the Water Rate Resolution.

SECTION 5. CLASSES OF SERVICE:

The rates per acre-foot for water sold and delivered for each class of service on order of any MWDOC Member Agency for use therein shall be as established from time to time by resolution of the Board. The classes of service for water are as follows:

5.1 Full Service (for domestic and municipal purposes, agricultural service, and for which may include groundwater replenishment, in-lieu groundwater replenishment, reservoir storage and for Agricultural Purposes that does not receive a discount) as defined in Section 2.20.

5.2 Emergency Service ~~(for domestic and municipal purposes)~~ as defined in Section 2.21.

5.3 Blank Replenishment Service ~~(for groundwater and reservoir storage.~~

~~5.3.1 MWDOC's Incremental Rate shall be applied to each acre-foot of water delivered under this class of service, except for water delivered under this class of service within OCWD's service area for groundwater replenishment to any MWDOC Member Agency. Water deliveries within OCWD's service area under this class of service shall not have MWDOC's Incremental Rate applied, instead such water shall be sold at MWDOC's cost of acquisition of water for this class of service.~~

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~~By agreement with OCWD, OCWD shall pay a fixed annual charge calculated by multiplying the Eight Year Average by MWDOC's Incremental Rate as the charge for replenishment and in-lieu replenishment service (Section 2.27).~~

5.4 Recycled Water (for selected non-potable uses). MWDOC's Incremental Rate shall not be applied to water delivered to a Member Agency in this class of service; instead such water shall be sold at MWDOC's cost of acquisition for recycled water. (Section 2.22).

5.5 Not Used

5.6 Wheeled, Exchanged or Transfer Water

Unless otherwise specified by written agreement with MWDOC, MWDOC shall charge the MWDOC Member Agencies for water wheeled or transferred into the MWDOC service area in accordance with the Water Rate Resolution

5.7 Deliveries to Which Rates Not Applicable.

The rates for the various classes of service of water established by this Section 5 shall not apply to water sold and delivered by MWDOC to any purchaser other than a MWDOC Member Agency; and said rates shall not apply to water sold and delivered by MWDOC for any use outside MWDOC, or to water sold and delivered by MWDOC for any use within MWDOC in substitution for water used outside MWDOC, regardless of whether or not such water will be purchased by, or delivered pursuant to the order of, any MWDOC Member Agency; but such water shall be sold and delivered pursuant to such contract and upon such terms and conditions as the Board shall authorize and determine for each such transaction.

5.8 Rates Subject to Applicable Law.

All sales and deliveries of water in classes established by Section 5 shall be subject to all applicable statutes and administrative regulations, including the Metropolitan Water District of Southern California Administrative Code, as they may be amended from time to time, and to any current MWDOC policies.

SECTION 6. ESTIMATES OF WATER REQUIREMENTS, SCHEDULES OF DELIVERIES AND CERTIFICATION:

6.1 General. Each year or at such time as the General Manager may specify, each MWDOC Member Agency shall furnish MWDOC, in a form provided by MWDOC, a five-year estimate of the amounts of water to be furnished to such MWDOC Member Agency by MWDOC, and an estimate of the quantity of water anticipated to be obtained from local sources to meet MWDOC Member Agency needs. The estimate shall constitute the MWDOC Member Agency's request for deliveries for the first of the five years covered therein.

6.2 Contents of Estimates and Certification.

6.2.1 Each estimate furnished by a Member Agency pursuant to Section 6.1 shall contain, as a minimum, for each service connection and for each month of the fiscal year beginning with the succeeding July 1, and for the entire MWDOC Member Agency for each month of the succeeding four fiscal years, the following information:

(a) The quantity of treated and untreated water to be delivered by MWDOC to the MWDOC Member Agency in Full Service.

~~(b) The quantity of water to be delivered by MWDOC to the MWDOC Member Agency in Replenishment Service, broken down between groundwater and reservoir storage.~~

6.3 Obligations in Event of Shortage.

The Board may provide for a method of allocation of available supplies as the Board may determine necessary, through adoption of a Water Supply Allocation Plan (WSAP) for all classes of service. —MWDOC shall provide any notice required by law for implementation of a reduction or interruption of any class or classes of service; however, no additional or special notice shall be required for any particular class of service as a condition of implementing a reduction or interruption of service.

SECTION 7. BILLING AND PAYMENT, CERTIFICATIONS AND REPORTING OF WATER SALES AND TRANSFERS

7.1 Billing Schedule. The MWDOC Member Agencies shall be billed for water delivered and for other charges as provided by resolution of the Board.

7.2 Delinquent Payment. In the event any MWDOC Member Agency which receives deliveries of water from MWDOC is delinquent in payment of bills for water rates and charges, an additional charge equal to two percent (2%) of such delinquent amount shall be assessed to the MWDOC Member Agency for each month or fraction thereof in

which the delinquent amount is not paid. Notwithstanding the above, if the total period of delinquency does not exceed five (5) business days, the additional charge shall be equal to one percent (1%) of such delinquent payment. Invoices for delinquencies, including additional charges, shall be mailed within 5 days of delinquency.

Additional charges provided herein for delinquent payments may be waived by the Board upon written request by the MWDOC Member Agency upon a finding that the delinquency was caused by excusable neglect or circumstances beyond the control of the MWDOC Member Agency, provided that the delinquent Member Agency reimburses MWDOC for all costs and penalties actually incurred by MWDOC as a result of the delinquent payment. In the event that any MWDOC Member Agency which receives deliveries of water from MWDOC shall be delinquent for more than thirty (30) days in the payment of billings for MWDOC's charges, the Board, in its discretion and upon other conditions as it may prescribe, after giving the MWDOC Member Agency a twenty-day (20-day) notice in writing of such delinquency and of the right to request a hearing on the matter, and after such hearing, if requested, may order the termination of water service to such agency until all delinquent payments, including additional charges, are made to MWDOC, and may authorize such other action as may be appropriate.

7.3 Certification of Retail Meters. On or before the first day of March of each year, each of MWDOC's Member Agencies shall certify the number of retail water service meters that were "in service" (see 2.4.1) within the territory of each agency which is within MWDOC as of January 1st of that year on a form provided by MWDOC. The number of

meters specified thereon shall be subject to MWDOC confirmation and shall be used to calculate billings for MWDOC's Retail Meter Charge.

7.4 Disputed Bills. If a MWDOC Member Agency disputes the amount of any billing, the MWDOC Member Agency shall pay the disputed bill. Corrections to the billing, if deemed necessary, shall be made on the succeeding month's water bill without interest.

7.5 Year-End Reconciliation. Billing for all water delivered by MWDOC to a MWDOC Member Agency ~~that requires annual reconciliation in any Replenishment Service or other MWDOC or Metropolitan water programs~~ (unless otherwise specified by agreement) shall be subject to a reconciliation after the close of each fiscal year to determine what quantity of water qualifies for the ~~pricing discount or incentive~~ or penalty. Adjustment will be made to previous billings based upon the reconciliation and the MWDOC Member Agency will be billed or given a credit for the difference.

7.6 Certifications. In the event water is delivered to a MWDOC Member Agency under ~~the Replenishment Service-a~~ classification of delivery of water that requires certification for other than direct groundwater replenishment purposes, the MWDOC Member Agency must submit the required certifications, in a format provided by MWDOC, documenting the quantity of water used for such purposes.

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7.8 Reporting of Water Transfers or Exchanges. Transfers or exchanges of imported water between MWDOC Member Agencies affecting the calculation of the RTS Charge or other charges imposed by Metropolitan or MWDOC must be reported by the

member agency to MWDOC within sixty (60) days following the month of delivery, in order to qualify for an adjustment of the RTS Charge or other charges.

SECTION 8. WATER ~~WHEELING, EXCHANGES AND TRANSFERS, CONSERVATION AND EQUITABLE ALLOCATION OF COST SAVINGS:~~

8.1 Water Wheeling, Exchanges and Transfers~~Agreements~~ that will result in water being delivered into MWDOC's service area and that are entered into between two or more MWDOC Member Agencies or entities within the District, or between a MWDOC Member Agency and an entity outside the District, will be subject to MWDOC's consent. ~~consent if the MWDOC Board determines (1) such exchange agreements would result in a significant detriment to any MWDOC Member Agency or area within MWDOC's service area, or (2) such exchange agreements would detrimentally affect MWDOC with respect to its purchases of Metropolitan water and related charges and/or payment of Metropolitan's Readiness to Serve Charge or Capacity Charge.~~

SECTION 9. ~~Not Used~~SUPERCEDES PRIOR RESOLUTIONS. All ordinances, resolutions or administrative actions by the Board, or parts thereof that are inconsistent with any provision of this Ordinance are hereby superceded only to the extent of such inconsistency.

SECTION 10. SEVERABILITY:

If any provision of this Ordinance is for any reason held to be unlawful, such decision shall not affect the remaining portions of the Ordinance. The Board of Directors

hereby declares that it would have passed each and every section and each and every phrase thereof irrespective of the fact that one or more provisions be declared invalid.

SECTION 11. EFFECTIVE DATE:

This Ordinance shall be effective July 1, ~~2014~~~~2014~~. Said Ordinance was adopted, on roll call, by the following vote:

AYES: Directors ~~Clark, Dick, Finnegan, Hinman & Royce~~

NOES: None

ABSENT: Directors ~~Barbre and Thomas~~

ABSTAIN: None

I certify the foregoing is a true and correct copy of Ordinance No. 51, adopted by the Board of Directors at its meeting held on ~~May~~~~June 15, 21, 2014~~~~2014~~.

Maribeth Goldsby,
District Secretary

ORDINANCE NO 52

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ESTABLISHING CLASSES OF WATER SERVICE AND
TERMS AND CONDITIONS OF WATER SERVICE
WITHIN THE DISTRICT**

WHEREAS, Municipal Water District of Orange County (hereinafter "MWDOC") is a member agency of the Metropolitan Water District of Southern California (hereinafter "Metropolitan") and the sole purveyor of imported water purchased from Metropolitan to retail water agencies and municipalities within MWDOC's service area; and

WHEREAS, MWDOC is authorized and directed by §71616 of the Water Code of the State of California to establish water rates and charges for the sale of such 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, Metropolitan has established classes of service for water service available to MWDOC consisting of Treated and Untreated Full Service, and rates, charges and conditions of service applicable to each class of water service as set forth in the Metropolitan Water District Administrative Code; and

WHEREAS, on March 12, 2002, Metropolitan adopted a revised rate structure to become effective January 1, 2003, which eliminated or changed the method of calculation of various existing charges and added new charges for water service, consisting of a two tier water supply rate, and separate unbundled charges for system

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access, water stewardship, system power, water treatment; and a new charge for capacity, in addition to Metropolitan's existing Readiness-to-Serve Charge, which is imposed on MWDOC as a condition of receiving water deliveries from Metropolitan; and,

WHEREAS, Metropolitan also took action in 2002 to eliminate Metropolitan's New Demand Charge, Connection Maintenance Charge, and Short Term Seasonal Storage (seasonal shift) rates effective January 1, 2003; and

WHEREAS, in 2002 and 2003, the MWDOC Administration and Finance Committee and the Board of Directors of MWDOC reviewed several options for implementation of Metropolitan's rates within MWDOC's service area; and

WHEREAS, MWDOC's 2001 Strategic Plan and the 2010 Update emphasizes MWDOC's role in pursuing a regional approach to providing a reliable water supply to the residents of MWDOC and Orange County; and

WHEREAS, in 2008 Metropolitan approved a phase-out provision in its Interim Agricultural Water Program (IAWP) for member agencies that participated in the IAWP, including MWDOC, as a result of severe limitations on Metropolitan water supplies due in part to Bay-Delta pumping restrictions; and

WHEREAS, in 2012 Metropolitan took action to discontinue the Replenishment Service Program and rates effective January 1, 2013 in response to significant increases to regional storage capacity (accomplished by and in coordination with Metropolitan's

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Member Agencies), concerns about the Program's effectiveness, and issues regarding regional equity; and

WHEREAS, the MWDOC Board views MWDOC's service area (and Orange County) as a single economic unit in which water supply reliability in one area of the County has an economic impact to the entire County; and

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

WHEREAS, the Board of Directors of MWDOC desires to establish classes of water service that will enable MWDOC to fix water rates and charges that will cover MWDOC's cost of water and other operating expenses including financial requirements; and

WHEREAS, the Board of Directors of MWDOC desires to adopt terms and conditions for the provision of the various classes of water service and to establish water rates and charges for such classes of service to be imposed by resolution periodically; and

WHEREAS, Orange County Water District ("OCWD") has agreed to pay, (on behalf of its member agencies) an incremental rate on water delivered by MWDOC which directly or indirectly results in groundwater replenishment; and

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WHEREAS, on January 17, 2001, MWDOC was consolidated with the Coastal Municipal Water District ("Coastal") into a single agency which comprises the combined territories formerly within Coastal and MWDOC. The combined agency is referred to herein as Municipal Water District of Orange County or "MWDOC," and the territory within the former Coastal Municipal Water District is referred to herein as "Coastal."

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors subject to the provisions set forth herein that Ordinance No. 51 is hereby repealed and superseded and this Ordinance No. 52 is adopted and enacted as follows:

SECTION 1. SCOPE:

- 1.1 This Ordinance establishes classes of water service, the terms and conditions for water delivery by MWDOC to customers of the District, and "CHOICE" services as defined herein. This Ordinance shall apply to customers of MWDOC after the effective date of the Ordinance.
- 1.2 General definitions are set forth in Section 2. Definitions concerning Rates are set forth in Section 3. Definitions for Charges are set forth in Section 4.

SECTION 2. DEFINITIONS:

- 2.1 Whenever used in this Ordinance, the following terms shall have the meaning indicated herein:
- 2.2 "Board" shall mean the Board of Directors of Municipal Water District of Orange County.

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2.3 "MWDOC" shall mean the Municipal Water District of Orange County.

2.4 "MWDOC Member Agency" shall mean any city, county, water district, county water board, mutual water company, investor owned utility or other entity including a joint powers agency which receives water from MWDOC, directly or indirectly (excepting the cities of Anaheim, Fullerton and Santa Ana), the corporate area of which, in whole or in part, is included in MWDOC.

2.4.1 "Retail Water Meter" or "Retail Water Measuring Device" shall mean a water meter, or water measuring device, through which water, other than replenishment, construction and recycled water, directly or indirectly supplied by MWDOC, is delivered to any consumer within the boundaries of each MWDOC Member Agency or customer. Retail Water Meters are considered to be "in service" if they were used at any time within the preceding calendar year. Meters on dedicated fire lines shall not be considered as being "in service"; retail meters not being utilized due to temporary interruption as a result of a change in service or a past due account shall be considered as being "in service."

2.5 "Customer" shall mean any MWDOC Member Agency or other purchaser of water or services from MWDOC and shall include the cities of Anaheim, Fullerton and Santa Ana.

2.6 "General Manager" shall mean the General Manager of MWDOC.

2.7 "Groundwater Basin" shall mean any managed groundwater basin located entirely or partially within the boundaries of MWDOC.

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2.7.1 "Groundwater Basin Manager" shall mean the agency that manages a groundwater basin.

2.8 "State" shall mean the State of California.

2.9 "Metropolitan" shall mean the Metropolitan Water District of Southern California.

2.10 "Treated Water" shall mean water that is treated at any Metropolitan water treatment facility.

2.11 "Untreated Water" shall mean water that is not treated water.

2.12 "Imported Water" shall mean water which is acquired by MWDOC from Metropolitan, except for recycled water.

2.13 "Surface Water" shall mean water which is not groundwater or recycled water.

2.14 "Domestic and Municipal Purposes" shall mean the use of water for all domestic, municipal, commercial, industrial, and recreational purposes commonly, but not exclusively, serviced by the water supply of a city, town, or other similar population group.

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2.16 "Groundwater Replenishment" shall mean the act of spreading or injecting water or causing water to be spread or injected, and utilizing imported water in-lieu of producing groundwater for the purpose of replenishing natural groundwater basins, without regard to the subsequent use of such water.

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2.16.1 "Groundwater Replenishment by Spreading or Injecting" shall mean groundwater replenishment that results from the act of spreading or injecting water, and shall not include water used for Seawater Barrier Groundwater Replenishment.

2.16.2 "Seawater Barrier Groundwater Replenishment" shall mean groundwater replenishment by injection of water for the principal purpose of maintaining groundwater barriers designed and intended to avoid the contamination of groundwater storage basins by the intrusion of seawater.

2.16.3 "In-lieu groundwater replenishment" shall mean maintenance or replenishment of water supplies in groundwater basins by reduction or elimination of extraction therefrom through the substitution of deliveries of water to customers and their consumers from imported water distribution facilities in-lieu of such extraction.

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2.20 "Full Service" shall mean service of water for domestic or municipal purposes, agricultural purposes and groundwater replenishment purposes that is not subject to reduction or interruption except by application of the preferential rights referred to in Section 135 of the Metropolitan Water District Act or by application of the then effective

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MWDOC Water Supply Allocation Plan (WSAP) or other shortage allocation plan as adopted by the Board.

2.21 "Emergency service" shall mean service of water when a determination has been made by the General Manager that serious hardship would result to a MWDOC Member Agency in the event of the MWDOC Member Agency's inability to sustain all or any part of a reduction or interruption in the delivery of water to the extent and for the time mandated by the Board pursuant to Section 6.3 and such inability results from a cause other than an unforeseeable catastrophic event or loss of water supplies from sources other than MWDOC, or due to circumstances determined by the General Manager to be exceptional. If the inability to sustain an interruption is determined by the General Manager to be due to a catastrophic event, loss of water source or exceptional circumstances, then the water service provided to avoid hardship shall be treated as Full Service.

2.22 "Recycled water," which is sometimes referred to as sub-potable water, is water that does not meet criteria established by the State Department of Health Services for domestic use, and shall mean wastewater which has been collected in a sanitary sewer system and treated within a water reclamation plant or is untreated low quality water extracted from groundwater basins, both types of water being suitable for selected non-potable uses.

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2.25 "Summer period" shall mean May 1 through September 30 of a calendar year.

2.26 "Fiscal year" shall mean the period which commences July 1 of each calendar year and ends June 30 of the following calendar year.

2.27 "Eight-Year Average" shall mean the adjusted average quantity of groundwater replenishment water deliveries used to calculate the total amount of MWDOC's Incremental Rate to be charged to OCWD for groundwater replenishment and in-lieu replenishment which shall be a fixed charge in addition to the acquisition cost of replenishment deliveries. The Eight-Year Average is calculated for each fiscal year as the average of all groundwater replenishment deliveries to the OCWD basin, including in-lieu replenishment to OCWD, Coastal (prior to January 17, 2001) and the cities of Anaheim, Fullerton and Santa Ana for the preceding eight years, adjusted to exclude the percentage of such deliveries attributable to the cities of Anaheim, Fullerton and Santa Ana calculated on the basis of proportionate production of groundwater from the OCWD basin. The purpose of the calculation is to exclude the 3 Cities' share of replenishment deliveries from MWDOC's Incremental Rate, whether acquired by the Cities directly or by OCWD, because as members of Metropolitan, the three Cities should not be subject to MWDOC's incremental rate.

