

**MEETING OF THE  
BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
Jointly with the  
**ADMINISTRATION & FINANCE COMMITTEE**  
December 10, 2014, 8:30 a.m.  
MWDOC Conference Room 101

**Committee:**

Director Thomas, Chairman  
Director J. Finnegan  
Director Osborne

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

Ex Officio Member: L. Dick

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

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

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED** - Determine there is a need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee)

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

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

**PROPOSED BOARD CONSENT CALENDAR ITEMS-ACTION**

1. TREASURER'S REPORT
  - a. Revenue/Cash Receipt Report – November 2014
  - b. Disbursement Approval Report for the month of December 2014
  - c. Disbursement Ratification Report for the month of November 2014
  - d. GM Approved Disbursement Report for the month of November 2014
  - e. Water Use Efficiency Projects Cash Flow – November 30, 2014
  - f. Consolidated Summary of Cash and Investment – October 2014
  - g. OPEB Trust Fund monthly statement (to be emailed separately)
2. FINANCIAL REPORT
  - a. Combined Financial Statements and Budget Comparative for the period ending October 31, 2014
  - b. Audit Report for Fiscal Year 2013-14

3. DISTRICT CONFERENCES - California Special Districts Association "Introduction to Good Governance Principles," January 22, 2015 at MWDOC

### **ACTION ITEMS**

4. APPROVAL OF REVISED PERSONNEL MANUAL
5. RENEWAL OF LONG-TERM DISABILITY, LIFE INSURANCE AND EMPLOYEE ASSISTANCE PROGRAM PLANS
6. AMENDMENT TO THE MWDOC MONEY PURCHASE PENSION PLAN

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

7. 2015 FLEXIBLE BENEFITS SPENDING PLAN UPDATE
8. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION & WATER SUPPLY INFORMATION
9. DEPARTMENT ACTIVITIES REPORTS
  - a. Administration
  - b. Finance and Information Technology

### **OTHER ITEMS**

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

### **ADJOURNMENT**

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

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

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

**WATER REVENUES**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>Amount</b>
11/03/14	City of Seal Beach	September 2014 Water deliveries	162,426.91
11/03/14	City of San Juan Capistrano	September 2014 Water deliveries	507,911.77
11/05/14	City of La Habra	September 2014 Water deliveries	13,597.88
11/06/14	Trabuco Canyon Water District	September 2014 Water deliveries	16,660.76
11/06/14	City of La Palma	September 2014 Water deliveries	5,732.00
11/06/14	City of Fountain Valley	September 2014 Water deliveries	19,240.22
11/07/14	South Coast Water District	September 2014 Water deliveries	557,140.37
11/07/14	Serrano Water District	September 2014 Water deliveries	686.14
11/07/14	City of Buena Park	September 2014 Water deliveries	371,697.93
11/07/14	City of Brea	September 2014 Water deliveries	424,276.31
11/10/14	City of Newport Beach	September 2014 Water deliveries	385,026.57
11/12/14	El Toro Water District	September 2014 Water deliveries	881,995.33
11/12/14	Laguna Beach County Water District	September 2014 Water deliveries	346,827.36
11/13/14	City of Westminster	September 2014 Water deliveries	184,004.74
11/13/14	City of Orange	September 2014 Water deliveries	761,552.09
11/13/14	Mesa Water	September 2014 Water deliveries	300,374.12
11/14/14	Orange County Water District	September 2014 Water deliveries	2,788,435.41
11/14/14	East Orange County Water District	September 2014 Water deliveries	644,923.89
11/14/14	Irvine Ranch Water District	September 2014 Water deliveries	1,274,540.38
11/14/14	Santiago Aqueduct Commission	September 2014 Water deliveries	180,305.30
11/14/14	Moulton Niguel Water District	September 2014 Water deliveries	2,539,535.56
11/14/14	Yorba Linda Water District	September 2014 Water deliveries	802,892.95
11/14/14	Golden State Water Company	September 2014 Water deliveries	631,683.01
11/20/14	City of Garden Grove	October 2014 Water deliveries	739,314.42
11/21/14	City of La Habra	October 2014 Water deliveries	10,643.44
11/28/14	City of Huntington Beach	October 2014 Water deliveries	1,098,258.20
11/28/14	City of Brea	October 2014 Water deliveries	366,478.41

TOTAL REVENUES \$ 16,016,161.47

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


**MISCELLANEOUS REVENUES**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>Amount</b>
11/06/14	Orange County Water District	10/2/14 Water policy dinner	600.00
11/21/14	Susan Hunt	Partial Dec 2014 & Jan 2015 COBRA medical premium	689.89
11/12/14	Patricia Meszaros	Movie tickets	48.00
11/21/14	Grisel Rodriguez	Movie tickets	80.00
11/24/14	Kim Dusky	Movie tickets	32.00
11/26/14	Lisa Parson	Movie tickets	48.00
11/03/14	Nilesh Patel	Reimbursement for public request copies	9.00
11/17/14	State of California	Refund for unused portion of processing fee	25.00
11/21/14	4 Checks	Poinsettia plants - Employee purchase reimbursements	137.00
11/26/14	State of California	Reimbursement of State Mandated Cost	17,816.00
11/10/14	City of Newport Beach	August 2014 Smart Timer rebate program	300.00
11/17/14	City of Santa Ana	Aug-Sep 2014 Smart Timer rebate program	369.00
11/07/14	City of Huntington Beach	September 2014 Smart Timer rebate program	75.00
11/10/14	Mesa Water	September 2014 Smart Timer rebate program	225.00
11/14/14	2 Checks	September 2014 Smart Timer rebate program	4,739.29
11/17/14	2 Checks	September 2014 Smart Timer rebate program	720.00
11/21/14	City of Fullerton	September 2014 Smart Timer rebate program	468.30
11/12/14	Irvine Ranch Water District	September 2014 Turf Removal rebate program	13,596.94
11/24/14	Santa Margarita Water District	June 2014 Smart Timer & Turf Removal rebate program	1,288.96
11/07/14	City of Orange	September 2014 Smart Timer & Turf Removal rebate program	3,228.00
11/10/14	Golden State Water Company	September 2014 Smart Timer & Turf Removal rebate program	4,737.10
11/21/14	City of Garden Grove	September 2014 Smart Timer & Turf Removal rebate program	1,755.00
11/24/14	El Toro Water District	September 2014 Rotating Nozzle rebate program	1,198.80
11/24/14	Santa Margarita Water District	June 2014 So Cal Watersmart Residential rebate program	4,011.00
11/04/14	Irvine Ranch Water District	September 2014 So Cal Watersmart Residential rebate program	33,156.34
11/06/14	Trabuco Canyon Water District	September 2014 So Cal Watersmart Residential rebate program	100.00
11/10/14	Golden State Water Company	September 2014 So Cal Watersmart Residential rebate program	1,710.00
11/24/14	El Toro Water District	September 2014 So Cal Watersmart Residential rebate program	1,797.99
11/04/14	Irvine Ranch Water District	July 2014 Landscape Performance Certification program	750.00
11/18/14	Bureau of Reclamation	Apr-Sep 2014 Hotel Water Smart program	46,161.92
11/18/14	Bureau of Reclamation	Apr-Sep 2014 Industrial Process Water Use program	13,995.00
11/18/14	Bureau of Reclamation	Apr-Sep 2014 Smart Irrigation Timer rebate program	76,071.39
11/18/14	Bureau of Reclamation	Apr-Sep 2014 Spray to Drip Conversion Pilot Project	6,117.14
11/18/14	Bureau of Reclamation	Apr-Sep 2014 Water Efficient Site Certification & Smart Timer program	18,052.69
11/04/14	Irvine Ranch Water District	FY 14-15 Choice Programs Billing Invoice	253,126.61
11/07/14	City of Buena Park	FY 14-15 Choice Programs Billing Invoice	14,058.03
11/26/14	El Toro Water District	FY 14-15 Choice programs - Value of Water	7,000.00

TOTAL MISCELLANEOUS REVENUES \$ 528,294.39

TOTAL REVENUES \$ 16,544,455.86

Robert J. Hunter, General Manager

  
Hilary Chumoitazi, Treasurer



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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
<b>Core Expenditures:</b>		
	<b>Richard Ackerman</b>	
1053	November 2014 Legal consulting on water policy issues	1,712.50
	*** Total ***	1,712.50
	<b>ACWA</b>	
919-2015	2015 Annual membership dues	16,489.00
	*** Total ***	16,489.00
	<b>Aleshire &amp; Wynder LLP</b>	
30713	October 2014 Legal services	122.49
31103	November 2014 Legal services	695.00
	*** Total ***	817.49
	<b>ALTA FoodCraft</b>	
514111103	11/12/14 Coffee & tea supplies	187.70
	*** Total ***	187.70
	<b>Alternative On-Site Service</b>	
15117	11/19/14 Service for IBM typewriter	150.00
	*** Total ***	150.00
	<b>Awards &amp; Trophies Co., Inc.</b>	
11678	Picture plate for Director Clark	24.36
11743	4 Appreciation plaques	95.04
	*** Total ***	119.40
	<b>Best Best and Krieger LLP</b>	
55401-OCT14	October 2014 Legal services	22,980.80
55401-NOV14	November 2014 Legal services	11,399.05
	*** Total ***	34,379.85
	<b>California Special Districts Association</b>	
352-2015	2015 Annual membership dues	5,691.00
	*** Total ***	5,691.00
	<b>Carl Markham Signs &amp; Graphics</b>	
14-118	Nameplates for new Directors McKenney & Tamaribuchi	72.24
	*** Total ***	72.24
	<b>CSU Fullerton ASC</b>	
AR163801	2nd Quarter FY 14/15 CDR Support	9,990.25
	*** Total ***	9,990.25

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Disbursement Approval Report  
For the month of December 2014**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>Encore Video Services</i></b>	
2014060	Photo montage DVD for Director Clark's retirement	136.08
	*** Total ***	136.08
	<b><i>Fry's Electronics</i></b>	
20510486	11/10/14 Computer supplies	99.34
20526521	11/20/14 Computer supplies	626.15
	*** Total ***	725.49
	<b><i>Ronald R. Gastelum</i></b>	
NOV14	November 2014 Strategic assistance on MET issues	7,500.00
	*** Total ***	7,500.00
	<b><i>James C. Barker, P.C.</i></b>	
105-1114	November 2014 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	<b><i>Lewis Consulting Group, LLC</i></b>	
1390	October 2014 Professional services	2,937.50
1391	November 2014 Professional services	2,500.00
	*** Total ***	5,437.50
	<b><i>Norco Delivery Services</i></b>	
659346	11/7/14 Delivery charges for Board packets	249.49
	*** Total ***	249.49
	<b><i>Occu-Med, Ltd.</i></b>	
1114741FFD	September 2014 Fit for duty exam	408.50
	*** Total ***	408.50
	<b><i>Office Solutions</i></b>	
I-00698556	2500 Letterhead envelopes	691.41
I-00702047	11/21/14 Office supplies	499.11
I-00702493	11/24/14 Office supplies	71.25
I-00704749	12/2/14 Office supplies	338.34
I-00704991	12/3/14 Office supplies	56.14
I-00705705	12/4/14 Office supplies	155.50
	*** Total ***	1,811.75
	<b><i>Orange County Water District</i></b>	
14443	October 2014 50% share of WACO expense	212.50
14477	October 2014 Postage, shared office & maintenance expense	9,623.72
	*** Total ***	9,836.22
	<b><i>Petty Cash</i></b>	
113014	November 2014 Petty Cash reimbursement	182.43
	*** Total ***	182.43

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<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>Salk Marketing</i></b>	
14107A	Balance for 1,000 custom flash drives	4,252.50
	***Total ***	4,252.50
	<b><i>Swiftpage</i></b>	
SO-220-62359	7 ACT Premium software licenses with support to manage contact data base	3,912.18
	*** Total ***	3,912.18
	<b><i>Top Hat Productions</i></b>	
89656	11/20/14 Lunch for Managers' meeting	403.38
89628	11/14/14 Lunch for off-site management staff meeting	174.96
	*** Total ***	578.34
	<b><i>Townsend Public Affairs, Inc.</i></b>	
10471	November 2014 State legislative advocacy services	7,500.00
	*** Total ***	7,500.00
	<b><i>Tustin Irvine Medical Group</i></b>	
00784419	11/3/14 New hire pre-employment exam	160.00
00784481	11/7/14 New hire pre-employment exam	160.00
	*** Total ***	320.00
	<b><i>U.S. Postal Service</i></b>	
20895-2015	2015 Annual fee for P.O. Box rental	1,198.00
	***Total ***	1,198.00
	<b><i>USA Fact</i></b>	
2352080-IN	10/3/14 New hire background check	18.16
2353090-IN	11/12/14 New hire background check	23.16
	*** Total ***	41.32
	<b><i>Vavrinek, Trine, Day &amp; Co., LLP</i></b>	
0109603-IN	September 2014 Audit services for FY 13-14 Financial Statements	9,000.00
	*** Total ***	9,000.00
	<b><i>Total Core Expenditures</i></b>	<b>130,699.23</b>

***Choice Expenditures:***

	<b><i>State of California</i></b>	
2	June-November 2014 Right of Entry permit for Doheny Ocean Desal project	4,000.00
	***Total ***	4,000.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>Discovery Science Center</i></b>	
103114MWDOC	October 2014 School program	29,765.10
	*** Total ***	29,765.10
	<b><i>Quick Signs</i></b>	
41033	10 Signs with stakes for Turf Removal program	125.50
	*** Total ***	125.50
	<b><i>State Water Resources</i></b>	
WD-0106114	7/1/14-6/30/15 Annual permit fee for Doheny Ocean Desal project	1,996.00
	*** Total ***	1,996.00
	<b><i>Ultimate Image Printing</i></b>	
100605	10,000 Rebate flyers for San Juan Capistrano	1,027.81
	*** Total ***	1,027.81
	<b><i>Total Choice Expenditures</i></b>	<b>36,914.41</b>

***Other Funds Expenditures:***

	<b><i>AquaFicient Consulting</i></b>	
02-066	October 2014 Landscape Performance Certification program funded by IRWD & MET	1,500.00
	*** Total ***	1,500.00
	<b><i>Best Best and Krieger LLP</i></b>	
55401-OCT14	October 2014 Legal services	1,790.44
55401-NOV14	November 2014 Legal services	258.50
	*** Total ***	2,048.94
	<b><i>The Boeing Company</i></b>	
120114	Incentive payment for Industrial Process Water Use Reduction program-Phase III	73,638.67
	*** Total ***	73,638.67
	<b><i>ConserVision Consulting, LLC</i></b>	
LPCP-224	October 2014 Consulting services for Landscape Performance Certification program	6,662.25
	*** Total ***	6,662.25
	<b><i>Hoag Memorial Hospital</i></b>	
120114	Incentive payment for Water Smart Industrial program	20,558.67
	*** Total ***	20,558.67

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b>Mission RCD</b>	
1708	October 2014 Field verifications for Water Use Efficiency rebate programs	30,993.55
	*** Total ***	30,993.55
	<b>Quick Signs</b>	
41033	10 Signs with stakes for Turf Removal program	63.50
	*** Total ***	63.50
	<b>Spray to Drip Program</b>	
S2D31747	P. Haney	175.00
S2D1011	T. Garwick	103.64
S2D1078	J. Tanner	175.00
S2DC1617	Chapman University	2,781.20
S2DC1618	Chapman University	2,800.00
S2D-SMWD-1012	C. Graham	175.00
S2D1100	P. Schlesinger	525.00
S2D1120	K. Abgarian	437.72
S2D1070	M. Mayes	161.11
S2D1040	J. Green	350.00
S2D34642	S. Vansluis	237.71
S2D-SMWD-1011	R. Rackemann	150.70
S2D1081	S. Liu	171.83
	*** Total ***	8,243.91
	<b>Turf Removal Program</b>	
TR5-BREA-014	G. Rotblum	1,476.00
TR5-BREA-020	K. Oliver	981.00
TR5-BREA-023	D. Rossi	1,485.00
TR5W-BREA-1177	M. Connors	496.00
TR5W-BREA-1388	R. Corum	2,367.00
TR5W-BREA-1482	K. Bush	2,955.00
TR5W-BREA-1488	H. Fritts	1,000.00
TR5-EOC-002	T. Anderson	1,428.00
TR5W-EOCWD-1244	C. Sloan	1,475.12
TR5W-ETWD-1193	A. Ashrafnia	966.00
TR5-FV-008	R. Bae	1,506.00
TR5W-FV-1122	D. Davis	634.00
TR5W-FV-1176	H. Carbone	808.00
TR5-GG-009	B. Enriquez	1,498.00
TR5-GG-015	M. Bitting	2,148.00
TR5-GG-016	M. Mason	2,174.00
TR5-GSWC-033	D. Plautz	1,902.00
TR5-GSWC-043	J. Ford	2,546.00
TR5-GSWC-052	M. Doss	40,340.00
TR5-GSWC-054	E. Little	5,712.00
TR5-GSWC-069	S. Osaki	958.00
TR5W-GSWC-1028	J. Gribble	4,900.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR5-HB-035	T. Pitchford	1,394.00
TR5-HB-040	K. Symmes	1,446.00
TR5-HB-045	J. Limbocker	1,300.00
TR5-HB-050	R. Bullock	3,642.00
TR5-HB-060	R. Walter	562.00
TR5-HB-064	M. Marcin	2,972.00
TR5-HB-066	P. Robitaille	4,974.00
TR5-HB-071	C. Chrisman	6,058.00
TR5-HB-079	R. Spix	3,598.00
TR5W-HB-1232	F. Saucedo	1,486.00
TR5W-HB-1270	L. Gunsul	2,836.00
TR5W-HB-1363	J. Spagnoli	1,370.00
TR5W-HB-1464	N. Canzone	2,212.00
TR5W-HB-1535	R. Harer	1,054.00
TR5W-HB-1629	R. Damia	758.06
TR4-IRWD-098	M. Bower	740.00
TR5-IRWD-130	J. Li	1,180.00
TR5-IRWD-140	B. Hawkins	1,002.00
TR5-IRWD-174	AJ West Executive Plaza Association (Lake Forest)	2,780.00
TR5-IRWD-175	M. Ko	190.00
TR5-IRWD-190	M. Mojabi	1,852.00
TR5-IRWD-198A	Turtle Rock Ridge Association (Irvine)	9,668.00
TR5-IRWD-198B	Turtle Rock Ridge Association (Irvine)	54,134.00
TR5-IRWD-198C	Turtle Rock Ridge Association (Irvine)	7,000.00
TR5-IRWD-216	E. Miller	1,832.00
TR5-IRWD-219	Campus Village Housing (Irvine)	3,772.32
TR5-IRWD-221	Prisa Main and Redhill CA LLC (Irvine)	5,982.00
TR5-IRWD-227	J. Rubick	1,560.00
TR5-IRWD-230	K. & P. Knox	600.00
TR5-IRWD-233	B. Moyer	868.00
TR5-IRWD-234	C. Leung	3,406.00
TR5-IRWD-242	R. Chavez	754.00
TR5-IRWD-243	J. Tobin	1,298.00
TR5-IRWD-244	S. Wolfe	576.00
TR5-IRWD-255	J. Bechtold	892.00
TR5-IRWD-259	T. Kuehl	710.00
TR5-IRWD-265	T. Haldorsen	1,246.00
TR5-IRWD-281	M. Keller	1,134.00
TR5-IRWD-290	M. Fier	440.00
TR5W-IRWD-1548	W. Kobayashi	1,002.00
TR5-LB-016	D. & M. Chapman	981.00
TR5W-LH-1161	T. Chideckel	1,394.00
TR5-LP-001	G. Sauls	1,182.00
TR5W-LP-1448	S. Ishitani	360.00
TR5-MESA-024	J. Terry	3,646.00
TR5-MESA-036	C. & J. Jurekovic	2,928.00
TR5-MESA-043	P. Clark	2,326.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR5-MESA-045	P. Scott	624.00
TR5-MESA-050	W. McGrath	2,386.00
TR4-MN-006	B. Wood	422.00
TR5-MN-063	J. Radeleff	676.00
TR4-MN-091	T. Pantoja	740.00
TR4-MN-093	C. Hooker	4,550.00
TR5-MN-099	L. Alia	2,040.00
TR5-MN-103	K. Marshall	2,412.00
TR5-MNT-108	M. Didovic	2,027.29
TR5-MNT-114	J. Weiler	4,038.00
TR5-MNT-117	W. Fox	1,930.00
TR5-MNT-118	E. Jekums	1,750.00
TR5-MNT-123	W. Wilson	2,335.00
TR5-MNT-125	T. Boyle	1,099.00
TR5-MNT-127	P. Mercer	3,185.00
TR5-MNT-139	K. O'Neill	1,128.00
TR5-MNT-147	R. Robeson	1,905.00
TR5-MNT-169	S. Woodie	3,570.00
TR5W-MNT-1016	R. Kerns	1,735.00
TR5W-MNT-1136	J. Dixson	5,050.00
TR5W-MNT-1287	V. Germann-Helms	3,235.00
TR5W-MNT-1290	T. Moore	12,374.00
TR5W-MNT-1621	P. Bannister	520.00
TR5-NWPT-002	E. & T. Horowitz	1,866.00
TR4-O-021	A. Samadani	3,840.00
TR5-O-042	S. Murdock	1,126.00
TR5-O-044	T. Mullen	1,560.00
TR5W-O-1175	M. Moore	4,282.00
TR5-SB-003	T. Haile	884.00
TR5W-SB-1181	L. Holtzen	378.00
TR5W-SB-1348	H. & L. Phan	2,300.00
TR5W-SB-1689	P. Halbert	1,420.00
TR5-SC-039	D. Rubright	574.00
TR5-SC-045	W. Lukasik	2,066.00
TR5-SC-046	S. Cochran	898.00
TR5-SC-047	Z. & A. Cox	2,484.00
TR5-SC-061	R. Houghland	836.00
TR5-SC-065	D. Terkoski	1,062.00
TR5-SC-070	F. Montalvo	924.00
TR5W-SC-1029	P. Cadenhead	508.00
TR5W-SC-1238	J. Murphy	1,788.00
TR5W-SC-1413	R. Swenson	1,320.00
TR5-SJC-023	W. Shrimp	1,572.00
TR5-SJC-027	T. Saltikov	1,438.00
TR5-SJC-032	D. Price	1,670.00
TR5-SM-086	K. Noonan	1,732.00
TR5-SM-102	B. Ingallinera	1,522.69

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR5-SM-117	S. Cusick	2,600.00
TR5-SM-122	D. Henderson	472.00
TR5-SM-123	R. Chua	668.00
TR5-SM-126	D. Potter	6,514.00
TR5-SM-135	T. & R. Putnam	1,388.00
TR5-SM-1709	G. McCusker	1,692.00
TR5W-SM-1049	J. Johnson	12,000.00
TR5W-SM-1090	H. Dentler	560.00
TR5W-SM-1121	R. Barnett	1,196.00
TR5W-SM-1236	C. Malsed	620.00
TR5W-SM-1343	R. Kuhlmann	364.00
TR5W-SM-1372	M. Tryon	1,212.00
TR5W-SM-1439	S. Culver	970.00
TR5W-SM-1451	C. Blaylock	740.00
TR5W-SM-1655	J. Mudrock	972.00
TR5W-SM-1746	T. Weeda	1,100.00
TR5-SOCO-046	R. Pruitt	550.00
TR5-SOCO-052	J. Raub	1,444.00
TR5-SOCO-053	C. Mellem	1,944.00
TR5-SOCO-059	T. Turner	2,968.00
TR5-SOCO-064	S. Hinman	570.00
TR5W-SOCO-1294	K. Bilinski	614.00
TR5W-SWD-1043	R. Freschi	7,290.00
TR5W-TUST-1140	R. Blaney	3,552.00
TR5W-TUST-1424	E. O'Rourke	1,820.00
TR5-WEST-001	V. Bui	1,252.00
TR5-YLWD-006	K. Wright	1,594.50
TR5-YLWD-010	M. Kent	3,400.00
TR5-YLWD-011	J. Kennedy	1,196.00
TR5-YLWD-013	R. Bernal	2,216.00
TR5-YLWD-014	S. Vargha	2,274.00
TR5-YLWD-015	L. Yang	618.00
TR5-YLWD-019	C. Anderson	1,000.00
TR5-YLWD-020	J. Turner	1,030.00
TR5-YLWD-022	W. Siecke	1,010.00
TR5-YLWD-028	K. Wilks	3,600.00
TR5-YLWD-030	T. Rehmeyer	4,220.00
TR5-YLWD-031	M. Ehrle	632.00
TR5-YLWD-032	R. Wiedemann	1,676.00
TR5-YLWD-034	R. Silva	914.00
TR5W-YLWD-1023	J. Radak	1,828.00
TR5W-YLWD-1046	D. Forbes	2,582.00
TR5W-YLWD-1450	R. Harraka	1,514.00
	*** Total ***	417,010.98



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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
6070314	<b>URS Corporation Americas</b>	
	October 2014 Professional services for Industrial Process Water Use Reduction program	2,765.00
	*** Total ***	2,765.00
	<b>Total Other Funds Expenditures</b>	<hr/> 563,485.47
	<b>Total Expenditures</b>	<hr/> <hr/> 731,099.11

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

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>Core Disbursements:</b>				
<b>126505</b>	<b>11/3/14</b>	<b>TIMEWA 5210-NOV14</b>	<b>Time Warner Cable</b> November 2014 Telephone and internet expense	932.74
			***Total ***	932.74
<b>126507</b>	<b>11/14/14</b>	<b>ACKEEX/ACKECO 103114</b>	<b>Linda Ackerman</b> October 2014 Business expense	146.72
<b>126508</b>		<b>OCT2014</b>	October 2014 MET Director's compensation	2,443.30
			***Total ***	2,590.02
<b>126511</b>	<b>11/14/14</b>	<b>C3OFFI INV31864</b>	<b>C3 Office Solutions LLC</b> November 2014 Canon copier maintenance	238.39
			***Total ***	238.39
<b>126513</b>	<b>11/14/14</b>	<b>DELAGE 43013541</b>	<b>De Lage Landen Public Finance</b> November 2014 Canon copier lease	509.00
			***Total ***	509.00
<b>126516</b>	<b>11/14/14</b>	<b>HOMED1 7785-OCT14</b>	<b>Home Depot Credit Services</b> 9/30/14 & 10/20/14 Computer supplies	92.64
			***Total ***	92.64
<b>126519</b>	<b>11/14/14</b>	<b>IRONMO KXA7943</b>	<b>Iron Mountain</b> November 2014 Storage/retrieval of archived documents	447.32
			***Total ***	447.32
<b>126541</b>	<b>11/14/14</b>	<b>TIMEWA 3564-NOV14</b>	<b>Time Warner Cable</b> November 2014 Telephone expense for 4 analog fax lines	139.01
			***Total ***	139.01
<b>126601</b>	<b>11/14/14</b>	<b>VERIZO 9734315383</b>	<b>Verizon Wireless</b> October 2014 4G Mobile broadband unlimited service	38.01
			***Total ***	38.01
<b>ACH001182</b>	<b>11/14/14</b>	<b>BARBCO OCT2014</b>	<b>Brett Barbre</b> October 2014 MET Director's compensation	2,443.30
			***Total ***	2,443.30
<b>ACH001183</b>	<b>11/14/14</b>	<b>BERGJO 103014</b>	<b>Joseph Berg</b> October 2014 Business expense	311.26
			***Total ***	311.26

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

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
	<b>11/14/14</b>	<b>DICKC/DICKEX</b>	<b>Larry Dick</b>	
ACH001186		OCT2014	October 2014 MET Director's compensation	2,443.30
ACH001187		103114	October 2014 Business expense	171.36
			***Total ***	2,614.66
	<b>11/14/14</b>	<b>FINNEG</b>	<b>Joan Finnegan</b>	
ACH001191		103114	October 2014 Business expense	116.60
			***Total ***	116.60
	<b>11/14/14</b>	<b>CHUMPI</b>	<b>Hilary Chumpitazi</b>	
ACH001193		093014	September 2014 Business expense	11.42
			***Total ***	11.42
	<b>11/14/14</b>	<b>HINMAN</b>	<b>Susan Hinman</b>	
ACH001194		103114	October 2014 Business expense	358.58
			***Total ***	358.58
	<b>11/14/14</b>	<b>MCKECO</b>	<b>Larry B. McKenney</b>	
ACH001198		OCT2014	October 2014 MET Director's compensation	2,443.30
			***Total ***	2,443.30
	<b>11/14/14</b>	<b>HUNTER</b>	<b>Robert J. Hunter</b>	
ACH001210		101914	October 2014 Business expense	160.63
			***Total ***	160.63
	<b>11/26/14</b>	<b>ROBERT</b>	<b>Bryce Roberto</b>	
126723		111314	October-November 2014 Business expense	230.99
			***Total ***	230.99
	<b>11/26/14</b>	<b>FRANKS</b>	<b>Sarah Franks</b>	
126728		101714	October 2014 Business expense	67.87
			***Total ***	67.87
	<b>11/26/14</b>	<b>USBANK</b>	<b>U.S. Bank</b>	
126731		OCT14	9/22/14-10/22/14 Cal Card charges	8,133.80
			***Total ***	8,133.80
			(See attached sheet for details)	
	<b>11/26/14</b>	<b>OUWERK</b>	<b>Jessica H. Ouwerkerk</b>	
ACH001223		103114	October 2014 Business expense	273.71
			***Total ***	273.71

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

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>ACH001228</b>	<b>11/26/14</b>	<b>THOMAS 103114</b>	<b>Jeffery Thomas</b> October 2014 Business expense	108.70
			***Total ***	108.70
<b>Total Core Disbursements</b>				<b>22,261.95</b>
<b>Choice Disbursements:</b>				
<b>126729</b>	<b>11/26/14</b>	<b>SDG&amp;E 7768-NOV14</b>	<b>SDG&amp;E</b> 10/19/14-11/18/14 Electrical service for Doheny Ocean Desal project	191.30
			***Total ***	191.30
<b>Total Choice Disbursements</b>				<b>191.30</b>
<b>Other Funds Disbursements:</b>				
<b>126523</b>	<b>11/14/14</b>	<b>PARSON 111014</b>	<b>Lisa Parson</b> October-November 2014 Business expense	129.64
			***Total ***	129.64
<b>126724</b>	<b>11/26/14</b>	<b>CATALI 10753</b>	<b>Catalina Island Conservancy</b> November 2014 WEROC radio repeater site lease	1,484.32
			***Total ***	1,484.32
<b>126726</b>	<b>11/26/14</b>	<b>HUBBAR 103114</b>	<b>Kelly Hubbard</b> October 2014 Business expense	132.57
			***Total ***	132.57
<b>126731</b>	<b>11/26/14</b>	<b>USBANK OCT14</b>	<b>U.S. Bank</b> 9/22/14-10/22/14 Cal Card charges	205.06
			***Total ***	205.06
			(See attached sheet for details)	
<b>ACH001226</b>	<b>11/26/14</b>	<b>SANTAM SEP2014</b>	<b>Santa Margarita Water District</b> September 2014 SCP Operation surcharge	32,251.49
			***Total ***	32,251.49
<b>ACH001227</b>	<b>11/26/14</b>	<b>SPRINT 320982721-123</b>	<b>Sprint</b> November 2014 WEROC cell phone expense	41.91
			***Total ***	41.91

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

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
WIRE-141126	11/26/14	METWAT 8148	Metropolitan Water District September 2014 Water deliveries	18,495,281.82
			***Total ***	18,495,281.82
			<b>Total Other Funds Disbursements</b>	<b>18,529,526.81</b>
			<b>Total Disbursements</b>	<b>18,551,980.06</b>

Robert J. Hunter, General Manager

  
Hilary Chumpitazi, Treasurer

**Cal Card Statement Detail**  
**Statement Date: October 22, 2014**  
**Payment Date: November 26, 2014**

Date	Description	Amount
<b><u>Karl's Card</u></b>		
09/22/14	Orange County Water Association-HR Committee seminar in Anaheim, CA on Sep. 24, 2014 - Registration for C. Harris	\$ 45.00
09/23/14	Santa Ana Watershed conference in Riverside, CA on Oct. 14, 2014 - Registration for R. Bell	130.00
09/23/14	Environmental & Water Resources Institute Collaborative Water Resources Planning seminar in Irvine, CA on Oct. 2, 2014 - Registration for R. Bell	28.00
09/22/14	State Water Resources Control Board - Ocean Plan Amendment meeting in Sacramento, CA on Aug. 19, 2014 - Refund of canceled airfare for R. Bell	(394.20)
09/23/14	Lunch for WEROC training	150.00
09/24/14	Brown and Caldwell employment advertising for Senior Administrative Assistant	200.00
09/26/14	Jobtarget employment advertising for Senior Administrative Assistant	125.00
09/26/14	Flowers for staff member	51.82
09/25/14	California Special Districts Association Governance Foundations workshop in Palm Springs, CA on Sep. 29, 2014 - Refund of registrations for Director Barbre, Director Dick, R. Hunter & K. Seckel	(900.00)
09/29/14	Lunch for Situation Status training	55.06
09/30/14	UPS delivery charges for Board & Committee packets on Sep. 25, 2014	6.05
10/07/14	UPS delivery charges for Board & Committee packets on Sep. 9, 2014	47.32
10/07/14	5 Toner cartridges	292.03
10/08/14	Southern California Water Committee Annual dinner in Universal City, CA on Oct. 23, 2014 - Registration for H. Baez	200.00
10/08/14	ACWA Regions 8,9 & 10 Hosted Program & Tour in San Diego, CA from Oct. 26-27, 2014 - Registration for H. Baez	100.00
10/07/14	Austin Area Research Organization conference in Austin, TX on Nov. 17, 2014 - Airfare for R. Hunter	198.99 <sup>1</sup>
10/08/14	Brown and Caldwell employment advertising for WUE Program Assistant	200.00
10/08/14	Prepaid Regal movie tickets for employee purchase	648.00
10/09/14	Association of Metropolitan Water Agencies Annual Executive Management conference in Newport Beach, CA on Oct. 19-22, 2014 - Registration for R. Hunter	695.00
10/08/14	Prepaid AMC movie tickets for employee purchase	409.95
10/08/14	AWWA California-Nevada Section Annual Fall conference in Reno, NV from Oct. 20-23, 2014 - Airfare for D. Burke	421.70
10/08/14	ACWA Legislative Committee meeting in Sacramento, CA on Oct. 24, 2014 - Airfare for H. Baez	345.20
10/08/14	Legislative activities in Washington, DC from Nov. 20-21, 2014 - Airfare for R. Hunter	675.11
10/08/14	Legislative activities in Washington, DC from Nov. 20-21, 2014 - Airfare for H. Baez	675.11
10/08/14	Prepaid Cinemark movie tickets for employee purchase	648.50

**Cal Card Statement Detail**  
**Statement Date: October 22, 2014**  
**Payment Date: November 26, 2014**

Date	Description	Amount
<b><u>Karl's Card</u></b>		
10/09/14	Monthly license fee for Adobe Creative Cloud software	119.97
10/13/14	Annual license fee for Prezi presentation software	236.00
10/14/14	UPS delivery charges for Board & Committee packets on Oct. 9, 2014	6.05
10/14/14	Annual license fee for Acronis True Image backup software	49.99
10/13/14	State Water Resources Control Board - Operator Certification	157.00
	Stakeholders Group meeting in Sacramento, CA on Oct. 14, 2014 - Airfare for D. Burke	
10/15/14	State Water Resources Control Board- Operator Certification	307.95
	Stakeholders Group meeting in Sacramento, CA on Oct. 14, 2014 - Accommodations for D. Burke	
10/16/14	1 Projection screen	325.43
10/16/14	California Urban Water Conservation Council meeting in Sacramento, CA on Nov. 12-13, 2014 - Airfare for J. Berg	316.20
10/20/14	California Society of Municipal Finance Officers meeting in Irvine, CA on Oct. 14, 2014 - Registration for H. Chumpitazi	30.00
10/20/14	Colorado River Water Users Association Annual conference in Las Vegas, NV from Dec. 10-12, 2014 - Accommodations for Director Barbre	134.40
10/20/14	Legislative activities in Sacramento, CA from Oct. 28-30, 2014 - Airfare for Director Barbre	344.20 <sup>2</sup>
10/20/14	Colorado River Water Users Association Annual conference in Las Vegas, NV from Dec. 10-12, 2014 - Airfare for Director Barbre	538.20 <sup>3</sup>
10/21/14	UPS delivery charges for Board & Committee packets on Oct. 9 & 15, 2014	66.33
10/21/14	Orange County Business Council Election Day Lunch in Anaheim, CA on Nov. 4, 2014 - Registration for H. Baez	75.00
<b>Total</b>		<b><u>\$ 7,760.36</u></b>

- <sup>1</sup> Airfare will be reimbursed by the Austin Area Research Organization
- <sup>2</sup> Director Barbre reimbursed MWDOC \$136.00
- <sup>3</sup> Director Barbre to reimbursed MWDOC \$56.00

**Cal Card Statement Detail**  
**Statement Date: October 22, 2014**  
**Payment Date: November 26, 2014**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
<b><u>Rob's Card</u></b>		
9/22/14-10/22/14	Meals for R. Hunter's meetings on various dates	\$ 398.50
09/22/14	Fastrak toll roads	100.00
09/27/14	State Water Project inspection trip from Sep. 26-27, 2014 - Parking for R. Hunter	40.00
10/18/14	State Water Project inspection trip from Oct. 17-18, 2014 - Parking for R. Hunter	40.00
	<b>Total</b>	<b><u>\$ 578.50</u></b>



**Municipal Water District of Orange County**  
**GM Approved Disbursement Report <sup>(1)</sup>**  
**For the month of November 2014**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>Core Disbursements:</b>				
126721	11/24/14	OCCHOR 2014DEC	<b>OCC Horticulture Account</b> Poinsettia order for MWDOC and employees ***Total ***	305.00 305.00
126725	11/26/14	CONSTA XR8WAECA32214	<b>Constant Contact Inc.</b> November 2014-October 2015 Constant Contact e-mail marketing software ***Total ***	1,596.00 1,596.00
126732	11/26/14	WHITEN 2014TS	<b>White Nelson Diehl Evans LLC</b> 2014 Government Tax seminar-Registration for L. Gunawan ***Total ***	295.00 295.00
ACH001225	11/26/14	SMG 14107	<b>Salk Marketing</b> 50% Deposit for 1,000 custom flash drives ***Total ***	4,252.50 4,252.50
<b>Total Core Disbursements</b>				<b>6,448.50</b>
<b>Choice Disbursements:</b>				
126603	11/17/14	PARKSR 111714	<b>State of California</b> Administrative fee to process lease for Doheny Ocean Desal project ***Total ***	1,500.00 1,500.00
126722	11/24/14	PARKSR 1	<b>State of California</b> June-November 2014 Right of Entry permit for Doheny Ocean Desal project ***Total ***	12,000.00 12,000.00
<b>Total Choice Disbursements</b>				<b>13,500.00</b>

**Municipal Water District of Orange County**  
**GM Approved Disbursement Report <sup>(1)</sup>**  
**For the month of November 2014**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>Other Funds Disbursements:</b>				
126506	11/3/14	TURFRP	Turf Removal Program	
		TR5-MN-075	S. Whitaker	3,488.00
			***Total ***	3,488.00
			<b>Total Other Funds Disbursements</b>	<u>3,488.00</u>
			<b>Total Disbursements</b>	<u><u>23,436.50</u></u>

\_\_\_\_\_  
Robert J. Hunter, General Manager

  
\_\_\_\_\_  
Hilary Chumpitazi, Treasurer

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

**Municipal Water District of Orange County  
WATER USE EFFICIENCY PROJECTS  
Cash Flow as of 11/30/14**

	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015	TOTALS
<b>Cash - Beginning Balance</b>	\$ 219,916.10	\$ 150,103.91	\$ 117,766.90	\$ (72,152.50)	\$ (515,391.87)	\$ (1,608,304.88)	\$ (1,608,304.88)	\$ (1,608,304.88)	\$ (1,608,304.88)	\$ (1,608,304.88)	\$ (1,608,304.88)	\$ (1,608,304.88)	
<b>REVENUES:</b>													
BUREC					160,398.14								\$ 160,398.14
City of Brea	3,448.00	328.00	69.00	2,812.00	1,164.00								\$ 7,821.00
City of Fountain Valley				75.00									\$ 75.00
City of Fullerton	75.00	75.00	346.30	955.93	468.30								\$ 1,920.53
City of Garden Grove		255.00	810.00	292.68	1,755.00								\$ 3,112.68
City of Huntington Beach				433.85	75.00								\$ 508.85
City of La Habra		105.00		105.00									\$ 210.00
City of San Clemente	600.00	1,965.00	2,145.00	1,449.98	3,575.29								\$ 9,735.27
City of San Juan Capistrano	105.00	735.00		1,470.00									\$ 2,310.00
City of Santa Ana		157.68			369.00								\$ 526.68
City of Tustin				225.00									\$ 225.00
City of Newport Beach					300.00								\$ 300.00
City of Orange	630.00	1,050.00	1,020.00	1,655.49	3,228.00								\$ 7,583.49
City of Westminster		19.97		34.44									\$ 54.41
El Toro Water District	2,703.99	2,717.00	1,576.00	6,802.99	2,996.79								\$ 16,796.77
Golden State Water Company	2,671.00	3,493.93	3,350.00	2,589.58	6,447.10								\$ 18,551.61
Irvine Ranch Water District	65,383.05	28,904.47	41,340.19	47,252.20	47,503.28								\$ 230,383.19
Laguna Beach County Water District	328.00	1,130.00		885.00									\$ 2,343.00
Mesa Water District		225.00	75.00	225.00	225.00								\$ 750.00
Metropolitan Water District		142,191.56	1,183.00	11,158.91									\$ 154,533.47
Moulton Niguel Water District			789.98	144.00									\$ 933.98
Santa Margarita Water District	1,092.20	4,782.20			5,299.96								\$ 11,174.36
South Coast Water District	75.00	225.00		150.00	75.00								\$ 525.00
Trabuco Canyon Water District					100.00								\$ 100.00
Yorba Linda Water District		213.00		351.00	645.00								\$ 1,209.00
<b>Miscellaneous Revenues</b>													
Miscellaneous	5,950.50			1,861.01									7,811.51
Interest Revenue	171.77			81.72									253.49
<b>Total Revenues</b>	<b>83,233.51</b>	<b>188,359.81</b>	<b>52,917.47</b>	<b>81,010.78</b>	<b>234,624.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 640,146.43</b>
<b>EXPENDITURES:</b>													
Aquaticent	1,500.00	1,500.00		3,000.00	1,500.00								7,500.00
Conservation Consulting, LLC	7,544.25	7,411.50		13,663.25	7,089.75								35,708.75
City of Newport Beach	2,968.00												2,968.00
Executive Information Systems		584.00											584.00
Hotel Program			5,151.92	27,674.40	839.99								32,826.32
Immersive Media													
Irvine Ranch Water District	16,250.00												16,250.00
Metropolitan Water District	7,988.20				56,442.29								64,430.49
MESA	2,119.50												2,119.50
Mission RCD	6,485.80	12,988.02	14,006.16	30,794.12	37,228.41								101,502.51
Quick Signs				1,973.27	1,517.65								3,490.92
Prayer to Drip program		975.00	10,100.26	2,852.56	3,471.96								17,399.78
Survey Gizmo				675.00									675.00
Garf Removal	108,189.95	183,408.30	197,345.22	442,202.55	1,218,032.82								2,149,178.84
GRS		12,580.00		1,415.00	1,415.00								15,410.00
Waterwise Consulting		1,250.00	1,250.00										2,500.00
<b>Miscellaneous Expenses</b>													
Interest Expense													
Salary & Benefit			14,983.31										14,983.31
<b>Total Expenditures</b>	<b>153,045.70</b>	<b>220,696.82</b>	<b>242,836.87</b>	<b>524,250.15</b>	<b>1,327,537.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$2,467,527.42</b>
<b>Cash - Ending Balance</b>	<b>\$ 150,103.91</b>	<b>\$ 117,766.90</b>	<b>\$ (72,152.50)</b>	<b>\$ (515,391.87)</b>	<b>\$ (1,608,304.88)</b>	<b>\$ (1,608,304.88)</b>	<b>\$ (1,608,304.88)</b>	<b>\$ (1,608,304.88)</b>	<b>\$ (1,608,304.88)</b>	<b>\$ (1,608,304.88)</b>	<b>\$ (1,608,304.88)</b>	<b>\$ (1,608,304.88)</b>	



**Municipal Water District of Orange County**  
**Consolidated Summary of Cash and Investment**  
October 31, 2014

*Street Address:*

18700 Ward Street  
Fountain Valley, California 92708

*Mailing Address:*

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

(714) 963-3058

Fax: (714) 964-9389

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

Larry D. Dick  
*President*

Wayne S. Osborne  
*Vice President*

Brett R. Barbore  
*Director*

Sat Tamaribuchi  
*Director*

Joan C. Finnegan  
*Director*

Susan Hinman  
*Director*

Jeffery M. Thomas  
*Director*

Robert J. Hunter  
*General Manager*

**MEMBER AGENCIES**

City of Brea

City of Buena Park

East Orange County Water District

El Toro Water District

Emerald Bay Service District

City of Fountain Valley

City of Garden Grove

Golden State Water Co.

