

REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
18700 Ward Street, Board Room, Fountain Valley, California  
June 21, 2017, 8:30 a.m.

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**AGENDA**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**PUBLIC COMMENTS/PARTICIPATION**

At this time, members of the public will be given an opportunity to address the Board concerning items within the subject matter jurisdiction of the Board. Members of the public may also address the Board about a particular Agenda item at the time it is considered by the Board and before action is taken. If the item is on the Consent Calendar, please inform the Board Secretary before action is taken on the Consent Calendar and the item will be removed for separate consideration.

The Board requests, but does not require, that members of the public who want to address the Board complete a voluntary "Request to be Heard" form available from the Board Secretary prior to the meeting.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

Determine need and take action to agendize items(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

**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>.

**NEXT RESOLUTION NO. 2055**

**CONSENT CALENDAR (Items 1 to 9)**

(All matters under the Consent Calendar will be approved by one motion unless a Board member requests separate action on a specific item)

**1. MINUTES**

- a. May 3, 2017 Workshop Board Meeting
- b. May 17, 2017 Regular Board Meeting

*Recommendation: Approve as presented.*

**2. COMMITTEE MEETING REPORTS**

- a. Planning & Operations Committee: May 1, 2017
- b. Administration & Finance Committee: May 10, 2017
- c. Public Affairs & Legislation Committee: May 15, 2017
- d. Executive Committee Meeting: May 18, 2017
- e. MWDOC/OCWD Joint Planning Committee: May 24, 2017

*Recommendation: Receive and file as presented.*

**3. TREASURER'S REPORTS**

- a. MWDOC Revenue/Cash Receipt Register as of May 31, 2017
- b. MWDOC Disbursement Registers (May/June)

*Recommendation: Ratify and approve as presented.*

- c. Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of April 30, 2017
- d. PARS Monthly Statement (OPEB Trust)
- e. Water Use Efficiency Projects Cash Flow

*Recommendation: Receive and file as presented.*

**4. FINANCIAL REPORT**

- a. Combined Financial Statements and Budget Comparative for the period ending April 30, 2017

*Recommendation: Receive and file as presented.*

**5. REQUEST APPROVAL OF CONSULTANT TO UPDATE THE ORANGE COUNTY REGIONAL WATER AND WASTEWATER MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN**

*Recommendation: Approve staff to negotiate a final contract with Michael Baker International as the consultant to update the Orange County Regional Water and Wastewater Multi-Jurisdictional Hazard Mitigation Plan Update at a cost not to exceed \$106,986.*

**6. REQUEST FOR APPROVAL TO JOIN THE ORANGE COUNTY 800 MHZ RADIO SYSTEM**

*Recommendation: Approve MWDOC staff to transition the current WEROC low-band radio system over to the Orange County 800 MHz Countywide Coordinated Communications System (800 MHz CCCS), including approving staff to take the following actions: (1) Sign the Joint Agreement for the Operation, Maintenance, and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System and associated agreements; (2) Enter into a purchase agreement for the costs associated with initial set-up of the*

*WEROC channel, purchase and/or programming, and installation of radios for Member Agencies and the WEROC facilities with the OC Sheriff's Communications Division and Motorola Solutions (sole source, based on County's approved price book.); and (3) Take appropriate steps to decommission the current WEROC low-band radio system.*

**7. AUTHORIZATION TO HIRE WATER USE EFFICIENCY PROGRAMS  
INSTALLATION VERIFICATION INSPECTION CONTRACTOR**

*Recommendation: Authorize the General Manager to enter into a professional services agreement with Mission Resources Conservation District to perform Water Use Efficiency Programs Installation Verification inspections over the next five years using a combination of grant awards and contributions from member agencies.*

**8. 2017-2018 PAY STRUCTURE ADJUSTMENT**

*Recommendation: Approve a 2% Pay Structure adjustment to the District salary ranges, as presented.*

**9. RESERVE POLICY REVISION TO DAYS CASH**

*Recommendation: Approve revisions to District's Reserve Policy and authorize staff to incorporate the reserve policy revisions into the District's Administrative Code.*

– End Consent Calendar –

**ACTION ITEMS**

**10-1 ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY AND GUIDELINES  
RES. NO. \_\_\_\_\_**

*Recommendation: Adopt a Resolution establishing the District's Investment Policy and Guidelines, and that the Resolution and Investment Policy and Guidelines be incorporated into the District's Administrative Code.*

**10-2 ADOPT RESOLUTION ESTABLISHING THE EMPLOYER PAID MEMBER  
CONTRIBUTION AMOUNT TO CALIFORNIA PUBLIC EMPLOYEES  
RETIREMENT SYSTEM (CALPERS) RES. NO. \_\_\_\_\_**

*Recommendation: Adopt the attached Resolution establishing the employer paid member contribution amount of 1% to CALPERS, and submit the Resolution to CalPERS for its records.*

**10-3 H.R. 2510 (DEFAZIO, D-OR, DUNCAN, R-TN, AND NAPOLITANO, D-CA) –  
WATER QUALITY PROTECTION AND JOB CREATION ACT OF 2017**

*Recommendation: Adopt a watch position on H.R. 2510 (DeFazio - OR, Duncan - TN, and Napolitano - CA).*

**10-4 SB 623 (MONNING) – FUNDING FOR SAFE DRINKING WATER**

*Recommendation:* Adopt a watch position, but move to an oppose position if public goods charge, water tax or rate payer assessment language is added to SB 623 (Monning).

**10-5 VOTE ON PROPOSED AMENDMENTS TO THE ISDOC BYLAWS**

*Recommendation:* Approve the proposed amendments to the ISDOC bylaws.

**10-6 EXTENSION OF CONSULTING CONTRACT WITH DICK ACKERMAN**

*Recommendation:* Extend the contract with Ackerman Consulting for specialized services.

**10-7 AUTHORIZATION TO JOIN CALIFORNIANS FOR WATER SECURITY COALITION TO SUPPORT THE CALIFORNIA WATERFIX**

*Recommendation:* Authorize MWDOC to join Californians for Water Security (CWS). CWS is a coalition of entities both public and private supporting the California WaterFix. Joining the coalition is as simple as signing up via an internet form, additionally; there is an opportunity to submit a statement and logo, featured on the coalition's website, [www.watersecurityca.com](http://www.watersecurityca.com).

**INFORMATION CALENDAR** (All matters under the Information Calendar will be Received/Filed as presented following any discussion that may occur)

**11. GENERAL MANAGER'S REPORT, JUNE 2017 (ORAL AND WRITTEN)**

*Recommendation:* Receive and file report(s) as presented.

**12. MWDOC GENERAL INFORMATION ITEMS**

- a. Board of Directors - Reports re: Conferences and Meetings
- b. Requests for Future Agenda Topics

*Recommendation:* Receive and file as presented.

**ADJOURNMENT**

Note: 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 contacting 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.



**MINUTES OF THE WORKSHOP BOARD MEETING  
OF THE BOARD OF DIRECTORS OF  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)  
WITH THE MWDOC MET DIRECTORS**

May 3, 2017

At 8:30 a.m. President Osborne called to order the Workshop Board Meeting of the Board of Directors of Municipal Water District of Orange County (MWDOC) at the District facilities located in Fountain Valley. Director Finnegan led the Pledge of Allegiance and Secretary Goldsby called the roll.

**MWDOC DIRECTORS**

Brett R. Barbre\* (absent)  
Larry Dick\*  
Joan Finnegan  
Wayne Osborne  
Megan Yoo Schneider (absent)  
Sat Tamaribuchi (absent)  
Jeffrey M. Thomas

**MWDOC STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Joe Byrne, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Harvey De La Torre, Associate General Mgr.  
Melissa Baum-Haley, Sr. Water Resource Analyst  
Kevin Hostert, Water Resources Analyst  
Charles Busslinger, Principal Engineer  
Joe Berg, Director of Water Use Efficiency  
Damon Micalizzi, Dir. Of Public Affairs  
Heather Baez, Governmental Affairs Manager  
Jonathan Volzke, Public Affairs Manager

\*Also MWDOC MET Directors

**OTHER MWDOC MET DIRECTORS**

Larry McKenney  
Linda Ackerman (absent)

**OTHERS PRESENT**

Fred Adjarian  
William Kahn  
Mark Monin  
Jose Vergara  
Mike Dunbar  
Doug Reinhart  
Steve LaMar  
Peer Swan  
Paul Cook  
Paul Weghorst  
Phil Lauri  
John Kennedy  
Saundra Jacobs  
Dennis Erdman  
Al Nederhood  
Brooke Jones  
Kelly Rowe  
Ed Means

El Toro Water District  
El Toro Water District  
El Toro Water District  
El Toro Water District  
Emerald Bay Service District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Mesa Water  
Orange County Water District  
Santa Margarita Water District  
South Coast Water District  
Yorba Linda Water District  
Yorba Linda Water District  
Water Resources Consultant  
Means Consulting

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED** - Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

No items were presented.

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

President Osborne inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting with General Manager Hunter responding no items were distributed.

No items were distributed.

**PUBLIC PARTICIPATION/PUBLIC COMMENTS**

President Osborne inquired whether any members of the public wished to comment on agenda items.

No comments were received.

**PRESENTATION/DISCUSSION/INFORMATION ITEMS**

**INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION**

Director Dick commented that although MET's continued focus is the California WaterFix, MET efforts have slowed on the WaterFix due to the San Diego County Water Authority (SDCWA) litigation; he advised that the appellate oral arguments will start mid-May.

Director McKenney reported that the MET Board voted for no change to the rate structure, resulting in no fixed treatment component to the rate structure. He also provided a brief overview on Sites Reservoir.

Discussion ensued between the audience and MET Directors regarding MET's policy with respect to desalination, an overview of MET's IRP and LRP discussions and how desalination fits into these policies, and the importance of the WaterFix to the Southern California region. Discussion regarding reliability for the region was also held with emphasis on the projects outlined in the OC Reliability Study.

**UPDATE ON WATER SUPPLY CONDITIONS**

Water Resources Analyst Kevin Hostert reported on Orange County's water supply conditions, noting that April experienced above average rainfall and that the Northern Sierra Snow Water Equivalent is at 42 inches (as of the end of April). He also reviewed key state reservoir storage conditions, snowpack levels, rainfall amounts, and the "Table A" State Water Project Allocations for 2017 (currently set at 85% for 2017).

The Board received and filed the report as presented.

## **UPDATE ON METROPOLITAN'S INTEGRATED RESOURCE PLAN (IRP) POLICY DEVELOPMENT DISCUSSION**

Associate General Manager Harvey De La Torre, provided an overview of the IRP policy development discussions, noting that a workshop will be held on May 23, 2017 to discuss and develop policy principles on two major policy areas, namely: (1) how should MET expand its role in local resources and conservation, and under what conditions; and (2) how should MET plan and participate with existing and expanding mandates.

Discussion ensued regarding policy area discussion 1 (above), the criteria for MET to define a regional benefit beyond supply yields and a reduction in distribution system costs, the need to focus on areas that are short on supply, and how the LRP Program began and how it will continue (partnership or subsidy).

The Board received and filed the report.

## **PRESENTATION BY SYRUS DEVERS OF BEST, BEST & KRIEGER REGARDING THE LEGISLATIVE LONG-TERM CONSERVATION FRAMEWORK (PROPOSED BILLS V. TRAILER BILL)**

President Osborne announced that due to Mr. Devers suffering an illness, Governmental Affairs Manager Heather Baez would present this item.

Ms. Baez stated that in an effort to establish long-term water conservation standards, Governor Brown issued an Executive Order (EO B-37-16, Making Water Conservation a California Way of Life), which directed a number of state agencies to develop a long-term statewide conservation plan. She advised that a final version of the Report was released on April 7<sup>th</sup> and can be considered a framework for implementing EO B-37-16. Ms. Baez also advised that concurrently, Trailer Bill Language (TBL 810) was released, which establishes authorities and deadlines for setting new long-term standards for efficient urban water use. In addition to TBL 810, eight bills were heard at the April 25, 2017 Assembly Committee on Water Parks, and Wildlife. The focus was on those bills authored by Assembly Members Friedman and Rubio. The three Friedman bills nearly mimic TBL 810, while the Rubio bills are generally supported by local water agencies, MET, and ACWA; all eight pieces of legislation passed out of Committee with direction for all parties to work cooperatively toward agreed upon language.

Considerable discussion ensued regarding the TBL 810 and the eight pieces of legislation, with Ms. Baez advising that the MWDOC Board adopted support positions on the Rubio legislation and an oppose position on AB 1667.

Following discussion, the Board received and filed the report.

## **MWD ITEMS CRITICAL TO ORANGE COUNTY**

- a. MET's Water Supply Conditions
- b. MET's Finance and Rate Issues
- c. Colorado River Issues
- d. Bay Delta/State Water Project Issues
- e. MET's Ocean Desalination Policy and Potential Participation by MET in the

- f. Doheny Desalination Project
- g. Orange County Reliability Projects
- h. East Orange County Feeder No. 2
- South County Projects

The Board received and filed the information as presented.

**METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

- a. Summary regarding April MET Board Meetings
- b. Review Items of significance for the Upcoming MET Board and Committee Agendas

No new information was presented; the information was received and filed.

**ADJOURNMENT**

There being no further business to come before the Board, the meeting adjourned at 10:17 a.m.

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Maribeth Goldsby  
Board Secretary

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
May 17, 2017**

At 8:30 a.m., President Osborne called to order the Regular Meeting of the Municipal Water District of Orange County in the Board Room at the District facilities located in Fountain Valley. Director Thomas led the Pledge of Allegiance and Secretary Goldsby called the roll.

**MWDOC DIRECTORS**

Brett R. Barbre  
Larry Dick  
Joan Finnegan  
Wayne Osborne  
Sat Tamaribuchi  
Jeffery M. Thomas  
Megan Yoo Schneider

**STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Joe Byrne, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Harvey De La Torre, Associate General Manager  
Damon Micalizzi, Director of Public Affairs  
Jonathan Volzke, Public Affairs Manager  
Melissa Baum-Haley, Sr. Water Resources Analyst  
Hilary Chumpitazi, Accounting Manager

**ALSO PRESENT**

William Kahn  
Bob Hill  
Doug Reinhart  
Paul Cook  
Jim Atkinson  
Jake Vollebregt  
Christopher Regan  
Cathy Green  
Chris Olson  
Saundra Jacobs  
Chuck Gibson  
Dan Ferons  
Jim Leach  
Dennis Erdman  
Andy Brunhart  
Al Nederhood  
Brooke Jones  
Kelly Rowe

El Toro Water District  
El Toro Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Mesa Water  
Moulton Niguel Water District  
Laguna Beach County Water District  
Orange County Water District  
Orange County Water District  
Santa Margarita Water District  
Santa Margarita Water District  
Santa Margarita Water District  
Santa Margarita Water District  
South Coast Water District  
South Coast Water District  
Yorba Linda Water District  
Yorba Linda Water District  
Water Resources Consultant

**INTRODUCTION OF NEW EMPLOYEE**

WEROC Programs Manager Kelly Hubbard introduced Francisco Soto, WEROC's new Emergency Program Coordinator, to the Board.

**PUBLIC PARTICIPATION/PUBLIC COMMENT**

President Osborne announced members of the public wishing to comment on agenda items could do so after the item has been discussed by the Board and requested members of the public identify themselves when called on. Mr. Osborne asked whether there were any comments on other items which would be heard at this time.

No public comments were received.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were received.

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

President Osborne inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting.

No items were distributed.

**CONSENT CALENDAR**

President Osborne stated all matters under the Consent Calendar would be approved by one MOTION unless a Director wished to consider an item separately.

Upon MOTION by Director Barbre, seconded by Directors Dick and Thomas, and carried (7-0), the Board approved the Consent Calendar items as follows. Directors Barbre, Dick, Finnegan, Osborne, Tamaribuchi, Thomas and Yoo Schneider all voted in favor.

**MINUTES**

The following minutes were approved.

April 5, 2017 Workshop Board Meeting  
April 4, 2017 Special Board Meeting  
April 19, 2017 Regular Board Meeting  
April 26, 2017 Special Board Meeting

**COMMITTEE MEETING REPORTS**

The following Committee Meeting reports were received and filed as presented.

Planning & Operations Committee Meeting: April 3, 2017  
Administration & Finance Committee Meeting: April 12, 2017  
Public Affairs & Legislation Committee Meeting: April 17, 2017  
Executive Committee Meeting: April 20, 2017

## **TREASURER'S REPORTS**

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of April 30, 2017  
MWDOC Disbursement Registers (April/May)

The following items were received and filed as presented.

MWDOC Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of March 31, 2017

PARS Monthly Statement (OPEB Trust)

Water Use Efficiency Projects Cash Flow

## **FINANCIAL REPORT**

The following items were received and filed as presented.

Combined Financial Statements and Budget Comparative for the period ending February 28, 2017

Quarterly Budget Report

## **WEROC SOUTH EMERGENCY OPERATIONS CENTER (EOC) SEISMIC STUDY CONSULTANT APPROVAL**

The Board approved the selection of IDS Group to conduct a Seismic Assessment of the WEROC South EOC.

## **DISTRICT CONFERENCES**

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

The Board ratified attendance at the OCBC Advocacy conference.

## **SELECTION OF FINANCIAL CONSULTANT SERVICES**

The Board authorized the General Manager to enter into a professional services contract with Davis Farr LLP for Financial Consultant services for up to five (5) years.

## **AWARD CONTRACT ON FINANCIAL STATEMENT AUDIT SERVICES**

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

**TRAVEL TO WASHINGTON, DC TO COVER FEDERAL INITIATIVES**

The Board received and filed the report.

**TRAVEL TO SACRAMENTO TO COVER STATE INITIATIVES**

The Board received and filed the report.

**END CONSENT CALENDAR****ACTION CALENDAR****APPROVAL OF MWDOC'S FINAL BUDGET FOR 2017-18**

General Manager Hunter provided an overview of the budget, noting that due to the ACWA conference many member agencies were not able to attend and hear the presentation regarding the third draft budget at the Administration & Finance Committee meeting. Mr. Hunter then reviewed the changes in the budget from the second draft (reviewed in April) to the third and final draft before the Board. These changes include (1) the expense estimate for the grant opportunity review contractor was reduced from \$70,000 to \$20,000; (2) estimated expenses for the WEROC radio system replacement program were increased by \$47,210 based on revised information for the cost of installation and the number of radios for the new system; (3) the Public Affairs budget was increased by \$5,000 for sponsorship of a Girl Scout "water badge" program similar to the program for Boy Scouts; (4) the Public Affairs Budget was increased by \$40,000 for consulting services for a Strategic Outreach Program Consultant, as requested by the Executive Committee; (5) corrections were made to the conference/meeting schedule and budget to reflect updated travel costs for Director and Staff representation totaling an additional \$24,830; (6) IT expenses of \$3,700 were added for malware software licenses; (7) the Choice School Program was updated and increased by \$47,171; and (8) based on the A&F Committee comments, revenues were increased so as to reduce the budget draw on reserves from \$417,578 to \$137,378. Mr. Hunter advised that comment letters were received by several agencies expressing concern with the budget, and requesting the removal of the Governmental Affairs staff position and expressing opposition to the increased Retail Meter Services Charge, noting the increase was too high.

Mr. Hunter suggested the Board consider the following three options for approving the budget:

- Option 1: Pass the budget as presented with no modifications
- Option 2: Eliminate the Government Affairs position and apply the reduction in expenses to reduce the draw on reserves
- Option 3: Eliminate the Government Affairs position and apply the reduction in expenses to reduce the proposed rate

Several speakers addressed the Board expressing support for the first draft of the budget as presented in March 2017 (similar to Option 3 above), noting that many agencies adopted their own budgets based on the first draft (per Prop 218 requirements). Concerns regarding the following issues were expressed: rate increases were too high; the Government Affairs position should be removed from the budget, the need to drive toward a balanced budget prior to



releasing any drafts, and possibly move some programs to Choice; it was suggested the Board defer adopting the budget until June. Speakers in opposition to the third and final draft included Director Bill Kahn (El Toro Water District), Director Chuck Gibson (Santa Margarita Water District), Mr. Jake Vollebregt (Moulton Niguel Water District), Mr. Paul Cook (Irvine Ranch Water District), Mr. Chris Olson (Orange County Water District), and Mr. Chris Regan (Laguna Beach County Water District).

Director Barbre made a MOTION, which was seconded by Director Dick, to adopt Option 2 (eliminate the Government Affairs position and apply this reduction in expenses to reduce the draw on reserves).

Considerable discussion ensued with Directors Thomas, Tamaribuchi, and Osborne preferring Option 3. Director Thomas advised that he would respect the agencies' wishes with Option 3, however he reviewed the budget process with the audience, noting that he did not believe a delay was warranted in that the agencies have had plenty of opportunity to review the document. Director Tamaribuchi commented that because the budget was not balanced early on, he preferred Option 3 (the lowest Retail Meter Charge). Director Osborne suggested that in the spirit of cooperation, Option 3 would be the best.

Director Finnegan commented that she would prefer Option 2 which would result in a lower draw on reserves; and Director Yoo Schneider indicated she could support either Option 2 or 3.

Director Dick commented that although he could support either Option 2 or 3, he preferred 2 in that it was a lower draw on reserves.

Director Barbre commented that the District's Administrative Code states the Board will adopt the budget in May, many agencies have stated they adopted their budgets prior, using the first draft. He advised that if the Board wanted to move the approval date up, the Administrative Code would need to be revised.

Following this discussion, Directors Barbre and Dick withdrew the original MOTION and second.

Upon MOTION by Director Barbre, seconded by Director Osborne, and carried (7-0), the Board adopted RESOLUTION NO. 2050 approving the fiscal year 2017-18 budget as amended by Option 3 (eliminating the Government Affairs position and applying the reduction in expenses to reduce the proposed charges). Said RESOLUTION NO. 2050 was adopted by the following roll call vote:

AYES:	Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas
NOES:	None
ABSENT:	None
ABSTAIN:	None

#### **PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2017-18**

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board increased the MWDOC Retail Meter Charge from \$10.95 to \$11.90 per meter, and the

Groundwater Customer Charge from \$392,666 to \$473,560, effective July 1, 2017; and adopted RESOLUTION NO. 2051 establishing water rates for fiscal year 2017-18, including setting forth rates and charges to be effective July 1, 2017 and January 1, 2018, consistent with the budget as adopted above. Said RESOLUTION NO. 2051 was adopted by the following roll call vote:

AYES:	Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas
NOES:	None
ABSENT:	None
ABSTAIN:	None

**H.R. 1430 (LAMAR SMITH, R-TX) – HONEST AND OPEN NEW EPA SCIENCE TREATMENT ACT OF 2017**

Upon MOTION by Director Tamaribuchi, seconded by Director Thomas, and carried (6-1), the Board adopted a watch position on H.R. 1430 (Lamar Smith, R-TX). Directors Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi, and Thomas voted in favor. Director Barbre opposed, noting his preference for a support position.

**H.R. 1431 (FRANK LUCAS, R-OK) – EPA SCIENCE ADVISORY BOARD REFORM ACT OF 2017**

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (5-2), the Board adopted a support position on H.R. 1431 (Frank Lucas, R-OK). Directors Barbre, Finnegan, Osborne, Yoo Schneider and Thomas voted in favor; Directors Dick and Tamaribuchi opposed.

**H.R. 1654 (MCCLINTOCK, R-CA) – WATER SUPPLY PERMITTING COORDINATION ACT**

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board adopted a support position on H.R. 1654 (McClintock, CA). Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi, and Thomas voted in favor.

**SB 231 (HERTZBERG) – LOCAL GOVERNMENT: FEES AND CHARGES**

Director Barbre made a MOTION, which was seconded by Director Thomas to adopt an oppose unless amended position on SB 231.

President Osborne noted his preference for a support position in that it would allow a city the opportunity to manage and clean the storm drains. Director Tamaribuchi (Chair of the Public Affairs & Legislation Committee – PAL) added the PAL Committee recommended a watch position and that would be his preference.

Following discussion regarding the most effective position, Director Osborne made a SUBSTITUTE MOTION to adopt a watch position on SB 231 (Hertzberg), which was seconded by Director Tamaribuchi and carried (4-3). Directors Osborne, Finnegan, Tamaribuchi and Yoo Schneider voted in favor. Directors Barbre, Dick, and Thomas opposed.

**AUTHORIZATION TO CONTRACT FOR MWDOC ENTRY HALLWAY DISPLAY DESIGN AND CONSTRUCTION**

Upon MOTION by Director Barbre, seconded by Director Osborne, and carried (6-1), the Board authorized entering into a contract with *Bang! Creative Inc.* for the design, construction and installation of a display in the MWDOC entry hallway at a cost of \$31,937. Directors Barbre, Finnegan, Osborne, Yoo Schneider, Tamaribuchi, and Thomas voted in favor; Director Dick opposed.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 10 CALL FOR CANDIDATES**

President Osborne advised that the three ACWA Region 10 incumbents, Jim Atkinson, Cathy Green, and Chuck Gibson requested that the Board adopt concurring resolutions in their nominations. It was noted that no member of the MWDOC Board wished to be nominated.

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board adopted RESOLUTION NO. 2052 concurring in the nomination of Jim Atkinson (Mesa Water) to the ACWA Region 10 Board of Directors, RESOLUTION NO. 2053 concurring in the nomination of Cathy Green (OCWD) as Chair of ACWA Region 10, and RESOLUTION NO. 2054, concurring in the nomination of Chuck Gibson to the ACWA Region 10 Board of Directors. These RESOLUTIONS were adopted by the following roll call vote:

AYES:	Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas
NOES:	None
ABSENT:	None
ABSTAIN:	None

**AUTHORIZATION TO PARTICIPATE IN SOUTHERN CALIFORNIA WATER COMMITTEE CALIFORNIA WATERFIX EDUCATION CAMPAIGN**

President Osborne stated that the Public Affairs & Legislation Committee recommended the Board participate and contribute \$30,000 to SCWC's California WaterFix Education Campaign.

Director Barbre expressed concern, noting his belief that such a contribution would borderline on a misuse of public funds.

Legal Counsel Byrne advised that he reviewed the issue and found it to be educational and allowable and that what is described is within the bounds of the law. Mr. Byrne outlined the laws pertaining to a 501(c)(3) corporation which indicates contributions for political purposes are not allowed, however educational activities are allowed under the law.

Director Finnegan advised that she would support the contribution, but asked that Mr. Wilson keep the Board informed and updated on the status of the program.

Responding to an inquiry from Director Yoo Schneider, Mr. Hunter advised that the agencies contributing funds will have the opportunity to participate on an advisory committee and will have

full access to assist in developing the educational materials. Director Yoo Schneider asked that the Board receive a concrete work plan of the program.

Upon MOTION by Director Tamaribuchi, seconded by Director Thomas, and carried (5-1-0), the Board authorized a contribution in the amount of \$30,000 to the Southern California Water Committee California WaterFix Education Campaign. Directors Dick, Finnegan, Osborne, Tamaribuchi, and Thomas voted in favor; Director Barbre opposed, and Director Yoo Schneider abstained.

## **INFORMATION CALENDAR**

### **GENERAL MANAGER'S REPORT, APRIL 2017**

General Manager Hunter advised that the General Manager's report was included in the Board packet.

In response to an inquiry from the Board, Mr. Hunter advised that he anticipates MET to release its white papers regarding their position on the California WaterFix sometime in August.

The Board received and filed the report as presented.

## **MWDOC GENERAL INFORMATION ITEMS**

### **BOARD OF DIRECTORS**

The Board members each reported on their attendance at the regular (and special) MWDOC Board and Committee meetings. In addition to these meetings, the following reports were made on conferences and meetings attended on behalf of the District.

Director Yoo Schneider reported that she attended the Administration & Finance and the Public Affairs & Legislation Committees, and the Board meeting. She noted that she has meetings set up with staff, Santa Margarita Water District, South Coast Water District, Trabuco Canyon Water District, and Emerald Bay Services District. She highlighted her recent travel to Korea wherein she provided four presentations regarding water.

Director Thomas advised that he attended the Administration & Finance and Executive Committee meetings, the Elected Officials Forum, the Water Summit Planning meeting(s), the Sexual Harassment Prevention training, and the South Orange County Economic Coalition meeting.

Director Tamaribuchi noted he attended all of the regularly scheduled MWDOC Board and Committee meetings (except the Workshop Board meeting (5/3/17), the Administration & Finance Committee meeting, and the Sexual Harassment Prevention training), as well as a meeting in Sacramento with environmental community leaders, the Elected Officials Forum, and the ACWA conference.

Director Barbre noted he distributed a written report to Secretary Goldsby, which included meetings in his capacity of a MWDOC Director as follows: Planning & Operations Committee,

Administration & Finance Committee, and Public Affairs & Legislation Committee meetings, a meeting with Buena Park Mayor Swift and Councilman Smith, the Workshop Board meeting, a legislative trip to Washington, DC, the Water Summit Planning meeting(s), the Yorba Linda Water District Board meetings (April and May), the Elected Officials Forum, the OCBC Legislative Conference in Washington, DC, and a meeting with Brea's Mayor Hupp and Councilman Vargas.

In his capacity as a MET Director he attended Water Policy dinner, the La Habra City Council meeting the MET strategy meeting, the MWDOC/MET Caucus meeting, the MWDOC Inland Empire Caucus meeting, a three day Colorado River Aqueduct inspection trip, the MET Board and Committee meetings, a meeting with Brad Hiltcher regarding legislative activities, and the Brea City Council meeting.

Director Finnegan stated she attended two MWDOC Board meetings, the Public Affairs & Legislation, Planning & Operations, and Administration & Finance Committee meetings, the Elected Officials Forum, the Center For Demographic Research quarterly meeting, the ISDOC Executive Committee meeting, the Sexual Harassment Prevention training, and the WACO Planning Committee meeting. She noted she would be attending the Mesa Water board meeting on May 18<sup>th</sup>.

Director Dick advised that he attended the following meetings in his capacity as MWDOC Director: The Executive Committee, Administration & Finance, and Public Affairs & Legislation Committee meetings, the Elected Officials Forum, the ISDOC Executive Committee meeting, the Workshop and Regular Board meeting, and the WACO Planning Committee meeting. In his capacity as MET Director he attended: the MWDOC/MET Directors luncheon, the MET Executive Committee meeting, a meeting with the MWDOC MET Directors, the MET Caucus meeting, the WACO meeting, the MET Board and Committee meetings, the Garden Grove Chamber of Commerce Legislative Committee, and a dinner honoring prior MET Chairman Pace.

Director Osborne reported on his attendance at the Planning & Operations, Administration & Finance, Public Affairs & Legislation, and Executive Committee meetings, the Workshop Board meeting, the regular Board meeting, the Elected Officials meeting, the WACO meeting, and a meeting with Dick Ackerman and John Lewis regarding the trailer bills.

## **ADJOURNMENT**

There being no further business to come before the Board, President Osborne adjourned the meeting at 10:04 a.m.

Respectfully submitted,

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Maribeth Goldsby, Secretary

MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Jointly with the  
**PLANNING & OPERATIONS COMMITTEE**  
May 1, 2017 – 8:30 am to 8:47 am  
MWDOC Conference Room 101

**P&O Committee:**

Director Larry Dick (absent)  
Director Sat Tamaribuchi  
Director Yoo Schneider (absent)

**Staff:**

Robert Hunter, Karl Seckel, Damon Micalizzi,  
Harvey De La Torre, Katie Davanaugh,  
Francisco Soto, Kelly Hubbard,  
Melissa Baum-Haley, Jonathan Volzke,  
Kevin Hostert

**Also Present:**

MWDOC Director Wayne Osborne  
MWDOC Director Joan Finnegan  
Larry McKenney, MWDOC MET Director  
Don Froelich, Moulton Niguel Water District  
Saundra Jacobs, Santa Margarita Water District

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In the absence of Director Dick (chair), Director Tamaribuchi chaired the meeting with Directors Osborne and Finnegan sitting on the Committee. It was noted that Director Yoo Schneider was also absent. The meeting was called to order at 8:30 a.m.

**PUBLIC COMMENTS**

No comments were received.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

No items were presented.

**ACTION ITEMS**

**WEROC SOUTH EMERGENCY OPERATIONS CENTER (EOC) SEISMIC STUDY  
CONSULTANT APPROVAL**

Mr. Hunter reported that bids were solicited by staff, and three responses were received and reviewed. IDS Group was selected as the successful proposer. Director Osborne inquired why the item was not initially budgeted with Mr. Seckel responding that when the initial strategic assessment was completed, it was concluded that the south EOC would be the primary emergency operations center and a seismic assessment was a major consideration to evaluate. It is not anticipated that any seismic retrofitting will be needed.

Upon MOTION by Director Osborne, seconded by Director Finnegan, and carried (3-0), the Committee recommended approval of the WEROC South EOC Seismic Study by IDS Group. Directors Tamaribuchi, Osborne and Finnegan all voted in favor.

### **INFORMATION ITEMS**

#### **MET'S PROPOSED FIXED TREATMENT CHARGE**

Mr. Hunter reported that this item has been provided as information only. The Metropolitan Water District Board requested that a workgroup of member agency managers be formed to 1) define objectives for a fixed treatment charge, 2) identify alternative methodologies, and c) provide an implementation date. However, the Board voted not to implement a fixed treatment charge and only adopt the recommended policy principles by the workgroup. Based on this vote, staff does not anticipate this issue of a treatment charge will be implemented any time soon.

#### **INFORMATION RELATED TO THE ORANGE COUNTY FLOOD CONTROL (OCFC) ENCROACHMENT UPDATE**

Mr. Seckel reported that staff has had several conversations with OCFC, Board of Supervisors and member agencies but staffing transitions in the County have placed this item on hold. It is anticipated that this item will resolve itself in due time. Staff will continue to monitor and report any findings.

#### **STATUS REPORTS**

- a. Ongoing MWDOC Reliability and Engineering/Planning Projects
- b. WEROC
- c. Water Use Efficiency Projects
- d. Water Use Efficiency Programs Savings and Implementation Report

The status reports were received and filed.

#### **REVIEW OF ISSUES RELATED TO CONSTRUCTION PROGRAMS, WATER USE EFFICIENCY, FACILITY AND EQUIPMENT MAINTENANCE, WATER STORAGE, WATER QUALITY, CONJUNCTIVE USE PROGRAMS, EDUCATION, DISTRICT FACILITIES, and MEMBER-AGENCY RELATIONS**

No items or information were presented.

### **ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 8:47 a.m.

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
Jointly with the **ADMINISTRATION & FINANCE (A&F) COMMITTEE**  
May 10, 2017 – 8:30 a.m. to 10:07 a.m.  
MWDOC Conference Room 101

**Committee Members:**

Director Jeff Thomas, Chair  
Director Joan Finnegan  
Director Brett Barbre

**Staff:**

Robert Hunter, Harvey DeLaTorre,  
Katie Davanaugh, Cathy Harris, Joe Berg,  
Maribeth Goldsby, Pari Francisco,  
Damon Micalizzi, Kevin Hostert,  
Jonathan Volzke

**Also Present:**

Director Megan Yoo Schneider  
Director Wayne Osborne  
Director Larry Dick  
John Kennedy, Orange County Water District  
Jim Leach, Santa Margarita Water District  
Matt Collins, Moulton Niguel Water District

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Director Thomas called the meeting to order at 8:30 a.m.

**PUBLIC COMMENTS**

Jim Leach referenced the Water Rates Resolution on the agenda for consideration by the Committee and the discrepancy in the rate increase as presented from the 2<sup>nd</sup> to 3<sup>rd</sup> drafts of MWDOC's budget. He expressed support for the 1<sup>st</sup> rendition of the budget and welcomed continued discussions throughout the fiscal year regarding the reserve policy.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

Mr. Hunter noted an update was made to page 48 of the packet and copies were distributed.

**PROPOSED BOARD CONSENT CALENDAR ITEMS**

**TREASURER'S REPORT**

- a. Revenue/Cash Receipt Report – April 2017
- b. Disbursement Approval Report for the month of May 2017
- c. Disbursement Ratification Report for the month of April 2017
- d. GM Approved Disbursement Report for the month of April 2017
- e. Water Use Efficiency Projects Cash Flow – April 30, 2017
- f. Consolidated Summary of Cash and Investment – March 2017



g. OPEB Trust Fund monthly statement

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (3-0), the Committee recommended the Treasurer's Report for approval at the May 17, 2017 Board meeting. Directors Thomas, Finnegan and Barbre all voted in favor.

Discussion was held on the investment portfolio and investment yields, noting that LAIF typically has a lower rate of return. Mr. Hunter noted that the year to date interest revenue is approximately \$144,576.

### **FINANCIAL REPORT**

a. Combined Financial Statements and Budget Comparative for the Period ending March 31, 2017

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (3-0), the Committee recommended the Financial Report for approval at the May 17, 2017 Board meeting. Directors Thomas, Finnegan and Barbre all voted in favor.

### **ORANGE COUNTY BUSINESS COUNCIL (OCBC) ADVOCACY TRIP WASHINGTON, D.C., MAY 1-3, 2017**

Responding to an inquiry, Mr. Hunter noted that ACCOC and OCBC are now two separate trips and that the Orange County Business Council trip had not been previously included in the budget.

Upon MOTION by Director Thomas, seconded by Director Finnegan, and carried (2-1), the Committee recommended the Board Ratify attendance at the May 1-3, 2017 OCBC federal advocacy trip at the May 17, 2017 Board meeting. Directors Thomas and Finnegan voted in favor, Director Barbre abstained.

### **THIRD DRAFT OF MWDOC'S BUDGET FOR 2017-18**

General Manager Hunter provided an overview of the revisions to the 3<sup>rd</sup> draft 2017-18 budget, noting a small change in total expenses, and no change in water purchases. The changes to the budget were defined in the staff write-up and reviewed by Mr. Hunter. Based on previous discussions on draw amounts from reserves, the 3<sup>rd</sup> budget draft reflects a \$137,378 draw, which equates to an increase in the retail meter charge of approximately \$0.45. The major shift in the Choice to Core programs relate to the Communications program. There were no changes to the Core to Choice program. Significant project activities in the 2017-18 year include the Orange County Reliability Study, communications outreach, water use efficiency efforts on long-term efficiency standards, metropolitan activities, governmental affairs activities on both legislative and regulatory developments and WEROC training and exercises.

It was noted that the designated beginning balance for the 2017-18 fiscal year is budgeted at \$5,503,000. Mr. Hunter reviewed the changes from the prior draft budget (2<sup>nd</sup> draft) and major year to year changes in the current budget, which were included in the staff write-up.

The proposed total water sales for 2017-18 are \$185,673,707 and the proposed retail meter charge is \$12.10.

The number one change between the 2<sup>nd</sup> and 3<sup>rd</sup> draft budget pertain to the projected draw on reserves for 2017-18. MWDOC is currently conducting a review of the reserve fund policy and has retained PFM to assist in this effort.

President Osborne went on record to say that he still opposes the addition of a governmental affairs staff member to the budget and that a full discussion on this topic would be held at the May 17 Board meeting. Additionally, Director Finnegan inquired whether an additional holiday would be added to staff benefits, with the Committee consensus being that it would not. Mr. Hunter noted that, due to attendance at the ACWA conference by many member agencies, he intends to send a letter to member agency managers, outlining proposed budget changes and that additional discussion would be held at the May 17<sup>th</sup> Board meeting.

Discussion was held on the reserve funds, noting that the target reserve amount for 2017-18 will be \$2,104,485 which is above, but near the target. Additionally, the Board and staff will work with the consultant to determine what changes will need to be made to the 2018-19 budget so that those adjustments can be made during the budget process next year. Comments from member agencies during that process are welcomed.

Discussion turned to building repairs, noting roofing and electrical repairs that will need to be completed. There were significant leaks in the building during heavy rains and the roof will need to be replaced. Additionally, remodel and refurbishments will include a new conference room as well as consideration of existing office space, as currently, the office space has reached capacity for existing staffing.

Mr. Hunter recommended a similar presentation be made at the board meeting, in that due to the ACWA conference, many member agencies were not able to attend this month.

Upon MOTION by Director Finnegan and seconded by Director Thomas, and carried (3-0) the Third Draft of MWDOC's Budget for 2017-18 was referred to the May 17, 2017 Board meeting for additional discussion and consideration, noting that not all Board members were currently present.

### **PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2017-18**

Upon MOTION by Director Thomas, seconded by Director Finnegan, and carried (3-0), the Committee recommended the Water Rate Resolution for 2017-18 for approval at the May 17, 2017 Board meeting. Directors Thomas, Finnegan and Barbre all voted in favor.

### **ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY AND GUIDELINES**

The District's Administrative Code requires annual review of the investment policy and was last approved in May 2016. Staff proposes changes to Certificate of Deposit investments from 20% to 30% and Corporate Securities investments from 20% to 30%. Discussion was held on the software that the District utilizes to assist with appropriate investment amounts and it was determined by the District's auditor that compliance adjustments would be

appropriate at this time. Director Barbre requested that the software be evaluated to ensure compliance and adjust the investments to the appropriate maximum levels. The policy is to be updated to reflect the appropriate policy level investment changes.

Upon MOTION by Director Thomas, seconded by Director Finnegan, and carried (3-0), the Committee recommended the Investment Policy & Guidelines for approval at the May 17, 2017 Board meeting. Directors Thomas, Finnegan and Barbre all voted in favor.

### **SELECTION OF FINANCIAL STATEMENT AUDIT SERVICES**

Upon MOTION by Director Thomas, seconded by Director Finnegan, and carried (3-0), the Committee recommended the Financial Statement Audit Services for consideration at the May 17, 2017 Board meeting. Directors Barbre noted that he would not be voting in favor of Vasquez & Company at the May 17<sup>th</sup> Board meeting.

### **SELECTION OF FINANCIAL CONSULTANT SERVICES**

Upon MOTION by Director Thomas, seconded by Director Finnegan, and carried (3-0), the Committee recommended the Financial Consultant Services for consideration at the May 17, 2017 Board meeting.

### **INFORMATION ITEMS**

#### **INDIVIDUAL CHARGES DISCLOSURE FOR THE PERIOD JAN-DEC 2016**

#### **UPDATE REGARDING RECORDS MANAGEMENT PROGRAM**

#### **REBATE PROGRAM – 2016 1099-MISC FILING**

#### **DEPARTMENT ACTIVITIES REPORTS**

- a. Administration
- b. Finance and Information Technology

#### **MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION**

The informational reports were received and filed without comment.

### **OTHER ITEMS**

#### **REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL MATTERS, EMPLOYEE BENEFITS FINANCE AND INSURANCE**

Director Barbre requested that a presentation be provided at a future meeting on the Data Collaborative by Joone Lopez.

**ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 10:07 a.m.

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Jointly with the  
**PUBLIC AFFAIRS AND LEGISLATION COMMITTEE**

May 15, 2017 - 8:30 a.m. to 11:00 a.m.

MWDOC Conference Room 101

**Committee:**

Director Sat Tamaribuchi, Chairman  
Director Larry Dick  
Director Megan Yoo Schneider

**Staff:**

Robert Hunter, Karl Seckel, Heather Baez,  
Jonathan Volzke, Pat Meszaros,  
Tiffany Baca, Harvey De La Torre,  
Bryce Roberto, Melissa Baum-Haley,  
Damon Micalizzi, Laura Loewen

**Also Present:**

Brett Barbre, MWDOC Director  
Wayne Osborne, MWDOC Director  
Joan Finnegan, MWDOC Director  
Jeff Thomas, MWDOC Director  
Larry McKenney, MWDOC MET Director  
Linda Ackerman, MWDOC MET Director  
Dick Ackerman, Ackerman Consulting  
John Lewis, Lewis Consulting  
Charley Wilson, SMWD  
Syrus Devers, BBK  
James Barker (via phone)  
Stacy Taylor, Mesa Water  
Steve Lamar, IRWD  
Lori Kiesser, Inside the Outdoors  
Shannon Widor, Mesa Water

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Chair Tamaribuchi called the meeting to order at 8:30 a.m. and noted that the flag is at half-mast because it's Peace Officers' Memorial Day.

**PUBLIC PARTICIPATION**

No items were presented.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

No items were presented.

**DISCUSSION ITEMS****LEGISLATIVE ACTIVITIES****a. Federal Legislative Report (Barker)**

Chair Tamaribuchi welcomed Mr. Jim Barker who joined the meeting via phone. Mr. Barker reported that Congress passed the Omnibus Appropriations Bill for FY 2017 last week, which is the legislation that funds large projects. He noted that on page three of his report are listed the funding levels for Water related projects. When President Trump released his skinny budget in March, every program received some increases in funding. On May 22, the President will release his full budget which starts October 1, the first in which his people will present their own policy recommendations. Expect significant cuts in various Federal programs. If the President wants to see increases in Defense, he'll likely have to compromise and not make cuts to discretionary parts of the budget.

Mr. Barker stated further that MWDOC has submitted Appropriations requests for environmental infrastructure funding and he met with our two Senate offices in the last month to support our requests.

Mr. Barker touched on the California WaterFix and noted that he's working with the Orange County delegation's offices, Majority Leader, Kevin McCarthy's office, with ACWA, and with MET representatives.

Discussion ensued regarding filling the Administration's key positions. Director Barbre inquired how lack of appointments will affect the budgeting process to which Mr. Barker stated it will impact the budgeting as well as administration. Mr. Barker noted that Brenda Burman's name has been rolled out as new Administrator for the Bureau of Reclamation. She currently serves as Deputy Commissioner and is highly qualified.

Mr. Barker also met with Secretary Chao's (Transportation Secretary who is working on an infrastructure bill) office as they will be working closely with Senator Feinstein's office on the turf rebate issue. But the process has been continually delayed, as President Trump and congressional Republicans have struggled to push through other top priorities such as health care and tax reform. The IRS allows for energy conservation measures to be tax exempt but there's not been a ruling on water conservation measures. Senators have the ability to grant this relief administratively but the current Administration is saying they don't have enough staff to deal with this right now. Senator Feinstein's office said if they don't get some reaction soon, they'd offer a piece of legislation to try and jumpstart this process.

Chair Tamaribuchi requested that Mr. Barker stay on line while the Board considers three bills.

**b. State Legislative Report (BBK)**

Mr. Syrus Devers noted that the May revise just came out last week. Appropriations will have two of its largest hearings of the year this week and next week. There is a suspense hearing on May 26 and that's a clue that there'll be a lot of bills killed, at least in the

Assembly. With regard to the Water Conservation bill package, it was put on suspense to give the legislature more time to study the package

Discussion ensued on the trailer bill language and how the process will play out. Mr. Devers noted that there could be negotiations between the administration and the water industry to merge the bills, or there could be a member lead process, which Assembly Speaker Rendon seems to prefer. Director Osborne inquired whether trailer bill language would still be out there, if we succeed in getting a compromise bill that the legislature supports. Mr. Devers responded in the affirmative. Director Tamaribuchi indicated that we need to do a better job of letting people know what we've done on water conservation and what we continue to do.

**c. County Legislative Report (Lewis)**

Mr. Lewis reported that he attended the LAFCO meeting last week where LAFCO approved their work plan which includes nine projects, one of which is the San Juan project. LAFCO adopted its budget. They will have a consultant design and implement the MSR project. Mr. Lewis also attended the Board of Supervisors' meeting where they voted to approve and granted the Public Works Director authority to execute contracts for up to \$100,000/year.

Director Tamaribuchi inquired if we're getting close to requesting a resolution from the Board of Supervisors on their support for the California WaterFix and EcoRestore. He would also like to have someone from MET come to our next Workshop Board meeting to discuss the remaining processes to get the California WaterFix underway. Directors Ackerman and Barbre suggested that we have Mr. Kightlinger or Mr. Patterson come and present.

**d. Legal and Regulatory Report (Ackerman)**

Mr. Ackerman noted that the Little Hoover Commission is rearing their head again. In 2000, the Special Districts report on oversight and transparency was damning. The Little Hoover Commission has a hearing on June 22, 2017. Director McKenney reported that ACWA is engaged and feels it could go sideways so they're watching it closely. ACWA is trying to get witnesses there at the hearing as well.

**e. MWDOC Legislative Matrix**

**f. Metropolitan Legislative Matrix**

The legislative matrices were received and filed without discussion.