The Eight-year Average is calculated as follows:

1. The Unadjusted Eight-Year Average is the average annual total of all seawater barrier, direct and in-lieu replenishment deliveries, for the benefit

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of the OCWD basin, from Metropolitan to MWDOC, Coastal (prior to January 17, 2001), and the cities of Anaheim, Fullerton and Santa Ana (3 Cities) for the preceding eight years. (Note: This amount includes replenishment water ultimately purchased or stored by OCWD through MWDOC).

2. The 3 Cities Groundwater Production Average is the average annual combined groundwater production, and in-lieu replenishment deliveries taken by the 3 Cities within the OCWD basin for the preceding eight years.
3. The Total Basin Production Average is the average annual total groundwater production, and in-lieu replenishment deliveries within OCWD's jurisdiction for the preceding eight years.
4. The 3 Cities Production Percentage is the 3 Cities Groundwater Production Average divided by the Total Basin Production Average.
5. The Eight-Year Average is calculated by reducing the Unadjusted Eight-Year Average by the 3 Cities Production Percentage of the total OCWD basin production attributable to groundwater production by the 3 Cities.
6. The Eight-Year Average will be calculated prior to July 1 of each year using the final delivery and production data for the preceding eight full fiscal years, i.e., data for the year in which the calculation is made will not be used because such data would not be available until after the close of the fiscal year.

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2.28 "New AMP Connection" shall mean a service connection to the Allen-McColloch Pipeline requested by a MWDOC Member Agency which is not a party to the Agreement for Allocation of Proceeds of Sale of the Allen-McColloch Pipeline.

2.29 "Metropolitan Readiness-to-Serve Charge" or "Metropolitan RTS Charge" shall mean the total monetary charge imposed by Metropolitan on MWDOC and collected either (1) by Metropolitan as a standby charge on property within MWDOC's boundaries or (2) directly from MWDOC.

2.30 "Net Metropolitan Readiness-to-Serve Charge" or "Net Metropolitan RTS Charge" shall mean that portion of the Metropolitan Readiness-to-Serve Charge which is not collected as a standby charge on property within MWDOC's boundaries, which is billed by Metropolitan directly to MWDOC, and which, if no standby charge is levied, shall constitute the entire RTS Charge.

2.31 "MWDOC Member Agency Readiness-to-Serve Charge" or "MWDOC Member Agency RTS Charge" shall mean the apportionment of the Net Metropolitan RTS Charge to the MWDOC Member Agencies based upon the rolling average water sales, as may be established from time to time by the MWDOC Board.

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2.37 "MWDOC Water Supply Allocation Plan (WSAP)" shall mean a plan, established by the Board of Directors, to allocate water among the MWDOC agencies during times of water shortage.

2.38 "CHOICE" services (as distinguished from "Core" services imposed on all Member Agencies) shall mean those services made available by MWDOC to its Customers on an elective basis. Each Customer will make a decision whether and to what extent it will engage the services and participate in the activities (depending on the nature of the services and the manner in which they are charged).

2.39 "Water Rate Resolution" shall mean a Resolution adopted by MWDOC periodically at the discretion of the Board that establishes MWDOC's water rates and other charges.

SECTION 3. MWDOC's WATER RATE:

The water rate shall be established in an amount that, in combination with revenues from other charges collected by MWDOC, will result in revenues sufficient for the purposes set forth in §71616 of the California Water Code. The water rate shall include components for:

- (a) The cost of acquisition of water or wheeling service (i.e. for water acquired from Metropolitan, the cost of acquisition would include, a per acre foot

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rate based on a melding of Metropolitan's Tier 1 and Tier 2 supply rates, plus Metropolitan's System Access Charge, Capacity Charge (if collected as a water rate, otherwise cost will be recovered at time the Capacity Charge is assessed annually), Water Stewardship Rate, System Power Rate, and, for treated water deliveries, Metropolitan's Treatment Surcharge); including other Metropolitan rates, charges, fees, penalties and other applicable charges to MWDOC; and

(b) An incremental water rate (hereinafter MWDOC's Incremental Rate) applied per acre-foot of water delivered by MWDOC (except as to direct and in-lieu groundwater replenishment deliveries to OCWD, in which case MWDOC's Incremental Rate shall be a fixed annual charge calculated in accordance with Section 2.27); and

(c) Retail Meter Charge - An annual basic rate for each retail water meter (as defined in Section 2.4.1) served by a MWDOC Member Agency which is "in service" as of January 1 of each year (hereinafter referred to as "MWDOC's Retail Meter Charge").

MWDOC's Retail Meter Charge shall be set to generate revenue that, in combination with revenues derived from MWDOC's Incremental Rate, shall cover MWDOC's operating expenses and financial requirements, including reserves.

(d) AMP Surcharge. A per acre-foot surcharge on water delivered through the Allen-McColloch Pipeline ("AMP Surcharge") to cover repair, maintenance and operation costs for the Allen-McColloch Pipeline to the extent

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such costs are not fully assumed and paid by Metropolitan, pursuant to the Agreement for Sale and Purchase of the Allen-McColloch Pipeline.

The Board shall establish said rates and charges by resolution and shall adjust said rates and charges by resolution periodically as determined appropriate by the Board in its discretion. Written notice of the proposed establishment or amendment of rates and charges and the amounts and details thereof shall be given to all member agencies not less than 10 days prior to the meeting at which such resolution will be considered.

SECTION 4. OTHER CHARGES:

In addition to the water rate provided in Section 3, each MWDOC Member Agency shall be assessed charges as follows:

4.1 MWDOC Readiness-to-Serve Charge - an annual charge which shall be assessed to each MWDOC Member Agency and calculated as described in the rate resolution adopted pursuant to this Ordinance.

4.2 MWDOC Capacity Charge – Beginning in Calendar Year 2003 the MWDOC Capacity Charge was recovered by a water rate applied to purchases of Full Service water and water wheeling service sufficient to recover MWDOC's cost of Capacity Charges incurred from Metropolitan. Beginning in Calendar Year 2007, the MWDOC Capacity Charge is assessed to each MWDOC Member Agency on the basis of recent historic peak day capacity usage (including capacity usage for Full Service

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and Wheeling as a fixed charge on each Member Agency calculated on such past peak day usage, as described in the rate resolution adopted pursuant to this Ordinance).

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4.4 The MWDOC Readiness-to-Serve Charge and the MWDOC Capacity Charge shall be set by the Board by resolution and shall be established at a level which, in the judgment of the Board, will yield revenues sufficient to cover the charges imposed by Metropolitan upon MWDOC under Metropolitan's rates and charges for water service, provided that MWDOC's charges may provide for collection in advance of expected invoice by Metropolitan and provide for a reasonable excess to cover variations in the amount of Metropolitan's charges that cannot be calculated in advance.

4.5 AMP Connection Charge

(a) As a condition to the approval for any request for a New AMP Connection, the agency requesting the New AMP Connection shall pay, in addition to the cost of constructing the service connection and all costs and fees imposed by Metropolitan, a connection charge (AMP Connection Charge). The AMP Connection Charge shall be calculated upon the maximum potential flow through the requested service connection, multiplied by the average unreimbursed 1993 replacement cost, less depreciation of a cubic foot per second (cfs) of capacity at all points along the AMP, calculated to be \$109,700 per cfs, and that price shall be escalated from 1993 to the year in which the readjustment is made at the annual

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interest rate of 4.0% and payment shall be made in cash at the time of the readjustment.

(b) The proceeds of AMP Connection Charges collected by MWDOC shall be used to reimburse those MWDOC Member Agencies and those agencies outside MWDOC's service area which acquired leasehold interests in the AMP, prior to the sale of the AMP to Metropolitan, for a portion of their acquisition costs, which were not recovered through the sale of the AMP to Metropolitan, in proportion to their cfs-foot ownership in the AMP system.

(c) The AMP Connection Charge shall terminate and shall not be applied to any New AMP Connections requested after Metropolitan completes a project which augments the capacity of the AMP in any amount. Notwithstanding the foregoing, an agency that has requested and obtained a new connection to the AMP shall not be entitled to reimbursement of all or any portion of the AMP Connection Charges already paid, by reason of Metropolitan's subsequent augmentation of the AMP.

(d) The payment of the AMP Connection Charge shall not entitle the agency requesting the New AMP Connection to any rights or benefits under the Agreement for Allocation of Proceeds of Sale of the Allen-McColloch Pipeline, nor to any portion of the payments to be made by Metropolitan in consideration of the sale of the Allen-McColloch Pipeline, nor to any interest in the AMP Facilities.

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- 4.6 Charges for CHOICE services. The categories, budget levels and methodology for allocating the costs to MWDOC's Customers for CHOICE services shall be set each year by the Board in its adoption of the Water Rate Resolution.

SECTION 5. CLASSES OF SERVICE:

The rates per acre-foot for water sold and delivered for each class of service on order of any MWDOC Member Agency for use therein shall be as established from time to time by resolution of the Board. The classes of service for water are as follows:

5.1 Full Service (for domestic and municipal purposes, agricultural service, and for groundwater replenishment) as defined in Section 2.20.

5.2 Emergency Service as defined in Section 2.21.

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5.4 Recycled Water (for selected non-potable uses). MWDOC's Incremental Rate shall not be applied to water delivered to a Member Agency in this class of service; instead such water shall be sold at MWDOC's cost of acquisition for recycled water. (Section 2.22).

5.5 Not Used

5.6 Wheeled, Exchanged or Transfer Water

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Unless otherwise specified by written agreement with MWDOC, MWDOC shall charge the MWDOC Member Agencies for water wheeled or transferred into the MWDOC service area in accordance with the Water Rate Resolution

5.7 Deliveries to Which Rates Not Applicable.

The rates for the various classes of service of water established by this Section 5 shall not apply to water sold and delivered by MWDOC to any purchaser other than a MWDOC Member Agency; and said rates shall not apply to water sold and delivered by MWDOC for any use outside MWDOC, or to water sold and delivered by MWDOC for any use within MWDOC in substitution for water used outside MWDOC, regardless of whether or not such water will be purchased by, or delivered pursuant to the order of, any MWDOC Member Agency; but such water shall be sold and delivered pursuant to such contract and upon such terms and conditions as the Board shall authorize and determine for each such transaction.

5.8 Rates Subject to Applicable Law.

All sales and deliveries of water in classes established by Section 5 shall be subject to all applicable statutes and administrative regulations, including the Metropolitan Water District of Southern California Administrative Code, as they may be amended from time to time, and to any current MWDOC policies.

**SECTION 6. ESTIMATES OF WATER REQUIREMENTS, SCHEDULES OF
DELIVERIES AND CERTIFICATION:**

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6.1 General. Each year or at such time as the General Manager may specify, each MWDOC Member Agency shall furnish MWDOC, in a form provided by MWDOC, a five-year estimate of the amounts of water to be furnished to such MWDOC Member Agency by MWDOC, and an estimate of the quantity of water anticipated to be obtained from local sources to meet MWDOC Member Agency needs. The estimate shall constitute the MWDOC Member Agency's request for deliveries for the first of the five years covered therein.

6.2 Contents of Estimates and Certification.

6.2.1 Each estimate furnished by a Member Agency pursuant to Section 6.1 shall contain, as a minimum, for each service connection and for each month of the fiscal year beginning with the succeeding July 1, and for the entire MWDOC Member Agency for each month of the succeeding four fiscal years, the following information:

(a) The quantity of treated and untreated water to be delivered by MWDOC to the MWDOC Member Agency in Full Service.

6.3 Obligations in Event of Shortage.

The Board may provide for a method of allocation of available supplies as the Board may determine necessary, through adoption of a Water Supply Allocation Plan (WSAP) for all classes of service. MWDOC shall provide any notice required by law for implementation of a reduction or interruption of any class

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or classes of service; however, no additional or special notice shall be required for any particular class of service as a condition of implementing a reduction or interruption of service.

**SECTION 7. BILLING AND PAYMENT, CERTIFICATIONS AND REPORTING OF
WATER SALES AND TRANSFERS**

7.1 Billing Schedule. The MWDOC Member Agencies shall be billed for water delivered and for other charges as provided by resolution of the Board.

7.2 Delinquent Payment. In the event any MWDOC Member Agency which receives deliveries of water from MWDOC is delinquent in payment of bills for water rates and charges, an additional charge equal to two percent (2%) of such delinquent amount shall be assessed to the MWDOC Member Agency for each month or fraction thereof in which the delinquent amount is not paid. Notwithstanding the above, if the total period of delinquency does not exceed five (5) business days, the additional charge shall be equal to one percent (1%) of such delinquent payment. Invoices for delinquencies, including additional charges, shall be mailed within 5 days of delinquency.

Additional charges provided herein for delinquent payments may be waived by the Board upon written request by the MWDOC Member Agency upon a finding that the delinquency was caused by excusable neglect or circumstances beyond the control of the MWDOC Member Agency, provided that the delinquent Member Agency reimburses MWDOC for all costs and penalties actually incurred by MWDOC as a result of the

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delinquent payment. In the event that any MWDOC Member Agency which receives deliveries of water from MWDOC shall be delinquent for more than thirty (30) days in the payment of billings for MWDOC's charges, the Board, in its discretion and upon other conditions as it may prescribe, after giving the MWDOC Member Agency a twenty-day (20-day) notice in writing of such delinquency and of the right to request a hearing on the matter, and after such hearing, if requested, may order the termination of water service to such agency until all delinquent payments, including additional charges, are made to MWDOC, and may authorize such other action as may be appropriate.

7.3 Certification of Retail Meters. On or before the first day of March of each year, each of MWDOC's Member Agencies shall certify the number of retail water service meters that were "in service" (see 2.4.1) within the territory of each agency which is within MWDOC as of January 1st of that year on a form provided by MWDOC. The number of meters specified thereon shall be subject to MWDOC confirmation and shall be used to calculate billings for MWDOC's Retail Meter Charge.

7.4 Disputed Bills. If a MWDOC Member Agency disputes the amount of any billing, the MWDOC Member Agency shall pay the disputed bill. Corrections to the billing, if deemed necessary, shall be made on the succeeding month's water bill without interest.

7.5 Year-End Reconciliation. Billing for all water delivered by MWDOC to a MWDOC Member Agency that requires annual reconciliation (unless otherwise specified by agreement) shall be subject to a reconciliation after the close of each fiscal year to determine what quantity of water qualifies for the incentive or penalty. Adjustment will be

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made to previous billings based upon the reconciliation and the MWDOC Member Agency will be billed or given a credit for the difference.

7.6 Certifications. In the event water is delivered to a MWDOC Member Agency under a classification of delivery of water that requires certification, the MWDOC Member Agency must submit the required certifications, in a format provided by MWDOC, documenting the quantity of water used for such purposes.

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7.8 Reporting of Water Transfers or Exchanges. Transfers or exchanges of imported water between MWDOC Member Agencies affecting the calculation of the RTS Charge or other charges imposed by Metropolitan or MWDOC must be reported by the member agency to MWDOC within sixty (60) days following the month of delivery, in order to qualify for an adjustment of the RTS Charge or other charges.

SECTION 8. WATER WHEELING, EXCHANGES AND TRANSFERS:

8.1 Water Wheeling, Exchanges and Transfers that will result in water being delivered into MWDOC's service area and that are entered into between two or more MWDOC Member Agencies or entities within the District, or between a MWDOC Member Agency and an entity outside the District, will be subject to MWDOC's consent.

SECTION 9. SUPERCEDES PRIOR RESOLUTIONS. All ordinances, resolutions or administrative actions by the Board, or parts thereof that are inconsistent with any

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provision of this Ordinance are hereby superceded only to the extent of such inconsistency.

SECTION 10. SEVERABILITY:

If any provision of this Ordinance is for any reason held to be unlawful, such decision shall not affect the remaining portions of the Ordinance. The Board of Directors hereby declares that it would have passed each and every section and each and every phrase thereof irrespective of the fact that one or more provisions be declared invalid.

SECTION 11. EFFECTIVE DATE:

This Ordinance shall be effective July 1, 2014. Said Ordinance was adopted, on roll call, by the following vote:

AYES: Directors

NOES: None

ABSENT: Directors

ABSTAIN: None

I certify the foregoing is a true and correct copy of Ordinance No. 51, adopted by the Board of Directors at its meeting held on May 21, 2014.

Maribeth Goldsby,
District Secretary



ACTION ITEM
May 21, 2014

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Hilary Chumpitazi, Accounting Supervisor/Deputy Treasurer

SUBJECT: Annual Review of Investment Policy and Guidelines

STAFF RECOMMENDATION

Staff recommends the Committee: Receive and file Investment Policy Guidelines.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

MWDOC's Administrative Code requires an annual review of this policy. In October 2012, the Board adopted Resolution No. 1942, establishing the District's Investment Policy and Guidelines; attached is the policy.

Staff recommends no changes at this time. A more detailed review will take place during the Administrative Code review.

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

**RESOLUTION NO. 1942
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
INVESTMENT POLICY AND GUIDELINES**

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**RESOLUTION NO. 1942
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
INVESTMENT POLICY AND GUIDELINES
2012**

BE IT RESOLVED by the Board of Director of the Municipal Water District of Orange County that the following is the policy and guidelines of the District for investment of funds and rescinds prior Resolution No. 1907, dated May 18, 2011.

SECTION 2100 - PURPOSE

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

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

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

SECTION 2101 - STATUTORY AND DELEGATED AUTHORITY

Authority to manage the investment of surplus funds is derived from California Government Code Sections 53601, et seq. In accordance with Section 53607 of the Government Code of the State of California, the authority of the Board of Directors to invest public funds may be delegated to the Treasurer.

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. 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 Treasurer shall be responsible for all transactions undertaken and shall establish procedures and a system of internal controls to regulate the activities of subordinate officials.

SECTION 2102 - ORGANIZATION

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

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

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

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

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

SECTION 2103- INVESTMENT PHILOSOPHY

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

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

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

SECTION 2104 - SCOPE

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

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

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

SECTION 2105- INVESTMENT OBJECTIVES

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

Safety of Principal.

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

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

Liquidity

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

Rates of Return

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

SECTION 2106- INVESTMENT POLICY GUIDELINES

MWDOC authorized investments 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 with investment portfolios of \$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% 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.

SECTION 2107 - EXECUTION

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

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

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

SECTION 2108 - PERSONAL CONDUCT

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

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

All persons responsible for investment decisions or who are involved in the management of MWDOC assets shall be governed in their personal investment activities by the codes of

conduct established by the applicable state statutes, the Financial Industry Regulatory Authority (FINRA), the Securities and Exchange Commission, and the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research.

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

SECTION 2109 - REPORTING

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

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

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

SECTION 2110 - GLOSSARY

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

ASKED: The price at which securities are offered.

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

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

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

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

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

brokerage firms act as both brokers and principals, the term broker-dealer is commonly used to describe them.

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

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

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the (*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.

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

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

AYES:	Directors Clark, Dick, Hinman, Osborne & Thomas
NOES:	None
ABSTAIN:	None
ABSENT:	Directors Barbre and Finnegan

I certify the foregoing is a true, full and correct copy of Resolution No.1942 adopted by the Board of Director of Municipal Water District of Orange County at its Regular meeting held on October 17, 2012.

