

REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
18700 Ward Street, Board Room, Fountain Valley, California
December 16, 2015, 8:30 a.m.

AGENDA

PLEDGE OF ALLEGIANCE

ROLL CALL

PUBLIC COMMENTS/PARTICIPATION

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

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

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

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

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

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

NEXT RESOLUTION NO. 2020

CONSENT CALENDAR (Items 1 to 6)

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

1. MINUTES

- a. November 4, 2015 Workshop Board Meeting
- b. November 5, 2015 Special Board Meeting
- c. November 18, 2015 Regular Board Meeting

Recommendation: Approve as presented.

2. COMMITTEE MEETING REPORTS

- a. Planning & Operations Committee: November 2, 2015
- b. Administration & Finance Committee: November 12, 2015

- c. Public Affairs & Legislation Committee: November 16, 2015
- d. Executive Committee Meeting: November 19, 2015

Recommendation: Receive and file as presented.

3. TREASURER'S REPORTS

- a. MWDOC Revenue/Cash Receipt Register as of November 30, 2015
- b. MWDOC Disbursement Registers (November/December)

Recommendation: Ratify and approve as presented.

- c. Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of October 31, 2015
- d. PARS Monthly Statement (OPEB Trust)
- e. Water Use Efficiency Projects Cash Flow

Recommendation: Receive and file as presented.

4. FINANCIAL REPORT

- a. Combined Financial Statements and Budget Comparative for the period ending October 31, 2015
- b. Audited Annual Financials for FY 2014-15

Recommendation: Receive and file as presented.

5. SECONDARY ASSIGNMENT OF SURPLUS MET ALLOCATION

Recommendation: Ratify the General Manager's action (per the Executive Committee' request) to offer OCWD an additional secondary assignment of currently unused water from the Metropolitan Water District of Southern California (MET) allocation to MWDOC of 7,000 AF of water for groundwater replenishment, and authorize the General Manager to offer additional water to OCWD as it becomes available.

6. APPROVAL OF COSTS OF REFURBISHMENT OF SHARED ADMINISTRATION COMMON AREAS WITH OCWD/REFURBISHMENT OF MWDOC OFFICE FACILITIES AND SHARED EXPENSES

Recommendation: (1) Authorize the budget request for refurbishment project for both the Shared Administration Common Areas and work on the MWDOC building in the approximate amount of \$342,064 (MWDOC's share); and (2) concur with OCWD proceeding ahead with the work under a contract to be awarded by the OCWD Board with PDC Interiors; and (3) Approve a total of \$228,680 for the joint work on the HVAC, Fire Alarm System Upgrades, Facility Signage and Air Duct Cleaning. (Combined total of \$570,744; and (4) return to the Board in May 2016 with updated budget status prior to transferring funds from reserves.

– End Consent Calendar –

ACTION CALENDAR

7-1 BUREAU OF RECLAMATION WATERSMART GRANT RESOLUTION

RES. NO. _____

Recommendation: Adopt the proposed resolution in support of MWDOC's 2016 WaterSMART: Water and Energy Efficiency grant application to be submitted to the Bureau of Reclamation by January 20, 2016.

7-2 RECOMMENDATION ON RATE STUDY RFP

Recommendation: The Planning & Operations Committee will discuss this item on December 14, 2015 and make a recommendation to the Board.

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

8. GENERAL MANAGER'S REPORT, DECEMBER 2015 (ORAL AND WRITTEN)

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

9. MWDOC GENERAL INFORMATION ITEMS

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

Recommendation: Receive and file as presented.

ADJOURNMENT

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

**MINUTES OF THE WORKSHOP BOARD MEETING
OF THE BOARD OF DIRECTORS OF
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)
WITH THE MWDOC MET DIRECTORS
November 4, 2015**

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

MWDOC DIRECTORS

Brett R. Barbre*
Larry Dick*
Joan Finnegan (absent)
Susan Hinman
Wayne Osborne
Sat Tamaribuchi
Jeffrey M. Thomas

MWDOC STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager
Harvey De La Torre, Associate General Mgr.
Maribeth Goldsby, Secretary
Jonathan Volzke, Public Affairs Manager
Kevin Hostert, Water Resources Analyst
Richard Bell, Principal Engineer

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Larry McKenney
Linda Ackerman (absent)

OTHERS PRESENT

Mark Monin
William Kahn
Ken Vecchiarelli
Steve LaMar
Doug Reinhart
Peer Swan
Paul Weghorst
Patrick Shields
Paul Shoenberger
Don Froelich
Mike Markus
John Kennedy
Ray Miller
Dennis Erdman
Andy Brunhart
Gary Melton
Liz Mendelson
Ed Means
Richard Eglash
Catherine Glick
Debra Man

El Toro Water District
El Toro Water District
Golden State Water Company
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Mesa Water District
Moulton Niguel Water District
Orange County Water District
Orange County Water District
City of San Juan Capistrano
South Coast Water District
South Coast Water District
Yorba Linda Water District
San Diego County Water Authority
Means Consulting
Brady & Associates
San Juan Basin Authority
Metropolitan Water District of So. California

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

No items were presented.

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

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

No items were distributed.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

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

No comments were received.

PRESENTATION/DISCUSSION/INFORMATION ITEMS

ORANGE COUNTY'S DROUGHT PERFORMANCE

Mr. Harvey De La Torre reported on Orange County's performance under the State Board's mandatory reduction, highlighting that Orange County retail water agencies reported an aggregated water savings of approximately 28% for the month of September 2015 (compared to September 2013 water usage), which exceeded Orange County's conservation target of 22%. Mr. De La Torre also provided information on MET's water storage levels, precipitation levels and forecasts of a possible wet "El Nino" year.

Following a brief discussion regarding MET's budget compared to water sales, the Board received and filed the report.

**METROPOLITAN WATER DISTRICT'S POTENTIAL AGREEMENT WITH THE
SANITATION DISTRICTS OF LOS ANGELES COUNTY FOR DEVELOPMENT OF A
DEMONSTRATION-SCALE RECYCLED WATER TREATMENT PLANT --
PRESENTATION BY DEBRA MAN (MET)**

Ms. Debra Man (MET), provided an overview of MET's potential agreement with the Sanitation Districts of Los Angeles County for developing a regional recycling water project for the recharge of groundwater basins and augmentation of water supplies within the Southern California region, and, in particular, delivering such recycled water to the Orange County basin. Ms. Man's presentation included an overview of the need for resource development, MET's 2010 IRP goals, the projected drop in groundwater production, and the importance for a diverse resource mix for reliability. Ms. Man highlighted the proposed terms of the Agreement, including the division of responsibilities and timeline for completion, as well as potential State

funding opportunities, and the potential for CEQA compliance for a full scale Phase 1 operation. She advised that the proposed Agreement is subject to the MET Board's approval.

Considerable discussion ensued regarding whether such a project would be in MET's regional best interest (vs. localized interests), regulatory acceptance, OCWD's Groundwater Replenishment Project, and the need to fully review how OCWD has developed the successful GWRS Project, the formation of a technical group to review the issues, the possibility for unforeseen costs, and timing for completing the project (if approved).

The Board thanked Ms. Man for her presentation, and received and filed the presentation.

MWD ITEMS CRITICAL TO ORANGE COUNTY

- a. MET's Water Supply Conditions
- b. MET's Finance and Rate Issues
- c. Colorado River Issues
- d. Bay Delta/State Water Project Issues
- e. MET's Ocean Desalination Policy and Potential Participation by MET in the Doheny Desalination Project
- f. Orange County Reliability Projects
- g. East Orange County Feeder No. 2

The Board received and filed the information as presented.

OTHER INPUT OR QUESTIONS ON MET ISSUES FROM MEMBER AGENCIES

ETWD Director William Kahn, requested MWDOC staff obtain and distribute a copy of MET's regulatory engineering report on why the Two Gates project (Bay Delta) was not feasible; Ms. Man indicated she would follow up on this item.

Director Hinman commented that it would be prudent for MET to not only explore recycled water projects (as presented above), but to also explore secondary sources (such as desalination) for those agencies almost entirely dependent on imported MET water.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

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

It was noted that information regarding MET agenda item number 8-8 (authorize the General Manager to enter into a conditional purchase and sale agreement to acquire property from Delta Wetlands Properties in Contra Costa, San Joaquin, and Solano Counties) could not be discussed, as it was a closed session item.