**ACTION ITEMS**

**ADOPT LEGISLATIVE POSITIONS:**

- a. H.R. 1430 (Lamar Smith, R-TX) – Honest and Open New EPA Science Treatment Act of 2017 - **Watch**

- b. H.R. 1431 (Frank Lucas, R-OK) – EPA Science Advisory Board Reform Act of 2017 - **Watch**
- c. H.R. 1654 (McClintock, R-CA) – Water Supply Permitting Coordination Act - **Support**
- d. S.B.231 (Hertzberg) – Local Government: Fees and Charges - **Watch**

Ms. Baez reported on H.R. 1430 which is not new—we've seen an iteration of similar bills in previous sessions. The goal is for EPA to act in a more transparent manner, make documents available on line, publicly available and reproducible research results. It has passed the House and a Senate companion bill is not yet available. MET is watching it as well.

Upon MOTION by Director Dick, seconded by Director Yoo Schneider, and carried (3-0), the Committee recommended a watch position on H.R. 1430 and H.R. 1431 at the May 17, 2017 board meeting. Directors Dick, Yoo Schneider and Tamaribuchi voted in favor.

Mr. Barker stated that generally the EPA is very difficult to work with and needs to be reined in. The EPA and Fish and Wildlife have made it very difficult to do many projects in a timely and efficient way. He indicated Federal agencies need to be more responsive.

Ms. Baez introduced H.R. 1654 (McClintock) and stated that the idea behind this legislation is for the agencies to work together to speed up the process to get projects built. Mr. Barker stated that he strongly recommends supporting H, R. 1654 (McClintock) which would allow the Bureau to nudge Fish and Wildlife. He stated that for water development, it's a very constructive bill.

Upon MOTION by Director Dick, seconded by Director Osborne, and carried (3-0), the Committee recommended a support position on H.R. 1654 at the May 17, 2017 board meeting. Directors Dick, Yoo Schneider and Tamaribuchi voted in favor.

Chair Tamaribuchi requested that Director Osborne sit on the committee for the remainder of the meeting since Director Yoo Schneider had to leave.

Upon MOTION by Director Dick, seconded by Director Osborne, and carried (3-0), the Committee recommended a watch position on S.B. 231 at the May 17, 2017 board meeting. Directors Dick, Osborne and Tamaribuchi voted in favor.

#### **AUTHORIZATION TO PARTICIPATE IN SOUTHERN CALIFORNIA WATER COMMITTEE CALIFORNIA WATERFIX EDUCATION CAMPAIGN**

Mr. Hunter introduced Mr. Charley Wilson, Executive Director, Southern California Water Committee, who is requesting our participation and sponsorship for an education campaign on the California WaterFix which complements our program. Mr. Wilson reported that SCWC has retained Fiona Hutchins & Associates, a communications consultant, to develop a scope and budget for a nine-month social and digital media education campaign on the California WaterFix and EcoRestore. This is a unique opportunity to fill a void in Southern California. The objective here is to generate public awareness to drive a strong Southern California voice and to avoid legislation or regulatory actions that would impact the



WaterFix. SCWC will be targeting labor, large water users, cities and counties, business entities, Governor, state legislators, and agricultural users.

Discussion ensued on support by Metropolitan member agencies and the need for an education campaign in Southern California. Mr. Lamar stated that he did an annual tour over the weekend with about 50 residents and when he talked to them about the Delta and the tunnels, they had no idea. But if you talk about the Delta and the tunnels in Northern California, everyone is aware. Mr. Lamar stated that unless we have a strong Southern CA push to educate people, we'll be in trouble and he supports MWDOC's participation.

Upon MOTION by Director Dick, seconded by Director Osborne, and carried (2-1), the Committee recommended the Board participate and contribute \$30,000 in SCWC's California WaterFix Education Campaign at the May 17, 2017 Board Meeting. Directors, Osborne and Tamaribuchi voted in favor and Director Dick was opposed.

### **TRAVEL TO WASHINGTON, DC TO COVER FEDERAL INITIATIVES TRAVEL TO SACRAMENTO TO COVER STATE INITIATIVES**

Director Dick agreed to move this item with the caveat that an "ask" be developed by the Board. Mr. Hunter noted that this is agendaized for the Executive Committee meeting later this week.

Upon MOTION by Director Dick, seconded by Director Osborne, and carried (3-0), the Committee recommended the Board receive and file the reports at the May 17, 2017 Board Meeting. Directors Dick, Osborne and Tamaribuchi voted in favor.

### **AUTHORIZATION TO CONTRACT FOR MWDOC ENTRY HALLWAY DISPLAY DESIGN AND CONSTRUCTION**

Mr. Hunter reported that staff now has a proposal and we'd like to get this hallway completed.

Upon MOTION by Director Osborne, seconded by Director Tamaribuchi, and carried (3-0), the Committee recommended the Board authorize entering into a contract with *Bang!* Creative Inc. for the design, construction and installation of a display in the MWDOC entry hallway at a cost of \$31,937 at the May 17, 2017 Board Meeting. Directors Tamaribuchi and Osborne voted in favor; Director Dick opposed.

### **ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 10 CALL FOR CANDIDATES**

Ms. Baez reported that the Region 10 Nominating Committee is looking for ACWA members who are interested in leading the direction of ACWA Region 10 for the 2018-19 term. Director McKenney reported that he's the current Local Government Agency Chair and his preference is to remain as such.

Ms. Taylor stated that Mr. Atkinson is interested in ACWA Region 10 representation and has requested a resolution from MWDOC. Director Barbre suggested doing resolutions for

Mr. Atkinson and Ms. Green.

Upon MOTION by Director Dick, seconded by Director Osborne, and carried (3-0), the Committee determined that there is not a member of the MWDOC Board who would like to be nominated for the ACWA Region 10 Board of Directors but recommended that staff prepare resolutions for Mr. Atkinson, Director McKenney, and Ms. Green for the May 17, 2017 Board Meeting. Directors Dick, Osborne and Tamaribuchi voted in favor.

Director McKenney stated that at the ACWA Conference, Mr. Lamar announced he will run for ACWA Vice President.

### **INFORMATION ITEMS**

#### **WYLAND MAYOR'S CHALLENGE—POCKET PARK**

#### **EDUCATION REPORT**

- a. Elementary
- b. High School

#### **UPDATE ON WATER SUMMIT PLANNING (JUNE 16, 2017)**

#### **OC LAFCO UPDATE**

The informational reports were received and filed.

#### **PUBLIC AFFAIRS ACTIVITIES REPORT**

Director Finnegan noted that she attended the ISDOC Bylaws Workgroup meeting as well.

### **OTHER ITEMS**

#### **REVIEW ISSUES RELATED TO LEGISLATION, OUTREACH, PUBLIC INFORMATION ISSUES, AND MET**

No items were presented.

### **ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 11:00 a.m.

MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
jointly with the  
**EXECUTIVE COMMITTEE**  
May 18, 2017, 8:30 a.m. to 9:45 a.m.  
Conference Room 102

**Committee:**

Director Osborne, President  
Director Barbre, Vice President  
Director Dick

**Staff:**

R. Hunter, M. Goldsby,

**Also Present:**

Director Tamaribuchi  
Director Thomas  
Director Finnegan

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At 8:30 a.m., President Osborne called the meeting to order.

**PUBLIC PARTICIPATION**

No public comments were received.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

At the beginning of the meeting, Staff distributed the draft agendas for the upcoming meetings.

**EXECUTIVE COMMITTEE PROPOSALS FOR FUTURE AGENDAS**

The Committee reviewed and discussed the draft agendas for each of the meetings and made revisions/additions as noted below.

a. MWDOC/OCWD Joint Planning Committee

The Committee discussed OCWD's proposal to revise its Local Water Resources Policy to allow the consideration of other types of programs and projects such as groundwater banking and exchange programs, conjunctive use, and additional amber tinted water treatment, and which would open up storage options for South Orange County agencies.

b. Planning & Operations Committee

No new items were added to the agenda.

c. Workshop Board meeting

No new items were added to the agenda.

d. Administration & Finance Committee

The Committee removed the proposal to revise the District's Holiday Policy. The Committee also discussed the Reserve Policy and suggested that although there needs to be a thorough discussion on possible changes to the Policy, it would be prudent to add a section titled "Days Operating Expense Reserves" to the Policy; this item will be added to the agenda in June, with the remainder of the Policy to be reviewed over the next several months.

Discussion also ensued regarding the salary schedule and salary increases and how they are apportioned.

e. Public Affairs & Legislation Committee

Discussion ensued regarding the District's legislative goals and the need to utilize the District's advocates more frequently. The Committee recommended the PAL Committee discuss the District's long and short-term legislative goals in July.

The Committee also requested that staff arrange the annual meetings with the OC Board of Supervisors and local legislators.

f. Executive Committee

No new items were added to the agenda.

## **DISCUSSION REGARDING UPCOMING ACTIVITIES OF SIGNIFICANCE**

No information was presented.

## **MEMBER AGENCY RELATIONS**

It was noted that although the normal MWDOC Board meeting is scheduled for July 19<sup>th</sup>, OCWD requested the use of the Board room on July 19<sup>th</sup> so that they could host the State Water Resources Control Board (an all-day meeting); the Board agreed to move the Board meeting to Conference Room 101. It should be noted that subsequent to this meeting, OCWD staff advised they no longer need the Board room on July 19<sup>th</sup>.

**GENERAL MANAGER'S REPORTS**

The Committee approved a late business expense report from Melissa Baum-Haley.

**REVIEW AND DISCUSS DISTRICT AND BOARD ACTIVITIES**

No new information was presented.

**ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 9:45 a.m.

**MEETING REPORT**

**JOINT PLANNING COMMITTEE WITH BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY and  
ORANGE COUNTY WATER DISTRICT**

May 24, 2017 - 8:30 a.m. – 9:56 a.m.

MWDOC Conference Room 101

**MWDOC DIRECTORS**

Brett R. Barbre  
Larry Dick  
Joan C. Finnegan`  
Wayne Osborne  
Megan Yoo Schneider (absent)  
Jeffery M. Thomas  
Satoru Tamaribuchi

**OCWD DIRECTORS**

Shawn Dewane  
Phil Anthony  
Roger Yoh (absent)  
Dina Nguyen (absent)  
Denis Bilodeau (absent)  
Vicente Sarmiento (absent)  
James Vanderbilt (absent)  
Bruce Whitaker (absent)  
Steve Sheldon (absent)  
Cathy Green

**MWDOC STAFF**

Rob Hunter  
Karl Seckel  
Maribeth Goldsby  
Harvey De La Torre  
Charles Busslinger  
Melissa Baum-Haley  
Jonathan Volzke  
Damon Micalizzi  
Chris Lingad

**OCWD STAFF**

Mike Markus  
John Kennedy  
Adam Hutchinson

**ALSO PRESENT**

Linda Ackerman  
Ken Vecchiarelli  
Peer Swan  
Don Froehlich  
Joone Lopez  
Paul Shoenberger  
Scott Maloni  
Kelly Rowe  
John Earl  
Debbie Cook

MWDOC MET Director  
Golden State Water Company  
Irvine Ranch Water District  
Moulton Niguel Water District  
Moulton Niguel Water District  
Mesa Water  
Poseidon Resources  
Water Resources Consultant

MWDOC Director Osborne chaired the meeting.

**PUBLIC COMMENTS**

No public comments were received.

**MWD IMPORTED WATER SUPPLY UPDATE**

MWDOC Associate General Manager Harvey De La Torre presented the Orange County Drought Performance and Water Supply Report, which included updates on conservation efforts, local weather conditions, precipitation for the year (and comparisons to prior years), historical local precipitation, regional supply conditions (snowpack, accumulated precipitation, reservoir storage), the Colorado River Basin outlook, and the Table "A" allocations (currently set at 85%).

Discussion was held regarding the outlook for 2017, with staff noting that the annual Orange County demands are lining up with the OC Reliability Study. Staff also discussed Lake Mead projected levels, State Water Project issues (Oroville Dam and Clifton Court), potential storage in the OC groundwater basin, and possible implications in the event of early snow melt.

The Boards received and filed the report as presented.

**LOCAL OCWD WATER SUPPLY UPDATE**

OCWD Executive Director of Engineering and Water Resources John Kennedy provided an overview of OCWD's water supply, which included information regarding the OCWD Recharge System status (700 acre-feet a day), the amount of water flowing down the Santa Ana River (currently at 105 cfs), the fact that MET asked OCWD to take Conjunctive Use Program (CUP) water, and the potential of Quagga Mussels in State Water Project (SWP) water which prohibits OCWD from taking water through OC-59.

Discussion ensued regarding OCWD's accumulated overdraft (379,000 af at beginning of year and ending up at 320,000 af), the Basin Production Percentage of 75% and how lowering the BPP could help basin levels.

The Boards received and filed the report as presented.

**OCWD'S REVISIONS TO LOCAL WATER RESOURCES POLICY**

OCWD General Manager Mike Markus provided an overview of OCWD's potential revisions to its Local Water Resources Policy noting it would broaden the existing program to allow the consideration of other types of programs and projects such as groundwater banking and exchange programs, conjunctive use, and additional amber tinted water treatment.

Mr. Markus advised that this item would be presented to the OCWD Board later in the day. Discussion ensued regarding the fact that this revision opens the door for OCWD to consider storage programs with South Orange County, and whether this would be open for MWDOC to potentially store water in the basin, with OCWD Director Phil Anthony advising

that OCWD is open for discussion. It was noted that staff from both agencies would work together.

The Boards received and filed the report as presented.

## **GROUNDWATER STORAGE OPPORTUNITIES**

### **a. Cyclic Storage**

Mr. Harvey De La Torre provided an overview of the various storage opportunities available to OCWD (replenishment water, CUP water, and Cyclic Storage) and the differences between Cyclic and CUP.

It was noted that OCWD has limitations due to Quagga Mussels which is constricting the amount of water to be delivered. Mr. Markus advised that currently Orange County does not have Cyclic Storage and OCWD would prefer Cyclic only (instead of CUP).

Discussion ensued regarding the Quagga Mussels, how OCWD handles killing Quagga, and the need to raise the issue at MET (solving the Quagga problem).

The Boards received and filed the report as presented.

## **UPDATE REGARDING MET IRP WORKSHOP**

Mr. De La Torre advised that MET held an IRP workshop on May 23<sup>rd</sup>, wherein MET staff prepared a whitepaper on IRP policy principles framework with recommendations for implementation of local resources and conservation (mandates). He advised that the goal of developing a policy for local resources and conservations development is to ensure that MET is participating in a way that best serves the region in achieving the IRP targets and water supply reliability.

Discussion ensued regarding the conservation mandates, whether they should be included in the IRP for funding assistance, and how the Local Resources Program (LRP) could be restructured (prioritization v. first come-first served). Those in attendance were encouraged to attend MWDOC's Workshop Board meeting on June 7<sup>th</sup> wherein these issues would be discussed in more depth.

The Boards received and filed the report as presented.

## **DESALINATION UPDATE**

Mr. Kennedy advised that OCWD continues to discuss the best options for distributing Poseidon water (including injection wells), but no decisions have been made. He advised that the EIR is currently on hold until they have a better defined distribution plan.

Mr. Scott Maloni provided an update on the State Lands Commission permitting process. The SLC will consider the project in August. Discussion ensued. Director Anthony commented that desalinated water should be delivered through the MET system as it will be a high standard of drinking water.



The Boards received and filed the report as presented.

**UPDATE ON JUNE 16, 2017 ORANGE COUNTY WATER SUMMIT**

MWDOC's Director of Public Affairs Damon Micalizzi advised that planning for the event is going smoothly and that the process of securing both sponsors and speakers is going well.

**NEXT COMMITTEE MEETING**

Director Osborne advised that the next meeting would be held on July 26, 2017.

**OTHER**

No information was presented.

**ADJOURNMENT**

There being no further business to come before the Committee, the meeting adjourned at 9:56 a.m.

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

**WATER REVENUES**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>Amount</b>
05/01/17	Trabuco Canyon Water District	March 2017 Water deliveries	62,828.24
05/01/17	City of Seal Beach	March 2017 Water deliveries	7,403.61
05/01/17	City of La Palma	March 2017 Water deliveries	4,284.95
05/01/17	Serrano Water District	March 2017 Water deliveries	9,131.88
05/05/17	City of Brea	March 2017 Water deliveries	34,272.68
05/08/17	City of Buena Park	March 2017 Water deliveries	314,930.64
05/08/17	Santa Margarita Water District	March 2017 Water deliveries	1,007,671.03
05/10/17	City of Westminster	March 2017 Water deliveries	206,763.76
05/11/17	City of La Habra	March 2017 Water deliveries	7,827.31
05/11/17	Laguna Beach County Water District	March 2017 Water deliveries	84,450.17
05/12/17	South Coast Water District	March 2017 Water deliveries	341,669.96
05/12/17	East Orange County Water District	March 2017 Water deliveries	105,065.60
05/15/17	El Toro Water District	March 2017 Water deliveries	383,503.45
05/15/17	City of San Juan Capistrano	March 2017 Water deliveries	265,207.83
05/15/17	Irvine Ranch Water District	March 2017 Water deliveries	978,211.36
05/15/17	Moulton Niguel Water District	March 2017 Water deliveries	1,130,882.60
05/15/17	Yorba Linda Water District	March 2017 Water deliveries	397,157.36
05/15/17	Golden State Water Company	March 2017 Water deliveries	203,043.28
05/15/17	City of Orange	March 2017 Water deliveries	41,995.27
05/25/17	Serrano Water District	April 2017 Water deliveries	9,131.88
05/26/17	City of Fountain Valley	April 2017 Water deliveries	13,712.14
05/26/17	Trabuco Canyon Water District	April 2017 Water deliveries	23,658.45
05/30/17	City of Newport Beach	April 2017 Water deliveries	628,904.91

TOTAL REVENUES \$ 6,261,708.36

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

**MISCELLANEOUS REVENUES**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>Amount</b>
05/01/17	Paypal	3/30/17 Water Policy dinner	707.33
05/30/17	Stan Sprague	June 2017 Retiree Health insurance	234.00
05/08/17	Cathy Green	Movie tickets	102.00
05/15/17	Laura Loewen	Movie tickets	17.00
05/08/17	Mesa Water	4/17/17 First Aid/CPR/AED Training	225.00
05/30/17	US Bank	CAL Card rebate check	739.33
05/15/17	SDRMA	Reimbursement for Loss Prevention program	1,000.00
05/15/17	Santa Margarita Water District	March 2017 Smartimer rebate program	226.29
05/08/17	Mesa Water	March 2017 Smartimer rebate program	2,457.99
05/11/17	Irvine Ranch Water District	February 2017 Turf Removal rebate program	113,528.87
05/08/17	City of Orange	Feb-Mar 2017 Turf Removal rebate program	1,753.75
05/08/17	City of Newport Beach	March 2017 Turf Removal rebate program	111.00
05/10/17	City of Westminster	March 2017 Turf Removal rebate program	777.00
05/11/17	City of Fountain Valley	March 2017 Turf Removal rebate program	402.60
05/11/17	Irvine Ranch Water District	March 2017 Turf Removal rebate program	70,622.80
05/15/17	El Toro Water District	March 2017 Turf Removal rebate program	2,147.50
05/22/17	City of Buena Park	March 2017 Turf Removal rebate program	555.00
05/15/17	Moulton Niguel Water District	March 2017 Smartimer, Rotating Nozzle & Turf Removal rebate program	84,622.83
05/22/17	Moulton Niguel Water District	September 2016 So Cal Watersmart Residential rebate program	9,872.00
05/01/17	Trabuco Canyon Water District	February 2017 So Cal Watersmart Residential rebate program	700.00
05/22/17	Moulton Niguel Water District	March 2017 So Cal Watersmart Residential rebate program	11,200.00
05/23/17	Irvine Ranch Water District	March 2017 So Cal Watersmart Residential rebate program	23,432.61
05/26/17	City of San Clemente	March 2017 So Cal Watersmart Residential rebate program	1,625.00
05/26/17	El Toro Water District	March 2017 So Cal Watersmart Residential rebate program	45.00
05/26/17	Trabuco Canyon Water District	March 2017 So Cal Watersmart Residential rebate program	550.00
05/09/17	Bureau of Reclamation	Oct 16 - Mar 17 CA Friendly Technical Design Assistance	23,339.79
05/09/17	Bureau of Reclamation	Oct 16 - Mar 17 Comprehensive Landscape WUE	49,684.02
05/11/17	Irvine Ranch Water District	Oct-Dec 2016 Landscape Performance Certification program	5,400.00
05/01/17	El Toro Water District	Reimbursement of rebates paid in excess of eligibility	4,210.00
05/01/17	Golden State Water Company	Reimbursement of rebates paid in excess of eligibility	1,632.00
05/10/17	City of Westminster	Reimbursement of rebates paid in excess of eligibility	4,231.00
05/12/17	City of Huntington Beach	Reimbursement of rebates paid in excess of eligibility	161.00
05/01/17	City of La Palma	Addition to the Choice School program FY 16-17	946.22
05/26/17	City of Fountain Valley	FY 16-17 County Wide Communication choice program	3,269.14
05/11/17	City of Fountain Valley	Water Loss Control technical assistance - WSO, Inc.	34,092.00
05/01/17	Trabuco Canyon Water District	Water Loss Control technical assistance - WSO, Inc.	25,497.00

TOTAL MISCELLANEOUS REVENUES **\$ 480,117.07**

TOTAL REVENUES **\$ 6,741,825.43**

  
 Robert J. Hunter, General Manager

  
 Hilary Chumpitazi, Treasurer

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
<b>Core Expenditures:</b>		
	<b>Richard C. Ackerman</b>	
1133	April 2017 Consulting for legal & regulatory matters	3,900.00
1136	May 2017 Consulting for legal & regulatory matters	1,175.00
	*** Total ***	5,075.00
	<b>Aleshire &amp; Wynder LLP</b>	
42137	May 2017 Legal services	860.00
	*** Total ***	860.00
	<b>Alliant Insurance Services, Inc.</b>	
627647	7/1/17-7/1/18 Workers Comp insurance premium	18,484.99
	*** Total ***	18,484.99
	<b>ALTA FoodCraft</b>	
517050110	5/3/17 Coffee & tea supplies	177.44
	*** Total ***	177.44
	<b>Awards &amp; Trophies Co., Inc.</b>	
16481	4 Trophies for Poster/Slogan contest winners	60.90
16415	40 Name plates for Poster/Slogan contest winners	152.25
	*** Total ***	213.15
	<b>Best Best and Krieger LLP</b>	
55401-APR17	April 2017 Legal services	11,117.55
795813	April 2017 State legislative advocacy services	8,195.84
	*** Total ***	19,313.39
	<b>Blytheco LLC</b>	
291963	4/21/17 Consulting and support for Human Resource Management System software	185.00
292273	5/15/17 Consulting and support for Human Resource Management System software	370.00
	*** Total ***	555.00
	<b>CDW Government</b>	
HZX4080	2 Dual monitor arms	220.09
	*** Total ***	220.09
	<b>Consolidated Office Systems</b>	
28911	Under cabinet light for D. Micalizzi	230.59
	*** Total ***	230.59
	<b>CSU Fullerton ASC</b>	
AR166549	4th Quarter FY 16/17 CDR Support	9,992.86
AR166607	Enrollment data for middle & high schools by MWDOC retail agency	845.45
	*** Total ***	10,838.31

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>Dissinger Associates</i></b>	
AP-MWD 04/30/17	2016 Pension plan administrative fees	2,400.00
AP-MWD 05/31/17	May 2017 Pension plan distribution processing fee	50.00
	*** Total ***	2,450.00
	<b><i>Eagle Communications</i></b>	
716385	Relocate WEROC radios to new WEROC office	355.94
	*** Total ***	355.94
	<b><i>Finley &amp; Cook PLLC</i></b>	
SI0022105	6/1/17-6/1/18 Annual maintenance & enhancements for Jet Reports	1,397.00
	*** Total ***	1,397.00
	<b><i>Fry's Electronics</i></b>	
21963911	5/22/17 Computer supplies	156.58
21986289	6/7/17 Computer supplies	43.49
	*** Total ***	200.07
	<b><i>Genisys Corporation</i></b>	
051459	Memory and hard drives for servers	731.35
	*** Total ***	731.35
	<b><i>Gladwell Governmental Services, Inc.</i></b>	
3709	5/18/17-5/19/17 Records management services	1,920.00
	*** Total ***	1,920.00
	<b><i>GovConnection, Inc.</i></b>	
54779933	Arcserve backup license and maintenance for 3 years	1,660.96
54775924	Cisco security software subscription for 3 years	2,230.87
	*** Total ***	3,891.83
	<b><i>Hashtag Pinpoint Corporation</i></b>	
1093	May 2017 Social media services for California WaterFix & EcoRestore outreach	5,000.00
1101	June 2017 Social media services for California WaterFix & EcoRestore outreach	5,000.00
	*** Total ***	10,000.00
	<b><i>Immersiv Media, Inc.</i></b>	
MWDOC 2017-021	April-June 2017 MWDOC website hosting & maintenance	525.00
	*** Total ***	525.00
	<b><i>James C. Barker, P.C.</i></b>	
105-0517	May 2017 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>Karen's Detail Custom Frames</i></b>	
2917	Custom framing for 40 Poster/Slogan contest winners	1,155.08
2918	Custom framing of resolution for D. Man	120.68
	*** Total ***	1,275.76
	<b><i>Lewis Consulting Group, LLC</i></b>	
2017-127	May 2017 Consulting services	3,375.00
	*** Total ***	3,375.00
	<b><i>Edward G. Means III</i></b>	
MWDOC-1048	May 2017 Support for MET issues & guidance to Engineering staff	1,261.24
	*** Total ***	1,261.24
	<b><i>Norco Delivery Services</i></b>	
709333	4/28/17 Delivery charges for Board packets	116.85
709501	5/12/17 Delivery charges for Board packets	169.36
	*** Total ***	286.21
	<b><i>Office Solutions</i></b>	
I-01167501	Overhead cabinet & lateral file installed in D. Micalizzi's office	1,082.89
I-01168037	5/19/17 Office supplies	708.06
I-01168682	5/22/17 Office supplies	76.11
I-01176023	Cabinet for 101 conference room computer	342.56
I-01176067	6/6/17 Office supplies	41.31
	*** Total ***	2,250.93
	<b><i>Orange County Water District</i></b>	
17458	April 2017 50% share of WACO expense	227.96
17475	Final shared costs OCWD/MWDOC common area remodel	2,075.74
17472	April 2017 Postage, shared office & maintenance expense	6,281.27
	*** Total ***	8,584.97
	<b><i>Patricia Kennedy Inc.</i></b>	
21309	June 2017 Plant maintenance	214.00
	*** Total ***	214.00
	<b><i>Petrusse-Norris Painting, Inc.</i></b>	
17126	May 2017 Services to paint office 106	1,669.89
	*** Total ***	1,669.89
	<b><i>Public Relations Society of America</i></b>	
1875720-2017	4/1/17-3/31/18 National & Orange County chapter membership dues for J. Volzke	330.00
	*** Total ***	330.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>Southern California Water Committee</i></b>	
27055	Education and Outreach program on Statewide Water Supply & Delta issues sponsorship	30,000.00
	*** Total ***	30,000.00
	<b><i>Staffing Network, LLC</i></b>	
95701435	5/8/17-5/14/17 Temporary help for scanning records and front desk coverage	1,060.80
95701819	5/15/17-5/21/17 Temporary help for scanning records and front desk coverage	1,060.80
95702551	5/22/17-5/28/17 Temporary help for scanning records and front desk coverage	1,060.80
	*** Total ***	3,182.40
	<b><i>Talent Assessment and Development, LLC</i></b>	
3109	May 2017 Consulting services	300.00
	*** Total ***	300.00
	<b><i>U. S. HealthWorks Medical Group</i></b>	
3118670-CA	5/3/17 Pre-employment exam	173.00
3125989-CA	5/6/17 Pre-employment exam	173.00
	*** Total ***	346.00
	<b><i>USAFact Inc.</i></b>	
7051315	5/3/17 Pre-employment background check	67.34
7052043	5/10/17 Pre-employment background check	68.48
	*** Total ***	135.82
	<b><i>Water Systems Optimization, Inc.</i></b>	
1166	May 2017 Water Loss Control program	3,645.00
	*** Total ***	3,645.00
	<b><i>Total Core Expenditures</i></b>	<b>142,296.37</b>

**Choice Expenditures:**

	<b><i>Bryton Printing Inc.</i></b>	
13577	Bill inserts for Water Use Efficiency programs	2,964.14
	*** Total ***	2,964.14
	<b><i>Discovery Science Center</i></b>	
DSOC/IV/000544	April 2017 for School program	17,119.28
	*** Total ***	17,119.28
	<b><i>Lithocraft Company</i></b>	
61983	210,000 Door hangers for Timer Rebate program	7,781.71
62061	30,000 Door hangers for Turf Removal and Landscape Design Assistance programs	2,977.14
	*** Total ***	10,758.85

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b>Orange County Water District</b>	
17472	April 2017 Postage for Water Use Efficiency rebate programs	45.28
	*** Total ***	45.28
	<b>Quick Signs &amp; Graphics</b>	
47195	8 Magnetic signs with MWDOC logo for inspection site visits	213.07
	*** Total ***	213.07
	<b>Top Hat Productions</b>	
92860	5/9/17 Lunch for Water Loss Control workgroup meeting	338.07
92854	5/4/17 Lunch for Water Use Efficiency workgroup meeting	448.72
	*** Total ***	786.79
	<b>Total Choice Expenditures</b>	<b>31,887.41</b>
<b>Other Funds Expenditures:</b>		
	<b>EcoTech Services, Inc.</b>	
880	4/26/17-5/25/17 8 Templates for Landscape Design program	12,000.00
	*** Total ***	12,000.00
	<b>Impact Promotional Products</b>	
JOB 2778	20 Turf Removal program lawn signs for South County agencies	414.03
	*** Total ***	414.03
	<b>McCall's Meter Sales &amp; Service</b>	
29352	May 2017 Meter Accuracy Testing program for South Coast Water District	1,000.00
	*** Total ***	1,000.00
	<b>Mega Maids Cleaning Service</b>	
8703	May 2017 WEROC S. EOC cleaning services	75.00
8717	May 2017 WEROC N. EOC cleaning services	85.00
	*** Total ***	160.00
	<b>Mission RCD</b>	
2251	May 2017 Field verifications for Water Use Efficiency rebate programs	15,175.11
	*** Total ***	15,175.11
	<b>Quality Fuel Trailer &amp; Tank, Inc.</b>	
524548	Diesel fuel trailer for City of Westminster	18,225.79
524549	Diesel fuel trailer for City of Huntington Beach	18,225.79
	*** Total ***	36,451.58
	<b>Quick Signs &amp; Graphics</b>	
46962	25 Turf Removal program lawn signs for North County agencies	810.82
	*** Total ***	810.82



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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>Water Systems Optimization, Inc.</i></b>	
1166	May 2017 Water Loss Control program	27,419.32
	*** Total ***	27,419.32
	<b><i>Total Other Funds Expenditures</i></b>	<hr/> 93,430.86
	<b><i>Total Expenditures</i></b>	<hr/> <hr/> 267,614.64

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

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>Core Disbursements:</b>				
<b>136775</b>	<b>5/5/17</b>	<b>SPECTB 5210-MAY17</b>	<b>Spectrum Business</b> May 2017 Telephone and internet expense ***Total ***	 2,208.80 2,208.80
<b>136776</b>	<b>5/5/17</b>	<b>VERIZO 9784520171</b>	<b>Verizon Wireless</b> April 2017 4G Mobile broadband unlimited service ***Total ***	 55.19 55.19
<b>136787</b>	<b>5/15/17</b>	<b>IRONMO NUV3446</b>	<b>Iron Mountain</b> May 2017 Archived document storage ***Total ***	 307.57 307.57
<b>136793</b>	<b>5/15/17</b>	<b>SPECTB 3564-MAY17</b>	<b>Spectrum Business</b> May 2017 Telephone expense for 3 analog fax lines ***Total ***	 107.19 107.19
<b>136797</b>	<b>5/15/17</b>	<b>TAMARI 043017</b>	<b>Satoru Tamaribuchi</b> April 2017 Business expense ***Total ***	 305.02 305.02
<b>136799</b>	<b>5/15/17</b>	<b>VOLZKE 042817</b>	<b>Jonathan Volzke</b> April 2017 Business expense ***Total ***	 56.08 56.08
<b>ACH002536</b>	<b>5/15/17</b>	<b>ACKEEX 043017</b>	<b>Linda Ackerman</b> April 2017 Business expense ***Total ***	 74.90 74.90
<b>ACH002538</b>	<b>5/15/17</b>	<b>BAEZHE 042117</b>	<b>Heather Baez</b> March-April 2017 Business expense ***Total ***	 191.76 191.76
<b>ACH002539</b>	<b>5/15/17</b>	<b>BARBRE 033117</b>	<b>Brett Barbre</b> March 2017 Business expense ***Total ***	 249.00 249.00
<b>ACH002540</b>	<b>5/15/17</b>	<b>BAUMHA 042917</b>	<b>Melissa Baum-Haley</b> March-April 2017 Business expense ***Total ***	 579.99 579.99
<b>ACH002541</b>	<b>5/15/17</b>	<b>BERGJO 042817</b>	<b>Joseph Berg</b> March-April 2017 Business expense ***Total ***	 1,047.07 1,047.07

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

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>ACH002545</b>	<b>5/15/17</b>	<b>BUSSLI</b>	<b>Charles Busslinger</b>	
		043017	April 2017 Business expense	146.53
			***Total ***	146.53
<b>ACH002546</b>	<b>5/15/17</b>	<b>DICKEX</b>	<b>Larry Dick</b>	
		043017	April 2017 Business expense	172.31
			***Total ***	172.31
<b>ACH002550</b>	<b>5/15/17</b>	<b>FINNEG</b>	<b>Joan Finnegan</b>	
		043017	April 2017 Business expense	91.94
			***Total ***	91.94
<b>ACH002552</b>	<b>5/15/17</b>	<b>HARRIS</b>	<b>Cathleen M. Harris</b>	
		042517	April 2017 Business expense	331.28
			***Total ***	331.28
<b>ACH002556</b>	<b>5/15/17</b>	<b>HOSTER</b>	<b>Kevin Hostert</b>	
		050217	March-May 2017 Business expense	187.26
			***Total ***	187.26
<b>ACH002558</b>	<b>5/15/17</b>	<b>LOEWEN</b>	<b>Laura Loewen</b>	
		043017	April 2017 Business expense	100.87
			***Total ***	100.87
<b>ACH002560</b>	<b>5/15/17</b>	<b>CONWAY</b>	<b>Matthew Conway</b>	
		043017	April 2017 Business expense	70.88
			***Total ***	70.88
<b>ACH002571</b>	<b>5/15/17</b>	<b>ROBERT</b>	<b>Bryce Roberto</b>	
		043017	April 2017 Business expense	164.43
			***Total ***	164.43
<b>ACH002572</b>	<b>5/15/17</b>	<b>THOMAS</b>	<b>Jeffery Thomas</b>	
		043017	April 2017 Business expense	140.17
			***Total ***	140.17
<b>136875</b>	<b>5/31/17</b>	<b>TAMARI</b>	<b>Satoru Tamaribuchi</b>	
		043017A	April 2017 Business expense	464.98
			***Total ***	464.98
<b>136876</b>	<b>5/31/17</b>	<b>USBANK</b>	<b>U.S. Bank</b>	
		4140/5443-APR17	3/22/17-4/24/17 Cal Card charges	15,726.89
			***Total ***	15,726.89
			(See attached sheet for details)	

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

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>ACH002574</b>	<b>5/31/17</b>	<b>BAUMHA 022817</b>	<b>Melissa Baum-Haley</b> February 2017 Business expense ***Total ***	 217.77 217.77
<b>ACH002583</b>	<b>5/31/17</b>	<b>SCHNEI 043017</b>	<b>Megan Yoo Schneider</b> April 2017 Business expense ***Total ***	 219.92 219.92
<b>Total Core Disbursements</b>				<b>23,217.80</b>

**Choice Disbursements:**

<b>ACH002541</b>	<b>5/15/17</b>	<b>BERGIO 042817</b>	<b>Joseph Berg</b> March-April 2017 Business expense ***Total ***	 107.69 107.69
<b>136876</b>	<b>5/31/17</b>	<b>USBANK 4140-APR17</b>	<b>U.S. Bank</b> Cal Card charges 3/22/17-4/24/17 ***Total *** (See attached sheet for details)	 109.22 109.22
<b>Total Choice Disbursements</b>				<b>216.91</b>

**Other Funds Disbursements:**

<b>136774</b>	<b>5/5/17</b>	<b>ATTEOC 4492-APR17 8200-APR17 0532-APR17</b>	<b>AT&amp;T</b> April 2017 WEROC S. EOC telephone expense April 2017 WEROC N. EOC telephone expense April 2017 WEROC N. EOC dedicated phone line ***Total ***	 253.18 188.59 64.73 506.50
<b>136776</b>	<b>5/5/17</b>	<b>VERIZO 9784520171</b>	<b>Verizon Wireless</b> April 2017 4G Mobile broadband unlimited service ***Total ***	 38.01 38.01
<b>136777</b>	<b>5/15/17</b>	<b>OCWD 17391</b>	<b>Orange County Water District</b> March 2017 GWRS MET credit ***Total ***	 676,484.33 676,484.33
<b>136779</b>	<b>5/15/17</b>	<b>ATTUVEOC 8599-MAY17</b>	<b>AT&amp;T</b> May 2017 U-verse internet service for WEROC N. EOC ***Total ***	 55.00 55.00

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

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>ACH002541</b>	<b>5/15/17</b>	<b>BERGJO</b>	<b>Joseph Berg</b>	
		042817	March-April 2017 Business expense	4.50
			***Total ***	4.50
	<b>5/15/17</b>	<b>HUBBAR</b>	<b>Kelly Hubbard</b>	
<b>ACH002553</b>		033117	March 2017 Business expense	166.33
<b>ACH002554</b>		043017	April 2017 Business expense	99.00
			***Total ***	265.33
<b>ACH002561</b>	<b>5/15/17</b>	<b>MESAWA</b>	<b>Mesa Water</b>	
		9170	March 2017 Credit for Local Resources program	50,435.95
			***Total ***	50,435.95
<b>136801</b>	<b>5/16/17</b>	<b>TURFRP</b>	<b>Turf Removal Program</b>	
		TR8-R-IRWD-7420-7368	K. Chen (Re-issue)	476.00
			***Total ***	476.00
		<b>DRIPPR</b>	<b>Spray to Drip Program</b>	
<b>136802</b>	<b>5/26/17</b>	S2D-IRWD-4168	V. Pillai	175.00
<b>136803</b>	<b>5/26/17</b>	S2D-IRWD-4152	S. Lee	525.00
<b>136804</b>	<b>5/26/17</b>	S2D-LBCWD-8247	C. Rice	350.00
<b>136805</b>	<b>5/26/17</b>	S2D-LBCWD-8260	J. Morcos	525.00
<b>136806</b>	<b>5/26/17</b>	S2D-SEWD-4438	L. Bawkey	525.00
<b>136807</b>	<b>5/26/17</b>	S2D-SCWD-8245	C. Chang	350.00
			***Total ***	2,450.00
		<b>TURFRP</b>	<b>Turf Removal Program</b>	
<b>136808</b>	<b>5/26/17</b>	TR10-R-SOCO-13451-13399	M. Wieler	402.00
<b>136809</b>	<b>5/26/17</b>	TR10-R-SM-13450-13398	A. Hock	601.00
<b>136810</b>	<b>5/26/17</b>	TR10-R-O-4853-4775	E. Strickland	274.00
<b>136811</b>	<b>5/26/17</b>	TR10-R-YLWD-13390-13341	P. Norton	348.00
<b>136812</b>	<b>5/26/17</b>	TR10-R-SOCO-7426-7375	C. Chang	925.00
<b>136813</b>	<b>5/26/17</b>	TR10-R-SOCO-13332-13301	M. Linville	946.00
<b>136814</b>	<b>5/26/17</b>	TR10-R-SWD-7693-7651	J. Sommer	911.00
<b>136815</b>	<b>5/26/17</b>	TR8A-R-IRWD-8057-8021	G. Ponce	2,276.00
<b>136816</b>	<b>5/26/17</b>	TR10-R-MNT-12255-12209	P. Soteropoulos	2,760.00
<b>136817</b>	<b>5/26/17</b>	TR9A-R-MNT-12146-12103	C. Wurth	1,808.00
<b>136818</b>	<b>5/26/17</b>	TR10-R-O-7520-7481	M. Guebert	886.95
<b>136819</b>	<b>5/26/17</b>	TR10-R-IRWD-13401-13352	Y. Sun	842.00
<b>136820</b>	<b>5/26/17</b>	TR10-R-WEST-4720-4640	C. Duong	636.00
<b>136821</b>	<b>5/26/17</b>	TR10-C-MESA-4864-4790	L. Nguyen	1,167.00
<b>136822</b>	<b>5/26/17</b>	TR10-R-SOCO-4925-4848	S. Hahn	1,000.00
<b>136823</b>	<b>5/26/17</b>	TR10-R-SWD-7721-7678	L. Bawkey	1,000.00
<b>136824</b>	<b>5/26/17</b>	TR10-R-BREA-6266-6210	L. Anda	1,000.00

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

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
136825	5/26/17	TR10-R-YLWD-5163-5092	Y. Xia	913.00
136826	5/26/17	TR10-R-O-6263-6192	G. Stoup	1,000.00
136827	5/26/17	TR8-R-IRWD-7443-7402	A. Kenyon	668.16
136828	5/26/17	TR10-R-YLWD-12253-12207	J. Tran	676.00
136829	5/26/17	TR10-R-TUST-7421-7369	D. Pfeifer	539.00
136830	5/26/17	TR10-R-SB-7356-7309	D. Anderson White	1,000.00
136831	5/26/17	TR10-R-SOCO-7343-7296	R. Tilimon	390.00
136832	5/26/17	TR10-R-TC-12242-12197	Q. Zhou	1,000.00
136833	5/26/17	TR10-R-YLWD-7867-7833	D. Lee	1,000.00
136834	5/26/17	TR10-R-NWPT-12303-12259	M. Kavoossi	1,000.00
136835	5/26/17	TR10-R-MNT-13318-13269	Q. Vu	1,326.00
136836	5/26/17	TR10-R-MNT-12251-12205	L. Namy	996.00
136837	5/26/17	TR10-R-YLWD-12210-12167	D. Miller	274.00
136838	5/26/17	TR10-R-YLWD-7882-7849	D. Brokop	251.00
136839	5/26/17	TR9A-R-MNT-7955-7919	G. Sadri	1,514.00
136840	5/26/17	TR10-R-IRWD-13434-13384	J. Tesoriero	804.00
136841	5/26/17	TR10-R-SOCO-7923-7887	C. Malak	1,000.00
136842	5/26/17	TR10-R-WEST-7976-7941	J. Nguyen	875.00
136843	5/26/17	TR8A-R-IRWD-8010-7973	J. Pendse	1,722.00
136844	5/26/17	TR10-R-SOCO-8075-8040	G. Schoenau	1,000.00
136845	5/26/17	TR10-R-O-9105-9067	A. Truong	254.00
136846	5/26/17	TR8A-R-IRWD-12189-12143	K. Tran	2,548.00
136847	5/26/17	TR8A-R-IRWD-12190-12144	Z. Zhao	3,284.00
136848	5/26/17	TR8A-R-IRWD-9099-9061	L. Rauch	880.00
136849	5/26/17	TR8A-R-IRWD-11137-11095	S. Raskin	510.00
136850	5/26/17	TR10-R-NWPT-12158-12113	K. Strahl	53.00
136851	5/26/17	TR10-R-MNT-13433-13383	P. Dowling	2,678.00
136852	5/26/17	TR8A-R-IRWD-12234-12189	M. Entina	2,824.00
136853	5/26/17	TR8A-R-IRWD-12287-12239	A. Eltawil	1,464.00
136854	5/26/17	TR8A-R-IRWD-12279-12231	S. Broglin	1,020.00
136855	5/26/17	TR10-R-IRWD-13446-13396	A. Zucker	350.00
136856	5/26/17	TR10-R-BREA-12300-12255	L. Lau	560.00
136857	5/26/17	TR10-R-NWPT-12302-12258	R. Kavoossi	343.00
136858	5/26/17	TR10-R-MNT-13351-13300	M. Fees	1,082.00
136859	5/26/17	TR10-R-MNT-13370-13320	M. Naimi	1,626.00
136860	5/26/17	TR10-R-MNT-13426-13376	O. Nasiby	608.00
136861	5/26/17	TR10-R-IRWD-13378-13328	Y. Buck	504.00
136862	5/26/17	TR10-R-IRWD-13420-13370	D. Martinoff	948.00
136863	5/26/17	TR10-R-MNT-13380-13330	C. Le	684.00
136864	5/26/17	TR10-R-ETWD-13398-13349	R. Buck	2,000.00
136865	5/26/17	TR10-R-WEST-13408-13359	M. Tran	992.00
136866	5/26/17	TR10-R-IRWD-13432-13382	J. Costello	920.00
136867	5/26/17	TR9A-R-MNT-12184-12138-	J. Herrera	132.00
***Total ***				61,995.11

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

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>136869</b>	<b>5/31/17</b>	<b>ATTEOC</b>	<b>AT&amp;T</b>	
		4492-MAY17	May 2017 WEROC S. EOC telephone expense	253.18
		8200-MAY17	May 2017 WEROC N. EOC telephone expense	188.59
		0532-MAY17	May 2017 WEROC N. EOC dedicated phone line	53.60
			***Total ***	495.37
<b>136870</b>	<b>5/31/17</b>	<b>CATALI</b>	<b>Catalina Island Conservancy</b>	
		0014241	May 2017 WEROC radio repeater site lease	1,718.29
			***Total ***	1,718.29
<b>136873</b>	<b>5/31/17</b>	<b>SANTI1</b>	<b>Santiago Aqueduct Commission</b>	
		MAR2017	March 2017 SAC Pipeline operation surcharge	225.35
			***Total ***	225.35
<b>136876</b>	<b>5/31/17</b>	<b>USBANK</b>	<b>U.S. Bank</b>	
		4140-APR17	Cal Card charges 3/22/17-4/24/17	1,108.16
			***Total ***	1,108.16
			(See attached sheet for details)	
<b>ACH002584</b>	<b>5/31/17</b>	<b>SANTAM</b>	<b>Santa Margarita Water District</b>	
		MAR2017	March 2017 SCP Pipeline operation surcharge	23,731.35
			***Total ***	23,731.35
<b>ACH002585</b>	<b>5/31/17</b>	<b>SOTOFR</b>	<b>Francisco Soto</b>	
		051317	April-May 2017 Business expense	182.25
			***Total ***	182.25
<b>WIRE-170531</b>	<b>5/31/17</b>	<b>METWAT</b>	<b>Metropolitan Water District</b>	
		8988	March 2017 Water deliveries	7,291,324.42
			***Total ***	7,291,324.42
			<b>Total Other Funds Disbursements</b>	<b>8,111,495.92</b>
			<b>Total Disbursements</b>	<b>8,134,930.63</b>