Maribeth Goldsby, District Secretary
Municipal Water District of Orange County



ACTION ITEM
May 21, 2014

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Cathy Harris
Administrative Services Manager

SUBJECT: APPROVE CHANGE TO DISTRICT'S WORKERS COMPENSATION
INSURANCE CARRIER

STAFF RECOMMENDATION

Staff recommends the Board take the following action to change the District's Workers Compensation Insurance carrier:

1. Approve termination of the District's Workers Compensation Insurance with ACWA/JPIA and direct staff to send notification to ACWA/JPIA terminating its Workers' Compensation Insurance, effective July 1, 2014;
2. Adopt a Resolution approving the form of and authorizing the execution of a Sixth Amended and Restated Joint Powers Agreement and authorizing participation in the Special District Risk Management Authority Workers' Compensation Program, effective July 1, 2014; and
3. Adopt a Resolution authorizing application to the Director of Industrial Relations, State of California for a Certificate of Consent to Self-Insure Workers' Compensation Liabilities.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

Budgeted (Y/N): Yes	Budgeted amount: \$96,000	Core _x_	Choice __
Action item amount: \$13,560		Line item: 2000-19-7620	
Fiscal Impact (explain if unbudgeted):			

DETAILED REPORT

In May 2013, the Board reviewed the District's Workers Compensation Insurance program and compared the program costs to the Special District Risk Management Authority's Workers' Compensation Program. Based on its review, the Board determined it would continue with ACWA/JPIA's Workers Compensation Insurance Program for one year and directed staff to notify ACWA/JPIA of the District's intent to withdraw from the Workers Compensation Insurance Program, effective July 1, 2014.

Based on the notification of Intent to Withdraw, the District will need to determine whether it will continue with ACWA/JPIA Workers Compensation Insurance coverage or terminate. The District must notify ACWA/JPIA of its intent by June 1, 2014.

Staff recently requested quotes from ACWA/JPIA and SDRMA for Workers Compensation Insurance coverage. Attachment 1 shows the cost comparison of the two programs. Based on the information, SDRMA's Workers Compensation Program is a cost savings to the District of approximately \$5,522 per year.

Last year when staff was evaluating SDRMA, it provided all of the documentation required for Board approval to Legal Counsel for its review. Attachment 4, acknowledges Legal Counsel's review and comments.

The following are attached for review:

Attachment 1	Cost Comparison
Attachment 2	Resolution approving the form of and authorizing the execution of a Sixth Amended and Restated Joint Powers Agreement and authorizing Participation in the SDRMA Workers' Compensation Program
Attachment 2-1	Sixth Amended and Restated Joint Powers Agreement
Attachment 3	Application to the Director of Industrial Relations, State of California for a Certificate of Consent to Self-Insure Workers' Compensation Liabilities
Attachment 3-1	Resolution approving application to the Director of Industrial Relations, State of California for a Certificate of Consent to Self-Insure Workers' Compensation Liabilities
Attachment 4	Letter regarding legal counsel's review of SDRMA Program

Cost Comparison

Attachment 1

ACWA/JPIA			
Class Code / Classification	Estimated Annual Payroll:	2014-15 Rate	Amount
8742 / Sales and Meter Reader	\$1,167,803	0.0116	\$13,547
8810 / Clerical	\$1,934,681	0.0095	18,379
			31,926
	Economy of Size Discount (10%)		<u>3,193</u>
	Subtotal		28,733
	Multiplier of Ex Mod Factor x 0.77		22,125
	Multiple Program Discount (Worker's Comp Insurance 5%) current year		-1,106
	Multiple Program Discount (Property and Liability insurance 5%): last year's premium		-4,609
	Reduction in discount by removing multiple program discount		<u>2,672</u>
	Estimated Annual Premium		\$19,082

SDRMA			
Class Code / Classification	Estimated Annual Payroll:	2014-15 Rate	Amount
8742 / Sales and Meter Reader	\$1,167,803	0.0059	6,890
8810 / Clerical	\$1,934,681	0.0052	10,060
	Subtotal x Ex Mod of 100%		16,950
	1-15% Credit Incentive Program (CIP) Discount dependent upon participation in Safety and Awareness Programs		-2,543
	Multiple Program Discount (dental)		<u>-847</u>
	Estimated Annual Premium		\$13,560
Difference between ACWA/JPIA and SDRMA			\$5,522

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF Municipal Water District of Orange County
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED AND
RESTATED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL
DISTRICT RISK MANAGEMENT AUTHORITY WORKERS' COMPENSATION PROGRAM**

WHEREAS, Municipal Water District of Orange County, a special district duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), has determined that it is in the best interest and to the advantage of the Agency to participate for at least three full years in the workers' compensation program offered by the Special District Risk Management Authority (the "Authority"); and

WHEREAS, California Government Code Section 6500 *et seq.*, provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, Special District Risk Management Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing its members with risk financing and risk management programs; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus lines broker, or any combination of these; and

WHEREAS, participation in Special District Risk Management Authority programs requires the Agency to execute and enter into a Sixth Amended and Restated Joint Powers Agreement (the "Amended and Restated JPA Agreement"); which states the purpose and powers of the Authority; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AGENCY AS FOLLOWS:

Section 1. Findings. The Agency Board of Directors hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the Agency.

Section 2. Sixth Amended and Restated JPA Agreement. The Amended and Restated JPA Agreement, proposed to be executed and entered into by and between the Agency and members of the Special District Risk Management Authority, in the form presented at this meeting and on file with the Agency Secretary, is hereby approved. The Agency Board and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Authority the Amended and Restated JPA Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Program Participation. The Agency Board of Directors approves participating for three full program years in Special District Risk Management Authority Workers' Compensation Program.

Section 4. Other Actions. The Authorized Officers of the Agency are each hereby authorized and directed to execute and deliver any and all documents which is necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this ____ day of _____, 20____ by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Name

Title

Agency Secretary

**SIXTH AMENDED
JOINT POWERS AGREEMENT**

RELATING TO THE

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Adopted August 1, 1986
1st Amended February 5, 1988
2nd Amended March 31, 1990
3rd Amended July 1, 1993
4th Amended February 9, 1998
5th Amended and Restated
- Approved March 24, 2003
- Effective July 1, 2003
6th Amended October 2, 2007

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**SIXTH AMENDED JOINT POWERS AGREEMENT
RELATING TO THE
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**

THIS SIXTH AMENDED JOINT POWERS AGREEMENT (the “Agreement”) is made and entered into by and among the public agencies (the “Members”) organized and existing under the laws of the State of California, which are signatories to this Agreement.

RECITALS

WHEREAS, California Government Code Section 6500 *et seq.* (the “Act”) provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, California Labor Code Section 3700(c) permits pooling by public agencies of self insurance for Workers’ Compensation liability; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, the parties to this Agreement desire to join together for the purposes set forth in Article 2 hereof, including establishing pools for self-insured losses and purchasing Excess or Re-Insurance and administrative services in connection with joint protection programs (the “Programs”) for members of the California Special Districts Association (“CSDA”); and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so; and

WHEREAS, the Members have previously executed that certain Fifth Amended and Restated Joint Powers Agreement (the “Original JPA”), which Original JPA the Members desire to amend and restate by this Agreement; provided that such amendment and restatement shall not affect the existence of the Authority; and

WHEREAS, CSDA exists to assist and promote special districts, and has been responsible for the original creation of the Special District Risk Management Authority (“Authority”) and Special District Workers Compensation Authority (“SDWCA”), and determined the consolidation of SDWCA and the Authority on July 1, 2003 was in the best interests of special districts and other public agencies throughout the State.

NOW THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

Article 1. Definitions. The following definitions shall apply to the provisions of this agreement:

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented.

“Alliance Executive Council” means the council organized pursuant to the MOU.

“Assessment” means an additional amount, in addition to the Member’s or Former Member’s original contribution, which the Board of Directors determines in accordance herewith and/or with the Bylaws that a Member or Former Member owes on account of its participation in a Program for a given Program year.

“Authority” shall mean the Special District Risk Management Authority created by the original version of this Agreement.

“Board of Directors” or “Board” shall mean the governing body of the Authority.

“Bylaws” means the Bylaws of the Authority adopted by the Board of Directors, as they may be amended from time to time.

“Chief Executive Officer” shall mean that employee of the Authority who is so appointed by the Board of Directors.

“Claim” shall mean a demand made by or against a Member or Former Member which is or may be covered by one of the Programs approved by the Board of Directors.

“Contribution” means the amount determined by the Board of Directors to be the appropriate sum which a Member should pay at the commencement of or during the Program Year in exchange for the benefits provided by the Program.

“Coverage Documents” shall mean the Declarations, Memorandum of Coverages, Coverage Agreements, Endorsements, Policies of Insurance or any other documents that provide the terms, conditions, limits and exclusions of coverage afforded by a Program.

“CSDA” means the California Special Districts Association.

“District” shall mean a special district, public agency or public entity within the State of California which is both a Member of the CSDA and a signatory to this Agreement.

“Duly Constituted Board Meeting” shall mean any Board of Directors meeting noticed and held in the required manner and at which a Quorum was determined to be present at the beginning of the meeting.

“Estimated Contribution” means the amount which the Board of Directors estimates will be the appropriate contribution for a Member’s participation in a Program for a Program Year.

“Excess or Re-Insurance” shall mean that insurance which may be purchased on behalf of the Authority and/or the Members to protect the funds of the Members or Former Members against catastrophic losses or an unusual frequency of losses during a single year in excess of the self-insurance retention maintained by the Authority.

“Fiscal Year” shall mean that period of twelve months which is established as the fiscal year of the Authority.

“Former Member” shall mean a District which was a signatory to the Agreement but which has withdrawn from, or been involuntarily terminated from participating in, the Authority.

“Joint Protection Program” means a Program offered by the Authority, separate and distinct from other Programs, wherein Members will jointly pool their losses and claims, jointly purchase Excess or Re-Insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal and related services.

“Member” shall mean a signatory to this Agreement, which is qualified as a Member under the provisions of this Agreement and the Bylaws.

“MOU” means the Memorandum of Understanding - Alliance Executive Council, dated as of September 20, 2001, among the Authority, CSDA, the CSDA Finance Corporation and SDWCA.

“Program” or “Programs” means the specific type of protection plan as set forth in the terms, conditions and exclusions of the Coverage Documents for self-insured losses, and the purchasing of Excess or Re-Insurance and administrative services.

“Program Year” shall mean a period of time, usually 12 months, determined by the Board of Directors, in which a Program is in effect.

“Retained Earnings,” as used herein, shall mean an equity account reflecting the accumulated earnings of a Joint Protection Program.

“SDWCA” means the Special Districts Workers Compensation Authority, and its successors or assigns.

Article 2. Purposes. This Agreement is entered into by the Members pursuant to the provisions of California Government Code section 990, 990.4, 990.8 and 6500 *et seq.* in order to provide, subject to the provisions of the Coverage Documents, economical public liability and workers’ compensation coverage, or coverage for other risks which the Board of Directors may determine.

Additional purposes are to reduce the amount and frequency of losses, and to decrease the cost incurred by Members in the handling and litigation of claims. These purposes shall be

accomplished through the exercise of the powers of such Members jointly in the creation of a separate entity, the Special District Risk Management Authority (the “Authority”), to establish and administer Programs as set forth herein and in the Bylaws.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion, at a subsequent date, and subject to approval by the Board of Directors, of such additional Members organized and existing under the laws of the State of California as may desire to become parties to the Agreement and Members of the Authority.

Article 3. Parties to Agreement. Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories to this Agreement and, in addition, with such other parties as may later be added as parties to and signatories of this Agreement pursuant to Article 18. Each party to this Agreement also certifies that the withdrawal from or cancellation of membership by any Member, pursuant to Articles 19 and 20 or otherwise, shall not affect this Agreement nor such party’s intent, as described above, to contract with the other remaining parties to the Agreement.

Article 4. Term of Agreement. This Agreement shall become effective as to existing Members of the Authority as set forth in Article 33 hereof. This Agreement shall continue thereafter until terminated as hereinafter provided. This Agreement shall become effective as to each new Member upon: (i) approval of its membership by the Board of Directors, (ii) the execution of this Agreement by the Member, and (iii) upon payment by the Member of its initial Contribution for a Program. Any subsequent amendments to the Agreement shall be in accordance with Article 27 of this Agreement.

Article 5. Creation of Authority. Pursuant to the Act, there is hereby created a public entity separate and apart from the parties hereto, to be known as the Special District Risk Management Authority. Pursuant to Section 6508.1 of the Act, the debts, liabilities and obligations of the Authority, including but not limited to, debts, liabilities and obligations of any of the Programs shall not constitute debts, liabilities or obligations of any party to this Agreement or to any Member or Former Member.

The Authority is not an insurer, and the coverage programs offered by the Authority do not provide insurance, but instead provide for pooled joint protection programs among the members of the Authority. The Joint Protection Programs offered by the Authority constitute negotiated agreements among the Members which are to be interpreted according to the principles of contract law, giving full effect to the intent of the Members, acting through the Board of Directors in establishing the Programs.

Article 6. Powers of Authority. (a) The Authority shall have all of the powers common to Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

- (1) to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former

Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;

- (2) to accept an assignment from SDWCA of all its assets, obligations and liabilities prior to the dissolution of SDWCA (including claims and contracts in existence prior to such dissolution) in order to benefit the Members or Former Members participating in the SDWCA workers compensation program; provided, that except for the fair and equitable allocation of administrative and overhead expenses, funds from such assignment shall not be co-mingled and shall be separately accounted for as provided for in this Agreement and the Bylaws.
- (3) to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;
- (4) to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- (5) to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- (6) to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities
- (7) to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- (8) to employ agents and employees, and/or to contract for such services;
- (9) to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- (10) to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- (11) to sue and be sued in its own name;
- (12) to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act; and
- (13) to exercise all powers and perform all acts as otherwise provided for in the Bylaws.

(b) Said powers shall be exercised pursuant to the terms hereof, in the manner provided by law and in accordance with Section 6509 of the Act. The foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the Member or Former Member designated in the Bylaws.

Article 7. Board of Directors. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by, and its property controlled and its affairs conducted by, the Board of the Authority, which is hereby established and designated as the agency to administer this Agreement pursuant to Section 6506 of the Act. The powers of the Authority shall be exercised through the Board of Directors, who may, from time to time, adopt and modify Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper. The officers of the Board shall be as set forth in the Bylaws.

So long as the MOU has not been terminated or the Authority has not withdrawn from the MOU, the Board of Directors shall be composed of seven (7) directors elected by the Member entities who have executed the current operative Agreement and are participating in a Joint Protection Program. The terms of directors, procedures for election of directors, procedures for meetings and provisions for reimbursement of Director expenses shall be as set forth in the Bylaws. Each Member of the Board of Directors shall have one vote. Each Member of the Board shall serve as set forth in the Bylaws.

So long as the Authority is a participant in the MOU, the Board of Directors of the Authority shall appoint three (3) members of its board to serve as members of the Alliance Executive Council. No member of the Board of Directors of the Authority shall serve as a director on any other board of directors of an entity or organization that is a signatory to the MOU during the term of the MOU. In the event a director is elected to such a board, that director shall immediately resign from the Board of Directors of the Authority.

In the event SDRMA withdraws from the MOU, the Board of Directors of the Authority shall consist of those seven (7) Directors who hold seats on the Authority's Board of Directors at the time of the withdrawal and who were duly appointed by the Board, or elected or re-elected by the Member entities of SDRMA plus the additional directors appointed by CSDA as provided in Article 25.

Article 8. Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 *et seq.*

Article 9. Powers of the Board of Directors. The Board of Directors shall have such powers and functions as provided for pursuant to this Agreement and the Bylaws and such additional powers as necessary or appropriate to fulfill the purposes of this Agreement and the Bylaws, including, but not limited to, the following:

- (a) to determine details of and select the Program or Programs to be offered, from time to time, by the Authority;

- (b) to determine and select all insurance, including Excess or Re-insurance, necessary to carry out the programs of the Authority;
- (c) to contract for, develop or provide through its own employees various services for the Authority;
- (d) to prepare or cause to be prepared the operating budget of the Authority for each fiscal year;
- (e) to receive and act upon reports of committees and from the Chief Executive Officer;
- (f) to appoint staff, including a Chief Executive Officer, and employ such persons as the Board of Directors deems necessary for the administration of this Authority;
- (g) to direct, subject to the terms and conditions of the Coverage Documents, the payment, adjustment, and defense of all claims involving a Member during their period of membership in and coverage under a Program;
- (h) to fix and collect Contributions and Assessments for participation in the Programs;
- (i) to expend funds of the Authority for the purpose of carrying out the provisions of the Agreement and the Bylaws as they now exist or may be hereafter amended;
- (j) to purchase excess insurance, liability insurance, stop loss insurance, officers and directors liability insurance, and such other insurance as the Authority may deem necessary or proper to protect the Program, employees of the Authority and employees of the Members;
- (k) to defend, pay, compromise, adjust and settle all claims as provided for in the Coverage Documents;
- (l) to obtain a fidelity bond in such amount as the Board of Directors may determine for any person or persons who have charge of or the authority to expend funds for the Authority;
- (m) to establish policies and procedures for the operation of the Authority and the Programs;
- (n) to engage, retain, and discharge agents, representatives, firms, or other organizations as the Board of Directors deems necessary for the administration of the Authority;
- (o) to enter into any and all contracts or agreements necessary or appropriate to carry out the purposes and functions of the Authority;

- (p) to acquire, hold, lease, manage and dispose of, as provided by law, any and all property necessary or appropriate to carry out the purposes and functions of the Authority;
- (q) to transact any other business which is within the powers of the Board of Directors;
- (r) to invest funds on hand in a manner authorized by law, the Agreement and the Bylaws;
- (s) to provide financial administration, claims management services, legal representations, safety engineering, actuarial services, and other services necessary or proper to carry out the purposes of the Authority either through its own employees or contracts with one or more third parties;
- (t) to exercise general supervisory and policy control over the Chief Executive Officer;
- (u) to establish committees and sub-committees as it deems necessary to best serve the interests of the Authority; and
- (v) to have such other powers and functions as are provided for pursuant to the Act, this Agreement or necessary or appropriate to fulfill the purpose of this Agreement and the Bylaws.

Article 10. Officers of the Authority. The officers of the Authority shall be as set forth in the Bylaws. The Board may elect or authorize the appointment of such other officers than those described in the Bylaws as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board, from time to time, may authorize or determine.

Any officer may be removed, either with or without cause, by a majority of the directors of the Board at any regular or special meeting of the Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board may delegate the powers and duties of such office to any officers or to any Members of the Board until such time as a successor for said office has been appointed.

Article 11. Provision for Bylaws. The Board shall promulgate Bylaws to govern the day-to-day operations of the Authority. The Board may amend the Bylaws from time to time as it deems necessary, and as provided in the Bylaws. Each Member shall receive a copy of any Bylaws and agrees to be bound by and to comply with all of the terms and conditions of the Bylaws as they exist or as they may be modified. The Bylaws shall be consistent with the terms of this Agreement. In the event any provision of the bylaws conflicts with a provision of this Agreement, the provision contained in this Agreement shall control.