Director McKenney advised that he was invited to Chair ACWA's advisory committee on exploring an initiative to amend the State's Constitution for a more feasible approach to setting water rates by incentivizing conservation, and to address the issue of "lifeline" rates (which public agencies are prohibited in establishing). The Board generally supported his participation.

President Dick announced that MWDOC would hold its Elected Officials Forum on November 5, 2015 and encouraged all to attend.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 9:52 a.m.

Maribeth Goldsby
Board Secretary

MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
November 5, 2015

At 6:00 p.m., President Dick called to order the Special Meeting of the Municipal Water District of Orange County Board of Directors Board Room at the District facilities, 18700 Ward Street, Fountain Valley, California. Moulton Niguel Water District Director Duane Cave led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre (absent)
Larry Dick
Joan Finnegan (absent)
Susan Hinman
Wayne Osborne
Sat Tamaribuchi
Jeffery M. Thomas

STAFF PRESENT

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Prin. Water Res. Planner
Joe Berg, Water Use Eff. Programs Mgr.
Jonathan Volzke, Public Affairs Manager
Joe Byrne, Legal Counsel

ALSO PRESENT

Larry McKenney
Art Brown
Doug Davert
Lisa Ohlund
Scott Goldman
Dave Sullivan
Brian Ragland
Doug Reinhart
Peer Swan
Gary Kurtz
Scott Colton
Don Froelich
Duane Cave
Joone Lopez
Cathy Green
Mike Markus
Saundra Jacobs
Charles Gibson
Justin McCusker
Dan Ferons
Gary Miller
Sandra Massa-Lavitt
Frank Bryant
Jerry Vilander
Bill Green
Dennis Erdman
Wayne Rayfield
Dick Dietmeier
Andy Brunhart

MWDOC MET Director
City of Buena Park
East Orange County Water District
East Orange County Water District
El Toro Water District
City of Huntington Beach
City of Huntington Beach
Irvine Ranch Water District
Irvine Ranch Water District
Moulton Niguel Water District
Moulton Niguel Water District
Moulton Niguel Water District
Moulton Niguel Water District
Moulton Niguel Water District
Orange County Water District
Orange County Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
City of Seal Beach
City of Seal Beach
Serrano Water District
Serrano Water District
South Coast Water District
South Coast Water District
South Coast Water District
South Coast Water District
South Coast Water District

Stephen Dopudja
Glen Acosta
Hector Ruiz
Art Valenzuela
Liz Mendelson

Trabuco Canyon Water District
Trabuco Canyon Water District
Trabuco Canyon Water District
City of Tustin
San Diego County Water Authority

PUBLIC COMMENTS

No public comments were received.

DISCUSSION ITEMS

DISCUSSION WITH REPRESENTATIVES FROM MWDOC'S MEMBER AGENCIES REGARDING KEY REGIONAL ISSUES AND KEY ORANGE COUNTY ISSUES, INCLUDING THE ORANGE COUNTY RELIABILITY STUDY, METROPOLITAN WATER DISTRICT'S INTEGRATED RESOURCES PLAN, METROPOLITAN WATER DISTRICT'S INDIRECT POTABLE REUSE PROJECT, AND AN UPDATE ON REGIONAL WATER CONSERVATION EFFORTS (AS A RESULT OF GOVERNOR BROWN'S EXECUTIVE ORDER) (PURSUANT TO THE TERMS OF THE AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES)

President Dick stated that the evening would consist of presentations by General Manager Robert Hunter, and staff, on the following topics:

Orange County Water Reliability Study
MET's Integrated Resources Plan
MET/LACSD Indirect Potable Reuse Project
SWRCB Emergency Regulations II

Assistant General Manager Karl Seckel began the meeting with an overview of the Orange County Water Reliability Study Phase 1 draft initial findings. His presentation included an overview of the supply gap findings in 2040 (three scenarios using data with and without a Delta fix), as well as a summary of Phase 1, projected reliability projects, the reasons the study was undertaken (multi-year drought, etc.), MWDOC's perspective on reliability (regional), and what will be studied in the next Phase (Phase 1 Extension) and Phase 2.

Mr. Seckel then provided an in-depth review and explanation of the gap scenarios and Phase 1 findings/forecasts/observations and gap analysis, along with the major uncertainties identified in Phase 1 and an analysis of emergency gap findings. Mr. Seckel highlighted the need for additional phases to this work.

Considerable discussion ensued regarding the Reliability Study, with specific emphasis on the gap scenarios (and a need for a narrative explaining each scenario for use by electeds), regulatory/political issues, the need for a sensitivity analysis, 2040 projections and the need for additional projections based on the years 2020 and 2030. Mr. Seckel advised that he would provide the 2020/2030 projections during his presentation to WACO in December.

General Manager Hunter reiterated that the Reliability Study was a tool to help identify future water needs, for each retail agency to use for planning purposes.

Associate General Manager Harvey De La Torre then provided an overview of MET's Integrated Resources Plan (IRP) process and objectives (ensure reliability, maintain and expand diversity and flexibility, provide adaptability, and acknowledge constraints). Mr. De La Torre reported on the key technical findings from the IRP process, as well as the process for Phase 2 (IRP implementation and policy issues), and an overview of the potential Regional Recycled Water Supply Program.

Lastly, Mr. Hunter reviewed the terms of the State Water Resources Control Board's (SWRCB) regulations and conservation goals (for Orange County) as well as the Governor's Executive Order (25% reduction in water use from 2013 numbers), and how enforcement (or penalties) for non-compliance is being implemented. Mr. Hunter also reviewed the recommended adjustments to the regulations (as made by retail agencies).

Considerable discussion ensued regarding the Governor's Executive Order, the need for the groundwater regulations to be adjusted (and whether the SWRCB will allow for the adjustment), and the need for each retail agency to establish savings banks.

Director Osborne highlighted the importance of conducting Phase 2 of the OC Reliability Study, noting that all member agency managers have been educated on the need; he encouraged each elected official to confer with their managers.

ADJOURNMENT

There being no further business to come before the Board, President Dick adjourned the meeting at 8:00 p.m.

Respectfully submitted,

Maribeth Goldsby, Secretary

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
November 18, 2015**

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

MWDOC DIRECTORS

Brett R. Barbre
Larry Dick
Joan Finnegan (absent)
Susan Hinman
Wayne Osborne
Sat Tamaribuchi
Jeffery M. Thomas (absent)

STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager (absent)
Joe Byrne, Legal Counsel
Maribeth Goldsby, Board Secretary
Cathy Harris, Admin. Services Manager
Heather Baez, Government Affairs Manager
Jonathan Volzke, Public Affairs Manager
Melissa-Baum Haley, WUE Prog. Specialist
Harvey De La Torre, Associate General Mgr.
Richard Bell, Principal Engineer

ALSO PRESENT

Larry McKenney
Linda Ackerman
William Kahn
Rick Erkeneff
Dennis Erdman
Andy Brunhart
Mark Marcantonio
Richard Eglash
Syrus Devers
Miles Hogan
Stephen Onstot

MWDOC MET Director
MWDOC MET Director
El Toro Water District
South Coast Water District
South Coast Water District
South Coast Water District
Yorba Linda Water District
Brady & Associates
Best, Best & Krieger
Aleshire & Wynder
Aleshire & Wynder

PUBLIC PARTICIPATION/PUBLIC COMMENT

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

No public comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

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

No items were added to the agenda.

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

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

President Dick advised that the October 14, 2015 Administration & Finance Committee meeting report had been revised, distributed to the Board, and made available to the public.

ACKNOWLEDGEMENT OF RICHARD BELL ON THE OCCASION OF HIS RETIREMENT

President Dick, along with General Manager Hunter and the entire Board, presented Richard Bell with a Proclamation congratulating him on his upcoming retirement, acknowledging him for his twelve years of service to MWDOC, and thanking him for his leadership, foresightedness, vision, stewardship and contributions in enhancing southern California's water reliability through his 49 years of experience to the water community.

CONSENT CALENDAR

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

President Dick advised that item 2b (Administration & Finance Committee meeting report) had been revised to clarify SMWD Director Chuck Gibson's comments regarding SB 555 and that these comments had been incorporated into the report presented. Mr. Dick advised that item 2e (MWDOC/OCWD Joint Planning Committee meeting report) were also revised to reflect Director Tamaribuchi's presence at the meeting.