Robert J. Hunter, General Manager



Hilary Chumpitazi, Treasurer

**Cal Card Statement Detail**  
**Statement Date: April 24, 2017**  
**Payment Date: May 31, 2017**

Date	Description	Amount
<b><u>K. Seckel Card</u></b>		
03/22/17	MET Directors trip in Sacramento, CA from Mar. 28-29, 2017 - Airfare for Director Barbre refunded	\$ (535.88)
03/23/17	UPS delivery charges for Board packets on Mar. 10 & 15, 2017	115.57
03/24/17	MET Directors trip in Sacramento, CA from Mar. 28-29, 2017 - Accommodations for Director Barbre refunded	(389.91)
03/24/17	Table skirts for conference room tables	255.60
03/26/17	Minute book and refill pages	168.34
03/24/17	3/24/17-3/24/18 Web hosting service for new MWDOC website	1,320.00
03/27/17	Table skirt clips for conference room tables	40.00
03/27/17	Lunch for MET Directors' meeting	170.50
03/28/17	Office supplies from Costco	458.42
03/28/17	California Water Efficiency Partnership meeting in Sacramento, CA on Apr. 5, 2017 - Airfare for J. Berg	491.88
03/29/17	California Special Districts Association Governance Foundations training in Sacramento, CA from Mar. 27-28, 2017 - Accommodations for Director Schneider	135.46
03/29/17	California Landscape Contractors Association Model Water Efficient Landscape Ordinance workshop in Montclair, CA on Apr. 13, 2017 - Registration for M. Conway	115.00
03/30/17	FedEx delivery charges for Board of Supervisors on Mar. 28, 2017	16.69
03/29/17	Orange County Business Council Washington D.C. Advocacy trip in Washington, DC from May 1-3, 2017 - Airfare for Director Barbre	1,378.40 <sup>1</sup>
04/01/17	FedEx delivery charges for Board of Supervisors on Mar. 30, 2017	16.69
04/01/17	Lunch for Boy Scout Merit Badge clinic on Apr. 1, 2017	412.50
03/31/17	ACWA Spring conference in Monterey, CA from May 9-12, 2017 - Registration for M. Baum-Haley	699.00
03/31/17	2017 Pocket directory for the California Legislature	20.19
03/31/17	3/31/17-4/29/17 Subscription for Survey Monkey software	26.00
03/31/17	3/16/17-3/25/17 Facebook posts for Water Policy Dinner and Water Use Efficiency rebates	213.77
04/03/17	ACWA Spring conference in Monterey, CA from May 9-12, 2017 - Registration for K. Seckel partial refund for speaker	(139.80)
04/04/17	Association of California Cities, Orange County Housing Infrastructure tour in Orange County on Apr. 7, 2017 - Registrations for J. Berg & J. Volzke	90.00
04/03/17	California Water Efficiency Partnership meeting in Sacramento, CA on Apr. 11, 2017 - Airfare for J. Berg	417.96
04/05/17	FedEx delivery charges for Board of Supervisors on Apr. 3, 2017	16.69
04/04/17	Lunch for MET Directors' meeting	206.83



**Cal Card Statement Detail**  
**Statement Date: April 24, 2017**  
**Payment Date: May 31, 2017**

Date	Description	Amount
04/05/17	California Emergency Services Association Annual membership for F. Soto	110.00
04/05/17	ACWA Spring conference in Monterey, CA from May 9-12, 2017 - Registration for H. Baez	555.00
04/04/17	ACWA Spring conference in Monterey, CA from May 9-11, 2017 - Accommodation for K. Hubbard	427.16
04/04/17	ACWA Spring conference in Monterey, CA from May 9-11, 2017 - Accommodations for H. Baez	427.16
04/04/17	ACWA Spring conference in Monterey, CA from May 9-12, 2017 - Accommodations for M. Baum-Haley	691.02
04/06/17	American Water Works Association CA-NV Section Spring conference in Anaheim, CA from Apr. 10-13, 2017 - Registration for F. Soto	545.00
04/06/17	Computer supplies	279.80
04/07/17	Legislative activities in Washington, DC from Feb.28 - Mar. 2, 2017 - Accommodations for Director Barbre partial refund	(42.30)
04/10/17	UPS delivery charges for Board packets on Apr. 7, 2017	7.28
04/11/17	Brown and Caldwell job posting for Water Resources Analyst position	100.00
04/12/17	Rental of tables, chairs & linens for K. Lyon retirement lunch	375.23
04/12/17	Orange County Business Council Washington D.C. Advocacy trip in Washington, DC from May 1-3, 2017 - Registration for Director Barbre	1,785.00
04/13/17	5 Year domain name registration for ocweroc.com	72.85
04/14/17	Food for Staff development meeting	29.98
04/13/17	Environmental Leaders meeting in Sacramento, CA on May 2, 2017 - Airfare for R. Hunter	335.96
04/13/17	Environmental Leaders meeting in Sacramento, CA on May 2, 2017 - Airfare for Director Tamaribuchi	335.96
04/13/17	Environmental Leaders meeting in Sacramento, CA on May 2, 2017 - Airfare for K. Seckel	335.96
04/13/17	Department of Water Resources Water Loss Control meeting in Sacramento, CA from Apr. 17-18, 2017 - Airfare for J. Berg	491.96
04/17/17	UPS delivery charges for Board packets on Apr. 7 & 12, 2017	123.88
04/17/17	Lunch for CPR training class	210.45
04/17/17	Environmental Leaders meeting in Sacramento, CA on May 2, 2017 - Airfare for Garry Brown	351.96
04/18/17	Legislative activities in Sacramento, CA on Apr. 21, 2017 - Airfare date change for H. Baez	86.05
04/19/17	California Water Efficiency Partnership meeting in Sacramento, CA from Apr. 27-28, 2017 - Airfare for J. Berg	454.96
04/20/17	Legislative activities in Washington, DC from Apr. 19-21, 2017 - Accommodations for Director Barbre	1,036.68 <span style="border: 1px solid black; padding: 0 2px;">2</span>

**Cal Card Statement Detail**  
**Statement Date: April 24, 2017**  
**Payment Date: May 31, 2017**

Date	Description	Amount
04/20/17	Legislative activities in Sacramento, CA on May 19, 2017 - Airfare for H. Baez	372.36
04/20/17	California Special Districts Association Legislative Days in Sacramento, CA from May 16-17, 2017 - Airfare for H. Baez	491.96
<b>Total</b>		<b><u>15,711.22</u></b>

- 1 Director Barbre reimbursed MWDOC \$350.00
- 2 Director Barbre reimbursed MWDOC \$202.41

**R. Hunter Card**

3/22/17-4/24/17	Meals for R. Hunter's meetings	\$ 201.89
03/22/17	California Special Districts Association Legislative Days in Sacramento, CA from May 16-17, 2017 - Registration for H. Baez	175.00
03/23/17	California Environmental Dialogue Longview Committee meeting in Sonoma, CA from Apr. 12-13, 2017 - Accommodations for R. Hunter	461.66
03/23/17	Lunch for Public Affairs workshop	312.50
03/31/17	California Environmental Dialogue meeting in San Francisco, CA on Mar. 31, 2017 - Transportation & parking for R. Hunter	38.00
04/14/17	California Environmental Dialogue Longview Committee meeting in Sonoma, CA from Apr. 12-14, 2017 - Parking for R. Hunter	44.00
<b>Total</b>		<b><u>1,233.05</u></b>

**Municipal Water District of Orange County**  
**GM Approved Disbursement Report <sup>(1)</sup>**  
**For the month of May 2017**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>Core Disbursements:</b>				
<b>136868</b>	<b>5/26/17</b>	<b>FRANKP</b>	<b>Frank Pitman Designs, Inc.</b>	
		MWDOC5-11-17-003	Carpet for hallway & office 108 refurbishment	1,887.37
		MWDOC5-11-17-004	Coping for hallway & office 108 refurbishment	454.04
			***Total ***	2,341.41
<b>136874</b>	<b>5/31/17</b>	<b>STAFFI</b>	<b>Staffing Network, LLC</b>	
		95700754	5/1/17-5/7/17 Temporary help for scanning records and front desk coverage	808.86
			***Total ***	808.86
<b>ACH002573</b>	<b>5/31/17</b>	<b>ACWAJP</b>	<b>ACWA Joint Powers</b>	
		FA-0230320-17	4/1/17- 4/1/18 Annual fidelity insurance premium	1,938.00
			***Total ***	1,938.00
			<b>Total Core Disbursements</b>	<b>5,088.27</b>
<b>Choice Disbursements:</b>				
			<b>Total Choice Disbursements</b>	<b>0.00</b>
<b>Other Funds Disbursements:</b>				
			<b>Total Other Funds Disbursements</b>	<b>0.00</b>
			<b>Total Disbursements</b>	<b>5,088.27</b>

  
 Robert J. Hunter, General Manager

  
 Hilary Chumplitazi, 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 Consolidated Summary of Cash and Investment

April 30, 2017

**Street Address:**

18700 Ward Street  
Fountain Valley, California 92708

**Mailing Address:**

P.O. Box 20895  
Fountain Valley, CA 92728-0895

(714) 963-3058

Fax: (714) 964-9389

[www.mwdoc.com](http://www.mwdoc.com)

Wayne S. Osborne  
President

Brett R. Barbre  
Vice President

Larry D. Dick  
Director

Joan C. Finnegan  
Director

Megan Yoo Schneider  
Director

Sat Tamaribuchi  
Director

Jeffery M. Thomas  
Director

Robert J. Hunter  
General Manager

**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
<b>Designated Reserves</b>		
General Operations	\$2,715,630	21.26%
Grant & Project Cash Flow	1,500,000	11.74%
Election Expense	475,000	3.72%
Building Repair	350,407	2.74%
OPEB	209,006	1.64%
<b>Total Designated Reserves</b>	<b>5,250,043</b>	<b>41.10%</b>
<b>General Fund</b>	<b>4,325,643</b>	<b>33.86%</b>
<b>Water Fund</b>	<b>3,274,586</b>	<b>25.63%</b>
<b>Conservation Fund</b>	<b>(40,581)</b>	<b>(0.32%)</b>
<b>Desalination Feasibility Study Fund</b>	<b>(243,156)</b>	<b>(1.90%)</b>
<b>WEROC Fund</b>	<b>179,549</b>	<b>1.41%</b>
<b>Trustee Activities</b>	<b>28,108</b>	<b>0.22%</b>
<b>Total</b>	<b>\$12,774,192</b>	<b>100.00%</b>

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.75%	\$96,066	\$96,066
<b>Short-term investment</b>			
• LAIF	22.73%	\$2,903,905	\$2,903,905
• OCIP	53.01%	6,771,764	6,771,764
<b>Long-term investment</b>			
• Corporate Bond	5.89%	752,457	754,450
• Certificates of Deposit	17.62%	2,250,000	2,261,920
<b>Total</b>	<b>100.00%</b>	<b>\$12,774,192</b>	<b>\$12,788,105</b>

The average number of days to maturity/call as of April 30, 2017 equaled 147 and the average yield to maturity is 1.103%. During the month, the District's average daily balance was \$14,092,081.55. 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 April 2017.

The \$13,913 difference between the book value and the market value on April 30, 2017 represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or cash flow requirements identified in the near future that would require the sale of these securities prior to maturity.

  
Robert J. Hunter  
General Manager

  
Hilary Chumpitazi  
Treasurer





WATER: DO MORE WITH LESS

# MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

## Portfolio Management - Portfolio Summary

April 30, 2017

4/30/2017	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	2,250,000.00	2,261,920.00	2,250,000.00	17.75	464	1.726
Corporate Bond	750,000.00	754,450.00	752,457.35	5.92	1,084	2.238
Local Agency Investment Funds	2,903,904.81	2,903,904.81	2,903,904.81	22.91	1	0.884
Orange County Investment Pool	6,771,764.29	6,771,764.29	6,771,764.29	53.42	1	0.864
<b>Total Investments</b>	<b>12,675,669.10</b>	<b>12,692,039.10</b>	<b>12,678,126.45</b>	<b>100.00</b>	<b>147</b>	<b>1.103</b>

Cash						
Cash	96,065.97	96,065.97	96,065.97		1	0.00
<b>Total Cash and Investments</b>	<b>12,771,735.07</b>	<b>12,788,105.07</b>	<b>12,774,192.42</b>		<b>147</b>	<b>1.103</b>

<b>Total Earnings</b>	<b>Month Ending April</b>	<b>Fiscal Year to Date</b>
<b>Current Year</b>	<b>11,846.83</b>	<b>157,370.57</b>
<b>Average Daily Balance</b>	<b>14,092,081.55</b>	
<b>Effective Rate of Return</b>	<b>1.103%</b>	

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* (Signature)

Robert J. Hunter, General Manager

Date

6-7-17

*Hilary Chumpitazi* (Signature)

Hilary Chumpitazi, Treasurer

Date

6/7/2017

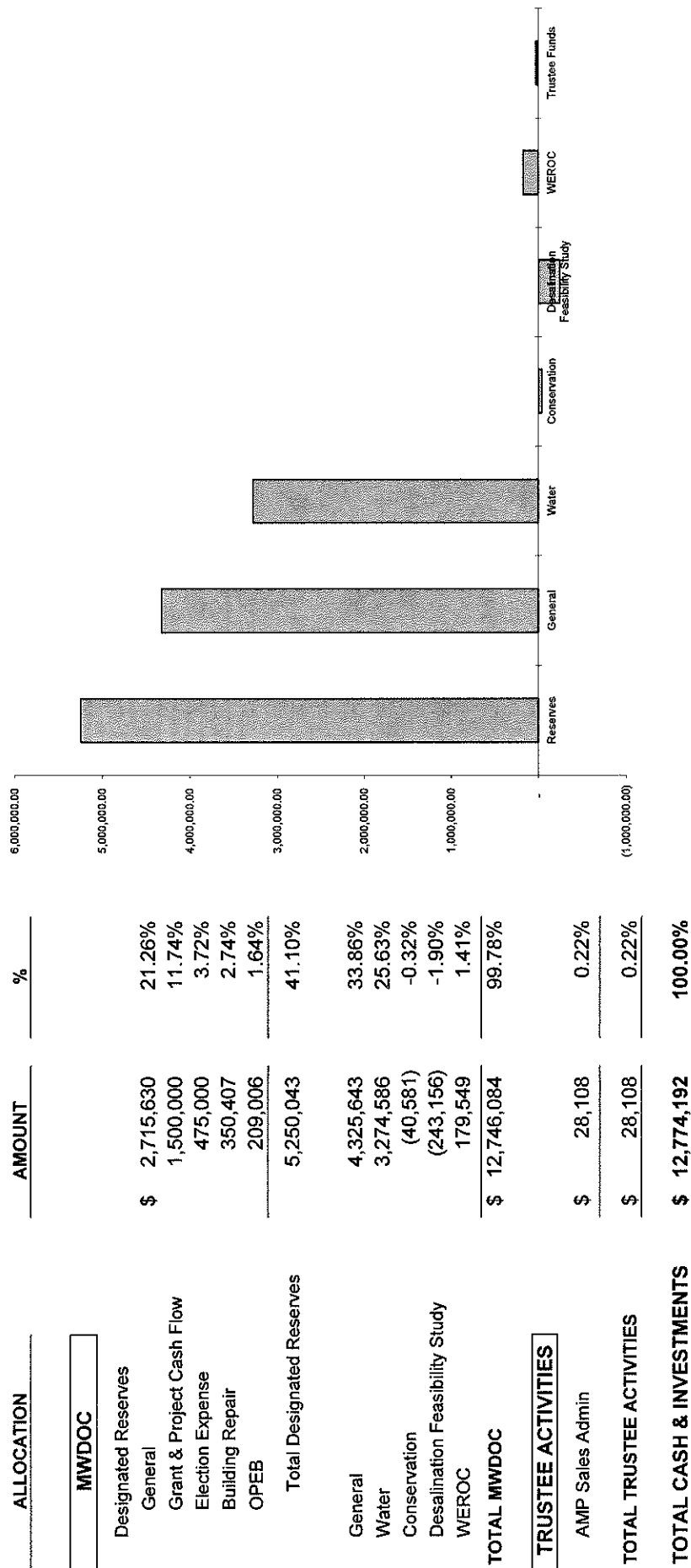
**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Long-Term Portfolio Details - Investments**  
**April 30, 2017**

Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
<b>Negotiable Certificate Of Deposit</b>									
Ally Bank	02006LFV0	7/23/2014	250,000.00	250,200.00	250,000.00	1.150	1.150	85	7/24/2017
American Express Bank	02587CEA4	7/29/2015	250,000.00	250,845.00	250,000.00	1.450	1.450	274	1/29/2018
Barclays Bank	06740KJP3	9/24/2015	250,000.00	252,297.50	250,000.00	1.900	1.900	876	9/23/2019
Capital One Bank	140420TY6	8/5/2015	250,000.00	251,080.00	250,000.00	1.700	1.700	463	8/6/2018
Capital One Natl Assn	14042E6C9	9/2/2015	250,000.00	252,622.50	250,000.00	1.950	1.950	856	9/3/2019
Discover Bank	2546712Y5	7/23/2014	250,000.00	251,000.00	250,000.00	1.600	1.600	449	7/23/2018
Goldman Sachs Bank	36163FJC8	7/25/2014	250,000.00	250,202.50	250,000.00	1.200	1.200	86	7/25/2017
HSBC Bank	40434AK65	1/21/2016	250,000.00	251,170.00	250,000.00	1.550	2.534	266	1/21/2021
Synchrony Bank	87164XBY1	7/25/2014	250,000.00	252,502.50	250,000.00	2.050	2.050	821	7/30/2019
<b>Sub Total</b>			<b>2,250,000.00</b>	<b>2,261,920.00</b>	<b>2,250,000.00</b>	<b>1.617</b>	<b>1.726</b>	<b>464</b>	
<b>Corporate Bond</b>									
JP Morgan Chase	46625HKA7	11/2/2015	500,000.00	502,060.00	501,270.95	2.250	2.152	967	1/23/2020
Wells Fargo	94974BGR5	1/13/2016	250,000.00	252,390.00	251,186.40	2.550	2.409	1,317	12/7/2020
<b>Sub Total</b>			<b>750,000.00</b>	<b>754,450.00</b>	<b>752,457.35</b>	<b>2.350</b>	<b>2.238</b>	<b>1,084</b>	
<b>Total Investments</b>			<b>3,000,000.00</b>	<b>3,016,370.00</b>	<b>3,002,457.35</b>	<b>1.800</b>	<b>1.854</b>	<b>619</b>	
<b>Total Earnings</b>									
Current Year			4,344.27		44,917.85				

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Short-Term Portfolio Details - Cash and Investments**  
**April 30, 2017**

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
<b>Local Agency Investment Funds</b>									
LAIF LGIP	LAIF	6/30/2010	2,903,904.81	2,903,904.81	2,903,904.81	0.884	0.884	1	N/A
<b>Sub Total</b>			<b>2,903,904.81</b>	<b>2,903,904.81</b>	<b>2,903,904.81</b>	<b>0.884</b>	<b>0.884</b>	<b>1</b>	
<b>Orange County Investment Pool</b>									
County of Orange LGIP	OCIP	6/29/2005	6,771,764.29	6,771,764.29	6,771,764.29	0.864	0.864	1	N/A
<b>Sub Total</b>			<b>6,771,764.29</b>	<b>6,771,764.29</b>	<b>6,771,764.29</b>	<b>0.864</b>	<b>0.864</b>	<b>1</b>	
<b>Total Investments</b>			<b>9,675,669.10</b>	<b>9,675,669.10</b>	<b>9,675,669.10</b>	<b>0.870</b>	<b>0.870</b>		
<b>Cash</b>									
Bank of America Cash	CASH0547	7/1/2011	95,565.97	95,565.97	95,565.97	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
<b>Total Cash</b>			<b>96,065.97</b>	<b>96,065.97</b>	<b>96,065.97</b>	<b>0.000</b>	<b>0.000</b>	<b>1</b>	
<b>Total Cash and Investments</b>			<b>9,771,735.07</b>	<b>9,771,735.07</b>	<b>9,771,735.07</b>	<b>0.870</b>	<b>0.870</b>	<b>1</b>	
<b>Total Earnings</b>									
Current Year			Month Ending April	Fiscal Year To Date					
			7,502.56	112,452.72					

**Municipal Water District of Orange County  
Cash and Investments at April 30, 2017**





**MUNICIPAL WATER DIST OF ORANGE COUNTY**  
**PARS OPEB Trust Program****Monthly Account Report for the Period**  
**4/1/2017 to 4/30/2017**Rob Hunter  
General Manager  
Municipal Water Dist of Orange County  
18700 Ward Street  
Fountain Valley, CA 92708**Account Summary**

Source	Beginning Balance as of 4/1/2017	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 4/30/2017
OPEB	\$1,908,181.79	\$0.00	\$23,175.48	\$397.54	\$0.00	\$0.00	\$1,930,959.73
<b>Totals</b>	<b>\$1,908,181.79</b>	<b>\$0.00</b>	<b>\$23,175.48</b>	<b>\$397.54</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,930,959.73</b>

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

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

**Investment Return**

1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
			3-Years	5-Years	10-Years	
1.21%	3.47%	10.01%	4.99%	6.72%	-	10/26/2011

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

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

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

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

# Item No. 3e

## Municipal Water District of Orange County WATER USE EFFICIENCY PROJECTS Cash Flow as of 5/31/17

Cash - Beginning Balance	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	TOTALS
	\$ (2,257,237.25)	\$ (3,224,747.37)	\$ (2,270,840.96)	\$ (400,006.48)	\$ (100,015.28)	\$ (92,342.95)	\$ 32,509.77	\$ 36,819.09	\$ (32,876.53)	\$ 88,459.08	\$ (40,451.25)	\$ 126,923.60	
REVENUES:													
BUREC				36,748.36		95,010.00					73,023.81		\$ 204,782.17
City of Brea	339.97		144.99		294.99								779.95
City of Buena Park	332.10		111.00	222.00	111.00	111.00	333.00				555.00		1,775.10
City of Fountain Valley										777.00			1,179.60
City of Fullerton		75.00											75.00
City of Garden Grove			222.00	666.00		777.00							1,665.00
City of Huntington Beach	640.85	49.99	519.99	117.96	557.99		1,116.13				161.00		3,163.91
City of La Habra	111.00		111.00					125.00		725.00			222.00
City of San Clemente					1,110.00								3,696.00
City of San Juan Capistrano	111.00		111.00	402.70	371.00								1,049.58
City of Tustin	11,593.00	25,459.59			424.88								40,413.59
City of Newport Beach	450.00		238.99		3,375.99	7,516.00			376.05	333.00	111.00		9,401.03
City of Orange	2,869.43		333.00	291.00	375.99	111.00	111.00		1,665.00		1,753.75		7,134.18
City of Westminster										888.00	5,008.00		5,896.00
County of Orange				25,297.04									25,297.04
Department of Water Resources		40,479.67				3,777.75	1,697.75			2,072.16			48,027.33
El Toro Water District	75.00	75.00	75.00	2,552.00	366.99			15.00	625.00	7,020.10	6,402.50		17,206.59
Golden State Water Company	1,980.00		75.00	50.00							1,632.00		3,737.00
Irvine Ranch Water District	93,764.10	542,331.88	132,095.59	309,490.34	45,597.19	32,010.98	13,500.00	56,012.38	35,922.83	47,207.00	212,984.28		1,520,916.57
Laguna Beach County Water District	1,110.00	1,041.00		396.00					15.00				2,577.00
Mesa Water District	1,127.37		80.00	209.99	149.99		1,050.00				2,457.99		5,075.34
Metropolitan Water District			1,934,765.85	28,195.82		70,484.98			158,687.96				2,192,134.61
Moulton Niguel Water District	459,396.32	683,295.61	17,279.42	102,026.49	96,834.06	4,400.00	104,764.64	35,654.00	90,041.00	37,604.79	105,694.83		1,736,991.16
Orange County Water District									2,247.70				2,247.70
Santa Margarita Water District	6,821.55	3,703.49	10,737.34	8,062.96		4,215.84	1,693.97	12,326.00			226.29		47,787.44
Serrano Water District	75.00												75.00
Trabuco Canyon Water District	475.00	150.00	200.00	100.00	100.00	100.00	200.00		300.00		1,250.00		2,875.00
Yorba Linda Water District						596.00							596.00
Miscellaneous Revenues													
Interest Revenue		103.68		884.00						105.08			1,092.76
Total Revenues	580,811.69	1,297,323.91	2,097,100.17	515,712.66	149,294.08	219,110.55	124,466.49	104,132.38	289,880.54	96,747.13	413,288.05	-	\$ 5,887,869.65
EXPENDITURES:													
Aquaficient	5,400.00				2,500.00	5,400.00				5,400.00			\$ 16,200.00
Bryton Printing													2,500.00
Conservation Consulting, LLC				28,894.25									28,894.25
DeLorenzo International										26,550.00			26,550.00
Ecotech											15,000.00		15,000.00
Golden State Water Company					100.00								100.00
Laguna Beach CWD						240.00				320.00			1,120.00
Metropolitan Water District	229,162.49	111,028.73			19,364.33		13,053.16			77,512.94	149,713.12		599,834.77
Mission RCD	18,300.13	14,225.68	38,367.35		8,770.78	24,081.46		9,322.50	28,525.40	37,724.84	16,754.97		196,073.11
Regents UCI Medical								18,684.00					18,684.00
Spill to Drip program											2,450.00		2,450.00
Sunny Gismo													675.00
Turf Removal	1,287,489.27	214,655.09	175,786.98	179,854.83		57,547.37	102,895.83			78,149.68	61,995.11		2,520,018.56
UCI Medical					110,111.64				6,500.00				6,500.00
Miscellaneous Expenses													
Interest Expense	7,579.92			5,087.40			178.18						12,845.50
Salaries & Benefit	390.00	3,510.00	12,111.34	1,885.00		6,989.00	4,030.00	4,485.00	22,763.27				56,163.61
Total Expenditures	1,548,321.81	343,419.50	226,265.67	215,721.48	141,621.75	94,257.83	120,157.17	173,828.00	168,544.93	225,657.46	245,913.20	-	\$ 3,503,708.80
Cash - Ending Balance	\$ (3,224,747.37)	\$ (2,270,840.96)	\$ (400,006.46)	\$ (100,015.28)	\$ (92,342.95)	\$ 32,509.77	\$ 36,819.09	\$ (32,876.53)	\$ 88,459.08	\$ (40,451.25)	\$ 126,923.60	\$	

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**COMBINED FINANCIAL STATEMENTS**  
**AND**  
**BUDGET COMPARATIVE**  
**JULY 1, 2016 THRU APRIL 30, 2017**

**Municipal Water District of Orange County  
Combined Balance Sheet  
As of April 30, 2017**

<b><u>ASSETS</u></b>	<b>Amount</b>
Cash in Bank	96,065.97
Investments	12,678,126.45
Accounts Receivable	18,053,651.44
Accounts Receivable - Other	57,553.69
Accrued Interest Receivable	21,795.26
Prepays/Deposits	500,483.29
Leasehold Improvements	3,415,059.92
Furniture, Fixtures & Equipment	447,719.37
Less: Accum Depreciation	(2,658,822.51)
Net OPEB Asset	117,085.00
<b>TOTAL ASSETS</b>	<b><u>\$32,728,717.88</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b>Liabilities</b>	
Accounts Payable	19,148,093.89
Accounts Payable - Other	333.91
Accrued Salaries and Benefits Payable	336,764.14
Other Liabilities	845,743.19
Unearned Revenue	2,076,778.49
Total Liabilities	<u>22,407,713.62</u>
<b>Fund Balances</b>	
Restricted Fund Balances	
Water Fund - T2C	969,113.59
Total Restricted Fund Balances	<u>969,113.59</u>
Unrestricted Fund Balances	
Designated Reserves	
General Operations	2,832,714.74
Grant & Project Cash Flow	1,500,000.00
Election Expense	475,000.00
Building Repair	350,407.45
OPEB	209,006.00
Total Designated Reserves	<u>5,367,128.19</u>
GENERAL FUND	2,244,103.41
WEROC	101,241.62
Total Unrestricted Fund Balances	<u>7,712,473.22</u>
Excess Revenue over Expenditures	
Operating Fund	2,044,537.09
Other Funds	(405,119.64)
Total Fund Balance	<u>10,321,004.26</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$32,728,717.88</u></b>

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

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<b><u>REVENUES</u></b>						
Retail Connection Charge	0.00	6,786,864.75	6,786,865.00	100.00%	0.00	0.25
Ground Water Customer Charge	0.00	392,666.00	392,666.00	100.00%	0.00	0.00
Water rate revenues	0.00	7,179,530.75	7,179,531.00	100.00%	0.00	0.25
Interest Revenue	11,039.79	155,615.85	123,000.00	126.52%	0.00	(32,615.85)
Subtotal	11,039.79	7,335,146.60	7,302,531.00	100.45%	0.00	(32,615.60)
Choice Programs	2,041.02	1,292,800.01	1,494,789.00	86.49%	0.00	201,988.99
Choice Prior Year Carry Over	0.00	0.00	44,416.00	0.00%	0.00	44,416.00
Miscellaneous Income	0.00	49,517.00	3,000.00	1650.57%	0.00	(46,517.00)
School Contracts	1,814.24	64,432.89	70,000.00	92.05%	0.00	5,567.11
Transfer-In From Reserve	0.00	0.00	535,873.00	0.00%	0.00	535,873.00
Subtotal	3,855.26	1,406,749.90	2,148,078.00	65.49%	0.00	741,328.10
<b>TOTAL REVENUES</b>	<b>14,895.05</b>	<b>8,741,896.50</b>	<b>9,450,609.00</b>	<b>92.50%</b>	<b>0.00</b>	<b>708,712.50</b>

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

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<b><u>EXPENSES</u></b>						
Salaries & Wages	265,115.92	2,596,603.39	3,437,120.00	75.55%	0.00	840,516.61
Salaries & Wages - Grant Recovery	0.00	(29,118.50)	(31,600.00)	92.15%	0.00	(2,481.50)
Salaries & Wages - Recovery	(109.20)	(16,980.60)	0.00	0.00%	0.00	16,980.60
Directors' Compensation	18,668.10	175,555.20	231,937.00	75.69%	0.00	56,381.80
MWD Representation	11,314.00	103,644.11	132,535.00	78.20%	0.00	28,890.89
Employee Benefits	79,758.30	758,221.12	968,160.00	78.32%	0.00	209,938.88
OPEB Annual Contribution	0.00	400,000.00	105,249.00	380.05%	0.00	(294,751.00)
Employee Benefits - Grant Recovery	0.00	(6,960.11)	0.00	0.00%	0.00	6,960.11
Employee Benefits - Recovery	(20.80)	(3,234.40)	0.00	0.00%	0.00	3,234.40
Director's Benefits	6,557.65	56,834.71	66,297.00	85.73%	0.00	9,462.29
Health Ins \$'s for Retirees	4,081.86	29,264.91	50,326.00	58.15%	0.00	21,061.09
Training Expense	0.00	5,379.00	12,000.00	44.83%	0.00	6,621.00
Tuition Reimbursement	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Temporary Help Expense	1,737.06	15,401.49	0.00	0.00%	4,598.51	(20,000.00)
Personnel Expenses	387,102.89	4,084,610.32	4,977,024.00	82.07%	4,598.51	887,815.17
Engineering Expense	1,011.77	95,941.75	405,000.00	23.69%	112,643.37	196,414.88
Legal Expense	13,081.45	139,397.98	320,000.00	43.56%	180,602.02	0.00
Audit Expense	0.00	18,437.00	24,000.00	76.82%	0.00	5,563.00
Professional Services	207,626.59	770,056.51	1,504,497.00	51.18%	263,026.37	471,414.12
Professional Fees	221,719.81	1,023,833.24	2,253,497.00	45.43%	556,271.76	673,392.00
Conference-Staff	1,809.20	13,587.33	22,125.00	61.41%	0.00	8,537.67
Conference-Directors	1,785.00	12,258.00	10,725.00	114.29%	0.00	(1,533.00)
Travel & Accom.-Staff	6,506.35	36,413.14	71,130.00	51.19%	0.00	34,716.86
Travel & Accom.-Directors	3,071.17	20,149.03	38,250.00	52.68%	0.00	18,100.97
Travel & Conference	13,171.72	82,407.50	142,230.00	57.94%	0.00	59,822.50
Membership/Sponsorship	160.00	125,096.51	134,458.00	93.04%	0.00	9,361.49
CDR Support	0.00	29,978.64	39,972.00	75.00%	9,992.86	0.50
Dues & Memberships	160.00	155,075.15	174,430.00	88.90%	9,992.86	9,361.99
Business Expense	398.57	4,127.65	6,000.00	68.79%	0.00	1,872.35
Maintenance Office	5,596.28	72,821.28	123,185.00	59.12%	46,643.72	3,720.00
Building Repair & Maintenance	717.66	9,270.95	11,000.00	84.28%	1,986.55	(257.50)
Storage Rental & Equipment Lease	1,275.37	6,733.91	7,000.00	96.20%	1,233.89	(967.80)
Office Supplies	3,379.49	28,899.35	38,280.00	75.49%	540.86	8,839.79
Postage/Mail Delivery	636.20	10,002.24	11,400.00	87.74%	899.54	498.22
Subscriptions & Books	211.45	932.31	2,000.00	46.62%	0.00	1,067.69
Reproduction Expense	0.00	3,799.72	36,225.00	10.49%	6,598.07	25,827.21
Maintenance-Computers	930.75	6,457.97	10,000.00	64.58%	888.87	2,653.16
Software Purchase	(277.50)	23,709.80	31,300.00	75.75%	0.00	7,590.20
Software Support	1,300.78	34,548.68	46,000.00	75.11%	0.00	11,451.32
Computers and Equipment	0.00	26,126.92	32,500.00	80.39%	0.00	6,373.08
Automotive Expense	1,723.19	14,974.67	13,828.00	108.29%	0.00	(1,146.67)
Toll Road Charges	59.19	718.97	1,100.00	65.36%	0.00	381.03
Insurance Expense	9,405.21	89,968.58	90,000.00	99.97%	0.00	31.42
Utilities - Telephone	1,581.79	16,063.51	19,200.00	83.66%	0.00	3,136.49
Bank Fees	882.51	9,846.79	10,500.00	93.78%	0.00	653.21
Miscellaneous Expense	4,125.38	55,869.37	114,020.00	49.00%	0.00	58,150.63
MWDOC's Contrb. To WEROC	12,532.50	125,325.00	150,390.00	83.33%	0.00	25,065.00
Depreciation Expense	425.35	4,982.36	0.00	0.00%	0.00	(4,982.36)
Other Expenses	44,904.17	545,180.03	753,928.00	72.31%	58,791.50	149,956.47
Election Expense	0.00	521,577.61	592,000.00	88.10%	0.00	70,422.39
MWDOC's Building Expense	609.34	261,876.51	495,000.00	52.90%	14,447.48	218,676.01
Capital Acquisition	0.00	22,799.05	62,500.00	36.48%	0.00	39,700.95
<b>TOTAL EXPENSES</b>	<b>667,667.93</b>	<b>6,697,359.41</b>	<b>9,450,609.00</b>	<b>70.87%</b>	<b>644,102.11</b>	<b>2,109,147.48</b>
<b>NET INCOME (LOSS)</b>	<b>(652,772.88)</b>	<b>2,044,537.09</b>	<b>0.00</b>			

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

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<b><u>WATER REVENUES</u></b>					
Water Sales	8,715,142.20	104,238,010.70	121,881,702.00	85.52%	17,643,691.30
Readiness to Serve Charge	866,439.80	9,799,405.04	12,674,093.00	77.32%	2,874,687.96
Capacity Charge CCF	295,400.00	3,596,495.00	4,829,790.00	74.46%	1,233,295.00
SCP/SAC Pipeline Surcharge	31,272.30	264,393.77	365,000.00	72.44%	100,606.23
Interest	713.85	6,701.96	4,800.00	139.62%	(1,901.96)
<b>TOTAL WATER REVENUES</b>	<b>9,908,968.15</b>	<b>117,905,006.47</b>	<b>139,755,385.00</b>	<b>84.37%</b>	<b>21,850,378.53</b>
<b><u>WATER PURCHASES</u></b>					
Water Sales	8,715,142.20	104,238,010.70	121,881,702.00	85.52%	17,643,691.30
Readiness to Serve Charge	866,439.80	9,799,405.04	12,674,093.00	77.32%	2,874,687.96
Capacity Charge CCF	295,400.00	3,596,495.00	4,829,790.00	74.46%	1,233,295.00
SCP/SAC Pipeline Surcharge	31,272.30	264,393.77	365,000.00	72.44%	100,606.23
<b>TOTAL WATER PURCHASES</b>	<b>9,908,254.30</b>	<b>117,898,304.51</b>	<b>139,750,585.00</b>	<b>84.36%</b>	<b>21,852,280.49</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>713.85</b>	<b>6,701.96</b>	<b>4,800.00</b>		

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

	Year to Date Actual	Annual Budget	% Used
<b>Landscape Performance Certification</b>			
Revenues	10,911.95	118,900.00	9.18%
Expenses	<u>10,812.45</u>	<u>118,900.00</u>	9.09%
Excess of Revenues over Expenditures	99.50	0.00	
<b>Industrial Water Use Reduction</b>			
Revenues	95,009.98	91,236.00	104.14%
Expenses	<u>49,512.00</u>	<u>91,236.00</u>	54.27%
Excess of Revenues over Expenditures	45,497.98	0.00	
<b>Spray To Drip Conversion</b>			
Revenues	675.00	468,552.34	0.14%
Expenses	<u>681.52</u>	<u>468,552.34</u>	0.15%
Excess of Revenues over Expenditures	(6.52)	0.00	
<b>Water Smart Landscape for Public Property</b>			
Revenues	0.00	168,588.80	0.00%
Expenses	<u>0.00</u>	<u>168,588.80</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
<b>Member Agency Administered Passthru</b>			
Revenues	1,120.00	150,000.00	0.75%
Expenses	<u>1,120.00</u>	<u>150,000.00</u>	0.75%
Excess of Revenues over Expenditures	0.00	0.00	
<b>ULFT Rebate Program</b>			
Revenues	39,530.60	205,000.00	19.28%
Expenses	<u>39,530.60</u>	<u>205,000.00</u>	19.28%
Excess of Revenues over Expenditures	0.00	0.00	
<b>HECW Rebate Program</b>			
Revenues	289,950.43	432,000.00	67.12%
Expenses	<u>289,973.53</u>	<u>432,000.00</u>	67.12%
Excess of Revenues over Expenditures	(23.10)	0.00	
<b>CII Rebate Program</b>			
Revenues	225,690.00	325,000.00	69.44%
Expenses	<u>274,840.00</u>	<u>325,000.00</u>	84.57%
Excess of Revenues over Expenditures	(49,150.00)	0.00	
<b>Large Landscape Survey</b>			
Revenues	440.30	30,000.00	1.47%
Expenses	<u>383.87</u>	<u>30,000.00</u>	1.28%
Excess of Revenues over Expenditures	56.43	0.00	



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

	Year to Date Actual	Annual Budget	% Used
<b>Indoor-Outdoor Survey</b>			
Revenues	3.28	3,500.00	0.09%
Expenses	14.06	3,500.00	0.40%
Excess of Revenues over Expenditures	(10.78)	0.00	
<b>Turf Removal Program</b>			
Revenues	1,462,429.80	1,750,000.00	83.57%
Expenses	1,314,945.97	1,750,000.00	75.14%
Excess of Revenues over Expenditures	147,483.83	0.00	
<b>Comprehensive Landscape (CLWUE)</b>			
Revenues	229,650.13	399,751.00	57.45%
Expenses	293,765.77	399,751.00	73.49%
Excess of Revenues over Expenditures	(64,115.64)	0.00	
<b>CII, Large Landscape, Performance (OWOW)</b>			
Revenues	0.00	121,210.00	0.00%
Expenses	53,221.24	121,210.00	43.91%
Excess of Revenues over Expenditures	(53,221.24)	0.00	
<b>WUE Projects</b>			
Revenues	2,355,411.47	4,263,738.14	55.24%
Expenses	2,328,801.01	4,263,738.14	54.62%
Excess of Revenues over Expenditures	26,610.46	0.00	
<b>WEROC</b>			
Revenues	280,018.79	300,780.00	93.10%
Expenses	204,640.35	293,780.00	69.66%
Excess of Revenues over Expenditures	75,378.44	7,000.00	
<b>WEROC - Fuel Trailers</b>			
Revenues	109,023.79	146,140.80	74.60%
Expenses	109,023.79	146,140.80	74.60%
Excess of Revenues over Expenditures	0.00	0.00	



## CONSENT CALENDAR ITEM

June 21, 2017

**TO:** Board of Directors

**FROM:** **Planning & Operations Committee**  
(Directors Dick, Tamaribuchi, Yoo Schneider)

Robert Hunter  
General Manager

Staff Contact: Kelly Hubbard

**SUBJECT: Request Approval of Consultant to Update the Orange County Regional Water and Wastewater Multi-Jurisdictional Hazard Mitigation Plan**

### STAFF RECOMMENDATION

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Staff recommends the Board of Directors approve staff to negotiate a final contract with Michael Baker International as the consultant to update the Orange County Regional Water and Wastewater Multi-Jurisdictional Hazard Mitigation Plan Update at a cost not to exceed \$106,986.

### COMMITTEE RECOMMENDATION

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Committee concurred with staff recommendation.

### SUMMARY

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WEROC lead a planning effort in 2007 to write the original Orange County Regional Water and Wastewater Multi-Jurisdictional Hazard Mitigation Plan with the 20 water and wastewater utilities who choose to participate in the process. The agencies who did not participate largely already had their own agency wide plan or did not feel they would benefit from the grant eligibility. In accordance with the Federal Emergency Management Agency (FEMA) requirement to update Hazard Mitigation Plans (HMP) every 5 years, WEROC staff completed an update of the original plan in 2012 and is now starting its next required update. Hazard Mitigation Plans (HMP) are not a required planning document, however by having an approved plan agencies are eligible for grant opportunities to mitigate potential damages to their infrastructure from natural disasters.

<b>Budgeted (Y/N): Y</b>	Budgeted amount: \$5,000 (FY 2017-2018)
<b>Action item amount: \$106,986</b> <b>Total Contract/ \$5,630.84 MWDOC Share</b>	Line item: 7040
<b>Fiscal Impact (explain if unbudgeted):</b> The project is a cost share between 20 agencies. MWDOC's share will not exceed \$5,630.84 pending final negotiations with the consultant; this does not include staff time.	

For this update, 19 of the 20 original water utilities have signed a letter of commitment to participate in the process of updating the 2012 plan. The City of Tustin has decided not to participate in this update, because they are in the process of completing a city-wide comprehensive hazard mitigation plan that includes their water and wastewater systems.

WEROC released a Request for Proposal (RFP) in April of 2017 and received 5 proposals from eligible consultants.

## **DETAILED REPORT**

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Municipal Water District of Orange County and the 18 other participating water and wastewater utilities (see full list below) are updating the Orange County Regional Water and Wastewater Multi-jurisdictional Hazard Mitigation Plan, which was last approved in 2012. Hazard mitigation plans form the foundation for a community's long-term strategy to identify vulnerability to natural and man-made hazards. The plans also aim to reduce disaster losses by breaking the cycle of disaster damage, reconstruction, and repetitive damage. According to the federal Disaster Mitigation Act of 2000, State and local governments are required to develop hazard mitigation plans and update them every five years as a condition for receiving certain types of non-emergency disaster assistance.

In March 2017, WEROC informed member agencies that the current HMP required revision. Member agencies were asked to sign a letter of commitment in order to participate in the collective process with WEROC and other member agencies to update the current plan and to share in the cost of the plan update.

Once member agencies confirmed their involvement, WEROC distributed a RFP for consulting services to assist WEROC and member agencies to update the current plan. WEROC received five (5) proposals, each were evaluated by the WEROC Manager, MWDOC Assistant General Manager, and the WEROC Emergency Coordinator independently to determine whether the proposed scope of work met the requested scope of work. The proposals ranged from \$100,000 – \$146,375. Evaluation of the five proposals showed that four met the requested scope of work. Each reviewer was then tasked with evaluating each proposal on five criteria: Price, Company Experience, Team Make Up, Approach/Methodology, and the Quality of the Proposal.

After evaluating each proposal, staff recommends that Michael Baker International be selected to assist WEROC in completing the 2017 update to the HMP. The consultant demonstrated a strong proposal which detailed a methodology to accomplish the deliverables in the scope of work. Additionally, the consultant demonstrated an extensive history in successfully providing similar services to various other organizations.

**WEROC & Member Agencies Cost**

Prior to seeking consulting services to update the current HMP, WEROC requested the previous participating agencies who were interested in updating their HMP to sign a Letter of Commitment. By signing the letter, each agency committed to participating in the HMP planning process and to share the cost of the consulting services equally between all participating agencies. The consultant proposal is \$106,986 and so each agency's cost share will be \$5,630.84.

Additional costs to participating in this process are staffing costs. Each agency's staff time is estimated at 50-60 hours with an additional estimated 40 hours for WEROC staff to administer the project.

**Next Steps**

The WEROC Coordinator will work with the selected consultant to lead a one year process to update the plan. The process includes five planning meetings, individual agency meetings for assistance, public outreach and plan approval. The main components of the plan that must be updated are descriptions of agency assets, potential disaster impacts and the mitigation goals and actions for each participating agency. Public outreach will include inviting the public, via the MWDOC website and each participating jurisdiction's website to provide input into the revision of the plan and hosting two public workshops on the plan. The 2012 plan is currently available on the MWDOC website at <http://www.mwdoc.com/weroc/Hazard-Mitigation>. The last component is plan approval. The plan must be approved by the governing board of each participating agency, the California Office of Emergency Services, and the Federal Emergency Management Agency. Staff plans on bringing the revised plan to the board for approval in August 2018.

**Participating Water and Wastewater Utilities:**

1. City of Buena Park
2. City of Garden Grove
3. City of La Habra
4. City of Newport Beach
5. City of Orange
6. City of Westminster
7. El Toro Water District
8. Laguna Beach County Water District
9. Mesa Water District
10. Moulton Niguel Water District
11. Municipal Water District of Orange County
12. Orange County Sanitation District
13. Orange County Water District
14. Santa Margarita Water District
15. Serrano Water District
16. South Coast Water District
17. South Orange County Water Authority
18. Trabuco Canyon Water District
19. Yorba Linda Water District



## CONSENT CALENDAR ITEM

June 21, 2017

**TO:** Board of Directors

**FROM:** **Planning & Operations Committee**  
(Directors Dick, Tamaribuchi, Yoo Schneider)

Robert Hunter  
General Manager

Staff Contact: Kelly Hubbard

**SUBJECT: Request for Approval to join the Orange County 800 MHz Radio System**

### STAFF RECOMMENDATION

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Staff recommends the Board of Directors approve MWDOC staff to transition the current WEROC low-band radio system over to the Orange County 800 MHz Countywide Coordinated Communications System (800 MHz CCCS), including approving staff to take the following actions:

- 1) Sign the Joint Agreement for the Operation, Maintenance, and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System and associated agreements.
- 2) Enter into a purchase agreement for the costs associated with initial set-up of the WEROC channel, purchase and/or programming, and installation of radios for Member Agencies and the WEROC facilities with the OC Sheriff's Communications Division and Motorola Solutions (sole source, based on County's approved price book.)
- 3) Take appropriate steps to decommission the current WEROC low-band radio system.

### COMMITTEE RECOMMENDATION

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Committee concurred with staff recommendation.

<b>Budgeted (Y/N): Y</b>	Budgeted amount: \$230,000 (FY 2017-2018)
<b>Action item amount: \$230,000</b>	Line item: 8810
<b>Fiscal Impact (explain if unbudgeted):</b>	

**SUMMARY**

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At the March Board meeting, staff identified several potential options as solutions to ongoing issues with WEROC's current low-band radio system and recommended that the County's 800 MHz program as the probable best option for WEROC. After receiving approval from the Board to investigate the cost and reliability of this system, WEROC met with member agencies and the Sheriff's Division of Communications and has determined that joining the 800 MHz CCCS program will be the most reliable and cost effective option for MWDOC and its member agencies. In order to bring each agency onto the new system, WEROC is proposing to purchase and install, or program, one radio for each member agency. When approval to proceed is given by the Board, WEROC will begin the process of distributing the Joint Agreements to each new participating agency who will be joining the program, and begin the process of purchasing and installing the radios.

**DETAILED REPORT**

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As discussed in the March Board meeting, the current WEROC Radio System has struggled with clarity of communications for many years. WEROC staff has spent significant time and money in researching, troubleshooting and replacing individual aspects of the system over the last ten plus years. WEROC presented the Board with five possible solutions to solve the radio issues. The Board of Directors directed staff to explore each of the solutions and propose the best radio replacement solution for WEROC, including, holding discussions with WEROC funding agencies and the MWDOC member agencies.