Article 12. [Reserved].

Article 13. Coverage Programs.

(a) The Authority shall maintain such types and levels of coverage for Programs as determined by the Board of Directors. Such coverage may provide for binding arbitration before an independent arbitration panel of any disputes concerning coverage between the Authority and a Member.

(b) The coverage afforded under one or more Programs may include protection for general liability, auto liability, property, boiler and machinery, public officials errors and omissions, employment practices, employee benefits liability coverage, employee dishonesty coverage, public officials personal liability coverage and workers' compensation, as well as coverage for other risks which the Board of Directors may determine to be advisable. More than one type of coverage may be afforded under a single Program.

(c) The Board of Directors may arrange for group policies to be issued for Members, their board members and employees interested in obtaining additional coverage, at an appropriate additional cost to those participating Members.

(d) The Board of Directors may arrange for the purchase of Excess or Re-Insurance. The Authority shall not be liable to any Member or to any other person or organization if such excess or reinsurance policies are terminated, canceled or non-renewed without prior notice to one or more Members, or if there is a reduction in the type of coverage afforded under a program by reason of any change in coverage in a succeeding excess or reinsurance policy, even if such reduction occurs without prior notice to one or more Members.

Article 14. Implementation of the Programs. The Board of Directors shall establish the coverage afforded by each Program, the amount of Contributions and Assessments, the precise cost allocation plans and formulas, provide for the handling of claims, and specify the amounts and types of Excess or Re-Insurance to be procured. The Contributions and Assessments for each Program shall be determined by the Board of Directors as set forth herein, in the Bylaws or in the operating policies established for a Program.

Article 15. Accounts And Records.

(a) **Annual Budget.** The Authority shall, pursuant to the Bylaws, annually adopt an operating budget, including budgets for each Joint Protection Program.

(b) **Funds and Accounts.** The Authority shall establish and maintain such funds and accounts as required by the Board of Directors and as required by generally accepted accounting principles, including separate funds and accounts for each Program, including Joint Protection Programs. Books and records of the Authority shall be open to any inspection at all reasonable times by authorized representatives of Members, or as otherwise required by law.

(c) **Investments.** Subject to the applicable provisions of any indenture or resolution providing for the investment of moneys held thereunder, the Authority shall have the power to invest any money in the treasury that is not required for the immediate necessities of the Authority, as the Board determines is advisable, in the same manner as local agencies pursuant to

California Government Code Sections 53601 *et seq.* (as such provisions may be amended or supplemented).

(d) **No Commingling.** The funds, reserves and accounts of each Program shall not be commingled and shall be accounted for separately; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be fairly and equitably allocated among Programs as determined by the Board of Directors. Investments and cash accounts may be combined for administrative convenience, but a separate accounting shall be made for balances of individual funds and Program revenues and expenses.

(e) **Annual Audit.** The Board shall provide for a certified, annual audit of the accounts and records of the Authority, in the manner set forth in the Bylaws.

Article 16. Services Provided by the Authority. The Authority may provide, at the sole discretion of the Board of Directors, the following services in connection with this Agreement:

(a) to provide or procure coverage, including but not limited to self-insurance funds and commercial insurance, as well as excess coverage, re-insurance and umbrella insurance, by negotiation or bid, and purchase;

(b) to assist Members in obtaining insurance coverage for risks not included within the coverage of the Authority;

(c) to assist risk managers with the implementation of risk management functions as it relates to risks covered by the Programs in which the Member participates;

(d) to provide loss prevention and safety consulting services to Members;

(e) to provide claims adjusting and subrogation services for Claims covered by the Programs;

(f) to provide loss analysis and control by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles;

(g) to review Member contracts to determine sufficiency of indemnity and insurance provisions when requested;

(h) to conduct risk management audits relating to the participation of Members in the Programs; and

(i) to provide such other services as deemed appropriate by the Board of Directors.

Article 17. Responsibilities of Members. Members or Former Members shall have the following responsibilities, which shall survive the withdrawal from, or involuntary termination of participation in, this Agreement:

(a) Each Member shall designate a person to be responsible for the risk management function within that Member and to serve as a liaison between the Member and the Authority as to risk management.

(b) Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning unsafe practices and/or hazard mitigation.

(c) Each Member shall maintain its own set of records, including a loss log, in all categories of risk covered by each Program in which it participates to insure accuracy of the Authority's loss reporting system, unless it is no longer deemed necessary by the Board of Directors.

(d) Each Member shall pay its Contribution, and any adjustments thereto, and any Assessments within the specified period set forth in the invoice, or as otherwise may be set forth herein or in the Bylaws. After withdrawal or termination, each Former Member or its successor shall pay promptly to the Authority its share of any additional Contribution, adjustments or Assessments, if any, as required of it by the Board of Directors under Article 21 or 22 of this Agreement or the Bylaws.

(e) Each Member or Former Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the Programs under this Agreement in which the Member or Former Member participates or has participated.

(f) Each Member or Former Member shall in any and all ways cooperate with and assist the Authority and any insurer of the Authority, in all matters relating to this Agreement and covered claims.

(g) Each Member or Former Member will comply with all Bylaws, rules and regulations adopted by the Board of Directors.

(h) Each Member shall remain a member in good standing of CSDA.

Article 18. New Members. The Authority shall allow entry into its Programs of new Members only upon approval of the Board, with any conditions or limitations as the Board deems appropriate. In order to become a Member and remain a Member, any District must be a member in good standing of CSDA, shall participate in at least one (1) Joint Protection Program and shall be authorized to exercise the common powers set forth in this Agreement.

Article 19. Withdrawal.

(A) Any Member may voluntarily withdraw from this Agreement only at the end of any applicable Program Year and only if:

- (i) The Member has been a signatory to this Agreement for not less than three (3) full Program Years as of the date of the proposed withdrawal;

- (ii) The Member submits a written withdrawal notification in accordance with the Bylaws;
 - (iii) In order to withdraw from the agreement the member must have completed the three (3) full program year participation requirement for each Joint Protection Program the member participated in at the time of withdrawal.
- (B) Any Member may voluntarily withdraw from any particular Joint Protection Program; and
 - (i) It has participated in such Joint Protection Program for at least three (3) full Program Years;
 - (ii) it is a participant in another Joint Protection Program; and
 - (iii) the Member submits a written withdrawal notification in accordance with the Bylaws.
- (C) In the event that the three year participation requirement as required by (A)(i) or (B)(i) as to any such Joint Protection Program above has not been met, for each Program the withdrawing Member participated in at the time of its withdrawal, for less than three years such withdrawing member shall be obligated to pay all Contributions and Assessments as if that Member had remained in each such Program for the full three years from the inception of its membership in the Authority.
- (D) In the event that the notice is not provided as required by (A)(ii) or (B)(iii) above, any such withdrawing Member shall, with respect to each Program the Member participated in, be obligated to pay any and all Contributions and Assessments for the next full Program Year.
- (E) A Member may withdraw from any Program (other than a Joint Protection Program) as provided by the Coverage Documents relating to such Program.
- (F) Withdrawal of one or more Members shall not serve to terminate this Agreement.
- (G) A Member may not withdraw as a party to this Agreement until it has withdrawn, as provided in the Bylaws from all of the Programs of the Authority.

Article 20. Involuntary Termination.

- (a) Notwithstanding the provisions of Article 19, the Authority shall have the right to involuntarily terminate any Member's participation in any Program, or terminate membership in the Authority, as provided in the Bylaws.
- (b) Notwithstanding any other provisions of this Agreement, the participation of any Member of the Authority, including participation in any of the Authority's Programs, may be involuntarily terminated at the discretion of the Board of Directors whenever such Member is dissolved, consolidated, merged or annexed. A reasonable time shall be afforded, in the

discretion of the Board of Directors, to place coverage elsewhere. Any such involuntary termination shall not relieve the Member or Former Member of its responsibilities as provided for in Articles 17 or 21.

Article 21. Effect of Withdrawal or Involuntary Termination. The withdrawal from or involuntary termination of any Member from this Agreement shall not terminate this Agreement, and such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid, or donated by the Member to the Authority, or to any return of any loss reserve contribution, or to any distribution of assets (except payment of any Retained Earnings, as set forth in the following paragraph).

The withdrawal from or involuntary termination of any Member after the effective date of any Program shall not terminate its responsibility to pay its unpaid Contribution adjustments, or Assessments to such Program. The Board of Directors shall determine the final amount due from the Member or Former Member by way of contribution or assessments, if any, or any credit due on account thereof, to the Member or Former Member for the period of its participation. Such determination shall not be made by the Board of Directors until all Claims, or other unpaid liabilities, have been finally resolved. In connection with this determination, the Board of Directors may exercise similar powers to those provided for in Article 22(b) of this Agreement, or as otherwise set forth in the Bylaws. Upon such withdrawal from or cancellation of participation in any Program by any Member, said Member shall be entitled to receive its pro rata share of any Retained Earnings declared by the Board of Directors after the date of said Member withdraws or is involuntarily terminated.

Article 22. Termination and Distribution; Assignment.

(a) This Agreement may be terminated any time with the written consent of two-thirds of the voting Members; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of net assets and all other functions necessary to wind up the affairs of the Authority.

(b) The Board of Directors is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members or Former Members, including those which were signatory hereto at the time the subject Claims arose or was/were incurred, to pay any Assessment in accordance with loss allocation formulas for final disposition of all Claims and losses covered by this Agreement or the Bylaws. A Member or Former Member's Assessment shall be determined as set forth in the Bylaws or the applicable Coverage Documents.

(c) Upon termination of a Program, all net assets of such Program other than Retained Earnings shall be distributed only among the Members that are participating in such Program at the time of termination, in accordance with and proportionate to their cash payments (including Contributions, adjustments, Assessments and other property at market value when received) made during the term of this Agreement for such Program. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by such Program, or as otherwise set forth in the Bylaws.

(d) Upon termination of this Agreement all net assets of the Authority, other than of any Program distributed pursuant to (c) above, shall be distributed only among the Members in good standing at the time of such termination in accordance with and proportionate to their cash contributions and property at market value when received. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by this Agreement, or as otherwise set forth in the Bylaws.

(e) In the event the Board of Directors is no longer able to assemble a quorum, the Chief Executive Officer shall exercise all powers and authority under this Article. The decision of the Board of Directors or Chief Executive Officer under this Article shall be final.

(f) In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the voting Members, may elect to assign and transfer all of the Authority's rights, assets, liabilities and obligations to a successor joint powers authority created under the Act.

Article 23. Enforcement. The Authority is hereby granted authority to enforce this Agreement. In the event action is instituted to enforce the terms of this Agreement, the Bylaws and/or any policies and/or procedures of the Board of Directors and the nondefaulting party(s) should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party(s) herein contained, the defaulting party agrees that it will on demand therefore pay to the nondefaulting party(s) the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party(s).

Article 24. Nonliability of Directors, Officers and Employees. The Board of Directors, and the officers and employees of the Authority, including former directors, officers and employees, shall not be liable to the Authority, to any Member or Former Member, or to any other person, for actual or alleged breach of duty, mistake of judgment, neglect, error, misstatement, misleading statement, or any other act or omission in the performance of their duties hereunder; for any action taken or omitted by any employee or independent contractor; for loss incurred through the investment or failure to invest funds; or for loss attributable to any failure or omission to procure or maintain insurance; except in the event of fraud, gross negligence, or intentional misconduct of such director, officer or employee. No director, officer or employee, including former directors, officers and employees, shall be liable for any action taken or omitted by any other director, officer or employee. The Authority shall defend and shall indemnify and hold harmless its directors, officers and employees, including former directors, officers and employees, from any and all claims, demands, causes of action, and damages arising out of their performance of their duties as such directors, officers or employees of the Authority except in the event of fraud, gross negligence, corruption, malice or intentional misconduct, and the funds of the Authority shall be used for such purpose. The Authority may purchase conventional insurance to protect the Authority, and its participating Members or Former Members, against any such acts or omissions by its directors, officers and employees, including former directors, officers and employees.

Article 25. Provisions Relating to CSDA. It is agreed and understood the mandatory membership in CSDA provision in Article 18 is in consideration of CSDA's exclusive endorsement of SDRMA's programs as they exist or may be modified. CSDA and the Authority

may from time to time exchange services or enter into separate service agreements pursuant to Section 6505 of the Act, including, but not limited to, services relating to educational programs, marketing, web-site graphics and conferences.

So long as the Authority is a participant in the MOU, the Board of the Authority shall appoint three members of the Board to serve as members of the Alliance Executive Council. In the event the MOU has been terminated or the Authority has withdrawn from the MOU, the composition of the Authority Board of Directors shall be increased by two (2) additional directors to be appointed by CSDA. CSDA appointees shall be a director serving on the CSDA Board of Directors and said director(s) shall be a member of an agency who is a signatory to the current SDRMA Joint Powers Agreement.

CSDA shall be a third party beneficiary to Sections 18, 25, 27 of this Agreement.

Article 26. Notices. Notices to Members or Former Members hereunder shall be sufficient if delivered to the principal office of the respective Member or Former Member.

Article 27. Amendment. This Agreement may be amended at any time by a two-thirds vote of the Members; provided, that any amendment to Article 18, Article 25, or Article 27 shall require the prior written consent of CSDA. The Bylaws may be amended as provided therein. Upon the effective date of any validly approved amendment to this Agreement, such amendment shall be binding on all Members.

Article 28. Prohibition Against Assignment. No person or organization shall be entitled to assert the rights, either direct or derivative, of any Member or Former Member under any coverage agreement or memorandum. No Member or Former Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member or Former Member shall have any right, claim or title or any part, share, interest, fund, contribution or asset of the Authority.

Article 29. Agreement Complete. The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein. This Agreement supersedes and replaces the Fifth Amended Joint Powers Amendment.

Article 30. Counterparts. This Agreement may be executed in one or more counterparts and shall be as fully effective as though executed in one document.

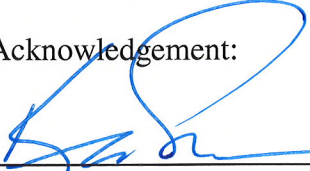
Article 31. California Law. This Agreement shall be governed by the laws of the State of California.

Article 32. Severability. Should any part, term or provisions of this Agreement be determined by any court of component jurisdiction to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Article 33. Effective Date. This Agreement shall become effective as to existing Members of the Authority on the date on which the last of two-thirds of such Members have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below:

Acknowledgement:



Ken Sonksen, President
Board of Directors
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Oct 2, 2007
Date

I hereby certify this Amended Joint Powers Agreement has also received the required approval of not less than two-thirds of the Member entities then parties to the Fifth Amended Joint Powers Agreement.



James W. Towns, Chief Executive Officer
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Oct. 2, 2007
Date

EXECUTION BY MEMBER

The Amended and Restated Joint Powers Agreement of the Special District Risk Management Authority, has been approved by the Board of Directors of the Member listed below, on the date shown, and said Member agrees to be subject to all of the terms and conditions set forth in said Agreement.

Entity Name: Municipal Water District of Orange County

By: _____ President

By: _____ Clerk

Date: _____

EXECUTION BY AUTHORITY

The Special District Risk Management Authority (the "Authority"), operating and functioning pursuant to this Sixth Amended Joint Powers Agreement, hereby accepts the entity named above as a participating member in the Authority, subject to all of the terms and conditions set forth in this Sixth Amended Joint Powers Agreement and in the Bylaws, effective as of

_____.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

By: _____
David Aranda, President
Board of Directors

Date: _____

State of California
 Department of Industrial Relations
 Self Insurance Plans
 2265 Watt Avenue, Suite 1
 Sacramento, CA 95825
 Phone (916) 483-3392
 FAX (916) 483-1535



Page 1

Our File: _____

APPLICATION FOR A PUBLIC ENTITY CERTIFICATE OF CONSENT TO SELF INSURE

NOTE: All questions must be answered. If not applicable, enter "N/A".
 Workers' compensation insurance must be maintained until certificate is effective.

APPLICANT INFORMATION

Legal Name of Applicant (show exactly as on Charter or other official documents):

Street Address of Main Headquarters:

Mailing Address (if different from above):

Federal Tax ID No.:

City:

State:

Zip + 4:

TO WHOM DO YOU WANT CORRESPONDENCE REGARDING THIS APPLICATION ADDRESSED?

Name: _____

Title: _____

Company Name: _____

Mailing Address: _____

City: _____ State: _____ Zip + 4: _____

Type of Public Entity (check one):

☐ City and/or County ☐ School District ☐ Police and/or Fire District ☐ Hospital District ☐ Joint Powers Authority

☐ Other (describe): _____

Type of Application (check one):

☐ New Application ☐ Reapplication due to Merger or Unification ☐ Reapplication due to Name Change Only

☐ Other (specify): _____

Date Self Insurance Program will begin: _____

CURRENT PROGRAM FOR WORKERS' COMPENSATION LIABILITIES

☐ Currently Insured with State Compensation Insurance Fund, Policy Number: _____

Policy Expiration Date: _____ Yearly Premium: \$ _____

Current Yearly Incurred (paid & unpaid) Losses: \$ _____ (FY or CY)

☐ Currently Self Insured, Certificate Number: _____

Name of Current Certificate Holder: _____

☐ Other (describe): _____

JOINT POWERS AUTHORITY

Will the applicant be a member of a workers' compensation Joint Powers Authority for the purpose of pooling workers' compensation liabilities?