City of Huntington Beach

Irvine Ranch Water District

Laguna Beach County Water District

City of La Habra

City of La Palma

Mesa Water District

Moulton Niguel Water District

City of Newport Beach

City of Orange

Orange County Water District

City of San Clemente

City of San Juan Capistrano

Santa Margarita Water District

City of Seal Beach

Serrano Water District

South Coast Water District

Trabuco Canyon Water District

City of Tustin

City of Westminster

Yorba Linda Water District

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

Fund	Book Value	% of Portfolio
Designated Reserves		
General Operations	\$2,243,422	13.50%
Grant & Project Cash Flow	1,000,000	6.02%
Building Repair	239,491	1.44%
Total Designated Reserves	3,482,913	20.96%
General Fund	6,009,603	36.17%
Water Fund	7,248,684	43.63%
Conservation Fund	(515,392)	(3.10)%
Desalination Feasibility Study Fund	222,385	1.34%
WEROC Fund	157,730	0.95%
Trustee Activities	8,654	0.05%
<b>Total</b>	<b>\$16,614,577</b>	<b>100.00%</b>

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	1.04%	\$172,638	\$172,638
Short-term investment			
• LAIF	47.98%	\$7,971,473	\$7,971,473
• OCIP	32.31%	5,367,818	5,367,818
Long-term investment			
• Misc. Securities	12.05%	2,002,648	2,042,958
• Certificates of Deposit	6.62%	1,100,000	1,095,520
<b>Total</b>	<b>100.00%</b>	<b>\$16,614,577</b>	<b>\$16,650,407</b>

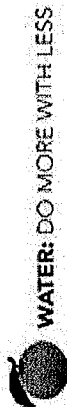
The average number of days to maturity/call as of October 31, 2014 equaled 118 and the average yield to maturity is 0.742%. During the month, the District's average daily balance was \$18,635,643.06. Funds were invested in Federal Agency Issues, Certificates of Deposit, Negotiable CD's, Miscellaneous Securities, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of October 2014.

The \$35,830 difference between the book value and the market value on October 31, 2014 represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or cash flow requirements identified in the near future that would require the sale of these securities prior to maturity.

Robert J. Hunter  
*General Manager*

*Hilary Chumpitazi*  
Hilary Chumpitazi  
*Treasurer*

# MUNICIPAL WATER DISTRICT OF ORANGE COUNTY



## Portfolio Management - Portfolio Summary October 31, 2014

10/31/2014	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Certificates of Deposit - Bank	1,100,000.00	1,095,520.50	1,100,000.00	6.69	1231	1.459
Local Agency Investment Funds	7,971,472.86	7,971,472.86	7,971,472.86	48.49	1	0.261
Miscellaneous Securities - Coupon	2,000,000.00	2,042,957.50	2,002,648.44	12.17	288	3.346
Orange County Investment Pool	5,367,818.18	5,367,818.18	5,367,818.18	32.65	1	0.338
<b>Total Investments</b>	<b>16,439,291.04</b>	<b>16,477,769.04</b>	<b>16,441,939.48</b>	<b>100.00%</b>	<b>118</b>	<b>0.742</b>

<b>Cash</b>						
Passbook Checking	172,637.62	172,637.62	172,637.62		1	0.00
<b>Total Cash and Investments</b>	<b>16,611,928.66</b>	<b>16,650,406.66</b>	<b>16,614,577.10</b>		<b>118</b>	<b>0.742</b>

<b>Total Earnings</b>	<b>Month Ending September</b>	<b>Fiscal Year to Date</b>
<b>Current Year</b>	<b>11,209.91</b>	<b>43,624.96</b>
<b>Average Daily Balance</b>	<b>18,635,643.06</b>	
<b>Effective Rate of Return</b>	<b>0.742%</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, General Manager \_\_\_\_\_ Date

*Hilary Chumpitazi* \_\_\_\_\_ Date  
Hilary Chumpitazi, Treasurer

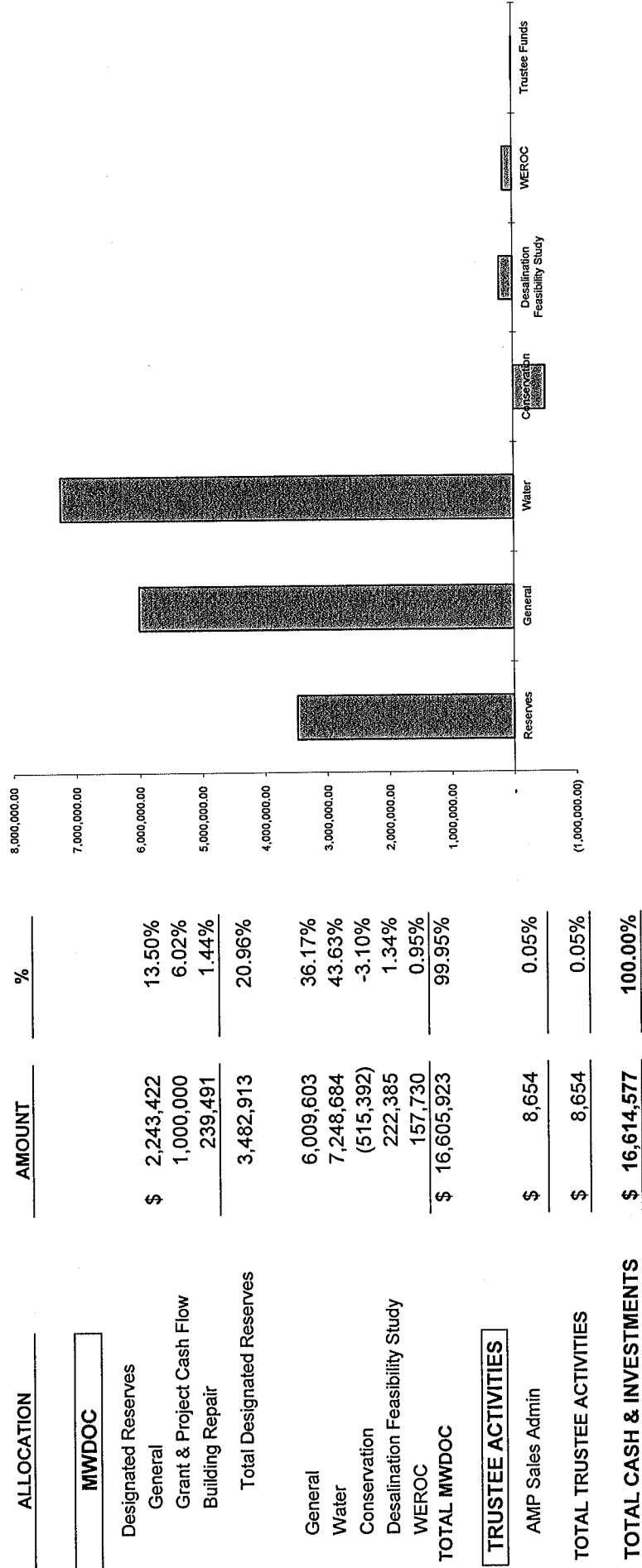
**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Long-Term Portfolio Details - Investments**  
**October 31, 2014**

Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
<b>Certificate of Deposit - Bank</b>									
Ally Bank	02006LFV0	7/23/2014	250,000.00	248,790.00	250,000.00	1.150	1.150	997	7/24/2017
Discover Bank	2546712Y5	7/23/2014	250,000.00	248,827.50	250,000.00	1.600	1.600	1361	7/23/2018
GE Capital Bank	36163FJC8	7/25/2014	250,000.00	248,780.00	250,000.00	1.200	1.200	998	7/25/2017
Goldman Sachs Bank	38143A4T9	1/23/2013	100,000.00	100,008.00	100,000.00	1.050	1.050	815	1/23/2017
Synchrony Bank	87164XBY1	7/25/2014	250,000.00	249,115.00	250,000.00	2.050	2.050	1733	7/30/2019
<b>Sub Total</b>			<b>1,100,000.00</b>	<b>1,095,520.50</b>	<b>1,100,000.00</b>	<b>1.459</b>	<b>1.459</b>	<b>1231</b>	
<b>Miscellaneous Securities - Coupon</b>									
Bank of America	06051GED7	10/14/2010	250,000.00	255,875.00	251,347.95	3.700	3.000	305	9/1/2015
JPMorgan Chase	46625HHR4	11/23/2010	250,000.00	254,507.50	251,057.35	3.400	2.700	236	6/24/2015
MetLife Global	59217GAD1	2/25/2011	500,000.00	516,155.00	500,650.22	3.125	3.007	437	1/11/2016
Morgan Stanley	61747YCT0	3/9/2011	500,000.00	513,035.00	499,729.99	3.450	3.508	367	11/2/2015
UBS Financial Services	90261XFY3	6/10/2010	500,000.00	503,385.00	499,862.93	3.875	4.020	76	1/15/2015
<b>Sub Total</b>			<b>2,000,000.00</b>	<b>2,042,957.50</b>	<b>2,002,648.44</b>	<b>3.500</b>	<b>3.346</b>	<b>288</b>	
<b>Total Investments</b>			<b>3,100,000.00</b>	<b>3,138,478.00</b>	<b>3,102,648.44</b>	<b>2.776</b>	<b>2.677</b>	<b>622</b>	
<b>Total Earnings</b>									
			<b>Month Ending September</b>	<b>Fiscal Year To Date</b>					
<b>Current Year</b>			<b>7,147.63</b>	<b>26,981.32</b>					

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

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	7,971,472.86	7,971,472.86	7,971,472.86	0.261	0.261	1	N/A
<b>Sub Total</b>			<b>7,971,472.86</b>	<b>7,971,472.86</b>	<b>7,971,472.86</b>	<b>0.261</b>	<b>0.261</b>	<b>1</b>	
<b>Orange County Investment Pool</b>									
County of Orange LGIP	OCIP	6/29/2005	5,367,818.18	5,367,818.18	5,367,818.18	0.338	0.338	1	N/A
<b>Sub Total</b>			<b>5,367,818.18</b>	<b>5,367,818.18</b>	<b>5,367,818.18</b>	<b>0.338</b>	<b>0.338</b>	<b>1</b>	
<b>Total Investments</b>			<b>13,339,291.04</b>	<b>13,339,291.04</b>	<b>13,339,291.04</b>	<b>0.292</b>	<b>0.292</b>		
<b>Passbook Checking</b>									
Bank of America Cash	CASH0547	7/1/2011	172,137.62	172,137.62	172,137.62	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>172,637.62</b>	<b>172,637.62</b>	<b>172,637.62</b>	<b>0.000</b>	<b>0.000</b>	<b>1</b>	
<b>Total Cash and Investments</b>			<b>13,511,928.66</b>	<b>13,511,928.66</b>	<b>13,511,928.66</b>	<b>0.292</b>	<b>0.292</b>	<b>1</b>	
<b>Total Earnings</b>									
Current Year		Month Ending September	4,062.28	Fiscal Year To Date					
				16,643.64					

**Municipal Water District of Orange County**  
**Cash and Investments at October 31, 2014**





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

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

<b><u>ASSETS</u></b>	<b>Amount</b>
Cash in Bank	172,637.62
Investments	16,441,939.48
Accounts Receivable	34,374,912.82
Accounts Receivable - Other	603,211.80
Accrued Interest Receivable	32,389.57
Prepays/Deposits	688,810.40
Leasehold Improvements	3,015,137.08
Furniture, Fixtures & Equipment	535,372.82
Less: Accum Depreciation	(2,499,767.25)
Net OPEB Asset	37,041.00
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$53,401,685.34</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b>Liabilities</b>	
Accounts Payable	38,021,640.07
Accrued Salaries and Benefits Payable	270,186.00
Other Liabilities	2,194,935.19
Unearned Revenue	1,095,020.32
Total Liabilities	41,508,972.25
	<hr/>
<b>Fund Balances</b>	
Restricted Fund Balances	
Water Fund - T2C	955,030.96
Total Restricted Fund Balances	955,030.96
	<hr/>
Unrestricted Fund Balances	
Designated Reserves	
General Operations	2,280,462.66
Grant & Project Cash Flow	1,000,000.00
Election Expense	
Building Repair	239,491.00
Total Designated Reserves	3,519,953.66
	<hr/>
GENERAL FUND	1,441,435.43
WEROC	55,774.88
Total Unrestricted Fund Balances	5,017,163.97
	<hr/>
Excess Revenue over Expenditures	
Operating Fund	5,747,117.62
Other Funds	173,400.54
Total Fund Balance	11,892,713.09
	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$53,401,685.34</b>

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

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<b><u>REVENUES</u></b>						
Retail Connection Charge	0.00	6,440,532.00	6,440,532.00	100.00%	0.00	0.00
Water Increment	<u>8,836.85</u>	<u>58,127.58</u>	<u>103,564.00</u>	<u>56.13%</u>	<u>0.00</u>	<u>45,436.42</u>
Water rate revenues	8,836.85	6,498,659.58	6,544,096.00	99.31%	0.00	45,436.42
Interest Revenue	<u>11,078.32</u>	<u>42,711.47</u>	<u>138,000.00</u>	<u>30.95%</u>	<u>0.00</u>	<u>95,288.53</u>
Subtotal	<u>19,915.17</u>	<u>6,541,371.05</u>	<u>6,682,096.00</u>	<u>97.89%</u>	<u>0.00</u>	<u>140,724.95</u>
Choice Programs	0.00	1,109,408.78	1,261,086.00	87.97%	0.00	151,677.22
Choice Prior Year Carry Over	0.00	94,000.00	0.00		0.00	(94,000.00)
Miscellaneous Income	35.15	221.28	3,000.00	7.38%	0.00	2,778.72
School Contracts	15,735.50	19,607.50	70,000.00	28.01%	0.00	50,392.50
Transfer-Out To Reserve	<u>0.00</u>	<u>0.00</u>	<u>(84,374.00)</u>	<u>0.00%</u>	<u>0.00</u>	<u>(84,374.00)</u>
Subtotal	<u>15,770.65</u>	<u>1,223,237.56</u>	<u>1,249,712.00</u>	<u>97.88%</u>	<u>0.00</u>	<u>26,474.44</u>
<b>TOTAL REVENUES</b>	<u>35,685.82</u>	<u>7,764,608.61</u>	<u>7,931,808.00</u>	<u>97.89%</u>	<u>0.00</u>	<u>167,199.39</u>

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

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<b><u>EXPENSES</u></b>						
Salaries & Wages	262,184.51	1,006,753.40	2,995,855.00	33.60%	0.00	1,989,101.60
Salaries & Wages - Grant Recovery	0.00	(11,267.88)	(16,437.00)	68.55%	0.00	(5,169.12)
Directors' Compensation	15,392.79	55,462.91	210,342.00	26.37%	0.00	154,879.09
MWD Representation	9,773.20	28,097.95	120,197.00	23.38%	0.00	92,099.05
Employee Benefits	84,100.34	286,867.01	961,916.00	29.82%	0.00	675,048.99
OPEB Annual Contribution	0.00	0.00	133,331.00	0.00%	0.00	133,331.00
Employee Benefits - Grant Recovery	0.00	(2,885.99)	0.00	0.00%	0.00	2,885.99
Director's Benefits	6,974.20	27,026.55	119,356.00	22.64%	0.00	92,329.45
Health Ins \$'s for Retirees	4,223.10	14,360.82	50,244.00	28.58%	0.00	35,883.18
Training Expense	45.00	2,142.00	18,000.00	11.90%	0.00	15,858.00
Tuition Reimbursement	0.00	0.00	6,000.00	0.00%	0.00	6,000.00
Personnel Expenses	382,693.14	1,406,556.77	4,598,804.00	30.59%	0.00	3,185,040.17
Engineering Expense	2,398.52	24,264.55	355,000.00	6.84%	43,388.22	287,347.23
Legal Expense	23,103.29	61,841.32	329,000.00	18.80%	277,158.68	(10,000.00)
Audit Expense	9,000.00	17,900.00	23,000.00	77.83%	3,225.00	1,875.00
Professional Services	51,708.18	223,130.23	1,065,200.00	20.95%	298,827.01	543,242.76
Professional Fees	86,209.99	327,136.10	1,772,200.00	18.46%	622,598.91	822,464.99
Conference-Staff	1,258.00	6,348.00	13,925.00	45.59%	0.00	7,577.00
Conference-Directors	68.00	2,758.00	8,650.00	31.88%	0.00	5,892.00
Travel & Accom.-Staff	4,439.49	8,617.50	38,300.00	22.50%	0.00	29,682.50
Travel & Accom.-Directors	1,030.80	2,665.33	29,600.00	9.00%	0.00	26,934.67
Travel & Conference	6,796.29	20,388.83	90,475.00	22.54%	0.00	70,086.17
Membership/Sponsorship	0.00	42,221.26	90,437.00	46.69%	0.00	48,215.74
CDR Support	0.00	9,990.25	39,961.00	25.00%	29,970.75	0.00
Dues & Memberships	0.00	52,211.51	130,398.00	40.04%	29,970.75	48,215.74
Business Expense	503.76	2,307.49	7,000.00	32.96%	0.00	4,692.51
Maintenance Office	8,293.18	35,323.29	118,768.00	29.74%	78,352.42	5,092.29
Building Repair & Maintenance	1,678.90	3,422.44	10,800.00	0.00%	7,377.56	0.00
Storage Rental & Equipment Lease	1,174.57	4,062.55	16,708.00	24.31%	11,645.45	1,000.00
Office Supplies	3,209.94	9,455.36	24,288.00	38.93%	2,170.61	12,662.03
Postage/Mail Delivery	651.45	3,053.74	11,100.00	27.51%	3,172.20	4,874.06
Subscriptions & Books	110.00	256.02	1,600.00	16.00%	0.00	1,343.98
Reproduction Expense	30.00	120.00	90,625.00	0.13%	3,500.00	87,005.00
Maintenance-Computers	0.00	1,570.16	6,000.00	26.17%	1,458.57	2,971.27
Software Purchase	5,419.54	12,302.94	25,515.00	48.22%	960.03	12,252.03
Software Support	991.07	12,979.42	28,869.00	44.96%	0.00	15,889.58
Software Support	786.51	5,926.62	9,300.00	63.73%	0.00	3,373.38
Automotive Expense	1,436.94	3,993.90	13,300.00	30.03%	0.00	9,306.10
Toll Road Charges	80.05	296.47	1,250.00	23.72%	0.00	953.53
Insurance Expense	10,537.16	36,518.88	97,000.00	37.65%	7,639.07	52,842.05
Utilities - Telephone	1,223.86	4,924.57	16,900.00	29.14%	0.00	11,975.43
Bank Fees	884.82	3,655.29	10,700.00	34.16%	0.00	7,044.71
Miscellaneous Expense	5,588.62	15,810.79	109,700.00	14.41%	0.00	93,889.21
MWDOC's Contrb. To WEROC	10,709.00	42,836.00	128,508.00	33.33%	0.00	85,672.00
Depreciation Expense	1,551.53	12,381.85	0.00	0.00%	0.00	(12,381.85)
Other Expenses	54,860.90	211,197.78	727,931.00	29.01%	116,275.91	400,457.31
Election Expense	0.00	0.00	444,000.00	0.00	0.00	444,000.00
MWDOC's Building Expense	0.00	0.00	168,000.00	0.00%	0.00	168,000.00
<b>TOTAL EXPENSES</b>	<b>530,560.32</b>	<b>2,017,490.99</b>	<b>7,931,808.00</b>	<b>25.44%</b>	<b>768,845.57</b>	<b>5,145,471.44</b>
<b>NET INCOME (LOSS)</b>	<b>(494,874.50)</b>	<b>5,747,117.62</b>	<b>0.00</b>			

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

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<b><u>WATER REVENUES</u></b>					
Water Sales	18,387,157.00	74,290,050.80	163,874,103.00	45.33%	89,584,052.20
Readiness to Serve Charge	1,161,520.50	4,646,082.00	13,946,682.00	33.31%	9,300,600.00
Capacity Charge CCF	304,941.67	1,219,766.68	3,659,300.00	33.33%	2,439,533.32
SCP Surcharge	30,896.99	132,733.28	361,200.00	36.75%	228,466.72
Interest	216.70	920.25	4,275.00	21.53%	3,354.75
<b>TOTAL WATER REVENUES</b>	<b>19,884,732.86</b>	<b>80,289,553.01</b>	<b>181,845,560.00</b>	<b>44.15%</b>	<b>101,556,006.99</b>
<b><u>WATER PURCHASES</u></b>					
Water Sales	18,387,157.00	74,290,050.80	163,874,103.00	45.33%	89,584,052.20
Readiness to Serve Charge	1,161,520.50	4,646,082.00	13,946,682.00	33.31%	9,300,600.00
Capacity Charge CCF	304,941.67	1,219,766.68	3,659,300.00	33.33%	2,439,533.32
SCP Surcharge	30,896.99	132,733.28	361,200.00	36.75%	228,466.72
<b>TOTAL WATER PURCHASES</b>	<b>19,884,516.16</b>	<b>80,288,632.76</b>	<b>181,841,285.00</b>	<b>44.15%</b>	<b>101,552,652.24</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>216.70</b>	<b>920.25</b>	<b>4,275.00</b>		

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

	Year to Date Actual	Annual Budget	% Used
<b>Landscape Performance Certification</b>			
Revenues	16,525.50	116,000.00	14.25%
Expenses	<u>27,652.00</u>	<u>116,000.00</u>	23.84%
Excess of Revenues over Expenditures	(11,126.50)	0.00	
<b>SmarTimer Program</b>			
Revenues	87,137.37	50,467.00	172.66%
Expenses	<u>57,093.05</u>	<u>50,467.00</u>	113.13%
Excess of Revenues over Expenditures	30,044.32	0.00	
<b>Industrial Water Use Reduction</b>			
Revenues	1,415.00	113,980.00	1.24%
Expenses	<u>5,610.90</u>	<u>113,980.00</u>	4.92%
Excess of Revenues over Expenditures	(4,195.90)	0.00	
<b>Spray To Drip Conversion</b>			
Revenues	4,917.14	65,342.47	7.53%
Expenses	<u>16,008.29</u>	<u>65,342.47</u>	24.50%
Excess of Revenues over Expenditures	(11,091.15)	0.00	
<b>Water Smart Landscape for Public Property</b>			
Revenues	3,166.41	1,248,000.00	0.25%
Expenses	<u>5,360.67</u>	<u>1,248,000.00</u>	0.43%
Excess of Revenues over Expenditures	(2,194.26)	0.00	
<b>Member Agency Administered Passthru</b>			
Revenues	-	27,143.00	0.00%
Expenses	<u>-</u>	<u>27,143.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
<b>ULFT Rebate Program</b>			
Revenues	81,487.09	132,250.00	61.62%
Expenses	<u>66,889.39</u>	<u>132,250.00</u>	50.58%
Excess of Revenues over Expenditures	14,597.70	0.00	
<b>HECW Rebate Program</b>			
Revenues	168,440.00	403,000.00	41.80%
Expenses	<u>145,965.72</u>	<u>403,000.00</u>	36.22%
Excess of Revenues over Expenditures	22,474.28	0.00	
<b>CII Rebate Program</b>			
Revenues	900.00	159,250.00	0.57%
Expenses	<u>-</u>	<u>159,250.00</u>	0.00%
Excess of Revenues over Expenditures	900.00	0.00	
<b>Large Landscape Survey</b>			
Revenues	40,510.32	32,000.00	126.59%
Expenses	<u>44,139.62</u>	<u>32,000.00</u>	137.94%
Excess of Revenues over Expenditures	(3,629.30)	0.00	
<b>Indoor-Outdoor Survey</b>			
Revenues	2,311.25	5,200.00	44.45%
Expenses	<u>-</u>	<u>5,200.00</u>	0.00%
Excess of Revenues over Expenditures	2,311.25	0.00	
<b>Turf Removal Program</b>			
Revenues	973,763.46	725,000.00	134.31%
Expenses	<u>978,861.18</u>	<u>725,000.00</u>	135.02%
Excess of Revenues over Expenditures	(5,097.72)	0.00	

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

	Year to Date Actual	Annual Budget	% Used
<b>Comprehensive Landscape (CLWUE)</b>			
Revenues	7,156.00	258,690.00	2.77%
Expenses	14,022.31	258,690.00	5.42%
Excess of Revenues over Expenditures	(6,866.31)	0.00	
<b>Home Certification and Rebate</b>			
Revenues	3,194.50	248,050.00	1.29%
Expenses	5,306.97	248,050.00	2.14%
Excess of Revenues over Expenditures	(2,112.47)	0.00	
<b>CII, Large Landscape, Performance (OWOW)</b>			
Revenues	-	145,960.00	0.00%
Expenses	-	145,960.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
<b>WEROC</b>			
Revenues	174,742.38	248,622.00	70.28%
Expenses	71,605.38	248,622.00	28.80%
Excess of Revenues over Expenditures	103,137.00	0.00	
<b>WUE Projects</b>			
Revenues	1,390,924.04	3,730,332.47	37.29%
Expenses	1,366,910.10	3,730,332.47	36.64%
Excess of Revenues over Expenditures	24,013.94	0.00	
<b>RPOI Distributions</b>			
Revenues	-	4,921.00	0.00%
Expenses	-	4,921.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
<b>Ocean Desalination</b>			
Revenues	-	94,000.00	0.00%
Expenses	(2,045.46)	94,000.00	-2.18%
Excess of Revenues over Expenditures	2,045.46	0.00	

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**MANAGEMENT LETTER**  
**FOR THE YEAR ENDED JUNE 30, 2014**





The Board of Directors and Management of the Municipal Water District of Orange County  
Fountain Valley, California

We have audited the basic financial statements of the Municipal Water District of Orange County (District) for the year ended June 30, 2014 and have issued our report thereon dated December 3, 2014. In planning and performing our audit of the basic financial statements of the District, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These observations and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

## CURRENT YEAR MANAGEMENT LETTER COMMENTS

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### METER CONNECTIONS

#### Observation:

We noted the number of meters within the water agencies' boundaries is a key driver for amounts billed by the District, and will continue to be a significant factor in future periods, as the District increases the ratio of "per connection" charges. The water agencies self-report the number of connections each year, and the District documents review and inquires with the water agencies when the number of connections varies from year to year. While District follow-up is documented in the form of emails and faxes, there is no evidence of on-site inspections, or other documentation, to substantiate the number of connections added by water agencies in a given year. There is a risk as new meters are added by water agencies, that they will not be captured on a timely basis by the District, and thus amounts may not be accurately billed by the District.

#### Recommendation:

The District should review certain aspects of the meter connection certification and review process. The District's monthly procedures should be reviewed to ensure that as new meters are added by water agencies, the District is accurately capturing the information, in order to accurately bill the agencies for meter connection charges.

**Management Response:**

We will review our policies and procedures regarding how our member agencies report their number of Retail Meters and perform a risk assessment to take appropriate action and ensure we are accurately capturing the information.

\*\*\*\*\*

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the District gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the Board of Directors, the District's management and others within the organization and should not be used by anyone other than these specified parties.



Laguna Hills, California  
December 3, 2014



To the Board of Directors  
Municipal Water District of Orange County  
Fountain Valley, California

We have audited the financial statements of the Municipal Water District of Orange County (District) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 25, 2014. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate were used in: determining fair market value of investments; depreciation expense and valuation of capital assets, including capitalized interest; and actuarial liabilities and annual required contributions pertaining to the District's retirement and medical retiree (OPEB) plans. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

As described in Note 10 to the financial statements, subsequent to June 30, 2014, the District received a refund from Metropolitan Water District of Southern California (Metropolitan) totaling \$7,812,706 for amounts overbilled by Metropolitan from previous years. Additionally, the District received \$331,528 from Metropolitan for overbilling of Tier 2 charges. The District has refunded the member agencies affected, and reported Accounts Payable for amounts due to agencies at June 30, 2014.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Refer to Attachment A for material misstatements detected as a result of audit procedures and corrected by management.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 3, 2014.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis and schedule of funding progress for the other post-employment benefit plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

*Vavinich Train, Dg 1 Co, US*

Laguna Hills, California

December 3, 2014

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

**SCHEDULE A  
CORRECTED MISSTATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>Number</b>	<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
1	A/R Other	\$ 7,812,706	
	A/R Restricted	331,528	
	Special Revenue		\$ 8,144,234
	<i>To record credit due from Met for overbilling on OC-88 and Tier 2</i>		
2	Special Expense	7,943,314	
	A/P Other		7,885,515
	A/P Other Restricted		57,799
	<i>To record credit due to Member Agencies for overbilling on OC-88 by Metropolitan</i>		
3	Special Expense	331,528	
	A/P Other Restricted		331,528
	<i>To record Tier 2 credit related to Metropolitan overbilling on OC-88 (2007 and 2008)</i>		

**MUNICIPAL WATER DISTRICT OF ORANGE  
COUNTY**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

**FOR THE YEAR ENDED JUNE 30, 2014**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Municipal Water District of Orange County  
Fountain Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Municipal Water District of Orange County (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Laguna Hills, California  
December 3, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
Municipal Water District of Orange County  
Fountain Valley, California

**Report on Compliance for Each Major Federal Program**

We have audited the Municipal Water District of Orange County's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 3, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Laguna Hills, California  
December 3, 2014

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor Program Title (Direct or Indirect)</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity's Identifying Number</b>	<b>Pass-Through Entity's Name</b>	<b>Federal Expenditures</b>
<b>Department of the Interior</b>				
<b>Bureau of Reclamation</b>				
Industrial Process Expansion Program (direct)	15.530			\$ 53,435
California Sprinkler Adjustment Subscription System (direct)	15.530			14,340
Spray to Drip Conversion Pilot Project (direct)	15.530			2,311
Water Use Efficiency Master Plan (direct)	15.530			3,314
Subtotal 15.530				<u>73,400</u>
Industrial Process Water Use Program - Phase II (direct)	15.533			27,164
Hotel Water Smart Program (direct)	15.533			92,110
Subtotal 15.533				<u>119,274</u>
Smart Irrigation Timer Rebate Program (direct)	15.507			57,357
Water Efficiency Site Certification and Smart Irrigation Rebate Program (direct)	15.507			29,334
Subtotal 15.507				<u>86,691</u>
Total Department of the Interior - Bureau of Reclamation				<u>279,365</u>
<b>Department of Homeland Security</b>				
Homeland Security Grant Program (indirect)	97.067	2011-SS-0077	City of Santa Ana	<u>464,150</u>
Total Expenditures of Federal Awards				<u>\$ 743,515</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**A. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs of the Municipal Water District of Orange County (the District). The District's reporting entity is defined in Note 1 of the District's financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the Schedule of Expenditures of Federal Awards.

**B. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the District's Financial Statements.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

**I. SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material Weakness(es) identified?	No
Significant Deficiency(ies) identified ?	None reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major federal programs:	
Material Weakness(es) identified?	No
Significant deficiency(ies) identified ?	None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133	No
Identification of major federal programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.067	Homeland Sercurity Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	No

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

**II. FINANCIAL STATEMENT FINDINGS**

None noted.



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Finding No.</b>	<b>Program</b>	<b>CFDA No.</b>	<b>Compliance Requirement</b>	<b>Status of Corrective Action</b>
2012-01	Financial Reporting	N/A	N/A	Implemented
2012-02	Water SMART	15.507	Reporting	Implemented
2012-03	Congressionally Mandated Projects	66.202	Procurement	Implemented

**MUNICIPAL WATER DISTRICT  
OF ORANGE COUNTY**

**FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014**

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# Independent Auditors' Report



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Municipal Water District of Orange County  
Fountain Valley, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Municipal Water District of Orange County (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for the other post-employment benefit plan on pages 3 through 9 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Prior-Year Comparative Information***

We have previously audited the 2013 financial statements of the District, and we expressed an unmodified audit opinion on the financial statements in our report dated December 19, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Laguna Hills, California  
December 3, 2014

# **Management's Discussion and Analysis**

## **(Unaudited)**



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

The following is a brief discussion of the Municipal Water District of Orange County's (District) activities and financial performance for the year ended June 30, 2014. Please read in conjunction with the District's basic financial statements and accompanying notes which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's revenues were \$213.2 million in FY 2013-14, compared to \$176 million in the prior fiscal year, a 21.2% increase.
- The District's expenses were \$212.5 million in FY 2013-14, compared to \$180 million in the prior fiscal year, a 18.1% increase.
- The District's assets at June 30, 2014 were \$52.8 million, a 30.9% increase compared to total assets of \$40.3 million at June 30, 2013.
- The District's liabilities at June 30, 2014 were \$46.8 million, a 33.8% increase compared to total liabilities of \$35 million at June 30, 2013.
- The District's net position at June 30, 2014 were \$6.0 million, a 12.4% increase compared to net position of \$5.4 million at June 30, 2013.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting.

Under the economic resources measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The District's financial statements, prepared in accordance with generally accepted accounting principles (GAAP), offer key, high-level financial information about District activities during the reporting period. The financial statements of the District consist of three interrelated statements designed to provide the reader with relevant information on the District's financial condition and operating results. These statements offer short-term and long-term financial information about the District's activities utilizing the full accrual basis of accounting.

The *Statement of Net Position* includes all of the District's assets, less liabilities, and provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities), with the difference being reported as Net Position. It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
JUNE 30, 2014**

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the District's operations over the past year and can be used to determine whether the District has successfully recovered all its projected costs through its rates and other service related charges.

The final required financial statement is the *Statement of Cash Flows* which presents information about the District's cash receipts and cash payments during the reporting period classified as cash receipts, cash payments, and net changes in cash resulting from operations, and investing, non-capital financing, and capital and related financing activities. This statement also provides comparative information on the sources and uses of the District's cash during the reporting period.

**FINANCIAL ANALYSIS OF THE DISTRICT**

Our analysis of the District begins on page 3 of the Management's Discussion and Analysis. One of the most important questions asked about the District's finances is: "Is the District, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District's net position (the difference between assets and liabilities) as one way to measure financial health or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in economic conditions, population growth, changes in rates and charges and new or changed government legislation or accounting standards.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
JUNE 30, 2014**

**STATEMENT OF NET POSITION**

Net position is the difference between assets, less liabilities, and may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's Statement of Net Position.

**Table 1  
Condensed Statements of Net Position  
(In thousands of dollars)  
June 30:**

	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>Total Percent Change</u>
Current Restricted Assets	\$ 2,845	\$ 4,194	\$ (1,349)	(32.2%)
Current Unrestricted Assets	48,854	35,145	13,709	39.0%
Capital Assets	1,063	983	80	8.1%
Noncurrent Unrestricted Assets	37	-	37	100.0%
<b>Total Assets</b>	<b>52,799</b>	<b>40,322</b>	<b>12,477</b>	<b>30.9%</b>
Liabilities Payable from Restricted Current Assets	1,835	3,045	(1,210)	(39.7%)
Liabilities Payable from Unrestricted Current Assets	44,936	31,880	13,056	41.0%
Noncurrent Unrestricted Liabilities	-	32	(32)	(100.0%)
<b>Total Liabilities</b>	<b>46,771</b>	<b>34,957</b>	<b>11,814</b>	<b>33.8%</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	1,063	982	81	8.2%
Restricted for Trustee Activities	1,010	1,149	(139)	(12.1%)
Unrestricted	3,955	3,234	721	22.3%
<b>Total Net Position</b>	<b>6,028</b>	<b>\$ 5,365</b>	<b>\$ 663</b>	<b>12.4%</b>

As can be seen from the table above, net position increased by \$663,000 from Fiscal Year 2013 to 2014. This increase is the result of the following:

- Current Unrestricted Assets increased by \$13.7 million due mainly to higher water sales in the amount of \$5.0 million and \$8.1 million received from MET due to a metering error (Note 10).
- Liabilities Payable from Restricted Current Assets decreased \$1.2 million. \$1.6 million due to Participants paying off their Revised Percentage of Investment (RPOI) debt early for the AMP Sales Agreement and \$331 thousand increase due to the T2 refund to member agencies from the MET metering error.
- Liabilities Payable from Unrestricted Current Assets increased by \$13.1 million mainly due to increased water purchases from Metropolitan in the amount of \$5.5 million and \$8.3 million paid to member agencies from MET's metering error.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
JUNE 30, 2014**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

While the Statement of Net Position shows the financial position at year-end, the Statement of Revenues, Expenses, and Changes in Fund Net Position provides information as to the nature and source of these changes in Net Position. The District reported an increase in net position of \$663 thousand for the year ended June 30, 2014, as compared to a decrease of \$4 million for the year ended June 30, 2013. The following is a summary of the change in the District's net position.

**Table 2  
Condensed Statements of Revenues,  
Expenses, and Changes in Net Position  
(In thousands of dollars)  
Year Ended June 30:**

	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>Variance</b></u>	<u><b>Total Percent Change</b></u>
Operating Revenues	\$ 202,415	\$ 172,357	\$ 30,058	17.4%
Special Projects & Grants Revenue	2,316	3,422	(1,106)	(32.3%)
Non-operating Revenues	322	181	141	77.9%
Special Item	8,144	-	8,144	100.0%
<b>Total Revenues</b>	<u><b>213,197</b></u>	<u><b>175,960</b></u>	<u><b>37,237</b></u>	<u><b>21.2%</b></u>
Other Operating Expense	201,798	172,697	29,101	16.9%
Special Projects Expense	2,316	3,422	(1,106)	(32.3%)
Depreciation Expense	145	145	-	0.0%
Special Item	8,275	3,700	4,575	123.6%
<b>Total Expenses</b>	<u><b>212,534</b></u>	<u><b>179,964</b></u>	<u><b>32,570</b></u>	<u><b>18.1%</b></u>
<b>Change in Net Position</b>	663	(4,004)	<b>4,667</b>	<b>(116.6%)</b>
<b>Beginning Net Position</b>	<u>5,365</u>	<u>9,369</u>	<u><b>(4,004)</b></u>	<u><b>(42.7%)</b></u>
<b>Ending Net Position</b>	<u><b>\$ 6,028</b></u>	<u><b>\$ 5,365</b></u>	<u><b>\$ 663</b></u>	<u><b>12.4%</b></u>

The source of change in net position is due to the District's operating revenues increasing by \$30.1 million in Fiscal Year 2014 due mainly to higher water sales caused by drier and warmer weather conditions and for replenishment of the Orange County Water District (OCWD) groundwater basin.

Other Operating expenses increased by \$29.1 million due mainly to higher amounts of water purchase from Metropolitan in Fiscal Year 2014.

Special Item Revenues and Special Item Expense increased by \$8.1 and \$4.6 respectively, due to a MET metering error resulting in an \$8.3 million refund to member agencies.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
JUNE 30, 2014**

**CAPITAL ASSETS**

The following is a summary of the District's capital assets at June 30, 2014 and June 30, 2013.