After much discussion with the County and MWDOC member agencies, staff recommends that WEROC join the Orange County 800 MHz Countywide Coordinated Communications System (800 MHz CCCS) as a participating agency. In order to do so, WEROC submitted a formal request for permission from the OC 800Mhz CCCS Governance Committee to join and was approved on April 13, 2017. Concurrently, WEROC has been working with the Orange County Sheriff's Department and member agencies to test the 800 MHz system to guarantee its effectiveness prior to any decision. WEROC has tested radio reliability at various agencies who historically have had poor radio quality, and confirmed that the new system would meet the needs for all member agencies. After various site visits, WEROC has determined that joining the Sheriff's 800 MHz system will be the most effective solution.

Below you will find detailed descriptions of the proposed system, WEROC's initial and annual cost, member agencies annual maintenance fees, the Sheriff's Joint Agreement, sole source justification, and next steps.

**800 MHz CCCS WEROC Channel**

This option will create a "WEROC Channel" within the current 800 MHz system to be utilized by WEROC and its Member Agencies. There are many benefits to this system:

1. It provides a WEROC specific channel, with the ability to be "patched in" with other operations, such as fire, law, public works, etc. at the time of a disaster.

2. Clear communications are expected throughout the County for WEROC Member Agencies and when issues arise, the County Communications Staff facilitate solutions.
3. There are annual operational cost savings in switching to this system. Annual maintenance is provided through the County Communications staff, saving WEROC and its agencies money and time for repairs. Additionally, WEROC will no longer need to maintain its repeater on Catalina Island and so can cancel its \$20,000+ annual lease for Catalina.
4. Annual maintenance of the system and individual agency radios would be provided through the OC Sheriff's Communications and Technology Division ensuring a consistent and reliable system.

### **Orange County Sheriff's Participating Agency Joint Agreement**

To utilize the County's system, the Orange County Sheriff's Division of Communications requires each agency utilizing the radio system to sign the Joint Agreement for the Operation, Maintenance, and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System with the Sheriff's Department. This is a standard agreement from the County that is signed by all 800 MHz CCCS participating agencies. The agreement cannot be modified individually and must be signed as presented. The agreement outlines appropriate use of the system and requires each agency to maintain their own radio system to include, an Annual Access Rate Fee, and Flat Annual Maintenance Fee. Additionally, each agency acquiring a new radio will be responsible for future cost of parts and/or repairs not included in annual maintenance. The Agreement consist of the following three (3) documents:

- **Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 MHz Countywide Coordinated Communications System November 2004** – Details the operation, maintenance, and financial responsibilities of the County and Participating Agencies.
- **Amendment to the Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 MHz Countywide Coordinated Communications System (June 2015)** – Details the changes made to the 2004 Joint Agreement to incorporate the 2014-2019 system infrastructure update and cost sharing concepts.
- **New Participating Agency Rider to Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 MHz Countywide Coordinated Communications System** – Details each New Participating Agency's (defined as any agency who joined after the systems initial creation in 2004) responsibilities to the previous two aforementioned documents and current cost principals.
  - Please note staff is awaiting final approval from the 800 MHz CCCS Governance Board Legal Counsel on the placement of the reference to "Attachment A: Water Emergency Response Orange County (WEROC) Communications System White Paper within this document." No significant change is expected.

**WEROC Costs****Start Up Cost**

WEROC proposes that we provide each Member Agency who does not currently subscribe to the 800 MHz system or does not have a radio where the water division can have access, with one radio, as well as provide programming to all agencies who are already in the 800 MHz system. Additionally, WEROC would purchase one control station and one handheld for at the South EOC and at the Fountain Valley EOC, one control station for the Diemer Filtration Plant and one control station for the Division of Drinking Water offices in Santa Ana. Any new radios purchased would become the member agency's property and each agency would be responsible for all associated costs of maintaining and subscribing to the program. After working with Motorola and the Sheriff's Communications staff the initial cost proposal is as follows:

<b>Contractor</b>	<b>Service</b>	<b>Cost</b>
Sheriff's Communications	Initial Template Fee	\$ 2,840.00
Sheriff's Communications	Programming (20 radios)	\$ 1,200.00
Sheriff's Communications	System Entry Fee & Programming New Radios (28)	\$ 60,720.00
Motorola Solutions	New Radios and Installation (28)	\$157,751.48
<b>TOTAL INITIAL COSTS</b>		<b>\$222,511.48</b>

**Annual Cost**

It is estimated that WEROC would pay \$956 a year to maintain and subscribe to the 800 MHz program. This is a fee that is adjusted annually based on the number of radios operating within the entire 800 MHz CCCS. Currently, WEROC is paying an estimated \$20,000 a year to lease space for the Catalina repeater with additional annual costs for maintaining their current radio system.

**Member Agencies Annual Fees**

Initially, WEROC proposed that it would be responsible for all annual fees associated with each member agency's radio. Upon further discussion with the County, it has been decided that each radio purchased would belong to each member agency, therefore each agency would be responsible for maintaining their own system and associated annual fees. This change will streamline long-term management of the system and allow the Sheriff's Department and member agencies to work directly on future maintenance and annual billing cycles. In order to accomplish this, each agency will need to sign a Joint Agreement for the Operation, Maintenance, and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System. Cities who currently use an 800 MHz radio have already signed this agreement, pay these fees, and maintain their own radios.



The annual cost to member agencies is estimated at \$400 per year per radio for the annual maintenance and subscription fee. Below is a breakdown of the estimated annual cost:

**800 MHz Member Agencies Annual Cost (Per Radio)**

- Annual Access Rate – \$250 (estimate)
- Flat Annual Maintenance Fee – \$96 (Handheld) or \$132 (Control or Mobile)

**Sole Source Justification**

In addition to requesting approval for the identified costs, staff is requesting the Board's approval to Sole Source with Motorola. The current system was built and tailored for Orange County. Therefore no comparable quotes are available as this system was designed and built by Motorola and operates on proprietary software and equipment. Contracting a new vendor will require additional research and cost, and compatibility issues may arise when we communicate with OA departments who subscribe to the current Motorola system. Rather than incur the cost and risk of contracting a new vendor, WEROC is proposing to sole source the project to Motorola.

Although the current radio system is a proprietary system and Motorola is the only vendor that can provide the exact system equipment, software and technical expertise needed to replace the end-of-life proprietary equipment, OCSD/Communications has worked diligently with the vendor to obtain special Orange County pricing that is 19% below retail on a regular basis and is 40% below retail for this current calendar year.

**Decommissioning the WEROC Low Band System**

Once the new 800 MHz CCCS is in place for WEROC and its member agencies, staff will start to work on decommissioning the current low-band system. This includes selling, recycling or disposing of current equipment at the WEROC North and South EOC, the Fountain Valley office, and two repeater sites. Staff believes that WEROC is responsible to remove equipment from both repeater sites and will have costs associated with this activity. Staff have already notified the Catalina Conservancy that we will be cancelling our lease once the new system is implemented. Additionally, staff will be reviewing our options to sell our current low-band FCC licensing. Approximately, \$7,500 have been budgeted for these actions.

**Next Steps**

Upon approval, WEROC will begin the process of having member agencies sign the Orange County Joint Agreement for the Operation, Maintenance, and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System, and begin working with Motorola and the Sheriff's Department to start the purchase and installation process.

**Attachments to the Report**

Attached as part of the Board submittal are the following:

1. Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 MHz Countywide Coordinated Communications System  
November 2004

2. Amendment to the Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 MHz Countywide Coordinated Communications System (June 2015)
3. New Participating Agency Rider to Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 MHz Countywide Coordinated Communications System

# JOINT AGREEMENT

FOR THE

OPERATION, MAINTENANCE, AND FINANCIAL  
MANAGEMENT

OF THE

ORANGE COUNTY

800 MEGAHERTZ

COUNTYWIDE COORDINATED COMMUNICATIONS

SYSTEM

NOVEMBER 2004

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**JOINT AGREEMENT FOR THE  
OPERATION, MAINTENANCE AND FINANCIAL MANAGEMENT OF THE  
ORANGE COUNTY**

**800 MEGAHERTZ COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**

This Agreement is entered into on \_\_\_\_\_, 2005 by and between the Parties listed on Exhibit "A" which is attached hereto and incorporated herein. This Agreement replaces the 1996 Agreement as amended, and to the extent there is a conflict, this Agreement controls. Exhibit "A" identifies the Parties to the Agreement. Exhibit "B" identifies the Partner Agencies currently operating on the system. Exhibit "C" identifies the current Mutual Aid operations on the system as approved by the appropriate body (Orange County Chiefs of Police and Sheriff's Association [OCCOPSA], Orange County Fire Chiefs' Association [OCFCA], Orange County Public Works Committee [OCPWC], or Orange County Lifeguard Committee [OCLC]). Exhibit "D" identifies those Participating Agencies that have joined the system as everyday users but were not original Partners on the system. Partners and Participating Agencies on the 800 MHz CCCS are limited to public entities.

**RECITALS:**

Whereas, the initial installation and implementation of the 800 MHz Countywide Coordinated Communications System (800 MHz CCCS) has been completed; and,

Whereas, the Parties to the Agreement want to define operational, technical and financial requirements and guidelines going forward; and,

Now, Therefore, in consideration of the mutual covenants, conditions, agreements and stipulations hereinafter expressed, the Parties hereby agree as follows:

**1. SYSTEM**

The 800 MHz CCCS, hereinafter referred to as System, has been implemented in the County of Orange. Said System is described in Contract No. S0000015.95 for an 800 MHz CCCS, dated September 19, 1995, and related Amendments No. 1, 2, 3, 4, 5 and appropriate change orders.

The Parties hereby designate Orange County Sheriff-Coroner Department (OCSD)/Communications Division as the "Lead Agency" in maintaining and enhancing the System.

2.

**DEFINITION OF TERMS**

“Contract City” is defined as a city receiving law enforcement, lifeguard, public works or fire services from the County or any Partner Agency under the terms of a contract.

“Fire Agency” is defined as, and shall include, all governmental Fire Agencies operating primarily within the limits of Orange County.

“Governing Authority” is a City Council, County Board of Supervisors or Orange County Fire Authority Board of the Partner Agencies, responsible for approving cost modifications. Exhibit “A” provides a list of City, County, and Orange County Fire Authority administrators representing these bodies.

“Law Enforcement Agency” is defined as all governmental Law Enforcement Agencies operating primarily within the limits of Orange County, as follows: Orange County Sheriff’s Department, Orange County City Police Departments, Orange County District Attorney’s Office, and Orange County Probation Department.

“Lifeguard Agency” is defined as, and shall include, all governmental lifeguard agencies operating primarily within the limits of Orange County.

“Mutual Aid Provider” is defined as any governmental or private organization, not otherwise defined in this Agreement, that has a legitimate Mutual Aid operational requirement with another Partner or Participating Agency. Guidelines for the approval of a mutual aid provider have been developed and are available to OCCOPSA, OCFCA, OCPWC and OCLC as needed.

“Net” is defined as a group of Partner Agencies who operate a joint dispatch center, or a combination of radio dispatch talkgroups used by a fixed group of Partner Agencies.

“New City” is defined as a city incorporated after the effective date of this Agreement.

“Non-City/Non-County User” is defined as a special district, water district, sanitation district, or similar governmental or quasi-governmental agency. These are Participating Agencies.

“Participating Agency” is any agency identified in Exhibit D that would not have a role in defining the operation of the 800 MHz CCCS, but would pay to join the system based on a predefined allocation.

“Partner Agencies” are those agencies identified in Exhibit “B” that have joined the 800 MHz CCCS for everyday use since its original inception and are operating on the 800 MHz System.



“Parties” are those public entities which are listed in Exhibit “A.”

“Public Works Agency” is defined as, and shall include, all County or City departments that perform public works functions, other than those defined as a Law Enforcement, Lifeguard or Fire Agency. Public Works Agencies include, but are not limited to, Public Works Departments, Municipal Utility Departments, and County agencies including Resources and Development Management Department, John Wayne Airport, Health Care Agency, and Integrated Waste Management Department, and public works functions within County operations such as the Transportation and Facilities Operations functions with the Sheriff’s Department and Probation.

“Subsystem” is defined as one of four operational subsystems that use common equipment, each in a similar way, but use different operational procedures. These are referred to as the Law Subsystem, the Fire Subsystem, the Lifeguard Subsystem and the Public Works Subsystem.

“System Backbone” is defined as those portions of the System Backbone that provide the means by which dispatch centers and mobile radios communicate with each other, and is composed of radio infrastructure equipment, microwave equipment, and associated control equipment.

“System Field Equipment” is defined as that portion of the System that uses the System Backbone for communications and consists of dispatch center equipment, mobile radios, and portable radios.

### **3. OPERATIONAL POLICIES – LAW ENFORCEMENT SUBSYSTEM**

The Orange County Chiefs of Police and Sheriff’s Association (OCCOPSA) is an established organization composed of representatives from the Sheriff’s Department, City Police Departments, District Attorney’s Office and Probation Department. The OCCOPSA Communications Committee has been delegated by OCCOPSA the responsibility for operational policy development for the Law Enforcement Subsystem. Partner and Participating agencies agree that operational policy for the Law Enforcement Subsystem shall be developed by the OCCOPSA Communications Committee and ratified where appropriate by the OCCOPSA, in accordance with the terms and conditions of this Agreement.

### **4. OPERATIONAL POLICIES – FIRE SUBSYSTEM**

The Orange County Fire Chiefs’ Association (OCFCA) is an established organization composed of representatives from the Orange County Fire Authority and City Fire Departments. The OCFCA Communications Committee has been delegated by OCFCA the responsibility for operational policy development for the Fire Subsystem. Partner and Participating agencies agree that operational policy for the Fire Subsystem shall be developed by the OCFCA Communications

Committee and ratified where appropriate by the OCFCA, in accordance with the terms and conditions of this Agreement.

**5. OPERATIONAL POLICIES – LIFEGUARD SUBSYSTEM**

The Orange County Lifeguard Committee (OCLC) is an established organization composed of representatives from the City and County Lifeguard Departments. The OCLC Communications Committee has been delegated by OCLC the responsibility for operational policy development for the Lifeguard System. Partner and Participating agencies agree that operational policy for the Lifeguard System shall be developed by the OCLC Communications Committee and ratified where appropriate by the OCLC, in accordance with the terms and conditions of this Agreement.

**6. OPERATIONAL POLICIES – PUBLIC WORKS SUBSYSTEM**

The Orange County Public Works Committee (OCPWC) is an established organization composed of representatives from the City and County Public Works Departments. The OCPWC has been delegated the responsibility for operational policy development for the Public Works Subsystem. Partner and Participating agencies agree that operational policy for the Public Works Subsystem shall be developed by OCPWC and ratified where appropriate, in accordance with the terms and conditions of this Agreement.

**7.0 OPERATIONAL POLICY**

**7.1 Law Enforcement Subsystem**

The administration and ongoing development of the Law Enforcement Subsystem operational policy has been delegated to the OCCOPSA Communications Committee. That Committee reports to the OCCOPSA. Policies developed by OCCOPSA for the operations of the Law Enforcement Subsystem shall ensure that each participant is treated equitably and has sufficient communications capability to meet its legitimate needs. Any dispute between Partner and Participating Agencies over operational policies shall be reviewed by the OCCOPSA Communications Committee, and if not resolved, then reviewed by the OCCOPSA. Any unresolved dispute may be appealed to the Governance Committee for final decision.

**7.2 Fire Subsystem**

The administration and ongoing development of the Fire Subsystem operational policy has been delegated to the OCFCA Communications Committee. That Committee reports to the OCFCA. Policies developed by OCFCA for the operations of the Fire Subsystem shall ensure that each participant is treated equitably and has sufficient communications capability to meet its legitimate needs. Any dispute between Partner and Participating Agencies over operational



policies shall be reviewed by the OCFCFA Communications Committee, and if not resolved, then reviewed by the OCFCFA. Any unresolved dispute may be appealed to the Governance Committee for final decision.

### **7.3 Lifeguard Subsystem**

The administration and ongoing development of the Lifeguard Subsystem operational policy has been delegated to the OCLC Communications Committee. That Committee reports to the OCLC. Policies developed by OCLC for the operations of the Lifeguard Subsystem shall ensure that each participant is treated equitably and has sufficient communications capability to meet its legitimate needs. Any dispute between Partner and Participating Agencies over operational policies shall be reviewed by the OCLC Communications Committee, and if not resolved, then reviewed by the OCLC. Any unresolved dispute may be appealed to the Governance Committee for final decision.

### **7.4 Public Works Subsystem**

The administration and ongoing development of the Public Works Subsystem operational policy has been delegated to the OCPWC. Policies developed by OCPWC for the operations of the Public Works Subsystem shall ensure that each participant is treated equitably and has sufficient communications capability to meet its legitimate needs. Any dispute between Partner and Participating Agencies over operational policies shall be reviewed by the OCPWC. Any unresolved dispute may be appealed to the Governance Committee for final decision.

### **7.5 Standard Operating Procedures**

Except as provided in Section 11.3 ("Security"), individual subsystem operational policy, as well as policy affecting all users, shall be published in the 800 MHz CCCS Standard Operating Procedures (SOP). The SOP will be the source of all radio system operational policies and procedures established by the various subsystems. The SOP is maintained by OCSD/Communications and will be updated any time an approved change is made to this document.

### **7.6 System Priorities**

Public Safety, consisting of City and County Law Enforcement and Fire Agencies dispatch functions and individual radio emergency buttons, shall have System operational priority over all law/fire/public works non-life threatening operations when and if it is necessary to establish System priorities.

## **8. OPERATIONAL POLICY REVIEW**

To ensure that operational policy developed by the various individual Subsystems is compatible with all of the other Subsystems, such policy shall be subject to review by all other Subsystems and OCSD/Communications when appropriate. Review would be required when policy is developed that crosses over into another Subsystem. Review is not required when policy is developed that is specific to one Subsystem only. A thirty (30)-day review period prior to policy implementation shall be observed in order to ensure appropriate time for review. Exceptions can be made when the policy is of an emergency nature and immediate implementation is necessary for safety purposes. All emergency exceptions shall be reviewed by the appropriate Subsystems as described above within the thirty (30)-day period.

The intent of this review is to assure that decisions made by any one subsystem do not adversely affect the operation of any other group and to promote and ensure interoperability and compatibility.

## **9. MUTUAL AID**

### **9.1 Mutual Aid Policies and Procedures**

Mutual Aid communications is an important capability of the System. Utilizing this capability in an efficient manner is essential. Mutual Aid operational policies and procedures must be coordinated between Partner and Participating Agencies within Orange County and Partner and Participating Agencies outside of Orange County. All Partner and Participating Agencies shall comply with the operational policies of the Mutual Aid Plans described in Section 9.2.

### **9.2 Mutual Aid Plans**

The following Mutual Aid Plans shall establish Mutual Aid operational procedures for all Participating Agencies.

#### **Orange County Mutual Aid Implementation Plan for the Use of the 800 MHz National and State Mutual Aid Channels**

This plan is required by the Southern California 800 MHz Regional Communications Plan and, together with any plan modifications, must be approved by the State of California Office of Emergency Services, Telecommunications Advisory Committee. The plan in effect on the date of this Agreement is on file with the OCSD/Communications Division. Any proposed modifications to the plan must be reviewed and approved by the Governance Committee, if needed, prior to submission to the State.

## **Orange County Mutual Aid Plan for the Use of the 800 MHz Local Mutual Aid Channels**

The plan was prepared by OCSD/Communications Division and approved by the Partner and Participating Agencies, based upon approval by OCCOPSA, OCFCA, OCPWC and OCLC, as appropriate.

### **9.3 Mutual Aid Priorities**

Partner and Participating Agencies who from time to time have need to communicate with Law Enforcement or Fire Agencies during emergencies or in their daily support of Law Enforcement or Fire Agencies will be allowed to access the Law Enforcement or Fire Subsystems as approved by those respective agencies. Such use may include the day-to-day operations of said non-Law Enforcement and non-Fire Partner and Participating Agencies on a non-interfering, prioritized basis. This use shall be subject to approval of OCCOPSA and the OCFCA as it affects their respective communications.

### **10.0 RELINQUISHING EXISTING OPERATING CHANNELS**

Existing Partner and Appropriate Participating Agencies operate existing systems on a variety of radio channels licensed by the FCC. Both the FCC and the Southern California Regional Plan, approved by the FCC on November 21, 1989 for the implementation of new systems using the 800 MHz spectrum, require that Partner and Participating Agencies that transfer operation to the new 800 MHz channels must give back licenses on existing system frequencies. These "give-up" channels will then be redistributed to meet the needs of other agencies in Southern California which have not been met with the limited 800 MHz channels available.

Partner and Participating Agencies entering into this Agreement agree to "give up" channels licensed on existing systems that are replaced by the new System. FCC licenses on these "give-up" channels shall be returned to the FCC for cancellation not more than thirty (30) days after transfer and acceptance of law enforcement and/or public works operations to the System.

An exception to the paragraph above is when Partner and Participating Agencies who, as a result of transferring law enforcement operations to the System, subsequently move other public works operations to their current 460 MHz channels. In this case, Partner and Participating Agencies agree to relinquish the previously used 460 MHz channels to public works operations within thirty (30) days of completion of the transfer to the 800 MHz System and such a transfer to public works must occur within one hundred eighty (180) days of transfer of law enforcement operations to the System (FCC requirement), at which time the previously-used public works FCC licenses on these "give-up" channels must be returned to the FCC for cancellation not more than thirty (30) days after transfer of public works operations to the 460 MHz channels.



Any city that does not have a 460 MHz law enforcement "give-up" GREEN channel to use for public works may be able to use another city's "give-up" 460 MHz GREEN channel in a cellular re-use pattern.

## **11.0 SYSTEM TECHNICAL MANAGEMENT**

Proper operation of a modern, trunked, multi-channel communications System requires centralized technical coordination. OCSD/Communications Division has established a 24-hour System Watch at Loma Ridge to assure seamless operation of this complex system. The infrastructure for this System is currently housed in 24 separate radio sites, with Loma Ridge serving as the master site.

### **11.1 Technical Liaison Committee**

The 800 MHz Technical Liaison Committee is utilized to develop the technical operation policies and procedures of the System. This committee is composed of sworn, technical and operational personnel of County and City Law Enforcement, Fire, Lifeguard and Public Works operations involved in the 800 MHz CCCS.

### **11.2 Technical Standards**

Technical standards are an essential part of the operation of a multi-user system. To ensure the long-range effective operation of System, technical standards shall continue to be reviewed and evaluated. Said standards shall be approved by the Technical Liaison Committee and all Partner and Participating Agencies will be required to adhere to them. Failure to adhere to the technical standards may result in mobile or portable field equipment being restricted from access to the associated Backbone System.

### **11.3 Security**

Any authorized user of the 800 MHz CCCS shall be required to protect the security of the system and its users by complying with the policies set forth in the "Security Plan for the Orange County 800 MHz Countywide Coordinated Communications System" document. Responsibilities include, but are not limited to, adhering to the Lost/Stolen/Missing Radio Procedure, providing physical security for equipment and documentation, not using Radio Service Software (RSS) to modify the configuration of any radio programming, and not providing technical information or radio equipment to unauthorized persons. As Participating Agencies or Mutual Aid organizations join the system, a copy of the Security Plan will be provided to the director of said organizations and will be advised to share it with appropriate personnel.

### **11.4 Approved Equipment**

The initial System implementation consisted of equipment supplied by the original system equipment vendor and met the technical requirements of the

System. OCSD/Communications shall compile a list of this approved equipment and make it available to all Partner and Participating Agencies. In the future, as newer equipment from the original vendor or other vendors become available, OCSD/Communications shall evaluate it for compatibility with the System and make recommendations to the Technical Liaison Committee. Any equipment that meets the technical criteria for operation on the System shall be added to the approved list. OCSD/Communications will be responsible for negotiating pricing on new equipment with recommendations forwarded to the Governance Committee for final approval.

## **11.5 Technical Standards and Equipment Evaluation**

The OCSD/Communications Division maintains engineering and technical staff whose task is to maintain, manage and operate the 800 MHz CCCS. Technical management of the System shall continue to be the responsibility of OCSD/Communications Division. County technical staff shall evaluate new radio subscriber equipment for adherence to technical standards prior to the Technical Liaison Committee for approval and to the vendor requesting equipment evaluation. Any disputes regarding the technical evaluation of equipment will be referred to the OCCOPSA Communications Committee, OCFCA Communications Committee, OCLC Communications Committee, and OCPWC, with final approval by the Governance Committee.

## **12.0 SYSTEM MODIFICATION COST APPROVALS**

Any Law Enforcement Subsystem modification or other action proposed by OCCOPSA which requires Partner or Participating Agencies to obligate funds for cost sharing shall require prior approval by the Governing Body of each Partner or Participating Agency, following approval by the Governance Committee.

Any Fire Subsystem modification or other action proposed by the OCFCA which requires Partner or Participating Agencies to obligate funds for cost sharing shall require prior approval by the Governing Body of each Partner or Participating Agency, following approval by the Governance Committee.

Any Lifeguard Subsystem modification or other action proposed by the OCLC which requires Partner or Participating Agencies to obligate funds for cost sharing shall require prior approval by the Governing Body of each Partner or Participating Agency, following approval by the Governance Committee.

Any Public Works Subsystem modification or other action proposed by the PWPC which requires Partner or Participating Agencies to obligate funds for cost sharing shall require prior approval by the Governing Body of each Partner or Participating Agency, following approval by the Governance Committee.



## **13.0**

### **CONTRACTS**

The County may from time to time enter into such agreements or contracts with various vendors to purchase or lease equipment, and for installation, service and maintenance of equipment as may be necessary and required in order to effectuate this Agreement. All such agreements or contracts shall comply with applicable State Law for counties. Appropriate shared costs will be included in backbone cost-sharing allocations.

## **13.1**

### **County Responsibilities**

OCSD/Communications shall negotiate and enter into agreements or contracts with the various vendors as contemplated in this Agreement.

OCSD/Communications shall make payments due and payable under such agreements on behalf of Partner and Participating Agencies.

OCSD/Communications shall negotiate and enter into agreements with new Participating Agencies which may hereafter receive approval to access the System for day-to-day operations pursuant to this Agreement, provided that:

- The Participating Agency agrees to the terms, conditions and costs for entry as defined by the Governance Committee on behalf of the Partners. Current policy by the Governance Committee directs a system entry fee of \$3,295 per radio for Federal or State agency participation and \$2,480 per radio for agencies operating strictly within the confines of the County. Participating Agencies are required to have their radios templated and programmed by OCSD/Communications Division staff, participate in the flat fee radio equipment maintenance program, and meet their annual backbone cost sharing obligation.
- Requests by Participating Agencies will be evaluated in terms of potential channel loading on the 800 MHz CCCS. This evaluation will include an identification of the number of radios to be added, the type of communication being conducted, and the specific radio cell that will be impacted by the addition of this Participating Agency. If the addition of the Participating Agency may cause an extensive impact on channel loading, an outside channel loading analysis may be pursued at the expense of the requesting Agency.
- Additional terms, conditions, and costs for entry shall be included in a separate agreement as established by the Governance Committee. The Governance Committee is given said authority under this Agreement with the understanding that adequate fees will be charged as appropriate. Said separate agreement shall include any direct or indirect compensation to Partner Agencies for System Backbone usage by new Participating Agency(s).

- OCSD/Communications shall obtain the approval of the Governance Committee to determine the appropriate additional terms, conditions, and costs to be included in said separate agreement.
- Any such new Participating Agency hereafter who shall desire to become a party to this Agreement may do so by executing a copy of this Agreement, as well as the separate agreement if applicable.
- Compensation may take the form of improvement or modification of System or other contribution for the benefit of all Partner or Participating Agencies.

## **14. EQUIPMENT FACILITIES AND STRUCTURES**

Additional facilities, structures, and modifications may be needed to implement the System, including System Backbone facilities and System Field Equipment facilities (e.g., dispatch centers).

### **14.1 System Backbone Facilities**

In the event of a decision by the Governing Authorities to financially support expanding or modifying existing facilities, or adding new County radio structures or facilities as necessary, to support the implementation of the System Backbone, the County shall be responsible as lead agency to implement these expansions, modifications, or additions.

### **14.2 Field Equipment Facilities**

Individual Partner or Participating Agency shall, at its sole Partner or Participating Agency expense, expand or modify its existing structures, facilities, or dispatch centers as required to support the installation or enhancement of Partner or Participating Agency System Field Equipment.

## **15. SYSTEM MODIFICATIONS AND COST SHARING**

### **15.1 System Modifications**

System modifications may be needed from time to time to meet the changing needs of Partner and Participating Agencies. System modifications, expansions or enhancements will not be allowed without technical review by the County and approval by the Governance Committee. System modifications recommended by County and agreed to by the Governance Committee will then be forwarded to Governing Authorities for approval, as appropriate, and implemented by County.

Cost sharing of future System Backbone modifications shall be determined based on the benefit to be derived by individual Partner or Participating Agencies.

The cost for any modification intended for the sole use and support of a single Partner or Participating Agency shall be borne by that Partner or Participating Agency.

The cost for any modification intended to improve service for an identifiable group of Partner or Participating Agencies in a local area or Net shall be shared by those Agencies in a manner agreeable to those Agencies.

## **15.2 Cost Sharing Beginning July 1, 2002**

### **A. Effective Date/Percentage Share**

The Cities and Orange County Fire Authority (OCFA) will commence System Backbone cost sharing payments as of July 1, 2002. The following represents the respective aggregate obligations for the ongoing maintenance costs of the System Backbone expressed as a percentage of the total cost:

#### **1. FY 02-03**

- |    |                              |     |
|----|------------------------------|-----|
| a. | County's share of cost       | 51% |
| b. | Cities'/OCFA's share of cost | 49% |

#### **2. FY 03-04**

- |    |                              |       |
|----|------------------------------|-------|
| a. | County's share of cost       | 45.6% |
| b. | Cities'/OCFA's share of cost | 54.4% |

#### **3. FY 04-05 and thereafter**

- |    |                              |        |
|----|------------------------------|--------|
| a. | County's share of cost       | 40.18% |
| b. | Cities'/OCFA's share of cost | 59.82% |

The individual obligations for the ongoing maintenance cost of the System Backbone, as approved by the Governance Committee, for each of the Cities and OCFA shall be determined by dividing the number of radios that each of the Cities and the OCFA, respectively, are operating on the System by the total number of radios that the Cities and OCFA are collectively operating on the System. The resulting ratios shall each be multiplied by the aggregate percentage obligations of the Cities and the OCFA for each fiscal year as set forth above. The resulting products shall be the Cities' and OCFA's individual percentage obligations for the ongoing maintenance cost of the System Backbone in each applicable fiscal year.



The contribution made by Participating Agencies will be calculated based on a per radio cost, which will be calculated on an annual basis by dividing the total operating and infrastructure backbone cost, by the total number of radios. The calculated contributions for the Participating Agencies will then be deducted from the total backbone cost-sharing expense. The remaining amount will be used to calculate the City, OCFA and County obligations consistent with 15.2.A.3. above.

Emergency radios held in a separate pool will not be included in the radio counts for backbone cost-sharing purposes. Radios, as identified by the Partner or Participating Agencies, that are set aside strictly for the purpose of an emergency activation or some other emergency situation, and are not used for any other purpose, will be excluded from backbone cost-sharing counts. Serial numbers for these radios are to be provided by the Partner or Participating Agency. The OCSD/Communications Division will run random radio traffic checks on those radios identified as emergency radios and will advise department heads if any ongoing traffic is occurring.

### **15.3 Cities/OCFA Payment of FY 02-03 Backbone Costs**

- A. County is authorized to transfer from the County's Site Development and Infrastructure Fund to the County General Fund, an amount equal to the Cities' and OCFA's FY 02-03 share of cost for System Backbone operations. The purpose of this transfer is to finance Cities' and OCFA's FY 02-03 share of the System Backbone costs and to allow cities and OCFA to pay said costs over a period of time. Furthermore, it allows the County to receive said amount in its General Fund as was budgeted for FY 02-03.
- B. Each city and OCFA will amortize its share of the FY 02-03 System Backbone costs, interest free, over a period of 5 years, commencing July 1, 2003, by paying back to County 20% of its share of the FY 02-03 System Backbone cost each year thereafter for five years. Each city and OCFA shall make this payment to County along with its regular System Backbone cost-sharing expense payment for that particular fiscal year.

### **15.4 Annual Payment**

Commencing July 1, 2003, and continuing each year thereafter, each city and OCFA will contribute 100% of its allocated share of the System Backbone costs based on the formula set forth in 15.2.A above. Said payments shall be made on a quarterly basis in advance within thirty days of billing.

## **15.5**

### **New Site Development and Infrastructure Fund**

The County will place the approximately \$4.1 million currently in the County's Site Development and Infrastructure Fund, less the amount County is allowed to deduct from that fund pursuant to 15.3.A above, into a separate Site Development and Infrastructure Fund. This fund will be controlled by the 800 MHz Governance Committee. Each project financed from this fund will require prior Governance Committee approval. Each expenditure from the Site Development and Infrastructure Fund must be utilized for County's share of site development and/or infrastructure costs. On June 30, 2008, any remaining balance in the Site Development and Infrastructure Fund shall be administratively transferred to the County General Fund without further approval by the 800 MHz Governance Committee, cities or the OCFA.

The Partner and Participating Agencies will share in the cost of 800 MHz CCCS system and infrastructure upgrades. The funding sequence for payment of these costs will be as follows:

- Use of grant funds if available.
- Use of system entry fees contributed to the system from new Participating Agencies as they join the system.
- Use of combined City/County contract reserve fund consistent with percentage contributions made by cities versus County.
- Use of infrastructure contributions collected annually as part of the backbone cost-sharing allocations. Contributions to infrastructure payments will be made on a 70% Cities/OCFA and 30% County of Orange basis, consistent with the Motorola contract allocation split during 800 MHz CCCS implementation. OCSD/Communications will prepare a document and timeline that identifies the remaining infrastructure requirements and estimated costs by fiscal year, thereby bringing closure on the balance of the infrastructure necessary to complete the original 800 MHz CCCS. Infrastructure payments beginning in FY 2005/2006 will reflect contributions needed to meet these outstanding obligations.
- County will pay for design and construction costs for radio sites required to address outstanding coverage issues that remain from initial 800 MHz CCCS implementation, which are Newport Beach, Dana Point and Brea/Carbon Canyon sites.
- County will evaluate the inclusion of radio site construction and infrastructure for new housing developments as part of Mello-Roos costs.

## **15.6**

### **Exclusive Backbone System Costs**

Unless otherwise authorized by separate agreement or an amendment to the 800 MHz CCCS Joint Agreement, none of the cost elements covered under the 800 MHz Communications System Agreement for Cost Sharing shall be included in other service agreements between the County of Orange and the Cities or OCFA.

## **15.7 New Participating Agencies**

New users of the System shall be charged pursuant to the policy established by the Governance Committee under Sections 13.1 and 16 of the 800 MHz CCCS Joint Agreement.

## **15.8 Budget/Year-End Settlement**

- A. The 800 MHz budget and allocation of expenses will be submitted for approval to the Governance Committee ninety (90) to one hundred and twenty (120) days in advance of each fiscal year and communicated to the Partner and Participating Agencies for purposes of including same in their budgets for the next fiscal year.
- B. As soon as practicable following the end of each fiscal year, a final independent audit or a financial review as stipulated by the Governance Committee, shall be performed to determine the actual cost of backbone system operations, infrastructure and maintenance costs for that fiscal year. The findings of this audit or financial review shall be made known to the Partners and Participating Agencies on the 800 MHz CCCS. Thereafter, to the extent there have been contributions made by the Partners and Participating Agencies which exceed the actual cost of operations and maintenance, the amount of said excess contributions shall be credited to each party in the same proportion as was used to create the excess. Any excess for operational expenses shall be deducted from each entity's fiscal year obligation for the following fiscal year. In the event of a shortfall, each party shall be billed its pro-rata share of the shortfall, which shall be paid in the first quarter payment for the next fiscal year following the fiscal year of the shortfall.
- C. Contributions made to infrastructure by each Partner Agency and Participating Agency will be held in either the specific County Account (15L) designated for 800 MHz CCCS infrastructure or system upgrades or in the third-party escrow account as determined by the Governance Committee. In either case, interest earnings will be allocated to these specific funds. Whether the Governance Committee determines that these funds will be held in a third-party escrow account or a County fund, the fees for this account will be included as a backbone cost-sharing expense. As designated under the 800 MHz Escrow Agreement, unless otherwise modified, escrow account funds can only be spent for Motorola expenditures in support of system enhancements or infrastructure costs.
- D. Should any Partner Agency or Participating Agency fail to make its appropriate payments when due, the County shall take action as is appropriate to obtain such payment. Nothing in this Agreement shall be construed as the County's exclusive remedy for the remediation of



defaults by Governing Authorities, and the County reserves the right to pursue any and all available rights and remedies at law or in equity.

**15.9 800 MHz Site Revenues**

In the event County decides to generate revenues from the commercial, non-governmental sector by leasing space at the County's radio sites, the following shall apply:

- A. The use of said radio sites shall not interfere with or degrade the efficiency of the System.
- B. The net revenues generated from such use shall be shared among the Parties to this 800 MHz CCCS Joint Agreement in the same proportion as each party contributed to the maintenance and repair of the radio site(s) for the fiscal year the revenue is generated, up to the amount of each party's contribution for maintenance and repair of the base radio site(s) from which the revenue is generated. All additional net revenues shall go to the County.

**15.10 Future System Enhancements/Upgrades/Replacements**

It is anticipated that a significant upgrade of the 800 MHz CCCS will be required as early as 2010. The Governance Committee, with staffing provided by the County, will be responsible for defining the required upgrades and anticipated funding requirements. The Governance Committee will develop a long-range plan and establish a multi-year Equipment Replacement Fund for the purpose of accumulating funds from the Partner and Participating Agencies. The Equipment Replacement Fund will be designed to allow for the tracking of interest by individual contributor.

**16. ADDITIONAL PARTICIPATING AGENCIES OR CONSOLIDATION OF PARTICIPATING AGENCIES**

Law Enforcement/Public Works/Fire/Lifeguard Agencies may be added to the system with approval by that Agency's Governing Authority, support by appropriate operational committees, and approval of Governance Committee.

The System is designed to support multiple Participating Agencies. New Participating Agencies may only be added to the System within channel loading limits without degrading the level of service. (Refer to Section 13.1.)

The System must adhere to FCC minimum loading standards. In order to meet the minimum loading standards established by the FCC and to ensure efficient utilization of the System spectrum resource, County will continually monitor the level of use of the System.

The County shall be responsible for coordinating access to the System, training new users in operational and security procedures, and assuring compliance with technical standards. The new Agency may be responsible for the cost of these services.

**16.1 Adding Participating Agencies: Newly Incorporated or Contract Cities**

Cities presently contracting for law enforcement, fire or public works services from the County or other Participating Agencies may in the future desire to form their own departments. In such cases, the County shall work with these agencies to develop an appropriate system design and implementation plan to transition to an independent city system similar to other cities.

Any System Field Equipment or other costs associated with the transition of a New City or Contract City to the System shall be the responsibility of the city unless addressed in a separate agreement with County.

**16.2 Consolidation of Law Enforcement Agencies, Public Works Agencies or Fire Agencies**

Cities presently contracting for law enforcement, fire or public works services from the County or other Partner or Participating Agencies may in the future desire to consolidate with other departments to form regionalized systems. In such cases, the County shall work with these agencies to develop an appropriate system design and implementation plan to transition to a consolidated system.

Any System Field Equipment or other costs associated with the transition of a Contract City or Independent City to form with others in a consolidated unit shall be the responsibility of the consolidated entity, unless addressed in a separate agreement with the County.

**16.3 Adding Non-City/Non-County Participating Agencies**

Newly formed Non-City/Non-County Participating Agencies that do not participate in the System in its initial implementation may desire to use the System. County shall work with any such Participating Agency to develop an appropriate system design and implementation plan to transition to the System after approval is recommended by OCCOPSA, OCFCA, OCLC, and OCPWC, as appropriate, and approved by the Governance Committee.

An agency that does not participate in the original purchase and cost sharing of the System Backbone shall contribute a share of the System cost consistent with Section 13.1. Funds from this account may be used for Backbone System enhancements for the benefit of all Partners and Participating Agencies. Enhancements shall be recommended by the Technical Liaison Committee and OCCOPSA, OCFCA, OCLC, and OCPWC as appropriate, with final approval by



the Governance Committee. Approved enhancements involving cost sharing shall be submitted to the Governing Authorities for approval as appropriate.

Any Backbone System modification costs required to transition a New Non-City/Non-County Participating Agency to System shall be the responsibility of the new Non-City/Non-County Participating Agency.

Any System Field Equipment costs associated with the transition of a New Non-City/Non-County Participating Agency to System shall be the responsibility of the new Non-City/Non-County Participating Agency.

#### **16.4 Adding Mutual Aid Providers**

Certain governmental and non-governmental Mutual Aid Providers may be granted access to the subsystems, for the expressed purpose of providing Mutual Aid to a Participating Agency. Access may only be granted by the bodies described in Sections 3, 4, 5, 6 of this Agreement.

Any Backbone System modification costs associated with adding a Mutual Aid Provider to the System shall be the responsibility of the Mutual Aid Providers and/or the sponsoring Partner or Participating Agency(s).

Any System Field Equipment costs associated with adding a Mutual Aid Provider to the System shall be the responsibility of the Mutual Aid Provider and/or the sponsoring Partner or Participating Agency(s).

#### **17. LIABILITY**

Each Party listed in Exhibit "A" (the "Indemnitor") shall indemnify, defend, and hold all other parties, and their agents and employees (the "Indemnitees") harmless from all claims, liabilities, damages, and losses to the Indemnitees arising out of any acts or omissions of itself and its agents and employees in connection with the performance of this Agreement which acts or omissions constitute gross negligence.

#### **18. GOVERNANCE COMMITTEE**

The 800 MHz Governance Committee will oversee implementation and operations of the 800 MHz System including Partner and Participating Agency compliance with payment schedules, addressing operational issues affecting System operation and backbone site development, reviewing and approving conversion, modification and enhancement plans, approving contract pricing changes, resolving disputes between Partners or Participating Agencies, approving the policy recommendations of the Committees, approving policy, operational and fiscal matters necessary for the operation and maintenance of the System, and performing any other responsibilities required to implement this Agreement.

The Governance Committee shall be responsible for recommending 800 MHz Project operating and capital improvement budgets that are jointly funded by the Parties to the Agreement. The appropriate Governing Authorities will be responsible for approving these budgets through the backbone cost-sharing approval process.

Committee members, as identified below, will also be responsible for coordinating with their appropriate associations/agencies on issues involving Governing Body approvals:

- Four City Managers appointed by the Orange County City Managers' Association
- County Executive Officer, County of Orange, or Designee
- Sheriff-Coroner, or Designee
- Resources and Development Management Department Director, or Designee

Each must designate and name an alternate as a voting member if member cannot attend.

**19. AGREEMENT AMENDMENT PROCESS**

This Agreement may be amended or modified by consent of all of the Governing Authorities representing the Parties.

**20. WITHDRAWAL FROM SYSTEM**

This Agreement shall take effect as above dated. This Agreement may be terminated by any Parties or Participating Agencies to the Agreement as listed on Exhibit "A" or Exhibit "C" as to that Party or Participating Agency by serving written notice of termination on the County and after meeting its financial obligations under this Agreement. After the expiration of sixty (60) days from the giving of such notice, the Party or Participating Agency so electing to withdraw shall cease to be a Party or Participating Agency to this Agreement. Such termination shall not relieve said Party or Participating Agency or other Party of any financial obligation assumed as part of this Agreement. (Said Party and Participating Agency shall still be obligated to pay its backbone cost-sharing expense for that fiscal year and its annual flat fee expense for that fiscal year if the Party or Participating Agency is participating in the flat fee program.) The Party or Participating Agency terminating shall not be responsible for any financial obligations assumed by the other Parties or Participating Agencies hereto subsequent to said termination. Similarly, it is understood that County has ownership of the System Backbone and certain backbone sites, as well as FCC licenses presently owned by the County, and upon any termination by any Parties

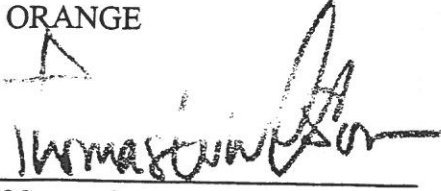
to the Agreement, any and all right, title and interest in the System Backbone, those backbone sites and FCC licenses shall remain with the County. Should the County wish to withdraw, an orderly transition to remaining Parties and Participating Agencies must be affected.



IN WITNESS WHEREOF, the Parties and Participating Agencies hereto have set their hands and seals on the date set forth opposite their respective signatures on identical counterparts of this instrument, each which shall for all purposes be deemed an original thereof.