Upon MOTION by Director Barbre, seconded by Director Osborne, and carried (5-0), the Board approved the Consent Calendar items (as revised) as follows. Directors Barbre, Dick, Hinman, Osborne, and Tamaribuchi voted in favor. Directors Finnegan and Thomas were absent.

MINUTES

The following minutes were approved.

October 7, 2015 Workshop Board Meeting
October 21, 2015 Regular Board Meeting

COMMITTEE MEETING REPORTS

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

Planning & Operations Committee Meeting: October 5, 2015
Administration & Finance Committee Meeting: October 14, 2015 (as revised)
Public Affairs & Legislation Committee Meeting: October 19, 2015
Executive Committee Meeting: October 22, 2015
MWDOC/OCWD Joint Planning Committee Meeting: October 28, 2015 (as revised)

TREASURER'S REPORTS

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of October 31, 2015
MWDOC Disbursement Registers (October/November)

The following items were received and filed as presented.

MWDOC Summary of Cash and Investment and Portfolio Master Summary Report
(Cash and Investment report) as of September 30, 2015

PARS Monthly Statement (OPEB Trust)

Water Use Efficiency Projects Cash Flow

FINANCIAL REPORT

The following items were received and filed as presented.

Combined Financial Statements and Budget Comparative for the period ending
September 30, 2015

Quarterly Budget Review

AMWA'S INTERNATIONAL WATER AND CLIMATE FORUM ON DECEMBER 8-9, 2015, SAN DIEGO

The Board authorized the General Manager's attendance at the AMWA International Water and Climate forum on December 8-9, 2015 in San Diego.

SCOPE OF WORK FOR PHASE 1 EXTENSION OF THE OC WATER RELIABILITY STUDY

The Board authorized the General Manager to augment the CDM-Smith OC Water Reliability Study Scope of Work and fee estimate by \$40,935 for the Phase 1 Extension as outlined in the scope of work.

ADOPT POLICY FOR CONTRIBUTIONS TO THE HEALTH SAVINGS ACCOUNTS (HSA) FOR THE HIGH DEDUCTIBLE HEALTH PLAN

The Board authorized the policy pertaining to contributions to the HSA, as follows:

"For employees enrolled in the Consumer Driven Health Plan (CDHP), the District will deposit contributions, based on the amount approved by the Board, into the employee's HSA on the first payroll in January for employees enrolled in a CDHP; switched to the CDHP during open enrollment; or is hired in January. Employees hired after January will receive a pro-rated initial contribution to their HSA."

Employees already enrolled in an HSA and have increased coverage during the calendar year will receive partial proration, not to exceed maximum tier contribution.

The MWDOC Board of Directors reserves the right to review, revise and alter the District's contributions to HSAs, depending on the cost of the program and the fiscal condition of the District."

END CONSENT CALENDAR

ACTION CALENDAR

ADOPT RESOLUTION IN ACCORDANCE WITH THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS) FOR THE POST-RETIREMENT EMPLOYMENT OF RICHARD BELL IN ACCORDANCE WITH GOVERNMENT CODE SECTION 7522.56 AND 21221 (h)

Upon MOTION by Director Barbre, seconded by Director Hinman, and carried (5-0), the Board adopted RESOLUTION NO. 2019 approving an exception to the 180-day waiting period for the post-retirement employment of Richard Bell and appointing Richard Bell to the position of Principal Engineer on an interim basis in accordance with Government Code Section 7522.56 and 2122(h). The Board also authorized the General Manager as the authorized District Representative, to execute the Retiree Employment Agreement. Said RESOLUTION NO. 2019 was adopted by the following roll call vote:

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

SELECTION OF A FIRM FOR LEGISLATIVE ADVOCACY SERVICES IN SACRAMENTO

It was noted that the Public Affairs & Legislation Committee discussed this matter and recommended the Board approve a contract with Best, Best & Krieger (BBK) for legislative advocacy services in Sacramento. President Dick noted that although he and the District have had a productive many years working with Townsend Public Affairs (TPA) and has been well served by them, it would be prudent to accept the staff and Committee recommendation to move forward with BBK; he thanked TPA for their service.

Upon MOTION by Director Barbre, seconded by Director Tamaribuchi, and carried (5-0), the Board authorized the General Manager to enter into a professional services contract with Best, Best & Krieger to provide state legislative advocacy services. Directors Barbre, Dick, Hinman, Osborne and Tamaribuchi voted in favor.

SELECTION OF A FIRM FOR LEGISLATIVE ADVOCACY SERVICES IN WASHINGTON, DC

Upon MOTION by Director Barbre, seconded by Director Hinman, and carried (5-0), the Board authorized the General Manager to enter into a professional services contract with James D. Barker to provide federal legislative advocacy services. Directors Barbre, Dick, Hinman, Osborne and Tamaribuchi voted in favor.

MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE

Director Barbre advised that the Public Affairs & Legislation Committee recommended this item be referred back to the Committee in December for further discussion; the Board generally concurred.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) BYLAW AMENDMENTS AND ELECTION OF ACWA PRESIDENT AND VICE PRESIDENT

Director Barbre stated that the Public Affairs & Legislation Committee reviewed the amendments to ACWA's Bylaws and recommended the Board vote in favor. He also stated that the Committee recommended Director Osborne be designated as voting representative (with Directors Thomas and Hinman as alternates) to cast the District's ballot at the upcoming conference.

Upon MOTION by Director Barbre, seconded by Director Hinman, and carried (5-0), the Board approved the proposed revisions to ACWA's Bylaws, and authorized Vice President Osborne, or in his absence, Directors Thomas or Hinman, to cast the District's ballot supporting the revisions to ACWA's Bylaws, and voting for Kathleen Tiegs for ACWA President, and Brent Hastey for Vice President. Directors Barbre, Dick, Hinman, Osborne, and Tamaribuchi voted in favor.

INFORMATION CALENDAR**GENERAL MANAGER'S REPORT, NOVEMBER 2015**

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

Mr. Hunter reported on several matters not included in the report, namely (1) a recent meeting he had with the Grand Jury, noting he gave a presentation on water issues (2) the District received a Certificate of Special Congressional Recognition from Mimi Walters for the District's USEPA Water Sense Excellent award; and (3) an update on the Secondary Assignment of Surplus Water to OCWD, noting it should all be delivered by December 3rd and that he anticipates additional water will become available.

The Board received and filed the report as presented.

MWDOC GENERAL INFORMATION ITEMS**BOARD OF DIRECTORS**

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

Director Barbre reported on attending most of the MWDOC and MET regular meetings, as well as a meeting with Scott Maloni, the ISDOC luncheon, the Yorba Linda Water District's (YLWD) Citizen's Advisory Committee meeting, YLWD strategy sessions and rate hearing, a meeting with Senator John Moorlach, the WACO meeting, and a MET inspection trip. Mr. Barbre also attended several interviews (over two days) to select the District's State Legislative Advocate.

Director Osborne advised that he attended the MWDOC Board and Committee meetings, as well as the Elected Officials Forum, the WACO meeting, the ISDOC luncheon, the MWDOC/OCWD Joint Planning Committee meeting, and a planning meeting for the OC Water Summit. Mr. Osborne also attended Ad Hoc Committee meetings to review the RFPS for both the State and Federal Legislative Advocates, and he attended several interviews (over two days) to select the advocate.

Director Tamaribuchi noted his attendance at the MWDOC Board and Committee meetings, the Southern California Water Committee's annual dinner, the WACO meeting, the Elected Officials Forum, the OCBC Infrastructure Committee meeting, and both the Ad Hoc Committees and interviews to select the State Legislative Advocate.

Director Hinman reported on her attendance at the Board and Committee meetings, the SMWD's SMWD Gobernadora Multipurpose Basin Dedication, South Orange County Watershed Management Area Executive Committee meeting, the Laguna Beach County Water District meeting, the Elected Officials Forum, the WACO Planning Committee and WACO meetings, the SCWD board meetings, and the South Orange County Economic Coalition meeting.

In addition to attending the MWDOC and MET meetings, Director Dick advised he attended the Elected Officials Forum, the OC Water Summit planning meeting, the MET pre-Executive Committee meeting, the EOCWD Board meeting, an agricultural inspection trip, the ISDOC Executive Committee meeting, a meeting with Dick Ackerman, the MET Caucus, the WACO Planning and WACO meetings, the South Orange County Economic Coalition meeting, a meeting with SMWD Director Chuck Gibson re South County issues, the Serrano Water District Board meeting, and the Urban Water Institute Planning meetings.