**Table 3  
Capital Assets  
(In thousands of dollars)  
June 30:**

	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>Variance</b></u>	<u><b>Total Percent Change</b></u>
Leasehold Improvements	\$ 3,015	\$ 2,796	\$ 219	7.8%
Furniture & Fixtures	<u>535</u>	<u>537</u>	<u>(2)</u>	<u>(0.4%)</u>
<b>Subtotal</b>	<b>3,550</b>	<b>3,333</b>	<b>217</b>	<b>6.5%</b>
<b>Less Accumulated Depreciation</b>	<u><b>(2,487)</b></u>	<u><b>(2,350)</b></u>	<u><b>(137)</b></u>	<u><b>5.8%</b></u>
<b>Net Capital Assets</b>	<u><b>\$ 1,063</b></u>	<u><b>\$ 983</b></u>	<u><b>\$ 80</b></u>	<u><b>8.1%</b></u>

The District replaced their HVAC system this fiscal year. Additional information regarding capital assets can be found in Notes 1 and 4 of the notes to financial statements.

**DEBT ADMINISTRATION**

The District had no debt outstanding as of June 30, 2014. No new long-term debt was incurred in the year ended June 30, 2014, and the District does not plan to issue new debt in the year ending June 30, 2015.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
JUNE 30, 2014**

**BUDGETARY HIGHLIGHTS**

The District is governed by a Board of Directors consisting of seven elected members. The Board adopts an annual appropriated budget prior to the start of the fiscal year. The Budget may be revised by Board action during the fiscal year. An actual vs. budget comparison statement for FY 2013-14 is presented in Table 4 to demonstrate compliance with the adopted budget.

**Table 4  
FY 2014 Actual vs. FY 2014 Budget  
(In thousands of dollars)**

	<u><b>Actual</b></u>	<u><b>Budget</b></u>	<u><b>Variance</b></u>	<u><b>Total Percent Change</b></u>
<b>Revenues:</b>				
From Operations	\$204,731	\$168,497	\$36,234	21.5%
Non-operating Revenues	<u>8,466</u>	<u>146</u>	<u>8,320</u>	<u>5,698.6%</u>
<b>Total Revenues</b>	<b>213,197</b>	<b>168,643</b>	<b>44,554</b>	<b>26.4%</b>
<b>Expenses:</b>				
From Operations				
Cost of Water	195,660	159,087	(36,573)	(23.0%)
Other Operating	8,454	9,222	768	8.3%
Depreciation	145	150	5	3.5%
Non-operating Expenses	<u>8,275</u>	<u>-</u>	<u>(8,275)</u>	<u>(100.0%)</u>
<b>Total Expenses</b>	<b>212,534</b>	<b>168,459</b>	<b>(44,075)</b>	<b>(26.2%)</b>
<b>Change In Net Position</b>	<b><u>\$ 663</u></b>	<b><u>\$ 184</u></b>	<b><u>\$ 479</u></b>	<b><u>260.3%</u></b>

The variances on the budget to actual are as follows:

- Revenues From Operations were \$36.2 million higher than budget due to higher water sales due to drier and warmer weather conditions.
- Expenses from Cost of Water purchased was \$36.6 million higher than budget due to higher water purchases from Metropolitan.
- Non-operating Revenues and Expenses were higher than budget due to a MET metering error that resulted in an \$8 million refund to member agencies.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
JUNE 30, 2014**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's Board of Directors and management considered many factors during preparation and approval of the annual budget for FY 2014-15. The budgeted operating expenses total \$189.9 million and operating and non-operating revenues total \$190.0 million.

Historically, the District has recouped the cost of water purchased from the resale of imported water to the District's 28 water agencies located in Orange County. In addition MWDOC charges both a per acre-foot surcharge and a per retail meter charge to cover its operating budget. In past history, the District's operating revenue has been approximately 65% from per retail connection charges, and 35% from per acre-foot charges. Beginning in 2011-12, MWDOC began transitioning from the two-component rate structure to one involving only a single component. Over a five year period, ending in 2015-16, MWDOC would transition from a water rate structure involving a per acre-foot charge and a per retail meter charge to 100% on the per retail meter charge. In addition MWDOC's agencies will also pay for the resale cost of imported water.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is intended to provide the Board of Directors, customers, taxpayers, creditors, and other interested parties with a general overview of the District's financial operations and condition at the year ended June 30, 2014, and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional information, you may contact the Municipal Water District of Orange County, Finance Dept., at 18700 Ward Street, Fountain Valley, CA 92708, (714) 963-3058, [www.mwdoc.com](http://www.mwdoc.com).

# Basic Financial Statements

Statement of Net Position  
Statement of Revenues, Expenses and Changes in Net Position  
Statement of Cash Flows



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Net Position

June 30, 2014

(with comparative data as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
<b>Restricted Assets:</b>		
Cash and Cash Equivalents (Note 2)	\$ 1,618,696	\$ 2,810,231
Accounts Receivable Other	1,225,345	1,383,544
Accrued Interest Receivable	833	677
Total Restricted Assets	<u>2,844,874</u>	<u>4,194,452</u>
<b>Unrestricted Assets:</b>		
Cash and Cash Equivalents (Note 2)	5,469,048	4,308,620
Investments (Note 2)	2,161,125	2,380,121
Accounts Receivable:		
Water Sales	33,152,443	28,188,179
Other	7,967,970	171,106
Accrued Interest Receivable	29,393	29,482
Deposits and Prepaid Expenses	74,530	67,748
Total Unrestricted Assets	<u>48,854,509</u>	<u>35,145,256</u>
Total Current Assets	<u>51,699,383</u>	<u>39,339,708</u>
<b>Noncurrent Assets:</b>		
<b>Unrestricted Assets:</b>		
Capital Assets, Net (Note 4)	1,063,125	982,541
Net Other Post Employment Benefits (OPEB) Asset (Note 8)	<u>37,041</u>	<u>-</u>
Total Noncurrent Assets	<u>1,100,166</u>	<u>982,541</u>
<b>TOTAL ASSETS</b>	<u>52,799,549</u>	<u>40,322,249</u>

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Net Position (Continued)

June 30, 2014

(with the comparative data as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b>		
<b>Payable from Restricted Assets</b>		
Accrued Liabilities	641,303	382,222
Advances from Participants	1,189,020	1,233,803
Due to Participants (Note 5)	4,665	1,429,394
Total Payable from Restricted Assets	<u>1,834,988</u>	<u>3,045,419</u>
<b>Unrestricted Liabilities:</b>		
Accounts Payable, Metropolitan Water District of Southern California	36,423,492	30,875,672
Accounts Payable - Other	7,812,706	-
Accrued Liabilities	700,196	1,003,929
Total Unrestricted Liabilities	<u>44,936,394</u>	<u>31,879,601</u>
Total Current Liabilities	<u>46,771,382</u>	<u>34,925,020</u>
<b>Noncurrent Liabilities:</b>		
<b>Unrestricted Liabilities:</b>		
Net Other Post Employment Benefits (OPEB) Obligation (Note 8)	-	31,956
Total Noncurrent Liabilities	<u>-</u>	<u>31,956</u>
<b>TOTAL LIABILITIES</b>	<u>46,771,382</u>	<u>34,956,976</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,063,125	982,541
Restricted for Trustee Activities	1,009,886	1,149,032
Unrestricted	3,955,156	3,233,700
<b>TOTAL NET POSITION</b>	<u>\$ 6,028,167</u>	<u>\$ 5,365,273</u>

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
Statement of Revenues, Expenses and  
Changes in Net Position  
For the Fiscal Year Ended June 30, 2014  
(with comparative data for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
<b>Operating Revenues:</b>		
Water Sales	\$ 202,415,070	\$ 172,357,485
Special Projects Revenue	1,507,206	2,304,765
Federal Grant Revenue	743,515	426,896
State Grant Revenue	64,809	690,152
Total Operating Revenues	<u>204,730,600</u>	<u>175,779,298</u>
<b>Operating Expenses:</b>		
Cost of Water Sold	195,659,855	165,887,498
Salaries and Employee Benefits	4,024,953	4,152,834
General and Administrative	2,113,668	2,656,812
Special Project Expenses (Note 6)	2,315,530	3,421,812
Depreciation	144,701	144,826
Total Operating Expenses	<u>204,258,707</u>	<u>176,263,781</u>
Operating Income/(Loss)	<u>471,893</u>	<u>(484,484)</u>
<b>Nonoperating Revenues:</b>		
Investment Income	95,407	157,801
Other Income	226,202	23,442
Total Non-Operating Revenues	<u>321,609</u>	<u>181,243</u>
Income Before Special Items	<u>793,502</u>	<u>(303,241)</u>
<b>Special Items:</b>		
Refund from Metropolitan Water District of Southern California (Note 10)	8,144,234	-
Distributions to Member Agencies (Note 10)	<u>(8,274,842)</u>	<u>(3,700,002)</u>
Total Special Items	<u>(130,608)</u>	<u>(3,700,002)</u>
<b>Change in Net Position</b>	<u>662,894</u>	<u>(4,003,243)</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>5,365,273</u>	<u>9,368,516</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 6,028,167</u></u>	<u><u>\$ 5,365,273</u></u>

# MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

## Statement of Cash Flows

For the Fiscal Year Ended June 30, 2014

(with comparative data for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from member agencies-water deliveries	\$ 197,450,806	\$ 175,241,004
Cash payments to Metropolitan Water District of Southern California	(190,184,845)	(168,560,465)
Cash payments for salaries and employee benefits	(4,077,650)	(4,124,681)
Cash payments for general and administrative expenses	(2,424,640)	(2,297,673)
Cash received from special projects	2,805,256	3,679,365
Cash payments for special projects	(2,490,559)	(4,533,612)
	<hr/>	<hr/>
Net Cash (used) Provided by Operating Activities	1,078,368	(596,062)
	<hr/>	<hr/>
<b>Cash Flows from Noncapital and Related Financing Activities:</b>		
Other income	226,202	23,442
Acquisition of capital assets	(225,285)	(10,639)
Proceeds from RPOI participants (Note 5)	(1,424,728)	58,078
Payment to Member Agencies	-	(3,700,002)
	<hr/>	<hr/>
Net Cash (used) by Noncapital and Related Financing Activities	(1,423,811)	(3,629,121)
	<hr/>	<hr/>
<b>Cash Flows from Investment Activities:</b>		
Investment income	107,616	139,103
Investments purchased	206,720	738,510
	<hr/>	<hr/>
Net Cash Provided by Investment Activities	314,336	877,613
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(31,107)	(3,347,570)
Cash and cash equivalents at beginning of year	7,118,851	10,466,421
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	<u>\$ 7,087,744</u>	<u>\$ 7,118,851</u>
	<hr/>	<hr/>
<b>Financial Statement Presentation:</b>		
Cash and Cash Equivalents (Restricted)	\$ 1,618,696	\$ 2,810,231
Cash and Cash Equivalents (Unrestricted)	5,469,048	4,308,620
	<hr/>	<hr/>
Totals	<u>\$ 7,087,744</u>	<u>\$ 7,118,851</u>
	<hr/>	<hr/>

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2014

(with comparative data for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided for Operating Activities</b>		
Operating Income (Loss)	\$ 471,893	\$ (484,484)
Adjustments to Reconcile Operating Loss to Net Cash Provided (used) by Operating Activities:		
Depreciation	144,701	144,826
Change in Assets and Liabilities:		
(Increase)/Decrease in accounts receivable - water deliveries	(4,964,264)	2,883,519
(Increase)/Decrease in accounts receivable - other and other assets	(21,200)	18,869
(Increase) in deposits and prepaid expenses	(6,782)	(5,472)
Decrease in accounts receivable - special projects	158,198	257,553
Increase/(Decrease) in accrued and other liabilities	(335,689)	373,894
Increase/(Decrease) portion of accrued liabilities for special item	(130,608)	-
(Decrease) in restricted accrued liabilities	259,081	(79,856)
(Decrease) in special projects	(44,782)	(1,031,944)
Increase/(Decrease) in accounts payable to Metropolitan Water District of Southern California	5,547,820	(2,672,967)
Total Adjustments	606,475	(111,578)
Net Cash Provided by Operating Activities	\$ 1,078,368	\$ (596,062)

## Notes to Financial Statements

**Municipal Water District of Orange County**  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2014

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**(1) Organization and Summary of Significant Accounting Policies**

**Reporting Entity**

The Municipal Water District of Orange County (the District) was formed as a municipal water district on January 11, 1951 under the Municipal Water District Act of 1911. The District is a wholesale water supplier and resource planning agency that serves all of Orange County through 28 cities and water agencies (except the Cities of Anaheim, Fullerton, and Santa Ana which are independent member agencies of the Metropolitan Water District of Southern California ("Metropolitan"). As a public agency member of the Metropolitan, the District purchases imported water from Metropolitan and provides the water to the District's 28 member agencies, which provide retail water services to approximately 2.3 million residents with the District's service area of approximately 600 square miles. The District's primary sources of water from Metropolitan are the California State Water Project (SWP) and the Colorado River Aqueduct.

The District is an independent special district of the State of California governed by an elected seven-member board. On January 2001, the District merged with the Coastal Municipal Water District (Coastal) under the recommendation of the Local Agency Formation Commission of Orange County (LAFCO) as part of an effort to streamline local government. The consolidation of the two agencies allows the new district to more efficiently provide wholesale water services at an improved efficiency for the benefit of residents living throughout the service area.

The District's reporting entity includes the accounts of the District and the Municipal Water District of Orange County Water Facilities Corporation (WFC). Formed as a separate California nonprofit corporation on April 20, 1978 to assist in the financing of the Allen-McColloch Pipeline (AMP) and the Flow Augmentation Project (FAP), the WFC has no employees (see Note 5). The WFC is governed by a seven-member board comprised of the District's board members. The WFC had no activity or balances for the year ended June 30, 2014 and is kept active for potential future financing arrangements. WFC is a blended component unit of the District and the District has operational responsibility for WFC.

**Basic Financial Statements**

The District's basic financial statements consist of the Statement of Net Position the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Basic Financial Statements.

**Basis of Presentation**

The District accounts for its activities as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's basic financial statements have been prepared on the accrual basis of accounting, and are presented on an economic measurement focus reporting all economic resources and obligation for the period ended June 30, 2014.

**Net Position**

In the Statement of Net Position, net position is classified in the following categories:

- Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets as applicable.
- Restricted net position – This amount consists of restricted assets reduced by liabilities. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Or a resource subject to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Municipal Water District of Orange County**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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- Unrestricted net position – This amount is the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

**Operating and Non-Operating Revenues and Expenses**

The District's primary purpose is to provide a dependable wholesale supply of imported water for its 28 member agencies. Accordingly, operating revenues, such as charges for services (water sales less the cost of water) result from exchange transactions, associated with the principal activity of the District, the purchase and resale of imported water to the District's member agencies.

Revenues from federal and state grants, reimbursements from participants and special projects (see Note 6), as well as special projects expenses are defined as operating revenues and expenses, respectively. Non-operating revenues consist of investment income and other miscellaneous income.

**Water Sales and Cost of Water Sold**

Historically, the District's primary source of revenue has been from the resale of imported water to the District's 28 member agencies located in Orange County. Based on Metropolitan's cost of water, each year the Board of Directors approves water rates comprised of a per retail connection charge, readiness to serve charge and a per acre-foot charge. Metropolitan's rates are based on cost of service studies performed on a biennial basis. Water rates are not subject to regulation by the California Public Utilities Commission or by any other local, state, or federal agency. Revenue from sales of water is recognized on the accrual basis as water is delivered.

Over the years, the District's revenue has been approximately 65% from a per retail connection charges, and 35% from per acre-foot charges. In June 2010, MWDOC and its member agencies came to agreement on changes to MWDOC's structure of charging for its services. First, MWDOC agreed to segregate our services between "Core" services and "Choice" services to give our agencies more "choices" to the services received. It was also agreed that, in addition to the cost of water and other charges from Metropolitan, MWDOC would transition its method of charging for "Core" services in the following manner. Commencing in fiscal year 2011 -12, MWDOC began transitioning to a 100% fixed charge. In the first year of this process, 80% of MWDOC's water rate charges for its operating budget would be fixed, and 20% would be based on water sales charges. Each year for the subsequent four years, MWDOC would increase the amount on fixed charges by 5%, reaching 100% in fiscal year 2015-16. Choice services would be charged directly to the agencies as a "fee for service". These changes to the rate structure were determined to be more equitable among MWDOC's member agencies. The member agencies also pay for the resale of imported water in addition to the other charges noted.

**Investments**

The District's investment policy and delegation of investment authority, is reviewed and approved each year by the Board of Directors. The investment policy authorizes the Treasurer to invest, reinvest, sell or exchange permitted fixed income securities in accordance with the California Government Code. The District accounts for investments in debt securities at fair market value (the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale). Investment income from restricted assets remains restricted.

**Cash and Cash Equivalents**

Cash and cash equivalents are defined as cash and short-term, highly liquid investments (i.e., Local Agency Investment Fund and Orange County Investment Pool) which are readily convertible to cash and mature within ninety (90) days of original purchase.

**Accounts Receivable**

The District extends credit to customers in the normal course of operations. Management believes all accounts receivable are collectible. In the event any accounts receivable are determined they are uncollectible, an allowance is recorded.



**Municipal Water District of Orange County**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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**Capital Assets**

Capital Assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and useful life greater than one (1) year. Upon retirement, sale or other disposition of capital assets, the cost and related accumulated depreciation are removed from respective accounts and any gains or losses are recognized. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which range from 3 to 5 years for furniture, fixtures, and equipment, and up to 30 years for leasehold improvements.

**Deposits and Prepaid Expenses**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as Deposits and Prepaid items in the basic financial statements.

**Compensated Absences**

As vacation leave is a vested employee benefit, the District is obligated to compensate employees for all earned but unused vacation days. Employee vacation days are accrued each pay period and reported as accrued liabilities. Depending on the length of employment, employees earn a minimum of 10 to a maximum of 26 vacation days per year. Accumulated vacation days may not exceed 1.5 times the number of days earned per year without prior approval of the General Manager. Sick leave time is a non-vested employee benefit (i.e. accumulated sick leave is not payable in the event of employee termination); is considered a contingent liability and is not reflected in the accompanying financial statements.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United State requires management to make estimates and assumptions that could affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates. Also, the preparation of the financial statements inherently requires rounding of amounts and estimates. Management believes that any differences due to rounding are not material.

**Budgetary Policy and Control**

The District Administrative Code requires that a budget be prepared each year under direction of the General Manager based on estimates of revenues and expected expenditures. The District's Board of Directors adopted an annual budget of expenditures for the period ended June 30, 2014. All amendments to the budget, or transfers of operating budget appropriations to or from reserve accounts, require Board approval. The General Manager is authorized to transfer budget amounts within programs. The legal level of budgetary control is at the total fund level.

**New Accounting and Reporting Requirements**

For the fiscal year beginning July 1, 2013 the District is required to apply the following GASB Statements:

GASB Statement No. 65 – In March 2012, GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012, or the 2013-2014 fiscal year. The District has determined this statement is not applicable.

GASB Statement No. 66 – In March 2012, GASB issued Statement No. 66 – *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement is effective for periods beginning after December 15, 2012, or the 2013-2014 fiscal year. The District has determined this statement is not applicable.

GASB Statement No. 67 – In June 2012, GASB issued Statement No. 67 – *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful

**Municipal Water District of Orange County**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 25 – *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50 – *Pension Disclosures*, as they relate to pension plans that are not administered through trust covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pension. The Statement is effective for periods beginning after June 15, 2013, or the 2013-2014 fiscal year. The District implemented this pronouncement effective July 1, 2013.

GASB Statement No. 70 – In April 2013, GASB issued Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The Statement is effective for periods beginning after June 15, 2013, or the 2013-2014 fiscal year. The District has determined this statement is not applicable.

**Effective in Future Years**

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014, or the 2014-2015 fiscal year. The District has not determined the effect on the financial statements.

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to establish reporting standards related to government combinations and disposals of government operations. The Statement is effective for periods beginning after December 15, 2013, or the 2014-2015 fiscal year. The District has not determined the effect on the financial statements.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Statement is effective for periods beginning after June 15, 2014, or the 2014-2015 fiscal year. The District has not determined the effect on the financial statements.

**(2) Cash and Investments**

Cash and investments at June 30, 2014, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and Cash Equivalents (Restricted)	\$ 1,618,696
Cash and Cash Equivalents (Unrestricted)	5,469,048
Investments (Unrestricted)	<u>2,161,125</u>
Total Cash and Investments	<u>\$ 9,248,869</u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	468,353
Investments	<u>8,780,016</u>
Total Deposits and Investments	<u>\$9,248,869</u>

**Municipal Water District of Orange County**  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2014

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Government Sponsored Entities Securities	5 years	None	None
Corporate Securities	5 years	30%	None
Corporate Securities (Reserve Fund)	5 years	20%	None
Commercial Paper	270 days	20%	10%
Negotiable Certificates of Deposit	None	20%	None
Bankers' Acceptances	None	20%	20%
Repurchase Agreements	None	10%	None
Money Market Mutual Funds	N/A	20%	10%
County Investment Pool	N/A	None	None
State Investment Pool	N/A	None	None

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

		<u>Remaining Maturity (in Months)</u>		
<u>Investment Type</u>		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>
Negotiable Certificates of Deposits	\$ 99,975	\$ -	\$ -	\$ 99,975
Corporate Securities	2,061,151	766,783	1,294,368	-
County Investment Pool	2,361,821	2,361,821	-	-
State Investment Pool	<u>4,257,069</u>	<u>4,257,069</u>	-	-
	<u>\$8,780,016</u>	<u>\$7,385,673</u>	<u>\$1,294,368</u>	<u>\$ 99,975</u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or District's investment policy, or debt agreements, and the actual rating by Standard and Poor's (S&P) as of the year end of each investment type. The District purchases all investments at the minimum rating but some investments' ratings may downgrade during its life but it is the District's policy to hold investments until their maturity.

		<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>			
<u>Investment Type</u>			<u>A</u>	<u>A-</u>	<u>AA-</u>	<u>Not Rated</u>
Negotiable Certificates of Deposits	\$ 99,975	N/A				\$ 99,975
Corporate Securities	2,061,151	A	\$766,783	\$775,808	\$518,560	
County Investment Pool	2,361,821	N/A				2,361,821
State Investment Pool	<u>4,257,069</u>	N/A				<u>4,257,069</u>
	<u>\$8,780,016</u>		<u>\$766,783</u>	<u>\$775,808</u>	<u>\$518,560</u>	<u>\$6,718,865</u>

**Municipal Water District of Orange County**  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2014

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**Concentration of Credit Risk**

The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2014 the District had investments in more than one issuer (other than U.S. Treasury securities, mutual funds, external investment pools) that represented 5% or more of total District investments as follows:

<u>Issuer</u>	<u>Amount</u>	<u>Percent of Portfolio</u>
MetLife Global Funding	\$518,560	5.91%
Morgan Stanley	\$517,350	5.89%
UBS Financial Services	\$509,560	5.80%

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. The Government Code also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2014 the District's deposits with financial institutions are covered by FDIC up to \$250,000 and at this point in time our exposure is \$349,909.

**Investment in State and County Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California, and in the Orange County Investment Pool (OCIP) under the oversight of the Orange County Treasurer. The fair market value of the District's investment in these pools are reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair market value provided by LAIF and OCIP for the entire LAIF and OCIP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCIP, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office.

The Agency is a participant in the County Treasurer's Orange County Investment Pool (OCIP). The OCIP is an external investment pool, is not rated, and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in the OCIP at June 30, 2014, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the OCIP, refer to the County of Orange Comprehensive Annual Financial Report.

**(3) Restricted Assets**

Restricted assets are monies held in restricted funds or accounts by the District for the benefit of member agencies, including a rate stabilization fund. As of June 30, 2014, \$2,513,346 was included in trustee Activities.

**Municipal Water District of Orange County**  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2014

**(4) Capital Assets**

The following is a summary of capital assets at June 30, 2014 with changes therein:

	<u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>2014</u>
Furniture and fixtures	\$ 536,388	\$ 6,560	\$(7,575)	\$ 535,373
Leasehold improvements	<u>2,796,412</u>	<u>218,725</u>	<u>-</u>	<u>3,015,137</u>
	3,332,800	225,285	(7,575)	3,550,510
Less accumulated depreciation	<u>(2,350,259)</u>	<u>(144,701)</u>	<u>7,575</u>	<u>(2,487,385)</u>
Net Capital Assets	<u>\$ 982,541</u>	<u>\$ 80,584</u>	<u>\$ -</u>	<u>\$ 1,063,125</u>

**(5) Trustee Activities**

Since 1978, the District has acted as trustee for certain member agencies in the financing, construction and operation of a water pipeline system and related facilities necessary to improve water quality and provide capacity to accommodate new development in the southeastern portion of the District's service area. The original 1979 pipeline project consisted of the construction of a 26-mile pipeline, which was augmented in 1989 with the construction of a 3-mile parallel pipeline and flow control facility. Together these projects, known as the Allen-McColloch Pipeline (AMP) and the Flow Augmentation Project (FAP), were funded through tax-exempt bonds originally issued by WFC and cash participation by some participating agencies.

In 1995, the Metropolitan acquired the AMP and FAP pipelines and related facilities. At the same time, all participating agencies agreed upon a Revised Percentage of Investment (RPOI) formula for sharing of revenue from Metropolitan and other participants for capacity swaps until the final payment of all outstanding debt or liabilities in 2016, or sooner.

As trustee, the District records current year transactions to receive payments from the financing member agencies, and to make payments to member agencies which paid cash. For the year ended June 30, 2014, The District received \$4,452,487 from certain AMP member agencies, and disbursed \$5,877,215 by the RPOI formula. As of June 30, 2014, the balance of \$4,665 included in "Due to Participants" is to be disbursed to the AMP member agencies in the first quarter of the following fiscal year.

**(6) Special Projects Revenue and Expenses**

The District receives revenues from member agencies, as well as grants from federal and state agencies, to the benefit of the District's ratepayers for a variety of programs and projects, including water conservation education, water use efficiency, and desalinization feasibility studies. As stipulated in executed grant agreements, the District is reimbursed by the granting agency for eligible grant project expenses which are first incurred by the District. For eligible District-Incurred grant expenses not reimbursed by the end of the District's fiscal year, the District accrues revenue for unreimbursed grant funds due the District. As of June 30 2014, the District accrued \$423,487 of grants receivable. The District recognized \$2,315,530 in contributions from Metropolitan and member agencies, federal and state grant revenue, and corresponding expenses, for the year ended June 30, 2014.

**(7) District Directors and Employees Retirement Plans**

**(a) Defined Contribution Plan**

On January 1, 1997, the Districts' Board of Directors adopted a defined contribution, private Money Purchase Pension Plan (Plan). Employee contributions were made to the Plan until the District joined the California Public Employees Retirement System (CalPERS). Effective, March 1, 2003, District employees became members of CalPERS and employee contributions to the Plan were frozen. Currently, seven Board members participate in the Plan and contributions are made by the District on behalf of the current participants. The District is required to contribute 10.5% of a participant's gross salary, increasing to 13.5% after one year of service. The District's Board of Directors has the authority to amend or terminate the plan at any time. A summary of this plan's contribution and District payroll information follows:

District contributions for participants	\$23,748
District contributions as a percent of covered payroll	10.5% / 13.5%
Total covered payroll	\$175,908

**Municipal Water District of Orange County**  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2014

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Participants become vested in the District's Plan 20% per year of service until they become fully vested after five (5) years of service.

**(b) Defined Benefit Plan (CalPERS Employee Retirement Plan)**

**Plan Description:**

Effective March 1, 2003, the District has participated in the California Employees Retirement System (CalPERS), a cost sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS serves as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and District ordinance. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA, 95814 (<http://www.calpers.ca.gov>).

**Funding Policy:**

The District funded employer payroll contributions to CalPERS for the 2.0% at 55 Risk Pool Retirement Plan (Plan) on behalf of eligible District employees. These contributions included the employer paid member (employee) contribution (7% of annual covered salary), and the employer's contribution (10.781% of annual covered salary) for a total contribution of 17.781%; consisting of the actuarially determined remaining amount necessary to fund benefits for its members. The member contribution amounts are established by State statute and employer contribution rate is established by CalPERS based on actuarial valuations. Effective with the 2012/13 budget year, employees began paying 1% of the 7% member (employee) contribution and 2% of the 7% effective 2013/14 budget year. It is anticipated that this amount will increase by 1% each budget year until the 7% member (employee) contribution is fully funded by the employee.

Classic CalPERS members hired after March 1, 2013 are required to pay the entire 7% member (employee) contribution rate and are not subject to the above 1% increase each year.

Pursuant to the Public Employees Pension Reform Act (PEPRA), employees hired after January 1, 2013 that are new to CalPERS, are enrolled in the 2% @ 62 CalPERS Retirement Formula and are required to pay 6.25% of the member (employee) contribution rate with the employer paying 6.25% of the Employer contribution rate (12.50% total contribution). Employer contributions are included and equaled the required contributions for each period. Recent District contribution rates and amounts are presented in the following table.

<u>Fiscal Year</u>	<u>Contribution Rate (%)</u>	<u>Contribution Amount (\$)</u>
2013-14	17.781 / 12.50	390,763
2012-13	17.238	437,323
2011-12	17.059	450,721

**(8) Retiree Medical Plan - Other-Post-Employment Benefits**

**(a) Plan Description:**

Effective October 1, 2011, the District established a Post Retirement Healthcare Plan (Plan), and has contributed to a Section 115 Irrevocable Exclusive Benefit Trust for the pre-funding of post-employment health care costs. Currently, the District provides health insurance for its retired employees and their dependent spouses (if married and covered on the District's plan at time of retirement), or survivors in accordance with Board resolutions. Medical coverage is provided for retired employees who are age 55 or over and who have a minimum of 10 years service with the District.

The District pays 100% of the premium for the single retiree and 80% of the married retiree and spouse until age 65. If a retiree in receipt of these benefits dies before reaching age 65, the surviving spouse will continue to receive coverage that the retiree would have been entitled to until age 65 only. When a retiree reaches age 65 and/or is eligible for Medicare, the District reimburses the retiree up to \$1,800 per calendar year for the cost of Supplemental Medical Insurance and Medicare Prescription Drug (Part D) Insurance. Retirees who complete at least 25 consecutive years of full-time service receive District-paid dental and vision benefits along with the above-mentioned medical coverage until the time of the retiree and spouse's death. Plan benefits and



**Municipal Water District of Orange County**  
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**For the Year Ended June 30, 2014**

contribution requirements of Plan members and the District are established, and may be amended, by the District's Board of Directors.

The following parties are responsible for administration of the Plan:

- Public Agency Retirement Services (PARS) serves as Trust Administrator and Consultant,
- US Bank serves as Trustee, and
- HighMark Capital Management servers as Investment Manager.

PARS issues monthly account reports to the District and HighMark publishes quarterly performance reports.

**(b) Funding Policy:**

The contribution requirements of Plan members and the District are established, and may be amended, by the District's Board of Directors. Currently, contributions are not required from Plan members. The District is currently funding the OPEB obligation on a pre-funding basis. For the year ended 2014, the District made a total contribution of \$273,982 of which, \$44,546 were actual health care costs for its retirees and their covered dependents.

**(c) Annual OPEB Cost and Net OPEB Obligation:**

The District's annual OPEB cost (expense) is calculated based on the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The most recent GASB 45 actuarial valuation is dated July 1, 2011. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and to amortize any unfunded liabilities of the Plan over a period not-to-exceed 30 years.

The following table shows the components of the District's annual OPEB costs for FY 2013-14, the amount actually contributed to the Plan and changes in the District's net OPEB Asset.

Annual Required Contribution (ARC)	\$ 205,390
Interest on Net OPEB Obligation	1,917
Adjustment to ARC	<u>(2,322)</u>
Annual OPEB Cost	204,985
Contribution made	<u>273,982</u>
Decrease in Net OPEB Obligation	<u>(68,997)</u>
Net OPEB Obligation June 30, 2013	<u>31,956</u>
Net OPEB Asset at June 30, 2014	\$ <u>(37,041)</u>

**(d) Three-Year Trend Information:**

For fiscal year 2014, the District's annual OPEB cost (expense) of \$204,985 was equal to the ARC including adjustments. Information on the annual OPEB cost, Percentage of Annual OPEB Cost Contributed, and Net OPEB Obligation (Asset) are presented below:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$200,223	\$ 621,370(1)	310.34%	\$ (12,692)
6/30/2013	200,223	155,575	77.70%	31,956
6/30/2014	204,985	273,982	133.66%	(37,041)

(1) Included \$500,000 contribution to irrevocable trust.

**(e) Funded Status and Funding Progress:**

As of July 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,610,754, and the actuarial value of assets was zero, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$1,610,754. The covered payroll (annual payroll of active employees covered by the plan) was \$2,734,534 and the ratio of the UAAL to the covered payroll was 58.90%.

**Municipal Water District of Orange County**  
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**For the Year Ended June 30, 2014**

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Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**(f) Actuarial Methods and Assumptions:**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation report, the projected unit credit cost method was used. The actuarial assumptions included a 6.00% investment rate of return (net of administrative expenses), a trend rate for the fiscal year beginning 2012 of 7.00% for healthcare costs, and an inflation rate of 6.00%. The District's unfunded actuarial accrued liability was planned to be amortized by a 30 year level dollar contribution over an open period but in 2013 the District has decided to accelerate this plan to be fully funded within 10 years.

**(9) Risk Management**

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage for member agencies.

The Insurance Authority bills the District a deposit premium at the beginning of each year, which is placed in a reserve fund to cover the self-insurance portion of any claim. Settlements and/or expenses related to claims during the year are then charged to the reserve. If the balance of the reserve at the end of the year is deemed too low in relation to the amount of outstanding claims, the District is billed for additional premiums. When the claims are fully settled, any amounts remaining in the reserve are refunded to the District.

At June 30, 2014, the District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$100 million (total insurable value of \$1,335,472). The District has a \$1,000 deductible for buildings, personal property and fixed equipment.

General Liability - The Insurance Authority has pooled self-insurance up to \$2 million per occurrence, and has purchased excess insurance coverage up to \$60 million.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$2 million per occurrence, and has purchased excess insurance coverage up to \$60 million.

Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$2 million per occurrence and has purchased excess insurance coverage up to \$60 million.

Fidelity Bond - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$2 million. The District has a \$1,000 deductible.

Workers' Compensation - The Insurance Authority is self-insured up to \$2 million per occurrence and has purchased excess insurance coverage up to the statutory limit. Employer's liability is insured up to a \$4 million limit with pooled self-insurance up to \$2 million, and has purchased excess insurance coverage up to \$2 million.

The District pays annual premiums to the Insurance Authority for all coverage's. There were no instances in the past three years when a settlement exceeded the District's coverage.



**Municipal Water District of Orange County**  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2014

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**(10) Subsequent Event**

**Special Item - Refund of OC-88 South County Pipeline Error**

A metering error was discovered at the OC-88 Service Connection off of the Allen McColloch Pipeline (AMP); OC-88 is the interconnection of the AMP and the South County Pipeline (SCP). The metering error resulted from the incorrect programming of the acoustic meter in 2005 by a third party company, external to the organization and hired by Metropolitan (MET); the problem lasted for nine years of billings that were 3.4% too high. The majority of the refund will go to the five agencies receiving water via OC-88. However, in two of the years, MWDOC incurred Tier 2 water charges from MET. When MWDOC incurs Tier 2 charges, the charges are paid to MET by all agencies within MWDOC via the Tier 2 Contingency Fund or by MWDOC's melded water charges assessed by MWDOC to all water purchasers in those years. The overbilling refund for 2007 and 2008 also included a refund of Tier 2 charges in the amount of \$331,528 (refunded by MET). MWDOC went through a series of calculations to ensure the funds were properly credited back to the agencies while also taking into account the Tier 2 refund that was provided to the agencies in 2013 and accounting for lower contributions into the Tier 2 fund by the five South County Pipeline agencies based upon adjusted lower purchases of water. MET's statute of limitations according to their Administrative Code ranges from six months to three years but MET decided to go back to inception to correct the billing which totaled \$7,812,706 in water deliveries and \$331,528 in Tier 2 for a total refund from MET in the amount of \$8,144,234. MWDOC's Board approved MWDOC's Increment and Tier 2 overpayments to be refunded totaling \$130,608 for a total refund to member agencies in the amount of \$8,274,842.

MET's total refund was received as a credit on the August 2014 water bill. Member agencies affected will receive a check or credit on their water bill in October 2014.

## **Required Supplementary Information (Unaudited)**

**Municipal Water District of Orange County**  
Required Supplementary Information (Unaudited)  
For the Year Ended June 30, 2014

**Other Post-Employment Benefit Plan**  
**Schedule of Funding Progress**

**Retiree Healthcare Plan**

Actuarial Valuation Date <sup>(1)</sup>	Actuarial Accrued Liability (a)	Actuarial Value of Plan Assets (AVA) (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) – (b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll Percentage of Covered Payroll [(a)-(b)]/(c)
7/1/2008	\$1,428,095	\$ -	\$1,428,095	0.00%	\$2,707,871	52.74%
7/1/2011	\$1,610,754	\$ -	\$1,610,754	0.00%	\$2,734,534	58.90%

Note (1): GASB 45 actuarial valuation reports prepared by Demsey, Filliger & Associates.



**ACTION ITEM**  
December 17, 2014

**TO:** Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Patricia Meszaros

**SUBJECT: CSDA GOVERNANCE WORKSHOP – JANUARY 22, 2015**

**STAFF RECOMMENDATION**

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It is recommended that the Board authorize attendance by Directors and such members of District staff as approved by the General Manager.

**COMMITTEE RECOMMENDATION**

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Committee recommends (to be determined at Committee Meeting)

**DETAILED REPORT**

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California Special Districts Association (CSDA) is offering this one-day workshop at MWDOC on January 22, 2015. This fast-paced workshop touches on all of the essential components of governing a special district. Pursuant to the A&F Committee's request for staff to pursue CSDA's District of Distinction award, this workshop qualifies for the six hours of governance training and also meets AB 1234 Ethics Training requirements. The cost for CSDA members is \$225. The workshop begins at 9:00 am and ends at 4:00 pm. Lunch is from 12:00 to 1:00 pm and is provided.

As the host agency, MWDOC is eligible to receive one free admission to the workshop.

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

[Sign In](#)

## Introduction to Good Governance Principles

[Back](#)[Register](#)

Instructor: David Aranda

Leading a special district as an experienced or newly elected/appointed official is both exciting and challenging. You have accepted the responsibility of representing your constituents and customers in the most effective and professional manner possible. This will demand that you acquire or maintain the necessary skills to govern a special district.

The Introduction to Good Governance training has been designed specifically for special district board members and board chairs/presidents in order to provide the tools, background and overall knowledge necessary to help navigate the first year of governing a special district and be an effective leader.

CSDA Member: \$225 - Non-Member: \$375

Cancellations must be made IN WRITING and received via fax, mail, or email no later than three days prior to the seminar. All cancellations made within the specified time will be refunded less a \$25 processing fee. 08:30 am - 09:00 am Registration 09:00 am - 12:00 pm Workshop 12:00 pm - 01:00 pm Lunch (Provided) 01:00 pm - 04:00 pm Workshop

**Start Date:** Thursday, January 22, 2015

**End Date:** Thursday, January 22, 2015

**Coordinators:** Sharon Foster, Professional Development Assistant - sharonf@csda.net

**Address:** Municipal Water District of Orange County  
18700 Ward Street  
Fountain Valley, CA 92708-0895

[You must log on before continuing through the checkout process.](#)



**ACTION ITEM**  
December 17, 2014

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

**FROM: Robert Hunter, General Manager**

**Staff Contact: Cathleen Harris, Administrative Services Manager**  
**Katie Davanaugh, Executive Assistant/HR Asst.**

**SUBJECT: APPROVAL OF REVISED PERSONNEL MANUAL**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors approve the proposed revisions to the Personnel Manual, as presented.

**COMMITTEE RECOMMENDATION**

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Committee recommends (To be determined at Committee Meeting)

**DETAILED REPORT**

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A proposed draft of the Personnel Manual was presented to the A&F Committee at its November 12 meeting. Staff received input from the Committee and incorporated the recommended changes. Following review by the Committee, the proposed draft was also distributed to staff and legal counsel for input. Based on input received, revisions were made to the Personnel Manual.