COUNTY OF ORANGE

ORANGE COUNTY FIRE AUTHORITY

By:   
Board of Supervisors

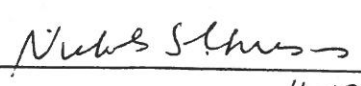
Dated: 11.23.04

By: \_\_\_\_\_  
Chairman

Dated: \_\_\_\_\_

Approved As to Form:  
County Counsel

ATTEST:

  
11-10-04

\_\_\_\_\_  
Clerk of the Authority

CITY OF: \_\_\_\_\_

APPROVED AS TO FORM:

ATTEST:

By: \_\_\_\_\_  
Authority Counsel

By: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
City Clerk


Dated: \_\_\_\_\_

Approved As to Form:  
City Attorney

\_\_\_\_\_



SIGNED AND CERTIFIED THAT A COPY OF  
THIS DOCUMENT HAS BEEN DELIVERED TO  
THE CHAIRMAN OF THE BOARD

ATTEST:   
DARLENE J. BLOOM  
CLERK OF THE BOARD OF SUPERVISORS  
ORANGE COUNTY, CALIFORNIA

**EXHIBIT A**  
**800 MHz COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**  
**PARTIES TO AGREEMENT**

<b>CITY</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
Aliso Viejo	City Manager	12 Journey, Suite 100 Aliso Viejo, CA 92656-5335	949/425-2512
Anaheim	City Manager	200 S. Anaheim Blvd. Anaheim, CA 92805	714/765-5162
Brea	City Manager	1 Civic Center Circle Brea, CA 92821-5732	714/990-7770
Buena Park	City Manager	6650 Beach Blvd. Buena Park, CA 90620	714/562-3550
Costa Mesa	City Manager	77 Fair Drive Costa Mesa, CA 92626	714/754-5328
Cypress	City Manager	5275 Orange Avenue Cypress, CA 90630	714/229-6688
Dana Point	City Manager	33282 Golden Lantern, Suite 203 Dana Point, CA 92629	949/248-3513
Fountain Valley	City Manager	10200 Slater Avenue Fountain Valley, CA 92708	714/593-4410
Fullerton	City Manager	303 W. Commonwealth Ave Fullerton, CA 92832	714/738-6310
Garden Grove	City Manager	11222 Acacia Parkway Garden Grove, CA 92840	714/741-5100
Huntington Beach	City Administrator	2000 Main Street Huntington Beach, CA 92648	714/536-5575
Irvine	City Manager	1 Civic Center Plaza P.O. Box 19575 Irvine, CA 92623-9575	949/724-6246
La Habra	City Manager	201 E. La Habra Blvd. La Habra, CA 90633	562/905-9701
La Palma	City Manager	7822 Walker Street La Palma, CA 90623	714/690-3333
Laguna Beach	City Manager	505 Forest Avenue Laguna Beach, CA 92651	949/497-0704
Laguna Hills	City Manager	24035 El Toro Road Laguna Hills, CA 92653	949/707-2610
Laguna Niguel	City Manager	27801 La Paz Road Laguna Niguel, CA 92677	949/362-4300
Laguna Woods	City Manager	24264 El Toro Road Laguna Woods, CA 92653	949/639-0525
Lake Forest	City Manager	25550 Commercentre Drive Lake Forest, CA 92630	949/461-3410
Los Alamitos	City Manager	3191 Katella Avenue Los Alamitos, CA 90720	562/431-3538 ext. 201
Mission Viejo	City Manager	200 Civic Center Mission Viejo, CA 92691	949/470-3051

**EXHIBIT A**  
**800 MHz COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**  
**PARTIES TO AGREEMENT**

<b>CITY</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
Newport Beach	City Manager	3300 Newport Blvd. Newport Beach, CA 92663-3884	949/644-3000
Orange	City Manager	300 East Chapman Ave. Orange, CA 92866	714/744-2222
Placentia	City Administrator	401 East Chapman Ave Placentia, CA 92870	714/993-8117
Rancho Santa Margarita	City Manager	22112 El Paseo Rancho Santa Margarita, CA 92688	949/635-1800 ext. 210
San Clemente	City Manager	100 Avenida Presidio San Clemente, CA 92672	949/361-8322
San Juan Capistrano	City Administrator	32400 Paseo Adelanto San Juan Capistrano, CA 92675	949/443-6317
Santa Ana	City Manager	20 Civic Center Plaza Santa Ana, CA 92701	714/647-5200
Seal Beach	City Manager	211 8th Street Seal Beach, CA 90740	562/431-2527 ext. 300
Stanton	City Manager	7800 Katella Avenue Stanton, CA 90680-3162	714/379-9222 ext. 240
Tustin	City Manager	300 Centennial Way Tustin, CA 92780	714/573-3010
Villa Park	City Manager	17855 Santiago Blvd. Villa Park, CA 92861	714/998-1500
Westminster	City Manager	8200 Westminster Blvd. Westminster, CA 92683	714/898-3311 ext. 402
Yorba Linda	City Manager	4845 Casa Loma Avenue P. O. Box 87014 Yorba Linda, CA 92886	714/961-7110
West Cities Communications Center (West-Comm)	West-Comm Administrator	911 Seal Beach Blvd. Seal Beach, CA 90740	562/594-7243



**EXHIBIT A**  
**800 MHz COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**  
**PARTIES TO AGREEMENT**

<b>COUNTY AGENCY/ DEPARTMENT</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
District Attorney	District Attorney	401 Civic Center Drive West P. O. Box 808 Santa Ana, CA 92702	714/834-3636
Health Care Agency	Director	405 W. 5 <sup>th</sup> Street Santa Ana, CA 92701	714/834-6254
Integrated Waste Management Department	Director	320 N. Flower St., Suite 400 Santa Ana, CA 92703	714/834-4122
John Wayne Airport	Airport Director	3160 Airway Avenue Costa Mesa, CA 92626-4608	949/252-5183
Probation Department	Chief Probation Officer	1535 E. Orangewood Avenue Anaheim, CA 92705	714/937-4701
Resources & Development Management Department	Director	300 N. Flower Street Santa Ana, CA 92703-5000	714/834-4643
Sheriff-Coroner Department	Sheriff-Coroner	550 N. Flower St. P. O. Box 449 Santa Ana, CA 92703	714/647-1800

<b>FIRE SERVICES</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
Orange County Fire Authority	Fire Chief	1 Fire Authority Road Irvine, CA 92602	714/573-6010
Metro Net Fire Dispatch Center	Communications Manager	201 So. Anaheim Blvd., Suite 302 Anaheim, CA 92805	714/765-4077

**EXHIBIT B**

<b>CITY USERS</b>	<b>LAW</b>	<b>PUBLIC WORKS</b>	<b>LIFEGUARD</b>	<b>FIRE</b>
ALISO VIEJO	SHERIFF			OCFA
ANAHEIM	X	X		X
BREA	X	X		X
BUENA PARK	X	X		OCFA
COSTA MESA	X	X		X
CYPRESS	X	X		OCFA
DANA POINT	SHERIFF	X		OCFA
FOUNTAIN VALLEY	X	X		X
FULLERTON	X	X		X
GARDEN GROVE	X	X		X
HUNTINGTON BEACH	X	X	X	X
IRVINE	X	X		OCFA
LA HABRA	X	X		X
LA PALMA	X	X		OCFA
LAGUNA BEACH	X	X	X	X
LAGUNA HILLS	SHERIFF	X		OCFA
LAGUNA NIGUEL	SHERIFF	X		OCFA
LAGUNA WOODS	SHERIFF			OCFA
LAKE FOREST	SHERIFF			OCFA
LOS ALAMITOS	X	X		OCFA
MISSION VIEJO	SHERIFF	X		OCFA
NEWPORT BEACH	X	X	X	X
ORANGE	X	X		X
PLACENTIA	X	X		OCFA
RANCHO SANTA MARGARITA	SHERIFF			OCFA
SAN CLEMENTE	SHERIFF	X	X	OCFA
SAN JUAN CAPISTRANO	SHERIFF	X		OCFA
SANTA ANA	X	X		X
SEAL BEACH	X	X	X	OCFA
STANTON	SHERIFF	X		OCFA
TUSTIN	X	X		OCFA
VILLA PARK	SHERIFF	X		OCFA
WESTMINSTER	X	X		OCFA
YORBA LINDA	BREA	X		OCFA
WEST-COMM	X			
METRONET				X
<b>COUNTY USERS</b>	<b>LAW</b>	<b>PUBLIC WORKS</b>	<b>LIFEGUARD</b>	<b>FIRE</b>
DISTRICT ATTORNEY	X			
HCA		X		
IWMD		X		
JOHN WAYNE AIRPORT	X	X		
PROBATION	X			
RDMD		X	X	
SHERIFF-CORONER	X			
OCFA				X

# EXHIBIT B

MUTUAL AID USERS	LAW	PUBLIC WORKS	LIFEGUARD	FIRE
AFRC FIRE DEPARTMENT				X
AMR AMBULANCE				X
BOEING FIRE DEPARTMENT				X
CALIFORNIA HIGHWAY PATROL	X			
CALIFORNIA STATE PARKS	X			
CALIFORNIA STATE UNIVERSITY FULLERTON POLICE	X			
CAMP PENDLETON FIRE DEPARTMENT				X
CARE AMBULANCE				X
CDF RIVERSIDE FIRE DEPARTMENT				X
CORONA FIRE DEPARTMENT				X
DISNEYLAND FIRE DEPARTMENT				X
DOCTOR'S AMBULANCE				X
EMERGENCY AMBULANCE				X
FBI	X			
HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT PD	X			
LA HABRA HEIGHTS FIRE DEPARTMENT				X
LAGUNA BEACH COUNTY WATER DISTRICT		X		
LOS ANGELES COUNTY SHERIFF AERO BUREAU	X			
MEDIX AMBULANCE				X
MERCY AIR				X
NAVAL WEAPONS STATION FIRE DEPARTMENT				X
NORTHROP GRUMMAN FIRE DEPARTMENT				X
SADDLEBACK COLLEGE POLICE DEPARTMENT	X			
SANITATION DISTRICT OF ORANGE COUNTY		X		
SCHAEFER AMBULANCE				X
UNITED STATES FOREST SERVICE				X
UNIVERSITY OF CALIFORNIA IRVINE POLICE	X			



**EXHIBIT C**  
**800 MHz COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**  
**MUTUAL AID USERS**

<b>MUTUAL AID USERS</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
AFRC Fire Department	Tom McKinnon	4250 Constitution Los Alamitos, CA 90720	562/795-2144
AMR Ambulance	Ernie Chavez	10662 Stanford Ave. Garden Grove, CA 92840	714/638-6200
Boeing Fire Department	Scott Bolton	2600 Westminster Blvd. Seal Beach, CA 90740	562/797-3188
California Highway Patrol Helicopters	Bob Fablee	3865-A W. Commonwealth Ave. Fullerton, CA 92833	714/449-7091
California State Parks	Ken Kramer	8471 North Coast Highway Laguna Beach, CA 92651	949/497-1582
California State University Fullerton Police and Fire Departments	Sgt. Bob Baker	P.O. Box 6806 Fullerton, CA 92834-6806	714/278-2904
Camp Pendleton Fire Department	Chief Timothy Hoover	PO Box 555211 Camp Pendleton, CA 92055	760/725-4321
Care Ambulance	Rick Richardson	8932 Katella Ave., Suite 201 Anaheim, CA 92804	714/828-7750
CDF Riverside Fire Department	Chief Mike Burton	210 W. San Jacinto Ave Perris, CA 92570	951/940-6900
Corona Fire Department	Deputy Chief Marcus Billington	815 W. 6 <sup>th</sup> Street Corona, CA 92882	909/736-2220
Disneyland Fire Department	Lon Cahill	1313 S. Harbor Blvd. Anaheim, CA 92803-3232	714/781-4666
Doctor's Ambulance	Jim Ignacio	23091 Terra Drive Laguna Hills, CA 92653	949/951-8535 ext. 206
Emergency Ambulance	Jim Karras	3200 East Birch #A Brea, CA 92821	714/990-1742
FBI	Dan Koch	11000 Wilshire Blvd., Ste. 1700 Los Angeles, CA 90024	310/996-3720
Huntington Beach Union High School District Police	Scott Atkinson	10251 Yorktown Ave. Huntington Beach, CA 92646-2999	714/536-7521
La Habra Heights Fire Department	John Nielsen	1245 N. Hacienda Road La Habra Heights, CA 90631	562/694-8283
Laguna Beach County Water District	Dennis Hoffer	306 Third Street Laguna Beach, CA 92651	949/497-2585
Los Angeles County Sheriff Aero Bureau Areo Bureau	Capt. James DiGiovanna	3235 Lakewood Blvd. Long Beach, CA 90808	562/421-2701

**EXHIBIT C**  
**800 MHz COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**  
**MUTUAL AID USERS**

<b>MUTUAL AID USERS</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
Medix Ambulance	Michael Dimas	26021 Pala Drive Mission Viejo, CA 92691	949/470-8921
Mercy Air	Aaron Oshima	P.O. Box 2532 Fontana, CA 92334	909/841-2882
Naval Weapons Station Fire Department	Larry Bach	Fire Division Code N23 800 Seal Beach Blvd. Seal Beach, CA 90740-5000	562/626-7005
Northrop Grumman Fire Department	Sam Luque	33000 Avenida Pico San Clemente, CA 92673	949/361-7011
Saddleback College Police Department	Chief Harry Parmer	28000 Marguerite Parkway Mission Viejo, CA 92692	949/582-4585
Sanitation District of Orange County	Howard Lembke	10844 Ellis Ave. Fountain Valley, CA 92728	714/593-7270
Schaefer Ambulance	Jimmy McNeal	2215 South Bristol Ave. Santa Ana, CA 92704	714/545-8486
United States Forest Service	James Nordenger	P. O. Box 897 Poway, CA 92074	858/695-0258
University of California, Irvine Police Department	Lt. Jeff Hutchinson	150 Public Services Building Irvine, CA 92697-4900	949/824-1140



**EXHIBIT D**  
**800 MHz COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**  
**PARTICIPATING AGENCIES**

AGENCY	RESPONSIBLE ADMINISTRATOR	ADDRESS	PHONE #

IN WITNESS WHEREOF, the Parties have executed this Joint Agreement on the day and year set forth below their respective signatures.

**GOVERNANCE COMMITTEE**

Print Name: John Pietig \_\_\_\_\_  
800 MHz CCCS Governance Committee Chair

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**NEW PARTICIPATING AGENCY**

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**AMENDMENT TO JOINT AGREEMENT  
FOR THE OPERATION, MAINTENANCE AND FINANCIAL MANAGEMENT  
OF THE ORANGE COUNTY 800 MEGAHERTZ  
COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**

THIS AMENDMENT ("**Amendment**") is entered into on JUNE 2, 2015 by and between the Parties listed on Exhibit A, attached hereto, which are sometimes individually referred to as "**Party**" or collectively referred to as the "**Parties**."

**RECITALS**

A. On November 23, 2004, the Parties executed that certain document entitled *Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 Megahertz Countywide Coordinated Communications System* ("**Agreement**"), which provides for the management and governance of the 800 MHz Countywide Coordinated Communications System ("800 MHz CCCS").

B. The 800 MHz CCCS requires significant enhancement in order to extend the life of the system.

C. Pursuant to Section 15.10 of the Agreement, the Governance Committee and the County have developed a long-range implementation plan to extend the CCCS, and have developed a scope of work, which includes all the activities, infrastructure and project schedule information for fiscal years 2014-19 described on Exhibit B, attached hereto ("**System Extension**").

D. The Governance Committee and County have also developed the overall estimated cost of the System Extension, including each Party's estimated funding share by fiscal year described on Exhibit C, attached hereto.

E. A Party's funding plan for the System Extension may consist of one or more of the following: 1) a Party's cash contribution, 2) a Party or a group of Parties financing all or a portion of the System Extension through the issuance of tax exempt bonds or other public financing mechanisms, and/or 3) a Party or group of Parties financing all or a portion of the System Extension through the County approved System Extension vendor.

F. The Parties desire to amend the Agreement to provide their commitment to the System Extension and describe their implementation and funding obligations.

G. This Amendment has been approved by the Governance Committee.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Implementation Obligations. The Parties hereby commit to fund and implement the System Extension as described on Exhibit B and Exhibit C.

a. California Environmental Quality Act ("CEQA"). The County shall be the lead agency for purposes of CEQA and shall obtain all necessary approvals for the System Extension.

b. Party Cost Share. The Parties intend to implement and fund the System Extension over several years beginning in fiscal year 2014-15 through fiscal year 2018-19. Each Party is responsible for its fair share contribution to the System Extension. The total estimated budget for the System Extension and each Party's fair share contribution is depicted on Exhibit C ("**Cost Share**"). A Party's Cost Share is determined by the number of subscriber radios used by the Party on the CCCS, as well as the Party's proportionate share of the System Extension dedicated to System Backbone. Each Party shall pay its total Cost Share in five fiscal year payments beginning in fiscal year 2014-15 through fiscal year 2018-19 in accordance with the procedures in Subsection (c) below. Each Party acknowledges that its Cost Share for the System Extension is an estimate and is expressed as a not to exceed amount. Each Party's Cost Share will be based on an actual quote by a third party vendor who will perform the System Extension under a contract or series of contracts approved and managed by the County ("**Contractor**"). A Party's actual Cost Share amount will be determined prior to the beginning of each fiscal year in which it is due and will be based on the Contractor's scope of work for the respective fiscal year. Therefore, the Cost Share depicted on Exhibit C may change, and may be periodically updated by the Parties to reflect any changed equipment or authorized System Extension modification expenses.

c. Invoicing & Payment. The County will calculate the actual Cost Share amount due the following fiscal year, and will invoice each Party by July 1. Each Party shall pay its respective Cost Share to the County within thirty (30) days of the start of the fiscal year. A Party is exempt from the payment procedures of this Subsection 1.c for the relevant fiscal year if it has:

- i. Executed a binding agreement with the County approved Contractor, agreeing to pay or finance its Cost Share through the Contractor directly, or
- ii. Executed a binding agreement with the County agreeing to jointly finance its Cost Share.

d. Cost Share Responsibility. Upon execution of this Amendment, each Party is responsible for its actual Cost Share regardless of the form and manner of payment described herein, such that the Party cannot terminate its Cost Share obligation for any reason. In the event of a withdrawal from the system in accordance with Section 20 of the Agreement or in the case of a default for failure to pay its Cost Share in accordance with this Amendment, each Party remains obligated to pay to County the Party's outstanding Cost Share as that obligation becomes due. Should any Party fail to pay its respective Cost Share when due, the County shall take action as is appropriate to obtain such payment. Nothing herein shall be construed as the County's exclusive remedy for the remediation of defaults by a Party or Parties,

and the County reserves the right to pursue any and all available rights and remedies at law or in equity.

e. County Trust Account. The County shall deposit all Cost Share contributions into a trust account that is managed solely for the purpose of the System Extension.

2. System Extension Administration. The Orange County Sheriff-Coroner Department/Communications & Technology Division shall administer all agreements for the System Extension, and regularly report such progress to the Governance Committee.

3. Participating Agencies. The Parties hereby update the list of Participating Agencies described on Exhibit D, attached hereto, which shall replace in its entirety Exhibit C of the Agreement. Participating Agencies will continue to contribute to overall backbone costs through the payment of a separate and established entry fee for every radio added to the system.

4. Capitalized Terms. Any capitalized terms not defined herein shall have the meanings set forth in the Agreement.

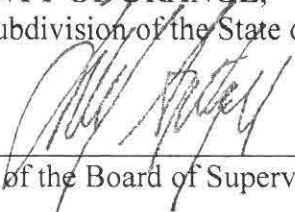
5. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

6. Full Force. Except as expressly set forth herein, the Agreement shall remain unmodified and in full force and effect.

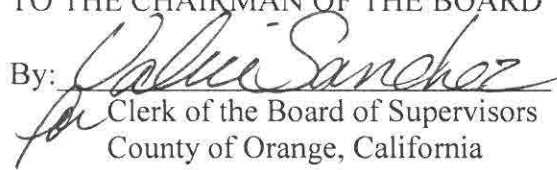
IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

**THE COUNTY OF ORANGE,**

a political subdivision of the State of California

By:   
Chairman of the Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY  
OF THIS DOCUMENT HAS BEEN DELIVERED  
TO THE CHAIRMAN OF THE BOARD

By:   
for Clerk of the Board of Supervisors  
County of Orange, California

APPROVED AS TO FORM:  
COUNTY COUNSEL

By: 

[CITY SIGNATURE BLOCKS TO BE INSERTED]

**EXHIBIT A**

**PARTIES TO THE AMENDMENT**

<b>ENTITY</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
Aliso Viejo	City Manager	12 Journey, Suite 100 Aliso Viejo, CA 92656-5335	949/425-2512
Anaheim	City Manager	200 S. Anaheim Blvd. Anaheim, CA 92805	714/765-5162
Brea	City Manager	1 Civic Center Circle Brea, CA 92821-5732	714/990-7770
Buena Park	City Manager	6650 Beach Blvd. Buena Park, CA 90620	714/562-3550
Costa Mesa	City Manager	77 Fair Drive Costa Mesa, CA 92626	714/754-5328
Cypress	City Manager	5275 Orange Avenue Cypress, CA 90630	714/229-6688
Dana Point	City Manager	33282 Golden Lantern, Suite 203 Dana Point, CA 92629	949/248-3513
Fountain Valley	City Manager	10200 Slater Avenue Fountain Valley, CA 92708	714/593-4410
Fullerton	City Manager	303 W. Commonwealth Ave Fullerton, CA 92832	714/738-6310
Garden Grove	City Manager	11222 Acacia Parkway Garden Grove, CA 92840	714/741-5100
Huntington Beach	City Administrator	2000 Main Street Huntington Beach, CA 92648	714/536-5575
Irvine	City Manager	1 Civic Center Plaza Irvine, CA 92623-9575	949/724-6246
La Habra	City Manager	201 E. La Habra Blvd. La Habra, CA 90633	562/905-9701

<b>ENTITY</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
La Palma	City Manager	7822 Walker Street La Palma, CA 90623	714/690-3333
Laguna Beach	City Manager	505 Forest Avenue Laguna Beach, CA 92651	949/497-0704
Laguna Hills	City Manager	24035 El Toro Road Laguna Hills, CA 92653	949/707-2610
Laguna Niguel	City Manager	27801 La Paz Road Laguna Niguel, CA 92677	949/362-4300
Laguna Woods	City Manager	24264 El Toro Road Laguna Woods, CA 92653	949/639-0525
Lake Forest	City Manager	25550 Commercentre Drive Lake Forest, CA 92630	949/461-3410
Los Alamitos	City Manager	3191 Katella Avenue Los Alamitos, CA 90720	562/431-3538 ext. 201
Metro Cities Fire Authority	Manager	201 S. Anaheim Blvd., Suite 302 Anaheim, CA 92805	714/765-4077
Mission Viejo	City Manager	200 Civic Center Mission Viejo, CA 92691	949/470-3051
Newport Beach	City Manager	100 Civic Center Drive Newport Beach, CA 92660	949/644-3000
Orange	City Manager	300 East Chapman Ave. Orange, CA 92866	714/744-2222
Orange County Fire Authority	Fire Chief	1 Fire Authority Road Irvine, CA 92602	714/573-6010
Orange, County of	CEO	333 W. Santa Ana Blvd. Santa Ana, CA 92701	714/834-6200



ENTITY	RESPONSIBLE ADMINISTRATOR	ADDRESS	PHONE #
Placentia	City Administrator	401 East Chapman Ave Placentia, CA 92870	714/993-8117
Rancho Santa Margarita	City Manager	22112 El Paseo Rancho Santa Margarita, CA 92688	949/635-1800 ext. 210
San Clemente	City Manager	100 Avenida Presidio San Clemente, CA 92672	949/361-8322
San Juan Capistrano	City Administrator	32400 Paseo Adelanto San Juan Capistrano, CA 92675	949/443-6317
Santa Ana	City Manager	20 Civic Center Plaza Santa Ana, CA 92701	714/647-5200
Seal Beach	City Manager	211 8th Street Seal Beach, CA 90740	562/431-2527 ext. 300
Stanton	City Manager	7800 Katella Avenue Stanton, CA 90680-3162	714/379-9222 ext. 240
Tustin	City Manager	300 Centennial Way Tustin, CA 92780	714/573-3010
Villa Park	City Manager	17855 Santiago Blvd. Villa Park, CA 92861	714/998-1500
West Cities Police Communications	West-Comm Administrator	911 Seal Beach Blvd. Seal Beach, CA 90740	562/594-7243
Westminster	City Manager	8200 Westminster Blvd. Westminster, CA 92683	714/898-3311 ext. 402
Yorba Linda	City Manager	4845 Casa Loma Avenue Yorba Linda, CA 92886	714/961-7110

## **EXHIBIT B**

### **GENERAL DESCRIPTION OF SYSTEM EXTENSION AND PROJECT SCHEDULE**

#### **1.0 Overview**

The System Extension plan will focus on extending the life of the existing CCCS radio system by systematically replacing end-of-life equipment in strategic phases culminating in an upgrade to P25 compliance with the goal of continuing to provide quality radio communications to the law, fire, lifeguard and public works agencies in Orange County.

#### **2.0 Description of System Extension**

- 2.1 *System Backbone* – Radio infrastructure equipment that is at or near the end of its expected life will be directly replaced with the current version of the same equipment that will maintain all existing features and functionalities and is able to work with the existing backhaul network. Specifically, this will involve the replacement of 565+ existing Quantar radio base stations and ancillary equipment at 25 radio sites with 800 MHz 3600 baud GTR8000 base stations and ancillary equipment. This will be accomplished in accordance with the following schedule:

System Backbone schedule:

Northwest Cell = 24 Quantars replaced in 2015  
Southwest Cell = 40 Quantars replaced in 2015  
Laguna Cell = 33 Quantars replaced in 2016  
Moorhead IR Site = 8 Quantars replaced in 2016  
North Cell = 105 Quantars replaced in 2016  
South Cell = 135 Quantars replaced in 2017  
Crystal Cove IR Site = 4 Quantars replaced in 2017  
Countywide Cell = 210 Quantars replaced in 2017  
Carbon Canyon IR Site = 3 Quantars replaced in 2017  
Silverado IR Site = 3 Quantars replaced in 2017

- 2.2 *Law Enforcement Dispatch Consoles* – Police Dispatch Gold Elite consoles will be out-of-service by the vendor in 2018 and will need to be replaced prior to 2018 to maintain the existing console priority feature once the system is upgraded to P25. Console priority is a feature unique to law enforcement dispatch and allows dispatch to have the ability to transmit and receive audio simultaneously and is an officer safety necessity. Existing Gold Elite Console equipment will be replaced with its successor console, the MCC7500. Due to the complexity of the replacement at each law dispatch center, only 6 dispatch centers can be upgraded each year. A schedule has been developed to address the 20 law dispatch centers on the system, as shown below.

Console schedule:

FY14/15 - Loma Ridge, Irvine, Laguna Beach, Huntington Beach

FY15/16 - Anaheim, Brea, West Comm, Santa Ana, Tustin

FY16/17 - Orange, Fullerton, Costa Mesa, Garden Grove, Westminster

FY17/18 - Placentia, La Palma, Newport Beach, Fountain Valley,  
Buena Park, La Habra

- 2.3 *System Field Equipment* – When the System Backbone is upgraded to the P25 standard in FY 2018/2019, all subscriber radio equipment will also need to be P25 capable. Subscriber radios that are capable of being upgraded will need to receive the software/firmware upgrade prior to the backbone upgrade. Older subscriber radio equipment that is not capable of being upgraded to the P25 standard will need to be replaced prior to the P25 upgrade. Each agency will be responsible for the purchase of either replacement radios, or the necessary subscriber upgrade package for upgradable radios.
- 2.4 *P25 Upgrade* – When all backbone sites and law dispatch consoles have completed their equipment replacement, the vendor will initiate the necessary equipment and software update to bring the system up to the 7.18 software platform for P25 compliance. This final phase of the System Extension plan is scheduled for FY 2018/2019.

## EXHIBIT C

### TOTAL ESTIMATED SYSTEM EXTENSION COST & ESTIMATED PARTY COST SHARE BY FISCAL YEAR

				ESTIMATED COST					
FY 15-16 Radio Counts				City/Agency Cost		Partnership Cost			TOTAL
CITY/AGENCY	Upgrade (P25 Capable With Software Upgrade)	Replace (Upgrade To P25 Not Possible)	Total	Console Equipment	Radio Equipment*	FY 15-16 North & Laguna Cells	FY 16-17 South & Countywide Cells	FY 17-18 Remaining Backbone	
1. ALISO VIEJO	11	21	32	\$ -	\$ 138,650	\$ 7,028	\$ 18,930	\$ 43,599	\$ 208,206
2. ANAHEIM	432	1,351	1,783	1,928,869	8,602,800	391,545	1,054,758	2,429,268	14,407,241
3. BREA	62	302	364	648,137	1,883,300	79,891	215,329	495,936	3,322,593
4. BUENA PARK	76	258	334	569,804	1,635,400	73,276	197,582	455,062	2,931,124
5. COSTA MESA	105	523	628	680,354	3,258,750	137,966	371,502	855,626	5,304,197
6. CYPRESS	24	170	194	0	1,047,800	42,604	114,763	264,317	1,469,285
7. DANA POINT	15	49	64	0	311,250	14,054	37,860	87,198	450,362
8. FOUNTAIN VALLEY	45	204	249	443,290	1,275,750	54,702	147,299	339,253	2,260,294
9. FULLERTON	125	513	638	501,417	3,221,750	140,141	377,418	869,250	5,109,976
10. GARDEN GROVE	115	475	590	369,240	2,982,250	129,608	349,023	803,852	4,633,972
11. HUNTINGTON BEACH	452	820	1,272	1,097,718	5,439,800	279,398	752,469	1,733,051	9,302,436
12. IRVINE	111	503	614	432,209	3,145,650	134,878	363,220	836,551	4,912,509
13. LA HABRA	73	190	263	573,584	1,223,950	57,809	155,581	358,327	2,369,252
14. LA PALMA	31	51	82	166,901	341,650	18,008	48,506	111,722	686,789
15. LAGUNA BEACH	65	247	332	526,652	1,579,750	72,883	196,399	452,337	2,826,021
16. LAGUNA HILLS	4	41	45	0	250,600	9,875	26,620	61,311	348,407
17. LAGUNA NIGUEL	9	55	64	0	340,350	14,081	37,860	87,198	479,489
18. LAGUNA WOODS	2	4	6	0	26,300	1,330	3,549	8,175	39,354
19. LAKE FOREST	21	67	88	0	426,150	19,325	52,058	119,897	617,429
20. LOS ALAMITOS	15	45	60	0	287,250	13,176	35,494	81,748	417,668
21. METRONET	37	10	47	1,966,250	102,550	10,321	27,803	64,036	2,170,960
22. MISSION VIEJO	30	90	120	0	574,500	26,368	70,968	163,495	835,349
23. NEWPORT BEACH	436	401	839	532,934	2,909,700	164,290	496,322	1,143,105	5,266,351
24. ORANGE	115	514	629	598,012	3,216,250	137,889	372,094	856,988	5,181,233
25. PLACENTIA	30	107	137	413,090	676,500	30,119	81,044	186,657	1,387,410
26. RANCHO SANTA MARG.	7	29	36	0	182,050	7,908	21,296	49,049	260,301
27. SAN CLEMENTE	12	97	109	0	595,800	23,931	64,480	148,508	832,719
28. SAN JUAN CAPISTRANO	6	33	39	0	204,900	8,525	23,071	53,136	289,632
29. SANTA ANA	219	818	1,037	591,620	5,159,650	227,713	613,451	1,412,872	8,005,506
30. SEAL BEACH	25	97	122	0	610,750	26,844	72,171	166,220	875,985
31. STANTON	10	63	73	0	389,500	16,051	43,184	99,460	546,195
32. TUSTIN	81	243	324	483,266	1,551,150	71,126	191,667	441,437	2,736,646
33. VILLA PARK	0	6	6	0	36,000	1,318	3,549	8,175	49,042
34. WEST-COMM	4	13	17	631,052	82,600	3,733	10,057	23,162	750,604
35. WESTMINSTER	73	274	347	549,621	1,727,950	76,137	205,273	472,774	3,031,755
36. YORBA LINDA	35	62	97	0	412,250	21,302	57,382	132,159	623,092
37. OCFA	950	863	1,813	3,217,500	6,270,500	397,622	1,072,505	2,470,142	13,428,269
38. OCTA	70	43	113	0	338,500	24,875	66,847	153,958	584,179
39. OC LIFE GUARD	7	47	54	438,900	290,050	11,865	31,944	73,573	846,333
40. IRVINE VLLY. CLLG. PD	16	0	16	0	18,400	3,527	9,465	21,799	53,192
41. SANTA ANA UNIF. SD. PD	51	2	53	0	70,650	11,639	31,353	72,210	185,852
42. SADDLEBACK CLLG. PD	16	0	16	0	20,700	3,953	10,648	24,524	59,825
43. CEO	1	1	2	0	7,150	439	1,183	2,725	11,497
44. DA	0	225	225	0	1,350,000	49,411	133,102	306,554	1,839,067
45. HCA	184	98	282	0	799,600	61,804	166,821	384,214	1,412,439
46. JWA	39	184	223	536,250	1,208,850	51,175	137,634	317,453	2,251,563
47. OC ANIMAL CONTROL	10	110	120	350,000	671,500	26,386	70,968	163,495	1,282,369
48. OC DANA POINT HARBOR	0	13	13	0	78,000	2,822	7,690	17,712	106,225
49. OC PARKS	131	248	379	0	1,638,650	83,218	224,203	516,373	2,462,443
50. OCCPW	10	489	479	0	2,825,500	105,270	283,359	652,619	3,866,748
51. OCWR	59	3	62	0	85,850	13,602	36,677	84,473	220,602
52. PROBATION	177	435	612	0	2,813,550	134,695	362,037	833,826	4,144,108
53. SHERIFF	857	1,922	2,779	4,428,829	12,517,550	610,825	1,643,955	3,786,280	22,987,439
54. SSA	19	0	19	0	21,850	4,173	11,240	25,887	63,149
<b>TOTAL</b>						<b>\$ 4,162,452</b>	<b>\$ 11,211,905</b>	<b>\$ 25,822,727</b>	
The costs stated herein are estimated costs expressed as not to exceed amounts subject to the final system design.						<b>\$41,197,084</b>			
* It is recommended that the Partnership co-ordinate a bulk equipment purchase in FY 16-17.						<b>PARTNERSHIP TOTAL</b>			

January 2015

**EXHIBIT D**

**PARTICIPATING AGENCIES**

<b>AGENCY</b>	<b>RESPONSIBLE ADMINISTRATOR</b>	<b>ADDRESS</b>	<b>PHONE #</b>
Irvine Valley College Police Department	Police Chief	5500 Irvine Center Drive, Irvine CA 92618	949/451-5201
Orange County Transportation Authority	Administrator	600 S. Main Street, Orange CA 92868	714/560-6282
Saddleback College Police Department	Police Chief	28000 Marguerite Parkway, Mission Viejo CA 92692	949/582-4390
Santa Ana Unified School District Police Department	Police Chief	1601 E. Chestnut Avenue, Santa Ana CA 92701	714/558-5536
US Ocean Safety (OC Lifeguards)	President	34127 Pacific Coast Highway, Dana Point CA 92629	949/276-5050

IN WITNESS WHEREOF, the Parties have executed this Amendment on the day and year set forth below their respective signatures.

**GOVERNANCE COMMITTEE**

Print Name: John Pietig  
800 MHz CCCS Governance Committee Chair

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**NEW PARTICIPATING AGENCY**

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





Project No:  
Project Name:  
Project Location:

## **NEW PARTICIPATING AGENCY RIDER TO JOINT AGREEMENT FOR THE OPERATION, MAINTENANCE AND FINANCIAL MANAGEMENT OF THE ORANGE COUNTY 800 MEGAHERTZ COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM**

This New Participating Agency Rider (“**NPA Rider**”) is entered into on June 21, 2017 (“**Effective Date**”), by and between **Municipal Water District of Orange County** (hereinafter referred to as “**NEW PARTICIPATING AGENCY**”) and the “Partner Agencies” and “Parties” (hereinafter referred to as “**PARTNER AGENCIES AND PARTIES**”) as defined in the Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 Megahertz Countywide Coordination Communications System (hereinafter referred to as “**JA**”) and represented by the Countywide Coordinated Communications System Governance Committee (hereinafter referred to as the “**GOVERNANCE COMMITTEE**”). **GOVERNANCE COMMITTEE** and **NEW PARTICIPATING AGENCY** may be referred to individually herein as a “**Party**” or collectively as the “**Parties**.”

### **RECITALS**

- I. WHEREAS, NEW PARTICIPATING AGENCIES AND PARTIES entered into the JA in 2004; and,
- II. WHEREAS, NEW PARTICIPATING AGENCY, executed a copy of the JA in accordance with Section 13.1 of the JA on June 21, 2017; and,
- III. WHEREAS, PARTICIPATING AGENCIES AND PARTIES entered into an Amendment to the JA (“**Amendment**”) on June 2, 2015; and,
- IV. WHEREAS, NEW PARTICIPATING AGENCY executed a copy of the Amendment per Section 13.1 of the JA on June 21, 2017; and,
- V. WHEREAS, the JA in Section 13.1 “County Responsibilities” grants the GOVERNANCE COMMITTEE the authority to enter into a separate agreement with NEW PARTICIPATING AGENCY to establish additional terms, conditions, and costs (per Attachment A) for entry into the Countywide Coordinated Communications System (the “**CCCS**”); and,
- VI. WHEREAS, the JA in Section 17 “Liability” provides for indemnification only between those parties listed in Exhibit A of the JA (and would not include NEW PARTICIPATING AGENCY); and,
- VII. WHEREAS, the GOVERNANCE COMMITTEE and NEW PARTICIPATING AGENCY now desire to enter into a separate agreement (this NPA Rider) to establish additional terms and conditions by including NEW PARTICIPATING AGENCY in the indemnity provision of the JA;

NOW THEREFORE, in consideration of the Recitals above, the receipt of which the Parties acknowledge herein and which are incorporated herein by this reference, and the mutual covenants and agreements hereinafter contained, the GOVERNANCE COMMITTEE and NEW PARTICIPATING AGENCY do hereby agree as follows:

**A. NEW PARTICIPATING AGENCY LIABILITY.**

NEW PARTICIPATING AGENCY and PARTNER AGENCIES AND PARTIES (the “Indemnitor”) shall indemnify and hold all other Parties, and their agents and employees (the “Indemnitees”) harmless from all claims, liabilities, damages, and losses to the Indemnitees arising out of any acts or omissions of itself and its agents and employees in connection with the performance of the JA which acts or omissions constitute gross negligence.

Except as otherwise expressly set forth herein, all terms and conditions contained in the JA, including any amendments/modifications, are hereby incorporated herein by this reference as if fully set forth herein and shall remain in full force and effect.

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IN WITNESS WHEREOF, the Parties have executed this New Participating Agency Rider on the day and year first written above.

**GOVERNANCE COMMITTEE**

Print Name: John Pietig  
800 MHz CCCS Governance Committee Chair

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**NEW PARTICIPATING AGENCY**

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## **Attachment A: Water Emergency Response Orange County (WEROC) Communications System White Paper**

### **Overview:**

WEROC is interested in joining the 800 MHz CCCS as a "Participating Agency." The Joint Agreement for the Operation, Maintenance and Financial Management of the Orange County 800 MHz Countywide Coordinated Communications System, revised November

2004, provides the guidance on adding non-City/non-County Participating Agencies. Section 16.3 of the agreement states that:

- Newly formed Non-City/Non-County Participating Agencies that do not participate in the System in its initial implementation may desire to use the System. County shall work with any such Participating Agency to develop an appropriate system design and implementation plan to transition to the System after approval is recommended by Orange County Chiefs of Police & Sheriffs Association (OCCOPSA), Orange County Fire Chiefs Association (OCFCA), and approved by the Governance Committee.
- An agency that does not participate in the original purchase and cost sharing of the System Backbone shall contribute a share of the System cost consistent with Section 13.1:
  - System Entry Fee: \$2,480 per radio (for the life of the agreement)
  - Radio Template Development Fee: \$2,840 (one time cost, per template)
  - Radio Programming Fee: \$50 per radio (for the life of the agreement)
  - Flat Rate Fee: \$96 for mobile/portables; \$132 for control stations (per radio for the life of the agreement)
  - Equipment is purchased by agency directly with Motorola using approved equipment as provided in the Orange County Equipment Price Book (-\$3500 per radio+ installation)
  - Operational, Backbone Upgrade and Sustainability Fund costs are estimated at- \$250 per radio annually paid to 800 MHz Partnership (15L)

### **Talkgroup and Channel**

#### **Access:**

All radios will have the basic level of interoperability (Tan, SILVER, BROWN). Additional interoperability will be approved on a case-by-case basis. WEROC would have a dedicated SILVER talkgroup for their use. Flat Rate Repair consists of the following:

- Perform a full FCC specifications check and alignment on new equipment, program new equipment and activate it on the system.
- Provide materials and labor for field repairs, with field service performed at a location specified by the user. Perform functional test and reprogram the radio if needed. Hot swap spare radios are available for vehicles and motorcycles.
- Provide materials and labor for shop repairs, with functional testing and standard reprogramming provided if needed after repair.
- Track repairs for each radio so that a cost analysis of repair versus replacement is tracked on an ongoing basis.
- Maintain a periodic maintenance schedule for each agency that includes FCC checks, alignment and repair of equipment as necessary.

Exclusions under the flat rate program include the following and will be billed on a time and material basis:

- Intentional misuse, vandalism or unauthorized modifications (physical or programming) by users or contracted service providers, causing damage to radio equipment on the 800 MHz CCCS. Agencies will be charged the total cost of repairs to the equipment and system.

- Template modifications that require agency-wide reprogramming such as the addition of talkgroups or modifications to the agency specific zone.
- Physical damage such as dropped radios or water damage.
- Replacement of batteries, knobs, antennas, and accessories such as speaker microphones.
- Engraving on a large-scale basis.

Current Public Works Users operating on the 800 MHz CCCS only require programming. The independent water districts will purchase new radios to operate on the system.

WEROC Agencies are as follows:

<b>Current 800 Participants Requiring Programming</b>	<b>Agencies Requiring New Radios:</b>
Anaheim	Costa Mesa Sanitary District
Brea	East Orange County WD
Buena Park	El Toro Water District
Fountain Valley	Golden State Water Company
Fullerton	Irvine Ranch WD
Garden Grove	Laguna Beach CWO
Huntington Beach	Mesa WD
La Habra	Midway City Sanitary District
La Palma	Moulton Niguel WD
Newport Beach	MWDOC (2 sites)
Orange	Orange County Sanitation District
San Clemente	Orange County WD
San Juan Capistrano	Santa Margarita WD
Santa Ana	Serrano WD
Seal Beach	SOCWA
Tustin	South Coast WD
Westminster	Trabuco Canyon WD
	Yorba Linda WD

- WD= Water District

In addition to the above listed Public Works agencies all law enforcement, fire protection, marine safety and hospitals operate on the 800 MHz CCCS as well as OCTA and several colleges and schools.

The system provides countywide portable in-building, highly-reliable radio communications with multiple levels of redundancy in case of major catastrophic events.



**CONSENT CALENDAR ITEM**

June 21, 2017

**TO:** Board of Directors

**FROM:** **Planning & Operations Committee**  
(Directors Dick, Tamaribuchi, Yoo Schneider)

Robert Hunter  
General Manager

Staff Contact: J. Berg  
Director of Water Use Efficiency

**SUBJECT: Authorization to Hire Water Use Efficiency Programs Installation  
Verification Inspection Contractor**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors authorize the General Manager to enter into a professional services agreement with Mission Resource Conservation District to perform Water Use Efficiency Programs Installation Verification Inspections over the next five years using a combination of grant awards and contributions from member agencies.

**COMMITTEE RECOMMENDATION**

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Committee concurred with staff recommendation.

**SUMMARY**

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Installation verification inspections are an important component of MWDOC's quality control of water use efficiency program implementation to ensure public funds are spent appropriately. The Mission Resource Conservation District (Mission) has been providing installation verification inspection services for MWDOC for many years. Mission Resource Conservation District is a "non-regulatory unit of local government committed to helping property owners conserve natural resources on their land. [Mission] advises and assists private landowners and public agencies in the conservation and use of soil and interrelated resources including water, plant materials and wildlife."

These services include installation verification of smart timers, sprinkler nozzles, spray-to-drip irrigation, and turf removal at both residential and commercial properties and are funded through grant awards to MWDOC from the Bureau of Reclamation and/or the Department of Water Resources, as well as contributions from member agencies. Since existing Board authorizations with Mission are nearing completion and the Administrative

Budgeted (Y/N): N/A	Budgeted amount:	Core __	Choice <u>X</u>
Action item amount:	Line item:		
Fiscal Impact (explain if unbudgeted): Installation verification inspections will be funded by grants and choice contributions from member agencies.			

Code requires competitive bidding every five years, staff conducted a Request for Proposals (RFP) process to hire a new inspection contractor.

## DETAILED REPORT

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Installation verification inspections are a standardized task included in every MWDOC grant application. Inspections are broken into two categories; device-based and area-based inspections. Device-based inspections target a random sampling of devices, such as irrigation timers and sprinkler nozzles. Area-based inspections target every rebate applicant in the Turf Removal and Spray-to-Drip Rebate Programs. The area measured through an area-based inspection is used to calculate the rebate. For example, if 980 square feet of turf is removed and the rebate is \$1/sqft, the rebate is \$980.

MWDOC administers the Turf Removal and Spray-to-Drip Rebate Programs on behalf of our member agencies. We require our member agencies to complete area based pre- and post-retrofit inspections on all applicants. Member agencies have the option to utilize either their own staff to complete these inspections or MWDOC's installation verification inspection contractor. If an agency elects to utilize MWDOC's contractor, they are obligated to pay the associated costs. Currently, there are nine agencies utilizing MWDOC's inspection contractor.

Staff prepared an RFP that defined the scope of work for installation verification inspections, including requirements for:

- Inspector training
- Inspection scheduling
- Device-based installation verification inspection procedures
- Area-based installation verification inspection procedures, and
- Reporting and invoicing

The Installation Verification Inspection RFP was distributed to 11 prospective contractors on April 6, 2017. A pre-proposal meeting to summarize the desired services and answer questions was held on April 13, 2017. Staff received two proposals by the April 20, 2017 submittal deadline; one from Mission Resource Conservation District and one from WaterWise Consulting, Inc. Staff convened an RFP review panel to review and score the proposals, and make a recommendation to the Board. RFP review panel members included staff from MWDOC, the City of San Clemente, Mesa Water District, and Santa Margarita Water District.

The review panel evaluated the proposals in the following areas: Completeness and Organization of the Submittal; Understanding Approach/Scope of Work/Methodology; Team/Project Manager Experience/Capabilities; References/Record of Performance; Firm Resources and Team Qualifications; and Cost. Each panel member scored each criteria from 0 to 10. Scores from each panel member were then tallied into a final score for each proposal. The panel found Mission to be better qualified to provide these inspection services.

MWDOC's experience with the Mission over the past several years has been very positive. The quality of their work has been superior to other contractors, and their staff is professional and responsive to our needs.

As a result, it is the review panel's recommendation that the Board of Directors authorize the General Manager to enter into a professional services agreement with Mission Resource Conservation District to perform Water Use Efficiency Programs Installation Verification Inspections over the next five years.



**CONSENT CALENDAR ITEM**

June 21, 2017

**TO:** Board of Directors

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

Robert J. Hunter, General Manager

**Staff Contacts:** Cathy Harris, Administrative Services Manager

**SUBJECT:** **2017/2018 PAY STRUCTURE ADJUSTMENT**

**STAFF RECOMMENDATION**

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It is recommended that the Board of Directors approve a 2% Pay Structure Adjustment to the District Salary Ranges, as presented.

**COMMITTEE RECOMMENDATION**

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Committee concurred with staff recommendation.

**DETAILED REPORT**

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In accordance with District Policy, in Spring of each year, Human Resources conducts a planned pay structure adjustment survey of the direct labor market agencies to determine the percentage adjustment for the salary ranges for the upcoming fiscal year, effective July 1. This is an adjustment of salary ranges only and not individual salaries.

The justification for this recommendation is to keep the salary ranges consistent with the market and avoid falling behind. Without this annual adjustment a significant gap can develop and requires a significant adjustment to the pay structure during the Total Compensation Assessment, which is performed every three years.

Based on the survey data (Table 1), the average Cost of Living Adjustment increase for 2017/18 is 2.24% and the average merit amount is 4.11% with the average cola/merit combined being 5.16%. In addition, the average Consumer Price Index rate for Urban

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

Consumers for Los Angeles/Riverside and Orange County for the period of April 2016 to April 2017 is 1.98%. Therefore, staff is recommending the Board of Directors approve a 2.0% Pay Structure Adjustment to the District Salary Ranges only, as presented (Table 2), effective July 1, 2017. A 4% Merit Pool is included in the 2017/18 MWDOC budget.

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 salary and benefits survey will be initiated in November of 2017 for completion in spring of 2018.

Staff is recommending the Board approve the proposed recommendations as presented.