CLOSED SESSION

At 9:04 a.m., and upon MOTION by Director Barbre, seconded by Tamaribuchi, and carried (5-0), the Board adjourned to closed sessions on the following items. Legal Counsel Byrne announced that the Board would adjourn to closed session as follows:

Due to a conflict, Mr. Byrne noted that Legal Counsel Stephen Onstot and Miles Hogan would attend the following closed session items relating to MET/SDCWA litigation:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California on April 13, 2010, et al.*, former Los Angeles Superior Court, Case No. BS 126888, transferred on October 21, 2010, to San Francisco Superior Court, Case No. CPF-10-510830.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California on April 10, 2012 to be Effective January 1, 2013 and January 1, 2014; and Does 1-10, et al.*, former Los Angeles Superior Court, Case No. BS137830, transferred on August 23, 2012, to San Francisco Superior Court, Case No. CPF-12-512466.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water of Southern California on April 8, 2014, et al.*, former Los Angeles Superior Court, Case No. BC547139, transferred on December 2, 2014, to San Francisco Superior Court, Case No. CPF-14-514004.

At 10:19 a.m., Mr. Hogan announced that no reportable action was taken in closed session and he departed. Legal Counsel Byrne then joined the closed session on the following matters:

CONFERENCE WITH LEGAL COUNSEL—INITIATION OF LITIGATION

Significant exposure to litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (1 case)

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Initiation of Litigation Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9 (1 case)

RECONVENE

The Board reconvened at 11:14 a.m., and Legal Counsel Byrne announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business to come before the Board, President Dick adjourned the meeting at 11:15 a.m.

Respectfully submitted,

Maribeth Goldsby, Secretary

MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
PLANNING & OPERATION COMMITTEE
November 2, 2015 - 8:30 a.m. to 9:55 a.m.
MWDOC Conference Room 101

P&O Committee:

Director Wayne Osborne
Director Brett Barbre
Director Susan Hinman

Staff:

Robert Hunter, Karl Seckel, Kelly Hubbard,
Harvey De La Torre, Katie Davanaugh,
Kevin Hostert, Jonathan Volzke

Also Present:

Director Larry Dick
Liz Mendelson, San Diego Co. Water Authority
Linda Ackerman, MWDOC MET Director
Paul Weghorst, Irvine Ranch Water District
Dan Rodrigo, CDM Smith
Don Caulkins
John Kennedy, Orange County Water District

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

PUBLIC PARTICIPATION

No comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

No items were presented.

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

No items were distributed

PRESENTATION

PRESENTATION BY KELLY HUBBARD RE: VALLEY FIRE RESPONSE

Kelly Hubbard provided a presentation to the Committee regarding the September 12, 2015 fire that occurred in northern California counties of Lake, Napa and Sonoma that destroyed more than 1,200 homes, 76,000 acres and 4 lives. The Fire Incident Management Team (Water Liaison) consisted of a fire incident command post, Lake County Operational Area EOC, State Water Resource Control Board (Division of Drinking Water) and impacted utility agencies. Some of the lessons learned include review and coordination of a county-wide procedure for repopulation of evacuated areas due to complexities, policies for recovering water connections, understanding who has jurisdictional authority, simplification of tracking

damage and a water distribution plan, as well as better controls for storage of electronic files other than on a local server (look into cloud based storage) and others.

Discussion continued into the topic of the anticipated El Nino which is anticipated to hit southern California this winter and what preparation efforts are needed, impacts to the current drought messaging, access to remote areas due to flooding, and damage prevention measures.

ACTION ITEMS

SCOPE OF WORK FOR PHASE 1 EXTENSION OF THE OC WATER RELIABILITY STUDY

Mr. Seckel reported that a request came from the Orange County Groundwater Producer's meeting to "pause" at the end of Phase 1 work to allow participating agencies to participate in a series of workshops to test a various scenarios so that everyone can get a full understanding of the implications and next steps. Such a request for additional workshops require a change order to the Scope of Work. Director Osborne expressed support for this change order. Director Hinman stressed the importance of coordination, communication, and cooperation between the participating agencies. Mr. Hunter noted that MWDOC is facilitating the study work so that each member agency can make an informed decision on what is best for their particular agency.

Upon MOTION by Director Barbre, seconded by Director Hinman, and carried (3-0), the Committee recommended approval to authorize the General Manager to augment the CDM-Smith OC Water Reliability Study Scope of Work and Fee Estimate by \$40,935 for the Phase1 Extension at the November 18, 2015 Board meeting.

STATUS UPDATE ON THE OC WATER RELIABILITY STUDY–NOVEMBER 2015

Mr. Seckel introduced Dan Rodrigo from CDM who reviewed the status update presentation which was provided at a recent Joint Planning Workshop meeting. Mr. Rodrigo reviewed the presentation which included data pertaining to State Water Project deliveries to MET, Colorado River Water deliveries to MET, data pertaining to the probability of shortage greater than 15% for Orange County total (with and without the Delta fix) and supply gap findings.

UPDATE ON SECONDARY ASSIGNMENT OF SURPLUS MET ALLOCATION

Mr. Hunter reported that following the last Board meeting, that a letter agreement was prepared and sent to Orange County Water District which was signed by Mike Markus and MWDOC which initiate imported deliveries to OCWD totaling 17,500 acre feet.

INFORMATION ITEM

WEROC RADIO ASSESSMENT

The staff report was received and filed.

STATUS REPORTS

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

No comments were received on the status reports.

ADJOURNMENT

There being no further business to be brought before the Committee, the meeting adjourned at 9:55 a.m.

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

Jointly with the

ADMINISTRATION & FINANCE (A&F) COMMITTEE

November 12, 2015 – 8:30 a.m. to 8:56 a.m.

MWDOC Conference Room 101

Committee Members:

Director Jeff Thomas, Chair
Director Joan Finnegan (absent)
Director Wayne Osborne

Staff:

Rob Hunter, Karl Seckel, Harvey De La Torre,
Katie Davanaugh, Hilary Chumpitazi
Cathy Harris, Joe Berg, Jonathan Volzke

Also Present:

Director Susan Hinman
Director Brett Barbre
Director Sat Tamaribuchi
William Kahn, El Toro Water District
Mark Monin, El Toro Water District
Doug Reinhart, Irvine Ranch Water District
Neely Shahbakhti, El Toro Water District

Director Thomas called the meeting to order at 8:30 a.m. Director Barbre sat on the Committee in the absence of Director Finnegan.

PUBLIC COMMENTS

No comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

No items were presented.

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

Supplemental information was provided on Item 5 (Adopt Resolution in Accordance with the California Public Employees Retirement System for the post-retirement of Richard Bell)

PROPOSED BOARD CONSENT CALENDAR ITEMS

TREASURER'S REPORT

- a. Revenue/Cash Receipt Report – October 2015
- b. Disbursement Approval Report for the month of November 2015
- c. Disbursement Ratification Report for the month of October 2015
- d. GM Approved Disbursement Report for the month of October 2015
- e. Water Use Efficiency Projects Cash Flow – October 31, 2015
- f. Consolidated Summary of Cash and Investment – September 2015

g. OPEB Trust Fund monthly statement

Upon MOTION by Director Osborne, seconded by Director Barbre, and carried (3-0), the Committee recommended the Treasurer's Report for approval at the November 18, 2015 Board meeting. Directors Osborne, Barbre and Thomas all voted in favor.

The Committee reviewed the disbursement register and called attention to the new printer (plotter) that was recently purchased as well as several large payments pertaining to the industrial process water use reduction and turf removal programs.

FINANCIAL REPORT

- a. Combined Financial Statements and Budget Comparative for the period ending September 30, 2015
- b. Quarterly Budget Review

Upon MOTION by Director Barbre, seconded by Director Osborne, and carried (3-0), the Committee recommended the Financial Report for approval at the November 18, 2015 Board meeting. Directors Osborne, Barbre and Thomas all voted in favor.

ACTION ITEMS

AMWA's INTERNATIONAL WATER AND CLIMATE FORUM DECEMBER 6-9, 2015, SAN DIEGO

Upon MOTION by Director Osborne, seconded by Director Barbre, and carried (3-0), the Committee recommended the AMWA conference for approval at the November 18, 2015 Board meeting. Directors Osborne, Barbre and Thomas all voted in favor. It was noted that the topic of the conference is climate change.