The following is a summary of the revisions made to the manual since the Committee's review:

- **Cover**
  - Legal Counsel added language stating that policies supersede preceding policies and that policies are in compliance with applicable law
- **Page 5 – Employment Policy**
  - Legal Counsel added language stating that employees are not entitled to due process procedures, hearings or any Skelly rights related to employment

<b>Budgeted (Y/N):</b> NA	Budgeted amount: NA	Core x	Choice __
<b>Action item amount: 0</b>		Line item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			

- **Page 6 - Selection of Employees**
  - Legal Counsel revised language stating that pre-employment drug testing is based on the safety sensitive nature of the employee's job duties
- **Page 6 - Equal Opportunity Employment**
  - Legal Counsel added separate EEO Policy Section
  - Also throughout the document relevant protected categories were added
- **Page 6 - Reasonable Accommodation for Applicants with Disabilities**
  - Legal Counsel added section
- **Pages 7 to 10 - Prohibition Against Harassment and Discrimination**
  - Legal Counsel revised most of the section addressing Harassment and Discrimination, includes examples of sexual harassment and addresses an internal complaint procedure
  - Section was formatted and headings were added/revised for clarity
- **Page 11 - Reasonable Accommodation of Disabilities**
  - Added language per Legal Counsel's advice regarding confidentiality and the interactive process
- **Pages 12 to 13 - Grievance Procedure**
  - Legal Counsel added procedures that will allow for settling grievances or complaints of harassment or discrimination or application of policies
  - For grievances concerning the General Manager the policy states that they shall be immediately reported to the Administration & Finance Committee
- **Pages 14 to 21 - Drug and Alcohol Free Workplace**
  - Section was completely revised to provide more detail on the policy and testing, prohibitions, rehabilitation programs
  - The policy also includes language which prohibits the use of medical marijuana
  - Policy includes language which states that pre-employment drug testing of employees who are not safety sensitive is illegal and revises the language to allow pre-employment testing where employees are safety sensitive
  - Revised policy to clearly state that there is no duty to accommodate actual usage on the job where safety concerns are present
  - Section was formatted and headings were added/revised for clarity
- **Page 21 – Regular Full-Time Employees**
  - Legal added language stating that although employees who work 32 to 39 hours are eligible for full benefits; benefits as required by law shall be provided consistent with the requirements of the law.
  - Effective in 2016, employees working 30 hours per week will be eligible for benefits. The District will change its policy in the future to comply with the mandate.
- **Page 23 - Workweeks**
  - Added language defining the workweek pursuant to Fair Labor Standards Act.
  - Revised language defining the District's workweek
  - Added language regarding modified workweek
- **Page 24 – Record of Work Hours**
  - Legal Counsel added language, requiring employees to audit their own time records and report in writing if they see an error
- **Page 25 – Overtime**

- Added language to be consistent with FLSA guidelines
  - Legal Counsel revised language defining the workweek for overtime purposes
- **Page 25 – Category I**
  - Legal Counsel added language clarifying that paid leave hours are not included in overtime calculations since they are not hours actually worked
- **Page 26 – Category III**
  - All information under this section will be moved into Category II
  - Added language defining exempt employees to be in compliance with FLSA guidelines
  - Legal Counsel added language stating that exempt employees sick leave balances will be charged for absences greater than four hours in a work day
- **Page 27 - Holiday Time**
  - Legal Counsel added language for clarification regarding work on a holiday and compensation
- **Page 27 – General Paid Sick Leave –**
  - Legal Counsel revised language for clarity
  - Section was formatted and headings were added/revised for clarity
- **Page 28 – General Paid Sick Leave - Maximum Accrual**
  - Legal Counsel added language clarifying that exempt employees sick leave accrual is capped at 488
  - Legal Counsel added language regarding exempt employees and use of sick leave for partial day absences
  - Revised number for accrual hours to be consistent with current accrual format of two decimals
- **Pages 28 to 29 - Mandatory Paid Sick Leave**
  - Added new section based on new law to go into effect on July 1, 2015. This policy requires employers to provide sick leave for employees who have worked at least 30 days. Employees shall accrue paid sick leave at the rate of one hour for every 30 hours worked, not to exceed 6 days (48 hours).
- **Page 31 – Return to Work**
  - Section was deleted, addressed in appropriate section
- **Page 32 to 37 – Family/Medical Leave of Absence (FMLA/CFRA)**
  - Legal Counsel revised entire section to include more detail on leave, eligibility, notice requirements, medical certification, etc.
  - Section was formatted and headings were added/revised for clarity
- **Page 38 - Servicemember Family & Medical Leave**
  - Added mandated language
- **Page 38 to 39 - Maternity & Pregnancy Disability**
  - Revised language in this section in compliance with FMLA/CFRA and mandated language
  - Section was formatted and headings were added/revised for clarity
- **Page 39 - Benefit Accruals While on Unpaid Leave**
  - Legal Counsel revised language
- **Page 40 – Terms of Family/Medical Leave/Pay/Benefits During Family/Medical Leaves**
  - Deleted section, addressed in appropriate section



- **Page 40 – Return to Work and Medical Evaluation Policy from Family Medical Leave of Absence**
  - Deleted section, addressed in appropriate section
- **Page 41 – Pregnancy Disability Leave/Paid Family Leave**
  - Deleted section, addressed in appropriate section
- **Page 42 – No Retaliation & Whistleblower Protections**
  - Legal Counsel added new section
- **Page 43 – Serious Family Illness Leave**
  - Revised language to allow employees up to 4 days per fiscal year instead of 3 days per occurrence
- **Pages 43 – Jury or Witness Duty Leave**
  - Legal Counsel revised language to state that employees relieved from jury duty after less than 3 hours shall report to work
- **Page 45 – Discretionary Administrative Leave**
  - Revised language to clarify that this leave is not considered vacation leave and should not be treated as such
  - Heading revised for clarification
- **Page 45 - Catastrophic Leave**
  - Revised language removing the maximum number of hours an employee can donate, thereby allowing employees to donate as many hours as they choose. The calculation for the hours will be based on the number of hours donated, times the donor's hourly rate, divided by the recipient's hourly rate
- **Page 51 to 52 - Vacations**
  - Formatted section added/revised headings for clarity
  - Revised language for clarity
  - Revised accrual cap so that once employee reaches allowable maximum vacation accrual, the accrual will stop and no longer accrue, unless authorized by the General Manager
  - Revised policy to increase the maximum accrual to 2 times the annual accrual
  - Revised the Biweekly pay period vacation accrual amounts to be consistent with current practice.
- **Page 53 – Holidays Occurring On A Date Scheduled Off**
  - Legal Counsel revised language for clarity
- **Page 65 – Employee Excellence**
  - Added language clarifying that award amounts over \$25 are taxable in accordance with IRS guidelines
- **Page 65 – Vehicle Policy**
  - Legal Counsel added language outlining process for using private auto for District business
- **Page 68 – Mileage Reimbursement**
  - Added language to clarify computation of mileage reimbursement
- **Pages 69 to 71 - Office Equipment Policy**
  - Legal Counsel revised language throughout section
  - Legal Counsel added section regarding District's Right of Access and Employee Privacy
- **Page 71 to 73 - Standards of Conduct**
  - Deleted proposed revision in item 8 referencing possession of firearms/weapons/explosives in car

- Legal Counsel revised section with recommended language
- **Page 75 – At Will Agreement**
  - Legal Counsel revised language for clarity

Staff is recommending the Committee review and approve the proposed revisions to the Personnel Manual as presented.

Please be advised that in reviewing the Personnel Manual, staff identified some policies that will be evaluated further and returned for consideration in the future:

- Flexible work week schedules
- Telecommuting policy
- Outside employment
- Acting Pay
- Termination of Employment
- Auto Mileage Reimbursement for those receiving an allowance and travelling outside MWDOC service area and more cost effective to drive than fly
- Cell Phone Policy – Use of and Reimbursement

Also provided for review is a listing of the changes previously presented to the Committee:

- **Cover**
  - Added District logo
  - Combined the two paragraphs on the cover and deleted the At Will Statement. Already addressed under Employment Policy Section
- **Page 5 – Introduction Section**
  - Added new section providing overview of District.
  - Deleted language under this section that is already covered under Equal Employment & Harassment and Selection of Employees
- **Page 6 – Selection of Employees**
  - Added new language outlining District's current practice regarding selection process
- **Page 21 – Regular Full-Time Employees**
  - Revised language to provide a general overview of benefits
  - Revised section to state that employees working 32 to 39 hours per week accrue paid leaves on a prorated basis, based on the number of hours worked.
  - Revised section to state that employees cannot reduce their regular work schedule to less than 40 hours a week without GM approval
- **Page 22 – Regular Part-Time Employees**
  - Added word for consistency
- **Page 22 – Temporary Employees**
  - Revised language to more clearly define temporary employee and set the term of employment not to exceed 12 months
- **Page 22 – Limited Term Employees**
  - Revised language to state that a Limited-Term Employee is for a specific period and specific project

- Added statement that Limited-Term Employment requires Board approval to be consistent with practice
- **Page 23 – Volunteers**
  - Deleted section not applicable
- **Page 23 – Interns**
  - Added section stating that Interns may be employed for a period of up to 6 months after graduation
  - Added language stating that an intern's pay rate is established based on Intern Classification schedule
  - Added language stating that after one year of internship, interns may be eligible for a pay increase based on the recommendation of their supervisor
  - Added language stating that Interns are not eligible for merit increases on the same basis as regular/part-time employees
  - Added language for clarification stating that Interns are not eligible for benefits except as required by law
- **Page 24 – Rest and Lunch Period**
  - Revised language for clarity
- **Page 24 – Record of Work Hours**
  - Revised language to make consistent with current practice and to allow for changing the due date for submittal of timesheets due to issuance of payroll and holiday schedules
- **Page 25 – Category I**
  - Revised language for clarity
- **Page 25 – Category II**
  - Deleted all information categorized under this section. No longer applies to the position that was designated under this category
- **Page 27 – Make-Up Time**
  - Revised language for clarity
- **Page 28 – General Paid Sick Leave**
  - Revised policy to state that sick leave over 3 days may be verified by a doctor's statement at the General Manager's discretion.
  - Added to the definition of immediate family for purposes of sick leave
  - Revised policy so that only non-exempt employees are eligible to be paid for any accrued but unused sick leave
- **Page 28 – General Paid Sick Leave - Method of Accrual**
  - Revised language for clarification regarding prorated leave accruals based on hours worked and, no leave accruals for leave of absence without pay except for the absence due to an injury arising out of or in the course of employee's employment
- **Page 29 – Bereavement Leave**
  - Added to the definition of immediate family
  - Added language for clarification
- **Page 30 – Disability Leave**
  - Deleted paragraph already covered under other leave sections
- **Page 30 – Short-Term Disability Program**
  - Added language explaining the benefit
  - Revised language for clarity and a short summary of the benefit.
- **Page 30 – Long-Term Disability**

- Added language explaining benefit
  - Revised paragraph for clarity and brief summary of the benefit.
- **Page 22 – Employee Filing Requirements/Verification of Disability/Employee Benefits While on Disability Leave**
  - Revised language for clarity
- **Page 43 – Serious Family Illness Leave**
  - Added language to comply with current practice
- **Pages 43 – Jury or Witness Duty Leave**
  - Revised language for clarity
  - Revised language to clarify eligibility for compensation under jury or witness duty leave
- **Page 44 - Personal Leave of Absence without Pay**
  - Revised language for clarity
- **Page 44 – Unauthorized Absence**
  - Revised language for clarity
- **Pages 45 to 46 - Personnel Files**
  - Revised language to provide more detail on process
- **Page 46 to 47 - Compensation and Benefits/Surveys and Pay Structure Adjustments/ Annual Merit Increases**
  - Revised language for clarity
- **Page 47 - Merit Guidelines**
  - Added word for clarity
- **Page 47 - Performance Appraisal**
  - Added language explaining process
- **Page 48 - Performance Criteria**
  - Revised language to be consistent with current ratings
- **Page 49 - Merit Increase Procedures**
  - Revised language for clarification
  - Revised language so that an employee can only receive merit increases within the established salary range. If the employee is at the maximum salary range, a merit increase may be granted in the form of a lump sum performance payment
- **Page 49 - Promotion**
  - Revised language for clarity
- **Page 50 – Position Reclassification/Paydays**
  - Grammar correction
  - Revised language to state that in the event a payday falls on a holiday, the direct deposit check or paycheck will be distributed on the day prior to the holiday.
- **Page 50 - Payroll Deductions**
  - Revised for clarity
- **Page 52 to 53 – Holidays**
  - Revised policy to designate Christmas Eve as a designated holiday and designate one floating holiday each year at the employee's choice.
  - Added language stating that the GM may elect to maintain a minimum staff on any holiday
  - Added language to clarify paid holidays are total of 11 days equivalent to 88 hours
- **Page 54 – Workers Compensation**

- Deleted outdated information
  - Revised language for clarity
- **Page 55 – Return to Work (RTW) from Industrial Injury or Illness**
  - Added language stating that employee returning to work from an Industrial Illness or Injury may be subject to a return to work medical evaluation
- **Page 56 – Medical Insurance**
  - Revised language to be consistent with current practice
- **Page 56 – Medicare Coverage**
  - Added language for clarity
- **Page 56 to 58 – Retiree Health, Medical and Elective Coverage**
  - Revised language in compliance with JPIA guidelines
- **Page 58 – Dental Insurance/ Vision Insurance**
  - Revised language for clarity
- **Page 59 - Period of Coverage**
  - Revised language for clarity
- **Page 59 – Continued Medical, Dental and Vision Coverage**
  - Revised language for clarity
- **Page 60 – Notice of Election of Coverage**
  - Revised language for clarity
- **Page 60 – Management Physical Examinations**
  - Deleted this policy. Has not been used in at least 10 years
- **Page 60 – Life Insurance**
  - Revised language for clarity and to be consistent with current practice
- **Page 61 – Retirement Programs –**
  - Revised language for clarity
- **Pages 61 to 62 – CalPERS**
  - Revised section so that it is consistent with current practice and to provide a general overview of the benefits offered
- **Page 63 - Deferred Compensation Plan**
  - Revised language for clarity
- **Page 63 – Flexible Benefits Spending Plan**
  - Revised word
- **Page 63 to 64 – Employee Assistance Program**
  - Added language explaining program and provide an overview
- **Page 64- Employee Recognition Program**
  - Added language for clarification
- **Page 64 – Employee Excellence**
  - Added an additional option for award presentation
- **Page 66 – Driver Responsibility**
  - Revised language by eliminating redundancy
  - Added language regarding Driver's responsibilities while operating a vehicle
- **Pages 66 to 67 - Mileage Reimbursement /Auto Allowance**
  - Revised language to more clearly explain the methodology for the mileage reimbursement
  - Deleted Associate GM from list
  - Revised language to state that payment of auto allowance is subject to review during the compensation and benchmark study or at the Board's discretion

- **Page 67 – Operating Rules for Automobile Allowance**
  - Revised language to state that an employee receiving an auto allowance must provide a car that is in excellent condition, in lieu of 6 years old
- **Page 68 to 69 – Education Reimbursement**
  - Added Human Resources as part of the approval process
- **Page 69 to 71 – Office Equipment Policy**
  - Revised language for clarity
- **Page 76 to 78 – Employee Designations**
  - Revised list with all current positions
- **Page 79 – Salary and Merit Process**
  - Deleted Section. Covered under the Salary and Merit Process
- **Page 80 – Schedule of Holidays**
  - Deleted this section. Covered under Holiday section



## PERSONNEL MANUAL

Effective date: December 17, 2014

This Personnel Manual describes policies as set by the Board of Directors of the Municipal Water District of Orange County. These policies supersede any preceding or contradictory policies except where expressly authorized by the Board. These policies are subject to change at any time at the sole discretion of the Board. This Manual is not a guarantee, expressed or implied, of continued employment for any specific duration. These policies are intended to be compliance with applicable law and should be interpreted as such.

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**Deleted:** This Personnel Manual describes policies as set by the Board of Directors of the Municipal Water District of Orange County. These policies are subject to change at any time at the sole discretion of the Board, except for the policy of Employment At-Will which can be changed only in a formal written contract signed by the employee and an authorized representative of the Board of Directors.¶

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**Deleted:** Although we hope that your employment relationship with the District will be long term, the Municipal Water District of Orange County is an At-will employer, and, as such, employment with the District is without specified term and may be terminated at the will of either the District or the employee, with or without cause, and with or without notice to the other.¶

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Approved: 4/28/76¶  
Revised: 12/19/07new date¶

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## PERSONNEL MANUAL

### MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

#### INTRODUCTION

The Municipal Water District of Orange County (MWDOC) was formed by Orange County voters in 1951 under the Municipal Water District Act of 1911. Today, MWDOC is Metropolitan Water District of Southern California's (MET's) third largest member agency, providing and managing the imported water supplies used in Orange County.

The Municipal Water District of Orange County (MWDOC) is a wholesale water supplier and resource planning agency. Our efforts focus on sound planning and appropriate investments in water supply development, water reliability, water resources management, and water use efficiency, public information, legislative advocacy, water education, and emergency preparedness. MWDOC's service area covers all of Orange County, with the exception of the cities of Anaheim, Fullerton, and Santa Ana. We serve Orange County through 28 retail water agencies.

MWDOC is governed by a seven-member Board of Directors. Each director is elected by the public to represent a specific portion of Orange County. MWDOC also appoints four representatives to advocate the interests of Orange County on the Metropolitan Board. MWDOC holds key leadership positions on the Board of Directors that oversee policy development, strategy, and implementation.

The General Manager is directly responsible to the Board of Directors for the administration of policies established by the Board.

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#### EMPLOYMENT POLICY

The Municipal Water District of Orange County is an at-will employer and as such employment with the District is without a specified term and may be terminated at the will of either the District or the employee, with or without cause and with or without prior notice to the other. Employees of the District are not entitled to due process procedures, hearings, or any so-called Skelly rights related to their employment. This policy of employment at-will can be changed only in a formal written contract signed by the employee and an authorized representative of the Board of Directors. No other representative of the District has any authority to make any agreement contrary to the foregoing.

#### SELECTION OF EMPLOYEES

All persons considered for employment with the Municipal Water District of Orange County must be qualified to perform the duties of the position for which they are employed. All new employees will be required to complete a medical examination and, based on the safety sensitive nature of their job duties, a pre-employment drug test before reporting for work may be required. All employees shall be required to sign an Oath of Allegiance pursuant to State law.

Deleted: All persons considered for employment with the Municipal Water District of Orange County shall be qualified to perform the duties of the position for which they are employed. All persons shall be granted the opportunity to seek, obtain or hold employment without discrimination because of race, age (over 40), religious creed, color, national origin, ancestry, physical or mental disability, medical condition, pregnancy or childbirth, marital status, gender, sex, sexual orientation, veteran status, political beliefs, or any other classification protected by State or Federal Law.¶

¶ In accordance with Federal and State Immigration and Naturalization laws, all employees must provide the necessary documentation to prove identity and the right to work in the United States within the required period of time after starting work. Failure to provide such documentation will result in disqualification from position and/or grounds for immediate termination.¶

¶ Adopted: 4/28/76; revised: 4/1/87; 6/6/90; 12/12/90; 10/15/97; 4/21/04

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As required by law, all new employees must provide necessary documentation to prove identity and the right to work in the United States in accordance with federal and state laws. Failure to provide such documentation will result in disqualification from selection and is grounds for immediate termination.

### EQUAL OPPORTUNITY EMPLOYMENT

The District values diversity within its community, workforce and applicant pool. We embrace diversity in age, race, ability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique. Diversity initiatives built on the premise of equity that encourages and enforces: (1) Respectful communication and cooperation; (2) Teamwork and employee participation, permitting the representation of all perspectives; (3) Work/life balance through flexible work schedules; and (4) Employer and employee contributions to the diverse communities we serve.

The District is an equal opportunity employer and hires on the basis of individual qualifications. District policy prohibits unlawful discrimination based on race, color, sex, sexual orientation, gender identity or expression, religious or political affiliation, creed, citizenship status, military service status, marital status, pregnancy, age (over 40), national origin, ancestry, medical condition, physical or mental disability, or any other basis protected by federal, state or local laws. The District is committed to accommodating all applicable laws which provide for equal employment opportunities. This commitment applies to all persons involved in District operations and prohibits unlawful discrimination by any District employee.

### REASONABLE ACCOMMODATION FOR APPLICANTS WITH DISABILITIES

To comply with the Americans with Disabilities Act of 1990 and the laws ensuring equal employment opportunities to qualified individuals with a disability, the District will make reasonable accommodations for the known physical or mental limitations of applicants who are otherwise qualified to safely perform all of the essential functions of their position unless undue hardship would result. Any applicant who requires an accommodation in order to perform the essential functions of the job should contact Human Resources and request such accommodation.

### PROHIBITION AGAINST DISCRIMINATION AND HARASSMENT

The District strictly prohibits and has "zero tolerance" for discrimination and harassment in any phase of the employment, including but not limited to recruitment, testing, hiring, upgrading, promotion/demotion, transfer, layoff, termination, rates of pay, benefits, and selection for training. This includes discrimination and harassment on the basis of sex, sexual orientation, gender identity or expression, race, color, ancestry, religious creed, handicap or disability, medical condition, age (over 40), marital status, or any other protected class under applicable law.

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**EQUAL EMPLOYMENT AND HARASSMENT POLICY**

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Harassment includes, but is not limited to, the following:

- Verbal Forms of Harassment: epithets, derogatory comments or slurs, propositions based upon a person's protected status.
- Physical Forms of Harassment: assault, impeding or blocking movement, grabbing, patting, leering, mimicking, taunting or any physical interference with normal work or movement when directed at an individual on the basis of their protected status.
- Visual Forms of Harassment: derogatory posters, cartoons or drawings or emails based on a person's protected status.
- Sexual Harassment: includes, but is not limited to, unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when (1) submission to such conduct includes either an explicit or implicit condition of employment; (2) submission to or rejection of such conduct is used as the basis for an employment decision affecting the harassed employee; or (3) the harassment substantially interferes with an employee's work performance or creates an intimidating, hostile or offensive work environment. Examples include unwelcome sexual propositions, hugging, kissing, or other offensive physical contact of a sexual nature; lewd gestures, remarks or innuendoes, unwelcome discussions of sexual practices or anatomy, and sexually offensive posters, photographs, drawings, cartoons, jokes, stories, nicknames, or comments about appearance.

Examples of Sexual Harassment: For the purpose of clarification, examples of what may constitute prohibited sexual harassment include, but are not limited to, the following:

- Making unsolicited sexual advances written, verbal, physical, or visual contact with sexual overtones. (Written examples: suggestive or obscene letters, notes, invitations. Verbal examples: derogatory comments, slurs, jokes, epithets. Physical examples: touching, assault blocking or impeding access, leering gestures, display of sexually suggestive objects or pictures, cartoons or posters.)
- Continuing to express sexual interest after being informed that the interest is unwelcome. (Reciprocal attraction is not considered sexual harassment.)
- Making reprisals, threats of reprisal, or implied threats of reprisal following a negative response. (For example, implying or actually withholding support for an appointment, promotion, or change of assignment; suggesting a poor performance report will be prepared; or suggesting probation will be failed.)
- Engaging in implicit or explicit coercive sexual behavior which is used to control, influence, or affect the career, salary, or work environment of another employee.
- Offering favors or employment benefits, such as promotions, favorable performance evaluations, favorable assigned duties or shifts, recommendations, reclassifications, etc., in exchange for sexual favors. (Similar conduct when applied to other protected classes including but not limited to race, color, creed, national origin, age, disability,

**Deleted:** The District is committed to a policy of equal employment opportunity for all applicants and employees and to providing a work environment that is free of discrimination or harassment. In keeping with this commitment, the District maintains a policy prohibiting discrimination or 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, military and veteran status, age, sexual identity and any other category protected by law. , veteran status or age (protected status) by officials, employees and non-employees (vendors, contractors, etc). This policy applies to all employees', officials, 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.

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Verbal Forms of Harassment: epithets, derogatory comments or slurs, propositions based upon a person's protected status.¶

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medical condition, religion, sexual orientation, or marital status may constitute harassment and a violation of this policy. For example, racial jokes or degrading comments about age or ethnic background can constitute harassment under this policy). Accordingly, in order to avoid the risk of discipline, such acts should be avoided in all circumstances.

**Internal Complaint Procedure:** Any applicant or employee who believes that he or she has been the victim of sexual or other prohibited discrimination or harassment by co-workers, supervisors, clients or customers, visitors, vendors, Board Members or others must immediately notify Human Resources of the alleged conduct and submit the issue pursuant to Step 2 of the District's Grievance Procedures Section of this policy manual. Complaints will be investigated by Human Resources or, where appropriate, a designated neutral, and the complainant will be advised of the general outcome of the investigation.

**Penalties for Violation:** Any employee who violates this policy is subject to immediate termination, or such other disciplinary action as the District deems appropriate, including but not limited to verbal or written warning, suspension, demotion, transfer, cut in pay, leave of absence, and required anti-harassment training.

**Corrective Action:** If any violation of this policy is found to have occurred, the District will take appropriate corrective action which may include discipline against the individual(s) involved. In each case, the employee reporting the problem will receive an oral or written reply from management on the general results of the investigation and that remedial action has been taken, if any.

Any employee who is not satisfied with the reply may request review by the Board of Directors and will receive a reply.

**Cooperation:** All employees are required to cooperate fully and in good faith with the District in any investigation under this policy. Knowingly making a false charge of harassment or a false statement in connection with an investigation, or deliberately interfering with any such investigation, is also a violation of this policy and grounds for discipline, up to and including termination.

**Confidentiality:** The District will attempt to keep complaints and investigations under this policy confidential to the greatest extent possible, but some disclosure may be necessary to conduct a proper investigation and take appropriate corrective action. Employees are encouraged to use discretion in discussing complaints or investigations under this policy with others since unnecessary disclosure may prevent a fair investigation.

**No Retaliation:** No employee will be subject to any form of retaliation for reporting any violation or participating in any investigation under this policy truthfully and in good faith. Employees who believe they have been retaliated against in violation of this policy should utilize the same complaint procedure described above.

**Contractors, Consultants, Vendors, Customers and Other Third Parties:** This policy applies to leased employees and individuals providing service to the District under contract such as consultants and other independent contractors. This policy also applies to vendors, customers and other third parties who are present in any workplace where District

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Complaint Procedures Involving Discrimination or Harassment¶

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An employee or applicant who believes he or she has been discriminated against or harassed or who believes this policy has been violated in any manner should make his or her complaint directly to the General Manager, Human Resources, the Board President or any member of the Board of Directors, or any member of management staff. A supervisor or to the Administrative Services Manager. The recipient of the complaint supervisor or Administrative Services Manager is responsible for immediately reporting complaints that have been made to the General Manager. If the complaint involves the Administrative Services Manager, it should be made directly to the General Manager; if it involves the General Manager, it should be made directly to the Board President, any member of the Board of Directors or the Administrative Services Manager, who will convey the complaint to the Board President. No information regarding the complaint will be provided to the Board until such time as it is determined whether the Board will be involved.¶

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Any employee who is not satisfied with the reply may appeal to the Board President and will receive a reply. Complaints of harassment of any type will be investigated fairly and impartially. The nature and scope of the investigation will depend on the particular circumstances surrounding the complaint.¶

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employees are performing duties (depending on degree of control that the District has over such individual).

**Option to Report to Outside Administrative Agencies:** Applicants, officials, contractors and employees may file complaints about harassment or other employment discrimination with any of the local offices of the U.S. Equal Employment Opportunity Commission ([EEOC](#)) or the California Department of Fair Employment and Housing ([DFEH](#)), whose addresses may be found in the local telephone directory.

The [EEOC and DFEH](#) are authorized to accept and investigate complaints of employment discrimination, and to mediate settlements. These [se agencies have](#) authority to issue accusations against employers, conduct formal hearings, and award reinstatement, back pay, damages, and other affirmative relief. State and federal law also prohibit retaliation against employees because they have filed a complaint with the EEOC, DFEH, [or other relevant agency for](#) participating in an investigation, proceeding, or hearing with [the](#) agency, or opposing any practice made unlawful by federal or state law.

## REASONABLE ACCOMMODATION OF DISABILITIES

[The District complies with the Americans with Disabilities Act of 1990, the state Fair Employment and Housing Act, and all laws governing the treatment of employees with disabilities and the provision of protected medical leave when necessary.](#) This policy protects any individual with a physical or mental impairments that limit major life activities—such as walking, seeing, hearing, speaking, communicating, and caring for themselves—provided the individual can perform the essential functions of the job safely and efficiently with or without reasonable accommodations. Depending on the particular employee's condition, this can include not only persons who traditionally have been regarded as disabled—such as those with impaired vision, hearing, or speech—but also those with “invisible” disabilities, such as AIDS or HIV-positive, cancer, or learning disabilities. These protections may apply if the individual currently suffers from a disability, or has a history or record of a disability, or is perceived by the employer to have a disability (even if that is not the case), or associates with persons with disabilities.

In accordance with the [relevant](#) laws, the District's policy strictly forbids all forms of intentional discrimination against qualified applicants or employees with disabilities, and requires reasonable accommodation if necessary for such individuals to perform the essential functions of the job safely and efficiently without serious risk to health and safety.

**Confidential Nature of Medical Diagnoses:** [Applicant or employee medical diagnoses and conditions are confidential, and the District prohibits any employee from attempting to require disclosure of such private information. Applicants or employees may be questioned only in the context of their ability to perform the essential functions of a particular job, but they are not to be asked about specific diagnoses, medications, or if they are “disabled.” Applicants or employees who indicate they have a physical or mental impairment that interferes with job performance will be directed to the interactive process and may be asked for medical certification of the purported limitation.](#)

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An employee who has a complaint regarding (1) the application or interpretation of any District rule or regulation or (2) a working condition, can make a complaint orally or in writing to the Administrative Services Manager or General Manager. The Administrative Services Manager or General Manager will have the complaint investigated. the complaint and notify the employee of what action, if any will be taken to remedy the complaint.¶

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**The Interactive Process:** The District is committed to making reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship would result. Applicants and employees who have disabilities or limitations affecting their ability to perform the essential functions of their job must inform the District of the issue and request an interactive process meeting to discuss possible accommodations. In many cases, the District will have no way of knowing whether an individual has a limitation unless he or she requests accommodation. Any applicant or employee who has physical or mental limitations that require an accommodation in order to participate in the application process or to perform the essential functions of the job should contact the Human Resources and request such an accommodation. Human Resources shall engage the applicant or employee interactively to determine what, if any, reasonable accommodations are available.

✖ The law requires only reasonable accommodation, which does not result in an undue hardship to the District or a direct threat to health and safety, and the individual must be able to perform the essential functions of the position. Whether a certain accommodation meets these standards must be determined on a case-by-case basis, after consultation with the individual and consideration of all the particular facts and circumstances.

## **GRIEVANCE PROCEDURE**

The grievance procedure provides a means for settling grievances or complaints that arise over the application of this manual as quickly as possible and at the lowest possible level of authority. Each step in the procedure must be completed before the next step may be taken. Failure to take the next step within the timeframes allotted herein will result in the conclusion that the prior step resolved the grievance and waiver of the right to continue the grievance. Grievance procedures are not used for contesting disciplinary actions or performance assessments, unless said actions are alleged to be pretextual.

A grievance must be filed within ten (10) calendar days of the occurrence of the event or within ten (10) calendar days following the date the grieving party could have reasonably known of the occurrence of the act or omission giving rise to the grievance. Any supervisor or other member of management who receives a grievance *must* notify the Human Resources of the grievance as soon as practicable. The facts concerning the grievance and the grievance process are to remain confidential, to the extent possible given the requirements of District business.

**Grievance Steps.** The following are the "steps" utilized in grievance reporting. Grievances concerning the General Manager will be immediately reported to the Board of Directors' Administration & Finance Committee pursuant to Step 4 as stated in this policy.

**Step 1.** The employee should initially try to resolve any item of concern informally with his or her supervisor. The direct supervisor should hold a conference with the employee as soon as reasonably practicable, following the employee's request and attempt to informally resolve the issue. If the grievance is against the direct supervisor, the matter shall be taken directly to Step 2.

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1. Applicants or employees may be questioned if they have the physical and mental ability to perform the essential functions of a particular job, but they are not to be asked if they are "disabled" or "handicapped." Applicants or employees who indicate they have a physical or mental impairment that interferes with job performance may be asked for medical evidence of such disability and may also be asked to state what the District could do to accommodate them.¶
2. Applicants and employees who have disabilities should inform the District of their desire to be reasonably accommodated. In many cases, the District will have no way of knowing whether an individual has a disability unless he or she requests accommodation.

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4. Employees who are made aware that an applicant or employee has a disability should consider the information confidential, and discuss it only with management, affected employees, and the Human Resources Department unless the disabled individual discloses the information or consents to further disclosure. In certain cases, further disclosure may be necessary in order to assess the reasonableness of the accommodation, and to assure that adequate precautions are taken for dealing with emergencies or other safety and health issues. In some cases, further medical opinion may be appropriate.¶
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Deleted: 6. Unwelcome verbal or physical harassment of an individual because he or she is disabled or has been given special accommodation is absolutely forbidden and grounds for immediate termination. Employees who believe they have been harassed in violation of this policy may pursue a complaint under the District's policy on equal employment/unlawful harassment.¶

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Step 2. If successful resolution is not reached in Step 1, the employee shall reduce his or her concern to writing and submit it to his or her direct manager. A copy of the formal written grievance must also be provided to Human Resources. This formal written grievance must be submitted within ten (10) calendar days of the date of the occurrence giving rise to the grievance or the right to file a grievance is waived. The manager, or his or her designee, shall meet with the grievant, and after the initial meeting, the manager or his or her designee will investigate the complaint. This investigation may involve separate conversations or meeting of all parties at the manager's discretion. The manager shall attempt to provide his or her written decision with ten (10) calendar days of the date of the first meeting with the employee.

Step 3. If the employee believes the decision of the manager does not adequately resolve the issue, the employee may submit a written appeal of that decision to the General Manager. This appeal must be submitted within ten (10) calendar days of the date of the manager's written decision or the right to appeal is waived. The General Manager shall meet with the grievant and, after the initial meeting, the General Manager or his or her designee will investigate the complaint. This investigation may involve separate conversations or meeting of all parties, at the General Manager's discretion. The General Manager shall attempt to provide his or her written decision with ten (10) calendar days of the date of the first meeting with the employee.

Step 4. If the employee believes the decision of General Manager does not adequately resolve the issue, the employee may request reconsideration by the District's Administration & Finance Committee. The written request must be submitted within ten (10) calendar days of the General Manager's decision. The Administration & Finance Committee will be furnished with the then-existing written record. The Administration & Finance Committee will meet as soon as practicable to consider the grievance. The Administration & Finance Committee may, in its discretion, rely on the existing record or conduct a hearing in whatever way deemed appropriate under the circumstances. The Committee may call any witnesses or parties, if it deems such testimony necessary. If the employee desires, he or she may be represented. He or she may also, at his or her own expense, have the hearing transcribed by a certified court reporter. The decision of the Administration & Finance Committee shall attempt to provide its decision in writing within ten (10) calendar days of the close of the hearing. The action of the Administration & Finance Committee is final and binding.

## DRUG AND ALCOHOL FREE WORKPLACE

General Prohibition Against Use or Possession: At no time shall employees use, possess, carry, or transport alcoholic beverages, non-prescribed drugs, narcotics (including marijuana, whether obtained via prescription or not), or any other regulated item during working hours or on District premises, nor shall an employee report for work under the influence of alcoholic beverages, non-prescribed drugs or narcotics (including marijuana, whether obtained via prescription or not). (Human Resources may request information in written form from a doctor certifying that any prescribed drugs or medication that an employee is taking will not affect the employee's performance or the safety of the employee or others.) Such use or possession is absolutely forbidden and will result in discharge or other discipline as the District deems appropriate.

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Deleted: Observing these guidelines will help achieve the District's goal of assuring equal employment opportunity for all qualified individuals, including those with disabilities.¶

¶ Adopted: 7/1/87; revised 6/6/90; 10/15/97; 4/21/04; 11/21/07

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¶ Using, possessing, purchasing, selling, negotiating sale or purchase or being under the influence of drugs, or being under the influence of alcohol, during working time, or on District premises, including parking lots, or while operating a personal vehicle on company business,

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With prior approval of management and in management's sole discretion, the District may allow employees to consume moderate amounts of alcohol at District-sponsored social events outside of normal business hours where such use is appropriate in the circumstances.

**Prescription Drugs:** Where the usage of a drug, even where the drug is prescribed, affects District safety or an employee's ability to perform the essential functions of his or her job, the affected employee must notify the District. In the event there is a question regarding an employee's ability to perform assigned duties safely and effectively while under the influence of prescribed drugs, clearance from a licensed health care provider may be required before the employee is allowed to resume the employee's regular duties.

**Drug & Alcohol Testing:** It is the policy of the District to prohibit its employees from using or being under the influence of alcohol or illegal drugs (including, without limitation, marijuana – whether or not the employee maintains a prescription for the same) in connection with their employment, as it constitutes a threat to the safe and efficient performance of employee's duties. At no time shall any employee be under the influence of any controlled drug or alcohol while on the job. (Employees who are taking medication pursuant to a physician's prescription – other than for medical marijuana – who has also certified that they may perform their duties without jeopardizing the health or safety of others will not be considered to have violated this policy for taking such prescription medicine within the range prescribed.)

**Prohibitions.** The following conduct is prohibited and may result in discipline, up to and including termination:

- Using or possessing alcohol or any illegal drug (including marijuana, whether or not the employee maintains a prescription for the same) while on duty;
- Reporting for duty or remaining on duty when the employee used alcohol or controlled substance, except if the use is pursuant to the instructions of a physician who has advised the employee that the substance (other than medical marijuana) does not adversely affect the employee's ability to safely operate a vehicle or otherwise perform the employee's job;
- Reporting for duty or remaining on duty if the employee tests as having a blood alcohol concentration of 0.04 or greater (or a blood alcohol concentration of 0.02 if the employee's duties require him or her to possess a valid Class A driver's license or otherwise be subject to the 0.02 limitation);
- Reporting for duty or remaining on duty if the employee tests positive for controlled substances (including marijuana, whether or not the employee maintains a prescription for the same);
- Refusing to submit to any alcohol or controlled substances test required by this Policy. An employee who refuses to submit to a required drug/alcohol test will be treated in the same manner as an employee who failed a blood alcohol test or tested positively for a controlled substances test. A "refusal to submit" to an alcohol or controlled substances test required by this Policy includes, but is not limited to:
  - An explicit or implied refusal to provide a urine sample for a drug test;

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The use of prescription drugs which would not alter an employee's work performance is acceptable, if prescribed to the employee by a licensed healthcare provider and used in accordance to the prescription directions. .

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- o An inability to provide a urine sample without a valid medical explanation;
- o A refusal to complete and sign the breath alcohol testing form, or otherwise to cooperate with the testing process in a way that prevents the completion of the test;
- o An inability to provide breath or to provide an adequate amount of breath without a valid medical explanation;
- o Tampering with or attempting to adulterate the urine specimen or collection procedure;
- o Not reporting to the collection site in the time allotted by the supervisor or manager who directs the employee to be tested; or
- o Leaving the scene of an accident without a valid authorization.

Employees are obligated to report violations of this Policy to Human Resources. In addition to the above prohibitions, employees are reminded of their obligations under the Federal Drug Free Workplace Act of 1988. All employees covered by this Policy have previously been provided with a copy of the District's Drug Free Workplace Statement and have signed an acknowledgment that they have read the Statement and agreed to comply with it.

*Pre-Employment Testing:* Applicants for positions that require a Commercial Driver's license or are designated as "safety sensitive" will be required to submit to pre-employment drug and alcohol testing.

*Reasonable Suspicion Testing:* All employees may be required to submit to an alcohol or drug test if a supervisor has reasonable suspicion to believe the employee is under the influence of alcohol or controlled substances. Reasonable suspicion shall be reported to Human Resources which shall arrange the testing. The observation should generally be based on short-term indicators, such as behavior that is inconsistent with the normal work status and including, but not limited to, blurry vision, slurred speech or alcohol on the breath. Reasonable suspicion alcohol and drug testing will generally be administered within two (2) hours of the observation. If not, the supervisor should provide written documentation as to why the test was not promptly conducted.

*Post-Accident Testing.* Employees will be required to undergo alcohol or controlled substance testing if they are involved in an accident with District equipment or a District vehicle that results in significant damage or personal injury. This includes all employees who are on duty in the vehicle or equipment in question and any others whose performance could have contributed to the accident.

In addition, a post-accident test will be conducted if an accident results in injuries requiring transportation to a medical treatment facility; or where one or more vehicles incurs disabling damage that requires towing from the site; and the employee receives a citation under State of local law for a moving traffic violation arising from the accident. Following an accident, the safety-sensitive employee will be tested as soon as practicable (generally within 2 hours), but not to exceed eight (8) hours for alcohol and thirty-two (32) hours for controlled substances. Any employee who leaves the scene of the accident without appropriate authorization prior to submission to controlled substance and alcohol testing will be considered to have refused the test and subject to termination. Post-accident testing of safety-sensitive employees will include not only the operation personnel, but any other covered employees whose performance could have contributed to the accident.

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*Regular And Random Testing:* Employees in positions that require a Commercial Driver's license or are designated as "safety sensitive" will be required to submit to regular testing, as required by law. If an employee refuses to submit to the testing, the refusal will be handled in the same manner as a failed test. Employees who are designated as safety sensitive by the District may be subject to random testing.

*Return To Duty Testing:* All employees who have failed an alcohol test or tested positive for controlled substances, if retained, must be certified as being fit for duty and evaluated and released to duty by the Substance Abuse Professional (SAP) before being allowed returning to duty.

*Consequences of Failing an Alcohol or Drug Test:* A positive result from a drug or alcohol test may result in disciplinary action, up to and including termination, even for a first offense. The District also reserves the right to discipline or terminate an employee convicted of an offense which involves the use, distribution, or possession of illegal drugs (including medical marijuana). If an employee is not terminated, the employee:

- Must be removed from performing any job function and immediately placed in an unpaid status for 1 day (unless they elect to use paid leave). If the employee does not obtain a fitness for duty certification within that day, or if the employee fails his or her alcohol or drug test, the employee shall remain on paid administrative leave until reinstatement or termination of employment;
- Must submit to an examination by a substance abuse professional. Upon a determination by the substance abuse professional, the employee may be required to undergo treatment for his or her alcohol or drug abuse. The District is not required to pay for this treatment;
- Shall not be returned to his or her former position until the employee submits to a return-to-duty controlled substance or blood alcohol test (depending on which test the employee failed) which indicates an alcohol concentration level of less than 0.02 or a negative result on a controlled substance test; and
- Will be required to submit to unannounced follow-up testing if he or she has been returned to his or her position.

*Compliance with State or Federal Law:* At all times, the District will comply with current applicable state or federal law concerning drug and alcohol testing. Issues or inconsistencies that are not addressed in this Policy will be determined by referring to state or federal law and regulations governing drug and alcohol testing. The District reserves the right to make changes to this Policy at any time, for the purpose of complying with state or federal law or regulation as it exists now or as it may be amended.

*Procedures for Drug Testing:* The District will refer the applicant or employee to an independent, National Institute on Drug Abuse (NIDA)-certified medical clinic or laboratory, which will administer the test. The District will pay the cost of the test and reasonable transportation costs to the testing facility. The employee will have the opportunity to alert the clinic or laboratory personnel to any prescription or non-prescription drugs that he or she has taken that may affect the outcome of the test. All drug testing will be performed by urinalysis. Initial screening will be done by EMIT II. Positive results will be confirmed by gas

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chromatography/mass spectrometry. The clinic or laboratory will inform the District as to whether the applicant passed or failed the drug test. If an employee fails the test, he or she will be considered to be in violation of this Policy and will be subject to discipline accordingly.

The District maintains the right to require any employee to re-submit to testing, pursuant to the same terms and procedures as set forth for the initial test, where the employee's initial test results are inconclusive because of a diluted sample or any other reason.

▼ **Drug and Alcohol Rehabilitation Programs:** The District is not required to accommodate on-the-job usage or possession. Where no pre-existing policy violation has occurred, however, the District will typically accommodate drug or alcohol rehabilitation programs where the employee voluntarily comes forward and requests such program. Such requests will be kept confidential as provided by law. Employees who wish to enroll in drug or alcohol rehabilitation are encouraged to come forward before they are found in violation of this policy.