Table 1

## MERIT/COLA Direct Labor Market Agency Survey

	2017/18		
Agencies	COLA	MERIT	TOTAL
City of City of Brea	2.75%	3.00%	5.75%
Eastern Municipal Water District	1.90%	5.00%	6.90%
El Toro	1.50%	3.00%	4.50%
Inland Empire Utilities	3.50%	5.00%	8.50%
IRWD	TBD	3.00%	3.00%
Laguna Beach County Water District	3.00%	2.50%	5.50%
Las Virgenes	2.00%	2.00%	4.00%
Mesa Water District	TBD	5.00%	5.00%
Moulton Niguel WD	2.00%	5.00%	7.00%
Orange County Sanitation District	NC	2.50%	2.50%
Orange County Water District	TBD	3.00%	3.00%
San Diego County Water Authority	TBD	5.00%	5.00%
SMWD	TBD	5.00%	5.00%
South Coast Water District	TBD	5.00%	5.00%
Three Valleys Municipal Water District	1.48%	5.00%	6.48%
Walnut Valley Water District	TBD	5.00%	5.00%
Central Basin Municipal Water District	NC	4.00%	4.00%
Western Municipal Water District	TBD	5.00%	5.00%
Yorba Linda Water District	2.00%	5.00%	7.00%
<b>AVERAGES</b>	<b>2.24%</b>	<b>4.11%</b>	<b>5.16%</b>
TBD = Waiting to make determination on amount			
NC= No Cola			
	COLA	MERIT	TOTAL
<b>Metropolitan Water Dist. Of So. Cal</b>	NR	NR	0.00%
	COLA	MERIT	TOTAL
<b>MWDOC</b>	NC	4.00%	4.00%
Pls. Note 5% is included in the MWDOC Budget with 1% designated as PERS offset for increase to Employee Contribution rate			
No Response:			
City of Fountain Valley			
City of San Clemente			
Santa Ana Watershed Project Authority			
City of Tustin			
MET			

Table 2

MWDOC PAY STRUCTURE - EFFECTIVE JULY 2017 (2.0% COLA adjustment)								
Pay Grade	Exempt / Non-Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
R1	NE	Office Assistant	Annual	\$33,194	\$36,080	\$38,989	\$41,897	\$44,806
R1			Monthly	\$2,766	\$3,007	\$3,249	\$3,491	\$3,734
R1			Hourly	\$15.96	\$17.35	\$18.74	\$20.14	\$21.54
R2	NE	Open	Annual	\$39,810	\$43,296	\$46,782	\$50,268	\$53,754
R2			Monthly	\$3,318	\$3,608	\$3,898	\$4,189	\$4,479
R2			Hourly	\$19.14	\$20.82	\$22.49	\$24.17	\$25.84
R3	NE	Office Specialist	Annual	\$42,808	\$46,560	\$50,290	\$54,042	\$57,795
R3			Monthly	\$3,567	\$3,880	\$4,191	\$4,504	\$4,816
R3			Hourly	\$20.58	\$22.38	\$24.18	\$25.98	\$27.79
R4	NE	Accounting Technician	Annual	\$46,027	\$50,046	\$54,064	\$58,105	\$62,124
R4			Monthly	\$3,836	\$4,170	\$4,505	\$4,842	\$5,177
R4			Hourly	\$22.13	\$24.06	\$25.99	\$27.94	\$29.87
R5	NE	Administrative Assistant	Annual	\$49,468	\$53,798	\$58,128	\$62,457	\$66,787
R5	NE		Monthly	\$4,122	\$4,483	\$4,844	\$5,205	\$5,566
R5			Hourly	\$23.78	\$25.86	\$27.95	\$30.03	\$32.11
R6	NE	Sr. Admin Assistant	Annual	\$53,176	\$57,839	\$62,479	\$67,142	\$71,783
R6	NE	Public Affairs Assist	Monthly	\$4,431	\$4,820	\$5,207	\$5,595	\$5,982
R6			Hourly	\$25.57	\$27.81	\$30.04	\$32.28	\$34.51
R7			Annual	\$57,173	\$62,169	\$67,164	\$72,182	\$77,178
R7	NE	Records Coordinator	Monthly	\$4,764	\$5,181	\$5,597	\$6,015	\$6,431
R7			Hourly	\$27.49	\$29.89	\$32.29	\$34.70	\$37.10

**MWDOC PAY STRUCTURE - EFFECTIVE JULY 2017 (2.0% COLA adjustment)**

Pay Grade	Exempt / Non-Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
R8	NE	Public Affairs Coordinator	Annual	\$61,458	\$66,831	\$72,204	\$77,578	\$82,973
R8	NE	Accountant	Monthly	\$5,122	\$5,569	\$6,017	\$6,465	\$6,914
R8	NE	WEROC Programs Coordinator	Hourly	\$29.55	\$32.13	\$34.71	\$37.30	\$39.89
R9	NE	WUE Analyst	Annual	\$66,054	\$71,849	\$77,622	\$83,417	\$89,190
R9	NE	Executive Assistant	Monthly	\$5,505	\$5,987	\$6,468	\$6,951	\$7,432
R9	NE	Associate Water Resources Analyst	Hourly	\$31.75	\$34.55	\$37.32	\$40.11	\$42.88
R10	NE	Public Affairs Specialist	Annual	\$71,028	\$77,222	\$83,439	\$89,656	\$95,873
R10	NE	Sr. Accountant	Monthly	\$5,919	\$6,435	\$6,953	\$7,471	\$7,989
R10	NE	WUE Program Coordinator	Hourly	\$34.15	\$37.13	\$40.11	\$43.10	\$46.09
R10	NE	WEROC Programs Specialist						
R10	NE	Sr. Executive Assistant						
R11	E	Public Affairs Supervisor	Annual	\$76,356	\$83,017	\$89,700	\$96,384	\$103,067
R11	E	Water Resources Analyst	Monthly	\$6,363	\$6,918	\$7,475	\$8,032	\$8,589
R11			Hourly	\$36.71	\$39.91	\$43.13	\$46.34	\$49.55
R12	E	Financial Analyst/Database Analyst	Annual	\$82,063	\$89,256	\$96,428	\$103,622	\$110,793
R12	NE	Network Systems Engineer	Monthly	\$6,839	\$7,438	\$8,036	\$8,635	\$9,233
R12	NE	WUE Program Specialist	Hourly	\$39.45	\$42.92	\$46.36	\$49.82	\$53.27
R12	NE	Sr. Exec. Assist to the Board						
R13	E	Accounting Supervisor	Annual	\$88,235	\$95,939	\$103,666	\$111,393	\$119,097
R13	E	Public Affairs Manager	Monthly	\$7,353	\$7,995	\$8,639	\$9,283	\$9,925
R13	E	Sr. Water Resources Analyst	Hourly	\$42.42	\$46.12	\$49.84	\$53.55	\$57.26

**MWDOC PAY STRUCTURE - EFFECTIVE JULY 2017 (2.0% COLA adjustment)**

Pay Grade	Exempt / Non-Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
R14	E	WUE Program Supervisor	Annual	\$94,852	\$103,133	\$111,437	\$119,741	\$128,045
R14	E	WEROC Programs Manager	Monthly	\$7,904	\$8,594	\$9,286	\$9,978	\$10,670
R14	E	Sr. Financial Analyst/Database Analyst	Hourly	\$45.60	\$49.58	\$53.58	\$57.57	\$61.56
R15	E	Sr. Engineer	Annual	\$101,957	\$110,882	\$119,808	\$128,711	\$137,637
R15	E	Accounting Manager	Monthly	\$8,496	\$9,240	\$9,984	\$10,726	\$11,470
R15	E	Governmental Affairs Manager	Hourly	\$49.02	\$53.31	\$57.60	\$61.88	\$66.17
R16	E	Principal Water Resources Analyst	Annual	\$109,594	\$119,186	\$128,778	\$138,370	\$147,961
R16	E	Administrative Services Manager	Monthly	\$9,133	\$9,932	\$10,731	\$11,531	\$12,330
R16	E	WUE Program Manager	Hourly	\$52.69	\$57.30	\$61.91	\$66.52	\$71.14
R17	E	Principal Engineer	Annual	\$117,832	\$128,134	\$138,436	\$148,761	\$159,063
R17	E	Principal Water Resources Planner	Monthly	\$9,819	\$10,678	\$11,536	\$12,397	\$13,255
R17			Hourly	\$56.65	\$61.60	\$66.56	\$71.52	\$76.47
R18	E	Director of Public Affairs	Annual	\$126,669	\$137,748	\$148,827	\$159,907	\$170,986
R18	E	Director of Water Use Efficiency	Monthly	\$10,556	\$11,479	\$12,402	\$13,326	\$14,249
R18			Hourly	\$60.90	\$66.22	\$71.55	\$76.88	\$82.20
R19	E	Director of Finance/IS	Annual	\$136,171	\$148,072	\$159,995	\$171,896	\$183,819
R19	E	Associate General Manager	Monthly	\$11,348	\$12,339	\$13,333	\$14,325	\$15,318
R19			Hourly	\$65.47	\$71.19	\$76.92	\$82.64	\$88.37

MWDOC PAY STRUCTURE - EFFECTIVE JULY 2017 (2.0% COLA adjustment)								
Pay Grade	Exempt / Non-Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
R20			Annual	\$146,363	\$159,174	\$171,985	\$184,796	\$197,607
R20	E	Open	Monthly	\$12,197	\$13,264	\$14,332	\$15,400	\$16,467
R20			Hourly	\$70.37	\$76.53	\$82.69	\$88.84	\$95.00
R21	E	Assistant General Manager	Annual	\$154,067	\$169,476	\$184,885	\$200,294	\$215,703
R21			Monthly	\$12,839	\$14,123	\$15,407	\$16,691	\$17,975
R21			Hourly	\$74.07	\$81.48	\$88.89	\$96.30	\$103.70
GM	E	General Manager (10.19.16)	Annual	\$264,160				\$264,160
MWDOC INTERN PAY STRUCTURE								
Pay Grade	Exempt / Non-Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
INT	NE	Student Intern	Hourly	13.78	15.49	17.19	18.90	20.60

Number of Grades = 21 + GM

Range Spread = 35% for Ranges 1 - 20

Range Spread = 40% for Range 21

Grade Differential between Ranges 2-20 = approximately 7.5% after R2

Grade Differential between Ranges 20-21 = approximately 9%

Annual and Monthly amounts are based on a 40-hour work week

If you have questions on the pay structure or classifications, Please contact Human Resources at 714.963.3058



**CONSENT CALENDAR ITEM**

June 21, 2017

**TO:** Board of Directors

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

Robert J. Hunter, General Manager

**Staff Contact: Hilary Chumpitazi**

**SUBJECT:** Reserve Policy Revision to Days Cash

**STAFF RECOMMENDATION**

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It is recommended that the Board of Directors: Approve revisions to District's Reserve Policy and authorize staff to incorporate the reserve policy revisions into the District's Administrative Code.

**COMMITTEE RECOMMENDATION**

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Committee concurred with staff recommendation.

**DETAILED REPORT**

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The A&F Committee reviewed the PFM report and discussed the reserve policy. The Executive Committee directed that the administrative change to days operating expense be presented. Therefore we have made the attached suggested modifications to the code.

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

## §2009 RESERVE POLICY –

The MWDOC Reserve Policy categorizes the reserves as follows:

### Unrestricted Reserves

- General ~~District~~Operations
- Grant & Project Cash Flow
- Election Expense
- Building ~~Expense~~Repair

### Restricted Reserves

- OPEB Reserves
- Tier 2 Contingency Fund

### WEROC Reserves

- Operational Reserve
- Capital Reserve

### Reserve Fund Targets in Days Cash on Hand

#### Working Capital Reserve

(General Operations, plus Grant & Project Cash Flow): 90-180 days

Building Repair: 10-15 days

Tier 2 Contingency Fund 40 days

The Election Expense and OPEB are designated and are maintained separately to cover specific liabilities.

### Unrestricted Reserves

#### General ~~District~~ Operations Reserves:

Depending upon end of year cash flow, grant payments and other factors influencing the District's cash balance 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.

#### Grant & Project Cash Flow:

In the past, trailing payments for District funds advanced for water use efficiency payments from MET and Federal and State grants payments have increased. The reserve should be replenished from trailing grant payments as they occur, and from rates if needed. Cash flow reserves should be set at \$1.00 million and said amount shall be reviewed from time to time for appropriateness based on the District's current operational needs.

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#### **Election Expense:**

MWDOC's election reserve shall be managed to fund seven elections every four years. Based on ~~previous~~the year 2016 election costs we have determined that \$1.0422 million (or \$14874,000 per division) is sufficient to cover seven elections. This requires that \$260304,000 be contributed to the election reserve annually. These estimates will be updated annually as part of the budget process. In the event the election funds are not fully utilized, the Board may consider other uses that would lower the long-term costs of the District.

#### **Building ExpenseRepair:**

MWDOC Building Reserves should be kept at a minimum of \$350,000 and adjusted from time to time to reflect the improvement needs of the office facility.

#### **Restricted Reserves**

##### **OPEB Reserve:**

Staff examined the demographics of MWDOC's OPEB liability and estimated that the bulk of the liability will occur by 2023 as long term MWDOC employees who had access to lifetime medical coverage retire. The Board requested staff to ~~increase the annual contributions toward fulfilling~~fully fund the OPEB liability in 2016 by 2023 or sooner. The Actuarial recommendation is to fund between 85%-95% and put the remaining amount in a reserve fund, as to not overfund the OPEB trust. This recommendation was implemented in September 2016 with the reserve balance of \$209,006 to equal our current Unfunded Liability. At the end of each fiscal year, the Board may determine additional contributions to the OPEB reserves from any of the reserve accounts. This reserve will be re-evaluated every two years beginning in 2018 after each actuarial and funds may be transferred to the OPEB trust to stay within the funding range.

##### **Tier 2 Contingency Fund:**

MWDOC has established the Tier Two Contingency fund to pay the difference between MET's Tier One and Tier Two water rates, in the event MWDOC's water purchases from MET exceed the Tier One block of allowable purchases. From time to time it may be necessary to increase the level of funds, or to reduce the level of funds being held by MWDOC. The MWDOC Board established the minimum fund target at approximately 40 days or \$1,000,000, due to the diminished likelihood of purchasing MET water above the Tier 1 limit.

#### **WEROC Reserves**

WEROC reserves fluctuate on an as needed basis with Operational Reserve being held for unforeseen expenses and a Capital Reserve to enhance infrastructure and emergency systems. Both reserves are approved by the MWDOC Board and the WEROC contracted contributors.

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M-4/19/06; M-6/16/10; 6/1/11; M-6/17/15



**ACTION ITEM**  
June 21, 2017

**TO:** Board of Directors

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

Robert J. Hunter, General Manager

**Staff Contacts:** Hilary Chumpitazi

**SUBJECT: Annual Review of District Investment Policy and Guidelines**

**STAFF RECOMMENDATION**

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It is recommended that the Board of Directors: Adopt a Resolution establishing the District's Investment Policy and Guidelines, and that the Resolution and Investment Policy and Guidelines be incorporated into the District's Administrative Code.

**COMMITTEE RECOMMENDATION**

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Committee reviewed the investment policy and recommended the following changes, which have been incorporated into the attached document: (1) Added chain of notification if we are ever out of compliance in Section 2101; (2) Added transition verbiage under Collective Investment Pools in Section 2106; (3) Removed last sentence in first paragraph under Section 2108 and combined first and second paragraphs

**DETAILED REPORT**

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

Staff compared the state and county investment diversification and maturity restrictions as well as referred to the Government Code Section 53601 and recommends the following proposed changes and clarifications:

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

### Under Section 2106 Investment Policy Guidelines

1. *Collective Investment Pools* -- added investment shall not exceed 20% of portfolio in effect immediately after such investment and no more than 10% in one pool.
2. *Money Market Mutual Funds* – added investment shall not exceed 20% of portfolio in effect immediately after such investment.
3. Change name from Negotiated certificates of deposit to *Negotiable Certificates of Deposit* and investment percentage from 20% to 30% of portfolio. Added clarifying verbiage no more than 5% in one issuer.
4. Clarification of *U.S. Government Agency obligations* and, *U.S. Government Instrumentality obligations*, we may not invest more than 50% of portfolio from one issuer.
5. Clarification of the *Prime Commercial Paper*, may not exceed 25% of portfolio in effect immediately after such investment and may purchase no more than 5% of the outstanding commercial paper of any single issuer. The maximum maturity for Commercial Paper is 270 days.
6. Clarification of the *Prime Banker's Acceptances*, shall not exceed 40% of portfolio in effect immediately after such investment and no more than 5% may be of any one commercial bank. The maximum maturity is 180 days.
7. Change *Corporate Securities* investment percentage from 20% to 30% of the portfolio and added no more than 5% can be invested in one issuer.
8. Change *Repurchase Agreements* investment percentage from 10% to 20% of the portfolio and added with no more than 10% from one issuer and maximum maturity is 1 year.
9. Removed Corporate Securities paragraph under *Permissible investments for Reserve Funds* as the percentages should be the same as above.

The above proposed changes are the most conservative and in line with the Local Agency Investment Guidelines (LAIG), the Orange County Treasurer, and Government Code Section 53601. In addition, from our last audit our auditors noted in the 2016 SAS 114 Letter that our actual investments were higher than the percent stated in our investment policy, "The District's Reserve Funds portfolio includes negotiable certificates of deposit totaling 23.95% of the Reserve Fund".

### Under Section 2110 Glossary

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

RESOLUTION NO. 20~~XX~~32  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
INVESTMENT POLICY AND GUIDELINES

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**RESOLUTION NO. 20~~XX~~32**  
**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**INVESTMENT POLICY AND GUIDELINES**  
**201~~7~~6**

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. ~~1942~~, dated ~~October-May~~ 178, 201~~26~~.

**SECTION 2100 - PURPOSE**

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

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

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

**SECTION 2101 - STATUTORY AND DELEGATED AUTHORITY**

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

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

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

The delegations in Resolution Nos. 1277 and 1434 are renewed on the adoption of this Policy. The Treasurer shall be responsible for all transactions undertaken and shall establish procedures and a system of internal controls to regulate the activities of subordinate officials. Within thirty (30) days of the identification of an exceedance of policy and/or guidelines the General Manager shall notify the Board of Directors.

### **SECTION 2102 - ORGANIZATION**

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

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

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

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

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

### **SECTION 2103- INVESTMENT PHILOSOPHY**

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

This Standard shall be applied in the context of managing the overall investment portfolio. The investment officer, acting in accordance with written procedures and this investment policy and

exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

#### **SECTION 2104 - SCOPE**

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

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

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

#### **SECTION 2105- INVESTMENT OBJECTIVES**

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

##### **Safety of Principal.**

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

1) Credit risk will be mitigated by:

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

2) Interest rate risk will be mitigated by:

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

#### **Liquidity**

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

#### **Rates of Return**

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

### **SECTION 2106- INVESTMENT POLICY GUIDELINES**

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

- Collective ~~Investment~~ ~~-(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. The investment shall not exceed 20% of portfolio in effect immediately after such investment and no more than 10% in one pool.



- 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~~ years' experience managing market mutual funds with investment portfolios of greater than \$500 million. An investment shall not exceed 20% of portfolio in effect immediately after such investment.
- 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.
  - ~~Negotiable~~ Certificates of deposit shall not exceed 230% of portfolio in effect immediately after such investment and no more than 5% in one issuer.
  - U.S. Treasury obligations.
  - U.S. Government Agency obligations and, -U.S. Government Instrumentality obligations. May not invest more than 50% of portfolio from one issuer.
  - Prime Commercial Paper rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch. May not exceed 25% of portfolio in effect immediately after such investment and may purchase no more than 5% of the outstanding commercial paper of any single issuer (shall not exceed 20% of portfolio in effect immediately after such investment). The maximum maturity for Commercial Paper is 270 days.
  - Prime Banker's Acceptances rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch shall not exceed 40% of portfolio in effect immediately after such investment and no more than 5% may be of any one commercial bank. The maximum maturity is 180 days. (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. (s) Shall not exceed 30% of portfolio in effect immediately after such investment) with no more than 5% in one issuer.
  - Loans with an agreement for the collateral to be repurchased by the borrower (Repurchase Agreements); the amount of such instruments will not exceed 240% of the market value of the portfolio with no more than 10% from one issuer. Maximum maturity is 1 year. 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.

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- ~~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~~ (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**

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

**ASKED:** The price at which securities are offered.

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

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

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

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

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

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

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

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** ~~The official annual report of MWDGC.~~ 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:	<del>Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi &amp; Thomas</del>
NOES:	None
ABSTAIN:	None
ABSENT:	<del>Director Dick</del>

I certify the foregoing is a true, full and correct copy of Resolution No. ~~2032XX~~ adopted by the Board of Director of Municipal Water District of Orange County at its Regular meeting held on ~~May~~June 4~~21~~18, 2017~~6~~.



Maribeth Goldsby, District Secretary  
Municipal Water District of Orange County

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

<b>INVESTMENT POLICY AND GUIDELINES</b>	<b>§2100-§2109</b>
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**§2100 PURPOSE**

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

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

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

**§2101 STATUTORY AND DELEGATED AUTHORITY TO INVEST FUNDS**

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

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

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

Treasurer, the Board of Directors may appoint an Acting Treasurer, who shall have and exercise the authority delegated to the Treasurer until appointment of a successor Treasurer by the Board of Directors.

The delegations in Resolution Nos. 1277 and 1434 are renewed on the adoption of this Policy. The Treasurer shall be responsible for all transactions undertaken and shall establish procedures and a system of internal controls to regulate the activities of subordinate officials. Within thirty (30) days of the identification of an exceedance of policy and/or guidelines the General Manager shall notify the Board of Directors.

## **§2102 ORGANIZATION**

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

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

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

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

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

## **§2103 INVESTMENT PHILOSOPHY**

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

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

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

#### **§2104 SCOPE**

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

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

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

#### **§2105 INVESTMENT OBJECTIVES**

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

investments meet the criteria established by this investment policy for safety and liquidity and conform to all laws governing the investment of MWDOC's funds.

#### **Safety of Principal.**

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

1) Credit risk will be mitigated by:

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

2) Interest rate risk will be mitigated by:

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

#### **Liquidity**

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

## **Rates of Return**

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

## **§2106 INVESTMENT POLICY GUIDELINES**

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

- Collective Investment ~~(Pools)~~ - Assets of any of the funds may be invested in collective investment pools run and managed by other public bodies and banks that are approved by the Board of Directors. However, no such investment shall be made in a pool where the investment objectives differ from the investment objectives listed in Section 2105 of this investment policy, nor should any investment be made in a fund that engages in market timing or anticipating interest rate changes or that uses derivatives or other securities other than as a hedge against interest rate risk. The investment shall not exceed 20% of portfolio in effect immediately after such investment and no more than 10% in one pool.
- Money Market Mutual Funds - Investment in shares of money market mutual funds may be made if the investments meet the same restrictions as those of collective investment pools ~~described in Section 2105~~. In addition, purchase of these funds must not result in payment of a purchase premium or commission. These mutual funds must attain the highest ranking of two nationally recognized ratings services and the investment adviser must be registered with the Securities and Exchange Commission (SEC) as an investment adviser with not less than five years' experience managing market mutual funds with investment portfolios of greater than \$500 million. An investment shall not exceed 20% of portfolio in effect immediately after such investment.
- 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.

- ~~Negotiable~~ ~~Certificates of Deposit~~ shall not exceed ~~230%~~ of portfolio in effect immediately after such investment and no more than 5% in one issuer.
- U.S. Treasury obligations.
- U.S. Government Agency obligations and, U.S. Government Instrumentality obligations. May not invest more than 50% of portfolio from one issuer.
- Prime Commercial Paper rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch. May not exceed 25% of portfolio in effect immediately after such investment and may purchase no more than 5% of the outstanding commercial paper of any single issuer. The maximum maturity for Commercial Paper is 270 days. ~~(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 40% of portfolio in effect immediately after such investment and no more than 5% may be of any one commercial bank. The maximum maturity is 180 days. ~~(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, with no more than 5% in one issuer).~~
- Loans with an agreement for the collateral to be repurchased by the borrower (Repurchase Agreements); the amount of such instruments will not exceed ~~420% percent~~ of the market value of the portfolio with no more than 10% from one issuer. Maximum maturity is 1 year. 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

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(value) over the life of the new security on a Total Return basis.

- Investments are limited to maturities of five years or less without express authorization of the Board prior to the investment.
- Diversification - The investment portfolio will be diversified to avoid undue concentration in securities of one type or securities of one financial institution, so that no single investment or class of investments can have a disproportionate impact on the total portfolio. This restriction does not apply to U.S. Treasury securities.
- Exemptions - Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by the current policy.

#### **§2107 EXECUTION**

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

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

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

#### **§2108 PERSONAL CONDUCT**

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

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

All persons responsible for investment decisions or who are involved in the management

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

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

### **§2109 REPORTING**

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

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

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

### **§2110 GLOSSARY**

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

**ASKED:** The price at which securities are offered.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at 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.

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

**Municipal Water District of Orange County  
Investment Policy Diversification and Limits**

Investment Type	Diversification Limit			Investment Percentage Limits by Issuer			Maximum Maturity		
	State	County	MWDOC	State	County	MWDOC	State	County	MWDOC
U.S. Treasuries	100%	100%	100%	100%	100%	100%	5 years	5 years	5 years
U.S. Government Agencies	100%	100%	100%	100%	50%	50%	5 years	5 years	5 years
Medium-Term Notes (Corporate Securities)	30%	30%	30%	100%	5%	5%	5 years	3 years	5 years
Bankers' Acceptance	40%	40%	40%	30%	5%	5%	180 Days	180 Days	180 Days
Commercial Paper	40%	40%	25% <sup>1</sup>	10%	5%	5%	270 Days	270 Days	270 Days
Negotiable Certificates of Deposit	30%	30%	30%	100%	5%	5%	5 years	3 years	5 years
Repurchase Agreements	100%	20%	20%	100%	10%	10%	1 year	1 year	1 year
Money Market Mutual Funds	20%	20%	20%	100%	20%	20%	N/A	N/A	N/A
Collective Investment Pools	100%	20%	20%	100%	10%	10%	N/A	N/A	N/A

1- Per Government Code Section 53601, Local agencies may invest no more than 25% of their moneys in eligible commercial paper



**ACTION ITEM**

June 21, 2017

**TO:** Board of Directors

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

Robert J. Hunter, General Manager

**Staff Contacts:** Cathleen Harris, Administrative Services Manager

**SUBJECT: ADOPT RESOLUTION ESTABLISHING THE EMPLOYER PAID MEMBER CONTRIBUTION AMOUNT TO CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)**

**STAFF RECOMMENDATION**

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It is recommended that the Board of Directors adopt the attached Resolution establishing the employer paid member contribution amount of 1% to CALPERS, and submit the Resolution to CalPERS for its records.

**COMMITTEE RECOMMENDATION**

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Committee concurred with staff recommendation.

**DETAILED REPORT**

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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. The Employer Paid Member Contribution (EPMC) amounts are determined by the Board annually during the budget process and become effective July 1 of each year.

The proposed 2017/2018 Budget includes an additional 1% CalPERS Employee Contribution, effective July 1, 2017. The total Employee Contribution to CalPERS for 2017/18 will be 6%. This requires that a Resolution be adopted by the Board establishing MWDOC's Employer Paid Member Contribution amount of 1%.

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.

<b>Budgeted (Y/N): Y</b>	Budgeted amount: Included in salaries and wages	Core _X_	Choice __
<b>Action item amount:</b>		Line item: 2000-19-6010	
<b>Fiscal Impact (explain if unbudgeted):</b>			



RESOLUTION NO. \_\_\_\_\_

**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 1% of the normal member contribution as the Employer Paid Member Contribution (EPMC).
- The effective date of this Resolution shall be July 1, 2017.

**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 June 2017, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
MARIBETH GOLDSBY, District Secretary  
Municipal Water District of Orange County

**ACTION ITEM**

June 21, 2017

**TO:** Board of Directors**FROM:** **Public Affairs & Legislation Committee**  
(Directors Tamaribuchi, Dick and Yoo Schneider)Robert Hunter  
General Manager

Staff Contact: Heather Baez

**SUBJECT:** **H.R. 2510 (DeFazio, D-OR, Duncan, R-TN, and Napolitano, D-CA) – Water Quality Protection and Job Creation Act of 2017****STAFF RECOMMENDATION**

Staff recommends the Board of Directors vote to adopt a watch position on H.R. 2510 (DeFazio - OR, Duncan - TN, and Napolitano - CA).

**COMMITTEE RECOMMENDATION**

Committee will review this item on June 19, 2017 and make a recommendation to the Board.

**SUMMARY**

H.R. 2510 invests \$25 billion over five years in wastewater infrastructure and other efforts to improve water quality by providing technical assistance to rural, small and tribal municipalities in the planning, developing, and acquisition of financing for eligible projects, and create thousands of new jobs.

Specifically, it authorizes \$20 billion in Federal grants over five years to capitalize Clean Water State Revolving Funds; \$1.5 billion over five years for grants for state water pollution control agencies; \$600 million over five years for clean water pilot programs for watershed-based or system-wide efforts to address wet weather discharges, to promote stormwater best management practices, to undertake integrated water resource management, and to increase the resiliency of treatment works to natural or man-made disasters; \$2.5 billion over five years for grants to address combined sanitary sewer overflows and recapture and

<b>Budgeted (Y/N):</b> n/a	Budgeted amount: n/a	Core x	Choice __
<b>Action Item Amount:</b> none		Line Item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			

reuse of municipal stormwater; and \$375 million over five years for alternative water source projects that reuse wastewater and stormwater to augment the existing sources of water.

## ARGUMENTS IN SUPPORT

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According to the authors, H.R. 2510, “America’s water infrastructure is in dire need of renewed Federal investment. Currently, our communities face a backlog of over \$40 billion in clean water infrastructure projects, and they need close to \$300 billion of investment over the next 20 years to protect clean water and bring their systems to a state of good repair. We cannot continue to neglect the serious needs of our aging water infrastructure systems. This legislation will help local governments repair and replace failing wastewater infrastructure, safeguard wastewater systems, and protect public health.”

## ARGUMENTS IN OPPOSITION

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Additional grants and loans for water and wastewater programs are always a welcome sight. However, given the high dollar amount appropriated in this measure, along with the author and all but one coauthor being in minority party, it’s unlikely to move.

## MWDOC LEGISLATIVE POLICY PRINCIPLES

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MWDOC’s legislative policy principles directly reflect support for water infrastructure financing. Specifically, *it is MWDOC’s policy to support legislation and regulation that: Establishes grants or other funding opportunities for local and regional water infrastructure projects. And: Would reduce the cost of financing water infrastructure planning and construction, such as tax-credit financing, tax-exempt municipal bonds, Water Resources Development Act (WRDA), Water Infrastructure Finance Innovation Act (WIFIA), the Environmental Infrastructure Accounts and other funding mechanisms.*

At this time, MWDOC staff feels that a watch position is most appropriate. This bill may be of interest to our member agencies who are looking for additional funding for projects. However, given the price tag and political climate in Washington D.C. it may not be the best use of resources to move to a full support at this time. Should the bill advance and conference with a Senate bill, we may wish to revisit our position at that time.

## COMMENTS

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Coauthors to H.R. 2510:

Congressman John J. Duncan, (R-TN) – co-sponsor  
 Congresswoman Grace Napolitano, (D-CA) – co-sponsor  
 Congresswoman Eleanor Holmes Norton, (D-D.C.)  
 Congressman Jerrold Nadler, (D-NY)  
 Congresswoman Eddie Bernice Johnson, (D-TX)  
 Congressman Elijah Cummings, (D-MD)  
 Congressman Rick Larsen, (D-WA)  
 Congressman Michael Capuano, (D-MA)  
 Congressman Daniel Lipinski, (D-IL)  
 Congressman Steve Cohen, (D-TN)

Congressman Albio Sires, (D-NJ)  
Congressman John Garamendi, (D-CA)  
Congressman Hank Johnson, (D-GA)  
Congressman Andre Carson, (D-IN)  
Congressman Richard Nolan, (D-MN)  
Congresswoman Dina Titus, (D-NV)  
Congressman Sean Patrick Maloney, (D-NY)  
Congresswoman Elizabeth Esty, (D-CT)  
Congresswoman Lois Frankel, (D-FL)  
Congresswoman Cheri Bustos, (D-IL)  
Congressman Jared Huffman, (D-CA)  
Congresswoman Julia Brownley, (D-CA)  
Congresswoman Frederica Wilson, (D-FL)  
Congressman Donald Payne, (D-NJ)  
Congressman Alan Lowenthal, (D-CA)  
Congresswoman Brenda Lawrence, (D-MI)  
Congressman Mark DeSaulnier, (D-CA)

This measure was introduced on May 18, 2017 and has not yet been set for a hearing.

#### **DETAILED REPORT**

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The full text of H.R. 2510 is attached for your information.

115TH CONGRESS  
1ST SESSION

# H. R. 2510

To amend the Federal Water Pollution Control Act to authorize appropriations for State water pollution control revolving funds, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2017

Mr. DEFazio (for himself, Mr. DUNCAN of Tennessee, and Mrs. NAPOLITANO) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

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## A BILL

To amend the Federal Water Pollution Control Act to authorize appropriations for State water pollution control revolving funds, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Water Quality Protection and Job Creation Act of  
6 2017”.

7 (b) TABLE OF CONTENTS.—The table of contents for  
8 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Amendment of Federal Water Pollution Control Act.

## TITLE I—WATER QUALITY FINANCING

### Subtitle A—Technical and Management Assistance

- Sec. 101. Technical assistance.
- Sec. 102. State management assistance.
- Sec. 103. Watershed pilot projects.
- Sec. 104. Nonpoint source management programs.

### Subtitle B—State Water Pollution Control Revolving Funds

- Sec. 121. Capitalization grant agreements.
- Sec. 122. Water pollution control revolving loan funds.
- Sec. 123. State planning assistance.
- Sec. 124. Intended use plan.
- Sec. 125. Technical assistance.
- Sec. 126. Authorization of appropriations.

## TITLE II—ALTERNATIVE WATER SOURCE AND SEWER OVERFLOW AND STORMWATER GRANTS

- Sec. 201. Pilot program for alternative water source projects.
- Sec. 202. Sewer overflow control grants.

## 1 **SEC. 2. AMENDMENT OF FEDERAL WATER POLLUTION CON-** 2 **TROL ACT.**

3 Except as otherwise expressly provided, whenever in  
4 this Act an amendment or repeal is expressed in terms  
5 of an amendment to, or repeal of, a section or other provi-  
6 sion, the reference shall be considered to be made to a  
7 section or other provision of the Federal Water Pollution  
8 Control Act (33 U.S.C. 1251 et seq.).

**TITLE I—WATER QUALITY  
FINANCING**

**Subtitle A—Technical and  
Management Assistance**

**SEC. 101. TECHNICAL ASSISTANCE.**

(a) TECHNICAL ASSISTANCE FOR RURAL AND SMALL  
TREATMENT WORKS.—Section 104(b) (33 U.S.C.  
1254(b)) is amended—

(1) by striking “and” at the end of paragraph  
(6);

(2) by striking the period at the end of para-  
graph (7) and inserting “; and”; and

(3) by adding at the end the following:

“(8) make grants to nonprofit organizations—

“(A) to provide technical assistance to  
rural, small, and tribal municipalities for the  
purpose of assisting, in consultation with the  
State in which the assistance is provided, such  
municipalities and tribal governments in the  
planning, developing, and acquisition of financ-  
ing for eligible projects described in section  
603(c);

“(B) to provide technical assistance and  
training for rural, small, and tribal publicly  
owned treatment works and decentralized

1 wastewater treatment systems to enable such  
2 treatment works and systems to protect water  
3 quality and achieve and maintain compliance  
4 with the requirements of this Act; and

5 “(C) to disseminate information to rural,  
6 small, and tribal municipalities and municipali-  
7 ties that meet the affordability criteria estab-  
8 lished under section 603(i)(2) by the State in  
9 which the municipality is located with respect to  
10 planning, design, construction, and operation of  
11 publicly owned treatment works and decentral-  
12 ized wastewater treatment systems.”.

13 (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
14 104(u) (33 U.S.C. 1254(u)) is amended—

15 (1) by striking “and (6)” and inserting “(6)”;

16 and

17 (2) by inserting before the period at the end the  
18 following: “; and (7) not to exceed \$100,000,000 for  
19 each of fiscal years 2018 through 2022 for carrying  
20 out subsections (b)(3), (b)(8), and (g), except that  
21 not less than 20 percent of the amounts appro-  
22 priated pursuant to this paragraph in a fiscal year  
23 shall be used for carrying out subsection (b)(8)”.



1 **SEC. 102. STATE MANAGEMENT ASSISTANCE.**

2 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
3 106(a) (33 U.S.C. 1256(a)) is amended—

4 (1) by striking “and” at the end of paragraph  
5 (1);

6 (2) by striking the semicolon at the end of  
7 paragraph (2) and inserting “; and”; and

8 (3) by inserting after paragraph (2) the fol-  
9 lowing:

10 “(3) such sums as may be necessary for each  
11 of fiscal years 1991 through 2017, and  
12 \$300,000,000 for each of fiscal years 2018 through  
13 2022;”.

14 (b) TECHNICAL AMENDMENT.—Section 106(e) (33  
15 U.S.C. 1256(e)) is amended by striking “Beginning in fis-  
16 cal year 1974 the” and inserting “The”.

17 **SEC. 103. WATERSHED PILOT PROJECTS.**

18 Section 122(c) is amended to read as follows:

19 “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
20 is authorized to be appropriated to carry out this section  
21 \$120,000,000 for each of fiscal years 2018 through  
22 2022.”.

23 **SEC. 104. NONPOINT SOURCE MANAGEMENT PROGRAMS.**

24 Section 319(j) (33 U.S.C. 1329(j)) is amended by  
25 striking “\$70,000,000” and all that follows through “fis-

cal year 1991” and inserting “\$200,000,000 for each of  
fiscal years 2018 through 2022”.

## **Subtitle B—State Water Pollution Control Revolving Funds**

### **SEC. 121. CAPITALIZATION GRANT AGREEMENTS.**

Section 602(b) (33 U.S.C. 1382(b)) is amended—

(1) in paragraph (13)(B)(iii), by striking “;  
and” and inserting a semicolon;

(2) in paragraph (14), by striking the period at  
the end and inserting “; and”; and

(3) by adding at the end the following:

“(15) the State will use at least 15 percent of  
the amount of each capitalization grant received by  
the State under this title after September 30, 2017,  
to provide assistance to municipalities of fewer than  
10,000 individuals that meet the affordability cri-  
teria established by the State under section  
603(i)(2) for projects or activities included on the  
State’s priority list under section 603(g), to the ex-  
tent that there are sufficient applications for such  
assistance.”.

### **SEC. 122. WATER POLLUTION CONTROL REVOLVING LOAN FUNDS.**

Section 603(d) (33 U.S.C. 1383(d)) is amended—

1           (1) by striking “and” at the end of paragraph  
2           (6);

3           (2) by striking the period at the end of para-  
4           graph (7) and inserting a semicolon; and

5           (3) by adding at the end the following:

6           “(8) to provide grants to owners and operators  
7           of treatment works that serve a population of  
8           10,000 or fewer for obtaining technical and planning  
9           assistance and assistance in financial management,  
10          user fee analysis, budgeting, capital improvement  
11          planning, facility operation and maintenance, equip-  
12          ment replacement, and other activities to improve  
13          wastewater treatment plant management and oper-  
14          ations, except that the total amount provided by the  
15          State in grants under this paragraph for a fiscal  
16          year may not exceed one percent of the total amount  
17          of assistance provided by the State from the fund in  
18          the preceding fiscal year, or 2 percent of the total  
19          amount received by the State in capitalization grants  
20          under this title in the preceding fiscal year, which-  
21          ever amount is greatest; and

22          “(9) to provide grants to owners and operators  
23          of treatment works for conducting an assessment of  
24          the energy and water consumption of the treatment  
25          works, and evaluating potential opportunities for en-

1       ergy and water conservation through facility oper-  
 2       ation and maintenance, equipment replacement, and  
 3       projects or activities that promote the efficient use  
 4       of energy and water by the treatment works, except  
 5       that the total amount provided by the State in  
 6       grants under this paragraph for a fiscal year may  
 7       not exceed one percent of the total amount of assist-  
 8       ance provided by the State from the fund in the pre-  
 9       ceding fiscal year, or 2 percent of the total amount  
 10      received by the State in capitalization grants under  
 11      this title in the preceding fiscal year, whichever  
 12      amount is greatest.”.

13 **SEC. 123. STATE PLANNING ASSISTANCE.**

14       Section 604(b) (33 U.S.C. 1384(b)) is amended by  
 15      striking “1 percent” and inserting “2 percent”.

16 **SEC. 124. INTENDED USE PLAN.**

17       (a) INTEGRATED PRIORITY LIST.—Section 603(g)  
 18      (33 U.S.C. 1383(g)) is amended to read as follows:

19       “(g) PRIORITY LIST.—

20               “(1) IN GENERAL.—For fiscal year 2019 and  
 21      each fiscal year thereafter, a State shall establish or  
 22      update a list of projects and activities for which as-  
 23      sistance is sought from the State’s water pollution  
 24      control revolving fund. Such projects and activities  
 25      shall be listed in priority order based on the method-

1 ology established under paragraph (2). The State  
2 may provide financial assistance from the State's  
3 water pollution control revolving fund only with re-  
4 spect to a project or activity included on such list.  
5 In the case of projects and activities eligible for as-  
6 sistance under subsection (c)(2), the State may in-  
7 clude on such list a category or subcategory of  
8 nonpoint sources of pollution to be addressed.

9 “(2) METHODOLOGY.—

10 “(A) IN GENERAL.—Not later than 1 year  
11 after the date of enactment of this paragraph,  
12 and after providing notice and opportunity for  
13 public comment, each State shall establish a  
14 methodology for developing a priority list under  
15 paragraph (1).

16 “(B) PRIORITY FOR PROJECTS AND AC-  
17 TIVITIES THAT ACHIEVE GREATEST WATER  
18 QUALITY IMPROVEMENT.—In developing the  
19 methodology, the State shall seek to achieve the  
20 greatest degree of water quality improvement,  
21 taking into consideration—

22 “(i) the requirements of section  
23 602(b)(5);

1 “(ii) whether such water quality im-  
2 provements would be realized without as-  
3 sistance under this title; and

4 “(iii) whether the proposed projects  
5 and activities would address water quality  
6 impairments associated with existing treat-  
7 ment works.

8 “(C) CONSIDERATIONS IN SELECTING  
9 PROJECTS AND ACTIVITIES.—In determining  
10 which projects and activities will achieve the  
11 greatest degree of water quality improvement,  
12 the State shall consider—

13 “(i) information developed by the  
14 State under sections 303(d) and 305(b);

15 “(ii) the State’s continuing planning  
16 process developed under sections 205(j)  
17 and 303(e);

18 “(iii) whether such project or activity  
19 may have a beneficial impact related to the  
20 purposes identified under section 302(a);

21 “(iv) the State’s management pro-  
22 gram developed under section 319; and

23 “(v) conservation and management  
24 plans developed under section 320 with re-

1           spect to an estuary lying in whole or in  
2           part within the State.

3           “(D) NONPOINT SOURCES.—For categories  
4           or subcategories of nonpoint sources of pollu-  
5           tion that a State may include on its priority list  
6           under paragraph (1), the State shall consider  
7           the cumulative water quality improvements as-  
8           sociated with projects or activities carried out  
9           pursuant to the listing of such categories or  
10          subcategories.

11          “(E) EXISTING METHODOLOGIES.—If a  
12          State has previously developed, after providing  
13          notice and an opportunity for public comment,  
14          a methodology that meets the requirements of  
15          this paragraph, the State may use the method-  
16          ology for the purposes of this subsection.”.

17          (b) INTENDED USE PLAN.—Section 606(c) (33  
18 U.S.C. 1386(c)) is amended—

19           (1) in the matter preceding paragraph (1) by  
20           inserting “and publish” after “each State shall an-  
21           nually prepare”;

22           (2) by striking paragraph (1) and inserting the  
23           following:

24           “(1) the State’s priority list developed under  
25           section 603(g);”;

1           (3) in paragraph (4), by striking “and” at the  
2       end;

3           (4) by striking the period at the end of para-  
4       graph (5) and inserting “; and”; and

5           (5) by adding at the end the following:

6           “(6) if the State does not fund projects and ac-  
7       tivities in the order of the priority established under  
8       section 603(g), an explanation of why such a change  
9       in order is appropriate.”.

10       (c) **TRANSITIONAL PROVISION.**—Before completion  
11 of a priority list based on a methodology established under  
12 section 603(g) of the Federal Water Pollution Control Act  
13 (as amended by this section), a State shall continue to  
14 comply with the requirements of sections 603(g) and  
15 606(c) of such Act, as in effect on the day before the date  
16 of enactment of this Act.

17 **SEC. 125. TECHNICAL ASSISTANCE.**

18       Section 607 is amended to read as follows:

19 **“SEC. 607. TECHNICAL ASSISTANCE.**

20       “(a) **SIMPLIFIED PROCEDURES.**—Not later than 1  
21 year after the date of enactment of this section, the Ad-  
22 ministrator shall assist the States in establishing sim-  
23 plified procedures for treatment works to obtain assistance  
24 under this title.



1 “(b) PUBLICATION OF MANUAL.—Not later than 2  
 2 years after the date of the enactment of this section, and  
 3 after providing notice and opportunity for public comment,  
 4 the Administrator shall publish a manual to assist treat-  
 5 ment works in obtaining assistance under this title and  
 6 publish in the Federal Register notice of the availability  
 7 of the manual.”.

8 **SEC. 126. AUTHORIZATION OF APPROPRIATIONS.**

9 Title VI (33 U.S.C. 1381 et seq.) is amended by add-  
 10 ing at the end the following:

11 **“SEC. 609. AUTHORIZATION OF APPROPRIATIONS.**

12 “There is authorized to be appropriated to carry out  
 13 the purposes of this title \$4,000,000,000 for each of fiscal  
 14 years fiscal year 2018 through 2022.”.

15 **TITLE II—ALTERNATIVE WATER**  
 16 **SOURCE AND SEWER OVER-**  
 17 **FLOW AND STORMWATER**  
 18 **GRANTS**

19 **SEC. 201. PILOT PROGRAM FOR ALTERNATIVE WATER**  
 20 **SOURCE PROJECTS.**

21 (a) SELECTION OF PROJECTS.—Section 220(d) (33  
 22 U.S.C. 1300(d)) is amended by striking paragraph (2) and  
 23 redesignating paragraph (3) as paragraph (2).

24 (b) COMMITTEE RESOLUTION PROCEDURE.—Section  
 25 220 (33 U.S.C. 1300(e)) is amended by striking sub-

1 section (e) and redesignating subsections (f) through (j)  
 2 as subsections (e) through (i), respectively.

3 (c) DEFINITIONS.—Section 220(h)(1) (as redesignig-  
 4 nated by subsection (c) of this section) is amended by  
 5 striking “or wastewater or by treating wastewater” and  
 6 inserting “, wastewater, or stormwater or by treating  
 7 wastewater or stormwater”.

8 (d) AUTHORIZATION OF APPROPRIATIONS.—Section  
 9 220(i) (as redesignated by subsection (c) of this section)  
 10 is amended by striking “\$75,000,000 for fiscal years 2002  
 11 through 2004” and inserting “\$75,000,000 for each of fis-  
 12 cal years 2018 through 2022”.

13 **SEC. 202. SEWER OVERFLOW CONTROL GRANTS.**

14 Section 221 (33 U.S.C. 1301) is amended—

15 (1) by amending the section heading to read as  
 16 follows: “**SEWER OVERFLOW AND STORMWATER**  
 17 **REUSE MUNICIPAL GRANTS**”;

18 (2) by amending subsection (a) to read as fol-  
 19 lows:

20 “(a) IN GENERAL.—

21 “(1) GRANTS TO STATES.—The Administrator  
 22 may make grants to States for the purpose of pro-  
 23 viding grants to a municipality or municipal entity  
 24 for planning, design, and construction of treatment  
 25 works to intercept, transport, control, treat, or reuse

1       municipal combined sewer overflows, sanitary sewer  
2       overflows, or stormwater.

3               “(2) DIRECT MUNICIPAL GRANTS.—Subject to  
4       subsection (g), the Administrator may make a direct  
5       grant to a municipality or municipal entity for the  
6       purposes described in paragraph (1).”;

7               (3) by amending subsection (e) to read as fol-  
8       lows:

9               “(e) ADMINISTRATIVE REQUIREMENTS.—A project  
10      that receives assistance under this section shall be carried  
11      out subject to the same requirements as a project that  
12      receives assistance from a State water pollution control  
13      revolving fund under title VI, except to the extent that  
14      the Governor of the State in which the project is located  
15      determines that a requirement of title VI is inconsistent  
16      with the purposes of this section. For the purposes of this  
17      subsection, a Governor may not determine that the re-  
18      quirements of title VI relating to the application of section  
19      513 are inconsistent with the purposes of this section.”;

20              (4) by amending subsection (f) to read as fol-  
21      lows:

22              “(f) AUTHORIZATION OF APPROPRIATIONS.—

23              “(1) IN GENERAL.—There is authorized to be  
24      appropriated to carry out this section \$500,000,000  
25      for each of fiscal years 2018 through 2022.

1           “(2) MINIMUM ALLOCATIONS.—To the extent  
 2           there are sufficient eligible project applications, the  
 3           Administrator shall ensure that a State uses not less  
 4           than 20 percent of the amount of the grants made  
 5           to the State under subsection (a) in a fiscal year to  
 6           carry out projects to intercept, transport, control,  
 7           treat, or reuse municipal combined sewer overflows,  
 8           sanitary sewer overflows, or stormwater through the  
 9           use of green infrastructure, water and energy effi-  
 10          ciency improvements, and other environmentally in-  
 11          novative activities.”; and

12           (5) by amending subsection (g) to read as fol-  
 13          lows:

14          “(g) ALLOCATION OF FUNDS.—

15           “(1) FISCAL YEAR 2018.—Subject to subsection  
 16           (h), the Administrator shall use the amounts appro-  
 17           priated to carry out this section for fiscal year 2018  
 18           for making grants to municipalities and municipal  
 19           entities under subsection (a)(2) in accordance with  
 20           the criteria set forth in subsection (b).