☐ Yes ☐ No If yes, then complete the following:

Effective date of JPA Membership: _____ JPA Certificate No.: _____

Name and Title of JPA Executive Officer:

Name of Joint Powers Authority Agency:

Mailing Address of JPA:

City: _____ State: _____ Zip + 4: _____

Telephone Number: (____) _____

PROPOSED CLAIMS ADMINISTRATOR

Who will be administering your agency's workers' compensation claims? (check one)

☐ JPA will administer, JPA Certificate No.: _____

☐ Third party agency will administer, TPA Certificate No.: _____

☐ Public entity will self administer ☐ Insurance carrier will administer

Name of Individual Claims Administrator:

Name of Administrative Agency:

Mailing Address:

City: _____ State: _____ Zip + 4: _____

Telephone Number: (____) _____ FAX Number: (____) _____

Number of claims reporting locations to be used to handle the agency's claims: _____

Will all agency claims be handled by the administrator listed on previous page? ☐ Yes ☐ No

AGENCY EMPLOYMENT

Current Number of Agency Employees: _____

Number of Public Safety Officers (law enforcement, police or fire): _____

If a school district, number of certificated employees: _____

Will all agency employees be included in this self insurance program? ☐ Yes ☐ No

If no, explain who is not included and how workers' compensation coverage is to be provided to the excluded agency employees:

INJURY AND ILLNESS PREVENTION PROGRAM

Does the agency have a written Injury and Illness Prevention Program? ☐ Yes ☐ No

Individual responsible for agency Injury and Illness Prevention Program:

Name and Title:

Company or Agency Name:

Mailing Address:

City: _____ State: _____ Zip + 4: _____

Telephone Number: (____) _____

SUPPLEMENTAL COVERAGE

Will your self insurance program be supplemented by any insurance or pooled coverage under a standard workers' compensation insurance policy? ☐ Yes ☐ No

If yes, then complete the following:

Name of Carrier or Excess Pool: _____

Policy Number: _____

Effective Date of Coverage: _____

Will your self insurance program be supplemented by any insurance or pooled coverage under a specific excess workers' compensation insurance policy? ☐ Yes ☐ No

If yes, then complete the following:

Name of Carrier or Excess Pool: _____

Policy Number: _____

Effective Date of Coverage: _____

Retention Limits: _____

Will your self insurance program be supplemented by any insurance or pooled coverage under an aggregate excess (stop loss) workers' compensation insurance policy? ☐ Yes ☐ No

If yes, then complete the following:

Name of Carrier or Excess Pool: _____

Policy Number: _____

Effective Date of Coverage: _____

Retention Limits: _____

RESOLUTION OF GOVERNING BOARD

See Attached Resolution—Page 5

CERTIFICATION

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

Signature of Authorized Official:

Date:

Typed Name:

Title:

Agency Name:

Seal

(Emboss seal above or Notarize signature)
Page 239 of 272

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING APPLICATION
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA
FOR A CERTIFICATE OF CONSENT TO SELF INSURE
WORKERS' COMPENSATION LIABILITIES**

At a meeting of the Board of Directors of the Municipal Water District of Orange County, a Special District organized and existing under the laws of the State of California, held on the 21ST day of May, 2014, the following resolution was adopted:

RESOLVED, that the General Manager of the Municipal Water District of Orange County be and is hereby authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self Insure workers' compensation liabilities on behalf of the Municipal Water District of Orange County;

WHEREAS, the General Manager is hereby authorized to execute any and all documents required for such application.

PASSED AND ADOPTED this 21st day of May, 2014 by the following vote:

AYES:

NOES:

ABSENT:

I, Maribeth Goldsby, the undersigned, District Secretary of the Board of the said Municipal Water District of Orange County, a Special District, hereby certify that I am the District Secretary of said Special District, that the foregoing is a full, true and correct copy of the resolution duly passed by the Board at the meeting of said Board held on the day and at the place therein specified and that said Resolution has never been revoked, rescinded, or set aside and is now in full force and effect.

IN WITNESS WHEREOF: I have signed my name and affixed the seal of this Special district, this 21st day of May, 2014.

(Signature)

**AFFIX DISTRICT
SEAL HERE OR
ATTACH NOTARY CERTIFICATE**



Memorandum

To: Municipal Water District of Orange County
From: John D. Wahlin, Best Best & Krieger LLP
Date: March 8, 2013
Re: SDRMA Workers' Compensation Coverage

I have reviewed the documents provided relating to workers' compensation coverage through the SDRMA and, in particular, the Joint Powers Agreement and Bylaws. SDRMA is a joint powers authority under California law. The workers' compensation program offered by SDRMA is an self-insured joint protection program whereby the member agencies pool their claims, which are paid from the JPA's assets. These assets are funded by contributions from each member agency as determined annually by the JPA Board. While I have no particular concerns about the program, I draw your attention to the following:

1. The JPA has the authority to impose assessments in addition to the contribution which is annually determined. Since the program is self-insured, unusual or unanticipated claims can result in this additional charge. I suggest confirming with SDRMA the history of assessments, if any, over the last several years. My expectation is that there have been no assessments, but that should be verified.

2. MWDOC is required to make a three year commitment to the program. Earlier withdrawal will still require payment of the annual contribution which would be payable over three years.

3. The "contribution" amount for coverage is committed for 1 year; it is subject to annual adjustment based on experience. It is interesting to note, however, that the Bylaws include a provision that, notwithstanding the risk-sharing aspect of the program, sound risk management and loss control by the individual participating agency will be recognized in contribution adjustments (presumably reductions in the contribution amount). Accordingly, the program offers the opportunity to further reduce costs through internal management of risk.

4. While there can be assessments imposed when needed, the agreements also provide for the distribution of "retained earnings." This term is not clearly defined in the documents other than to refer to "accumulated earnings" held in an "equity account." It appears that there can be a distribution when claims experience has resulted in more funds being reserved for claims than is necessary. You may also want to confirm whether historically such distributions have been made.

5. Should you decide to withdraw after the mandatory three years, it is important to understand that the agreement and bylaws require 90 day notice. Failure to provide the notice results in liability for the next full year's contribution and any assessment. There is no

BBK
BEST BEST & KRIEGER
ATTORNEYS AT LAW

further obligation other than to satisfy any assessment which is determined for the last year of participation.

6. The proposed resolutions and other documents are acceptable and action can be taken based on them.

I hope this is helpful. I would be happy to discuss any questions you may have.



ACTION ITEM
May 21, 2014

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Cathy Harris
Administrative Services Manager

SUBJECT: Adopt Resolution Establishing the Employer Paid Member Contribution Amount to California Public Employees Retirement System (CalPERS)

STAFF RECOMMENDATION

Staff recommends the Board of Directors adopt the attached Resolution establishing the employer paid member contribution amount to CalPERS, and submit the Resolution to CalPERS for its records.

COMMITTEE RECOMMENDATION

To be determined.

DETAILED REPORT

Background

In January 2003, the Board authorized District membership in CalPERS for all eligible employees. The effective date of the District contract with CalPERS was March 3, 2003. The contract requires employer and employee contributions.

Section 20691 of the California Government Code permits a contracting public agency to pay all or a portion of the required employee contribution to CalPERS. District employee contribution amounts are determined by the Board annually during the budget process and become effective July 1 of each year.

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

The proposed 2014/2015 Budget includes an additional 1% CalPERS Employee Contribution, effective July 1, 2014. The total Employee Contribution to CalPERS for 2014/15 will be 3%. This requires that a Resolution be adopted by the Board establishing MWDOC's Employer Paid Member Contribution amount of 4%.

Staff recommends the Board of Directors adopt the attached Resolution establishing the employer paid member contribution amount to CalPERS, and submit the Resolution to CalPERS for its records

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Establishing the Employer Paid Member Contribution Amount

WHEREAS, the Board of Directors of the Municipal Water District of Orange County (MWDOC) has the authority to implement Government Code Section 20691;

WHEREAS, the Board of Directors of the Municipal Water District of Orange County has a written agreement which specifically provides for the normal member contributions to be paid by the employer;

WHEREAS, one of the steps in the procedures to implement section 20691 is the adoption by the Board of Directors of the Municipal Water District of Orange County of a Resolution to commence said Employer Paid Member Contributions (EPMC);

WHEREAS, the Board of Directors of the Municipal Water District of Orange County has identified the following conditions for the purpose of its election to pay Employer Paid Member Contributions:

- This benefit shall apply to all Classic Members hired prior to March 1, 2013 (Miscellaneous Group) employees eligible to participate in CalPERS, in accordance with the District's Personnel Manual.
- This benefit shall consist of paying 4% of the normal member contribution as the Employer Paid Member Contribution (EPMC).
- The effective date of this Resolution shall be July 1, 2014.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Municipal Water District of Orange County elects to pay the Employer Paid Member Contribution Amount, as set forth above.

Said Resolution was adopted and approved this 21st day of May 2014, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County



ACTION ITEM
May 21, 2014

TO: Board of Directors

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

Robert Hunter
General Manager

SUBJECT: Election Information (Candidate's Statements)

STAFF RECOMMENDATION

Staff recommends the Board of Directors review the information presented and decide whether to limit candidate statements to either 200 or 400 words and submit information to the Registrar of Voters, along with a statement that the District will either pay or not pay for the statements.

COMMITTEE RECOMMENDATION

To be determined.

SUMMARY

Each election, the Registrar of Voters requests information relative to the Candidate's Statements. This information includes whether or not the District will pay the Candidate's Statement cost, and whether the District will limit statements to either 200 or 400 words.

Historically, the Board limits candidate statements to 200 words, and does not authorize payment by the District.

The OC Registrar of Voters is requesting a response no later than May 28, 2014.

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



REGISTRAR OF VOTERS
1300 South Grand Avenue, Bldg. C
Santa Ana, California 92705
(714) 567-7600
FAX (714) 567-7627
www.ocvote.com

NEAL KELLEY
Registrar of Voters

Mailing Address:
P.O. Box 11298
Santa Ana, California 92711

RECEIVED

APR 25 2014

MWD OF OC

April 23, 2014

TO: Manager/Director

FM: Kay Cotton, Candidate & Voter Services Manager *Ke*

RE: Election Information for the November 4, 2014 General Election

Enclosed is a Transmittal of Election Information form to be completed and returned to the Registrar of Voters' office by May 28, 2014.

On the Transmittal of Election Information form, please list the name(s) of Director(s) whose term(s) expire and whose seat(s) will be scheduled for election on November 4, 2014. This would include any Director(s) appointed since your last election. Appointed Directors must file for the two-year unexpired term if they were appointed to fill a vacancy which would not have been scheduled for election until 2016.

We also need to know if your District will or will not pay for a Candidate's Statement of Qualifications and if the District is authorizing 200 or 400 words to be used in that statement.

Please send the completed Transmittal of Election Information form to me at 1300 South Grand Avenue, Building C, Santa Ana, CA 92705 or email to kay.cotton@rov.ocgov.com.

Pursuant to Elections Code § 10522, the District is required to submit a map showing the current district boundary lines, with divisions (if any), regardless if changes have occurred. We would prefer to receive the map in shape file format by email to Rebecca Getzen at rebecca.getzen@rov.ocgov.com.

Candidate Filing for the November 4, 2014 General Election will be July 14, 2014 through August 8, 2014, 5:00 p.m. The Candidate's Handbook will be on our website at the end of May. We ask that you post this information to advise your members of these important dates.

If you have any questions, please contact me at kay.cotton@rov.ocgov.com or (714) 567-7606. Thanks for your assistance.

Enclosure

TRANSMITTAL OF ELECTION INFORMATION SPECIAL DISTRICT
(EC §10509, §10522)

_____ DISTRICT

DISTRICT BOUNDARIES:

Choose One:

☐ I will send to the Registrar of Voters an electronic shape file of District boundaries and the boundaries of the Divisions of the District, if any, in which a Director is to be elected at the November 4, 2014 General Election.

(Note: This is the Registrar of Voters' preferred method of transmittal.)

☐ Attached is a map showing the boundaries of this District and the boundaries of the Divisions of the District, if any, in which a Director is to be elected at the November 4, 2014 General Election.

Choose One:

Voters in the District will be voting: ☐ at-large ☐ by division

THE ELECTIVE OFFICES FOR WHICH AN ELECTION WILL BE HELD WITHIN THE SPECIAL DISTRICT ON NOVEMBER 4, 2014 ARE:

Choose One:

_____ Director(s) to be elected at-large
(# of directors)

OR

Director(s) to be elected in the following Divisions:

_____ in Division _____
(# of directors) (# of division)

_____ in Division _____
(# of directors) (# of division)

_____ in Division _____
(# of directors) (# of division)

_____ in Division _____
(# of directors) (# of division)

Please list below the names of the Incumbents/Appointed Incumbents for the above-mentioned positions:

(Name) _____ ☐ Elected ☐ Appointed (If appointed, the term ends in 20__.)

(Name) _____ ☐ Elected ☐ Appointed (If appointed, the term ends in 20__.)

(Name) _____ ☐ Elected ☐ Appointed (If appointed, the term ends in 20__.)

(Name) _____ ☐ Elected ☐ Appointed (If appointed, the term ends in 20__.)

The District authorizes the Candidate's Statement of Qualifications to contain no more than:

(Circle one) (200) or (400) words.

The District (will) (will not) pay for a Candidate's Statement of Qualifications.

Dated _____

(Signature)

(District Seal)

(Print Name)

Phone #: _____ Email: _____

Note: Please send the above information no later than **May 28, 2014** to the Registrar of Voters' office, 1300 South Grand Avenue, Building C, Santa Ana, CA 92705, Attn: Kay Cotton or email to kay.cotton@rov.ocgov.com. Send the boundary map to Rebecca Getzen at 1300 South Grand Avenue, Building C, Santa Ana, CA 92705 or at rebecca.getzen@rov.ocgov.com.



ACTION ITEM
May 21, 2014

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Cathleen Harris

SUBJECT: 2014/15 PAY STRUCTURE ADJUSTMENT

STAFF RECOMMENDATION

Staff recommends the Board of Directors approve the following to be effective July 1, 2014, as presented:

1. A 2.5% Pay Structure Adjustment to the District Salary Ranges; and
2. Addition of Public Affairs Coordinator, Public Affairs Manager and Accounting Manager, job classifications.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

In March 2012, a Total Compensation Assessment was completed by Barry Newton of Creative Management Solutions. One of the recommendations made by Mr. Newton and approved by the Board was that Human Resources conduct a planned pay structure adjustment survey in February of each year of the direct labor market agencies to determine the percentage adjustment for the ranges for the upcoming fiscal year, effective July 1. The justification for this recommendation is to keep the salary ranges consistent with the market and avoid falling behind thus requiring significant adjustments to the pay structure during the Total Compensation Assessment.

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

Based on the survey data (Table 1), the average Cost of Living Adjustment increase for 2014/15 is 2.50% and the Merit amount is 4.14%. Staff is recommending the Board of Directors approve a 2.50% Pay Structure Adjustment to the District Salary Ranges as presented (Table 2), effective July 1, 2014.

Please be advised a 4% Merit Pool is included in the Proposed 2014/2015 MWDOC Budget, with 1% designated as a PERS offset for the increase to the Employee Contribution amount from 2 to 3% effective July 1, 2014.

In accordance with District Policy, a comprehensive compensation and benefits survey is to be conducted every three years to evaluate the market practices and job grading. The next comprehensive survey will be initiated in November of 2014 for completion in Spring of 2015.

In addition, staff evaluated the current job classifications within the pay structure and is recommending that in order to allow for career progression within job families and to attract and retain employees; that the following revisions be made to the pay structure:

- Add Public Affairs Manager Classification at Range 12
- Add Accounting Manager Classification at Range 14
- Add Public Affairs Coordinator Classification at Range 7

Staff is recommending the Board approve the proposed recommendations as presented.

Attachments:

Table 1 - Merit/COLA Direct Labor Market Agency Survey
Table 2 - MWDOC Pay Structure

MERIT/COLA Direct Labor Market Agency Survey

	2014/2015			Table 1	
Agencies	COLA	MERIT	TOTAL		
City of City of Brea	NR	NR	NR		
City of Fountain Valley	NR	NR	NR		
Eastern Municipal Water District	2.30%	5.00%	7.30%		
El Toro	NC	3.80%	3.80%		
Inland Empire Utilities	3.00%	7.50%	10.50%		
IRWD	1.75%	6.50%	8.25%		
Laguna Beach County Water District	Unk	2.50%	2.50%		
Las Virgenes	NR	NR	NR		
Mesa Water District	3.00%	5.00%	8.00%		
MNWD	NC	4.00%	4.00%		
Orange County Sanitation District	Unk	Unk	NR		
Orange County Water District	2.00%	3.00%	5.00%		
San Clemente	NR	NR	NR		
Santa Ana Watershed Proj. Auth.	3.50%	1.50%	5.00%		
San Diego County Water Authority	2.50%	1.50%	4.00%		
SMWD	3.00%	5.00%	8.00%		
South Coast Water District	1.50%	2.00%	3.50%		
Three Valleys Municipal Water District	1.13%	5.00%	6.13%		
Tustin	NR	NR	NR		
Walnut Valley Water District	2.87%	5.00%	7.87%		
Central Basin Municipal Water District	NC	3.00%	3.00%		
Western Municipal Water District	3.00%	5.00%	8.00%		
Yorba Linda Water District	3.00%	5.00%	8.00%		
AVERAGES	2.50%	4.14%	6.05%		
NR = No Response					
Unk. = Waiting to make determination on amount					
NC= No Cola					
	COLA	MERIT	TOTAL		
Metropolitan Water Dist. Of So. Cal	0.25%	2.75%	3.00%		
	COLA	MERIT	TOTAL		
MWDOC	NC	3.00%	3.00%		
Pls. Note 4% is included in the MWDOC Budget with 1% designated as PERS offset for increase to Employee Contribution rate					

MWDOC PAY STRUCTURE - EFFECTIVE JULY 2014 (2.5% range increase)								
Pay Grade	Exempt / Non- Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
R1	NE	Office Assistant	Annual	\$31,873	\$34,645	\$37,438	\$40,231	\$43,024
			Monthly	\$2,656	\$2,887	\$3,120	\$3,353	\$3,585
			Hourly	\$15.32	\$16.66	\$18.00	\$19.34	\$20.68
R2	NE	Office Specialist	Annual	\$38,227	\$41,574	\$44,921	\$48,268	\$51,616
			Monthly	\$3,186	\$3,465	\$3,743	\$4,022	\$4,301
			Hourly	\$18.38	\$19.99	\$21.60	\$23.21	\$24.82
R3	NE	No Current Positions	Annual	\$41,105	\$44,708	\$48,290	\$51,893	\$55,496
			Monthly	\$3,425	\$3,726	\$4,024	\$4,324	\$4,625
			Hourly	\$19.76	\$21.49	\$23.22	\$24.95	\$26.68
R4	NE	Accounting Technician	Annual	\$44,196	\$48,055	\$51,914	\$55,794	\$59,653
R4	NE	Administrative Assistant	Monthly	\$3,683	\$4,005	\$4,326	\$4,650	\$4,971
			Hourly	\$21.25	\$23.10	\$24.96	\$26.82	\$28.68
R5	NE	Records Coordinator	Annual	\$47,501	\$51,658	\$55,816	\$59,973	\$64,131
R5	NE	WEROC Programs Coordinator	Monthly	\$3,958	\$4,305	\$4,651	\$4,998	\$5,344
			Hourly	\$22.84	\$24.84	\$26.83	\$28.83	\$30.83
R6	NE	Sr. Admin. Assist.	Annual	\$51,061	\$55,539	\$59,994	\$64,472	\$68,928
R6	NE	Sr. Admin. Assist./Public Affairs Assist	Monthly	\$4,255	\$4,628	\$5,000	\$5,373	\$5,744
			Hourly	\$24.55	\$26.70	\$28.84	\$31.00	\$33.14
R7	NE	Water Resources Analyst	Annual	\$54,899	\$59,696	\$64,493	\$69,311	\$74,108
R7	NE	WUE Analyst	Monthly	\$4,575	\$4,975	\$5,374	\$5,776	\$6,176
R7	NE	Public Affairs Coordinator	Hourly	\$26.39	\$28.70	\$31.01	\$33.32	\$35.63
R8	NE	Accountant	Annual	\$59,014	\$64,173	\$69,333	\$74,492	\$79,673
R8	NE	WUE Program Coordinator	Monthly	\$4,918	\$5,348	\$5,778	\$6,208	\$6,639
R8	NE	Assoc. Water Resources Analyst	Hourly	\$28.37	\$30.85	\$33.33	\$35.81	\$38.30
R9	NE	Exec. Assist/HR Specialist	Annual	\$63,427	\$68,992	\$74,535	\$80,099	\$85,642
			Monthly	\$5,286	\$5,749	\$6,211	\$6,675	\$7,137
			Hourly	\$30.49	\$33.17	\$35.83	\$38.51	\$41.17