▼ **EMPLOYMENT STATUS**

**INTRODUCTORY PERIOD**

The first six months of employment with the District represents an introductory period during which newly hired employees can demonstrate that they can meet the requirements of their position. This period may be extended upon notice by the supervisor to the employee. This period may also be waived, upon the General Manager's approval, when an employee is converted from temporary or intern status to full-time status. During this period, work habits, performance and attendance will be reviewed by the employee's supervisor and appropriate management staff, and written performance appraisal reports may be completed.

A newly hired employee shall become a regular full-time or part-time employee only upon receipt of written confirmation from the supervisor and appropriate management staff that this introductory period has been satisfactorily completed.

During this review period, an employee is not eligible to take paid vacation time or receive a salary increase unless an adjustment of ranges indicates that the employee's current salary is below the adjusted range. The employee's original date of hire will be the anniversary date for computation of salary and benefits.

Successful completion of this initial six-month evaluation period in no way changes or modifies the employee's at-will status with the District.

**REGULAR FULL-TIME EMPLOYEES**

An employee who has satisfactorily served the required six-month introductory period, who is regularly scheduled to work 40 hours a week, and who regularly works at least 32 hours per week (projected on an annual basis, including paid leave times) in an established position on a regular basis is considered a regular full-time employee. Such employees are eligible for full benefits as provided herein; although, benefits as required by law shall be provided consistent with the requirements of the law.

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<#>Notify their supervisor before beginning work when taking drugs (prescription or non-prescription), which the employee reasonably believes may interfere with the safe and effective performance of their duties; ¶  
<#>Not report to work, be at work, or work while under the influence of, or while his or her ability to perform job duties is impaired due to, on or off-duty alcohol or drug use; ¶  
<#>Not possess or use alcohol or impairing drugs or substances while on duty, at work, or working; ¶  
<#>Not directly, or through a third party, sell or provide drugs or alcohol to any person, including an employee, while either or both employees is on duty, at work, or working; ¶  
<#>Submit immediately to an alcohol or drug test when directed by a supervisor or manager; ¶  
<#>Provide, within 24 hours of request, bonafide verification of a current valid prescription for any potentially impairing drug or medication identified when a drug screen/test is positive. The prescription must be from a licensed health care provider and in the employee's name; and ¶  
<#>Report any conviction received pursuant to a criminal drug statute for violations for conduct occurring on or off District premises while conducting District business. A report of conviction must be made to the Administrative Services Manager within five (5) days after conviction, as mandated by the Federal Drug-Free Workplace Act of 1988; . ¶  
<#>The unlawful manufacture, distribution, dispensing, possession or consumption of any controlled substance is prohibited anytime an employee is on duty, at work or working.; and¶  
<#>Any violation of this section and other provisions of this Policy may result in discipline, up to and including termination.¶

¶  
Section 4. Alcohol at District Sponsored Events:¶

¶  
With prior approval of Management and in Management's sole discretion, the District may allow employees to consume moderate amounts of alcohol at District sponsored social events outside of normal business hours where such use is appropriate in the circumstances. Employees who are ¶ ... [1]

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Regular full-time employees who have worked less than 40 hours per week on a regular basis, accrue paid leaves predicated on the number of hours worked and are eligible for holiday pay on a pro-rated basis, only if the holiday falls on a regularly scheduled workday.

No employee hired to work a 40-hour workweek can reduce their work schedule without written approval of the General Manager.

## REGULAR PART-TIME EMPLOYEES

An employee who regularly and customarily works less than 32 hours per week is considered a regular part-time employee and is not eligible for any benefits other than those mandated by law.

## TEMPORARY EMPLOYEES

An employee serving in a position in which the requirements of the services performed are of a temporary nature shall be classified as a temporary employee for a period not to exceed twelve months. This classification includes, but is not limited to, personnel employed for seasonal peak workloads, emergency extra workloads, necessary vacation or leave of absence relief, or special investigative study workloads. Temporary employees are not eligible for any benefits other than those mandated by law. If a temporary employee is subsequently hired to full-time employment status, the actual date of hire to full-time status by the District will be the anniversary date for computation of leave accruals.

## LIMITED-TERM EMPLOYEES

A limited-term employee is one who is serving in a position in which the requirements of the services performed are of a temporary nature and who are retained by entering into an employment contract for a specified period of time for a specific project. Limited-term employees are eligible for benefits as provided for in the employment contract. All Limited-Term Employment contracts and renewals require Board approval.

## INTERNS

The District's Internship Program is designed to meet specific limited-term organizational needs while providing meaningful training and work experience for college students pursuing academic studies. The District will recruit and hire interns based on authorized budget expenditures and a specific purpose, program and project in accordance with the District's strategic goals and objectives and in accordance with the intern policy guidelines. Interns may be employed for a period of up to six months after their graduation. Interns are not eligible for benefits except as required by law. An intern's pay rate is established based on the District's classification schedule and in accordance with their level in college. After completing one year of an internship, interns may be granted a pay increase based on the recommendation of their supervisor or department head upon the discretionary approval of the General Manager.

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¶ While a normal workweek is typically considered to be 40 hours, in special circumstances, some employees may be approved to work a 32-hour workweek.
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Interns are not eligible for merit increases on the same basis as regular full-time and part-time employees.

## **WORKWEEKS**

The legal definition of a workweek, as defined pursuant to the Fair Labor Standards Act (FLSA) is any consecutive 168-hour (equivalent to 7 days) period. For purposes of defining the legal workweek, the official workweek for all employees on a standard schedule shall begin at 12:01 a.m. each Monday and end at Midnight the following Sunday,

For all employees working a 9/80 work schedule their legal workweek shall begin exactly four hours into the 8-hour shift on the day of the week which constitutes their alternating regular day off. 9/80 employees should note that their timesheets will reflect a calendar workweek and not the legal workweek for overtime calculations.

## **REST AND LUNCH PERIODS**

Employees are allowed rest periods not to exceed 15 minutes during each four consecutive hours of work. The time of each employee's rest period will be determined by the department supervisor. Rest periods shall be considered hours worked but employees shall be relieved of all duties and responsibilities during breaks.

Lunch periods are unpaid and shall be staggered to permit the office to remain open during the lunch period. Any employee who works for at least five (5) hours in a work day is required to take a thirty (30) minute lunch within the first five (5) hours of work, and employees who work more than ten (10) hours in one day are eligible for a second meal period. An employee who works less than six (6) total hours in a day may waive such unpaid meal period. All other employees must take a thirty (30) minute lunch break within the first five (5) hours of the workday.

## **RECORD OF WORK HOURS**

All non-exempt employees must record their time worked on a standard time records for payroll purposes. At the District's discretion, exempt employees may also be required to record their times. Each employee is responsible for the daily recording of all time worked and reported as sick, vacation, etc., and allocate the hours to the appropriate time codes. Timesheets are to be submitted electronically by 10:00 a.m. every Monday, unless requested earlier due to holiday schedule. Employees are responsible for reviewing their time records and confirming that their paychecks accurately reflect the actual hours worked. Supervisors are also responsible for reviewing all time records submitted by subordinates. An employee must report time sheet or paycheck errors immediately in writing to the Human Resources. Any pay correction will be included in the pay period for the time period in which the correction occurred, unless otherwise stated at the time of the correction.

Making any false statement in connection with time or payroll records and continuous errors may result in immediate discharge or other discipline.

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**Deleted:** All employees are required to complete a timesheet, every workday, accurately recording their working hours, actual starting time, and finishing time. The timesheets are to be submitted electronically to each employee's immediate supervisor for approval and submitted to the Accounting Department prior to 10:00 a.m. every Monday. Timesheets must show actual hours worked and actual hours taken off during the workweek, allocating appropriate time codes.¶

¶ Exempt employees' timesheets shall apportion 40 hours over the activities worked on off during the workweek.

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## OVERTIME

As a governmental agency, the District is obligated to be in compliance with the requirements of the federal Fair Labor Standards Act (FLSA), and it shall be applied to all employees as defined in Category I and II (See Appendix "A"). The FLSA does not require overtime to be paid for hours worked over eight in a day. FLSA overtime is required only when the work actually performed exceeds 40 hours in their legal workweek – defined as a consecutive 168 hour period. 9/80 employees should note that their time records, which rely on a calendar week, will not accurately reflect the hours worked in their legal workweek as that workweek begins and ends in the middle of a single day's shift. Please contact Human Resources if you have questions regarding the calculation of overtime. Employees in Category I can accrue a maximum of 40 hours of compensatory time. Overtime must be approved by the Supervisor prior to working. However, all overtime hours in excess of the allowable maximum will be paid, regardless of prior approval.

In accordance with the Fair Labor Standards Act (FLSA), the use of accrued compensatory time to extend employment when an employee has actually vacated a position due to termination is not considered employment; therefore, an employee separating from employment with the District who has performed authorized overtime service for which he/she has not been compensated as provided for, shall be paid at the employee's last regular rate of pay for such accrued service or the average regular rate of pay that the employee received during his last three years of employment, whichever is higher.

For the purposes of defining overtime policy, personnel are identified by the following two categories:

**Category I (Non-exempt):** Any employee may be directed, to work in excess of the regular workday by the General Manager or their supervisor. The District will pay all Category I employees at the rate of one and a half times the regular rate of pay for all hours physically worked in excess of 40 in a workweek. Because paid leave hours (vacation, holiday, sick leave, bereavement leave, jury duty, etc.) do not constitute hours actually worked, they will not be included when assessing overall hours in a workweek in the overtime calculation.

**Category II (Exempt):** Employees in Category II are not eligible for additional compensation or compensating time off for hours worked in excess of 40 hours in the designated workweek and are required to work the hours necessary to fulfill the responsibilities of the position. Exempt employees are executive, administrative or professional employees and perform office or non-manual work and perform one or more of the exempt duties of an executive, administrative or professional employee, in accordance with the Fair Labor Standards Act guidelines.

Exempt employees shall not be subject to docking of pay for absences of less than a full day, except as provided by law. However, pursuant to District's sick leave policy, sick leave balances will be charged for absences greater than four hours in a work day.

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¶ Hours worked by an employee in Category II in excess of 40 hours in the designated workweek, with the authorization of the General Manager, shall be classified as exempt overtime hours and as such will be compensated at or granted as compensatory time off on an hour-for-hour basis, paid at the employee's regular hourly rate of pay. All overtime hours in excess of the allowable maximum for compensatory time off will be paid on this hour-for-hour basis.¶

¶ Employees in Category II, while on inspection trips and other similar types of trips away from the office, will be compensated or accrue compensatory time on an hour-for-hour basis for those hours actually worked. The actual hours worked includes travel time while on inspection trips.¶

¶ Employees in Category II may be required to take time off on an hour-for-hour basis within the established workweek at the direction of the General Manager or the employee's supervisor.¶

¶ CATEGORY III (Exempt)¶

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## MAKE-UP TIME

If a Category I employee needs to take time off for personal reasons and desires to make up the time rather than be docked or have the time charged to the appropriate accumulated leave balance, said employee may make up the time, with the approval of the employee's supervisor, provided said time is made up within the same [pay period](#) in which the time off was taken and provided that making up such time does not cause the employee to exceed 40 hours in one workweek.

## HOLIDAY TIME

[An employee may be required to work on a holiday, if approved at the discretion of the General Manager. Any employee working on a District recognized holiday will be compensated at the employee's hourly rate in addition to any holiday pay he or she may otherwise receive. See the District Holiday policy section.](#)

## ABSENCES FROM WORK

### GENERAL PAID SICK LEAVE

[General paid sick leave is granted as a benefit to eligible regular, full-time employees to be used for illness or injury. It is not to be used as vacation or an earned right to time off from work. Eligible employees are entitled to use this sick leave following completion of thirty days of employment. Employees on sick leave will be paid from their accumulated sick leave hours. Any sick leave over three consecutive days may, at the District's discretion, require medical certification establishing the need for the leave; however, the General Manager may request medical certification justifying sick leave at any time. Sick leave may also be used to attend to the illness or injury, or due to medical and dental office appointments, of a member of the employee's immediate family. For purposes of this section, immediate family shall mean the employee's spouse, child, parent, domestic partner or any family member with whom the employee resides, biological or foster children, stepchildren and stepparents, legal wards and guardians, children of domestic partners, siblings, parent-in-law, and grandparents.](#)

**Method of Accrual:** Regular, eligible full-time employees working 40 hours per week shall accrue 3.69 hours (equivalent to 96 hours per year) of sick leave with pay for each biweekly pay period of service. [Eligible employees working less than 40 hours per week shall accrue sick leave on a prorated basis. An employee on leave of absence without pay shall earn no sick leave during the absence without pay. Employees on a leave of absence and or temporarily working part-time due to a medical disability shall accrue sick leave on a prorated basis based on the number of hours actually worked \(see section under Disability for clarification of use while on disability leave\). Employees are required to allocate the number of hours to sick time accordingly on their electronic time sheet.](#)

**Maximum Accrual:** [A maximum of 488 hours of sick leave may be accumulated. Any non-exempt employee accumulating sick leave in excess of 488 hours will be cashed out for those excess sick leave hours on the first check of each September at the rate expressed in](#)

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the chart below; thereafter, the employee's leave accrual will be reduced down to the 488 hour maximum. Exempt employees, on the other hand, will have their sick leave accrual capped at 488, and will cease to be eligible for sick leave accrual until such time as their sick leave accrual drops back below 488 hours. Employees will not be paid for any accrued but unused sick leave upon termination of employment.

Hrs. of sick leave in preceding 12 mos.	Cash out of hrs. in excess of 488
0 hours of sick leave	50%
8 hours of sick leave	33.33%
9-32 hours of sick leave	25%
33-64 hours of sick leave	8.33%
65 or more hours of sick leave	0%

**Partial Day Absences:** Employees, including exempt employees, shall be required to use sick leave to cover any absence of four hours or greater on a regular work day. Upon request, the employee may utilize paid vacation time in lieu of sick leave, at the discretionary approval of the District.

#### MANDATORY PAID SICK LEAVE

Starting on July 1, 2015, employees who are not otherwise provided general paid sick leave will be entitled to Mandatory Paid Sick Leave as required by the Healthy Workplaces, Healthy Families Act of 2014. This policy, therefore, goes into effect as of the first pay period following July 1, 2015. As of that date, any non-exempt employee not otherwise provided paid sick leave pursuant to the District's policy or practice shall be entitled to paid sick leave pursuant to this policy.

An employee shall be eligible to accrue sick leave pursuant to this policy once he or she has worked at least 30 days. An employee shall be entitled to use any accrued and available paid sick leave as of the 90th day of employment. Eligible employees shall accrue paid sick leave at the rate of one hour for every 30 hours worked, not to exceed six days (48 hours). Once the employee accrues six days of sick leave, accrual will cease until the employee uses leave and brings his or her accrual balance below six days. Accrued but unused sick leave shall carry over year to year. Employees are not entitled to any pay out of sick leave accrual upon separation from employment; although if an employee is re-hired within a year, the previously accrued but unused sick leave will be reinstated.

Leave may be used for any purpose where sick leave is otherwise typically used at the District, including but not limited for the diagnosis, care, or treatment of an existing health condition of, or preventive care for, the employee or the employee's family member. An employee who is a victim of domestic violence, sexual assault, or stalking, may also use this leave to: (1) attempt to obtain any relief, including, but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety, or welfare of the victim or his or her child; (2) seek medical attention for injuries caused by domestic violence, sexual assault, or stalking; (3) obtain services from a domestic violence shelter, program, or rape crisis center as a result of domestic violence, sexual assault, or stalking; (4) obtain psychological counseling related to an experience of domestic violence, sexual assault, or

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stalking; or (5) participate in safety planning and take other actions to increase safety from future domestic violence, sexual assault, or stalking, including temporary or permanent relocation.

If the need for paid sick leave is foreseeable, the employee shall provide reasonable advance notification. If the need for paid sick leave is unforeseeable, the employee shall provide notice of the need for the leave as soon as practicable.

## BEREAVEMENT LEAVE

In the event of death of a member of an employee's immediate family (spouse, domestic partner, child, step-child, parent, step-parent, brother, sister, step-brother, step-sister, grandparent, grandchild, father-in-law, or mother-in-law, or any family member with whom the employee resides, foster children, legal wards and guardians, children of domestic partners), regular full-time employees are eligible to take up to three days with pay in any one instance to arrange for or attend a funeral of a member of their immediate family. This benefit is effective immediately upon employment. Employees are to allocate the number of hours to Bereavement Leave accordingly on their electronic time sheet.

## DISABILITY LEAVE

**Short-term Disability Program:** The District participates in the State of California, Employment Development Department (EDD) Disability Insurance program. Workers who suffer a loss of wages when they are unable to work due to a non-work-related illness or injury, pregnancy or childbirth, may be eligible for disability insurance benefits. Generally, the program goes into effect on the eighth day of disability (since SDI requires a seven-day waiting period) up to a maximum of 52 weeks (as determined by EDD) based on the requirements of the Plan. Visit <http://edd.ca.gov/> for complete program details, eligibility, weekly benefit amount, exclusions, etc.

The weekly and maximum benefit amounts are based on the wages paid during a specific 12-month base period, which is determined based on, the date the claim begins. Use of sick leave accruals may be coordinated with the SDI benefit to make up, the difference between disability benefits and an employee's regular pay. In cases where there is not sufficient sick leave to make up the difference, an employee may elect to use vacation and/or compensatory time off, to supplement the difference. The program is administered by the EDD, and employees should seek clarification as to eligibility and scope of benefits from the EDD. EDD guidelines and rulings supersede any statement made herein.

**Long-term Disability Program:** Long term disability insurance (LTD) is an insurance policy that provides partial income replacement in the event that he or she is unable to work due to illness, injury, or accident for an extended period of time. All regular, full-time employees are eligible for long-term disability insurance per the terms of the insurance policy in force. See Human Resources for a complete outline of coverage, exclusions, and policy information. An employee receiving long-term disability benefits may elect to apply accrued earned leave time to make up the difference between disability benefits received and the employee's regular salary.

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All employees are covered for short-term disability under the State Disability Insurance. Long-term disability insurance is also provided for regular full-time employees. Under State Disability, the first seven days of a claim is a waiting period during which no benefits are payable.¶  
The waiting period for the long-term plan is 60 days.¶

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**Employee Filing Requirements:** It is the employee's responsibility to file for disability insurance benefits as soon as possible in order to eliminate undue delay in the receipt of their disability pay. [See Human Resources on where to obtain the appropriate forms.](#)

**Verification of Disability:** Employees are required to provide Human Resources, with a certification of disability from a licensed physician within fifteen days of the District's request for such certification. The employee may be asked to provide re-certifications as allowed by law.

**Employee Benefits While on Disability Leave:** Employees on an authorized medical leave of absence without pay may continue disability, health, and life coverage for a period in which the leave is protected by law, during which time the employee will continue to pay his or her portion of the benefits premium. Where the leave is not protected by law, the employee may continue such coverage upon the District's approval for a period of no more than four months, during which time the employee will continue to pay his or her portion of the benefits premium. The employee's failure to pay his or her portion of the benefit premium may subject the employee to loss of coverage. Upon return to work, the employee will become eligible to have coverage reinstated in accordance with the terms of agreement with the carriers then in effect.

An employee on disability leave without pay from the District will not be eligible to accrue vacation or sick leave and shall not be eligible for any paid leaves or pension plan contributions.

## FAMILY/MEDICAL LEAVE OF ABSENCE (FMLA/CFRA)

**California & Federal Family Medical Leave:** In accordance with the Federal Family and Medical Leave Act ("FMLA"), the FMLA's Servicemember leave provisions ("Servicemember FMLA"), and the California Family Rights Act ("CFRA"), the District has adopted the following Policy regarding the rights and responsibilities of employees absent for a family leave purpose. This Policy shall supersede the provisions of any District policy, practice, rule or procedure to the extent that such policy, practice, rule or procedure is in conflict or inconsistent with this Policy.

**Purpose of the Leave:** In accordance with the CFRA, FMLA, Servicemember FMLA and this Policy, the District shall provide up to twelve (12) workweeks of CFRA or FMLA leave in a 12-month period to any "eligible employee" who requests leave for any of the following purposes:

- The birth or adoption of a child by the employee or placement of a child in foster care with the employee (all family leave taken for one of these purposes must be concluded within one year of the event);
- To care for a child, parent, spouse or registered domestic partner of the employee who has a serious health condition;

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<b>RETURN TO WORK¶</b> ¶
An employee will be required to provide a physician's statement attesting to his/her fitness, based upon the normal duties of the job description, before returning to work. An employee who returns to work within the four12- week -month period (maximum of 123 calendar days) will be reinstated in the same or a comparable position unless no such position is available due to business necessity. An employee who returns from disability leave after the fourth month and before the end of the twelfth month will be returned to the first available position for which they are qualified, unless this would impose an undue hardship on the District.
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- For an employee's own serious health condition which makes the employee unable to perform the essential functions of the employee's position; or
- For the care of a covered family member's injuries or exigencies stemming from qualifying service in the Armed Forces as provided for under the Servicemember FMLA's provisions.

**Eligibility:** Employees are eligible for family leave if, at the time leave commences, all of the following apply:

- The employee must have at least 12 months (not necessarily consecutive months) of service with the District;
- The employee must have worked at least 1,250 hours during the 12 months immediately prior to the period of FMLA, Servicemember FMLA or CFRA leave; and
- As of the date of the employee's leave request, the District employs at least 50 full- or part-time employees at the employee's worksite or within 75 road miles of the employee's worksite.

**Special Rules for Pregnancy Disability Leave:** The right to take CFRA leave is separate and distinct from the right to take a pregnancy disability leave. In other words, leave taken by an employee disabled by pregnancy, childbirth or related medical conditions is not family leave under the CFRA, even though it may be FMLA leave.

- In light of the above, the District may require that pregnancy disability and FMLA leave run concurrently (hereinafter "pregnancy disability/FMLA leave"), but CFRA leave can never run concurrently with a pregnancy disability leave. This means that, at the end of the employee's period(s) of pregnancy disability or pregnancy disability/FMLA leave, whichever occurs first, a CFRA eligible employee may take up to 12 workweeks of CFRA leave due to the birth of her child or for other family leave purposes.
- Where an employee has exhausted her entitlement to pregnancy disability/FMLA leave prior to the birth of her child, and her health care provider certifies that continued leave is medically necessary, the District may, but is not required to, allow the employee to utilize CFRA leave prior to the birth of her child.
- The maximum combined leave entitlement for pregnancy disability, FMLA and CFRA leave for the birth of a child is four months and 12 workweeks. This assumes that the employee has exhausted all four months of pregnancy disability leave; she exhausted her entitlement to up to 12 weeks of FMLA leave during the period of pregnancy disability leave; and the employee requested and was eligible for a 12 week CFRA leave following the birth of her child.
- For more information regarding rights to pregnancy disability leave contact the Human Resources Department.

**Special Rules Regarding Employment of Spouses:** Where CFRA and FMLA leave are running concurrently, and both the "husband and wife" are employed by the District, their combined entitlement to CFRA/FMLA leave for the birth or adoption of a child by the employees or placement of a child in foster care with the employees shall be limited to twelve

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(12) workweeks in a 12-month period between the husband and wife. Where CFRA leave is running separate and apart from FMLA leave (such as following a pregnancy disability/FMLA leave), and both "parents" are employed by the District, their combined entitlement to CFRA leave for the birth, adoption or foster care placement of their child shall be limited to twelve (12) workweeks in a twelve (12) month period between the two parents. This provision applies to the parents of the child, regardless of their marital status. The provisions above do not affect the employees' right to use any remaining CFRA or FMLA leave for any other qualifying purpose(s).

**Calculating the 12-month Period:** For the purpose of this Policy, "12-month period" shall mean a 12-month period measured backward from the date employee first uses family leave. The District uses a "backward rolling" calculation.

**Notice Requirements:** The employee, or a representative for the employee (e.g., spouse, adult family member, or other responsible party), must notify Human Resources, preferably in writing, as soon as it becomes apparent that the employee will be needing leave for a family leave purpose.

- Employees must provide at least 30 calendar days advance notice before leave is to begin if the need for leave is foreseeable, or notice as soon as practicable under the circumstances.
- The employee must consult with his or her supervisor regarding the need for a leave and must make a reasonable effort to schedule any planned medical treatment or supervision so as to minimize disruption of District operations. Actual scheduling is, however, subject to the approval of the patient's health care provider.
- Failure to comply with these notice requirements is grounds for, and may result in, deferral of the requested leave until the employee complies with these provisions. However, the District shall not deny a leave, the need for which is an emergency or is otherwise unforeseeable, on the basis that the employee did not provide advance notice of the need for the leave.
- Where leave is requested on the basis of a serious health condition affecting an employee's family member, the District may require evidence of the family relationship.

**District Determination and Notification:** It is up to the District to designate leave, paid or unpaid, as CFRA or CFRA/FMLA leave based on information provided by the employee or the employee's representative.

- In the event that the District determines that a leave of absence is for a FMLA/CFRA family leave purpose, the District shall, within two business days, if feasible, notify the employee in writing of its determination that the leave constitutes FMLA or CFRA leave.
- Where CFRA leave is running separate and apart from FMLA leave (such as following a pregnancy disability/FMLA leave), the District shall respond to the leave request as soon as possible and, in any event, no later than 10 calendar days after receiving the

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request. Once given, approval of CFRA leave shall be deemed retroactive to the first day of the leave.

- The District's written notice to the employee shall, among other things:
  - Specify the obligations of the employee while on family leave and explain the consequences of a failure to meet these obligations;
  - Provide notice to the employee in the event that a period of paid leave is to be counted as family leave;
  - Provide notice to the employee in the event that the District requires paid leave to be substituted for unpaid leave.
- Where the employee fails to provide sufficient information until after the leave commenced, the District may make a preliminary determination that the employee's absence is for a family leave purpose, subject to later confirmation by medical certification.
- If either the District or the employee designate an absence as family leave after the leave of absence has begun, such as when an employee advises the District during the leave of absence or after his/her return to work that the entire leave of absence or any part of it was for a family leave purpose, that portion of the leave period which was for a family leave purpose may be retroactively counted as family leave.
- If the employee fails to advise the District that a leave of absence was for a family leave purpose either before, during or within two days after he/she returns to work, the employee will not be able to assert the protections of the family leave laws for the leave of absence.
- Any dispute between the District and an employee as to whether paid leave qualifies as family leave should be resolved through discussions between the employee and the Human Resources.

**Medical Certification:** An employee's request for leave due to a serious health condition affecting the employee or the employee's child, parent or spouse must be supported by a medical certification issued by the health care provider of the individual requiring care.

- For leave to care for the employee's child, parent, or spouse, this certification need not identify the serious health condition involved, but shall contain:
  - The date, if known, on which the serious health condition commenced;
  - The probable duration of the condition;
  - An estimate of the amount of time which the health care provider believes the employee needs to care for the child, parent or spouse; and
  - A statement that the serious health condition warrants the participation of the employee to provide care during a period of treatment or supervision of the child, parent or spouse.
- For leave to care for the employee's own serious health condition, this certification need not, but may, at the employee's option, identify the serious health condition involved. It shall contain:

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- The date, if known, on which the serious health condition commenced;
    - The probable duration of the condition; and
    - A statement that, due to the serious health condition, the employee is unable to work at all or is unable to perform any one or more of the essential functions of his or her position.
  - This type of medical certification is not required where leave is requested for the birth, adoption or placement of a child in foster care with the employee. (However, the District may request written verification of family relationship for the birth, adoption or placement of a child in foster care with the employee.)
  - Medical certification must be provided within 15 calendar days of the District's request and generally prior to the commencement of a foreseeable leave of absence, unless it is not practicable to do so despite the employee's diligent, good faith efforts to do so.
  - With regard to leave due to the employee's own serious health condition:
    - Where the District has reason to doubt the validity of the employee's medical certification, the District may require, at the District's expense, that the employee obtain a second medical opinion from a health care provider designated by the District and who is not regularly used by the District; and
    - Where the second opinion differs from the first, the District may require that the employee obtain a third and binding medical opinion, again at the District's expense, from a health care provider designated or approved jointly by the District and the employee.
  - The District may require recertification only where additional leave is requested.
  - The District may also require certification at the time the employee seeks reinstatement from family leave due to the employee's own serious health condition that the employee is fit for duty and able to return to work.
- Minimum Period of Leave:** Leave may be taken in one or more periods and does not have to cover a continuous period of time.
- Where leave is taken due to the serious health condition of the employee or his/her parent, child or spouse, the minimum leave increment shall be the shortest period of time the District's payroll system uses to account for absences or use of leave.
  - Where CFRA leave is running separate and apart from FMLA leave (such as CFRA leave following pregnancy disability/FMLA leave), the minimum duration for leave taken in connection with the birth, adoption or foster care placement of a child is two weeks, except that the District shall grant a request for CFRA leave of less than two weeks on any two occasions during the one year period following the birth or placement of the child with the employee.
- Substitution of Leave:** The District may require that sick leave be used to provide pay during any period of otherwise unpaid family leave due to the employee's own serious health condition. Sick leave may also be used in connection with family leave taken for other

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purposes in accordance with applicable District Policy (ies), California Labor Code section 233, and upon the mutual agreement of the District and the employee. The District may require that vacation and other accrued time off (other than sick leave and compensatory time off) be used for any family leave qualifying event other than pregnancy disability leave. Where pregnancy disability leave and FMLA leave are running concurrently, accrued vacation or compensatory time may be used at the employee's option. CFRA and FMLA leave may also run concurrently with a leave of absence covered by workers' compensation or temporary disability. Upon reinstatement, all employee benefits will be resumed without any new qualification period, physical examination or exclusion of preexisting conditions.

**Reinstatement:** Where a definite date of reinstatement has been agreed upon at the beginning of the leave, the employee will be reinstated to the same or a comparable position by the date agreed upon. If the reinstatement date differs from the District's and employee's original agreement, the employee will be reinstated to the same or a comparable position within two business days, where feasible, after the employee notifies the District of his or her readiness to return. The employee's use of family leave may not result in the loss of any employment benefit that the employee earned or was entitled to before going on family leave. Upon reinstatement, all employee benefits will be resumed without any new qualification period, physical examination or exclusion of preexisting conditions.

**Denial of Reinstatement:** An employee has no greater right to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during family leave. For example, if an employee is laid off while on family leave, the District's responsibility to maintain group health plan benefits and reinstate the employee ceases at the time the employee is laid off.

The District may also deny reinstatement to:

- An employee who gives notice that he or she no longer desires to return to employment with the District;
- An employee who fails to provide certification that he or she is fit for duty and able to return to work after taking family leave based on the employee's own serious health condition; or
- A salaried "key employee" who is among the highest-paid 10% of employees employed within 75 road miles of the employee's worksite, if:
  - It is necessary to prevent substantial grievous economic injury to the operations of the District,
  - Notice is given to the employee at the time of the leave request that the District will grant the leave request, but that the District may deny reinstatement, and
  - The employee is given a reasonable opportunity to return to employment after receiving such notice, but elects not to return, or
  - After the leave expires, the employee requests reinstatement, and the District makes a determination at the time of the reinstatement request and notifies the employee of its determination that reinstatement would cause substantial grievous economic injury to the operations of the District.

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## **SERVICEMEMBER FAMILY & MEDICAL LEAVE**

The federal Family and Medical Leave Act (FMLA) entitles eligible employees to take leave for a covered family member's service in the Armed Forces. This Policy supplements our FMLA Policy and provides general notice of employee rights to this leave. Except as stated below, such rights and obligations for Servicemember FMLA are governed by our existing FMLA Policy. Servicemember FMLA runs concurrent with other leave entitlements provided under federal, state and local law.

**Entitlement to Servicemember FMLA:** Servicemember FMLA provides eligible employees unpaid leave for any one, or combination, of the following reasons:

- A 'Qualifying Exigency' arising out of a covered family member's active duty or call to active duty in the Armed Forces in support of a contingency plan: or
- To care for a covered family member who has incurred an injury or illness while in the Armed Forces provided that such injury or illness renders the family member medically unfit to perform duties of the member's office, grade, rank or rating and is certified by the servicemember's health care provider.

**Duration of Servicemember FMLA:** (1) When leave is due because of a 'Qualified Exigency' concerning the military duty of a family member: an eligible employee may take up to 12 workweeks of leave during any 12-month period. (2) When leave is to care for an injured or ill servicemember: an eligible employee may take up to 26 workweeks of leave during a single 12-month period to care for the servicemember. Leave to care for an injured or ill servicemember, when combined with other FMLA-qualifying leave, may not exceed 26 workweeks in a single 12-month period. (3) Where spouses are both employed by the District, they may take up to, in aggregate, 26 workweeks of servicemember FMLA, provided that any portion of the aggregate leave that is not for care of a family servicemember does not exceed 12 workweeks.

**Notice of Intent to take Servicemember FMLA:** In any case where it is foreseeable that an employee will need servicemember FMLA, that employee must provide notice of his or her intent to take leave as soon as reasonably possible and provide certification of either the 'qualified exigency' or family servicemember's need for care as soon as practicable.

## **MATERNITY & PREGNANCY DISABILITY**

Maternity leave shall be granted in accordance with the provisions of the District's Sick Leave Policy and in compliance with the CFRA and the FMLA. Please refer to the information under the previous Section for a more detailed explanation and guidelines in regard to these regulations.

Even if an employee is not eligible for CFRA leave, they are entitled to take a pregnancy disability leave of up to four (4) months depending on the period of actual disability under the Fair Employment and Housing Act (FEHA). Time off needed for prenatal care, severe morning

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sickness, doctor-ordered bed rest, childbirth, and recovery from childbirth would all be covered by a pregnancy disability leave. Disability arising out of pregnancy shall be treated by the District the same as other disabilities of similarly situated employees in terms of eligibility for, or entitlement to, sick leave or leave without pay, extended sick leave, or accrued sick leave benefits.

The District may require certification from the employee's health care provider of a pregnancy disability or the medical advisability for a transfer or reasonable accommodation, particularly where the nature of the duties performed are hazardous or burdensome. If possible, an employee must provide at least thirty (30) days advance notice for a foreseeable event such as the birth of a child in accordance with the regulations.

All employees will be placed on leave when their physician states that maternity disability would interfere with the performance of the duties of the position or continuing work would be hazardous. Should disagreement arise between the District and an employee's physician as to the hazardous nature of a job or the ability of the employee to perform the job, the physician representing the District will resolve the conflict and his decision will be binding upon all parties.

Following childbirth and upon release from medical treatment for the disability resulting from the pregnancy, an employee must submit a medical statement of fitness to perform the duties of the position to the Human Resources Manager. At that time, a determination will be made for a return work date. Reinstatement should be accomplished as expeditiously as is reasonably practicable.

#### **BENEFIT ACCRUALS WHILE ON UNPAID LEAVE**

Employees on family leave, maternity leave or any other leave, do not accrue vacation, sick leave, or other seniority based benefits during any portion of the leave that is unpaid. Upon completion of family leave, maternity leave or any other leave, any entitlement to benefits shall be governed by the applicable leave policy.

#### **NO RETALIATION & WHISTLEBLOWER PROTECTIONS**

**No Retaliation:** The District's policy and state and federal laws forbid retaliation against employees because they have exercised their rights under law, protested any violation of law, or participated in any proceeding under law. The U.S. Department of Labor and the California Department of Fair Employment and Housing are authorized to investigate and resolve complaints of any violation of the PDL, FMLA, CFRA, and other laws. Employees also have the right to bring a civil action for violations of the PDL, FMLA, CFRA, and other laws.

**Whistleblower Protections:** The District is committed to operating in compliance with all applicable laws, rules and regulations, including those concerning accounting and auditing, and prohibits fraudulent practices by any of its Board of Directors, officers, employees, agents, or volunteers. This policy outlines a procedure for employees to report actions that an employee reasonably believes violate a law, or regulation or that constitutes fraudulent

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**Deleted:** This covers leaves of absence for (1) an employee's own serious health condition; (2) the birth and care of the eligible employee's child or placement for adoption or foster care of a child with the employee, newborn or newly adopted children within one year after birth or placement; or (3) the care of an employee's spouse, domestic partner, parent, or child with a serious health condition. This leave category applies to all full-time and part-time employees who have more than 12 months of service and have worked at least 1,250 hours during the 12-month period immediately prior to the date the leave is to begin.¶

¶ For purposes of this section, a family member shall include an employee's child, spouse, domestic partner, parent, foster or adoptive parent, stepparent, or legal guardian, grandparent, sibling or parent-in-law. A serious health condition is generally defined as an illness, injury, impairment or physical or mental condition that involves inpatient care in a hospital, hospice or residential medical care facility or continuing treatment or supervision at home by a health care provider.¶

¶ Requests for family/medical leaves of absence are to be made in writing, using the District's Request for Leave form, 30 days in advance of the need for the leave whenever the need is foreseeable (i.e., elective surgery, childbirth) or as soon as possible otherwise. Except in cases of emergency, where prior notice cannot be given, a request for family/medical leave may be denied or deferred until appropriate notices are given. Requests for family/medical leaves must be supported by a written certification from the employee's own or the family member's health care provider, which shall include the date on which the health condition began, the probable duration of the condition, and appropriate medical facts regarding the condition. For leaves due to the care of a family member, the certification must include a statement that the employee is needed to care for the child or family member. For leave requests due to the employee's own serious health condition, the certification must include a statement that the employee is unable to perform the functions of his/her job.¶

#### **Terms of Family/Medical Leave¶**

¶ Unpaid family/medical leaves of absence will be granted for a maximum total of 12 workweeks in a 12-month period. Leave taken intermittently will be aggregated and counted toward the 12 workweek total maximum. The 12-month period is a "rolling" 12-month period measured forward from the first date the employee uses such leave. There is no carryover of unused leave from one period to the next.¶

#### **Pay/Benefits During Family/Medical Leaves¶**

¶ Family/medical leaves of absence are unpaid. To the full extent allowed by law, the employee is required to use all available accrued sick, compensatory time off and vacation hours before using unpaid leave. All time off, paid or unpaid is counted toward the 12-week period. Group insurance benefits will be continued for up to twelve weeks while a covered employee is on such leave of absence. During such period, the District will continue to contribute its portion of the ... [20]

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accounting or other practices. This policy applies to any matter which is related to District business and does not relate to private acts of an individual not connected to District business.

If an employee has a reasonable belief that an employee, District officer, or other District agent has engaged in any action that violates any applicable law or regulation, including those concerning accounting and auditing, or constitutes a fraudulent practice, the employee is expected to immediately report such information to the Human Resources Manager. If the employee does not feel comfortable reporting the information to the Human Resources Manager, he or she is expected to report the information to the General Manager. If the employee does not feel comfortable reporting the information to the General Manager, he or she is expected to report the conduct to the Board of Directors, either collectively or by relaying the information to any individual Director to be relayed to the Board. All reports should be submitted in writing to properly characterize the concerns.

The District will not retaliate against an employee in the terms and conditions of employment because that employee: (a) reports to a supervisor, to Human Resources, General Manager, the Board of Directors or to a federal, state or local agency what the employee believes in good faith to be a violation of the law; or (b) participates in good faith in any resulting investigation or proceeding, or (c) exercises his or her rights under any state or federal law(s) or regulation(s) to pursue a claim or take legal action to protect the employee's rights.

The District may take disciplinary action (up to and including termination) against an employee who in management's assessment has engaged in retaliatory conduct in violation of this policy. The District will not, with the intent to retaliate, take any action harmful to any employee who has provided to law enforcement personnel, or court, truthful information relating to the commission or possible commission by District or any of its employees of a violation of any applicable law or regulation. Supervisors will be trained on this policy and the District's prohibition against retaliation in accordance with this policy.

#### **SERIOUS FAMILY ILLNESS LEAVE**

Following completion of 30 days of employment, regular full-time employees are eligible to take up to four days with pay per fiscal year for serious family illness to attend the birth of an employee's child, operation of an immediate family member, to attend to the serious illness or injury of an immediate family member, or where death of an immediate family member appears imminent. Immediate family includes those mentioned in the Bereavement Leave policy above. This form of leave does not extend the leave period provided under the family leave laws. Employees are to allocate the number of hours to Serious Family Illness Leave accordingly on their electronic time sheet.

#### **JURY OR WITNESS DUTY LEAVE**

Jury Duty is considered an excused absence. Any regular, full-time employee of the District who is called or required to serve as a trial juror or witness will be excused from work during the period of such service or while present in court as a result of such a call. Eligible full-time employees required to serve as jurors are granted jury duty leave with pay, less any fees paid to them by the court, except mileage up to a maximum period of thirty (30) working days.

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Employees serving on a jury exceeding the thirty (30) day period shall do so without pay. This benefit is effective immediately upon employment. An employee serving jury duty must obtain an attendance slip from the court and submit it to the accounting department in order to be eligible for pay for those hours. Employees are to allocate the number of hours to Jury Duty Leave accordingly on their electronic time sheet. Any employee relieved from jury duty after less than 3 hours shall report to work unless impracticable because of travel time.

An employee who is subpoenaed to appear in court in a matter regarding an event or transaction which he or she perceived or investigated in the course of his or her job duties will do so without loss of compensation. An employee will not be paid to appear in court in a matter unrelated to his/her duties or in a matter initiated by the employee.

## MILITARY LEAVE

Military leave shall be granted in accordance with State and Federal law.

**Active Service** - An employee who is engaged in military duty ordered for purposes of active military training or encampment is entitled to military leave with pay for up to 30 days per calendar year.

**Inactive Service** - An employee who is required to attend scheduled service drill periods or perform other inactive duty reserve obligations is entitled to military leave without pay, not to exceed 180 calendar days per year. Such employee may, at his or her option, elect to use accrued vacation or compensatory time to attend the scheduled reserve drill periods or to perform other inactive drill period obligations.

## PERSONAL LEAVE OF ABSENCE WITHOUT PAY

Upon written request, approved by the General Manager's sole discretion, a regular full-time employee may be granted a personal leave of absence without pay not to exceed 30 working days. The General Manager based on the District's needs and requirements will, determine conditions of such leave of absence. The Board of Directors must approve requests for personal leaves of absence longer than 30 days' duration. This benefit is effective following successful completion of six months of service.

No sick or vacation leave will be accrued, during any pay period an employee is absent without pay.