21           “(2) FISCAL YEAR 2019 AND THEREAFTER.—  
 22           Subject to subsection (h), the Administrator shall  
 23           use the amounts appropriated to carry out this sec-  
 24           tion for fiscal year 2019 and each fiscal year there-  
 25           after for making grants to States under subsection

1 (a)(1) in accordance with a formula to be established  
2 by the Administrator, after providing notice and an  
3 opportunity for public comment, that allocates to  
4 each State a proportional share of such amounts  
5 based on the total needs of the State for municipal  
6 combined sewer overflow controls, sanitary sewer  
7 overflow controls, and stormwater identified in the  
8 most recent survey conducted pursuant to section  
9 516 and any other information the Administrator  
10 considers appropriate.”.

○

**ACTION ITEM**

June 21, 2017

**TO:** Board of Directors**FROM:** **Public Affairs & Legislation Committee**  
(Directors Tamaribuchi, Dick and Yoo Schneider)Robert Hunter  
General Manager

Staff Contact: Heather Baez

**SUBJECT: SB 623 (Monning) – Funding for Safe Drinking Water****STAFF RECOMMENDATION**

Staff recommends the Board of Directors vote to adopt a watch position, but move to an oppose position if public goods charge, water tax or rate payer assessment language is added to SB 623 (Monning).

**COMMITTEE RECOMMENDATION**

Committee will review this item on June 19, 2017 and make a recommendation to the Board.

**SUMMARY**

SB 623 would require the State Water Board to administer the Fund, created by this measure, and authorize the State Water Board to provide for the deposit of federal contributions and voluntary contributions, gifts, grants, or bequests. The bill would authorize the State Water Board to enter into agreements for contributions to the fund from the federal government, local or state agencies, and private corporations or nonprofit organizations.

The bill would require the State Water Board to expend moneys in the Fund for grants, loans, contracts, or services to assist those without access to safe and affordable drinking water consistent with a fund implementation plan adopted annually by the State Water Board. The bill would require the State Water Board to annually prepare and make available a report of expenditures of the Fund and to adopt annually, after a public hearing, an assessment of funding needed to ensure all Californians have access to safe drinking

<b>Budgeted (Y/N):</b> n/a	Budgeted amount: n/a	Core x	Choice __
<b>Action Item Amount:</b> none		Line Item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			

water. Moneys in the fund at the close of the fiscal year would remain in the fund and not revert to the General Fund.

The bill would specify that the funding could be used for the following types of assistance:

- 1) Interim provision of replacement water;
- 2) Planning costs for the development of long-term solutions;
- 3) Capital costs of implementing long-term solutions;
- 4) Operation and maintenance costs for interim and long-term solutions;
- 5) Outreach and technical assistance.

## **BACKGROUND**

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Since Governor Brown came into office in 2011, safe drinking water for all communities has been a priority for the Brown Administration. Since 2011, there has been significant focus on nitrate contamination in disadvantaged communities (DACs) in some unincorporated areas of the Tulare Lake Basin and the Salinas Valley. (Part of the Salinas Valley is in Senator Monning's district.) The focus has broadened to include other contaminants in drinking water in some DACs, such as naturally-occurring arsenic and chromium VI. The Brown Administration's California Water Action Plan states that "The administration will work with the Legislature to establish a stable, long-term funding source for provision of safe drinking water and secure wastewater systems for disadvantaged communities."

Proposition 1 included \$520 million for drinking water and wastewater projects, with priority for projects in DACs. Generally, bond funds may be used for capital investments – not for costs associated with long-term operations and maintenance (O&M).

The Brown Administration, State Water Board, and environmental justice community are now focused on creating a funding stream(s) to cover the costs listed above, and in particular the O&M costs for drinking water treatment in DACs that do not have safe drinking water. The environmental justice organizations that are behind SB 623 are interested in having multiple sources of funding. For example, they are interested in a tax on fertilizer materials or a regulatory fee on fertilizer materials to provide funding for where the problem is nitrate contamination. They are also interested in a tax on water (a public goods charge) as another potential funding stream for O&M costs.

## **ARGUMENTS IN SUPPORT**

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According to the author, "recent SWRCB data identified 292 California public water systems serving communities and schools that are currently out of compliance with drinking water standards, some of which have been unable to provide safe drinking water for years or even over a decade. These systems serve 692,807 people, or almost 1.8% of the California population. Small water systems are often unable to meet drinking water standards because they are unable to afford the cost of drinking water treatment, as there is no existing source of funding to support critical needs like ongoing operations and maintenance (O&M).

"This data does not include the nearly 2 million Californians not served by a public water system. These state small systems and domestic wells have few regulatory requirements and are not eligible for most assistance programs, leaving them particularly vulnerable to unsafe drinking water. In addition to water safety challenges, increasing numbers of low-

income California households struggle to pay their water bills, often due to the high cost of drinking water.”

“Drinking water safety and affordability issues affect California communities across the state, with low-income communities and communities of color feeling the greatest impact. SB 623 will take necessary steps to ensure that Californians will have access to safe and affordable drinking water, free from contaminants, that they should be able to trust is what they receive.”

## **ARGUMENTS IN OPPOSITION**

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The bill in its current form is reasonable, but not without problems. SB 623 sets up a fund without a funding source. That in itself is cause for concern. However, the lack of safe drinking water in certain DACs in California is not only a public health issue, but a social issue and needs to be addressed. The bill in its current form has sailed through the Senate, but in recent weeks, the bill’s author has indicated this measure is likely to be amended to add in an ongoing funding source to address these issues. While Senator Monning has indicated that all funding options are on the table for discussion, one that was specifically mentioned was a “ratepayer assessment” (i.e. a tax or fee) on water as one of two funding sources for the measure. The other funding source would be ag-related such as a fertilizer tax.

ACWA, in a letter to the bill’s author, outlined a number of issues with the measure such as: the inclusion of private wells and small state water systems as eligible funding categories; the inclusion of capital costs of implementing long-term solutions as an eligible category for funding even though other funding sources have proven effective for funding capital needs; funding is not limited to DACs; and the bill would authorize the SWRCB to take incidental action as may be appropriate for adequate administration and operation of the fund. ACWA is seeking amendments to address these concerns, in addition to their opposition of the inclusion of a public goods charge. Their letter is attached for your review.

AB 685 from 2012 established the “Human Right to Water.” AB 685 aims to ensure universal access to safe water by declaring that “every human being has the right to safe, clean, affordable, and accessible water.” This is a statewide policy and therefore should be funded with General Fund monies, not a monthly tax on individual ratepayers. If SB 623 is amended with a “ratepayer assessment” MWDOC should move to immediately oppose. However, if the funding source is from the General Fund, a watch position would be more appropriate.

## **MWDOC’S POLICY PRINCIPLES**

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MWDOC’s adopted policy principles directly reflect a position regarding a public goods charge or a tax on water. *It is MWDOC’s policy to oppose legislation or regulation that: Imposes a “public goods charge” or “water tax” on public water agencies or their ratepayers.*



## COMMENTS

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Support on file:

Alliance of Child and Family Services  
 American Heart Association  
 American Rivers  
 American Stroke Association  
 Asian Pacific Environmental Network  
 Asociación de Gente Unida por el Agua  
 Association of People United for Water  
 Audubon California  
 Better Watts Initiative  
 California Alliance  
 California Environmental Justice Alliance  
 California Food Policy Advocates  
 California Housing Partnership Corporation  
 California League of Conservation Voters  
 California Rice Commission  
 California Rural Legal Assistance Foundation  
 Carbon Cycle Institute  
 Central California Asthma Collaborative  
 Central California Environmental Justice Association  
 Centro La Familia Advocacy Services  
 Clean Water Action  
 Comité Civico del Valle  
 Community Alliance for Agroecology  
 Community Water Center  
 Council for a Strong America  
 Cultiva la Salud  
 Defenders of Wildlife  
 El Quinto Sol de America  
 Environmental Defense Fund  
 Environmental Justice Coalition for Water  
 Faith in the Valley  
 Fresno Barrios Unidos  
 Friends Committee on Legislation of CA  
 Heal the Bay  
 Latino Coalition for a Healthy America  
 Leadership Counsel  
 Lutheran Office of Public Policy  
 Mi Familia Vota  
 Mission Readiness: Council for a Strong America  
 Natural Resources Defense Council  
 Pesticide Action Network  
 Physicians for Social Responsibility Los Angeles  
 Policy Link  
 Public Health Advocates  
 Public Interest Law Project  
 Pueblo Unido

Rural Community Assistance Corporation  
Self Help Enterprises  
Sierra Club California  
Sunflower Alliance  
Watts Labor Community Action Committee  
Western Center on Law & Poverty  
Western Growers  
Wholly H2O

Opposition on File:  
Association of California Water Agencies

This measure was unanimously approved on 5/30/17 by the Senate by a vote of 39-0, with Senator Hertzberg abstaining.

### **DETAILED REPORT**

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The full text of SB 623 and ACWA's opposition letter are attached for your information.

May 30, 2017

The Honorable William W. Monning  
Senate Majority Floor Leader  
California State Senate  
State Capitol, Room 313  
Sacramento, CA 95814

**Re: SB 623 (Monning): Funding for Safe Drinking Water**  
**Position: OPPOSE UNLESS AMENDED**

Dear Senator Monning:

On behalf of the Association of California Water Agencies (ACWA), I am writing to express ACWA's "Oppose Unless Amended" position on SB 623 (Monning). ACWA represents about 430 public water systems across the state. Together, they provide approximately 90 percent of the water that is delivered in California for the public, agriculture and the business community. ACWA agrees with the intent of the bill which is to help fund solutions for disadvantaged communities (DACs) that do not have safe drinking water. The lack of safe drinking water in certain DACs in California is a public health issue and a social issue that needs to be addressed. SB 623 would provide needed funding for replacement water and for the funding of operation and maintenance (O&M) costs. However, as currently drafted, **SB 623 has fundamental flaws:**

**1) SB 623 would include private wells and "state small water systems"<sup>1</sup> as eligible funding categories even though data is lacking to support a credible needs assessment.**

As noted by the State Water Resources Control Board (SWRCB), the state does not require owners of private wells to sample their wells, and "consequently a comprehensive database for these groundwater sources does not exist."<sup>2</sup> The SWRCB also notes that state small systems "are typically regulated at the local or county level; therefore, a comprehensive database for these groundwater sources does not exist."<sup>3</sup> Where data does exist, it may not include an overlay of household income data. Some

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<sup>1</sup> Subdivision (n) of California Health and Safety Code Section 116275 defines a "state small water system" as a system for the provision of piped water to the public for human consumption that serves at least five, but no more than 14, service connections and does not regularly serve drinking water to more than an average of 25 individuals daily for more than 60 days out of the year.

<sup>2</sup> *Communities that Rely on a Contaminated Groundwater Source for Drinking Water*, SWRCB, January 2013, at Page 5.

<sup>3</sup> *Id.*, at page 31.

well-intended organizations are attempting to create very rough statewide estimates using limited data for some counties and then making extrapolations. This is not a credible approach to estimating the needs for these categories. **ACWA suggests that these categories be deleted from the eligible categories in the bill, and the bill instead require the SWRCB, in consultation with the counties and relevant stakeholders, to develop a report to the Legislature with recommendations for how the drinking water data could be collected and evaluated for private wells and state smalls systems in rural, unincorporated areas.**

**2) The bill would include capital costs of implementing long-term solutions as a category eligible for funding even though other funding sources have proven effective for funding capital needs.** General Obligation (G.O.) bond funding is an effective way to fund capital for safe drinking water projects. In 2014, ACWA supported and the voters approved Proposition 1 with \$260 million for safe drinking water projects and \$260 million for wastewater projects with focus on projects in disadvantaged communities. SB 5 by Senate President pro Tempore Kevin de León proposes another \$250 million for safe drinking water projects with focus on projects in disadvantaged communities. The federally-funded Safe Drinking Water State Revolving Fund (SRF) also provides funding for capital. (The President's proposed budget would increase current SRF funding.) ACWA suggests that the proposed eligibility for capital costs be deleted. Then the bill would focus on replacement water and the category which has been the most challenging – O&M funding. (Bonds generally cannot fund O&M, and the SRF cannot fund O&M.)

**3) The bill would not limit the funding to disadvantaged communities.** The current version would have the SWRCB make the funding available to those without access to safe and affordable drinking water. To be clear about eligibility, ACWA suggests that the funding be limited to disadvantaged communities in rural, unincorporated areas that do not have safe drinking water.

**4) The bill would authorize the SWRCB to take incidental action as may be appropriate for adequate administration and operation of the fund** (at Page 3, Line 17). Instead of simply including this rather vague provision, the bill should be specific as to what this proposed provision is intended to cover.

I very much appreciate the May 26, 2017 meeting to discuss the need for the bill and your intentions for the bill. ACWA understands that future amendments will add funding sources. As I noted in the meeting, ACWA opposes a public goods charge/tax on water. ACWA will be glad to work with you on the amendments suggested above and on the development of amendments for a mutually-agreeable funding source(s).

In the meantime, however, and for the reasons stated above, ACWA has an "Oppose-Unless-Amended" position on the bill in its current form. I am available to answer questions at (916) 441-4545 or at [cindy@acwa.com](mailto:cindy@acwa.com).

Sincerely,

*Cindy Tuck*

Cindy Tuck  
Deputy Executive Director for Government Relations

cc: Ms. Kathy Smith, Senior Legislative Consultant, Office of Senator Monning  
Mr. Rob Egel, Legislative Director, SWRCB

AMENDED IN SENATE APRIL 26, 2017

AMENDED IN SENATE MARCH 30, 2017

**SENATE BILL**

**No. 623**

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**Introduced by Senator Monning**  
**(Principal coauthor: Senator De León)**  
*(Coauthor: Senator Stone)*

February 17, 2017

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An act to add Chapter 4.6 (commencing with Section 116765) to Part 12 of Division 104 of the Health and Safety Code, relating to drinking water, and making an appropriation therefor: *water*.

LEGISLATIVE COUNSEL'S DIGEST

SB 623, as amended, Monning. Safe and Affordable Drinking Water Fund.

Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law establishes the Office of Sustainable Water Solutions within the State Water Resources Control Board with the purpose of promoting permanent and sustainable drinking water and wastewater treatment solutions to ensure the effective and efficient provision of safe, clean, affordable, and reliable drinking water and wastewater treatment services.

This bill would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are ~~continuously appropriated to the office~~: *available, upon appropriation, to the board*. The bill would require the board to administer the fund and authorize the board to provide for the deposit of federal contributions and voluntary contributions, gifts, grants, or

bequests. The bill would require the board to expend moneys in the fund for grants, loans, contracts, or services to assist those without access to safe and affordable drinking water consistent with a fund implementation plan adopted annually by the board, as prescribed. The bill would require the board annually to prepare and make available a report of expenditures of the fund and to adopt annually, after a public hearing, an assessment of funding needed to ensure all Californians have access to safe drinking water. ~~By creating a new continuously appropriated fund, this bill would make an appropriation.~~

Vote: majority. Appropriation: ~~yes~~*no*. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 4.6 (commencing with Section 116765)  
2 is added to Part 12 of Division 104 of the Health and Safety Code,  
3 to read:

4  
5 CHAPTER 4.6. SAFE AND AFFORDABLE DRINKING WATER

6  
7 116765. For the purposes of this chapter:

8 (a) "Board" means the State Water Resources Control Board.  
9 (b) "Community water system" has the same meaning as defined  
10 in Section 116275.

11 (c) "Fund" means the Safe and Affordable Drinking Water Fund  
12 established pursuant to Section 116766.

13 (d) "Nontransient noncommunity water system" has the same  
14 meaning as defined in Section 116275.

15 (e) "Public water system" has the same meaning as defined in  
16 Section 116275.

17 116766. The Safe and Affordable Drinking Water Fund is  
18 hereby established in the State Treasury. ~~Notwithstanding Section~~  
19 ~~13340 of the Government Code, all moneys in the fund are~~  
20 ~~continuously appropriated to the Office of Sustainable Water~~  
21 ~~Solutions within the board without regard to fiscal years, in~~  
22 ~~accordance with this chapter. Moneys in the fund at the close of~~  
23 ~~the fiscal year shall remain in the fund and shall not revert to the~~  
24 ~~General Fund. Moneys in the fund are available, upon~~  
25 ~~appropriation by the Legislature, to the board for the purposes of~~  
26 *this chapter.*

1 116767. (a) The board shall administer the fund for auditing  
2 purposes and for the purposes of this chapter.

3 (b) The board may expend up to 5 percent of the annual  
4 expenditures from the fund for reasonable costs associated with  
5 administration of the fund.

6 (c) The board may undertake any of the following actions to  
7 implement the fund:

8 (1) Provide for the deposit of any of the following available and  
9 necessary moneys into the fund:

10 (A) Federal contributions.

11 (B) Voluntary contributions, gifts, grants, or bequests.

12 (2) Enter into agreements for contributions to the fund from the  
13 federal government, local or state agencies, and private  
14 corporations or nonprofit organizations.

15 (3) Provide for appropriate audit, accounting, and fiscal  
16 management services, plans, and reports relative to the fund.

17 (4) Take additional incidental action as may be appropriate for  
18 adequate administration and operation of the fund.

19 116768. The board shall expend moneys in the fund for grants,  
20 loans, contracts, or services to assist those without access to safe  
21 and affordable drinking water consistent with the annual fund  
22 implementation plan developed pursuant to Section 116769. To  
23 the extent that funding is available, the assistance shall include the  
24 following:

25 (a) The provision of replacement water on an interim basis  
26 pending implementation of long-term solutions.

27 (b) Planning costs for the development of long-term solutions.

28 (c) Capital costs of implementing long-term solutions.

29 (d) Costs associated with maintaining and operating interim  
30 solutions and long-term solutions.

31 (e) Outreach and technical assistance to those without access  
32 to safe and affordable drinking water.

33 116769. Annually, the board shall do all of the following:

34 (a) Prepare and make available a report of expenditures from  
35 the fund.

36 (b) Adopt, after a public hearing, an assessment of funding  
37 needed to ensure all Californians have access to safe drinking  
38 water. This annual assessment shall include a list of community  
39 water systems and nontransient noncommunity water systems  
40 without access to safe drinking water, as well as identification of



1 small communities and rural populations not served by public  
2 water systems that do not have access to safe drinking water.  
3 (c) Adopt, after a public hearing, a fund implementation plan  
4 with priorities and guidelines for expenditures of the fund. The  
5 board shall work with a multistakeholder advisory group that shall  
6 be open to participation by representatives of entities paying into  
7 the fund, public water systems, technical assistance providers,  
8 local agencies, affected persons, nongovernmental organizations,  
9 and the public, to establish priorities for the plan.

O

**ACTION ITEM**

June 21, 2017

**TO:** Board of Directors**FROM:** **Public Affairs & Legislation Committee**  
(Directors Tamaribuchi, Dick, Yoo Schneider)Robert Hunter  
General Manager

Staff Contact: Laura Loewen

**SUBJECT:** **Independent Special Districts of Orange County (ISDOC) Proposed Bylaw Amendments****STAFF RECOMMENDATION**

Staff recommends the Board of Directors consider voting to approve the proposed amendments to the ISDOC bylaws.

**COMMITTEE RECOMMENDATION**

Committee will review this item on June 19, 2017 and make a recommendation to the Board.

**SUMMARY**

ISDOC is conducting a vote of regular special district members on proposed changes to the bylaws. These proposed bylaw amendments were drafted by Joseph Byrne and Glen Price, BB&K, upon the request of the ISDOC Executive Committee. They were discussed at the February, March, April and May Executive Committee meetings. Upon a motion and a second, the Executive Committee has unanimously approved the revisions and authorized a vote of the membership.

One of the primary purposes to the bylaw amendments is to add language to protect the liability of MWDOC and the ISDOC members. Because MWDOC is named as the holder of ISDOC records, MWDOC is requesting that it be stated in the bylaws that MWDOC is not liable if something happens to the records. Also, ISDOC is currently in the process of applying for a "nonprofit incorporated association" status with California, therefore, the proposed added language is pursuant to State requirements when filing for this status.

Budgeted (Y/N): No	Budgeted amount:	Core __	Choice __
Action item amount: \$0	Line item: TBA		
Fiscal Impact (explain if unbudgeted):			

Also, ISDOC President has requested that the ISDOC secretary not send correspondence without the President's consent so that he has the opportunity to review and approve it.

Each regular member in good standing is entitled to one vote. The ballot must be signed by the presiding officer of the special district or an alternate designated by official action of the district. Ballots must be received by 5:00 p.m. on Tuesday, June 27, 2017; the results will be announced on Thursday, June 29, 2017 at the ISDOC Quarterly Luncheon.

The proposed amendments are as follows:

Addition to Section II of Article 1

This Organization will not engage in activities for the pecuniary gain or profit of the members.

Addition of Section IV to Article I

This new section specifies that the Independent Special Districts of Orange County is an unincorporated association.

Addition of Section V to Article I

This new section specifies that association members may assume responsibilities for certain association duties, but that they will not be compensated or assume any obligations.

Addition of Section VI to Article II

This new section specifies that ISDOC's limitation is to only engage in activities and exercise its authority for the furtherance of the organization's purpose.

Addition of Section VI to Article III

This new section specifies that member agencies will not be liable for the obligations, debts or liabilities of the association unless they have expressly assumed such liability in writing. Further, no member will have the authority to enter into any obligation, debt or liability on behalf of the association unless first approved in by the Board of Directors.

Addition to Section III of Article III

Secretary: All official correspondence to the members will be approved in advance by the President or the President's designee.



DATE: May 16, 2017

TO: ISDOC Members

FROM: James R. Fisler, President, ISDOC Executive Committee

SUBJECT: Proposed Amendments to ISDOC Bylaws

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ISDOC is conducting a vote of regular special district members on proposed changes to the bylaws. The primary purpose to the bylaw amendments is to add language pursuant to State requirements and to protect the liability of ISDOC members. They were discussed at the February, March, April and May Executive Committee meetings. Upon a motion and a second, the Executive Committee has unanimously approved the revisions and authorized a vote of the membership.

A ballot has been included with this memo, as well as a copy of the proposed amended bylaws. Each regular member in good standing is entitled to one vote. **The ballot must be signed by the presiding officer of the special district or an alternate designated by official action of the district. Ballots must be received by 5:00 p.m. on Tuesday, June 27, 2017; the results will be announced on Thursday, June 29, 2017 at the ISDOC Quarterly Luncheon.**

The proposed amendments are as follows:

1. Addition to Section II of Article 1  
This Organization will not engage in activities for the pecuniary gain or profit of the members.
2. Addition of Section IV to Article I  
This new section specifies that the Independent Special Districts of Orange County is an unincorporated association.
3. Addition of Section V to Article I  
This new section specifies that association members may assume responsibilities for certain association duties, but that they will not be compensated or assume any obligations.

4. Addition of Section VI to Article II

This new section specifies that ISDOC's limitation is to only engage in activities and exercise its authority for the furtherance of the organization's purpose.

5. Addition of Section VI to Article III

This new section specifies that member agencies will not be liable for the obligations, debts or liabilities of the association unless they have expressly assumed such liability in writing. Further, no member will have the authority to enter into any obligation, debt or liability on behalf of the association unless first approved in by the Board of Directors.

6. Addition to Section III of Article III

Secretary: All official correspondence to the members will be approved in advance by the President or the President's designee.

Thank you in advance for your consideration of this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. R. Fisler". The signature is stylized with a large, looping initial "J" and a cursive "Fisler".

James R. Fisler, President  
ISDOC Executive Committee

# INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY

## Amended and Restated Bylaws

### The Question

Does your special district, as member in good standing, approve or disapprove of the amended and restated bylaws recommended by the Executive Committee on May 2, 2017.

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### CAST YOUR VOTE

Please cast your vote by checking the box, or printing the name, of the nominee for who you wish to vote.

\_\_\_\_\_ **Yes, we approve the amended and restate ISDOC bylaws, as recommended by the Executive Committee**

\_\_\_\_\_ **No, we do not approve the proposed amended and restated bylaws**

-----

\_\_\_\_\_  
DISTRICT NAME

\_\_\_\_\_  
NAME AND TITLE OF VOTONG DELEGATE\*

\_\_\_\_\_  
SIGNATURE OF VOTING REPRESENTATIVE

\* If not the presiding officer, please provide written authorization documenting your ability to vote on behalf of your district.

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**Please send you completed and executed ballot to Laura Loewen at either:**

- **lloewen@mwdoc.com**
- **MWDOC, P.O. Box 20895, Fountain Valley, CA 92728**

**All ballots must be received no later than by 5 p.m., Tuesday, June 27, 2017.**

# INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY

## AMENDED AND RESTATED BYLAWS

Proposed ~~June~~May 2, ~~2015~~2017

# INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY

## BYLAWS

### ARTICLE I      GENERAL

#### SECTION I.      NAME

The name of the organization shall be **INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY**, herein referred to as **the Organization**.

#### SECTION II.      PURPOSE

The purpose of the Organization is to advance the interests of Orange County special districts through its advocacy of sound public policy, its facilitation of educational opportunities to enhance special district governance and the services provided, and its collaboration with others to elevate awareness of the role special districts play as the form of government closest and most directly accountable to the people. The purpose of the Organization shall not include any duties or responsibilities held by the Orange County Special Districts Selection Committee, which is a separate and unrelated entity from the Organization. Furthermore, these Bylaws shall have no effect on, and are independent and distinct from, the Bylaws of the Orange County Special District Selection Committee. [This Organization will not engage in activities for the pecuniary gain or profit of the members.](#)

#### SECTION III.      ADMINISTRATIVE OFFICE

The administrative office for the transaction of the business of the Organization is located at the Municipal Water District of Orange County. All official documents (agendas, minutes, voted ballots, voting authorization and financial records) of the Organization shall be maintained and stored at the administrative office. The Board of Directors is granted full power and authority to change the administrative office from one location to any place within the County of Orange, State of California, and such change shall not be considered an amendment of these bylaws.



## SECTION IV. UNINCORPORATED ASSOCIATION

The Organization is an unincorporated association within the meaning of Part 1 of Title 3 of the California Corporations Code and shall have all of the powers and authority of an unincorporated association as set forth therein.

## SECTION V. ADMINISTRATIVE SERVICES

One or more members may agree to provide administrative services on behalf of Organization, but except as expressly set forth in writing, such member or members will not be entitled to compensation for such services, nor will such member or members be deemed to have assumed any obligation of the Organization.

## SECTION VI. LIMITATION

Notwithstanding any of powers enumerated herein or in the California Corporations Code, this Organization shall not, except to an insubstantial degree engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this organization as set forth in Section II.

## **ARTICLE II      MEMBERSHIP**

### **SECTION I.      QUALIFICATION FOR MEMBERSHIP**

A. There shall be two categories of membership in the Organization:

1. REGULAR MEMBERS: Shall be INDEPENDENT SPECIAL DISTRICTS that are public agencies within the County of Orange, State of California, for the local performance of governmental proprietary functions within limited boundaries, governed by a publicly elected Board of Directors or those officials appointed, in whole or in part, by another governmental body. Independent

Special Districts do not include the State, the county, cities, or school districts.

Independent Special Districts shall be further defined in accordance with California Government Code Section 56044: *“Independent district” or “independent special district” includes any special district having a legislative body all of whose members are elected by registered voters or landowners within the district, or whose members are appointed to fixed terms, and excludes any special district having a legislative body consisting, in whole or in part, of ex officio members who are officers of a county or another local agency or who are appointees of those officers other than those who are appointed to fixed terms. “Independent special district” does not include any district excluded from the definition of district contained in Sections 56036 and 56036.6.*

2. ASSOCIATE MEMBERS: Shall be those persons, organizations, or governmental entities that have evidenced interest in the purposes and goals of the Organization, but are not Independent Special Districts. Officers or members of an Independent Special District are ineligible to be an Associate Member.

B. APPROVAL OF MEMBERSHIP: The Executive Committee shall review and approve all applications for membership, provided that the applicant meets the established membership criteria.

## SECTION II. VOTING RIGHTS

A. Each Regular Member district, in good standing, shall be entitled to one vote on all matters brought before the membership for a vote. The presiding officer of the governing body of each Regular Member district shall be recognized by the Organization as the voting representative for his/her district. Each district shall designate in writing and submit to the Organization's Secretary one alternate governing board member who shall have the right to vote in the absence of the presiding officer.

B. The Executive Committee may, at its discretion, authorize the voting upon any issue by written ballot which shall be sent via U.S. mail

and email to each Regular Member district or by electronic distribution/email. Such authorization shall specify the time, date and method by which the completed written ballots must be received by the Organization.

C. A majority vote of all members present at a meeting or of all written ballots received by the submission deadline shall be necessary to carry any matter voted upon.

D. Associate Members shall not have the right to vote on any matter before the Organization.

### SECTION III. ANNUAL DUES

A. Annual dues shall be due and payable on or before the first day of January of each year. New members shall pay their annual dues at the time they are approved for membership in the Organization. New member dues for the initial year shall not be ~~pro-rated~~pro-rated.

B. The dues of the Organization shall be reviewed and set by the Executive Committee for Regular Members and Associate Members. Associate Member dues need not be the same as dues for Regular Members. A minimum of two months' notice of changes in dues will be provided to the membership.

C. No assessments, other than annual dues, shall be levied on the members of the association without an affirmative majority vote of the membership.

### SECTION IV. TERMINATION OF MEMBERSHIP

A. Any member in arrears in the payment of dues for a period of thirty (30) days after said dues are due and payable shall be notified in writing by the Treasurer of such arrearage, and, if such dues shall continue unpaid for a period of another thirty (30) days, such member shall automatically cease to be a member of the Organization.

B. Any member that voluntarily terminates membership in the Organization shall not be eligible for a refund of membership dues or other assessment already paid to the Organization.

## SECTION V. REINSTATEMENT OF MEMBERSHIP

Regular and Associate memberships that were previously terminated may be reinstated after the Executive Committee receives a written petition for reinstatement and payment of the petitioners annual membership dues and other assessments for the current calendar year have been received by the Organization.

## SECTION VI. LIABILITY OF MEMBERS; NO AUTHORITY

No member will be liable for the obligations, debts or liabilities of the Organization unless such member has expressly assumed such liability in writing. No member will have the authority to enter into any obligation, debt or liability on behalf of the Organization unless approved in by the Board of Directors.

## **ARTICLE III BOARD OF DIRECTORS**

### SECTION I. NUMBER AND TERM OF OFFICE

A. The Board of Directors shall consist of the presiding officer from each Regular Member district, in good standing. If the presiding officer is not present, then that district's alternate representative shall act in his/her stead.

B. The members of the Board of Directors shall serve until replaced by another governing board member as the presiding officer of his/her district. Any vacancy on the Board of Directors shall be filled by the new presiding officer of the District from which the vacancy occurred.

### SECTION II. DUTIES OF THE BOARD OF DIRECTORS

A. The Board of Directors shall set policy for the Organization.

B. The Board of Directors shall elect, at or before its final meeting in even years, a President, a First Vice President, a Second Vice President, a Third Vice President, a Secretary, and a Treasurer, who shall serve for two-year terms.

C. These officers, along with the Immediate Past President, shall be designated as the Executive Committee.

D. The Executive Committee shall be elected following a notice of position availability and solicitation for nominations. At the end of the nominating period, if only one candidate is nominated for a vacant seat, that candidate shall be deemed selected. If two or more candidates are nominated, the Secretary shall prepare and deliver one ballot and voting instructions to each eligible district. The ballot shall include the names of all nominees and the office for which each was nominated. Each presiding officer, or his or her alternate as designated by the governing body, shall return the ballot to the Secretary by the date specified in the voting instructions.

E. With the exception of the immediate past president, if a vacancy occurs on the Executive Committee, the Committee shall, within 60 days from the commencement of the vacancy, either fill the vacancy by appointment or call a special election to fill the vacancy. A person appointed or elected to fill a vacancy shall hold office for the unexpired term of the former incumbent.

F. If the vacancy is in the offices of President or Vice President, the Executive Committee may, prior to an election to fill the vacancy, move current officers into vacant positions, and proceed then to fill the resulting vacant position in accordance with Section E above.

### SECTION III OFFICERS AND DUTIES

A. The Executive Committee shall assist the Board of Directors in setting and implementing policy, and conducting the business of the Organization, as noted in the bylaws or approved at a General Membership Meeting or a Special Meeting of the membership. The members of the Executive Committee shall consist of:

1. **PRESIDENT:** The President shall be the chief executive officer of the Organization. The President shall preside at all meetings of the Board of Directors, the Executive Committee and the general membership.

The President shall appoint all committees.

The President shall represent the Organization as its official spokesperson and he/she shall also have the authority to delegate such responsibility, with approval of the Executive Committee.

The President shall be an ex-officio member of all Committees.

2. FIRST VICE PRESIDENT: The First Vice President, in the absence or disability of the President, shall perform all the duties of the President, and when so acting, he/she shall have the powers of and be subject to all the restrictions upon the President.

The First Vice President shall be the Chair of the Program Committee.

3. SECOND VICE PRESIDENT: The Second Vice President, in the absence or disability of the President and First Vice President, shall perform all the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

The Second Vice President shall be Chair of the Membership Committee.

4. THIRD VICE PRESIDENT: The Third Vice President, in the absence or disability of the President, First Vice President, and Second Vice President, shall perform all the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

The Third Vice President shall be Chair of the Legislative Committee.

5. SECRETARY: The Secretary or his/her designee shall be responsible for all correspondence and the dissemination of information to members. [All official correspondence to the](#)

members will be approved in advance by the President or the President's designee.

6. TREASURER: The Treasurer shall maintain the complete financial records and, establish and maintain bank accounts in the name of the Organization, and pay all bills duly approved by the Executive Committee in accordance with the yearly budget.

There shall be an annual audit of the books of the Treasurer by a competent accountant or accounting agency, designated by the Executive Committee, with a report to be presented to the membership at the Organization's next membership meeting.

7. IMMEDIATE PAST PRESIDENT: The Immediate Past President shall serve as a voting, ex-officio member of the Executive Committee.

B. All officers of the Organization shall be elected or appointed officials of a Regular Member district.

C. Officials who wish to seek election or appointment as an officer of the Organization shall first secure from his/her district an official endorsement of his/her candidacy in the form of a board resolution.

D. The Executive Committee may consider removing Officers who miss three consecutive meetings. Prior to removing an Officer, the Committee shall consider the reasons for absence and the potential for continued absence. A unanimous vote of the Executive Committee shall be required to remove an officer.

## **ARTICLE IV MEETINGS**

### **SECTION I BOARD OF DIRECTORS**

A. The Board of Directors shall meet quarterly or no less than three times per calendar year. The last meeting of the calendar year shall be designated as the ANNUAL MEETING of the Organization.

B. The Organization shall disseminate notices of Board Meetings at least thirty (30) days prior to the Meeting. Said notices shall be disseminated via email to all Regular and Associate Members. The Notice shall give the date, time, location and any action items for the meeting.

C. Special Meetings of the Board of Directors may be called at any time by the President, any ten (10) Members of the Board of Directors or by a majority of the Executive Committee. The Organization shall disseminate notices of the Special Meeting at least five (5) business days prior to the meeting. Said notice shall give the date, time, location, and the subject matter of the Special Meeting. Action may only be taken on matters listed on the Special Meeting notice.

D. All meetings of the Board of Directors shall be held in Orange County.

E. No action shall be taken unless a quorum has first been established. A quorum shall be established when the designated representatives of fifty percent (50%) of the Regular Members are present at a duly noticed Regular or Special Meeting of the Organization, or, if a vote has been authorized by written ballot, a quorum shall be established only when the designated representatives of fifty percent (50%) of the Regular Members have submitted a ballot in the manner and by the deadline authorized by the Executive Committee.

## SECTION II. EXECUTIVE COMMITTEE

A. The Executive Committee shall meet monthly at the Municipal Water District of Orange County, at a time specified by the President and announced in the meeting notice. The monthly meeting may be cancelled by the President if he/she determines that there is not sufficient business to justify a meeting.

B. A Special Meeting of the Executive Committee may be called by the President or a majority of the Executive Committee, with five (5) business days advance notice given in writing via email by the Organization. Such notice shall state the date, time, location and agenda for the Special Meeting.



C. All meetings of the Executive Committee shall take place in Orange County.

D. A quorum shall be established by 50% of the then-filled Executive Committee.

## **ARTICLE V      AMENDMENTS**

These Bylaws may be amended by a majority of the Board of Directors present at a duly noticed membership meeting or, if a vote has been authorized by written ballot, by the combined majority vote of the designated representatives present and submitting a written ballot. All proposed amendments shall be disseminated via U.S. Mail and email to each Regular Member district no less than thirty (30) days prior to the membership meeting.

## **ARTICLE VI      ENACTMENT OF AMENDMENTS**

These Amended and Restated Bylaws are to take effect immediately upon approval of the Board of Directors.

## **ARTICLE VII      PARLIAMENTARY AUTHORITY**

All matters not covered under these Bylaws shall be governed by Roberts' Rules of Order.

<b>Summary report:</b> <b>Litéra® Change-Pro 7.5.0.135 Document comparison done on 5/1/2017</b> <b>3:55:04 PM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> ISDOC Bylaws - Proposed Revisions - Original.DOC	
<b>Modified filename:</b> ISDOC Bylaws - Final Proposed Revision - 5-2-17.DOC	
<b>Changes:</b>	
Add	13
Delete	3
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>16</b>

**ACTION ITEM**

June 21, 2017

**TO:** Board of Directors

**FROM: Public Affairs & Legislation Committee**  
 (Directors Tamaribuchi, Dick and Yoo Schneider)

Robert Hunter, General Manager

Staff Contact: Heather Baez

**SUBJECT: EXTENSION OF CONSULTING CONTRACT WITH DICK ACKERMAN****STAFF RECOMMENDATION**

Staff recommends the Board of Directors to consider extending the contract with Ackerman Consulting for specialized services.

**COMMITTEE RECOMMENDATION**

Committee will review this item on June 19, 2017 and make a recommendation to the Board.

**DETAILED REPORT**

Dick Ackerman of Ackerman Consulting provides specialized, professional services to MWD OC Board of Directors and staff in the areas of CEQA reform/exemption, desalination, legal and regulatory matters and others on an as requested basis.

Specifically:

Legal and Regulatory Matters – Mr. Ackerman will advise the District on current legal, regulatory, or other events bearing on water issues.

CEQA Reform and Public Works – Mr. Ackerman will monitor and advise the District on CEQA reform initiatives and work with Public Works Coalition re: CEQA and other water related issues.

Member Agency Relations – Mr. Ackerman will monitor and advise the District on issues of concern to Member Agencies and work with the District and Member Agencies in JPA/regional ventures in Orange County.

Budgeted (Y/N): Yes	Budgeted amount: \$36,000; 2017-2018 Fiscal year expenditure	Core X	Choice __
Action item amount: \$36,000		Line item:	
Fiscal Impact (explain if unbudgeted):			

Mr. Ackerman will continue working within the scope of services helping MWDOC identify priorities and opportunities in the outlined areas as needed. Compensation is to be on a "time and material" basis, not to exceed \$36,000 on an annual basis.

## **STANDARD AGREEMENT FOR CONSULTANT SERVICES**

### **Legal Consulting on Water Policy Issues**

This **AGREEMENT** for consulting services, which includes all exhibits and attachments hereto, "**AGREEMENT**" is made on the last day executed below by and between **MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**, hereinafter referred to as "**DISTRICT**," and, Ackerman Consulting hereinafter referred to as "**CONSULTANT**" for legal consulting hereinafter referred to as "**SERVICES**."<sup>1</sup> **DISTRICT** and **CONSULTANT** are also referred to collectively herein as the "**PARTIES**" and individually as "**PARTY**", dated July 1, 2017. The **PARTIES** agree as follows:

#### **I**                    **PURPOSE AND SCOPE OF WORK**

##### **A.        Consulting Work.**

**DISTRICT** hereby contracts with **CONSULTANT** to provide general or special **SERVICES** as more specifically set forth in **Exhibit "B"** attached hereto and incorporated herein. Tasks other than those specifically described therein shall not be performed without prior written approval of **DISTRICT's** General Manager.

##### **B.        Independent Contractor.**

**CONSULTANT** is retained as an independent contractor for the sole purpose of rendering professional and/or special **SERVICES** described herein and is not an agent or employee of **DISTRICT**. **CONSULTANT** shall be solely responsible for the payment of all federal, state and local income tax, social security tax, Workers' Compensation insurance, state disability insurance, and any other taxes or insurance **CONSULTANT**, as an independent contractor, is responsible for paying under federal, state or local law. **CONSULTANT** is thus not eligible to receive workers' compensation, medical, indemnity or retirement benefits, including but not limited to enrollment in CalPERS. Unless, expressly provided herein, **CONSULTANT** is not eligible to receive overtime, vacation or sick pay. **CONSULTANT** shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of **DISTRICT**. **CONSULTANT** shall have the sole and absolute discretion in determining the methods, details and means of performing the **SERVICES** required by **DISTRICT**. **CONSULTANT** shall furnish, at his/her own expense, all labor, materials, equipment and transportation necessary for the successful completion of the **SERVICES** to be performed under this **AGREEMENT**. **DISTRICT** shall not have any right to direct the methods, details and means of the **SERVICES**; however, **CONSULTANT** must receive prior written approval from **DISTRICT** before using any sub-consultants for **SERVICES** under this **AGREEMENT**.

##### **C.        Changes in Scope of Work**

If **DISTRICT** requires changes in the tasks or scope of work shown in **Exhibit "B"** or additional work not specified therein, **DISTRICT** shall prepare a written change order. If **CONSULTANT** believes work or materials are required outside the tasks or scope of work described in **Exhibit "B,"** it shall submit a written request for a change order to the **DISTRICT**. A change order must be approved and signed by the **PARTIES** before **CONSULTANT** performs any work outside the scope of work shown in **Exhibit "B."** **DISTRICT** shall have no responsibility to compensate **CONSULTANT** for such work without an approved and signed change order. Change orders shall specify the change in the budgeted amount for **SERVICES**.

#### **II**                    **TERM**

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<sup>1</sup> Pursuant to Section 8002 of the District's Administrative Code, the District's "Ethics Policy" set forth at sections 7100-7111 of the Administrative Code is attached hereto as Exhibit "A" and incorporated herein by this reference.

This **AGREEMENT** shall commence upon the date of its execution and shall extend thereafter for the period specified in **Exhibit "B"** or, if no time is specified, until terminated on thirty (30) days notice as provided herein.

### **III BUDGET, FEES, COSTS, BILLING, PAYMENT AND RECORDS**

#### **A. Budgeted Amount for SERVICES**

**CONSULTANT** is expected to complete all **SERVICES** within the Budgeted Amount set forth on **Exhibit "B."** The total compensation for the **SERVICES** to be performed under this **AGREEMENT** shall not exceed the Budgeted Amount unless modified as provided herein. Upon invoicing the **DISTRICT** 80% of the Budgeted Amount, **CONSULTANT** shall prepare and provide to **DISTRICT** a "cost to complete" estimate for the remaining **SERVICES**. The **PARTIES** shall work together to complete the project within the agreed-upon Budgeted Amount, but the obligation to complete the **SERVICES** within the Budgeted Amount lies with the **CONSULTANT**.

#### **B. Fees**

Fees shall be billed per the terms and conditions and at the rates set forth on **Exhibit "B"** for the term of the **AGREEMENT**. Should the term of the **AGREEMENT** extend beyond the period for which the rates are effective, the rates specified in **Exhibit "B"** shall continue to apply unless and until modified by consent of the **PARTIES**.

#### **C. Notification Clause**

Formal notices, demands and communications to be given hereunder by either **PARTY** shall be made in writing and may be effected by personal delivery or by registered or certified mail, postage prepaid, return receipt requested and shall be deemed communicated as of the date of mailing. If the name or address of the person to whom notices, demands or communication shall be given changes, written notice of such change shall be given, in accordance with this section, within five(5) working days.

#### **Notices shall be made as follows:**

Municipal Water District of Orange County  
Robert J. Hunter, General Manager  
18700 Ward Street, P.O.Box 20895  
Fountain Valley, CA 92708

Ackerman Consulting  
Dick Ackerman, President  
2 Mineral King  
Irvine, CA 92602-1075

#### **D. Billing and Payment**

**CONSULTANT's** fees shall be billed by the 10th day of the month and paid by **DISTRICT** on or before the 10th of the following month. Invoices shall reference the Purchase Order number from the **DISTRICT**.

**DISTRICT** shall review and approve all invoices prior to payment. **CONSULTANT** agrees to submit additional supporting documentation to support the invoice if requested by **DISTRICT**. If **DISTRICT** does not approve an invoice, **DISTRICT** shall send a notice to **CONSULTANT** setting forth the reason(s) the invoice was not approved. **CONSULTANT** may re-invoice **DISTRICT** to cure the defects identified in the **DISTRICT** notice. The revised invoice will be treated as a new submittal. If **DISTRICT** contests all or any portion of an invoice, **DISTRICT** and **CONSULTANT** shall use their best efforts to resolve the contested portion of the invoice.

#### **E. Billing Records**

**CONSULTANT** shall keep records of all **SERVICES** and costs billed pursuant to this **AGREEMENT** for at least a period of seven (7) years and shall make them available for review and audit if requested by **DISTRICT**.

#### **IV DOCUMENTS**

All **MATERIALS** as defined in Paragraph XI below, related to **SERVICES** performed under this **AGREEMENT** shall be furnished to **DISTRICT** upon completion or termination of this **AGREEMENT**, or upon request by **DISTRICT**, and are the property of **DISTRICT**.

#### **V TERMINATION**

Each **PARTY** may terminate this **AGREEMENT** at any time upon thirty (30) days written notice to the other **PARTY**, except as provided otherwise in **Exhibit "B."** In the event of termination: (1) all work product prepared by or in custody of **CONSULTANT** shall be promptly delivered to **DISTRICT**; (2) **DISTRICT** shall pay **CONSULTANT** all payments due under this **AGREEMENT** at the effective date of termination; (3) **CONSULTANT** shall promptly submit a final invoice to the **DISTRICT**, which shall include any and all non-cancelable obligations owed by **CONSULTANT** at the time of termination, (4) neither **PARTY** waives any claim of any nature whatsoever against the other for any breach of this **AGREEMENT**; (5) **DISTRICT** may withhold 125 percent of the estimated value of any disputed amount pending resolution of the dispute, consistent with the provisions of section III D above, and; (6) **DISTRICT** and **CONSULTANT** agree to exert their best efforts to expeditiously resolve any dispute between the **PARTIES**.

#### **VI INSURANCE REQUIREMENTS**

**CONSULTANT** shall obtain prior to commencing work and maintain in force and effect throughout the term of this **AGREEMENT**, all insurance set forth below.

##### **A. Workers' Compensation Insurance**

By his/her signature hereunder, **CONSULTANT** certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that **CONSULTANT** will comply with such provisions before commencing the performance of the **SERVICES** under this **AGREEMENT**.

**CONSULTANT** and sub-consultant will keep workers' compensation insurance for their employees in effect during all work covered by this **AGREEMENT** in accordance with applicable law. An ACORD certificate of insurance or other certificate of insurance satisfactory to **DISTRICT**, evidencing such coverage must be provided (1) by **CONSULTANT** and (2) by sub-consultant's upon request by **DISTRICT**.

## **B. Professional Liability Insurance**

**CONSULTANT** shall file with **DISTRICT**, before beginning professional **SERVICES**, an ACORD certificate of insurance, or any other certificate of insurance satisfactory to **DISTRICT**, evidencing professional liability coverage of not less than \$1,000,000 per claim and \$1,000,000 aggregate, requiring 30 days notice of cancellation (10 days for non-payment of premium) to **DISTRICT**.

Such coverage shall be placed with a carrier with an A.M. Best rating of no less than A: VII, or equivalent. The retroactive date (if any) of such insurance coverage shall be no later than the effective date of this **AGREEMENT**. In the event that the **CONSULTANT** employs sub-consultants as part of the **SERVICES** covered by this **AGREEMENT**, **CONSULTANT** shall be responsible for requiring and confirming that each sub-consultant meets the minimum insurance requirements specified herein.