Table 2

R10	NE	Public Affairs Specialist	Annual	\$68,203	\$74,151	\$80,121	\$86,090	\$92,060
R10	NE	Sr. Accountant	Monthly	\$5,684	\$6,179	\$6,677	\$7,174	\$7,672
R10	NE	Sr. Exec. Assist. to the GM	Hourly	\$32.79	\$35.65	\$38.52	\$41.39	\$44.26
R10	NE	WUE Program Specialist						
R11	E	Public Affairs Supervisor	Annual	\$73,319	\$79,715	\$86,133	\$92,550	\$98,967
			Monthly	\$6,110	\$6,643	\$7,178	\$7,713	\$8,247
			Hourly	\$35.25	\$38.32	\$41.41	\$44.50	\$47.58
R12	NE	Financial Analyst/Database Analyst	Annual	\$78,799	\$85,706	\$92,593	\$99,500	\$106,387
R12	NE	Network Administrator	Monthly	\$6,567	\$7,142	\$7,716	\$8,292	\$8,866
R12	NE	Sr. Exec. Assist to the Board	Hourly	\$37.88	\$41.21	\$44.52	\$47.84	\$51.15
R12	E	Public Affairs Manager						
R13	E	Accounting Supervisor	Annual	\$84,726	\$92,124	\$99,543	\$106,962	\$114,360
R13	E	WUE Program Supervisor	Monthly	\$7,060	\$7,677	\$8,295	\$8,914	\$9,530
R13	E	WEROC Programs Manager	Hourly	\$40.73	\$44.29	\$47.86	\$51.42	\$54.98
R14	E	Governmental Affairs Manager	Annual	\$91,079	\$99,031	\$107,005	\$114,979	\$122,952
R14	E	Accounting Manager	Monthly	\$7,590	\$8,253	\$8,917	\$9,582	\$10,246
			Hourly	\$43.79	\$47.61	\$51.44	\$55.28	\$59.11
R15	E	Administrative Services Manager	Annual	\$97,901	\$106,472	\$115,043	\$123,592	\$132,163
R15	E	Principal Water Resources Analyst	Monthly	\$8,158	\$8,873	\$9,587	\$10,299	\$11,014
R15	E	Sr. Engineer	Hourly	\$47.07	\$51.19	\$55.31	\$59.42	\$63.54
R16	E	Director of Public Affairs	Annual	\$105,236	\$114,446	\$123,656	\$132,866	\$142,076
R16	E	Principal Water Resources Planner	Monthly	\$8,770	\$9,537	\$10,305	\$11,072	\$11,840
R16	E	WUE Program Manager	Hourly	\$50.59	\$55.02	\$59.45	\$63.88	\$68.31
R17	E	Principal Engineer	Annual	\$113,145	\$123,038	\$132,930	\$142,844	\$152,736
			Monthly	\$9,429	\$10,253	\$11,078	\$11,904	\$12,728
			Hourly	\$54.40	\$59.15	\$63.91	\$68.68	\$73.43
R18		No Current Positions	Annual	\$121,631	\$132,269	\$142,908	\$153,547	\$164,185
			Monthly	\$10,136	\$11,022	\$11,909	\$12,796	\$13,682
			Hourly	\$58.48	\$63.59	\$68.71	\$73.82	\$78.94

Table 2

R19	E	Director of Finance/IS	Annual	\$130,756	\$142,183	\$153,632	\$165,059	\$176,508
			Monthly	\$10,896	\$11,849	\$12,803	\$13,755	\$14,709
			Hourly	\$62.86	\$68.36	\$73.86	\$79.36	\$84.86
R20		No Current Positions	Annual	\$140,541	\$152,843	\$165,145	\$177,446	\$189,748
			Monthly	\$11,712	\$12,737	\$13,762	\$14,787	\$15,812
			Hourly	\$67.57	\$73.48	\$79.40	\$85.31	\$91.23
R21	E	Assistant General Manager	Annual	\$147,939	\$162,736	\$177,532	\$192,328	\$207,124
			Monthly	\$12,328	\$13,561	\$14,794	\$16,027	\$17,260
			Hourly	\$71.12	\$78.24	\$85.35	\$92.47	\$99.58
GM	E	General Manager	Annual	\$225,000.00				\$225,000.00
<div>Number of Grades = 22</div> <div>Entry Level R 1 = 20% below R2 midpoint as anchor point</div> <div>Ascending Range Spread = 35%-40%</div> <div>Grade Differential = 7.5% after R2</div> <div>Annual and Monthly amounts are based on a 40-hour work week</div>								
MWD OC LIMITED TERM PAY STRUCTURE - EFFECTIVE JULY 2014								
Pay Grade	Exempt / Non- Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
L1	NE	Office Aide	Hourly	\$11.50	\$12.37	\$13.23	\$14.09	\$14.95
L2	NE	Student Intern I (Undergraduate- Freshman/Sophomore)	Hourly	13.23	14.22	15.21	16.21	17.20
L2	NE	Maintenance Assistant	Hourly	13.23	14.22	15.21	16.21	17.20
L3	NE	Student Intern II (Undergraduate- Junior/Senior)	Hourly	15.21	16.36	17.50	18.63	19.78
L4	NE	Student Intern III (Graduate Standing)	Hourly	17.50	18.81	20.12	21.43	22.74
L5	NE	No current Positions	Hourly	20.12	21.63	23.13	24.65	26.16
L6	NE	Maintenance Technician	Hourly	20.47	23.53	26.61	29.68	32.75
<div>Number of Grades = 6</div> <div>L1-L5 Spread = 30%; L6 Spread = 60%</div> <div>Grade Differential = 15%</div>								



DISCUSSION ITEM

May 14, 2014

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

**FROM: Robert Hunter,
General Manager**

**Staff Contact: Cathleen Harris
Administrative Services Manager**

**SUBJECT: CHANGE IN CLASSIFICATION OF APPOINTED MWDOC MET
DIRECTORS**

STAFF RECOMMENDATION

Staff recommends the Committee review the information as presented and direct staff.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

At the April A&F Committee Meeting, staff was requested to provide information regarding changing the classification of the appointed MWDOC MET Directors.

MWDOC currently makes a distinction between Appointed and Elected Directors, with Elected Directors classified as employees, receiving W-2's and Appointed Directors classified as Independent Contractors, receiving 1099's. The MWDOC Directors that currently serve as MET Directors receive a W-2 for their MWDOC activities and a 1099 for their MET activities.

There is a compensation difference between the W-2 and 1099. Currently, the Elected Directors participate in the District's Money Purchase Pension Plan (401a) in lieu of Social Security, are eligible for health benefits; and all mandated employer payroll taxes are paid by the District. The Appointed Directors, currently classified as Independent Contractors, pay the employer and employee portion of the employment taxes.

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

The following table outlines the employer/employee costs associated with changing the MWDOC MET Directors classification to W-2 (Employee) status and either paying into Social Security or participating in the District Pension Plan:

Mandated Employer Payroll Deductions and Employee Contributions

Part-Time/Employer Payroll Costs	%	Part-Time Employee Payroll Contributions	%	Director/Employer Payroll Costs	%	Director/Employee Payroll Contributions	%
Social Security	6.20	Social Security	6.20	ING Pension*	13.50		
Medicare	1.45	Medicare	1.45	Medicare	1.45	Medicare	1.45
State Disability	1.00			State Disability	1.00		
State Unemployment	5.70			State Unemployment	5.70		
Workers Compensation	0.70			Workers Compensation	0.70		
Total Part-Time Employer Payroll Costs	15.05	Total Part-Time Employee Payroll Contributions	7.65	Total Director Employer Payroll Costs	22.35	Total Director Employee Payroll Contributions	1.45

* Please note: first year's participation in the District's Pension Plan is a 10.5% Employer Contribution; thereafter it is 13.5% Employer Pension Contribution.

Estimated employer costs:

- \$0 based on 1099 (Independent Contractor). Current classification for MWDOC MET Directors.
- Based on mandated payroll taxes and participating in Social Security:
 - MWDOC MET Director annual compensation based on maximum of 10 meetings per month
 - $\$29,316 \times 15.05\% = \$4,412$ (employer payroll taxes) $\times 4$ (MWDOC MET Directors) = \$17,648 approximate annual cost to the District for employer payroll taxes for MWDOC MET Directors if participating in Social Security.
- Based on mandated payroll taxes and participating in the District's Pension Plan (401a):
 - MWDOC MET Director annual compensation based on maximum of 10 meetings per month
 - $\$29,316 \times 22.35\% = \$6,552$ (employer payroll taxes) $\times 4$ (MWDOC MET Directors) = \$26,208 approximate annual cost to the District for employer payroll taxes for MWDOC MET Directors if participating in the District's Pension Plan.
- These costs do not include health benefits.

If the Committee recommends changing the current MWDOC MET Director classification from 1099 (Independent Contractor) to W-2 (Employee) status, staff will review and coordinate this item with legal counsel and return with the required documents for Board consideration.

Based on the information presented, staff recommends the Board of Directors review the information, and direct staff as appropriate.



INFORMATION ITEM

May 14, 2014

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

FROM: Robert Hunter, General Manager

Staff Contact: Lee Jacobi

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 Groundwater was the main supply in March.

Fig. 2 OC Water Usage, Monthly, Comparison to Previous Years Water usage in March 2014 was above the average of the previous four Marches. This is consistent with dry weather this March.

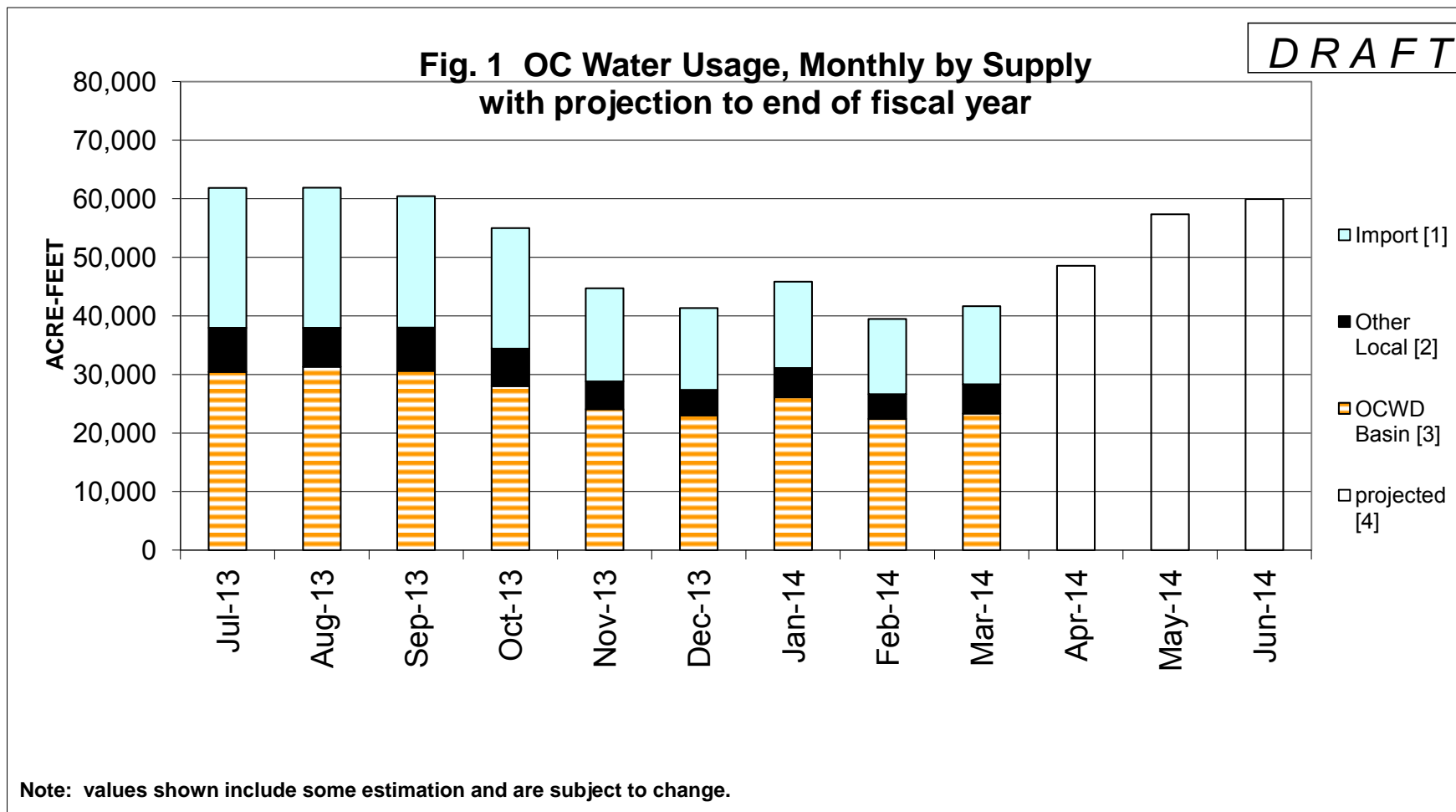
Fig. 3 Historical OC Water Consumption OC water consumption of about 601,000 AF in FY 2012-13 was up about 5% from FY 2011-12 but still below the long-term average of 630,000 AF/yr. Although OC population has increased 20% over the past two decades, water usage has not increased on average. A long-term decrease in per-capita water usage is attributed mostly to Water Use Efficiency (water conservation) efforts.

Fig. 4 MWDOC "Firm" Water Purchases, 2014 "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 2014.

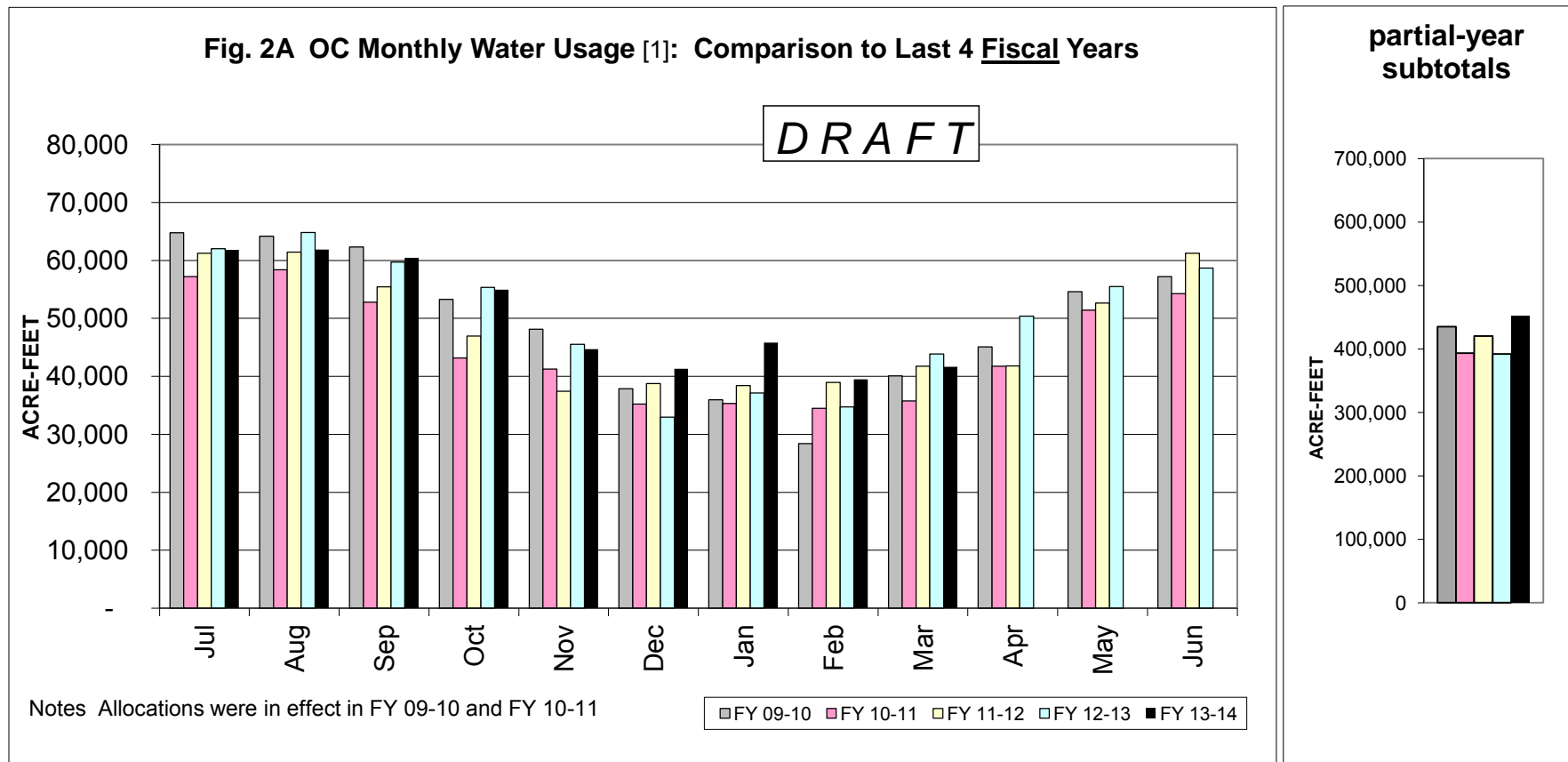
Budgeted (Y/N): N	Budgeted amount: N/A	Core <u>X</u>	Choice ____
Action item amount: N/A	Line item:		
Fiscal Impact (explain if unbudgeted):			

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 in October through April was about one third of the average for this period. This continues the impact of the previous two hydrologic years' below-normal rainfall in reducing those local supplies that are derived from local runoff.
- Northern California accumulated precipitation in October through April was around two thirds of normal for this period. The Northern California snowpack was 23% of normal as of April 1st, the date used for year-to-year comparison. This follows two below-average hydrologic years. The Governor declared a Drought Emergency, and the State Water Project Contractors Table A Allocation is only 5% as of the end of April. This percentage may be increased a little, but it is certain that there will be less State Project water deliveries to MET and the other Contractors than in previous years.
- Colorado River Basin accumulated precipitation in October through April was about average for this period. The Upper Colorado Basin snowpack was 111% of average as of April 15th, the date used for year-to-year comparison. 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 60% 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 2015.