The employee and the District will each continue to pay its share of the premiums in accordance with District policy for qualified employees on authorized personal leave of absence without pay for up to 30 days on such leave. Thereafter, continuing such premium payments will be at the sole discretion of the Board of Directors. Should coverage be terminated under the District's long-term disability plan, coverage may be converted to an individual plan at the expense of the employee. Upon return to work, employees become eligible for reinstatement in accordance with the terms of the agreement with the insurance carrier then in effect.

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An employee should notify his or her supervisor immediately upon notice of being subpoenaed to testify as a witness. Although an employee will be granted leave to serve as a court witness, this leave shall be unpaid.¶

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Refer to the appropriate sections regarding continuation of premium payments for disability, medical, dental, vision and life insurance coverage while on other leaves without pay.

## UNAUTHORIZED ABSENCE

Any unauthorized absence from work is considered cause for immediate dismissal. Absence from work without permission and without notification to the District for three consecutive days will be considered a voluntary resignation.

## DISCRETIONARY ADMINISTRATIVE LEAVE

At the General Manager's discretion, the District may provide up to five days of paid administrative leave to its management employees. This leave is a means of rewarding and encouraging full-time management employees to participate in and attend meetings, activities, and events on behalf of the District, and to spend time outside of normal working hours otherwise in the service of the District. Paid administrative leave is not considered vacation and is a privilege of paid time away from the work place. Employees eligible for paid administrative leave are required to obtain approval from the General Manager or designee prior to the scheduled use of paid administrative leave. The use of any paid administrative leave must be recorded in the District's payroll records for each fiscal year. Paid administrative leave does not accrue or cash out upon termination.

## CATASTROPHIC LEAVE PROGRAM

The District has adopted a program that allows employees who have accrued vacation or sick leave hours, the option to voluntarily donate hours, to another employee who has exhausted his/her sick, vacation and compensatory time leaves due to a non-work related catastrophic illness or injury to allow the employee to recover from their illness or injury. The calculation for the hours will be based on the number of hours donated times the donor's hourly rate divided by the recipient's hourly rate. The Program guidelines and forms can be obtained from Human Resources.

## ADMINISTRATION

### PERSONNEL FILES

The District recognizes the confidentiality of personnel information and its obligation to maintain procedures to ensure the integrity of such files. Employees have the right to inspect or receive a copy of the personnel records. Any request to inspect or copy personnel records must be made in writing to Human Resources. If an employee requests a copy of the contents of their file, they will be charged the actual cost of copying. Employees can obtain a form for making such a written request from Human Resources.

Employees may designate a representative to conduct the inspection of the record or receive a copy of the records. However, any designated representative must be authorized by the employee in writing. MWDOC may take reasonable steps to verify the identity of any representative and the scope of the authorization.

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Any such leave not used by the end of the calendar year or upon termination of employment shall be cancelled. ¶

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The personnel records may be made available to the employee either at the place where they work or at a mutually agreeable location (with no loss of compensation for going to that location to inspect or copy the records). The records will be made available within the timeframe required by law; typically not later than 21 days.

Unauthorized disclosure of personnel information to outside sources, other than the employee's designated representative is prohibited and may form the basis of discipline. However, MWDOC will cooperate with a request from authorized law enforcement or local, state, or federal agencies conducting official investigations as legally required.

## COMPENSATION AND BENEFITS SURVEYS AND PAY STRUCTURE ADJUSTMENTS

The compensation philosophy guiding the District's decisions related to employee compensation and benefits is that of desiring to provide salary ranges and benefit practices that are competitive with market practices. In conducting compensation surveys, the District establishes its salary ranges by considering the mean (average) of the marketplace. In administering benefits surveys, the District considers prevailing and emerging practices related to the District's labor market. This approach has been adopted in an effort to attract and retain the best available staff and continue in its commitment to quality service to the District's member agencies.

Human Resources shall conduct a planned pay structure adjustment survey in the first calendar quarter of each year of the direct labor market agencies to determine the percentage adjustment to the Pay Structure Ranges for the upcoming fiscal year to go into effective July 1.

A comprehensive compensation and benefits survey shall be conducted every three years to evaluate market practices and job grading. Human Resources may conduct interim market analyses for newly established or modified job classifications between the comprehensive annual reviews.

## ANNUAL MERIT INCREASES

Merit increases for regular full-time and part-time employees are granted in proportion to an employee's demonstrated job performance and current placement within the employee's salary range. Supervisors and managers will establish performance standards and communicate these expectations to each of their staff. In addition, supervisors and managers will discuss with each employee concerning his or her performance during that employee's performance review process.

## MERIT GUIDELINES

The amount of each merit increase will be determined in part by the performance of the employee, as documented on the Performance Appraisal. The performance review should provide a fair and accurate evaluation of the employee's performance in the preceding fiscal year.

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## PERFORMANCE APPRAISAL

Newly hired or promoted employees will be appraised at six months from date of hire or position. Thereafter, performance will be appraised annually during the months of June and July, consistent with the timing of the annual merit increase process. Managers will meet with employees during the year to review the performance appraisal and assess performance and progress.

## PERFORMANCE CRITERIA AND DEFINITIONS

- 1 = Unsatisfactory. Performance is below job requirements and level expected and it appears the employee is either unwilling or unable to perform successfully.
- 2 = Needs Improvement. Performance meets some, but not all job requirements. Improvement is needed to meet requirements. Employee has potential for successful performance.
- 3 = Successful. Performance meets job requirements. Overall performance has been at the level expected for the position.
- 4 = Exceeds Expectations. Performance consistently meets and frequently exceeds some job requirements.
- 5 = Outstanding. Performance consistently exceeds all job requirements.

## MERIT INCREASE PROCEDURES

Merit increases become effective the first full pay period following July 1. Employees, with the exception of the General Manager, with a minimum of six full calendar months of employment with the District may be eligible for merit increase consideration. Merit raises, within the established salary ranges, are not automatic, but will be granted based upon employee performance and budgetary considerations, as determined by the General Manager.

Merit Increases will be granted within the established Salary Range only. If an employee has reached the maximum rate of the Salary Range, the employee's salary shall be frozen (remain unchanged) until such time that the Board of Directors approves a salary range adjustment that would result in the employee's pay rate being less than the range maximum. In the event that the employee is paid at the maximum rate of the salary range any additional compensation that is paid would be at the General Manager's discretion to grant in the form of a lump sum performance payment, in accordance with the merit increase guidelines.

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The General Manager's performance evaluation is conducted in accordance with the Board approved Performance Evaluation guidelines relating to the General Manager.¶

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## PROMOTIONS

A promotion is defined as the movement of an employee from one classification to another classification in a higher salary range, i.e. Administrative Assistant to Senior Administrative Assistant. An employee who is promoted will, receive, at the discretion of the General Manager, a promotional salary increase at least to the salary range minimum. The General Manager may, however, grant greater increases.

A promoted employee will be required to serve a six-month review period in the new position; retention of the employee in the promoted classification may be determined at any time during this review period. The six-month review period will have no effect on the timing of the promoted employee's annual salary review for merit consideration or salary range adjustments. If the promoted employee fails this review period, he or she would not have the automatic right to return to his/her former classification, unless there is a vacant position in said former classification. If an employee is returned to his/her former classification, the employee will, return to their original pay status in the former classification.

## POSITION RECLASSIFICATION

A position reclassification is, the change, of a position from one salary range to another salary range and will, be implemented under the General Manager's authority in the management of the District.

If an employee is in a position that is reclassified to a higher salary range the employee will, maintain his/her current salary rate unless his/her current salary rate is below the minimum salary of the new range, in which case the employee will, at the discretion of the General Manager, be eligible to receive the beginning salary in the new range.

If an employee is in a position that is reclassified to a lower salary range, said employee will, be placed at a salary level within the lower range at the discretion of the General Manager.

## PAYDAYS

District paydays will, be every two calendar weeks. Pay vouchers will, be inclusive of pay for all hours in the two preceding calendar weeks. In the event a payday falls on a holiday, the direct deposit or paycheck will be distributed on the day prior to the holiday.

## PAYROLL DEDUCTIONS

Payroll deductions are taken from the pay of all employees in compliance with state and federal law based on employee's earnings, marital status, and number of exemptions claimed. Required deductions include federal income tax, FICA "Medicare Only" Contributions, State Income Tax, and Pension contributions. Garnishments will be applied only as required by law. Voluntary employee deductions may be taken from pay based on employee's participation in

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those voluntary benefits. Employees hired after April 1, 1986 are required to contribute to Medicare and payroll deductions are made accordingly.

## VACATIONS

**General Policy:** In order to realize the full benefit and purpose of a vacation policy, employees are encouraged to take at least a portion of their annual earned vacation time off each year, in a block of time preferably five consecutive working days. The scheduling of an employee's vacation time or the extension of accrued vacation beyond the designated 12-month accrual period will be at the discretion of the General Manager based on the needs of the District.

**Accrual Rate:** Regular full-time employees working 40 hours per week shall earn vacation time off with pay in accordance with the following schedule. Employees working less than 40 hours a week shall accrue vacation on a prorated basis. Part-time employees who later convert to full-time employees will begin to accrue vacation time beginning on the date of their full-time status. Vacation time may not be taken during the first six months of service. No vacation credit will be earned during any pay period an employee is absent without pay. Regular full-time employees who are temporarily working part-time may accrue vacation leave on a prorated basis, at the District's discretion. When an approved holiday falls within a vacation period, an employee, on vacation shall be entitled to the holiday and will not be required to use vacation hours that day.

Years of Service	Hrs Earned Biweekly	Yearly Equiv.
Beginning with 1st year	3.08	80 hours
Beginning with 4th year	4.62	120 hours
Beginning with 11th year	5.23	136 hours
Beginning with 15th year	6.15	160 hours
Beginning with 20th year	6.46	168 hours

**Accrual Cap:** Once an employee's vacation accrual reaches twice his or her yearly annual accrual rate, the employee shall cease being eligible to accrue further vacation until such time as the accrual drops back below that figure. The General Manager maintains discretion to approve the raising of the accrual rate. Unused vacation will be paid out to an employee, or his or her designated beneficiary, at the time he or she separates from employment based on the individual's then-current rate of pay.

## HOLIDAYS

All eligible regular full-time employees are granted the following paid holidays (total of 11 days/88 hours), if the District-observed holiday falls on an employee's regularly scheduled workday. In order to be entitled to holiday pay, an employee must be eligible for full pay for the scheduled workday both before and after said paid holiday. The following dates are recognized District holidays:

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- New Year's Day (January 1)
- President's Day (3<sup>RD</sup> Monday in February)
- Memorial Day (last Monday in May)
- Independence Day (July 4)
- Labor Day (First Monday in September)
- Veteran's Day (November 11)
- Thanksgiving Day  
(4th Thursday in November)
- Day after Thanksgiving  
(4th Friday in November)
- Christmas Eve (December 24)
- Christmas Day (December 25)
- \*One floating holiday to be designated by the employee each year

The granting of holiday pay does not guarantee any employee the day off. The General Manager may elect to maintain a minimum staff on any holiday.

**Holidays Occurring on a Date Scheduled Off:** When a paid holiday falls on a Sunday, the following Monday shall be deemed the holiday. When a paid holiday falls on a Saturday, the preceding Friday shall be deemed the paid holiday. When a paid holiday falls on an employee's scheduled day off per the modified work week schedule, the employee will receive eight hours of vacation accrual in lieu of the following day off.

## OTHER BENEFITS

### WORKER'S COMPENSATION

Whenever an employee sustains an injury or disability arising out of, and in the course of, District employment and requires medical care, the employee shall obtain treatment according to the provisions of the California Labor Code, sections 4600 et seq. and shall receive compensation for hours not worked while obtaining such medical care without loss of accrued leave hours. Employees are required to immediately report a work-related injury/incident to their supervisor and Human Resources. The supervisor of the affected employee shall ensure that the report is made.

Whenever, due to a work-related injury, an employee is compelled by direction of his or her physician to be absent from duty on account of such injury or disability, such employee will be placed on Workers' Compensation Leave. The employee will receive full compensation for the first three (3) calendar working days following the date of the injury without loss of accrued leave hours. Thereafter, the employee may elect to apply pro-rated sick leave first, vacation, or Compensatory Time Off (CTO), if sick leave is exhausted, to such absence to receive compensation in an amount equal to the difference between the compensation to which he/she is entitled under Workers' Compensation Act and his or her regular pay, not to exceed the amount of accrued leave.

Workers' Compensation benefits begin with the fourth full consecutive calendar day of missed work (including weekends); however, if the absence continues beyond fourteen (14) days, Workers' Compensation will then pay the applicable benefits for the first three (3) days of

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missed work. When this occurs, the employee will be docked for the first three (3) days the District previously paid him/her in an amount equal to the Workers' Compensation benefits received.

An employee, who is on Workers' Compensation leave of absence and who was covered by disability insurance when the work related injury occurred, may be eligible for disability benefits. Compensation to which an employee is entitled from Workers' Compensation and disability shall not exceed an employee's regular pay.

Supervisors are required to complete the required reporting forms whenever an employee is injured and/or placed on Workers' Compensation Leave. A doctor's release must be provided to the District upon the employee's return to work from a Workers' Compensation Leave. [See Human Resources for the appropriate forms.](#)

▼ **Return To Work (RTW) From Industrial Injury or Illness:** The decision to return an employee to work or place an employee back on the job, with or without modified work, shall be made by the District, independent of any decision made in the Workers' Compensation process, as follows:

- The employee shall submit to a fitness-for-duty assessment.
- Where there is an indication of continued physical or mental limitations, the employee and the District shall engage in the interactive process to determine whether reasonable accommodations to the limitations exist.
- If there is no permanent disability, no work restrictions, and the absence has not been longer than thirty days, the employee shall be returned to work.
- If there is no permanent disability, but temporary work restrictions, or there has been an absence of thirty days or more, a review of the employee's medical records from the Workers' Compensation case and RTW medical evaluation may be conducted. An employee shall be returned to work if the work restrictions are compatible with job demands or modified job demands, if available pursuant to reasonable accommodations.
- If there is a permanent disability, placement of the employee in the position last held by the employee will be considered following a RTW medical evaluation and complete assessment of potential reasonable accommodations.

The employee must obtain a release to work or be properly discharged from the medical provider utilized by the District prior to returning to his or her job. If it is determined that the job demands of the position last held by the employee are not compatible with the employee's restrictions and the employee is willing to return to work, placement in an alternative position, if available, will be considered. The employee shall be reclassified as "medically disqualified" and placed on unpaid leave while alternative positions are being considered. However, the employee may elect to use accrued leave hours, such as vacation, to receive compensation. Placement of an employee in an alternate position requires a pre-placement medical evaluation for the alternative job.

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## MEDICAL INSURANCE

Group medical insurance is provided to eligible [regular](#) full-time District employees [or where otherwise required by law \(including the Affordable Care Act or the state paid sick leave laws\)](#). Coverage is also offered to spouses, dependents and registered domestic partners of eligible employees in accordance with the terms of the [plan](#) documents. The District will pay a portion toward the monthly premiums based on employee and dependent status for medical coverage based on the amounts approved by the Board [and in accordance with the insurance policy guidelines](#). This benefit goes into effect on the first day of the month following 30 days of service.

## MEDICARE COVERAGE

All District employees hired after April 1, 1986 are required by the passage of the Consolidated Omnibus Budget Reconciliation Act (COBRA), to contribute to the Medicare portion of the Social Security Program. Those employees shall contribute 1.45% of their salary with the District matching the fund by contributing 1.45% of the employee's salary, [unless changed by federal law](#).

## MEDICAL AND ELECTIVE HEALTH AND WELFARE COVERAGE UPON RETIREMENT (Applies to Regular Full-Time employees hired prior to July 1, 2012)

The District shall provide the retiree medical and elective health and welfare benefits set forth in this [policy](#) for retired employees who are at least 55 years of age, including their spouses or domestic partner registered with the State of California (at the time of retirement), and that have accrued a specified number of years of service:

**10 Years of Service: Employees with a minimum of 10 consecutive years of full-time service with the District shall receive retiree medical benefits on the following terms:**

- Retirees are not eligible for District paid dental and vision benefits.
- Retiree will have the option to continue participation in dental and vision coverage at their own cost in accordance with the Consolidated Omnibus Reconciliation Act (COBRA).
- The District shall pay health coverage premiums for retiree only or couples coverage on the same basis as active employees.
- Once the retiree becomes Medicare eligible, coverage will cease.
- Retirees [must enroll in Medicare upon](#) eligibility.

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- Upon becoming Medicare eligible, the District will reimburse the retiree, in an amount up to \$1,800 per calendar year, for a supplemental Medicare insurance policy and Medicare Prescription Drug Insurance covering the retiree only.
- Supplemental Reimbursement for Medicare and Medicare Prescription Drug Coverage will be made to the retiree on a quarterly basis upon submission of proof of payment.
- In the event a spouse or registered domestic partner survives a retiree before the District-paid group coverage would normally end, the District will continue paying the premium for the surviving spouse or registered domestic partner for retiree only coverage until the earliest to occur of the following: remarriage, enrollment under another plan, or becoming eligible for Medicare.

**25 Years of Service: Employees with a minimum of 25 consecutive years of full-time service with the District shall receive retiree medical benefits on the following terms:**

- The District shall pay health coverage premiums for retiree only or couples coverage on the same basis as active employees.
- Retirees and spouses or registered domestic partners are eligible to participate in the District's Dental and Vision Insurance Plan as follows:
  - Dental
    - Retiree Only Coverage: The District shall pay the monthly insurance premiums on the same basis as active employees.
    - Couples Coverage: The District shall pay 80% of the monthly premium for retiree plus spouse or registered domestic partner.
  - Vision
    - Retiree Only Coverage: The District shall pay the monthly insurance premiums on the same basis as active employees.
    - Couples Coverage: The District shall pay 80% of the monthly insurance premiums.
- Retirees must enroll in Medicare upon eligibility.
- Upon becoming Medicare eligible, enrolled retirees must enroll in Medicare Parts A and B. The District will include reimbursement of payment for Medicare Option B for both retiree and his/her eligible spouse or registered domestic partner after submitting verification to the District of official enrollment in Medicare Option B. This results in a reduced premium cost to the District. Eligibility for retiree health benefit participation is contingent on enrollment in Medicare Parts A and B upon Medicare eligibility.
- In the event a spouse or domestic partner survives a retiree before the District-paid group coverage would normally end, the District will continue paying the premium for the surviving spouse or registered domestic partner for retiree only coverage until the earliest to occur of the following: remarriage, enrollment under another plan, or becoming eligible for Medicare.

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Retiree Health and Welfare Coverage contribution amounts are established in accordance with Administrator Plan Document guidelines then in effect and as approved by the MWDOC Board.

Employees hired on or after July 1, 2012 are not eligible to receive District-paid retiree medical and elective health and welfare benefits.

Any variance from these benefits and requirements requires approval by the Board of Directors.

#### ▼ DENTAL INSURANCE

Group dental insurance is provided for all regular full-time employees and their dependents by the District as specified in the dental insurance policies. The District will pay a portion toward the cost of the monthly premiums based on the amounts approved by the Board and in accordance with insurance policy guidelines. This benefit goes into effect on the first day of the month following 30 days of service.

#### ▼ VISION INSURANCE

Group vision insurance is provided for all regular full-time employees and their dependents by the District as specified in the vision insurance policy. The District will pay a portion toward the cost of the monthly premiums based on the amounts approved by the Board and in accordance with insurance policy guidelines. This benefit goes into effect on the first day of the month following 30 days of service.

**NOTE:** Employees on an authorized medical leave of absence without pay may continue medical, dental, and vision coverage for the duration of any protected leave or, where discretionary leave up to four months, with the District paying its share of the premiums and the employee paying their respective portions of the premiums. Thereafter, coverage is terminated under the District's group plans unless continuation coverage is elected as explained below. Upon return to work, employees become eligible for re-enrollment in accordance with the terms of agreement with the insurance carriers then in effect.

#### ▼ CONTINUED MEDICAL, DENTAL AND VISION COVERAGE

Medical, dental and vision coverage may be continued if an individual's group health benefits end due to a "qualifying event" and if the employee elects to continue coverage under the plan. In order to continue coverage, the individual will be required to pay the total monthly premium payment plus two percent for administrative costs.

**Qualifying Events:** (1) For the employee: Termination of employment (other than for gross misconduct) or reduction of hours worked so as to render the employee ineligible for coverage. (2) For dependents: (a) Death of the employee; (b) Divorce or legal separation; (c)

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Loss of coverage due to the employee becoming entitled for Medicare, or (d) For a dependent child, ceasing to qualify as a dependent under the plan.

**Period of Coverage:** If coverage is elected, the continued coverage will end on the earliest of the following:

1. 18 months after the date of termination of employment (other than for gross misconduct) or reduction of hours worked so as to render the employee ineligible for coverage.
2. Up to 29 months after termination of employee due to total disability within the meaning of the Social Security Act at the time of the qualifying event.
3. 36 months after the date of any other qualifying event.
4. The date the employee or dependent fails to make any required premium payment when due.
5. The date the employee or dependent becomes covered under any other group health plan unless the new plan contains any exclusion or limitation with respect to any pre-existing conditions in which event the individual may remain eligible for continued coverage in accordance with the Health Insurance Portability and Accountability Act (HIPAA) as amended.
6. The date the employee or dependent becomes eligible for Medicare.
7. In the case of a divorced or widowed spouse, the date on which the individual remarries and becomes covered by any other group medical plan unless the new plan contains any exclusion or limitation with respect to any pre-existing conditions in which event the individual may remain eligible for continued coverage in accordance with the Health Insurance Portability and Accountability Act (HIPAA), as amended.

The District [and third-party Benefits Administrators](#) have the responsibility of billing and collecting premiums for individuals who have terminated from the District's group health plans.

The foregoing is merely a summary of certain rules and regulations concerning COBRA, which are subject to revision at any time. Employees and others participating in the District's group medical plan should contact the District for further information at or before the time of a qualifying event in order to assure they understand the full extent of their rights and obligations under COBRA.

**Cost of Coverage:** The monthly premiums are subject to change whenever the premiums are changed for active employees.

**Notification of Election to Continue Coverage:** [Employees are required to notify Human Resources](#) of a qualifying event for themselves or dependents. The District will then begin the appropriate notification procedure. [The eligible COBRA participant](#) must provide an

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election notice and premium payment to the District, within 60 days of notification of their right to continue coverage.

## LIFE INSURANCE

Group life insurance, which may include death and dismemberment benefits, is provided to regular full-time eligible employees only, and the District will pay a portion toward the cost of the monthly premiums based on the amounts approved by the Board and in accordance with insurance policy guidelines. This benefit becomes effective on the first day of the month following 30 days of service. The current coverage is two times the eligible employee's annual salary to a maximum of \$250,000 coverage. See Policy guidelines for details on benefits and restrictions. Voluntary, supplemental life insurance coverage is also available to regular full-time employees as a voluntary benefit with the employee paying 100% of the cost, which may be made through payroll deductions.

Employees on an authorized medical leave of absence without pay may continue basic and supplemental coverage for the period of any protected leave or, if discretionary leave up to four months, with the District paying its share of the premiums and the employee paying their respective share of the premiums for basic coverage only, based on the amounts approved by the Board and in accordance with insurance policy guidelines. Employees are responsible for paying 100% for supplemental life insurance coverage. Thereafter, coverage is terminated under the District's group plan unless individual coverage is elected. Upon return to work, such employees become eligible for re-enrollment in accordance with the terms of agreement with the insurance carriers then in effect.

## RETIREMENT PROGRAMS

Defined Contribution Pension Plan – Effective March 3, 2003, this plan is no longer offered to new hires.

Prior to March 3, 2003, full and part-time employees of the District who work 1,000 hours during a plan year participated in the District sponsored Money Purchase Pension Plan.

The District contributes 10.5% of the employee's base pay immediately upon hire. After one year of service, the District's contribution is increased to 13.5%. Participants in the Plan will be 100% vested upon completion of five years of service. The Plan allows for retirement at age 59-1/2 or early retirement at age 55. Details of the plan are detailed in the Plan Document and Summary Plan Description

Board of Directors are eligible to participate in the Plan in amounts equivalent to those provided for employees of the District (as outlined in the previous paragraph).

Limited-term employees, temporary employees, and part-time employees who complete less than 1,000 hours of service during a plan year are not eligible to participate in this plan. Such employees are covered under Social Security.

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## CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)

**CalPERS Applicability:** The District became a member of CalPERS effective March 3, 2003. In lieu of Social Security, the District offers to its eligible Employees a retirement Plan under (CalPERS). This policy is intended to comply with CalPERS regulations and the District's own CalPERS related Resolutions and should be interpreted accordingly. Where in contradiction, the CalPERS regulations and CalPERS interpretation of those regulations supersede.

**Persons Eligible:** Regular full-time employees, and part-time employees reaching the minimum working hours requirement.

**Waiting Period:** Eligible from the first day of employment.

**Employee/Member Contribution:** The maximum required employee/member contribution amount depends on the employee's hire date in accordance with Board approved policy and the Public Employee Pension Reform Act (PEPRA) as follows:

- 2% @ 55 Formula - Employees with the District prior to March 1, 2013 pay a portion of the employee/member contribution amount. The maximum employee/member amount is 7% as mandated by statute. The employee/member contribution amount (paid by the employer) is established by the Board annually during the budget process and goes into effect July 1 of each year. The employer contribution rate is established by CalPERS based on its annual actuarial analysis.
- 2% @ 55 Formula - Employees hired on or after March 1, 2013 and that are CalPERS Members without an interruption of service are eligible to participate in this formula. The employee/member contribution amount is 7%. The employer contribution rate is established by CalPERS.
- 2% @ 62 Formula – Employees hired after January 1, 2013 that have no prior CalPERS service or have an interruption in CalPERS service of 6 months or more are enrolled as new members and fall under the PEPRA. The employee and employer contribution amounts are mandated by legislation.

**Vesting Provisions:** Participants become vested after completion of five years of public service, be it with the District or another public employer with reciprocity. Vesting means funds may be left on deposit for future retirement. Upon termination, an employee may withdraw their contributions or leave them with CalPERS. The employer contributions are only paid upon retirement.

**Benefits Provided:** Employees are eligible to retire upon completing five years of service and attained the appropriate age based on the retirement formula. Your retirement date can be any date you choose; however, the amount of the monthly allowance can be affected. CalPERS will calculate retirement benefits based on three factors, (1) years of service, (2) percentage factor determined by age at retirement, and (3) the final average monthly pay rate based on the CalPERS formula.

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[For additional information regarding CalPERS Options for the 2%@55 and 2%@62 Contracts, please see Human Resources.](#)

Employees nearing retirement are urged to avail themselves of the retirement pre-counseling and planning available to them by CalPERS. CalPERS requires at least 90 [days' notice](#) in advance of planned retirement (as does Social Security for any previous services). However, the District strongly urges employees anticipating retirement to make their inquiries at least six months to one year in advance to avoid any unnecessary delays.

[Human Resources](#) can provide you with names and phone numbers of personnel at CalPERS who can assist you in your retirement planning. More detailed information may be obtained from [Human Resources or the calpers.org website](#).

#### DEFERRED COMPENSATION PLAN

A voluntary non-qualified deferred compensation Section 457 plan is available to any eligible employee who elects, pursuant to the plan, to defer a portion of his [or](#) her compensation and who fulfills the requirements for participation in the plan. Information on the plan is available [through Human Resources](#). [The District does not make any contributions to this plan.](#)

#### FLEXIBLE BENEFITS SPENDING PLAN

The Flexible Benefits Spending Plan is a voluntary program and is available to all full-time employees on the first of the month following [30](#) days of employment. The plan allows participants the opportunity to defer a portion of their compensation to pay for certain health-related and dependent care expenses on a pre-tax basis. The plan also allows for employee contributions for District group health insurance premiums to be deducted from earnings on a pre-tax basis. [Human Resources](#) will provide you with all the Information about this plan together with enrollment forms. The plan is administered by an outside consultant.

#### EMPLOYEE ASSISTANCE PROGRAM (EAP)

[The EAP provides confidential, professional assistance program for use when personal problems affect an employee's life and work. The program provides information, consultation, and counseling for employees, dependents, and domestic partners, as well as offering training and consultation to management.](#)

[The EAP encourages employees to use services early in the progression of a problem before situations significantly impact work. This is accomplished by promoting service for "normal problems in living" such as relationships, stress, legal and financial problems, career concerns, anxiety and depression. The EAP also services more serious concerns such as alcohol and drug problems, family violence, and threats of suicide.](#)

[This benefit is provided for all regular full-time employees. The District will pay a portion toward the cost of the monthly premiums based on the amounts approved by the Board and in](#)

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accordance with insurance policy guidelines. This benefit goes into effect on the first day of the month following 30 days of service.  
If you need more information, please contact Human Resources or call the EAP at (800) 999-7222.

## EMPLOYEE RECOGNITION PROGRAMS

**Service Awards:** The Service Award Program is designed to formally recognize all regular full and part-time employees for continuous years of dedicated service with the District. Employees will be formally recognized at completion of five-years of service and at five-year increments thereafter. Following completion of the required years of service, a certificate will be presented to the employee at the Board meeting during the employee's anniversary month.

At completion of five years, the employee will be granted one compensation day (8 hours) to be used within the following 12 months. At completion of ten years and every five years thereafter, the employee will be granted two compensation days (16 hours) to be used within the following 12 months. These compensation days shall be cashed out if not used within the 12 month period.

▼ **Employee Excellence:** This program has been established to recognize outstanding District employees and to acknowledge their contributions to District. The goal is to encourage quality work, continuous improvement, teamwork, efficiency, customer service, and a high level of dedication. The program recognizes that District employees are the source of our strength, reputation, and innovation.

Recipient will receive recognition at either a District Staff meeting or Regular Board Meeting by way of an Outstanding Performance Certificate and either a gift certificate or check up to a maximum of \$200 for individuals and larger awards to departments or groups, as determined by the General Manager. Based upon the act or accomplishment, the General Manager may grant a special award of up to \$1,000. Award amounts over \$25 are taxable in accordance with IRS guidelines.

## VEHICLE POLICY

When necessary during the course of an employee's or Director's official duties, transportation or reimbursement shall be provided by the District. The transportation method authorized will be determined in terms of the best interest of the District and in accordance with the provisions of this policy. When alternate transportation is not available for use by employees engaged in District business, permission may be obtained from the General Manager for use of privately-owned vehicles, provided the employee has adequate insurance. The employee must submit proof of adequate insurance, and permission must be expressly obtained, in writing, prior to use of a privately-owned vehicle. Further, once permission is provided, the employee maintains a duty to notify the District of any license restriction or lapse of adequate insurance coverage. The District requires strict adherence to state and federal laws law regarding the operation of motor vehicles. Reimbursement for mileage to the employee will be paid at the rate established by the Internal Revenue Service (IRS). A mileage report must be filled out and approved to obtain reimbursement.

Deleted: The Municipal Water District of Orange County cares about your well-being. As part of that concern, it has established an Employee Assistance Program (EAP) that provides confidential, professional assistance when personal or relationship problems affect your life and work. The program offers information, consultation and counseling for you, your dependents and or domestic partners.

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**Exceptions:** The General Manager may authorize exceptions to any of the provisions herein set forth and shall give written notification to the Administration & Finance Committee of such exception within 30 days of the date such exception is authorized. All exceptions shall be reviewed by the General Manager annually to determine whether continuation of such exception is justified.

**Implementation:** The provisions of this policy will be implemented and administered by the General Manager. Annually, the General Manager shall conduct a review of automobile allowances to assure that continuation is justified. During this review, the following should be considered: employee's duties and responsibilities, including "on-call" duties, type of vehicle, classification, location of employee's residence and work station, justification for allowance and average monthly business mileage.

New requests for automobile allowance shall be made through the annual budget process and may be made from time to time as necessary throughout the year following the above review procedures. Requests may be made during the year when required by circumstances. All requests made as the result of the creation of a new position within the District are subject to the approval of the Administration & Finance Committee of the Board.

The General Manager shall submit an annual report to the Administration & Finance Committee listing employees receiving a vehicle allowance for use of privately-owned vehicles as defined in the Operating Rules for Automobile Allowance Section of this policy, and a listing of exceptions to the provisions of this policy authorized under the Exceptions Section of this policy.

**Driver Responsibility:** The District requires strict adherence to state and federal laws law regarding the operation of motor vehicles.

1. Only those District employees who possess a valid California driver's license may drive on behalf of the District.
2. It is the responsibility of all employees who drive vehicles on District business to practice safe and defensive driving.
3. As required by the District's insurance carrier, all employees and Directors who are paid an auto allowance or may receive mileage reimbursement, are to attend, at District cost, a defensive driver training course every four years or more often if driving record so dictates.

Employees who drive a vehicle while on District business must exercise due diligence to drive safely and comply with all the laws applicable to driving a vehicle. Employees should pull over and cease driving when taking calls and, where not possible, are required to use hands-free equipment while using their cell phones, GPS, or mapping service. It is against the law to drive while reading, writing, or sending a text message. Employees are responsible for any driving infractions or fines as a result of their driving. Seatbelts must be used by the driver and all passengers. Violation of these or any vehicle code or traffic law is grounds for discipline.

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

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**Mileage Reimbursement/Automobile Allowance:** Employees and Directors may use their own vehicles and be reimbursed for mileage driven when on official District business at the rate then permitted by the IRS. Cost of gasoline or oil purchases, vehicle repairs or maintenance and vehicle insurance are incorporated into the mileage reimbursement rate. No employee who receives an automobile allowance shall receive mileage reimbursement.

<sup>^</sup> The General Manager and Assistant Manager may receive an automobile allowance in an amount established by resolution of the Board of Directors. The payment of automobile allowance is subject to review during the Total Benchmark and Compensation Study or at the Board's discretion.

The General Manager may authorize the payment of an automobile allowance to others in an amount not to exceed that established by resolution of the Board of Directors for executive use, when the interest of the District would best be served by paying an allowance rather than mileage; providing, however the following criteria are met:

1. Nature of Job Classification: Employee has specific job duties requiring the performance of official District business outside of regular working hours on a recurring basis and who meet the following criteria:

- <sup>^</sup> a. On-call availability;
- b. Frequent attendance at conferences, seminars, meetings, and community affairs (after normal working hours);
- c. Frequent participation in public affairs activities, such speaking engagements (after normal working hours);
- d. Regular and frequent travel during working hours.

2. Nature of Work Activity:

An automobile allowance may be offered to other management personnel for two-year renewable periods upon a review of the individual personnel requirements for an allowance based upon the criteria indicated in Section (1). This review shall be performed and documented by the Department Manager and approval of an assignment for automobile allowance shall be made only by the General Manager. The assignment shall be effective for a maximum period of two-years and shall be reviewed at that time to determine continued justification.

#### Operating Rules for Automobile Allowance:

1. Automobile allowance may only be provided to appropriate management positions as defined above.

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2. An employee receiving an Automobile Allowance must provide a car which is in appropriate condition, well maintained, and capable of comfortably accommodating four adults.

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3. Employees receiving an Automobile Allowance must maintain insurance to cover their normal private use of the vehicle (pursuant to Insurance Requirement Section below).

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4. The Automobile Allowance will be provided coinciding with the first pay period of the month following the month of use.

The provision of the Automobile Allowance is and shall remain at the discretion of the District.

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1. An employee receiving an Automobile Allowance are expected to use his or her personal automobile on all required District business.

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a. An employee receiving an Automobile Allowance shall not be entitled to receive any additional remuneration for the cost of gasoline, repairs or maintenance on his/her vehicle. Mileage expense claims of any type are prohibited.

Insurance requirements: Employees and Directors of the District, who are paid an automobile allowance or mileage reimbursement as set forth in Section 8105 and 8106 for use of privately-owned automobile for District business, shall possess and maintain insurance on such automobile with liability coverage acceptable to the District. Each employee and Director shall provide private automobile insurance information, which shall be maintained by the Human Resources Department and shall be reviewed and updated annually. The record maintained shall contain the following current information: Name of employee or Director, insurance company, policy number, amount of coverage, and operator's license number and expiration date.

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## MILEAGE REIMBURSEMENT

Employees are reimbursed for mileage expenditures when using their private automobile in the performance of District related business. Mileage will be reimbursed at the standard rate established by the IRS. Mileage should ordinarily be computed between the employee's worksite and the destination. Reimbursable mileage is calculated based on the lesser amount of miles driven from home to event or office to event.

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## EDUCATION REIMBURSEMENT

The education reimbursement program is designed to provide financial assistance to regular, full-time employees with one or more years of service; who wish to continue their formal education, training and certification and to assist employees in obtaining skills or knowledge to become better qualified for their current work or for advancement in the District.

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Courses must be related to the employee's position, occupation, or advancement within the District as determined by the Supervisor, General Manager and Human Resources. This includes courses that are prerequisites for work-related courses and those that are required to obtain a degree in a work-related field. Eligible courses are those taken at an accredited institution.

Correspondence courses from reputable institutions will be considered when equivalent courses are not available at local accredited schools, or when the employee's circumstances prevent attendance at courses offered locally.

Courses must be taken on the employee's time, unless special circumstances warrant otherwise and prior arrangements have been made with the supervisor and approved by the General Manager.

Requests for tuition reimbursement may be denied based on district budgeting constraints for that particular fiscal year.

Employees may not use District computers to complete classes online or complete homework assignments during working hours.

Eligible expenses are tuition, parking, books, registration fees and laboratory/materials fees. The annual limit each year for educational expenses shall be based on the Cal State Fullerton adopted program fee schedule for undergraduate and graduate programs given the program which the employee is enrolled. Expenses for travel and other incidental costs are not reimbursable. Written approval for reimbursement must be obtained from [Human Resources](#), the employee's supervisor and the General Manager prior to or within 30 days of enrollment in the course.

Funds received from outside sources such as scholarship grants or Veterans educational benefits must be applied toward the cost of the course before the District's reimbursement is applied.

Evidence of successful completion of the course with a minimum grade of "B" or higher and receipts for the allowable expenses must be submitted prior to reimbursement.

Expenses reimbursed may be considered taxable income and subject to tax withholding.

If an employee voluntarily terminates employment or is terminated for cause within 24 months of completing a course in which educational reimbursement has been paid, the employee shall reimburse the District based on the following pro-rated service requirement:

- Voluntary termination or termination for cause within one year of completing a course = 100% reimbursement to the District.
- Voluntary termination or termination for cause within 13 to 24 months of completing a course = 50% reimbursement to the District.

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If an employee fails to reimburse the District, the District may sue the employee for breach of Agreement.

## COMPUTER LOAN PROGRAM

Interest-free loans to assist employees with the financing of a personal computer system are available to regular full-time employees who have completed one year of service. Loans can be in amounts from \$300 to \$2,000.

## OFFICE EQUIPMENT POLICY

**Introduction:** The District provides a wide variety of office and telecommunications equipment for employee use, including telephones with voice mail, computers with email and internet access, fax machines, photocopiers, postage meters, and other facilities. All employees are expected to comply with this policy when using any of this office equipment.

**Business Use Only:** All office equipment is intended strictly for business use in the course of performing assigned duties and responsibilities. All office equipment, as well as the content of voicemail, email, and other files, are District property. We recognize that some personal use cannot be avoided, as in the case of family, personal, or medical emergencies, but employees have no expectation of privacy of such messages. All such personal use should be kept to an absolute minimum and must not interfere with work performance.

**District's Right of Access and Employee Privacy:** All District voicemail, email, harddrives, and other electronic data storage is solely the property of the District, regardless of the nature of the email, physical location, or how maintained. The District, as owner has at all times the right to access all email, voicemail, or other data, including email protected by security measures. Human Resources may access email within any department or office. When necessary, assistance in obtaining authorized access shall be provided by the IT Administrator. The accessing of a department's email shall be coordinated with the department's Director, unless the Human Resources determines that the access should remain confidential. Email users shall cooperate in the access of email when requested by Human Resources. Employees should be aware that, as a public entity, all communications and data within the District's possession is potentially subject to a Public Records Act request. No employee has an expectation of privacy in any District email account, voicemail, harddrive, or other electronic data storage device.

**Passwords and Security Measures:** The District may allow employees to use passwords or other security measures on its office equipment in order to channel communications to the proper persons. Unless authorized by Human Resources pursuant to District business, employees are expected to honor passwords and other security measures, and are not to access information unless it was intended for them. Moreover, management must be kept informed of all passwords and other security measures, as the District retains the right to override passwords and other security measures in order to assure full access to all office equipment. Employees must comply with all District requests for access to District-owned equipment, communications, or data.

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**Deleted: No Guarantee of Privacy:** The District does not or cannot guarantee the privacy of any employee use of its office equipment, and the District reserves the right to monitor all such use and to access and copy information found on its office equipment to the fullest extent allowed by law. This includes but is not limited to all use of voice-mail, e-mail, and Internet access. Confidential telephone conversations are may be subject to monitoring. with the consent of all parties to the conversation. The District also reserves the right to utilize software or other measures to block employee access to improper or unauthorized web sites. Employees should not give any absolute assurances of privacy to anyone outside the District that their messages will be kept confidential, especially with email. Even erasing an email message does not assure privacy since it is likely to be preserved on back-up systems.

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**Unlawful Harassment or Discrimination:** Employees are forbidden from using the District's office equipment for any form of unlawful harassment or discrimination based on race, color, national origin, ancestry, sex, sexual orientation, gender identity or expression, age, pregnancy or childbirth, religion, political beliefs, disability, marital status, veteran status, or any other criteria prohibited by District policy or applicable law.

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**Other Misconduct:** Use of office and telecommunications systems is subject at all times to all other District rules concerning employee conduct. Under no circumstances are these systems to be used for pornography, gambling, sports, shopping, stock trading, hobbies, criminal or fraudulent activity, buying or selling goods and services, outside activities, or any other non-work related purpose.

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**Confidential Information:** Employees are expected to use special caution in handling any confidential or proprietary information. In general, email should not be used to transmit confidential information outside of the District unless extraordinary precautions are taken to assure confidentiality.

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**Good Judgment:** Employees are expected to exercise good judgment and professional demeanor when using the District's voicemail, email, or internet systems, and must resist the temptation to use these systems for any purpose that violates this policy even when a client, applicant, or vendor initiates or welcomes inappropriate messages. Employees should not forward chain letters that are sent by email, even if they appear to be for a legitimate cause. Employees must also be careful in the overall tone and content of all messages they send. Unprofessional messages can prove embarrassing when read by an unintended recipient. Emails should include a clear and concise subject line for easy identification. They should be kept to a minimum in length, and proofread carefully before being sent.