Mr. Hunter noted that the month of December is busy with the ACWA conference, AMWA Conference, and Colorado River Water Users Conference. He advised that the District will provide comments (public testimony) to the State Water Board on December 8th.

ADOPT POLICY FOR CONTRIBUTIONS TO THE HEALTH SAVINGS ACCOUNTS (HSA) FOR THE HIGH DEDUCTIBLE HEALTH PLAN

Upon MOTION by Director Barbre, seconded by Director Osborne, and carried (3-0), the Committee recommended the Policy for Contributions to the HSA for approval at the November 18, 2015 Board meeting. Directors Osborne, Barbre and Thomas all voted in favor.

ADOPT RESOLUTION IN ACCORDANCE WITH THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS) FOR THE POST-RETIREMENT EMPLOYMENT OF RICHARD BELL IN ACCORDANCE WITH GOVERNMENT CODE SECTION 7522.56

Upon MOTION by Director Barbre, seconded by Director Osborne, and carried (3-0), the Committee recommended the Resolution for the post-retirement of Richard Bell for approval

at the November 18, 2015 Board meeting. Directors Osborne, Barbre and Thomas all voted in favor.

It was noted that staff is still in the recruitment process of filling this position and when that individual is hired, staff may return with an additional resolution to continue utilizing Richard's services (if needed) beyond June 2016.

INFORMATION ITEMS

HEALTH BENEFITS UPDATE FOR 2016

The Committee reviewed the rate changes for 2016 and noted the nearly 8% increase in the PPO medical plan. Mrs. Harris noted that JPIA has offset the premium increases for 2016 by utilizing funds from their reserve account. Health insurance premiums have been steadily increasing as a general trend.

MONTHLY WATER USAGE DATA, TIER 2 PROJECTION & WATER SUPPLY INFO

It was noted that the per person, per day water usage in Orange County is at the lowest point ever -- at 164 gallons.

DEPARTMENT ACTIVITIES REPORTS

- a. Administration
- b. Finance and Information Technology

It was noted that the files pertaining to the Doheny Desalination project have been copied and provided to South Coast Water District.

Mr. Hunter noted that Mr. Bell will be acknowledged at the November 18th Board meeting.

OTHER ITEMS

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

No information was presented.

ADJOURNMENT

There being no further business to be brought before the Committee, the meeting adjourned at 8:56 a.m.

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

Jointly with the
PUBLIC AFFAIRS AND LEGISLATION COMMITTEE

November 16, 2015 - 8:30 a.m. to 9:58 a.m.

MWDOC Conference Room 101

Committee:

Director Brett Barbre, Chair
Director Sat Tamaribuchi (absent)
Director Susan Hinman

Staff:

Robert Hunter, Karl Seckel,
Harvey DeLaTorre, Heather Baez,
Tiffany Baca, Laura Loewen, Jonathan Volzke,
Pat Meszaros

Also Present:

Larry Dick, MWDOC President
Wayne Osborne MWDOC Director
Joan Finnegan, MWDOC Director
Jeff Thomas, MWDOC Director
Linda Ackerman, MWDOC MET Director
Larry McKenney, MWDOC MET Director
Dick Ackerman, Ackerman Consulting
John Lewis, Lewis Consulting
Matt Holder, Lewis Consulting
Christopher Townsend, TPA
Casey Elliott, TPA (via phone)
Sharon Gonsalves, TPA (via phone)
Steve LaMar, IRWD
Doug Reinhart, IRWD
Paul Weghorst, IRWD
Liz Mendelsohn, San Diego County Water
Stacy Taylor, Mesa Water District
Damon Micalizzi, YLWD
Jim Leach, SMWD
Syrus Devers, BBK

Director Barbre called the meeting to order at 8:30 a.m. and requested a moment of silence for the victims of the Paris attack last Friday. In Director Tamaribuchi's absence, Chairman Barbre asked President Dick to participate on the Committee. Mr. Dick then led the Pledge of Allegiance.

PUBLIC PARTICIPATION

No items were presented.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s) which arose subsequent to the posting of the Agenda.

No items were presented.

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

No items were presented.

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

Director Hinman inquired whether there was any progress on WIFIA to which Director Barbre responded that President Dick signed letters to the Orange County delegation urging them to remove the ban on the use of tax-exempt debt in a WIFIA-supported project which would enable WIFIA to work as originally intended, providing low-cost loans for water infrastructure projects to a greater number of communities across the country.

b. State Legislative Report (Townsend)

Mr. Casey Elliott of Townsend Public Affairs joined the meeting via phone and reported that the legislature is still in recess although there is some activity going on. California suffers from an estimated \$2 to \$3 billion a year in chronically underfunded water needs in areas such as groundwater recharge, stormwater management, aging infrastructure and safe drinking water in some disadvantaged communities. That was the takeaway from an informational hearing of the Senate Natural Resources and Water Committee where stakeholders from several sectors of the water community outlined the areas under their purview that chronically lack funds. Mr. Elliott reported further that Senator Pavely is trying to do some groundwork early on for emergency actions in early 2016 for upcoming flood season and El Nino and the fires that went through the State earlier in the year. There is anticipation that El Nino will cause flood events in several areas. Another measure that qualified for the November 2016 ballot was promoted by Dean Cortopassi out of Stockton where the State (or any Joint Power agency involving the State) finances, owns, operates or manages a project that would require revenue bonds in excess of \$2 billion would require statewide voter approval. The proponent is not in favor of the peripheral canal or Delta tunnels or the bullet train. As of now, there has been opposition—Governor is opposed; and coalitions of business and labor are lining up to oppose this measure. The proponent spent 4 million to gather signatures.

Mr. Elliott stated Senator Bob Huff and George Runner of the Board of Equalization, are filing an initiative with the Attorney General's office directing that unspent funds from high-speed rail and \$2.7 billion from Prop 9 be redirected for surface and groundwater storage; he advised he would be watching this initiative. Also pending is Mr. Meral's water bond. It will be a busy ballot in November 2016. Ms. Sharon Gonsalves of TPA joined the conference and reported that on Friday, the Governor issued an executive order extending the emergency drought regulations until October 2016. Further that the State Board is conducting a workshop on December 7 which is purely informational, no action will be taken. It's an opportunity to talk about what's worked and what hasn't. Comments are due by 12-2 at Noon.

Discussion ensued regarding upcoming storms and the fiscal effects of the Governor's order.

Director Barbre asked if there is defense for keeping regulations in place to which Mr. Elliott responded that the Water Board is establishing triggers that could be invoked on conservation measures and that it would be good for MWDOC to advocate for those triggers should conditions change when storms come in.

c. County Legislative Report (Lewis)

Senator John Lewis recollected that the Board of Supervisors authorized an Ethics Commission back in the spring. At last week's meeting, they voted on whether to expand the Office of Independent Review which was a contentious issue and passed on a 3-2 vote. Senator Lewis noted that they tip toe on the 5th floor lately and they don't recall a time when relationships between the Board of Supervisors were so divisive. President Dick inquired about what effect this has on business in the County to which Mr. Holder responded that it affects the staff as well and permeates all levels of the County community. At the Board of Supervisors' meeting tomorrow, the homeless issue is the major topic of discussion.

d. Legal and Regulatory Report (Ackerman)

Senator Dick Ackerman reported that up to 50 initiatives could be on the ballot in 2016. The one to watch will be the initiative to redirect \$8 billion from high-speed rail to water storage. Senator Ackerman noted that Senator Huff was asked to by the Ca Water Alliance to lead this initiative which would change the definition of beneficial use. It polls very well. People feel that California's priority should be water, not high-speed rail. We will know by the first of the year how this will go.

e. MWDOC Legislative Matrix

The report was received and filed.

f. Metropolitan Legislative Matrix

The report was received and filed.

Chairman Barbre called a five-minute recess.