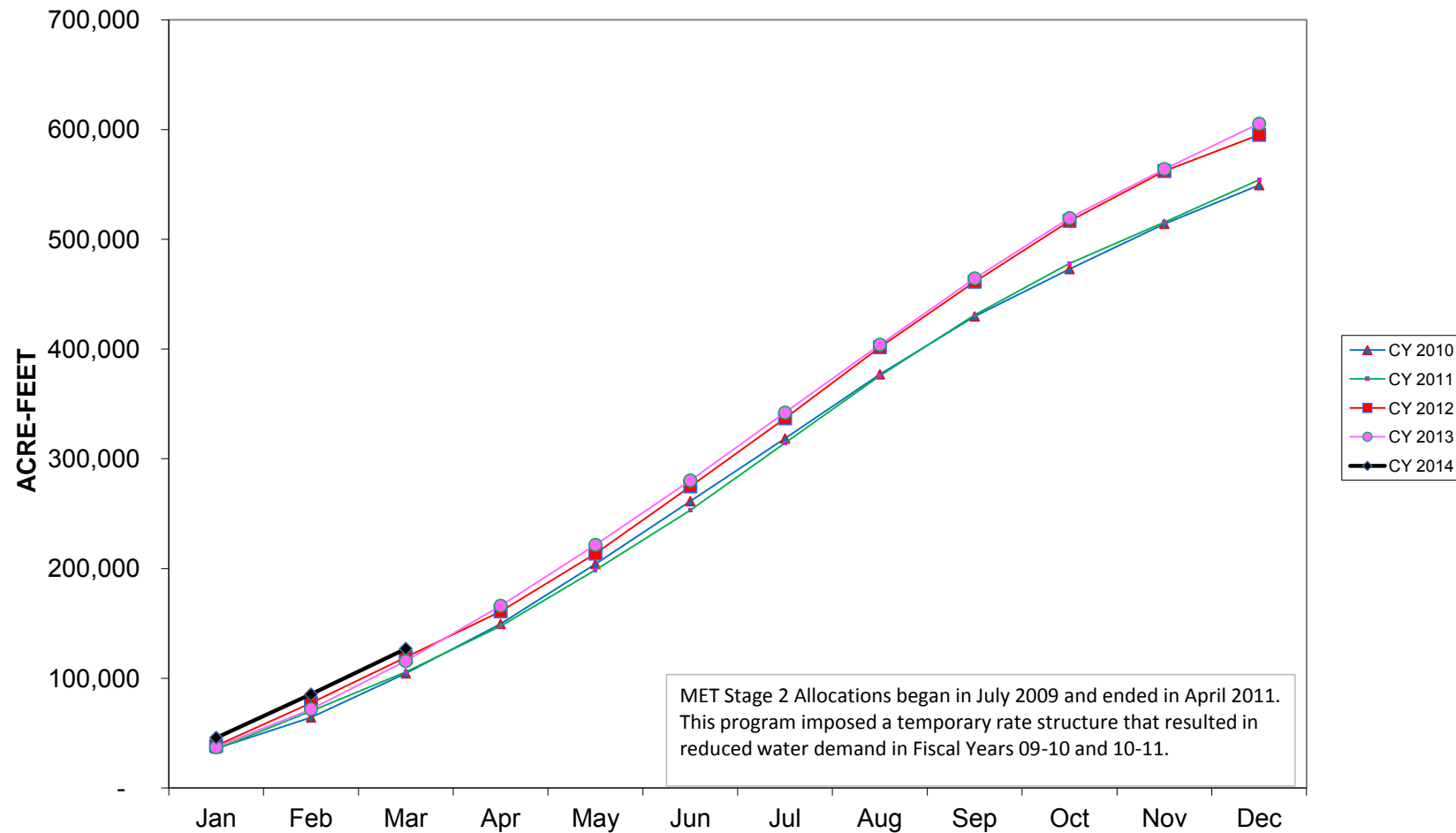
- [1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water, "Barrier Replenishment" deliveries, and deliveries into Irvine Lake.
- [2] Other local includes recycled water, local basin water, Irvine Lake 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 '13-14 is 70%.
- [4] MWDOC's estimate of monthly demand is based on the projected FY 13-14 "Retail" water demand and historical monthly demand patterns.



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

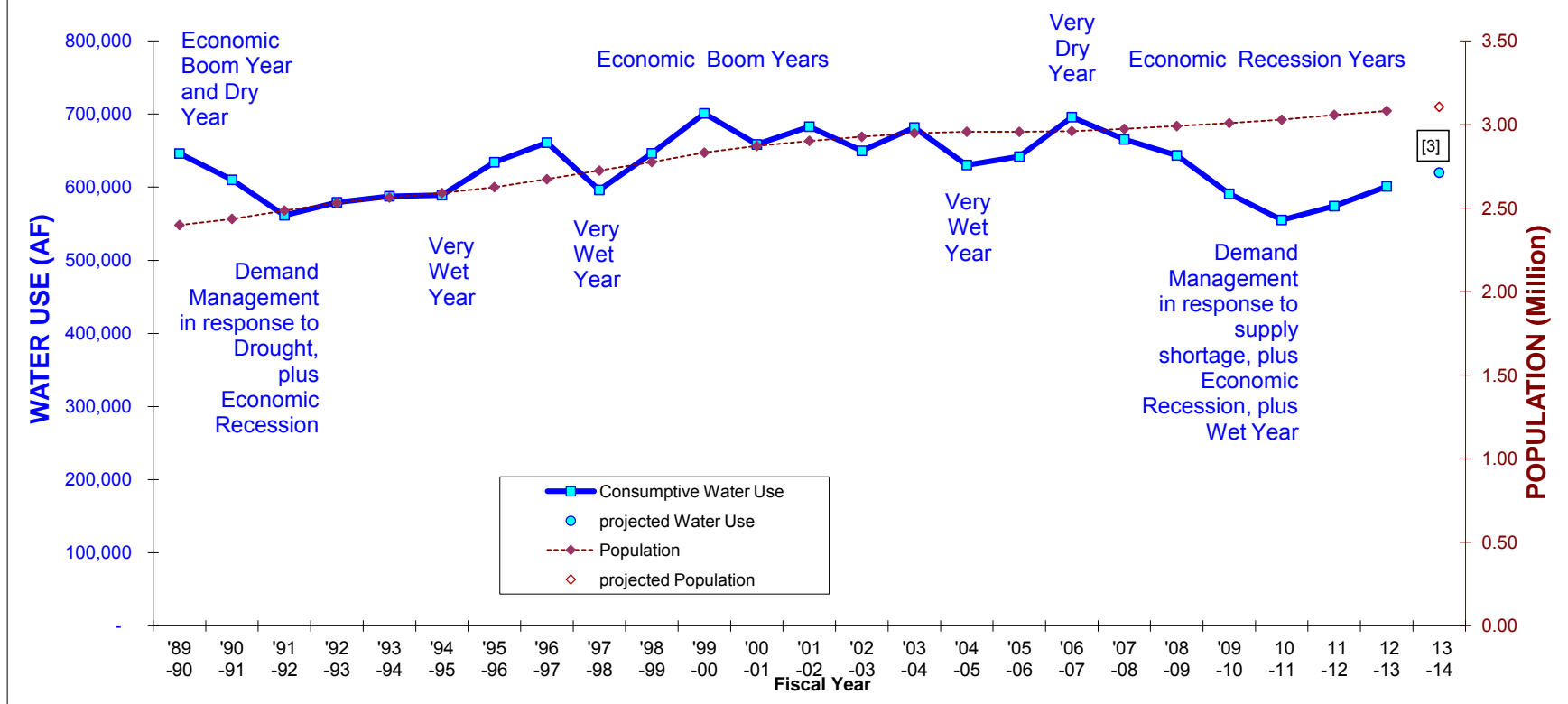
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**Fig. 2B Orange County Cumulative Monthly Consumptive Water Usage [1]:
present year compared to last 4 calendar years**



[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment" and "Barrier Replenishment") and Local water for consumptive use (includes recycled and non-potable water; excludes GWRS production and waste brine from water quality pumping projects).

Fig. 3 HISTORICAL WATER CONSUMPTION^[1] AND POPULATION^[2] IN OC



[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier water and Spreading water. The most recent data involve some estimation and are subject to change.

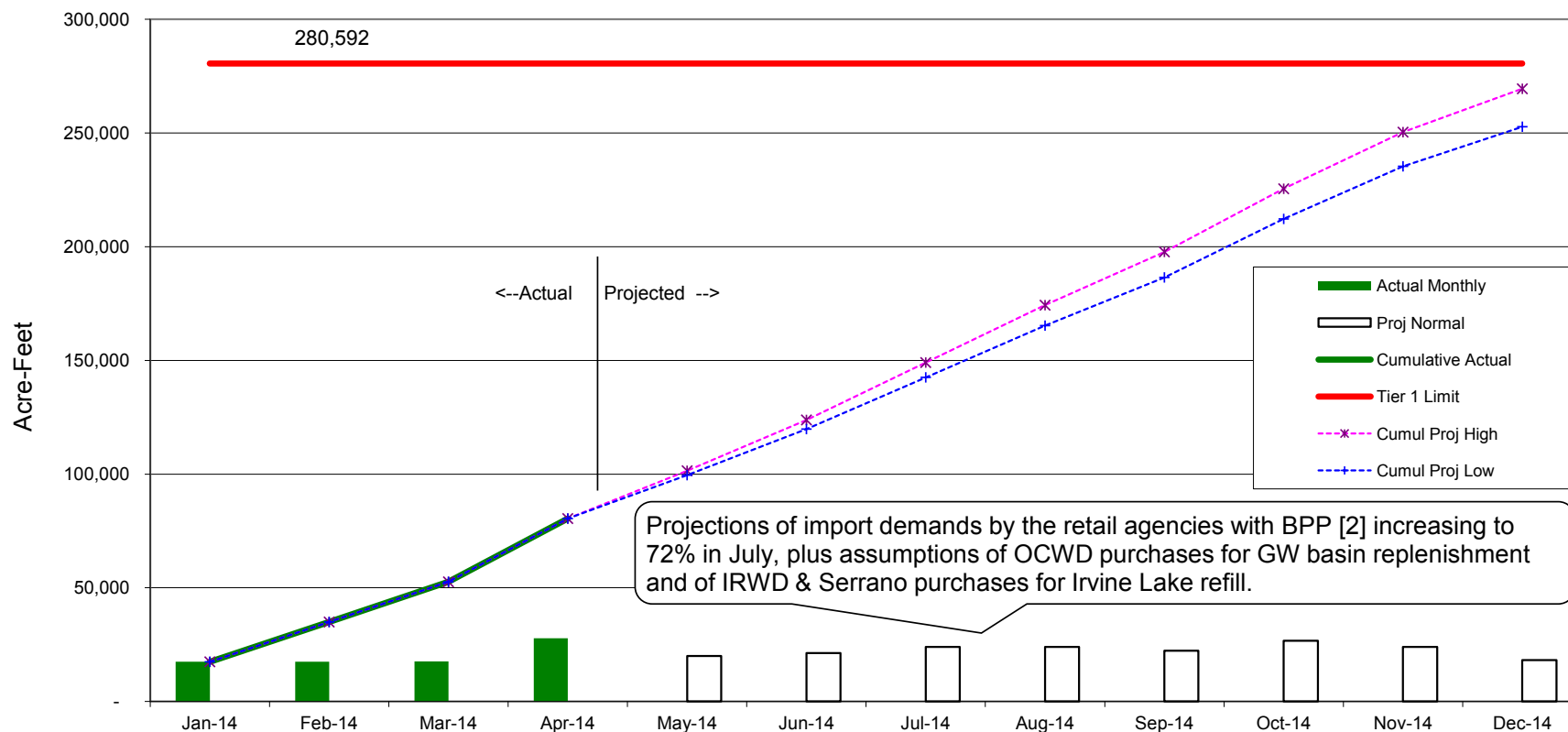
[2] Population estimates in the 2000s decade were revised by the State Dept. of Finance to reflect the 2010 Census counts.

[3] Projection of FY 13-14 water use estimated by MWD OC based on partial-year data.

Projection of FY 13-14 population estimated by MWD OC continues historical trend.

Fig. 4 MWDOC's Firm Water Purchases in CY 2014
Monthly Actual and Projected to CY Total

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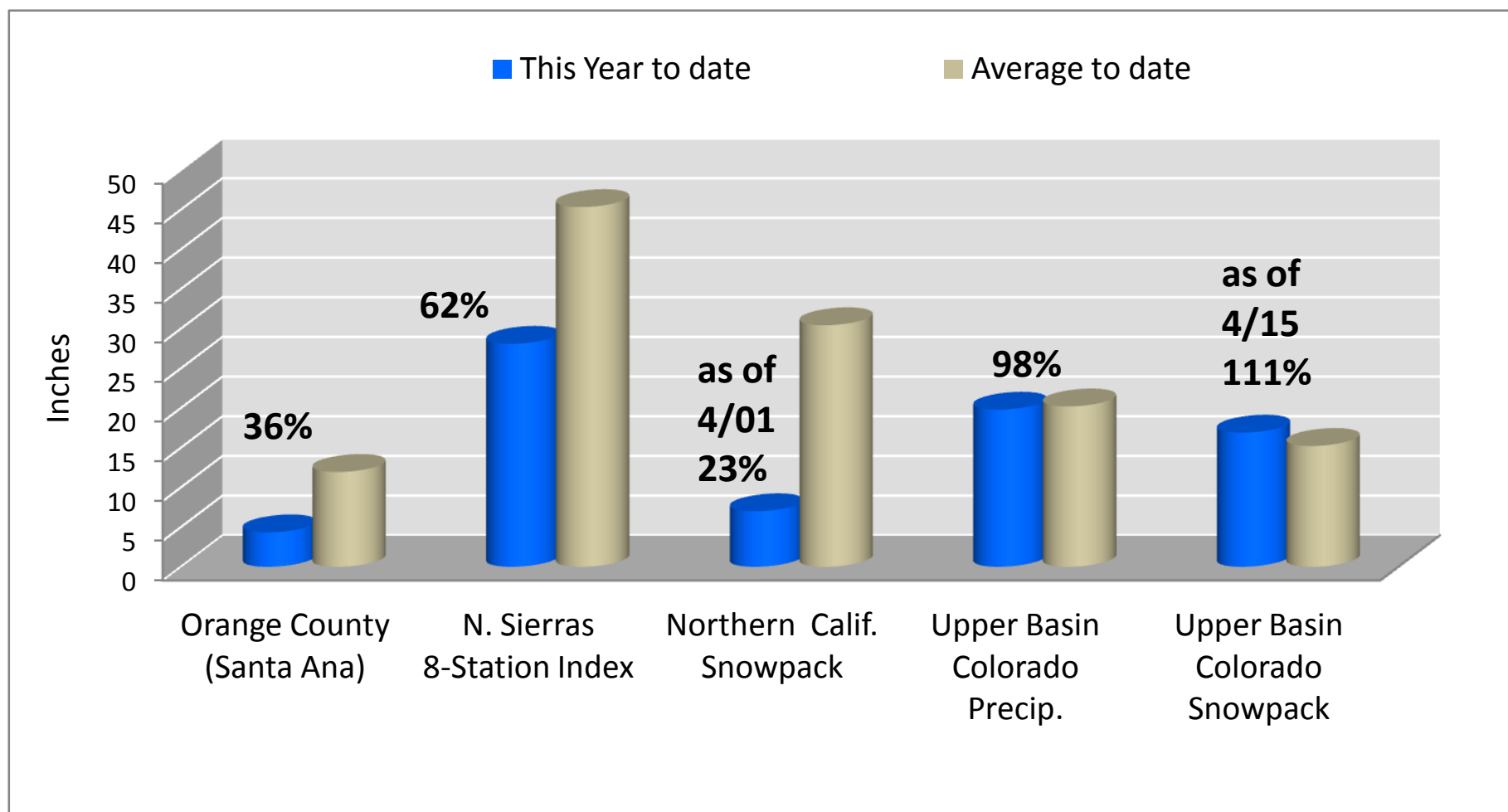
Notes

1. "Firm" includes Full Service (both Treated and Untreated) and Barrier water.
2. 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 70% for Basin agencies; for Jul.-Dec. they are projected with BPP of 72%.

Accumulated Precipitation

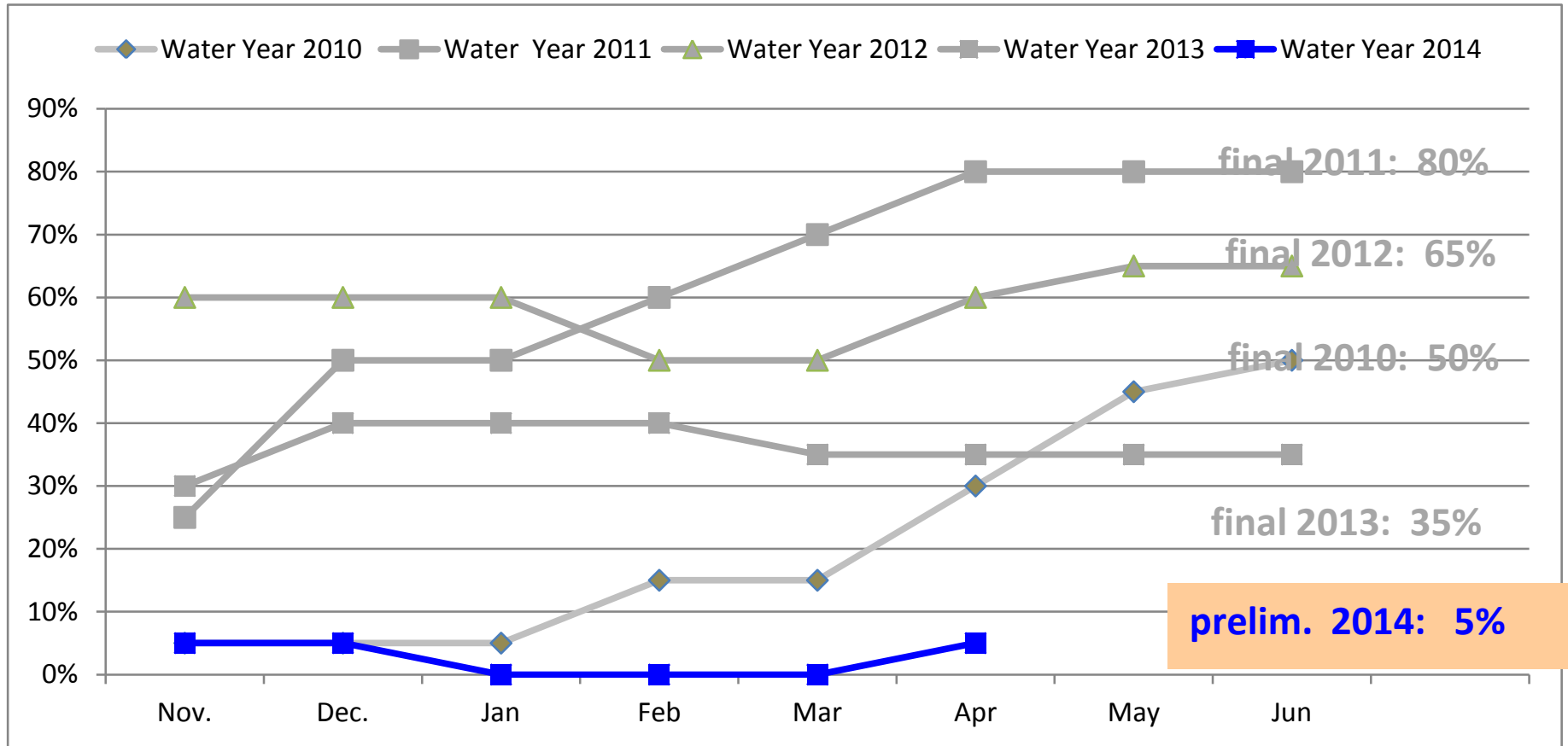
for the Oct.-Sep. water year, through Apr-2014