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**Intellectual Property Rights:** The District's computer systems are not to be used to violate or infringe copyrights, trademarks, or other intellectual property rights of third parties. Employees are forbidden from installing or downloading software on to the District's computer system without the express authorization of management, and must refrain from utilizing trademarks or other copyrighted material without proper permission from the owner.

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**Penalties:** Any violation of this policy can result in immediate termination or other discipline.

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## STANDARDS OF CONDUCT

The following examples are given in order to provide some guidance concerning unacceptable behavior. If the District chooses to correct an employee who engages in unacceptable behavior, the employee may be subject to corrective action up to and including termination. Please note that it is impossible to provide an exhaustive list of behaviors that are not acceptable. The following is therefore intended to simply provide some examples:

1. Actions contrary to the rules and policies of the District, including but not limited to the safety rules set forth in the District's Illness Injury Prevention Program

Deleted: All Employees of the District are hired for an indefinite duration and are employed for as long as the relationship is mutually satisfactory. Employment may be terminated by either the employee or the District for any reason. As a guide for employees, the following list gives examples of prohibited misconduct that will result in discipline or discharge as the District in its sole discretion deems appropriate.

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2. Inefficiency, incompetence, inattention to or dereliction of duty, failure to perform assigned duties in a satisfactory manner.
  3. Insubordination or failure to comply with District rules and policies.
  4. Accepting gratuities or tips.
  5. Dishonesty.
  6. Theft or unauthorized use of District property.
  7. Fighting, threat of injury, or horse play while on duty or on District premises.
  8. Frequent or habitual tardiness, unexcused absences or unsatisfactory attendance.
  9. Conducting non-District business activities during working hours.
  10. Harassment or discrimination in any form.
  11. Consumption of alcoholic beverages or drugs while on duty or on District premises.
  12. Being under the influence of alcohol or drugs while on duty.
  13. Use of, possession of, or transfer or sale of, non-prescribed drugs or narcotics while on duty or on District premises.
  14. Disorderly, indecent or immoral conduct while on duty or while in District uniform.
  15. Discourteous treatment of the public or other District employees.
  16. Issuance of defaming or derogatory remarks, unrelated to performance issues, regarding a co-worker's character or personal life.
  17. Conviction of any felony or of a misdemeanor involving moral turpitude, dishonesty or immoral conduct.
  18. Unauthorized absence from work or excessive absences and tardiness.
  19. Neglect of duty.
  20. Actions incompatible with or offensive to the image or the goals of the District.
  21. Failure to follow safe working practices.
  22. Failure to report an injury or accident promptly.
  23. Failure to report significant unsafe working practices to supervisor.
  24. Misrepresentations in obtaining employment with or promotion within the District.
  25. Misuse of District money or resources.
  26. Falsification of forms, records, or reports; including, but not limited to, time sheets, employment applications and District documents.
  27. Possessing or bringing firearms or weapons onto District property.
  28. Destroying or willfully damaging District or employee property, records, or other materials.
  29. Unauthorized opening or tampering with locks in desks, doors, cabinets, etc., or unauthorized use or duplication of keys.
  30. Failure to immediately report the loss of driving privileges due to suspension, withdrawal, forfeiture, or confiscation by any authorized party, including court of law or the California Department of Motor Vehicles, by employees who must maintain such a license as a condition of employment.
  31. Failure to maintain license or certification required for position. An employee will be subject to discipline, up to and including termination without progressive discipline, for the failure to maintain a license or certification required for that employee's job duties.
  32. Violation of any established District rule, policy, or procedure.

These rules do not list every imaginable form of misconduct, and employment may be terminated due to lack of work, reorganization, or for any other reason in the discretion of the District or the employee. Progressive discipline is left to the sole discretion of the District, and nothing in this Handbook requires the District to issue a warning or suspension prior to discharging any employee.

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2. . Excessive absenteeism or tardiness, regardless of cause.¶  
3. . Unauthorized absence, failure to promptly report an absence from work, or failure to return to work at the time the District was advised to expect return.¶  
4. . Leaving work areas before the end of the work period without authority.¶  
5. . Neglect of duty, sleeping, loafing, wasting time, or being off the job without authority.¶  
6. . Gambling on District premises or on District time.¶  
7. . Using, possessing, buying, selling, concealing, or being under the influence of drugs or alcohol on District premises or Company time.¶  
8. . Use or possession of firearms, weapons, or explosives on District property.¶  
9. . Destroying, defacing, abusing, or wasting District property or the property of a fellow employee.¶  
10. . Creating or contributing to unhealthy or unsanitary conditions.¶  
11. . Violation of safety rules or common safety practices.¶  
12. . Disorderly conduct, horseplay, or rowdiness, on District premises, or profanity or discourtesy toward supervisors, co-employees, or customer.¶  
13. . Fighting or agitating a fight, or attempting or threatening bodily injury, regardless of provocation.¶  
14. . Insubordination, refusal to follow instructions, or disregard of proper authority.¶  
15. . Unauthorized disclosure of confidential or proprietary information.¶  
16. . Interfering with the work of other employees, or preventing others from performing their duties.¶  
17. . Leaving District premises during working hours without permissions of the supervisor.¶  
18. . Theft or dishonesty.¶  
19. . Bringing in or working on unauthorized work on District premises.¶  
20. . Smoking on District premises other than designated areas.¶  
21. . Soliciting for any purpose during working time in any work area.¶  
22. . Distributing any literature during working time in any work area.¶  
23. . Inviting non-employees to enter the District's facilities without permission at any time.¶  
<#>Failure to cooperate with the District during any disciplinary investigation.¶  
<#>Poor performance ¶

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**AT-WILL AGREEMENT**  
**And Acknowledgment of Personnel Manual Receipt and Compliance**

I agree that I am employed by the Municipal Water District on an at-will basis, and that my employment can be terminated at any time with or without cause or advance notice either by me or the District. I maintain no right to any due process hearing or so-called Skelly process prior to separation from employment or discipline.

I also acknowledge that I have received a copy of the Personnel Manual and have read, understood, and agree to comply with all of its provisions. I acknowledge that the District retains the right and sole discretion to modify, delete, or add to any of the policies set forth in the Personnel Manual, though I will be apprised of any such changes. I acknowledge that this agreement for employment at-will can be amended or modified only in a written contract signed by me and an authorized representative of the Board of Directors. I understand that no other party or entity has the authority to modify, delete, or add to the policies in the Personnel Manual or to change the at-will nature of my employment, and that in the event of a conflict between the terms of the Personnel Manual and anything told to me by a supervisor or co-employee, the terms of the Personnel Manual shall control.

Employee's Signature \_\_\_\_\_

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

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

NOTE: This original signed document is to be filed in the employee's personnel file.

**Deleted:** This agreement supersedes all prior agreements, promises, or understandings concerning termination of my employment, and can only be changed by a formal written contract signed by the General Manager.

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**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

**CATEGORY I** (NON-EXEMPT; Overtime paid at time and one-half)

[Records Coordinator](#)  
[Senior Accountant](#)  
[Senior Administrative Assistant](#)  
[Senior Administrative Assistant/Public Affairs Assistant](#)  
[Senior Executive Assistant to the General Manager](#)  
[Senior Executive Assistant to the Board](#)  
[Water Resources Analyst](#)  
[WEROC Program Coordinator](#)  
[WUE Analyst](#)

[WUE Program Coordinator](#)  
[WUE Program Specialist](#)  
[Public Affairs Coordinator](#)

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**CATEGORY II** (EXEMPT; Not eligible for overtime)

[Accounting Supervisor](#)  
[Accounting Manager](#)  
[Administrative Services Manager](#)  
[Assistant General Manager](#)  
[Director of Finance/IS](#)  
[Director of Public Affairs](#)  
[General Manager](#)  
[Governmental Affairs Manager](#)  
[Principal Engineer](#)  
[Principal Water Resources Analyst](#)  
[Principal Water Resources Planner](#)  
[Public Affairs Supervisor](#)  
[Public Affairs Manager](#)  
[Senior Engineer](#)  
[WEROC Programs Manager](#)  
[WUE Program Manager](#)  
[WUE Program Supervisor](#)

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Principal Water Resources Analyst¶  
Senior Engineer¶  
Director of Public Affairs¶  
Principal Water Resources Planner¶  
WUE Program Manager¶  
Principal Engineer¶  
Director of Finance/IS¶  
Assistant General Manager

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**APPENDIX "B" – PAY STRUCTURE**  
**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

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**APPENDIX "C" – Organizational Chart**  
ADD NEW

12/5/2014

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**ACTION ITEM**  
December 17, 2014

**TO:** Board of Directors

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

Robert Hunter, General Manager

Staff Contact: Cathy Harris, Administrative Services Manager  
Katie Davanaugh, Exec Assist. / HR Specialist

**SUBJECT: Renewal of Long-Term Disability, Life Insurance and Employee Assistance Program Plans**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors authorize the following:

- 1) Change the District's Life Insurance Program to National Joint Power Alliance (NJPA) which is a pooled product for through Sun Life, as proposed by Alliant (broker).
- 2) Change the District's Employee Assistance Program to NJPA (from ACWA's MHN plan), effective 3/1/15.
- 3) Change the Long-term Disability program carrier to Lincoln National, as proposed by WSP (broker).
- 4) Authorize the General Manager to execute the required membership agreement with National Joint Power Alliance (NJPA) with an effective date of January 1, 2015 for the life insurance, and an effective date for the Employee Assistance Program to March 1, 2015; and
- 5) Send notice to ACWA/JPIA of the District's intent to terminate its participation in the Employee Assistance Program (EAP), effective February 28, 2015.

**COMMITTEE RECOMMENDATION**

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Committee recommends (To be determined at Committee Meeting)

Budgeted (Y/N): Y	Budgeted amount: \$29,857	X Core / Choice
Action item amount:	Line item: Overhead	
Fiscal Impact (explain if unbudgeted):		

## STAFF REPORT

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The District currently carries long-term disability insurance through Assurant Employee Benefits, and life insurance through Mutual of Omaha and both programs have been secured through the current broker, WSP Insurance. Due to an 18.56% renewal increase for the life and long-term disability plans for 2015, staff requested that the current broker (WSP Insurance) seek quotes from additional carriers. Staff also contacted Alliant and requested quotes.

Plans were compared on a variety of factors such as maximum and minimum benefit, policy limitations, waiting period, benefit period, social security benefit integration, rates, annual premium cost to the District, rate guarantee and other factors.

### Long-Term Disability

Long-term disability insurance provides partial income replacement should an employee become disabled due to a non-work-related illness or injury. The current policy offers a maximum benefit of \$7,500/month and is paid on a percentage of an employee's salary up to the maximum benefit.

The long-term disability insurance premium is currently paid for by the District.

### Life / ADD Insurance

The District currently provides a Life/ADD (Accidental Death & Dismemberment) benefit of two times annual salary to a maximum of \$250,000.

The life insurance premiums are currently paid for by the District. Supplemental life insurance is paid by the employee.

### EAP

The existing Employee Assistance Plan is through ACWA/JPIA and the carrier is Managed Health Network who offers a variety of services such as support for grief, loss, traumatic event counseling, child care and eldercare assistance as well as referrals for legal and financial concerns. NJPA offers a similar program at less than half the cost. ACWA has a cancellation clause of 1<sup>st</sup> of the month following 60 days notice and therefore the earliest cancellation would be March 1, 2015.

Attached is a table outlining the plans and costs.

### Plan and Cost Comparison

	Existing	Renewal	Option Proposed	Option Proposed
<b>Long Term Disability</b>	Assurant (WSP)	Assurant (WSP)	Lincoln (WSP)	Sun Life (NJPA-Alliant)
monthly benefit %	60%	60%	60%	60%
min monthly benefit	\$100	\$100	\$100	\$100
max monthly benefit	\$7,500	\$7,500	\$7,500	\$7,500
Rate Guarantee	n/a	12 mos.	36 mos.	36 mos.
Rate per \$100 of monthly covered payroll	<b>\$0.53</b>	<b>\$0.63</b>	<b>\$0.33</b>	<b>\$0.40</b>
Monthly premium	\$1,152	\$1,369	\$717	\$869
<b>Annual</b>	<b>\$13,821</b>	<b>\$16,429</b>	<b>\$8,605</b>	<b>\$10,431</b>
<b>Life Insurance</b>	MOO (WSP)	Assurant (WSP)	Lincoln (WSP)	Sun Life (NJPA-Alliant)
Policy Amount: 2x Annual Salary to \$250K	yes	yes	yes	yes
Combined Life/LTD Rate per \$1,000	<b>0.230</b>	<b>0.272</b>	<b>0.205</b>	<b>0.150</b>
Supplemental Life (min participants)	<b>n/a</b>	<b>n/a</b>	<b>10</b>	<b>8</b>
Rate Guarantee	n/a	12 mos.	36 mos.	36 mos.
Monthly premium	\$1,104	\$1,306	\$984	\$720
<b>Annual</b>	<b>\$13,248</b>	<b>\$15,667</b>	<b>\$11,808</b>	<b>\$8,640</b>
<b>Total Annual Cost for LTD &amp; Life</b>	<b>\$27,069</b>	<b>\$32,096</b>	<b>\$20,413</b>	<b>\$19,071</b>
<b>EAP</b>	ACWA/JPIA			NJPA (Alliant)
Existing per month/per employee	2.53			1.05
Monthly Premium (FTE = 28)	70.84			29.4
<b>Annual Cost</b>	<b>\$850</b>			<b>\$353</b>

### Staff Recommendation

Based on benefit and cost comparison, staff recommends moving the life insurance and EAP to National Joint Power Alliance (NJPA) which is a pooled product for life insurance through Sun Life. The proposal was provided by Alliant.

The long term disability insurance will be covered with the existing broker, WSP, through Lincoln National.

**MEMBERSHIP AGREEMENT  
PARTICIPATING MEMBER**



This Agreement, made and entered into this 17th day of December 2014 ,  
by and between National Joint Powers Alliance®, hereinafter referred to as "NJPA" and  
Municipal Water District of Orange County hereinafter referred to as the "Applicant".

**Witnesseth:**

That for a good and valuable consideration of the premises, mutual terms, covenants, provisions, and conditions hereafter set forth, it is agreed by and between the parties as follows:

*Whereas, the NJPA is created by Minnesota Statute §123A.21 (with membership further defined in M.S. §471.59) to serve cities, counties, towns, public or private schools, political subdivisions of Minnesota or another state, another state, any agency of the State of Minnesota or the United States including instrumentalities of a governmental unit and all non-profits; and*

*Whereas, NJPA's purpose as defined in M.S. §123A.21 is to assist in meeting specific needs of clients which could be better provided by NJPA than by the members themselves; and*

*Whereas, the NJPA Board of Directors has established the ability for an "Applicant" desiring to participate in NJPA contracts and procurement programs to become a Participating Member; and*

*Whereas, the NJPA Board of Directors has determined that Participating Members will have no financial or organizational liability to NJPA or to its organizational activities;*

**Now Therefore,** it is hereby stipulated and agreed that the "Applicant" Agency desires to be a Participating Member of NJPA with contract purchasing benefits, in accordance with terms and conditions of the applicable contract(s), and that NJPA hereby grants said Membership to said "Applicant."

**Term:**

This continuing agreement shall remain in force or until either party elects to dissolve the Agreement by written notice.

**THEREFORE, IN WITNESS THEREOF,**

the parties hereto have executed this Agreement the day and year written above.

**Member Name:**

**National Joint Powers Alliance®  
200 1st Street NE, Suite 1  
Staples, MN 56479**

By

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
AUTHORIZED SIGNATURE

Its

General Manager

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DATE

## MEMBERSHIP AGREEMENT PARTICIPATING MEMBER



### PATICIPATING MEMBER INFORMATION

Applicant Name: Municipal Water District of Orange County  
Address: 18700 Ward Street, Fountain Valley, CA 92708  
POBox 20895, Fountain Valley, CA 92728-0895  
Federal ID Number: 952650400  
Contact Person: Katie Davanaugh  
Title: Exec Assist/HR Specialist  
E-mail: kdavanaugh@mwdoc.com  
Phone: 714.593.5005  
Website: mwdoc.com

Please indicate an address to which your Membership materials may be delivered.

Thank you.

### APPLICANT ORGANIZATION TYPE:

- ☐ K-12  
☐ Government or Municipality  
☐ Higher Education  
☐ Non-Profit  
☒ Other (please specify): Special District

I WAS REFERRED BY: (please specify)

- ☐ Advertisement \_\_\_\_\_  
☐ Current NJPA Member \_\_\_\_\_  
☐ Vendor Representative \_\_\_\_\_  
☐ Trade Show \_\_\_\_\_  
☐ NJPA Website \_\_\_\_\_  
☒ Other Alliant

### Completed applications may be returned to:

National Joint Powers Alliance ®  
200 First Street NE, Suite 1  
Staples, MN 56479

### Duff Erholtz

phone 218-894-5490  
fax 218-894-3045  
e-mail [duff.erholtz@njpaoop.org](mailto:duff.erholtz@njpaoop.org)



**ACTION ITEM**  
December 17, 2014

**TO:** Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Cathy Harris, Administrative Services Manager

**SUBJECT: AMENDMENT TO THE MWDOC MONEY PURCHASE PENSION PLAN**

**STAFF RECOMMENDATION**

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The Board of Directors adopt a Resolution amending the District Money Purchase Pension Plan; as presented.

**COMMITTEE RECOMMENDATION**

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Committee recommends (To be determined at Committee Meeting)

**DETAILED REPORT**

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The General Manager currently participates in CalPERS as a new member under the Public Employees Pension Reform Act (PEPRA). Currently, the District and the employee (General Manager) each contribute 6.25% of the General Manager's salary to CalPERS. Pursuant to PEPRA, once the employee reaches the pensionable compensation limit currently \$138,077, the employer and employee contributions stop, until the start of the new calendar.

In accordance with the Employment Agreement between the General Manager and MWDOC, once the pensionable compensation limit is reached; the District will contribute (as the Employer Contribution) up to 6.25% to a qualified pension plan established pursuant to Section 401(a) of the IRS Code for the employee's benefit.

In order to enroll the General Manager into the District's 401(a) Pension Plan (currently Voya, formerly known as ING) the District must amend its Plan. The amendments to the plan would include the following:

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

- Add the General Manager as a participant to the Plan;
- Allow the District to contribute 6.25% of the General Manager's salary to the 401(a) Plan as (Employer Contribution)
- Allow the General Manager to make contributions (Employee Contribution) based on the same percentage (6.25%) of his excess compensation.

Please be advised that at the beginning of each new calendar year, CalPERS contributions would resume and 401(a) Employer and Employee contributions would stop until the pensionable compensation limit is reached.

Staff is recommending the Board Adopt a Resolution Amending the District's Money Purchase Pension Plan, as presented. The Pension Plan Amendments and the Resolution have been reviewed by legal counsel and are recommended for Board approval.

Attached for review is the following:

Attachment 1 – Pension Plan Document

Attachment 2 – Resolution

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MONEY PURCHASE PENSION PLAN**

**AMENDMENT NO. 2**

RECITALS

A. Municipal Water District of Orange County ("Employer"), maintains the MUNICIPAL WATER DISTRICT OF ORANGE COUNTY MONEY PURCHASE PENSION PLAN (the "Plan") for the benefit of certain Employees and their Beneficiaries.

B. The Employer desires to amend the Plan only for the purpose of providing for employer and employee contributions to be made for Employer's General Manager in accordance with his employment agreement. Benefits for all other participants are to be determined in accordance with a restatement of the Plan to be adopted at a future date.

C. Section 10.01 of the Plan provides that the Employer reserves the right to amend the Plan at any time.

AMENDMENT

NOW, THEREFORE, effective January 1, 2014, Employer hereby amends the Plan for the purpose of providing pension benefits for the General Manager, as follows:

1. Section 2.15(g) is amended to read as follows:

"Those on payroll who are actively participating in the California Public Employee Retirement System except the General Manager of Employer."

2. Section 3.01 is amended to add the following:

"The effective date of participation for the General Manager is January 1, 2014."

3. Section 4 is amended to add the following Sections:

4.05 Nonelective Employer Contribution (General Manager). The Employer shall annually pay into the Trust, on behalf of the General Manager of the Employer in accordance with the terms of a separate employment agreement between the General Manager and Employer, a Nonelective Employer Contribution in an amount equal to the Employer's employer percentage contribution rate to the California Public Employees' Retirement System up to 6.25%, of the General Manager's "excess compensation" for each Plan Year. For purposes of this Section 4.05, "excess compensation" shall mean that portion of the General Manager's base salary which exceeds the pensionable compensation limits established by California Government Code Section 7522.10(c) and subject to any regulations or opinions issued by the CalPERS Board and/or California Attorney General's Office.



4.06 Employee Pick-Up Contributions. Any Participant belonging to the Employee classification of General Manager may irrevocably elect to contribute to the Plan for each Plan Year the same percentage of his or her excess compensation as is provided under Section 4.05. Such Contribution shall be treated as an Employer Contribution for purposes of Code Section 414(h)(2).

4.07 Allocation to Accounts. Contributions under Sections 4.05 and 4.06 shall be allocated to the Nonelective Employer Contribution and Employee Pick-up Contribution Accounts of General Manager.

4. Section 7 is amended to add the following:

7.08 Vesting of General Manager Accounts. The Nonelective Employer Contribution and Employee Pick-up Contribution Accounts of the General Manager shall be fully vested at all times.

IN WITNESS WHEREOF, the Employer has caused this amendment to be executed on \_\_\_\_\_, 2014.

**EMPLOYER:**

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

APPROVED AS TO FORM AND CONTENT:  
BEST BEST & KRIEGER LLP

By: \_\_\_\_\_  
Attorneys for Employer

**RESOLUTION NO. \_\_\_\_\_**  
**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY RE:**

**AMENDMENT OF DISTRICT MONEY PURCHASE PENSION PLAN AND  
IMPLEMENTATION OF PROVISIONS OF INTERNAL REVENUE CODE  
SECTION 414(h)(2) TO TAX DEFER EMPLOYEE RETIREMENT  
CONTRIBUTIONS**

**WHEREAS**, the Municipal Water District of Orange County (the "District") maintains a qualified retirement plan known as the Municipal Water District of Orange County Money Purchase Pension Plan (the "Money Purchase Plan") which provides retirement benefits for the District's employees and members of the Board of Directors; and

**WHEREAS**, the District desires to amend the Money Purchase Plan to permit for the funding of both employer and employee "excess compensation" contributions on behalf of the General Manager in accordance with the terms of the employment agreement between the General Manager and the District; and

**WHEREAS**, under Section 414(h)(2) of the Code, employee contributions to a public employer pension plan may be picked up on a pre-tax basis by the public employer and excluded from an employee's gross income if the employer specifies that the contributions, although designated as employee contributions to the plan, are being paid by the employer by salary reduction pursuant to the employee's irrevocable election in lieu of contributions by the employee, and the employee cannot choose to receive the amounts directly instead of having them paid by the employer; and

**WHEREAS**, the Board of Directors has determined that, even though the implementation of Section 414(h)(2) is not required by law, the tax benefits of Section 414(h)(2) in reducing taxable employee gross income should be provided to those employees contributing to the Money Purchase Plan; and

**WHEREAS**, Internal Revenue Service Revenue Ruling 2006-43 requires that the District take contemporaneous action evidencing an intent to establish a proper pick-up under Section 414(h)(2) of the Code.

**NOW, THEREFORE**, be it resolved, determined and ordered by the Board of Directors of the MUNICIPAL WATER DISTRICT OF ORANGE COUNTY as follows:

**SECTION 1. Adoption of Plan Amendment.** The Board of Directors hereby approves the adoption of an Amendment No. 2 to the Money Purchase Pension Plan, effective January 1, 2014, in the form presented and reviewed in this meeting, and directs the General Manager to sign the Amendment on behalf of the District.

**SECTION 2. Employer Pick Up of Employee Contributions.**

(a) Pursuant to Section 414(h)(2) of the Code, the Board of Directors hereby elects to implement an employer pick-up of employee retirement contributions to the Money Purchase Plan;

(b) Picked up contributions, although designated as voluntary employee contributions to the Money Purchase Plan, will be picked up on a pre-tax basis by the District through salary reduction in lieu of employee contributions so that such contributions are treated as employer contributions.

(c) Amounts picked up by the District shall be paid from the same sources of funds as used in paying salary.

(d) Amounts picked up by the District shall be treated for all purposes, other than taxation on gross income, in the same manner and to the same extent as employee contributions made prior to the effective date of this Resolution.

**SECTION 3.** The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

**APPROVED, SIGNED, AND ADOPTED** on this \_\_\_\_\_ day of \_\_\_\_\_, 2014, BY THE FOLLOWING VOTE:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Maribeth Goldsby, District Secretary  
Municipal Water District of Orange County



**INFORMATION ITEM**

December 10, 2014

**TO:** Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Cathy Harris, Administrative Services Manager  
Katie Davanaugh, Executive Assistant/HR Specialist

**SUBJECT: 2015 FLEXIBLE BENEFITS SPENDING PLAN UPDATE**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors receive and file information.

**COMMITTEE RECOMMENDATION**

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**SUMMARY**

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A Flexible Spending Account (FSA) allows employees to set aside a portion of earnings to pay for qualified expenses, most commonly for medical, dental, vision and prescription expenses as well as dependent care expenses. Money deducted from an employee's pay into the FSA is not subject to payroll taxes, resulting in payroll tax savings.

Finance and HR staff met with Wageworks' client manager, via teleconference, to discuss implementation of the debit card option. The debit card will allow employees to process and pay for eligible expenses directly with a debit card, thereby reducing up-front payment by the participant for most qualified, out-of-pocket expenses, such as co-pays, deductibles or co-insurance amounts due for medical, dental, vision and prescriptions. Protection against unauthorized or ineligible expenses is handled through Wageworks whereby they place a hold on future claims until the claim is either repaid or forfeited by the participant (not the District) at the end of the plan year. No additional fees will be incurred by the District for this service.

<b>Budgeted (Y/N): N/A</b>	Budgeted amount: NA
<b>Action item amount: \$0</b>	Line item:
<b>Fiscal Impact (explain if unbudgeted):</b>	

Additionally, please note the following for the 2015 plan year:

- An increase to the health care maximum allowance to \$2,550.
- The debit card is for health care expenses only (not dependent care).
- Processing claims via paper form will still be available as an option.
- Wageworks may request documentation from participants to validate claims that are not able to be verified electronically. Any claims that are questionable will be denied by the debit card until supporting documentation for the claim can be validated.
- The District will be required to maintain 4% deposit of the annual election in the flexible spending account to allow for debit claims processing.
- As a reminder, any funds left from the 2014 plan (up to \$500) will be carried over to 2015 but will be utilized after the regular 2015 elections have been expended.
- The grace period no longer applies as a plan may not have both the grace period and rollover.



**INFORMATION ITEM**

December 10, 2014

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

**FROM:**       Robert Hunter, General Manager

Staff Contact: Harvey De La Torre

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

**STAFF RECOMMENDATION**

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

**COMMITTEE RECOMMENDATION**

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Committee recommends (To be determined at Committee Meeting)

**REPORT**

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

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

Fig. 2    OC Water Usage, Monthly, Comparison to Previous Years   Water usage in October 2014 was high compared to the previous four Octobers.

Fig. 3    Historical OC Water Consumption   OC water consumption of about 622,000 AF in FY 2013-14 was up about 3-½ % from FY 2012-13, but was still below the long-term average of about 630,000 AF/yr. Although OC population has increased 20% over the past two decades, water usage has not increased, on average. A long-term decrease in per-capita water usage is attributed mostly to Water Use Efficiency (water conservation) efforts.

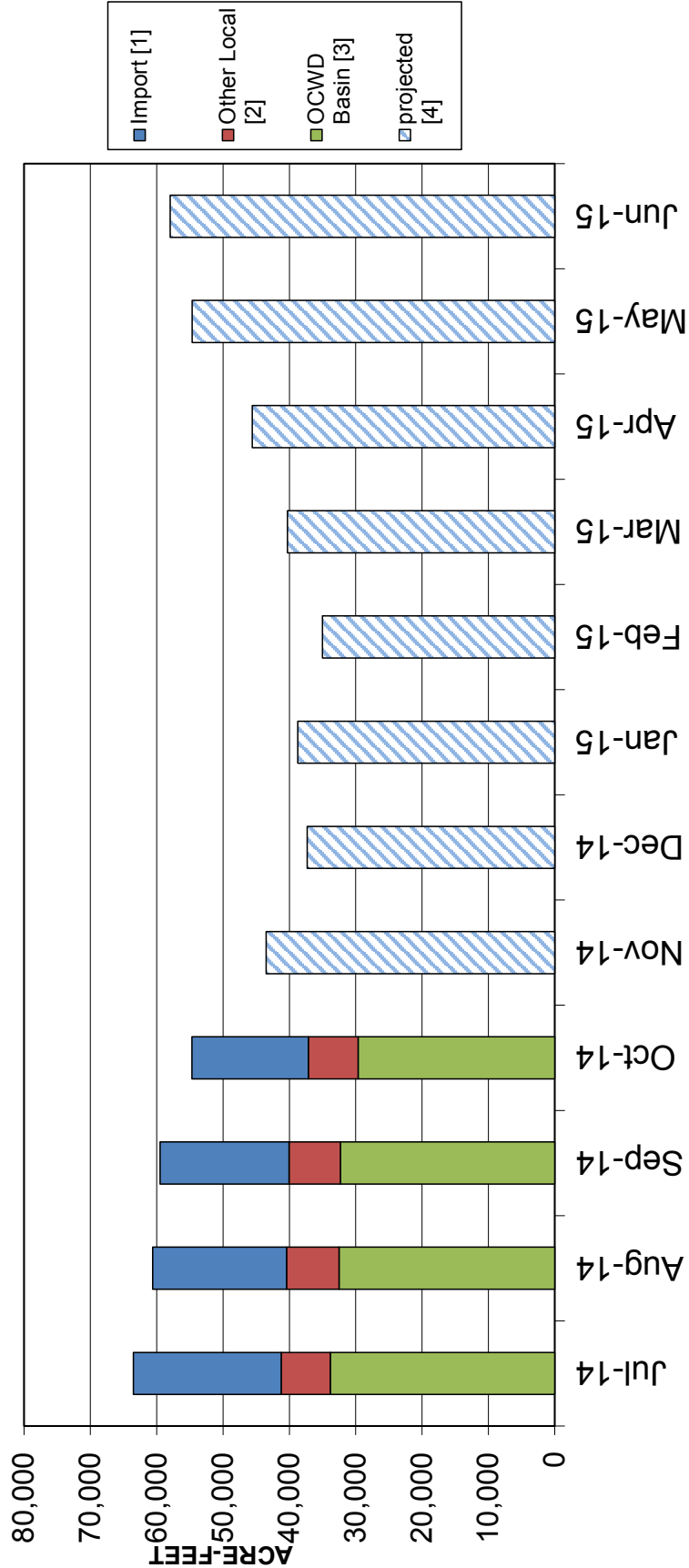
Fig. 4    MWDOC "Firm" Water Purchases, 2014   "Firm" water above the Tier 1 limit will be charged at the higher Tier 2 rate. Our current projection of Tier 2 purchases is zero in 2014.

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

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

- Orange County's accumulated rainfall through November was below average average for this period. This continues the impact of the previous two hydrologic years' below-normal rainfall in reducing those local supplies that are derived from local runoff.
- Northern California accumulated precipitation in November was around 75% of normal for this period. The Northern California snowpack was 23% of normal as of April 1<sup>st</sup>, the date used for year-to-year comparison. This follows two below-average hydrologic years. The Governor has declared a Drought Emergency, and the State Water Project Contractors Table A Allocation is only 5% as of the end of July. This percentage will most likely remain similar in 2015.
- Colorado River Basin accumulated precipitation in October was a little 81% average for this period. The Upper Colorado Basin snowpack was 111% of average as of April 15<sup>th</sup>, the date used for year-to-year comparison. However, this follows two below-average hydrologic years, and this watershed is in a long-term drought. Lake Mead and Lake Powell combined have about 60% of their average storage volume for this time of year. If Lake Mead's level falls below a "trigger" limit, then a shortage will be declared by the US Bureau of Reclamation (USBR), impacting Colorado River water deliveries for the Lower Basin states. The USBR predicts that the "trigger" limit could be reached as early as 2015 and most likely in 2016.

**Fig. 1 OC Water Usage, Monthly by Supply  
with projection to end of fiscal year**



[1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water, "Barrier Replenishment" deliveries, and deliveries into Irvine Lake.

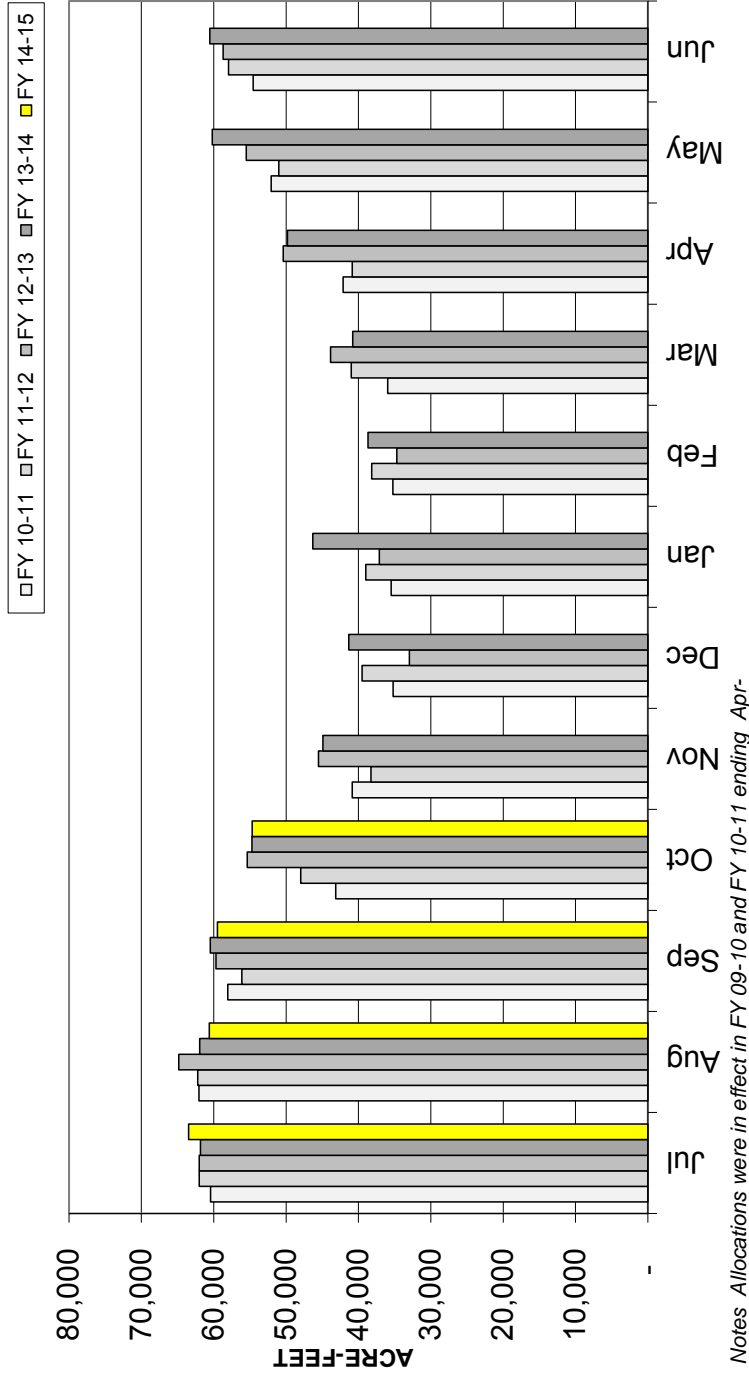
[2] Other local includes recycled water, local basin water, Irvine Lake water extraction, and Cal Domestic deliveries. Excludes recycled water used for Barrier recharge. Numbers are estimates until data collection is completed.

[3] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '14-15 is 72%.

[4] MWDOC's estimate of monthly demand is based on the projected FY 14-15 "Retail" water demand and historical monthly demand patterns.

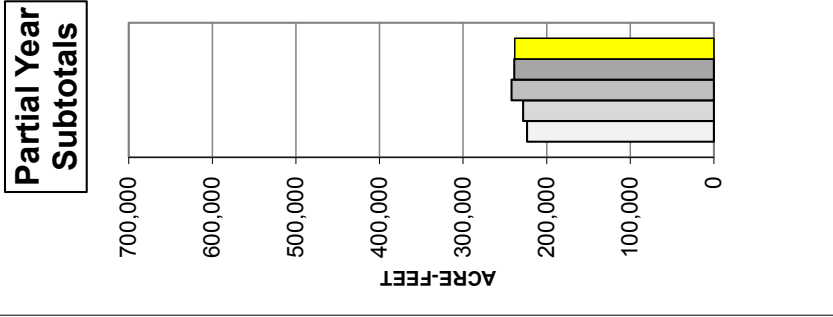


**Fig. 2A OC Monthly Water Usage [1]: Comparison to Last 4 Fiscal Years**

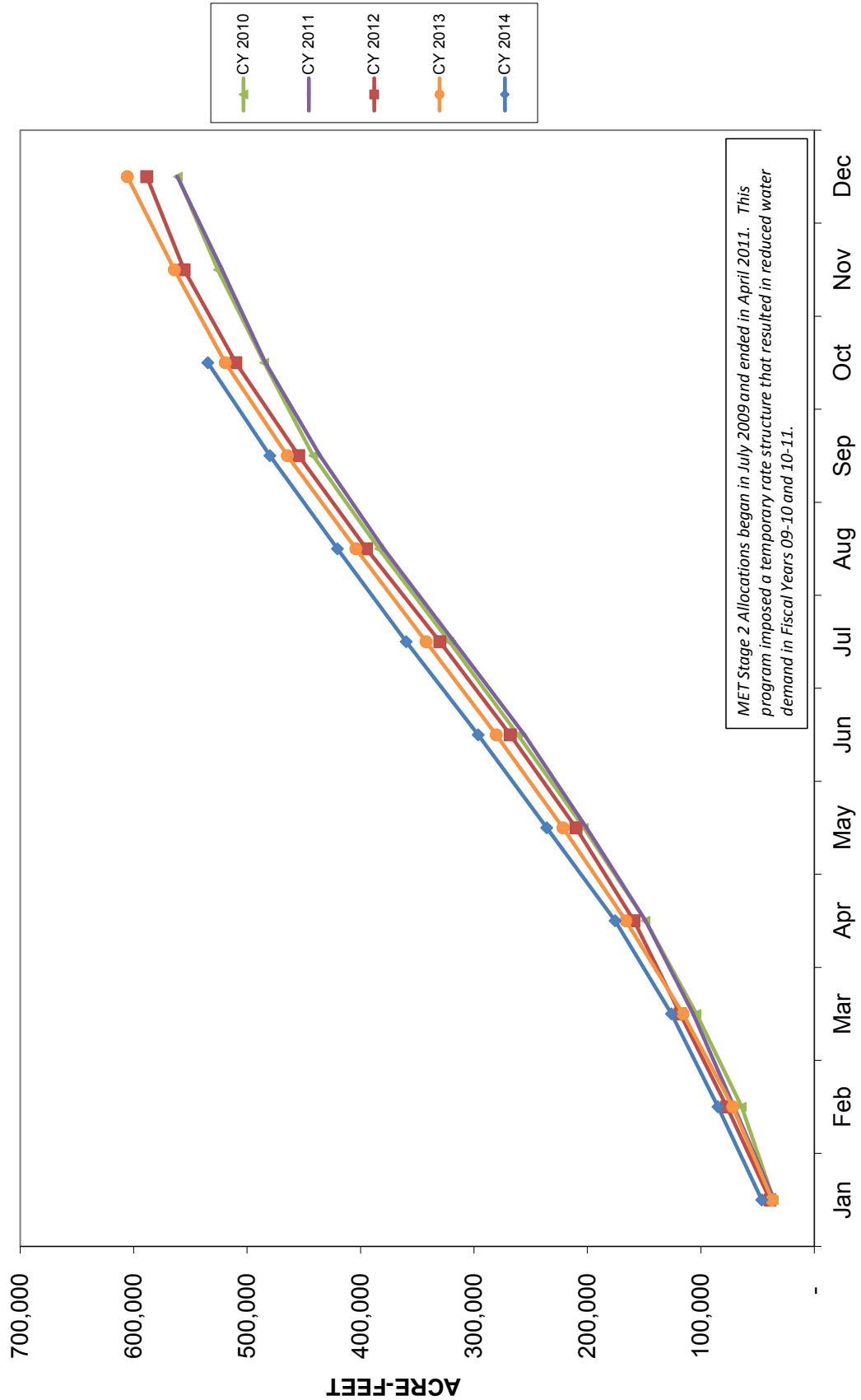


Notes: Allocations were in effect in FY 09-10 and FY 10-11 ending April 2011.