ACTION ITEMS

**SELECTION OF A FIRM FOR LEGISLATIVE ADVOCACY SERVICES
IN SACRAMENTO**

Mr. Hunter reported that staff prepared and issued an RFP per the Administrative Code, and that seven proposals were received which met the initial qualifying criteria. These proposals were reviewed by the Ad Hoc Committee consisting of Board members, staff and Ms. Kathy Cole of Metropolitan. Of these seven, four were shortlisted and chosen for interviews. The consensus choice was Best, Best & Krieger (BBK) and the current staff recommendation is that the Board select BBK. President Dick stated that we've been well served by Townsend Public Affairs in the past but that we should accept the staff's recommendation to move forward with BBK. Director Barbre reported that the entire committee reviewed RFPs and the process was accomplished in an open manner. Director Osborne noted that the quality of the

proposals was quite high and it was a difficult choice but he feels very confident that they made an excellent decision.

Discussion ensued on the process in 2001 whereby the entire Board interviewed the consultants. Directors Finnegan and Thomas favored that approach. Mr. Hunter opined that a process was established and we are now at the end of the process and are discussing changing the process. Further, that this was done in absolute transparency and we shouldn't change the process. Director Barbre suggested that Directors Finnegan and Thomas meet with staff prior to the Board meeting to gain more insight into the process

Upon MOTION by Director Hinman, seconded by Director Dick, and carried (3-0), the Committee recommended that the Board authorize the General Manager to enter into a professional services contract with BBK to provide state advocacy services; this item will be presented at the November 18, 2015 Board meeting for approval. Directors Dick, Hinman and Barbre voted in favor.

SELECTION OF A FIRM FOR LEGISLATIVE ADVOCACY SERVICES IN WASHINGTON, DC

Director Barbre reported that based on the deliberations of the Ad Hoc Committee, James C. Barker was chosen by the majority of the committee to continue as MWDOC's legislative advocate in Washington, D.C.

Upon MOTION by Director Dick, seconded by Director Hinman, and carried (3-0), the Committee recommended that the Board authorize the General Manager to enter into a professional services contract with James C. Barker to provide Federal advocacy services; this item will be presented at the November 18, 2015 Board meeting for approval. Directors Dick, Hinman and Barbre voted in favor.

LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE

The Committee discussed changes made to the annual update but recommended further discussion on the item. The Board deferred this item to December.

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) ELECTION OF PRESIDENT AND VICE PRESIDENT AND BYLAW AMENDMENTS

The Committee discussed the proposed bylaw amendments and candidates for President and Vice President of ACWA and agreed with ACWA's Nominating Committee to recommend the current Vice President, Kathleen Tiegs, for ACWA President and Region 2 Board member, Brent Hastey, for ACWA Vice President. Committee then discussed who would be attending the ACWA Fall Conference to cast the District's ballot.

Upon MOTION by Director Dick, seconded by Director Hinman, and carried (3-0), the Committee recommended that the Board appoint Director Osborne as the representative and Directors Hinman and Thomas as alternates to cast the District's ballot at the ACWA Fall Conference in Indian Wells on Wednesday, December 2, 2015; this item will be presented at the November 18, 2015 Board meeting for approval. Directors Dick, Hinman and Barbre voted in favor.

INFORMATION ITEMS**UPDATE ON THE TRANSFER OF ORANGE COUNTY SANITATION DISTRICT
AREA 7**

Mr. Hunter reported that LAFCO staff denied EOCWD's application and recommended the Commission approve the annexation to IRWD. Recently, the IRWD Board took a position to establish the requisite contract guaranteeing to the Orange County Sanitation District the same language that EOCWD had in their agreement.

**UPDATE ON POTENTIAL CONSOLIDATION OF SAN JUAN CAPISTRANO
UTILITIES**

Director Hinman noted that she'd like to be kept abreast of terms and financial impacts of this potential consolidation.

SCHOOL PROGRAM PARTICIPATION REPORT**PUBLIC AFFAIRS ACTIVITIES REPORT**

The reports were received and filed.

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

Mr. Hunter introduced Mr. Syrus Devers of BB&K who announced he'd be here all day should anyone wish to talk with him.

ADJOURNMENT

There being no further business to be brought before the Committee, the meeting adjourned at 9:58 a.m.

MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
jointly with the
EXECUTIVE COMMITTEE
November 19, 2015, 8:30 a.m. to 9:50 a.m.
Conference Room 102

Committee:

Director Dick, President
Director Osborne, Vice President
Director Finnegan

Staff:

R. Hunter, M. Goldsby

Also Present:

Director Tamaribuchi
Director Hinman
Liz Mendelson, SDCWA

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

PUBLIC PARTICIPATION

No public comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

No items were presented.

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

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

EXECUTIVE COMMITTEE PROPOSALS FOR FUTURE AGENDAS

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

- a. Administration & Finance Committee
- b. Planning & Operations Committee
- c. Executive Committee

No new items were added to the above agendas.

- d. Public Affairs & Legislation Committee

Discussion was held regarding the Congressional luncheon to be held during the ACWA DC Conference, and whether this endeavor was worthwhile. With the understanding that 2016 planning was already underway, the Committee asked that the PAL Committee discuss

whether to hold the event in 2017. Director Tamaribuchi believed the event was worthwhile, but suggested the day change (to Thursday rather than Wednesday of the conference). Director Dick believed there were too many subjects highlighted at the event and suggested it would be more effective to hold an OC delegate event featuring OC issues. It was noted that General Manager Hunter would discuss this matter with Jim Barker and report to the PAL Committee.

DISCUSSION RE OCWD “PRIORITY” LETTER ON MET ISSUES

Committee discussed a letter MWDOC received from OCWD regarding OCWD’s priority issues at MET, which include what OCWD would like to see changed in MET allocations (for groundwater agencies), and establishment of an In-Lieu Program. The Committee suggested that Mr. Hunter respond outlining MWDOC’s willingness to work with OCWD on these issues, with the understanding that results must benefit the entire MET region.

DISCUSSION REGARDING UPCOMING ACTIVITIES OF SIGNIFICANCE

The Committee discussed the Water Policy dinner scheduled for January 22nd featuring Felicia Marcus as keynote speaker. Discussion then ensued regarding future dinners, whether it would be prudent to host two speakers (e.g., pro emergency drought regulations, and con showing economic consequences), and it was suggested the Ad Hoc Committee on Water Policy dinners meet with staff to discuss ideas.

Mr. Hunter then reported that December 2nd was the close of comments for the next round of emergency drought regulations and that Joe Berg was attending these meetings.

MEMBER AGENCY RELATIONS

Mr. Hunter updated the Committee on the recent meeting (positive) with the South County agencies.

GENERAL MANAGER’S REPORTS

Mr. Hunter reported on the secondary assignment of MET surplus allocation to OCWD, advising that all deliveries should be made by December 3rd and that additional water has become available. Because there was not a Board meeting scheduled until December 16, 2015, the Committee discussed the issue and authorized Mr. Hunter to proceed with the delivery (as per the prior Board action), and present information on this new delivery to the Board in December for ratification.

REVIEW AND DISCUSS DISTRICT AND BOARD ACTIVITIES

Director Hinman reported on her attendance at the recent Operational Area Executive Board meeting wherein Donna Boston (Director of Emergency Management) gave a presentation on OC’s outlook (good) with respect to terrorism. It was suggested Ms. Boston present the information at an upcoming WACO meeting.

ADJOURNMENT

There being no further business to be brought before the Committee, the meeting adjourned at 9:50 a.m.