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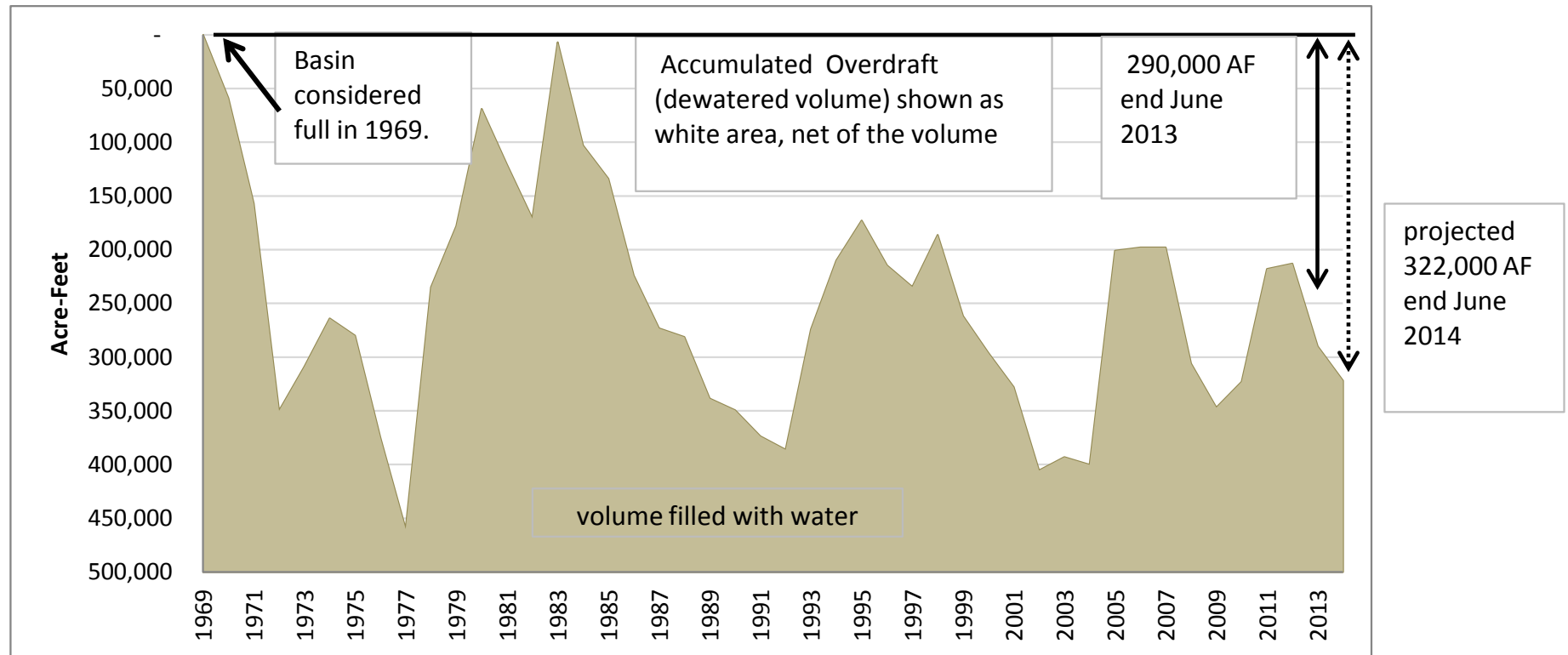
SWP Table A Allocation

for State Water Project Contractors



OCWD Basin Accumulated Overdraft

Annual, 1969 to present

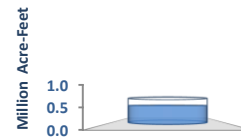
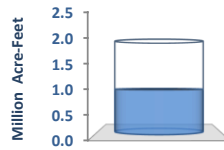
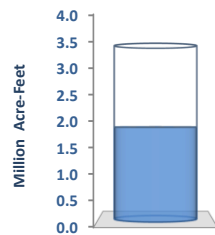
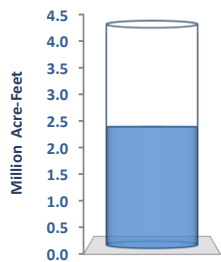
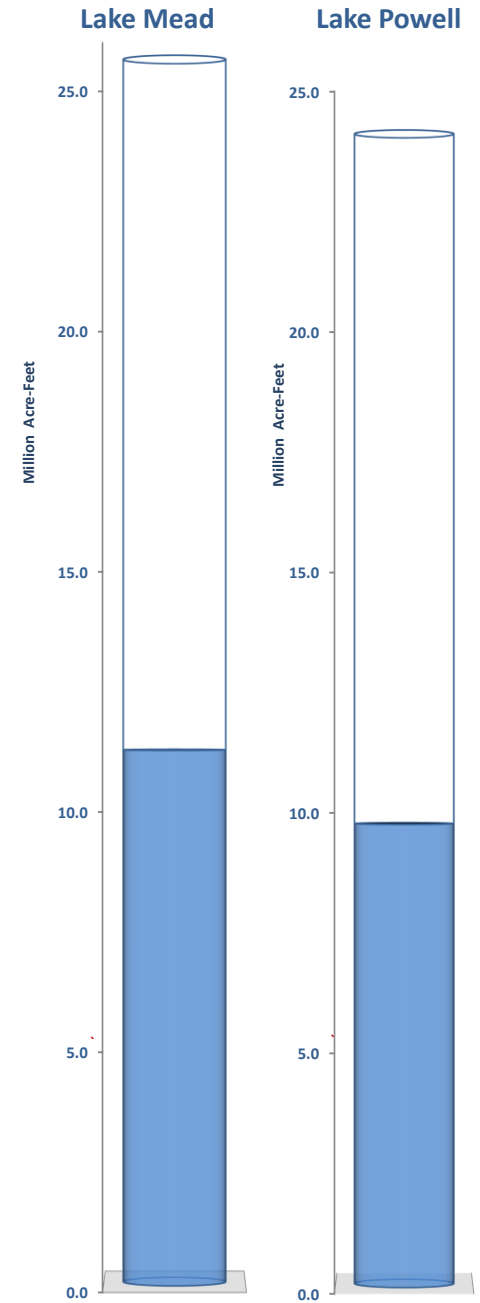
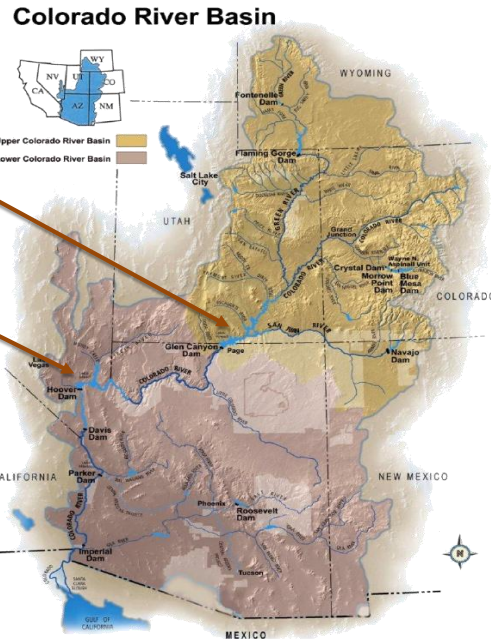
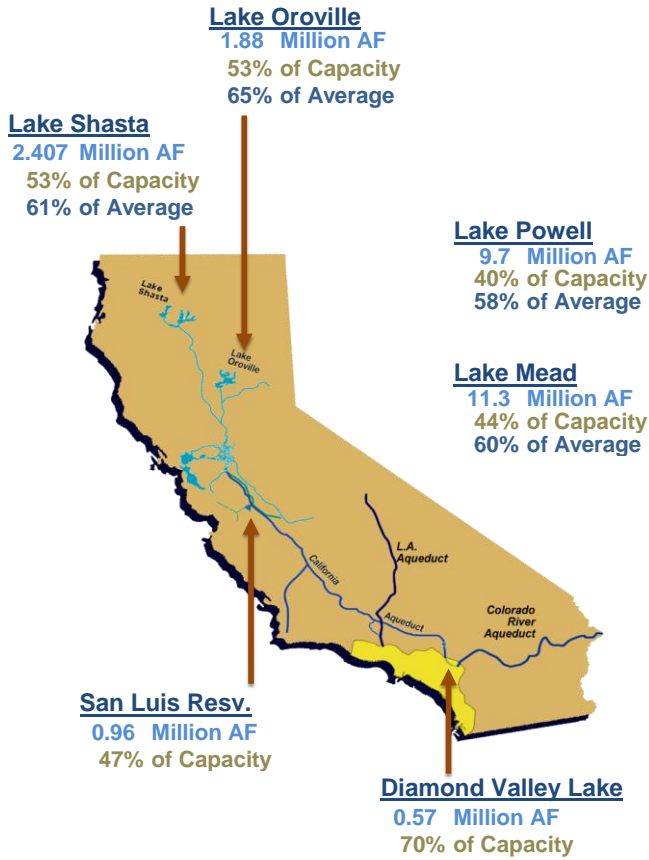


values as of June 30th

source: OCWD

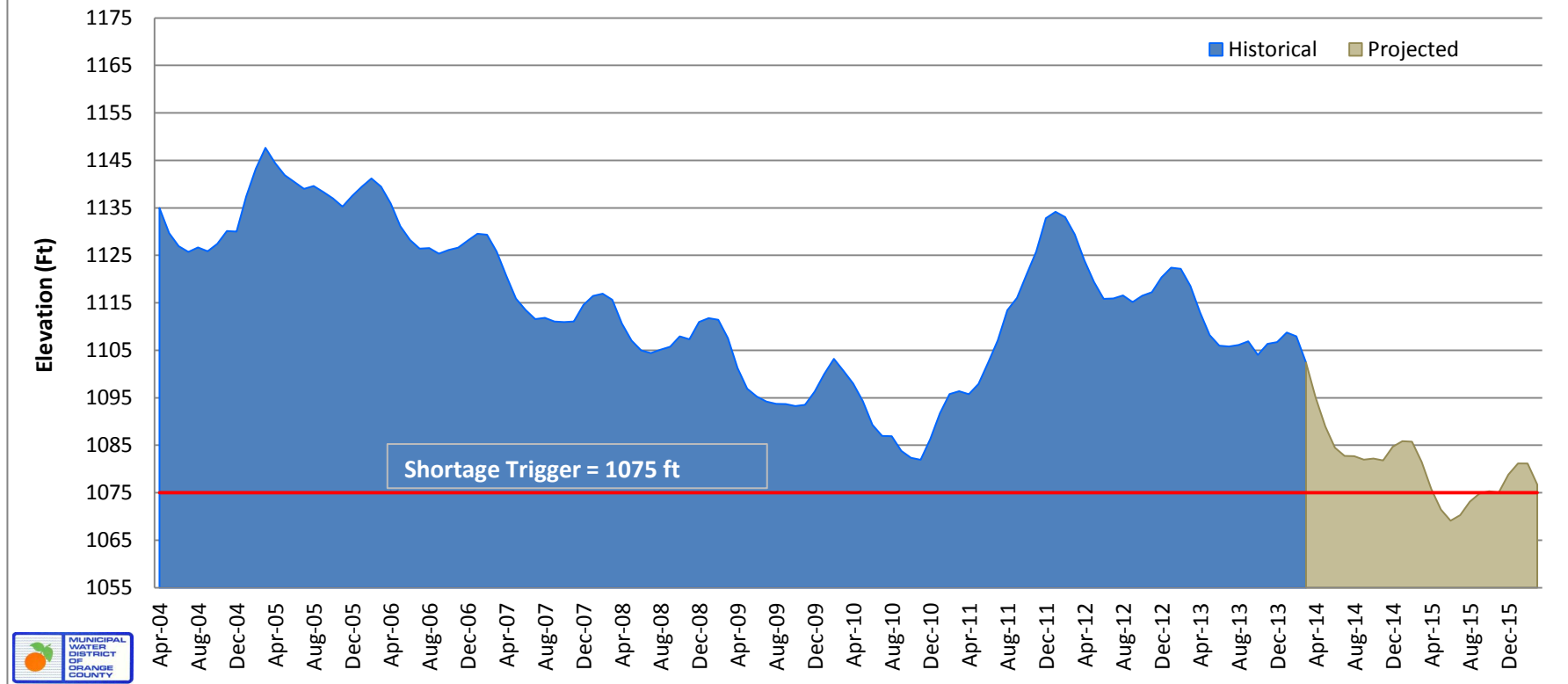
California, Colorado R., and MET Reservoir Storage

as of end of April 2014



Lake Mead Levels: Historical and Projected

projection per USBR 24-Month Study



**Administration Activities Report
April 4, 2014 to May 8, 2014**

Activity	Summary
Administration/Board	<ul style="list-style-type: none"> • Pat has been scheduling meetings for Karl, Keith and Harvey. • Pat assisted Karl/Richard with action item write-ups for the Board. • Pat coordinated with Leslie Gray on invites and rsvps and printing programs for Director Foley's celebration. • Maribeth has been scheduling meetings for Rob Hunter and for various Ad Hoc Committees of the Board. • Maribeth developed and assembled the package for CSDA's District Transparency Excellence Award and mailed them to two agencies for "Peer Review" • Maribeth has been working with the accounting department on a few Public Records Requests. • Maribeth prepared the District's Form 806 for posting to the website. • Maribeth has been assisting Rob/Karl with various write ups and follow-up for the Committees and Board. • Katie completed a mail merge letter for Rob and Karl re: Appointment of the Next MWDOC Director to the Metropolitan Water District of Southern California (MET) Board addressed to Mayors, City Managers, Water Manager, Board President and General Managers.
MWDOC/OCWD Joint Administration	<ul style="list-style-type: none"> • Cathy is coordinating with OCWD staff on obtaining costs for the building improvements for MWDOC's entry way and the common areas.
Property/Liability/Workers Compensation Insurance	<ul style="list-style-type: none"> • Katie conducted due diligence in reaching out to several insurance firms to request proposals to conduct a risk analysis on the appropriate level of District Liability Insurance coverage. Two quotes were received and are currently being evaluated. Staff will return in June with a status report on the Risk Assessment evaluation. • The District's Workers Compensation Insurance coverage will terminate on July 1 an action item is included in the Packet for the Board's consideration.
Records Management	<ul style="list-style-type: none"> • Sarah continues to enter new documents into the system as well as scan hard copy documents into the system. She also continues to purge and shred documents in accordance with the retention schedule. • Sarah is working with Patrick on the Laserfiche system server upgrade and software update. Sarah and Patrick participated in a conference call with ECS Imaging to discuss the system requirements and time frame for the updates. The server will be upgraded Friday, May 9th. All staff computers will also be updated with the new software. • Sarah assisted with front desk phone coverage, meeting set up/clean up due to vacations, illnesses and staff vacancy.

Office HVAC System	<ul style="list-style-type: none"> • Staff is coordinating with ACCO on the inspection and findings of the troubleshooting work for potential leaks in the duct system.
CalPERS	Hilary participated in a League of Cities webinar regarding CalPERS Risk Pools. Two alternatives will be presented for consideration by the CalPERS Board on May 21. Based on the two alternatives being presented the District is looking at either an approximate increase of \$36,923 or \$65,468 decrease for the 2015/16 fiscal year. Staff will monitor and return with additional information.
Review of 401 and 457 Plan Investment Funds	No new information to report.
Recruitment /Departures	<ul style="list-style-type: none"> • Katie is finalizing recruitment activities for the hiring of two Water Use Efficiency Interns who will both start late May. • Former MWDOC Intern Tiffany Bui, has returned for a temporary assignment to assist the Public Affairs Department with the Water Summit Event. • Staff will begin the interview process for the Governmental Affairs position. Interviews are scheduled to begin on May 19th.
Other	
Projects and Activities	<ul style="list-style-type: none"> • Katie researched Met's purchasing program and determined minimal cost savings may be possible on a few office supply items. • Katie assisted with the revisions and updates to the proposed pay structure adjustment by 2.5% • Two employees participated in the annual Red Cross Blood Drive hosted by Orange County Water District. • Katie initiated updating the WACO mailing list to improve efficiencies and postage cost savings. All individuals on the mail list have now been moved to the email list. • Cathy researched and evaluated options regarding changing the MET Directors Classification from 1099 to W-2. Information is included in the packet. • Cathy gathered information regarding Retiree Health Benefits. • Cathy participated in the MWDOC/OCWD Building Committee Meeting. • Cathy organized a meeting with Administrative Staff and the Public Affairs staff to discuss the ACT Database to evaluate opportunities for improving the current system. • Katie and Cathy are working with Kelly on developing the WEROC Program Coordinator job position in preparation for recruitment efforts.



INFORMATION ITEM

May 14, 2014

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 that are in-progress or to be completed during FY 2013-14.

Description	% of Completion	Estimated Completion date	Status
<u>Finance</u>			
Further Implementation of WUE Landscape Programs Database and Web Site.	On-going	6-30-15	In Progress
Upgrade Serenic ERP Software from version 5 to version 7	35%	6-30-14	In Progress
Preparation of documents for FY14-15 budget process.	90%	6-30-14	In Progress

<u>Information Technology</u>			
Network security protection for the District from Cyber threats, intruders/hackers, and viruses/malwares/spam e-mail attacks.	On-going	On-going	Continuous system monitoring
Upgrade existing Windows Server Operating Systems from 2003 and 2008 versions to 2012 version (software upgrade).	60%	6-30-14	In Progress
Purchase and upgrade District Record Management Database Server (hardware and software).	50%	6-30-14	In Progress
Purchase and upgrade Finance database Server (hardware and software) to run new version of Serenic application (64-bit).	60%	6-30-14	In Progress

FY 2013-14 Completed Special Tasks			
Description	% of Completion	Completion date	Status
<u>Information Technology</u>			
Upgrade and maintain Disaster Recovery Plan for the District (software and hardware). Install, configure and deploy new Disaster Recovery Server (hardware and software) for Finance Department at the South EOC.	100%	09-31-13	Completed
Purchase and upgrade Overhead projector for Conference room 102.	100%	10-31-13	Completed
Purchase and upgrade Primary Domain Network Server to Windows Server 2012 64-bit (hardware and software).	100%	1-31-14	Completed
Purchase and upgrade MS Office 2007 to 2013 version (5 licenses).	100%	12-31-13	Completed
Upgrade District Firewall (Software upgrade)	100%	3-31-14	Completed
Purchase and upgrade 3 Desktop computers.	100%	4-30-14	Completed
<u>Finance</u>			
Preparation of documents for FY13-14 budget process.	100%	06-30-13	Completed
State Tax filing for Water Facilities	100%	11-30-13	Completed
State Controller Report preparation	100%	11-30-13	Completed
Government Compensation in California report	100%	11-30-13	Completed
Annual financial audit conducted by Vavrinek, Trine, Day & Company	100%	1-31-14	Completed
Preparation of Audited Financial Statement Report	100%	1-31-14	Completed
Implementation of WUE Landscape Programs Database for inspection agencies.	100%	6-30-14	Completed