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

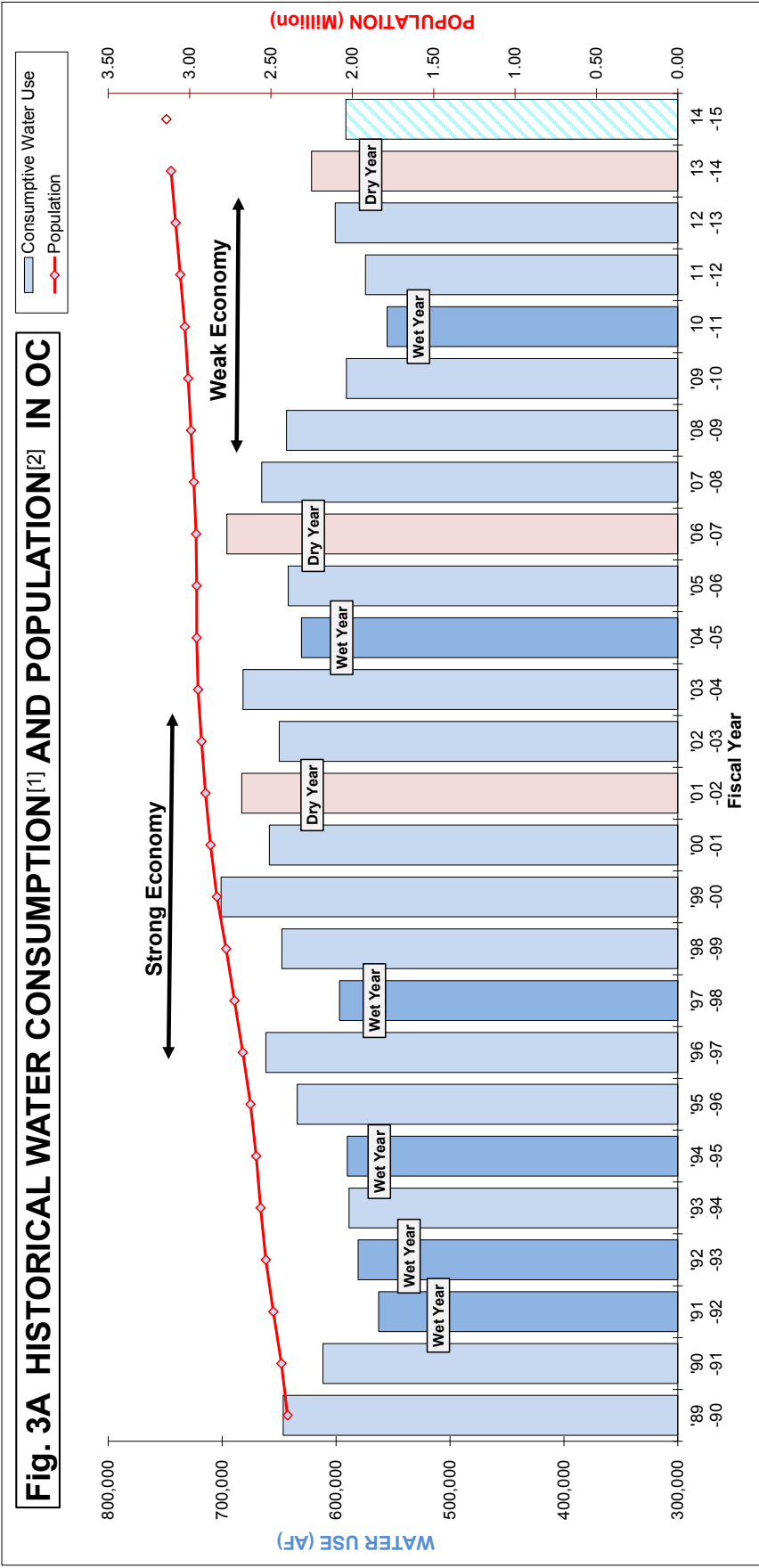


**Fig. 2B Orange County Cumulative Monthly Consumptive Water Usage [1]:  
present year compared to last 4 calendar years**

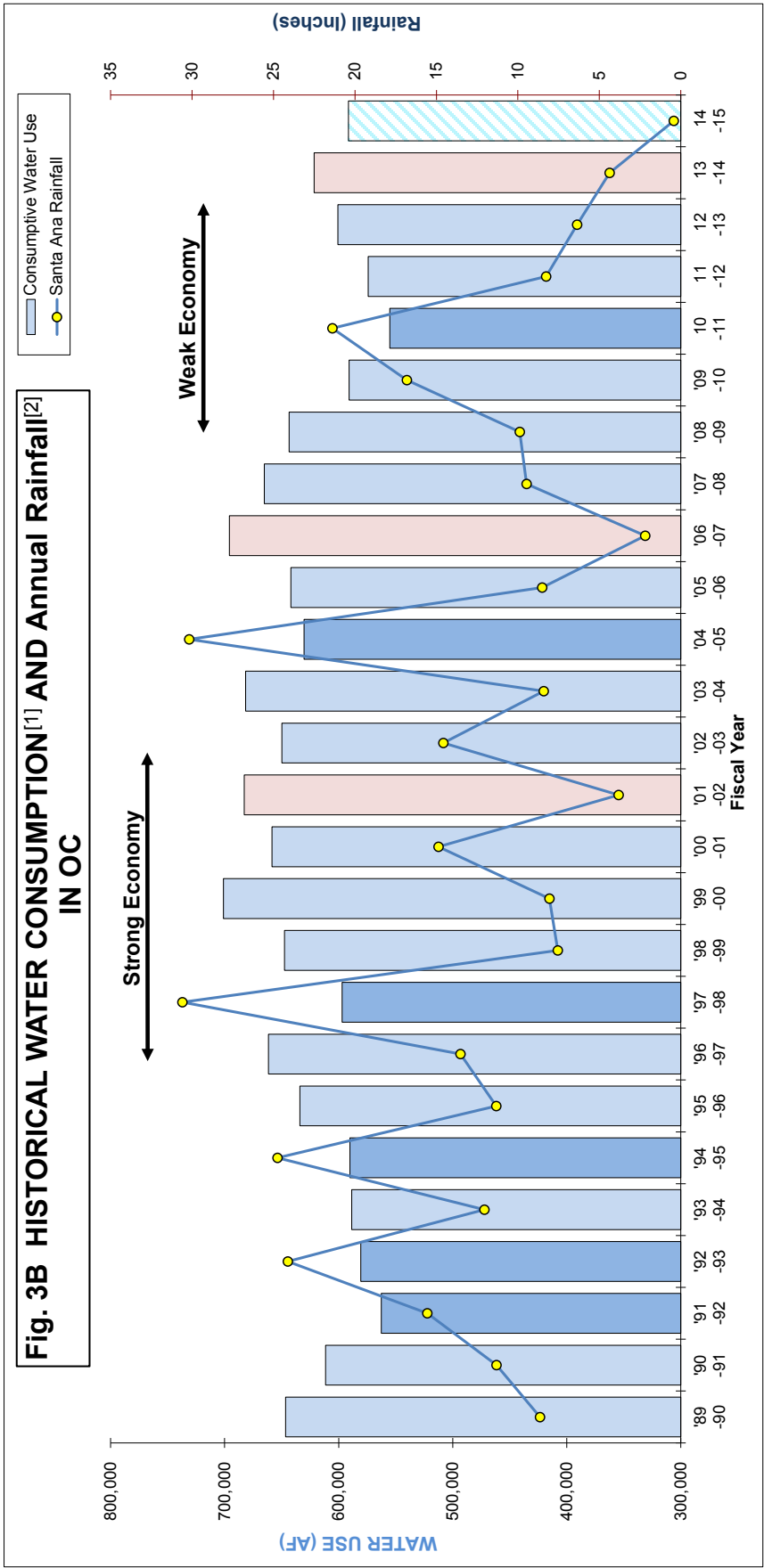


MET Stage 2 Allocations began in July 2009 and ended in April 2011. This program imposed a temporary rate structure that resulted in reduced water demand in Fiscal Years 09-10 and 10-11.

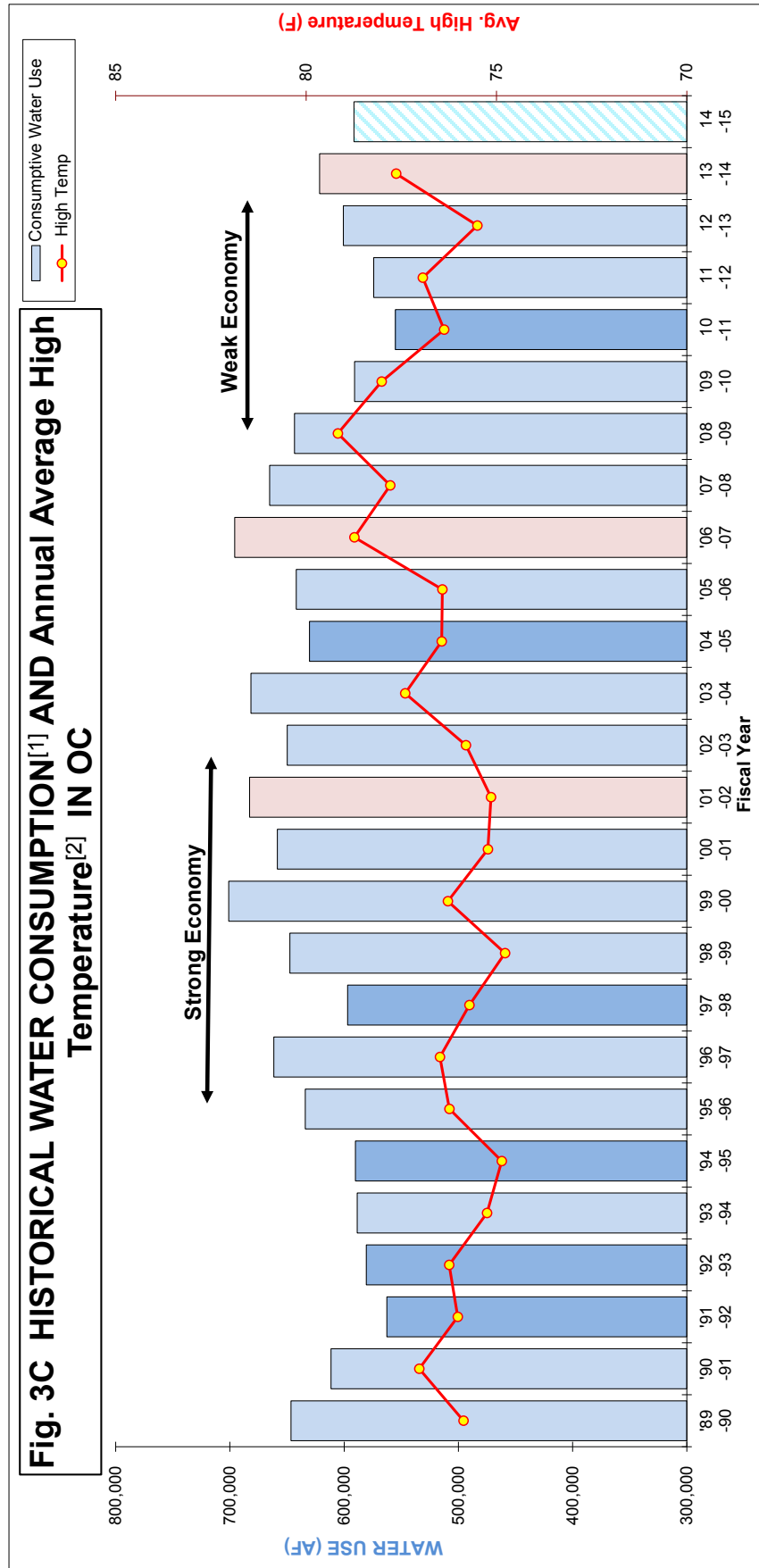
[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment" and "Barrier Replenishment") and Local water for consumptive use (includes recycled and non-potable water; excludes GWRs production and waste brine from water quality pumping projects).



[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier and Spreading water. The most recent data involve some estimation.  
 [2] Population estimates in the 2000s decade were revised by the State Dept. of Finance to reflect the 2010 Census counts.  
 [3] Projection of FY 14-15 water use estimated by MWDOC based on partial-year data.  
 Projection of FY 14-15 population estimated by MWDOC continues historical trend.

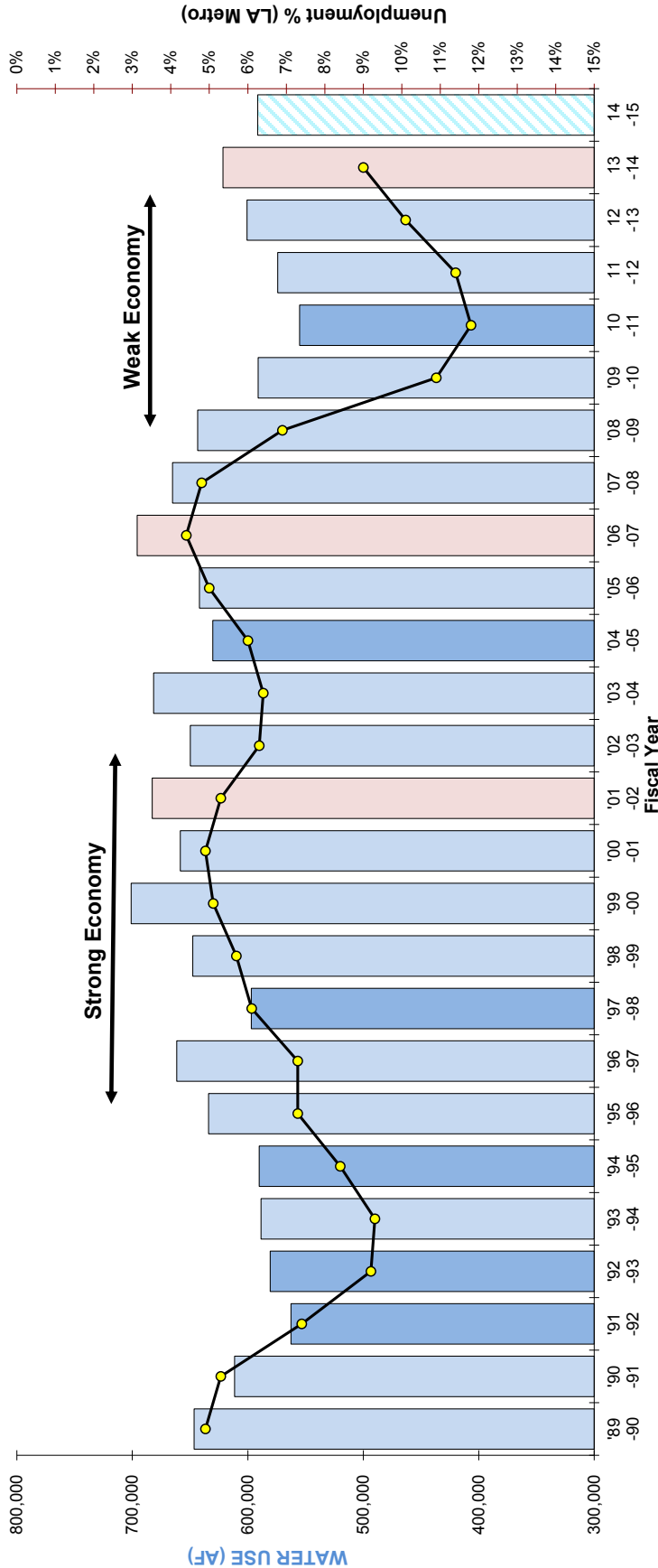


[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier and Spreading water. The most recent data involve some estimation.  
 [2] Rainfall data from Santa Ana Statin #121



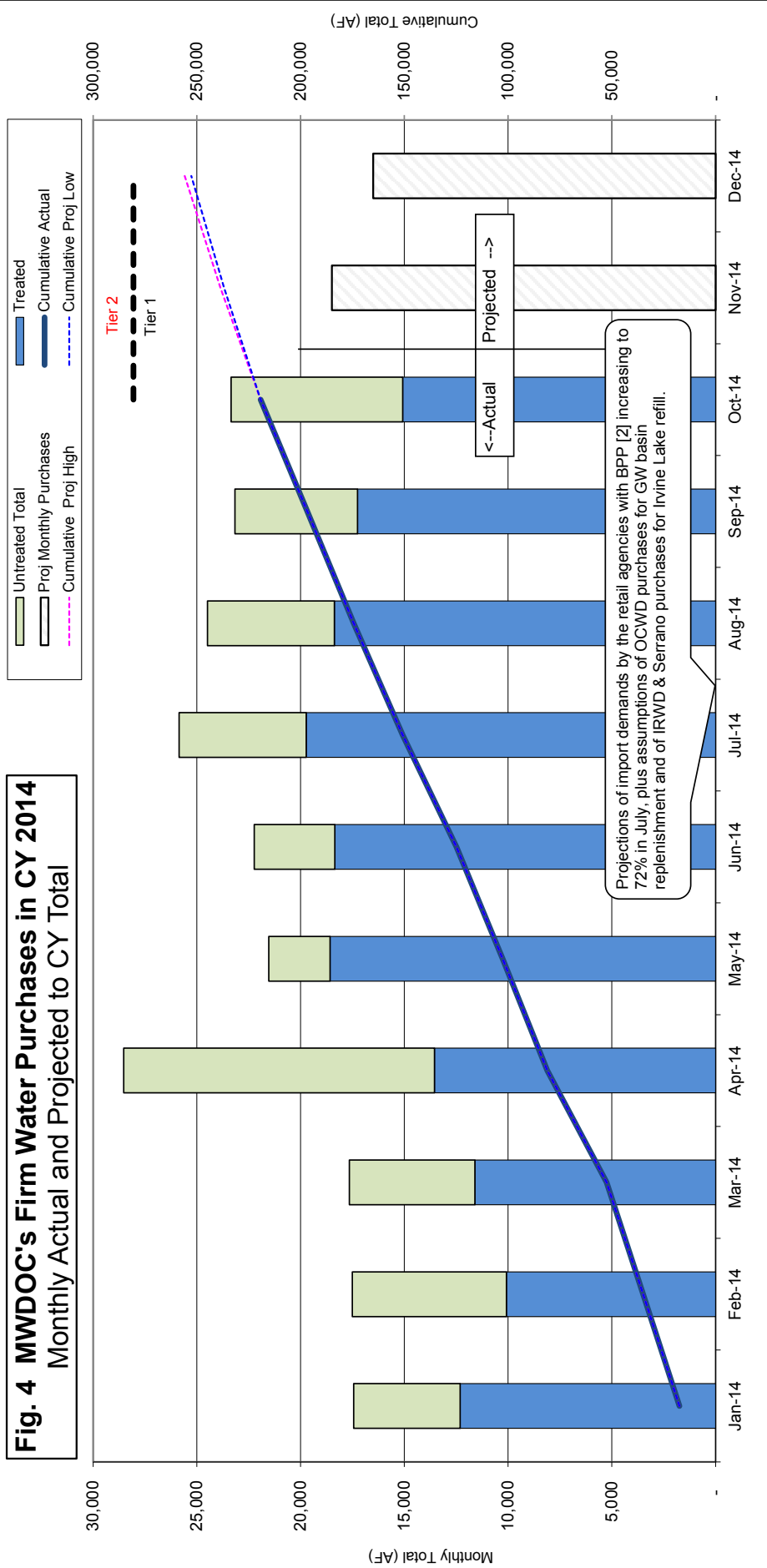
[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier and Spreading water. The most recent data involve some estimation.  
 [2] Temperature data is from Santa Ana Fire Station, elevation 135'

**Fig. 3D HISTORICAL WATER CONSUMPTION<sup>[1]</sup> AND Average Unemployment<sup>[2]</sup> IN OC**



[1] Consumption includes potable, recycled and non-potable usage; excludes Barrier and Spreading water. The most recent data involve some estimation.  
 [2] Employment Data source Bureau of Labor Statistics for Long Beach-L.A.-Santa Ana Metro Area  
<http://www.bls.gov/lau/>

**Fig. 4 MWDOC's Firm Water Purchases in CY 2014**  
Monthly Actual and Projected to CY Total



**Notes**

1. "Firm" includes Full Service (both Treated and Untreated) and Barrier water.

2. Basin Pumping Percentage (BPP) is the percentage of a retail water agency's total water demand that they are limited to pump from the OCWD-managed groundwater basin. BPP pertains to Basin agencies only. For example, if a Basin agency's total demand is 10,000 AF/yr and OCWD sets the BPP at 72%, then the agency is limited to 7,200 AF of groundwater that year. There may be certain exceptions and/or adjustments to that simple calculation. OCWD sets the BPP for the Basin agencies, usually as of July 1st. Import demands for Jan.-Jun. were with BPP of 70% for Basin agencies; for Jul.-Dec. they are projected with BPP of 72%.

prepared by the Municipal Water District of Orange County

*\*numbers are subject to change*

printdate 12/1/2014

# Accumulated Precipitation

DRAFT

for the Oct.-Sep. water year, through Mid November 2014

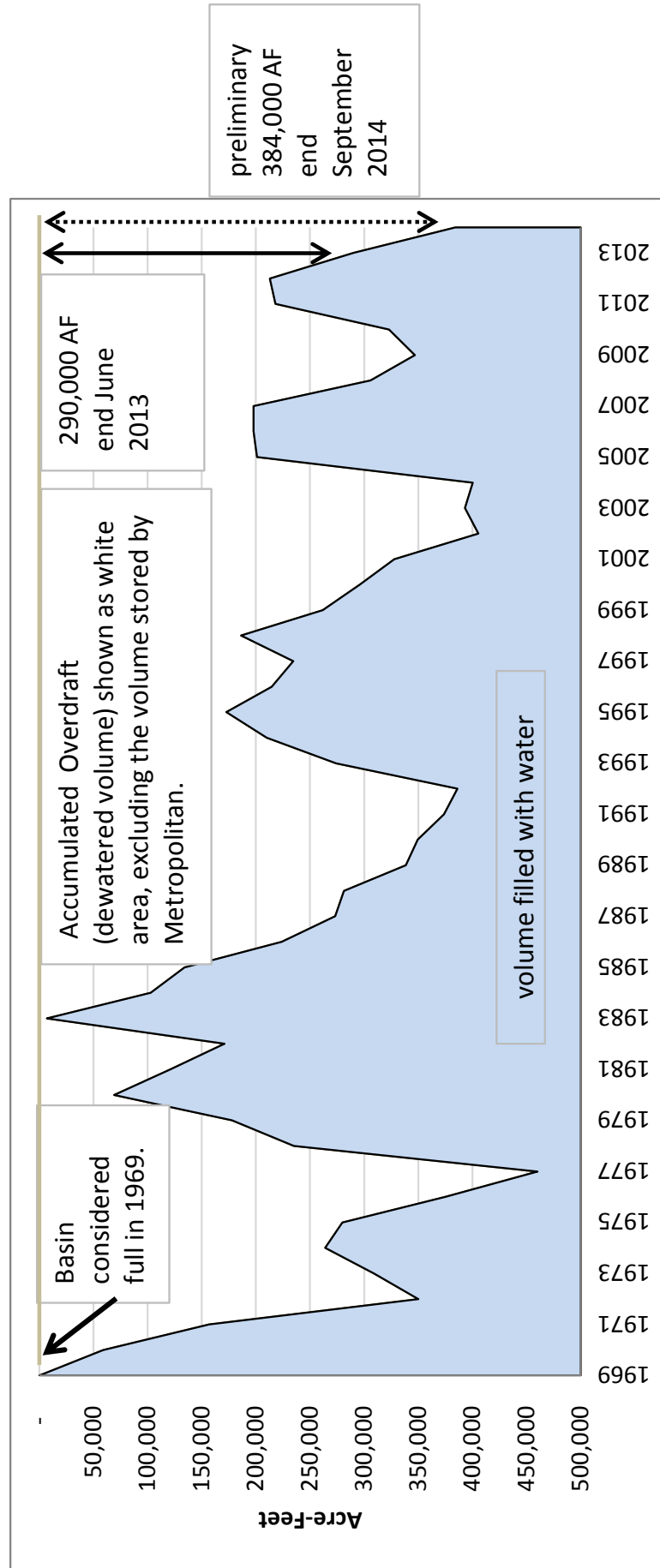


\* The date of maximum snowpack accumulation (April 1st in Northern Calif., April 15th in the Upper Colorado Basin) is used for year to year comparison.



# OCWD Basin Accumulated Overdraft

Annual, 1969 to present



values as of June 30th

source: OCWD

# California, Colorado R., and MET Reservoir Storage

as of end of Novmeber 2014

**Lake Oroville**  
0.91 Million AF  
26% of Capacity  
43% of Average

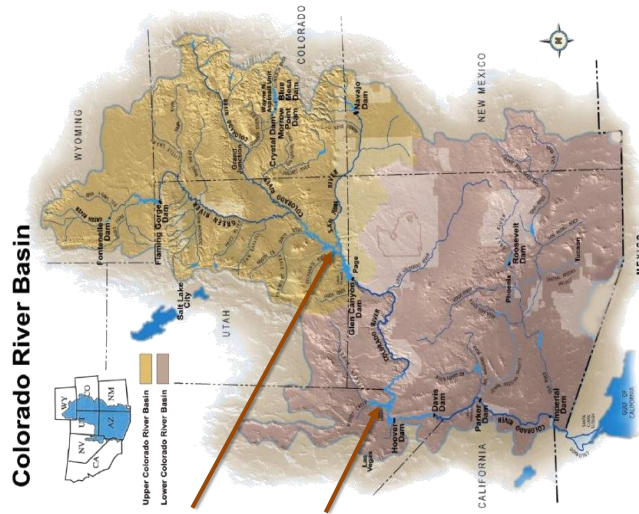
**Lake Shasta**  
1.048 Million AF  
23% of Capacity  
39% of Average

**Lake Powell**  
11.9 Million AF  
49% of Capacity  
68% of Average

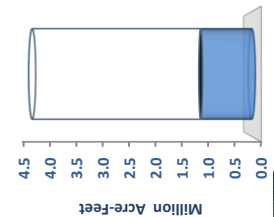
**Lake Mead**  
10.3 Million AF  
40% of Capacity  
53% of Average

**San Luis Res.**  
0.49 Million AF  
24% of Capacity  
40% of Average

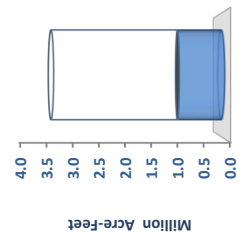
**Diamond Valley Lake**  
0.39 Million AF  
49% of Capacity



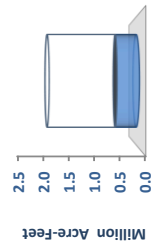
Lake Shasta



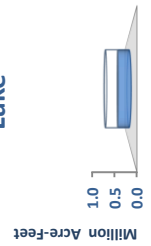
Lake Oroville



San Luis Resv.



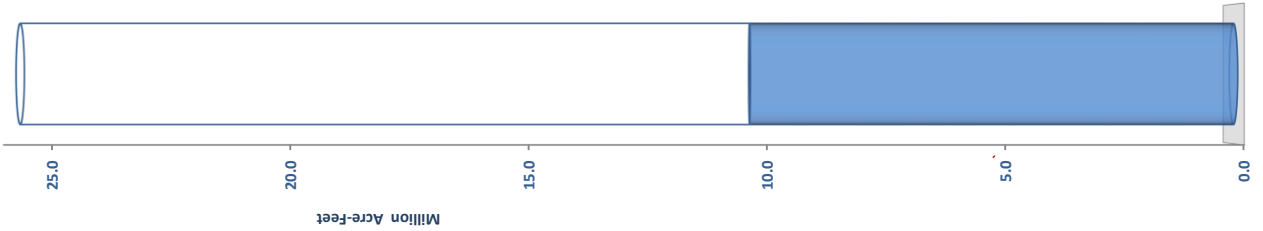
Diamond Valley Lake



Lake Powell

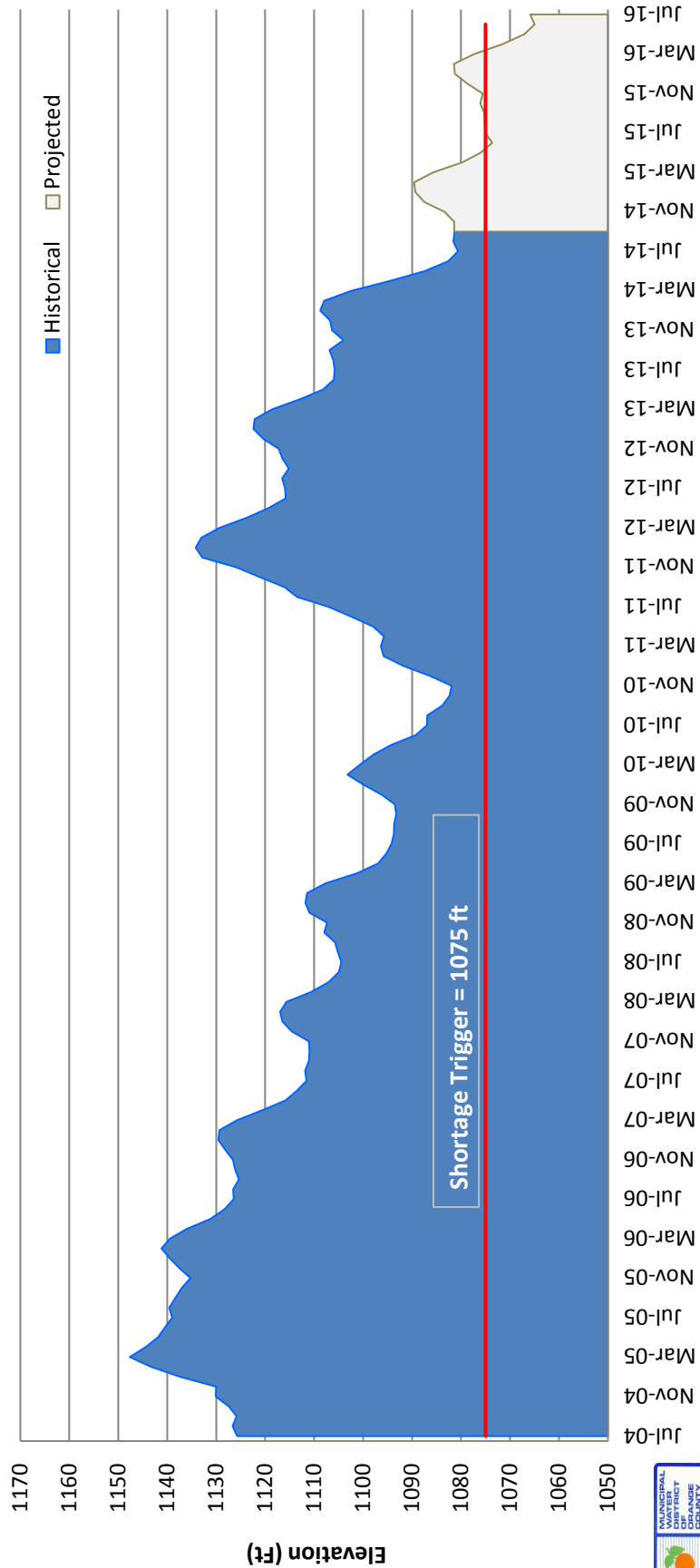


Lake Mead



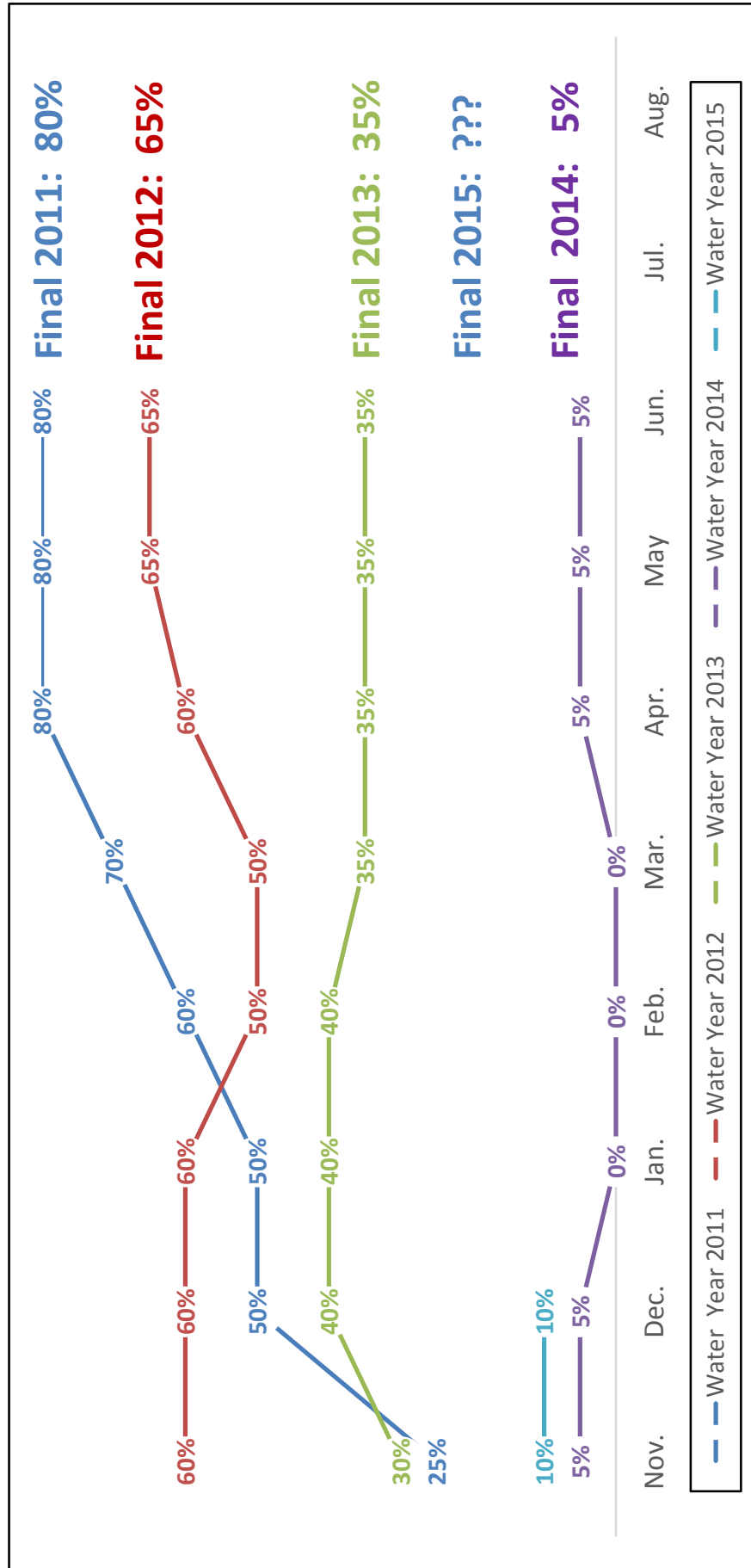
## Lake Mead Levels: Historical and Projected

projection per USBR 24-Month Study



# SWP Table A Allocation

for State Water Project Contractors



**Administration Activities Report**  
**November 7, 2014 to December 5, 2014**

Activity	Summary
<b>Administration/Board</b>	<ul style="list-style-type: none"> <li>• Maribeth has been scheduling meetings for Rob Hunter and for various Ad Hoc Committees of the Board.</li> <li>• Maribeth has been assisting Rob/Karl with various write ups and follow-up for the Committees and Board, as well as research projects</li> <li>• Maribeth is in the process of submitting changes to the District's Conflict of Interest Code to the Clerk of the Board</li> <li>• Maribeth responded to one Public Records Request</li> <li>• Maribeth completed any necessary follow up subsequent to the recent election, including Oaths of Office and meeting with Director-Elect Tamaribuchi</li> <li>• Maribeth has been working with legal counsel and Karl on changes to the Admin Code</li> <li>• Pat is reviewing and cleaning-up lists in the District's Act database</li> <li>• Pat is researching government rates for airline travel through the State of CA - Dept. of General Services. She spoke with personnel from MET, LADWP and OCSD who are currently using the Concur system</li> <li>• Pat has been scheduling travel for AARO, ACWA, and CRWUA Conferences and other misc. travel for CUWCC, AWWA, CALDesal and NWRI which included preparation of purchase requisitions and back-up</li> </ul>
<b>MWDOC/OCWD Joint Administration</b>	No activity this month.
<b>Property/Liability/Workers Compensation Insurance</b>	<ul style="list-style-type: none"> <li>• A rescind to the cancellation notice was provided to ACWA/JPIA for the property and general liability policies Coverage will remain in force</li> </ul>
<b>Health Benefits</b>	<ul style="list-style-type: none"> <li>• Information regarding implementation of the Flexible Spending Plan debit card is provided in the Administration &amp; Finance Committee packet</li> <li>• Katie is coordinating an annual meeting for staff to meet with the Colonial Life Insurance Representative to review voluntary supplemental insurance benefits</li> </ul>
<b>Records Management</b>	<ul style="list-style-type: none"> <li>• Provided one-on-one Laserfiche training for staff members</li> <li>• Trained Melanie on scanning to Laserfiche, incoming mail procedure, and other admin duties</li> <li>• Continued to scan and/or purge records from Iron Mountain</li> <li>• Import new records into Laserfiche</li> </ul>
<b>CalPERS</b>	Staff will be reviewing the CalPERS valuation report and provide information in January
<b>Agency Inquiries</b>	<ul style="list-style-type: none"> <li>• No inquiries this month.</li> </ul>

<b>Recruitment /Departures</b>	<ul style="list-style-type: none"> <li>• Melanie Inskeep joined the District on November 17<sup>th</sup> as a Sr. Administrative Assistant</li> <li>• Katherine Rojas started on November 12<sup>th</sup> as a Water Use Efficiency Program Assistant</li> <li>• Sarah Franks will be departing on December 19<sup>th</sup></li> <li>• Recruitment is under way for a Public Affairs Intern</li> </ul>
<b>Other</b>	
<b>Projects and Activities</b>	<ul style="list-style-type: none"> <li>• Administrative staff continues to assist the Water Use Efficiency Department with scanning and processing of turf rebate applications that are being received on a daily basis</li> <li>• Cathy participated in the WEROC/Met Exercise held on November 5<sup>th</sup> at the South EOC</li> <li>• Cathy attended the Management Workshop held on November 14<sup>th</sup></li> <li>• A staff Thanksgiving luncheon was held on November 25<sup>th</sup></li> <li>• Finance and Administration department staff held meetings to review the proposed changes to the Personnel Manual to implement changes upon approval</li> <li>• A review of the long term disability and life insurance policy renewals for 2015 has been completed. A full report is included in this month's A&amp;F packet</li> <li>• Cathy and Katie have been reviewing the Personnel Manual and making recommended changes for consideration. Final revisions to the Personnel Manual have been completed and are included in this month's A&amp;F packet. The proposed Personnel Manual changes were reviewed at the November 25<sup>th</sup> staff meeting</li> <li>• Cathy has been working on development of a new performance evaluation format. It is anticipated this will be used for the mid-year reviews in January</li> <li>• Cathy and Katie have been working on a draft RFP for the District's Compensation and Benefits Study to be completed this spring which is anticipated to be released by December 19<sup>th</sup></li> <li>• The annual staff luncheon will be held on December 17<sup>th</sup></li> <li>• Cathy has been working with the Voya (401a), Pension Plan Administrator and Legal Counsel in amending the Pension Plan to add the General Manager as a plan participant to allow for participation in accordance with the GM's contract.</li> <li>• MWDOC all staff meeting was held on November 25<sup>th</sup>.</li> </ul>



## INFORMATION ITEM

December 10, 2014

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

**FROM:** Robert J. Hunter, General Manager

Staff Contact: Jeff Stalvey

**SUBJECT:** Finance and IT Pending Items Report

### SUMMARY

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The following list details the status of special projects and department activities that are in-progress or to be completed during FY 2014-15.

Description	% of Completion	Estimated Completion date	Status
<b><u>Finance</u></b>			
Further Implementation of WUE Landscape Programs Databases and Web Site.	On-going	On-going	In Progress
Implementation of WUE Landscape Programs Database for Member Agencies.	<b>80%</b>	6/30/15	In Progress
Preparation of Audited Financial Statement Report	<b>100%</b>	11/30/14	Completed
Preparation of documents for FY15-16 budget process.	<b>0%</b>	6/30/15	Not Started

<b><u>Information Technology</u></b>			
Network security issues (hackers, viruses and spam emails)	On-going	On-going	Continuous system monitoring
Purchase and upgrade MS Office 2013 for remain Desktop Computers	<b>80%</b>	3/31/2015	In Progress
Implement Web Security for District Network	<b>30%</b>	6/30/2015	In Progress

Program auto voice respond for "Turf Removal Program" for WUE Department	<b>100%</b>	11/30/2014	Completed
Purchase and upgrade Network Attach Storage for Offsite Backup.	<b>10%</b>	3/31/2015	In Progress
Purchase and upgrade 3 laptops for Staff.	<b>90%</b>	12/31/2014	In Progress
Purchase and upgrade portable Projector.	<b>80%</b>	12/31/2014	In Progress
Purchase and upgrade 4 Desktop Computers for WEROC NEOC (hardware and software).	<b>60%</b>	12/31/2014	In Progress
Implement and upgrade ACT software on a new Virtual Windows Server.	<b>90%</b>	12/31/2014	In Progress

#### **FY 2014-15 Completed Special Tasks**

Description	% of Completion	Completion date	Status
<b><u>Information Technology</u></b>			
Upgrade existing Windows Server Operating Systems from 2003 and 2008 versions to 2012 version (software upgrade).	<b>100%</b>	6/30/14	Completed
Purchase and upgrade District Record Management Database Server (hardware and software).	<b>100%</b>	6/30/14	Completed
Purchase and upgrade Finance database Server (hardware and software) to run new version of Serenic application (64-bit).	<b>100%</b>	6/30/14	Completed
Purchase and upgrade 4 Desktop Computers for WEROC SEOC (hardware and software).	<b>100%</b>	09/30/14	Completed
Purchase and upgrade 2 Network Printers.	<b>100%</b>	10/31/14	Completed
Purchase and upgrade 5 Desktop Computers for Staff.	<b>100%</b>	10/31/14	Completed
Purchase and implement SmartDraw software for Public Affairs Dept.	<b>100%</b>	10/31/14	Completed
Purchase and replace Projection Screen in Conference Room 102	<b>100%</b>	10/31/14	Completed



Description	% of Completion	Completion date	Status
<b><u>Finance</u></b>			
Upgrade Serenic ERP Software from version 5 to version 7	<b>100%</b>	7/31/14	Completed
Research additional Investment options for Reserves	<b>100%</b>	8/31/14	Invested \$1,000,000 in four CD's; ladderd terms. Approximate monthly gain of \$970.
Investment in OCIP	<b>100%</b>	8/15/2014	Invested \$3 million in OCIP from Retail Meter revenues. May need to transfer some back out in 6 months for operating expenses.
State Tax filing for Water Facilities	<b>100%</b>	9/30/14	Completed
Government Compensation in California report	<b>100%</b>	10/31/14	Completed
State Controller Report preparation	<b>100%</b>	10/31/14	Completed
Annual financial audit conducted by Vavrinek, Trine, Day & Company	<b>100%</b>	10/31/14	Completed