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

WATER REVENUES

Date	From	Description	Amount
11/02/15	City of Fountain Valley	September 2015 Water deliveries	172,112.54
11/02/15	Serrano Water District	September 2015 Water deliveries	5,782.97
11/02/15	Trabuco Canyon Water District	September 2015 Water deliveries	14,650.13
11/02/15	City of La Palma	September 2015 Water deliveries	59,786.07
11/03/15	City of Garden Grove	September 2015 Water deliveries	433,551.82
11/05/15	City of San Juan Capistrano	September 2015 Water deliveries	469,243.44
11/09/15	City of Buena Park	September 2015 Water deliveries	177,625.24
11/09/15	El Toro Water District	September 2015 Water deliveries	654,351.39
11/09/15	Santa Margarita Water District	September 2015 Water deliveries	2,112,398.75
11/09/15	City of Seal Beach	September 2015 Water deliveries	238,510.11
11/09/15	South Coast Water District	September 2015 Water deliveries	443,214.09
11/12/15	City of Westminster	September 2015 Water deliveries	84,743.84
11/12/15	City of Orange	September 2015 Water deliveries	579,399.41
11/13/15	Laguna Beach County Water District	September 2015 Water deliveries	274,097.53
11/13/15	East Orange County Water District	September 2015 Water deliveries	358,092.84
11/13/15	Santiago Aqueduct Commission	September 2015 Water deliveries	120,997.80
11/13/15	City of Newport Beach	September 2015 Water deliveries	377,615.62
11/13/15	City of San Clemente	September 2015 Water deliveries	623,447.36
11/13/15	Irvine Ranch Water District	September 2015 Water deliveries	798,245.26
11/13/15	Moulton Niguel Water District	September 2015 Water deliveries	2,025,867.71
11/13/15	Yorba Linda Water District	September 2015 Water deliveries	480,166.78
11/13/15	Golden State Water Company	September 2015 Water deliveries	366,241.42
11/23/15	City of Buena Park	October 2015 Water deliveries	169,802.95
11/23/15	City of Fountain Valley	October 2015 Water deliveries	188,265.26
11/23/15	City of San Juan Capistrano	October 2015 Water deliveries	423,603.94
11/27/15	City of Huntington Beach	October 2015 Water deliveries	542,983.30
11/27/15	City of San Clemente	October 2015 Water deliveries	560,571.80
11/30/15	City of La Habra	October 2015 Water deliveries	11,791.79
11/30/15	Serrano Water District	October 2015 Water deliveries	5,970.14
11/30/15	Trabuco Canyon Water District	October 2015 Water deliveries	18,155.68

TOTAL REVENUES \$ 12,791,286.98

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

MISCELLANEOUS REVENUES

Date	From	Description	Amount
11/30/15	John Thornton	1/22/16 Water Policy dinner	80.00
11/05/15	Stan Sprague	November 2015 Retiree medical premium	212.59
11/16/15	Joan Finnegan	Jul-Sep 2015 Director's Insurance contribution	320.73
11/02/15	Susan Hinman	Jul-Sep 2015 Director's Insurance contribution	250.35
11/04/15	Petty Cash	Movie tickets	243.00
11/05/15	Laura Loewen	Movie tickets	17.00
11/09/15	Harvey De La Torre	Movie tickets	51.00
11/23/15	Laura Loewen	Movie tickets	17.00
11/25/15	Kelly Hubbard	Movie tickets	34.00
11/05/15	Metropolitan Water District	Refund for Service Connection OC-58 Abandonment	3,118.39
11/16/15	City of Fountain Valley	September 2015 Smart Timer rebate program	150.00
11/20/15	City of Fullerton	September 2015 Smart Timer rebate program	67.75
11/23/15	2 Checks	September 2015 Smart Timer rebate program	1,050.00
11/09/15	Golden State Water Company	September 2015 Turf Removal rebate program	7,228.09
11/13/15	City of Brea	September 2015 Turf Removal rebate program	1,105.75
11/16/15	Trabuco Canyon Water District	September 2015 Turf Removal rebate program	206.25
11/18/15	City of San Juan Capistrano	September 2015 Turf Removal rebate program	2,063.23
11/23/15	City of Buena Park	September 2015 Turf Removal rebate program	2,271.97
11/25/15	City of La Habra	September 2015 Turf Removal rebate program	1,067.00
11/09/15	2 Checks	September 2015 Smart Timer and Turf Removal rebate program	9,484.00
11/13/15	2 Checks	September 2015 Smart Timer and Turf Removal rebate program	4,624.99
11/16/15	Moulton Niguel Water District	September 2015 Smart Timer, Rotating Nozzle & Turf Removal rebate program	62,476.54
11/09/15	Golden State Water Company	September 2015 So Cal Watersmart Residential rebate program	335.00
11/16/15	2 Checks	September 2015 So Cal Watersmart Residential rebate program	60,035.11
11/25/15	El Toro Water District	September 2015 So Cal Watersmart Residential rebate program	550.00
11/30/15	Irvine Ranch Water District	September 2015 So Cal Watersmart Residential rebate program	4,000.99
11/16/15	Department of Water Resources	Apr-Jun 2015 Comprehensive Landscape WUE program	1,568.28
11/05/15	Bureau of Reclamation	Apr-Sep 2015 CII Performance Based WUE program	82,190.94
11/12/15	Bureau of Reclamation	Apr-Sep 2015 Hotel Water Smart program	68,300.00
11/05/15	Bureau of Reclamation	Apr-Sep 2015 Industrial Process Water Use Phase 2	48.60
11/05/15	Bureau of Reclamation	Apr-Sep 2015 Online Irrigation Base Schedule Calculator program	5,056.80
11/05/15	Bureau of Reclamation	Apr-Sep 2015 Spray to Drip Conversion pilot project	7,074.57
11/05/15	Bureau of Reclamation	Apr-Sep 2015 Water Efficient Site Certification & Smart Timer program	183,693.12
11/12/15	Bureau of Reclamation	November 2015 Industrial Process Water Use Phase 2	150,160.05
11/13/15	East Orange County Water District	FY 15-16 Choice Programs Billing Invoice	10,120.13
11/16/15	Serrano Water District	FY 15-16 Choice Programs Billing Invoice	7,868.40
11/16/15	South Coast Water District	FY 15-16 Choice Programs Billing Invoice	48,417.76
11/16/15	Trabuco Canyon Water District	FY 15-16 Choice Programs Billing Invoice	9,790.97
11/23/15	City of Garden Grove	FY 15-16 Choice Programs Billing Invoice	47,744.44
11/23/15	City of Newport Beach	FY 15-16 Choice Programs Billing Invoice	25,926.38
11/23/15	City of Orange	FY 15-16 Choice Programs Billing Invoice	81,954.60
11/23/15	Golden State Water Company	FY 15-16 Choice Programs Billing Invoice	47,432.64
11/25/15	City of Westminster	FY 15-16 Choice Programs Billing Invoice	17,227.52
11/25/15	Santa Margarita Water District	FY 15-16 Choice Programs Billing Invoice	160,111.75
11/27/15	City of Brea	FY 15-16 Choice Programs Billing Invoice	24,597.82
11/30/15	City of Fountain Valley	FY 15-16 Choice Programs Billing Invoice	25,143.39
11/30/15	City of La Habra	FY 15-16 Choice Programs Billing Invoice	18,375.43
11/30/15	Laguna Beach County Water District	FY 15-16 Choice Programs Billing Invoice	15,292.28
11/30/15	Yorba Linda Water District	FY 15-16 Choice Programs Billing Invoice	24,942.87
11/09/15	City of Orange	2015 Urban Water Management Plan Contract - Arcadis	40,670.00
11/09/15	City of Santa Ana	2015 Urban Water Management Plan Contract - Arcadis	36,050.00
11/18/15	City of San Juan Capistrano	2015 Urban Water Management Plan Contract - Arcadis	30,360.00