## **C. Other Insurance**

**CONSULTANT** will file with **DISTRICT**, before beginning professional **SERVICES**, ACORD certificates of insurance, or other certificates of insurance satisfactory to **DISTRICT**, evidencing general liability coverage of not less than \$1,000,000 per occurrence for bodily injury, personal injury and property damage; automobile liability (owned, scheduled, non-owned or hired) of at least \$1,000,000 for bodily injury and property damage each accident limit; workers' compensation (statutory limits) and employer's liability (\$1,000,000) (if applicable); requiring 30 days (10 days for non payment of premium) notice of cancellation to **DISTRICT**. For the coverage required under this paragraph, the insurer(s) shall waive all rights of subrogation against **DISTRICT**, and its directors, officers, agents, employees, attorneys, consultants or volunteers. **CONSULTANT's** insurance coverage shall be primary insurance as respects **DISTRICT**, its directors, officers, agents, employees, attorneys, consultants and volunteers for all liability arising out of the activities performed by or on behalf of the **CONSULTANT**. Any insurance pool coverage, or self-insurance maintained by **DISTRICT**, and its directors, officers, agents, employees, attorneys, consultants or volunteers shall be excess of the **CONSULTANT's** insurance and shall not contribute to it.

The general liability coverage shall give **DISTRICT**, its directors, officers, agents, employees, attorneys, consultants and authorized volunteers additional insured status using ISO endorsement CG2010, CG2033, or equivalent. Coverage shall be placed with a carrier with an A.M. Best rating of no less than A: VII, or equivalents. In the event that the **CONSULTANT** employs sub-consultant as part of the work covered by the **AGREEMENT**, it shall be the **CONSULTANT's** responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified herein.

## **D. Expiration of Coverage**

If any of the required coverages expire during the term of the **AGREEMENT**, **CONSULTANT** shall deliver the renewal certificate(s) including the general liability additional insured endorsement to **DISTRICT** at least ten (10) days prior to the expiration date.



## **INDEMNIFICATION**

To the fullest extent permitted by applicable law, **CONSULTANT** shall indemnify, defend and hold harmless **DISTRICT**, its officers, Directors and employees and authorized volunteers, and each of them from and against:

- a. When the law establishes a professional standard of care for the **CONSULTANT's** services, all claims and demands of all persons that arise out of, pertain to, or relate to the **CONSULTANT's** negligence, recklessness or willful misconduct in the performance (or actual or alleged non-performance) of the work under this agreement. **CONSULTANT** shall defend itself against any and all liabilities, claims, losses, damages, and costs arising out of or alleged to arise out of **CONSULTANT's** performance or non-performance of the work hereunder, and shall not tender such claims to **DISTRICT** nor its directors, officers, employees, or authorized volunteers, for defense or indemnity.
- b. Any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, of every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of **CONSULTANT**.
- c. Any and all losses, expenses, damages (including damages to the work itself), attorney's fees and other costs, including all costs of defense, which any of them may incur with respect to the failure, neglect, or refusal of **CONSULTANT** to faithfully perform the work and all of the **CONSULTANT's** obligations under the agreement. Such costs, expenses, and damages shall include all costs, including attorneys' fees, incurred by the indemnified parties in any lawsuit to which they are a party.

**CONSULTANT** shall defend, at **CONSULTANT's** own cost, expense and risk, any and all such aforesaid suits, actions, or other legal proceedings of every kind that may be brought or instituted against **DISTRICT** or its directors, officers, employees, or authorized volunteers with legal counsel reasonably acceptable to **DISTRICT**.

**CONSULTANT** shall pay and satisfy any judgment, award or decree that may be rendered against **DISTRICT** or its directors, officers, employees, or authorized volunteers, in any and all such suits, actions, or other legal proceedings.

**CONSULTANT** shall reimburse **DISTRICT** or its directors, officers, employees, or authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing indemnity herein provided.

**CONSULTANT's** obligation to indemnify shall not be restricted to insurance proceeds, if any, received by **DISTRICT**, or its directors, officers, employees, or authorized volunteers.

## **VII FINANCIAL DISCLOSURE AND CONFLICTS OF INTEREST**

Although **CONSULTANT** is retained as an independent contractor, **CONSULTANT** may still be required, under the California Political Reform Act and **DISTRICT's** Administrative Code, to file annual disclosure reports. **CONSULTANT** agrees to file such financial disclosure reports upon request by **DISTRICT**. Further, **CONSULTANT** shall file the annual summary of gifts required by Section 7105 of the **DISTRICT's** Ethics Policy, attached hereto as **Exhibit "A."**

Failure to file financial disclosure reports upon request and failure to file the required gift summary are grounds for termination of this **AGREEMENT**. Any action by **CONSULTANT** that is inconsistent with **DISTRICT's** Ethics Policy current at the time of the action is grounds for termination of this **AGREEMENT**. The Ethics Policy as of the date of this **AGREEMENT** is attached hereto as **Exhibit "A."**

In addition to the disclosures required above, **CONSULTANT** is responsible for filing any applicable local, state or federal statements, reports, forms, or documents required as a result of the provision of the **SERVICES**, including any applicable local, state or federal lobbying statements, reports, forms, or documents. Failure to file any such required statements, reports, forms, or documents is grounds for termination of this **AGREEMENT**.

**CONSULTANT** shall immediately notify **DISTRICT** of any existing contractual arrangement(s) **CONSULTANT** may have to provide services to a third party that involve or may involve local or state water policy issues, or that may involve issues related to the Metropolitan Water District of Southern California ("MET"), or any member agency of **DISTRICT**. In addition, **CONSULTANT** may not enter into any contractual arrangement to provide services to a third party that involves or may involve local or state water policy issues, or that may involve issues related to MET or any member agency of **DISTRICT**, without the prior written consent of **DISTRICT**, which shall not be unreasonably withheld.

## **VIII**            **PERMITS AND LICENSES**

**CONSULTANT** shall procure and maintain all permits, licenses and other government-required certification necessary for the performance of its **SERVICES**, all at the sole cost of **CONSULTANT**. None of the items referenced in this section shall be reimbursable to **CONSULTANT** under the **AGREEMENT**. **CONSULTANT** shall comply with any and all applicable local, state, and federal regulations and statutes including Cal/OSHA requirements.

## **IX**             **LABOR AND MATERIALS**

**CONSULTANT** shall furnish, at its own expense, all labor, materials, equipment, tools, transportation and other items or services necessary for the successful completion of the **SERVICES** to be performed under this **AGREEMENT**. **CONSULTANT** shall give its full attention and supervision to the fulfillment of the provisions of this **AGREEMENT** by its employees and sub-consultant and shall be responsible for the timely performance of the **SERVICES** required by this **AGREEMENT**. All compensation for **CONSULTANT's** **SERVICES** under this **AGREEMENT** shall be pursuant to **Exhibit "B"** to the **AGREEMENT**.

Only those **SERVICES**, materials, administrative, overhead and travel expenses specifically listed in **Exhibit "B"** will be charged and paid. No other costs will be paid. **CONSULTANT** agrees not to invoice **DISTRICT** for any administrative expenses, overhead or travel time in connection with the **SERVICES**, unless agreed upon and listed in **Exhibit "B"**.

## **X**              **CONFIDENTIALITY AND RESTRICTIONS ON DISCLOSURE**

### **A.      Confidential Nature of Materials**

**CONSULTANT** understands that all documents, records, reports, data, or other materials (collectively "**MATERIALS**") provided by **DISTRICT** to **CONSULTANT** pursuant to the **AGREEMENT**, including but not limited to draft reports, final report(s) and all data, information, documents, graphic displays and other items that are not proprietary to **CONSULTANT** and that are utilized or produced by **CONSULTANT** pursuant to the **AGREEMENT** are to be considered confidential for all purposes.

## **B. No Disclosure of Confidential Materials**

**CONSULTANT** shall be responsible for protecting the confidentiality and maintaining the security of **DISTRICT MATERIALS** and records in its possession. All **MATERIALS** shall be deemed confidential and shall remain the property of **DISTRICT**. **CONSULTANT** understands the sensitive nature of the above and agrees that neither its officers, partners, employees, agents or sub-consultants will release, disseminate, or otherwise publish said reports or other such data, information, documents, graphic displays, or other materials except as provided herein or as authorized, in writing, by **DISTRICT's** representative. **CONSULTANT** agrees not to make use of such **MATERIALS** for any purpose not related to the performance of the **SERVICES** under the **AGREEMENT**. **CONSULTANT** shall not make written or oral disclosures thereof, other than as necessary for its performance of the **SERVICES** hereunder, without the prior written approval of **DISTRICT**. Disclosure of confidential **MATERIALS** shall not be made to any individual, agency, or organization except as provided for in the **AGREEMENT** or as provided for by law.

## **C. Protections to Ensure Control Over Materials**

All confidential **MATERIALS** saved or stored by **CONSULTANT** in an electronic form shall be protected by adequate security measures to ensure that such confidential **MATERIALS** are safe from theft, loss, destruction, erasure, alteration, and any unauthorized viewing, duplication, or use. Such security measures shall include, but not be limited to, the use of current virus protection software, firewalls, data backup, passwords, and internet controls.

The provisions of this section survive the termination or completion of the **AGREEMENT**.

## **XI OWNERSHIP OF DOCUMENTS AND DISPLAYS**

All original written or recorded data, documents, graphic displays, reports or other **MATERIALS** which contain information relating to **CONSULTANT's** performance hereunder and which are originated and prepared for **DISTRICT** pursuant to the **AGREEMENT** are instruments of service and shall become the property of **DISTRICT** upon completion or termination of the Project. **CONSULTANT** hereby assigns all of its right, title and interest therein to **DISTRICT**, including but not limited to any copyright interest. In addition, **DISTRICT** reserves the right to use, duplicate and disclose in whole, or in part, in any manner and for any purpose whatsoever all such data, documents, graphic displays, reports or other **MATERIALS** delivered to **DISTRICT** pursuant to this **AGREEMENT** and to authorize others to do so.

To the extent that **CONSULTANT** utilizes any of its property (including, without limitation, any hardware or software of **CONSULTANT** or any proprietary or confidential information of **CONSULTANT** or any trade secrets of **CONSULTANT**) in performing **SERVICES** hereunder, such property shall remain the property of **CONSULTANT**, and **DISTRICT** shall acquire no right or interest in such property.

## **XII EQUAL OPPORTUNITY**

**DISTRICT** is committed to a policy of equal opportunity for all and to providing a work environment that is free of unlawful discrimination and harassment. In keeping with this commitment, **DISTRICT** maintains a policy prohibiting unlawful discrimination and harassment in any form based on race, religious creed, color, national origin, ancestry, physical or mental disability, medical condition, pregnancy or childbirth, marital status, gender, sex, sexual orientation, veteran status or age by officials, employees and non-employees (vendors, contractors, etc.).

This policy applies to all employees, consultants and contractors of the **DISTRICT** whom the **DISTRICT** knows or has reason to know are violating this policy. Appropriate corrective action will be taken against all offenders, up to and including immediate discharge or termination of this **AGREEMENT**. During, and in conjunction with, the performance of this **AGREEMENT**, **CONSULTANT** shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, marital status or national origin.

### **XIII                    INTEGRATION OF ALL OTHER AGREEMENTS**

This **AGREEMENT**, including any Exhibits and Addenda, contains the entire understanding of the **PARTIES**, and there are no further or other agreements or understandings, written or oral, in effect between the **PARTIES** hereto relating to the subject matter hereof. Any prior understanding or agreement of the **PARTIES** shall not be binding unless expressly set forth herein and, except to the extent expressly provided for herein, no changes of this **AGREEMENT** may be made without the written consent of both **PARTIES**.

### **XIV                    ATTORNEYS' FEES**

In any action at law or in equity to enforce any of the provisions or rights under this **AGREEMENT**, the prevailing **PARTY** shall be entitled to recover from the unsuccessful **PARTY** all costs, expenses and reasonable attorney's fees incurred therein by the prevailing **PARTY** (including, without limitations, such costs, expense and fees on any appeals), and if such prevailing **PARTY** shall recover judgment in any such action or proceeding, such costs, expenses, including those of expert witnesses and attorneys' fees, shall be included as part of this judgment.

### **XV                    JURISDICTION AND VENUE SELECTION**

In all matters concerning the validity, interpretation, performance, or effect of this **AGREEMENT**, the laws of the State of California shall govern and be applicable. The **PARTIES** hereby agree and consent to the exclusive jurisdiction of the courts of the State of California and that venue of any action brought hereunder shall be in Orange County, California.

**IN WITNESS WHEREOF**, the **PARTIES** have hereunto affixed their names as of the day and year thereafter, which shall be and is the effective date of this **AGREEMENT**.

**APPROVED BY:**

**CONSULTANT ACCEPTANCE:**

\_\_\_\_\_

\_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

Robert J. Hunter, General Manager  
Municipal Water District of Orange County  
18700 Ward Street  
Fountain Valley, CA 92708  
(714) 963-3058

Dick Ackerman  
Ackerman Consulting  
2 Mineral King  
Irvine, CA 92602-1075  
Phone: (714) 322-2710  
Tax I.D. #

## EXHIBIT "A"

<b>ETHICS POLICY</b>	<b>§7100-§7111</b>
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### **§7100 PURPOSE**

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

### **§7101 RESPONSIBILITIES OF BOARD MEMBERS**

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

### **§7102 PROPER USE OF MWDOC PROPERTY AND RESOURCES**

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

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

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Motion - 1/17/96;

### **§7103 CONFLICT OF INTEREST**

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

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

MWDOC employees who are not designated employees under MWDOC's Conflict of Interest Code shall refrain from participating in, making a recommendation, or otherwise attempting to influence MWDOC's selection of a contractor, consultant, product, or source of supply if the non-

designated employee, or an immediate family member, has a direct or indirect financial interest in the outcome of the selection process. No employee shall use his/her position with MWDOC in any manner for the purpose of obtaining personal favors, advantages or benefits for him/herself or an immediate family member from a person or entity doing business or seeking to do business with MWDOC. Such favors, advantages, or benefits would include, but are not limited to: 1) offers of employment; 2) free or discounted goods or services; or 3) gifts.

#### **§7104 GIFTS**

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

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

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

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

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

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Motion - 1/17/96;

#### **§7105 PERSONS OR COMPANIES REPORTING GIFTS**

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

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

#### **§7106 USE OF CONFIDENTIAL INFORMATION**

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

#### **§7107 POLITICAL ACTIVITIES**

Employees are free to endorse, advocate, contribute to, or otherwise support any political party, candidate, or cause they may choose; however, employees are prohibited from soliciting political funds or contributions at MWDOC facilities. In any personal political activity an employee may be involved in, it shall be made clear that the employee is acting personally and not for MWDOC.

#### **§7108 IMPROPER ACTIVITIES**

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

#### **§7109 VIOLATION OF POLICY – STAFF AND STAFF OFFICERS**

If an employee is reported to have violated MWDOC's Ethics Policy, the matter shall be referred to the General Manager for investigation and consideration of any appropriate action warranted which may include employment action such as demotion, reduction in salary, or termination. If a Board appointed officer (Secretary, Treasurer or General Manager) is reported to have violated MWDOC's Ethics Policy, the matter shall be referred to the Executive Committee for investigation and consideration of any appropriate action.

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Motion - 1/17/96;



## **§7110 VIOLATION OF POLICY -- DIRECTORS**

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

## **§7111 PERIODIC REVIEW OF CONFLICT OF INTEREST AND ADMINISTRATIVE GUIDELINES**

During the first quarter of the year immediately following an election (every two years), the Board shall meet to review and/or receive a presentation that addresses principles relating to reporting guidelines on compensation, conflict of interest issues, and standards for rules of conduct.

## EXHIBIT "B"

### SCOPE OF WORK, TERMS OF AGREEMENT AND TERMS AND CONDITIONS FOR BILLING

Dick Ackerman Ackerman Consulting 2 Mineral King Irvine, CA 92602-1075 Phone: (714) 322-2710 Tax I.D. #
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1. **Term** – Commencement: July 1, 2017 Termination: June 30, 2018
2. **Fees/Rates** to be billed - \$250/hour
3. **Budgeted Amount** – Compensation is to be on a “time and material” basis, not to exceed \$36,000.00. **CONSULTANT’s** fees shall be billed by the 25<sup>th</sup> day of the month and paid by the **DISTRICT** on or before the 15<sup>th</sup> of the following month. Invoices shall reference the Purchase Order number from the **DISTRICT**.
4. Upon invoicing **DISTRICT** 80% of the contract amount, **CONSULTANT** shall prepare and provide to **DISTRICT** a “cost to complete” estimate for the remaining work.
5. **Scope of Work/Services** –  
  
**Task 1 - Legal and Regulatory Matters**  
Advise District on current legal, regulatory, or other events bearing on water issues.  
**Task 2 - CEQA Reform & Public Works**  
Monitor and keep MWDOC informed on opportunities to participate in strategic CEQA Reform and public works initiatives.  
**Task 3 - Member Agency Relations**  
Monitor and advise District on issues of concern to Member Agencies. Work with District and Member Agencies in JPA/regional ventures in OC
6. **Consultant Representative:** Dick Ackerman

**ACTION ITEM**

June 21, 2017

**TO:** Board of Directors**FROM:** **Public Affairs & Legislation Committee**  
(Directors Tamaribuchi, Dick, Yoo Schneider)Robert Hunter  
General Manager

Staff Contact: Damon Micalizzi

**SUBJECT:** **Authorization to Join Californians for Water Security Coalition to Support the California WaterFix****STAFF RECOMMENDATION**

Staff recommends the Board of Directors consider authorizing MWDOC to join Californians for Water Security (CWS). CWS is a coalition of entities both public and private supporting the California WaterFix. Joining the coalition is as simple as signing up via an internet form, additionally; there is an opportunity to submit a statement and logo, featured on the coalition's website, [www.watersecurityca.com](http://www.watersecurityca.com).

**COMMITTEE RECOMMENDATION**

Committee will review this item on June 19, 2017 and make a recommendation to the Board.

**SUMMARY**

Californians for Water Security (CWS) is a 501(c)(3) non-profit which aims to garner support for the California WaterFix (WaterFix). CWS is a growing coalition of residents, business leaders, labor, family farmers, local governments, public safety groups, water experts, environmentalists, infrastructure experts and others that have come together to mount a comprehensive, multi-year campaign in support of the plan to fix California's aging water distribution system, through implementation of the WaterFix. In addition to several MET Member Agencies, several of MWDOC's community partners including ACCOC and OCBC have joined the CWS coalition likely as a result of staff's outreach efforts. Enlisting with CWS requires **zero** financial obligation or commitment, and further underscores MWDOC's support for the WaterFix. Joining simply requires completion of a web-based online form.

Budgeted (Y/N): No	Budgeted amount:	Core __	Choice __
Action item amount: \$0	Line item: TBA		
Fiscal Impact (explain if unbudgeted):			

# GENERAL MANAGER'S REPORT OF STAFF ACTIVITIES JUNE 2017

<b>Managers' Meeting</b>	<p>MWDOC held its Managers' meeting on May 18, 2017 at its office in Fountain Valley. In attendance were Matt Collings (MNWD); George Murdoch and Steffen Catron (Newport Beach); Mike Grizzo (Buena Park); Jose Diaz (Orange); Brian Ragland (Huntington Beach); Art Valenzuela (Tustin); Steve Conklin (YLWD); Paul Weghorst (IRWD); David Spitz (Seal Beach); Dan Ferons (SMWD); Jake Vollebregt (MNWD); and Karl Seckel; Harvey De La Torre; Melissa Baum-Haley; Heather Baez; Damon Micalizzi; Kevin Hostert; Joe Berg; Kelly Hubbard; and myself of staff.</p> <p>The agenda included the following:</p> <ol style="list-style-type: none"> <li>1. MWDOC's FY17-18 Budget and Choice Programs</li> <li>2. MET's Adopted Conservation Legislation Policy Priorities</li> <li>3. Discussion of upcoming IRP Workshop</li> <li>4. Water Supply Conditions and MET Storage</li> <li>5. WEROC Update</li> </ol> <p>The next meeting is tentatively scheduled for June 22, 2017.</p>
<b>City of Brea</b>	<p>Director Brett Barbre and I met with Mayor Hupp, Councilmember Vargas, and City Manager Gallardo, City of Brea, to discuss water issues of mutual concern.</p>
<b>El Toro Water District Board</b>	<p>Director Sat Tamaribuchi and Karl presented on the OC Water Reliability Study and on the California WaterFix to the ETWD Board, who later in the meeting adopted a resolution in support of the WaterFix and EcoRestore.</p>
<b>ACWA Spring Conference</b>	<p>Director Sat Tamaribuchi and Karl attended the ACWA Conference and while there participated in discussions regarding the Delta Stewardship Council and the California WaterFix. One of the more progressive presentations was held on the eight storage options being considered by the California Water Commission and the report commissioned by ACWA and others regarding the improvement in storage opportunities by way of implementing the California WaterFix. Karl also participated in a panel discussion on Statewide Reliability Planning.</p>

## MET ITEMS CRITICAL TO ORANGE COUNTY

### MET's Water Supply Conditions

#### 2017 Water Supply Balance

With the Department of Water Resources (DWR) setting the State Water Project (SWP) "Table A" allocation at 85%, Metropolitan will have approximately 1.624 million acre-feet (MAF) in SWP deliveries this water year. So far, Metropolitan has received approximately 100 TAF of Article 21 supplies. On the Colorado River system, there is an estimated 960 TAF.

#### **2017 State Water Project Supply Estimate (Acre-Feet)**

Table A Supply (85% SWP allocation)	<b>1,625,000</b>
Article 21 (received as of May 1)	<b>100,000</b>
Port Hueneme Agreement	<b>2,000</b>
<b>SWP Contractual Supply</b>	<b>1,727,000</b>

#### **2017 Colorado River Aqueduct Base Supply Estimate (Acre-Feet)**

Basic Apportionment	550,000
IID/MWD Conservation Program	85,000
PVID/Bard Following Programs	125,000
Exchange with SDCWA (IID Transfer and Canal Lining)	178,000
Canal Lining Water to MWD	16,000
Lower Colorado Water Supply Project	6,000
<b>CRA Supply Before Water Management And Storage Actions</b>	<b>960,000</b>

MET is projecting that supplies will exceed demand levels in CY 2017. With a current demand trend of 1.5 MAF, MET is expected to increase their dry-year storage by 1.0 to 1.2 MAF. Based on this estimated recovery and a beginning dry-year storage balance of 1.3 MAF, this will bring MET's total dry year storage to a potential range of 2.3 to 2.5 MAF.

#### **2017 Estimated Demands, Losses and Obligations (Acre-Feet)**

Member Agency Consumptive Demands	1,250,000
Member Agency Replenishment Demands	144,000
Coachella Valley Water District Agreement	35,000
System and Storage Losses	76,000
<b>Total Estimated Demands and Losses</b>	<b>1,505,000</b>

<b>MET's Water Supply Conditions (Continued)</b>	<table border="1"> <thead> <tr> <th colspan="2">2017 Water Supply and Demand Balance Estimate (Acre-Feet)</th></tr> <tr> <th></th><th>85% SWP Allocation w/ Current Demands</th></tr> </thead> <tbody> <tr> <td>CRA Supplies</td><td>960,000</td></tr> <tr> <td>SWP Supplies</td><td>1,727,000</td></tr> <tr> <td>Transfer/Exchanges</td><td>39,000</td></tr> <tr> <td><b>Total Supplies</b></td><td><b>2,726,000</b></td></tr> <tr> <td>Total Demands and Losses</td><td>1,505,000</td></tr> <tr> <td><b>Net Water Supply and Demand Balance</b></td><td><b>1,221,000</b></td></tr> </tbody> </table> <p><b>Metropolitan is Forecasting an Increase in Storage Reserves this Year</b></p> <p>End of Year Balances</p> <p>Million Acre-Feet</p> <p>Up to 2.5 MAF</p> <p>Emergency Storage Dry-Year Storage</p>	2017 Water Supply and Demand Balance Estimate (Acre-Feet)			85% SWP Allocation w/ Current Demands	CRA Supplies	960,000	SWP Supplies	1,727,000	Transfer/Exchanges	39,000	<b>Total Supplies</b>	<b>2,726,000</b>	Total Demands and Losses	1,505,000	<b>Net Water Supply and Demand Balance</b>	<b>1,221,000</b>
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<b>Net Water Supply and Demand Balance</b>	<b>1,221,000</b>																
<b>MET's Finance and Rate Issues</b>	<p><b><u>MET Financial Report</u></b></p> <p>Water sales through the end of April were 61.2 TAF lower than budgeted and 183.4 TAF lower than the 5-year average. The reduction in sales is due primarily to treated water sales remaining low. Revenue of water sales through the month of April 2017 is \$81.1 million less than budgeted, and \$7.6 million greater than April 2016.</p>																

**MET's  
Finance  
and Rate  
Issues  
(Cont'd)**



**Colorado  
River  
Issues**

**Mexican Water Treaty Minute 32X**

In 2012, the United States and the Republic of Mexico signed Minute 319 which included:

- Establishment of reservoir triggers for sharing both shortage and surplus;
- Establishment of a program of Intentionally Created Mexican Allocation (ICMA) whereby Mexico could temporarily reduce its order of Colorado River water, allowing that water to be delivered to Mexico in the future;
- Infrastructure and water conservation funding; and
- A one-time pulse flow in the Colorado River Delta.

Minute 319 is set to expire December 31, 2017. In anticipation of that expiration, the U.S. and Mexico have been negotiating a successor minute (Minute 32X). The U.S. negotiations have included the State Department, the U.S. Bureau of Reclamation (Reclamation), representatives of the basin states, and Colorado River contractors like MET. The U.S. was working towards completion of Minute 32X before the end of the last presidential administration, but negotiations did not proceed quickly enough to reach that goal. Recently, the parties have been working to restart negotiations with the aim to complete a Minute 32X before the expiration of Minute 319.

<b>Colorado River Issues (Continued)</b>	<p><b><u>Water Use on Arizona State Land Department's Land on Yuma Island</u></b></p> <p>The bed of the Colorado River shifted between the California and Arizona borders in a way that left some land owned by the Arizona State Land Department (ASLD) in California. Most of that land has been used for irrigated agriculture. In 1982, when ASLD became the recognized owner of these lands within California, it raised an issue of how use of the Colorado River water on this land would be accounted for and, under what right, if any, farmers could divert Colorado River water for use on these lands. ASLD requested a contract with the Secretary of the Interior for a portion of California's Seven-Party Water Agreement of August 1931, Priority 2 water. To date, this issue has not been resolved.</p> <p>Met and Reclamation have previously agreed to an extension of time for the U.S. to take final action regarding whether consumptive use of Colorado River water on the Yuma Island should be charged to Priority 2 or otherwise, consistent with terms of the 2005 <i>Arizona v. California</i> Settlement Agreement.</p> <p>MET staff met with representatives of ASLD in Phoenix on April 25 to discuss potential approaches to this issue.</p>
<b>Bay Delta/State Water Project Issues</b>	<p><b><u>California WaterFix</u></b></p> <p>Work continues to complete the federal biological opinions and the State Section 2081 permit that are required to support the approval of the California WaterFix. Action on the Final Environmental Impact Report/ Environmental Impact Statement (EIR/EIS) through a Record of Decision and Notice of Determination would occur following the approval of the above mentioned state and federal Endangered Species Act permits.</p> <p><b><u>State Water Resources Control Board Hearings</u></b></p> <p>The California WaterFix Petition proceedings before the SWRCB are ongoing. Part 1 of the hearings addresses the effects of the proposed project on legal users of water. MET staff is preparing for the rebuttal phase of Part 1 in collaboration with the State Water Contractors (SWC). DWR submitted rebuttal testimony on March 23, 2017, and the hearing for the Part 1 rebuttal started on April 25. Part 2 of the hearings, which is scheduled to begin once the EIR/EIS is approved and Endangered Species Act permits are approved, will consider the effects of the proposed project on fish and wildlife.</p>



<b>Bay Delta/State Water Project Issues (Continued)</b>	<p><b><u>Science Activities</u></b></p> <p>MET staff continues to participate in the Collaborative Science and Adaptive Management Program, providing input to current Delta smelt studies and to the development of work plans addressing priority salmon and Delta smelt science questions. In April, staff participated in an effort to develop presentation materials addressing the scientific basis of the Fall X2 action in the Delta Smelt Biological Opinion.</p> <p>MET staff is participating in the Longfin Smelt Management Analysis and Synthesis Team (LFS MAST), which is an effort organized by the Interagency Ecological Program to synthesize science regarding longfin smelt. MET staff is participating in the team discussions and helping to develop the overall conceptual model and report describing the biology and ecology of longfin smelt in the San Francisco Estuary.</p> <p>MET staff attended the Salmonid Restoration Federation and American Fisheries Society California-Nevada chapter conferences. These conferences are a series of presentations sharing new research results and technical analyses that advance the understanding of scientific topics important to the West Coast, Delta fisheries, and the scientific community. MET staff also organized and presented at a symposium on the benefits of floodplains to juvenile salmon and identifying floodplain restoration opportunities in the Central Valley. The symposium was attended by staff from fish agencies, non-governmental organizations (such as environmental organizations), regulatory agencies, and restoration practitioners.</p> <p><b><u>Delta Flood Emergency Management Plan</u></b></p> <p>DWR has substantially completed testing of the Emergency Response Tool model demonstrating that the emergency freshwater pathway will be functional following major levee and island failures in the range of six months or less for up to twenty hydrologic conditions, including critical water years. The model has tested the progressive closure of channels in the north Delta region under critical water years to direct water through the Delta Cross Channel toward the central Delta where the emergency freshwater pathway would convey the freshwater flows. The model has tested the use of San Joaquin River flows to flush saline waters from the pathway prior to export resumption. DWR is completing sensitivity testing requested by MET to better represent water quality conditions at export resumption under the most severe seismic emergency and critical water years.</p>
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<b>ENGINEERING &amp; PLANNING</b>	
<b>Baker Treatment Plant</b>	The Baker Water Treatment Plant is a joint regional project by five SOC water districts for a 28.1 million gallon per day (mgd) [43.5 cubic feet per second (cfs)] drinking water treatment plant at the site of the former Baker Filtration Plant in the City of Lake Forest. On May 22, 2017, the IRWD Board approved final acceptance of the Baker Water Treatment Plant Raw Water Conveyance Facilities.
<b>Doheny Desalination Project</b>	South Coast Water District (SCWD) is continuing to move the project forward. Project Delivery Workshop 5 will potentially occur in late June. Major effort on the EIR is currently on hold, pending results of the Updated Slant Well Modeling Task Order. The Value for Money (VfM) Analysis Workshop was held on March 22, 2017. The final VfM Report is due on May 31. Updated Slant Well Modeling has been completed. Modeling work is estimated to be complete by July 21, 2017, and the Draft Report out August 4 and final report August 18, 2017.
<b>Poseidon Resources</b>	Poseidon is still working on the permitting process and OCWD is still working on the system integration concepts.
<b>Orange County Reliability Study</b>	CDM-Smith and MWDOC staff are in the process of completing follow-up work to the 2016 study. The work includes modeling of more recently available information, updating Colorado River assumptions, assessment of additional scenarios for the Huntington Beach Desalination Plant, and assessment of the value of new storage. The work is expected to be completed in the next few months.
<b>MET Metering Work Group</b>	The Meter Workgroup is re-evaluating technology and criteria for measuring and accounting for low system flows to provide member agencies more flexibility. The intent is to expand the flow measurement range to better account for low flows than the current metering system provides. Charles Busslinger and Kevin Hostert participated in workgroup meetings on March 29, 2017 and April 26, 2017. The workgroup is making progress on design policy guidance to recognize newer technology (i.e. such as the additional precision provided by mag meters at lower flows) and revisiting MET Administrative Code Section 4504(b) limitation [a.k.a. 10:1 turndown] which currently requires member agencies to pay for flows that are less than 10% of maximum design capacity of the meter as if they received 10% flows. Any final recommendations would be brought to the MET Board for consideration at the end of 2017 or early 2018. The next meeting is scheduled for June 21, 2017.

<b>OC-28 Flow Metering Issue with MET</b>	MWDOC and OCWD are awaiting MET's analysis of the flow test to examine the metering issue from last summer. Preliminary results indicate that OCWD is owed about 700 AF of water.
<b>Service Connection CM-1 Cost Issues with MET</b>	Laguna Beach CWD and Newport Beach are continuing to study alternative methods of delivery of the water to avoid complications with the CM-1 meter. We are awaiting the outcome of the studies.
<b>North and Central O.C. Integrated Regional Watershed Management Area</b>	On May 23, 2017, Charles attended a stakeholder workgroup meeting on the draft objectives and strategies for an Integrated Regional Watershed Management Plan (IRWMP). Revised plan objectives are being brought back to the ad hoc committee for further refinement. The draft plan is anticipated by the end of Summer 2017.
<b>San Juan Basin Authority</b>	Charles attended San Juan Basin Authority Special Board Meeting on May 23, 2017 where they discussed the Adaptive Pumping Management (APM) Plan 2017 and San Juan Watershed Project Update.

## EMERGENCY PREPAREDNESS

<b>Coordination with WEROC Member Agencies</b>	<p>WEROC Radio Replacement Update: Kelly Hubbard and Francisco Soto continue to work with member agencies, Motorola, and the Sheriff's Communications Staff to implement a solution for the WEROC radio system.</p> <p>Janine Schunk began the process of updating and loading message templates into the AlertOC reverse notification system. Our Member Agencies will be able to access these templates and use them to quickly set-up an emergency notification to the public regarding water quality incidents and protective actions.</p> <p>The WEROC Quarterly Meeting was in May. The primary discussion topics were the upcoming hazard mitigation plan update, updates on the WEROC radio replacement project, and a tabletop discussion on generators and fuel in emergencies.</p> <p>Staff is in the process of working with the Member Agencies and CDR to update the WEROC Maps. The maps were last updated in 2011. Updates largely include clean-up of the wastewater maps and small corrections throughout the maps.</p>
<b>Training and Programs</b>	Francisco had the opportunity to tour various MET facilities and get a better understanding of water operations within Orange County.

<b>Training and Programs (cont'd.)</b>	<p>WEROC hosted 4 sessions of the Emergency Water Quality Sample Kit training for Member Agencies, Division of Drinking Water staff, and Hazardous Response Teams. More of these sessions will be offered directly to hazardous materials response teams throughout the next year. This is the first set of trainings related to a year-long training program leading up to a full field and EOC exercise in spring 2018 based on an unknown contaminate in the water system.</p> <p>Kelly provided WEROC Staff a mini-training on the next year's training and exercise goals. The purpose was to explain the process of the exercise training and planning cycle and to get all the staff on the same page.</p> <p>Francisco and Kelly attended the California Emergency Services Association – Southern Chapter spring program. The program included two speakers, of primary interest was a gentleman from Lewis Brisbois Bisgaard and Smith LLP, who spoke about the business continuity process of having their corporate headquarters impacted by a large high rise fire. The lessons learned from having to re-set up business operations with no notice, protect legal liabilities and bring the “corporate team” together to recover were very valuable.</p> <p>Kelly was asked to speak at the ACWA Conference this year as a panelist on Emergency Communications during a disaster. She provided the prospective of an emergency manager, while the other panelist represented a small district general manager, a public information officer, and a newspaper reporter. The session was received very well.</p>
<b>Coordination with the County of Orange</b>	<p>At Irvine Regional Park, Francisco attended the March Orange County Emergency Management Organization (OCOMO) meeting. The speaker was Linda Potosky of the FBI who provided a brief on Counterintelligence Awareness and the importance of vetting individuals who enter your organization.</p> <p>At the Operational Area (OA) EOC, Francisco attended the OCEMO Exercise Design Sub-Committee meeting. The meeting focused on discussing the October 25 exercise that will test the OA and individual cities response to a terrorist attack. WEROC will provide staffing to the OA EOC for this exercise.</p> <p>Francisco attended the Orange County OA Executive Board meeting on behalf of Kelly as a representative for water and wastewater utilities. The OA will be making revisions to the OA Emergency Management Agreement. The OA Agreement is signed by 114 government entities in Orange County and hasn't been updated since it was originally created in the late 90's.</p>

<b>Coordination with the County of Orange (cont'd.)</b>	<p>Kelly attended the OA Agreement Workgroup meeting to work on the update/revision of the OA Agreement. A primary discussion topic was regarding what constitutes a “special district”, how special districts are represented in the OA currently and how they should be represented.</p> <p>Francisco attended the OCEMO Web EOC/Alert OC meeting at the OA EOC. The Web EOC section of the meeting focused on providing a demonstration on using the JIMS (Joint Information Management System) feature and identifying gaps and answering specific questions related to the system. The second half of the meeting focused on Alert EOC, this discussion centered on the updated Memorandum of Understanding, future training opportunities, and enhancements to the system.</p> <p>At the North Net Training Facility, Francisco attended the Urban Area Working Group meeting. The meeting focused on providing updates on current funded projects, approval to the UAWG charter revisions, and included two presentations for possible future projects.</p>
<b>Coordination with Outside Agencies</b>	<p>In Riverside, Francisco and Kelly attended the Mutual Aid Regional Advisory Committee (MARAC) meeting. The primary discussion was on how the California Office of Emergency Services (Cal OES) was planning to coordinate fuel supplies and delivery in a major disaster. The County's and local agencies voiced their questions and concerns regarding the state planning assumptions. WEROC was recognized by the group for its forward planning with generators and fuel. A working group for Southern California regional planning may be developed to continue this planning process.</p> <p>Kelly provided a training for the Emerald Bay Community Services District CERT (Community Emergency Response Team) members. The training focused on individual water and wastewater preparedness, but also provided info on how OC's utilities are preparing to respond.</p> <p>Kelly hosted the 7<sup>th</sup> annual Orange County Water Association and WEROC SafetyFest for 100 operators at the City of Santa Ana Public Works yard. SafetyFest provides attendees with 6 hours of continuing education units for their water operator certifications. The training is always received positively and is typically booked to capacity.</p>
<b>WEROC Emergency Operations Center (EOC) Readiness</b>	<p>Kelly and Francisco met with OCFA to conduct a fire safety assessment of the South EOC. OCFA provided a detailed list of recommended corrective actions that should be taken to enhance safety measures within the building for staff. Francisco and Janine are currently working on implementing the list of corrective actions.</p>

<b>EOC Readiness (continued)</b>	<p>Janine met with the cleaning company for both EOCs. Additionally, she successfully participated in the monthly radio checks for MET and the OA.</p> <p>Kelly meet with staff from El Toro Water District (ETWD) to access whether the generator currently at the North EOC would work at the South EOC. The ETWD determined that the North EOC generator had the proper connections and phasing to work at the South EOC. WEROC Staff will work with ETWD staff to move the generator to the South EOC.</p>
<b>Emergency Plans</b>	<p>Francisco is currently working on updating the WEROC Emergency Operations Plan. The update includes a streamlined approach, current information, best practices, and hazard specific information and checklist.</p> <p>Kelly and Francisco are currently working on identifying a consultant to update the Orange County Regional Water and Wastewater Multi-jurisdictional Hazard Mitigation Plan</p>
<h2 style="margin: 0;">WATER USE EFFICIENCY</h2>	
<b>Orange County Water Loss Control Work Group</b>	<p>On May 9, Joe Berg hosted the Orange County Water Loss Control Work Group meeting. Approximately 22 staff members from agencies throughout Orange County attended the meeting. Agenda items included:</p> <ul style="list-style-type: none"> <li>• Regional Leak Detection Equipment Grant Application</li> <li>• Water Loss Control Program Design</li> <li>• Water Loss Regulation Update</li> <li>• Metropolitan Meter Calibration Reports</li> </ul> <p>The next meeting is scheduled for July 11, 2017 at MWDOC</p>
<b>CLCA) University Class #2 - Water Conservation in the Landscape</b>	<p>On May 10, Matthew Conway attended the California Landscape Contractors Association (CLCA) University Class #2 at the Irvine Spectrum. Approximately 20 landscape and water industry staff members attended this workshop. Topics for discussion included:</p> <ul style="list-style-type: none"> <li>• Recycled Water versus Potable Water</li> <li>• Orange County Rebate Programs</li> <li>• Bio Swales and Native Plants</li> <li>• Overview of the Model Water Efficient Landscape Ordinance and its purpose</li> </ul>

<b>California WEP</b>	<p>On May 16, Joe hosted the California Water Efficiency Partnership Board meeting at MWDOC. Agenda Items included:</p> <ul style="list-style-type: none"> <li>• Adoption of Consent Calendar</li> <li>• Alliance for Water Efficiency Chapter Status Next Steps</li> <li>• Peer-to-Peer Update</li> <li>• Stipend for Directors</li> <li>• Bylaws Update</li> <li>• Interim Executive Director's Report</li> </ul> <p>The next Board meeting is scheduled for June 27 via conference call.</p> <p>On May 31 and June 1, Joe, Matthew, Steve Hedges, Rachel Waite, and Sarah Rae attended the California WEP Peer-to-Peer Conference in San Diego. Panel session topics included:</p> <ul style="list-style-type: none"> <li>• My Best &amp; Worst Days</li> <li>• Cost Effectiveness 101</li> <li>• Tracking Water Use with AMI</li> <li>• Conservation &amp; Efficiency 101</li> <li>• Developing a Research Agenda</li> <li>• Funding Success and Leveraging Partnerships</li> <li>• From Drought to Deluge</li> <li>• Water Budgets 101</li> <li>• Water Loss Auditing and Control</li> <li>• What is Community Based Social Marketing and How Can We Use It?</li> <li>• Sustainable Landscaping</li> <li>• Training the Future Water Conservation Workforce</li> <li>• Understanding Water Appliance Saturation</li> <li>• ROI and Benefit Tools</li> </ul>
<b>MET's Water Use Efficiency Workgroup Meeting</b>	<p>On May 18, Matthew attended MET's Water Use Efficiency Workgroup meeting where about 30 member agencies participated. Agenda items included:</p> <ul style="list-style-type: none"> <li>• MWD April/May Conservation Board Items</li> <li>• Inland Valley Garden Planner Website</li> <li>• United States Bureau of Reclamation Technical Assistance</li> <li>• Member Agency Roundtable</li> <li>• Metropolitan Updates</li> </ul> <p>The next Workgroup meeting is scheduled for June 15 at MET.</p>

## PUBLIC/GOVERNMENT AFFAIRS

<b>Member Agency Relations</b>	<p>Heather and Public Affairs staff worked at SMWD's annual Water Awareness Day.</p> <p>Heather prepared materials and gave a legislative update at the Leg/PAW meeting.</p> <p>Heather met with Mark Sprague from the City of Fountain Valley Public Works.</p> <p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Hosted a Legislative update and Public Affairs Workgroup meeting at Santa Margarita Water District.</li> <li>• Designed a bill insert for commercial customers, and coordinated the order with the Member Agencies.</li> <li>• Sent out the AMWA Monday Morning Briefing and the Congressional Report.</li> <li>• Coordinated a Public Affairs Workgroup (PAW) meeting, held offsite at Santa Margarita Water District.</li> <li>• Met with San Juan Capistrano staff to discuss support for the California WaterFix and contacted other member agencies who have not passed resolutions of support for the project.</li> <li>• Met with the new Public Affairs Manager at Mesa Water to brief him on MWDOC, OC water operations and choice programs.</li> </ul>
<b>Community Relations</b>	<p>Heather attended the ACC-OC Water Committee meeting.</p> <p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Hosted the Water Awareness Poster Contest Award Ceremony at the Discovery Science Center. <ul style="list-style-type: none"> <li>○ Over 100 individuals in attendance</li> <li>○ 40 winners were selected from over 1000 submissions</li> <li>○ Over 1600 people voted on the Grand Prize Winners</li> </ul> </li> <li>• Sent out the weekly California Sprinkler Adjustment Notification System (CSNAS) emails B.</li> </ul>
<b>Education</b>	<p>Public Affairs Staff</p> <ul style="list-style-type: none"> <li>• Met with Inside the Outdoors staff and Lindsey Stuvick and Medha Patel, Moulton Niguel Water District staff, to discuss the "What About Water" program B.</li> </ul>



<b>Education (Continued)</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Met with Inside the Outdoors staff to review the 2016-17 high school program and to discuss the new countywide high school water education program</li> <li>• Attended the “What About Water” Expos at Tesoro High School, Dana Hills High School and Brea Olinda High School with Agency staff.</li> <li>• Joined Director Yoo Schneider at an Inside the Outdoors water/environment clinic at its Santiago Canyon Nature Center.</li> </ul>
<b>Media Relations</b>	<p>Public Affairs staff:</p> <ul style="list-style-type: none"> <li>• Posted to social media as appropriate with water related messages that further MWDOC goals and objectives.</li> <li>• Issued geographically targeted news releases regarding the winners of the poster contest, at least one of which was picked up in the OC Register.</li> </ul>
<b>Special Projects</b>	<p>Heather attended CSDA’s Legislative Days in Sacramento. Speakers included Senator Ed Hernandez, Member of Governance and Finance Committee, Senator Mark Stone, and Pedro Nava, Chair of the Little Hoover Commission.</p> <p>Heather coordinated Certificates of Recognition from the Orange County Assembly and Senate offices for MWDOC’s poster contest winners.</p> <p>Public Affairs staff:</p> <ul style="list-style-type: none"> <li>• Met with consultants on multiple occasions regarding the design and construction of the MWDOC hallway displays.</li> <li>• Are working on the design and materials for the MWDOC entryway display.</li> <li>• Met with a consultant regarding promotional items for Water Policy Dinners, OC Water Summit, inspection trips, MWDOC community events and other executive events.</li> <li>• Are currently working on itineraries, trip logistics, guest and Director requirements for the following inspection trip: <ul style="list-style-type: none"> <li>○ June 23-24, Director Ackerman, CRA/Hoover</li> </ul> </li> <li>• Continue to work with MWDOC department representatives and LA Design Studio on developing material and providing direction and content for the new MWDOC website.</li> <li>• Staffed the monthly ISDOC Executive Committee Meeting. Also, staff sent out the invitation for the ISDOC Quarterly Luncheon, and assisted in the coordination of the program.</li> </ul>

<b>Special Projects (Continued)</b>	<ul style="list-style-type: none"> <li>• Met with Coastkeeper's Ellen Orange-Brown to discuss upcoming community events, tours and outreach materials.</li> <li>• Prepared and sent a news release announcing the winner of the MWDOC/Wyland Foundation water-wise pocket park award.</li> <li>• Held a conference call with Executive Director Steve Creech with the Wyland Foundation regarding the Mayors Challenge pocket park next steps.</li> <li>• Coordinated a kickoff meeting with the Wyland Foundation, MWDOC, Laguna Beach County Water District and the City of Laguna Beach for the Mayors Challenge pocket park award.</li> <li>• Worked with a photographer to secure dates and details for professional Board and staff photos.</li> <li>• Created a logo and a web banner for the WUE Free Landscape Design Assistance Program.</li> <li>• Wrote, printed and had framed a resolution for retiring MET Assistant GM Debra C. Man.</li> <li>• Volunteered to operate a "safety boat" on Saturday and Sunday at the MET Solar Cup competition</li> </ul>
<b>Legislative Affairs</b>	<p>Heather met with Steve McCarthy, Director of Policy for the Assembly Republican Caucus.</p> <p>Heather attended the Water Alliance Now meeting on the conservation framework. Speakers included: Peter Brostrom (CWR), Max Gomberg (SWRCB), Sue Mosburg, Chair, California Water Loss Control Collaborative (CA-NV AWWA &amp; Sweetwater Authority), and Joone Lopez (MNWD).</p> <p>Heather and Melissa participated in the Southern California Water Committee Conference Calls.</p> <p>Heather and Melissa participated in the Met Member Agency Legislative Coordinators' conference call.</p> <p>Heather met with Senator Pat Bates' District Director, Erik Weigand.</p> <p>Heather participated in the ACWA Region 10, State Legislative Committee pre-meeting briefing.</p>
<b>Water Summit</b>	<p>Public Affairs staff:</p> <ul style="list-style-type: none"> <li>• Represented MWDOC at a Water Summit Committee meeting.</li> <li>• Continued working to enlist speakers to round out panels</li> </ul>

**INFORMATION CALENDAR**

**MWDOC GENERAL INFORMATION  
ITEMS**

**MWDOC BOARD OF DIRECTORS**

- Brett R. Barbre
- Larry D. Dick
- Wayne Osborne
- Joan Finnegan
- Sat Tamaribuchi
- Jeffery M. Thomas
- Megan Yoo Schneider