TOTAL MISCELLANEOUS REVENUES \$ 1,331,179.47

TOTAL REVENUES \$ 14,122,466.45


Robert J. Hunter, General Manager


Hilary Chumplitzi, Treasurer

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Core Expenditures:		
	Richard Ackerman	
1088	November 2015 Legal consulting on water policy issues	2,050.00
	*** Total ***	2,050.00
	ACWA	
919-2016	2016 Annual membership dues	17,189.33
	*** Total ***	17,189.33
	Aleshire & Wynder LLP	
35074	October 2015 Legal services	4,240.24
35368	11/1/15-11/19/15 Legal services	4,830.74
	*** Total ***	9,070.98
	ARC	
8348283	Services to copy MWDOC's building plans	424.01
	*** Total ***	424.01
	Arcadis US, Inc.	
0753502	September 2015 Services for development of Urban Water Management plan	42,405.80
	*** Total ***	42,405.80
	Awards & Trophies Co., Inc.	
13575	1 Name plate for MWDOC staff	15.88
	*** Total ***	15.88
	Best Best and Krieger LLP	
55401-OCT15	October 2015 Legal services	13,656.61
55401-NOV15	11/1/15-11/23/15 Legal services	7,184.34
	*** Total ***	20,840.95
	California T's	
E19275	13 Embroidered staff t-shirts for outreach events	231.66
	*** Total ***	231.66
	CDM Smith	
80539737-11	10/4/15-10/31/15 Engineering services for Water Reliability Investigation	14,859.50
	*** Total ***	14,859.50
	Dissinger Associates	
AP-MWD-OCT15	October 2015 Pension plan distribution processing fee	50.00
	*** Total ***	50.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>GovernmentJobs.com. Inc.</i>	
INV16061	Employment advertising for Water Use Efficiency Programs Coordinator position	175.00
INV16071	Employment advertising for Senior Water Resources Analyst position	175.00
INV16077	Employment advertising for Principal Engineer/Planner position	175.00
	*** Total ***	525.00
	<i>James C. Barker, P.C.</i>	
105-1115	November 2015 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	<i>Karen's Detail Custom Frames</i>	
2723	Custom framing for Director Lizotte's retirement gift	54.00
2729	Custom framing of proclamation for R. Bell's retirement	54.00
	*** Total ***	108.00
	<i>Lewis Consulting Group, LLC</i>	
1439	November 2015 Consulting services	4,500.00
	*** Total ***	4,500.00
	<i>Edward G. Means III</i>	
MWDOC-1034	November 2015 Support on Metropolitan issues & strategic guidance to Engineering department	1,000.00
	*** Total ***	1,000.00
	<i>Office Solutions</i>	
I-00863547	11/17/15 Office supplies	308.32
I-00863120	11/17/15 Office supplies	6.48
I-00864644	11/19/15 Office supplies	155.50
	*** Total ***	470.30
	<i>Orange County Fast Print, Inc.</i>	
51994	Business cards R. Hunter, L. Loewen & K. Hubbard	216.00
	*** Total ***	216.00
	<i>Orange County Water District</i>	
15597	October 2015 50% of WACO expenses	232.50
15623	October 2015 Postage, shared office & maintenance expense	10,670.50
15626	Cost share for 7 new parking lot signs	4,403.55
	*** Total ***	15,306.55
	<i>Patricia Kennedy Inc.</i>	
20616	December 2015 Plant maintenance	214.00
	*** Total ***	214.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	Top Hat Productions	
91028	11/5/15 Lunch for Orange County Reliability Study meeting	403.38
91068	11/19/15 Lunch for Managers' meeting	403.38
91085	11/24/15 Food for staff development lunch	243.00
	*** Total ***	1,049.76
	Townsend Public Affairs, Inc.	
11234	November 2015 State legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	U. S. HealthWorks Medical Group	
2806015-CA	10/28/15 Pre-employment exam	160.00
	*** Total ***	160.00
	USAFact, Inc.	
5112776	11/17/15 Pre-employment background check	94.91
	*** Total ***	94.91
	Vavrinek, Trine, Day & Co., LLP	
0119103-IN	October 2015 Services for FY 14/15 Financial Statement audit	4,865.00
	*** Total ***	4,865.00
	Total Core Expenditures	151,647.63

Choice Expenditures:

	AquaFicient Consulting	
03-003	October 2015 Landscape Performance Certification program funded by IRWD & MET	1,800.00
	*** Total ***	1,800.00
	Chambers Group Inc.	
30259	October 2015 Baseline environmental monitoring for Doheny Ocean Desal project	10,312.75
	*** Total ***	10,312.75
	ConserVision Consulting, LLC	
LPCP-236	October 2015 Consulting services for Landscape Performance Certification program	7,173.00
	*** Total ***	7,173.00
	EcoLandscape California	
MWDOC/ELC 112315	10/21/15-11/20/15 Development of irrigation schedule calculator	7,827.50
	*** Total ***	7,827.50

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	Enterprise Information Systems, Inc.	
MWDOC-70003	2016 Web hosting for California Sprinkler Adjustment Notification System	2,160.00
	*** Total ***	2,160.00
	State Water Resources	
WD-0110124	7/1/15-6/30/16 Annual permit fee for Doheny Ocean Desal project	2,037.00
	*** Total ***	2,037.00
	Top Hat Productions	
91029	11/5/15 Lunch for Water Use Efficiency workgroup meeting	412.99
	*** Total ***	412.99
	Jessica H. Ouwerkerk	
MWDOC-005	October 2015 Consulting services for Water Use Efficiency department	2,470.00
	*** Total ***	2,470.00
	Ultimate Image Printing	
102923	6,250 Landscape contractor flyers for Water Use Efficiency programs	2,585.24
103113	Printing and mailing services for outreach letter to homeowner associations	522.90
	*** Total ***	3,108.14
	Total Choice Expenditures	<hr/> 37,301.38

Other Funds Expenditures:

	EcoLandscape California	
MWDOC/ELC 112315	10/21/15-11/20/15 Development of irrigation schedule calculator	7,827.50
	*** Total ***	7,827.50
	Hotel Program	
K903023	Ayres Group (Anaheim)	7,039.17
K903024	Ayres Hotel and Spa (Mission Viejo)	4,500.00
	*** Total ***	11,539.17
	Mega Maids Cleaning Service	
7379	November 2015 N. EOC cleaning services	94.00
7380	November 2015 S. EOC cleaning services	113.00
	*** Total ***	207.00
	Mission RCD	
1865	October 2015 Field verifications for Water Use Efficiency rebate programs	36,017.86
	*** Total ***	36,017.86

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

Invoice#	Vendor / Description	Amount to Pay
Spray to Drip Program		
S2D-HBCH-3135	C. Hu	175.00
S2D-IRWD-3138	L. Sims	350.00
S2D-IRWD-3763	R. Villalba	346.65
S2D-MESA-3757	L. Standard	525.00
S2D-MESA-3759	L. Standard	525.00
S2D-MNWD-3785	S. Rigas	247.00
S2D-MNWD-3128	K. Vestal	240.67
S2D-MNWD-3054	J. Borlin	561.00
S2D-MNWD-3743	S. Baillargeon	391.33
S2D-MNWD-3705	J. Davis	270.20
S2D-MNWD-3061	F. Greger	530.00
S2D-MNWD-3729	J. Sabus	355.00
S2D-ORGE-3723	A. Garcia	293.16
S2D-SCLM-3122	W. Rhodes	525.00
S2D-SMWD-3106	C. Chronister	145.72
S2D-SMWD-3075	P. Kolibaba	525.00
S2D-SMWD-3029	C. Yang	175.00
S2D-SMWD-3788	Y. Lu	571.11
S2D-TSTN-3108	A. Khauv	525.00
S2D-TSTN-3806	C. Denney	175.00
S2D-TSTN-3046	B. Murray	175.00
S2DC-MNWD-2143	Monarch Summit II HOA	1,129.13
S2DC-IRWD-2127	Yards Maintenance Corp.	1,004.00
S2DC-IRWD-2128	R&D Maintenance Corp.	323.20
S2DC-IRWD-2129	R&D Maintenance Corp.	1,119.20
S2DC-IRWD-2130	Descartes Maintenance Corp.	1,044.40
	*** Total ***	12,246.77
Turf Removal Program		
TR5W-BP-3574	C. Cowie	2,600.00
TR5W-BP-4891	M. Dunn	1,482.00
TR6-BP-6568-7430	D. Ellis	910.00
TR5W-BREA-5939	R. Thibodeaux	2,458.00
TR6-BREA-6998-220	M. Veitch	1,700.00
TR6-BREA-7494-1265	M. Brass	1,080.00
TR6-BREA-8087-200	Walters Wholesale Electric (Brea)	25,000.00
TR6-BREA-8673-1361	R. Robillard	1,080.00
TR5-ET-024	Golden Rain Foundation (Laguna Woods)	16,506.00
TR5W-ETWD-4030	D. Hewko	920.00
TR6-ETWD-10573-24892	L. Tee	1,900.00
TR6-ETWD-6671-24571	L. Ng	1,538.00
TR6-ETWD-7838-25292	H. Hayes	3,572.00
TR6-ETWD-8123-24641	B. Radcliffe	1,256.00
TR6-ETWD-9187-26581	R. Delshadi	932.00
TR6-ETWD-9637-22352	M. Cruikshank	904.00
TR5W-FV-4684	D. Manderscheid	1,166.00
TR6-FV-7397-9583	N. Nguyen	2,074.00
TR5-GG-042	D. Brown	1,524.00

Municipal Water District of Orange County
Disbursement Approval Report
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<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR5-GG-046	G. Hill	3,172.00
TR5W-GG-4243	J. Norton	5,270.00
TR5W-GG-4531	K. Nguyen	2,478.00
TR5W-GG-5215	G. Velton	596.00
TR6-GG-6132-12851	N. Vo	5,042.00
TR6-GG-7157-11732	M. Page	1,366.00
TR5-GSWC-097	M. Dinh	2,994.00
TR5-GSWC-110	R. Knox	1,312.00
TR5-GSWC-114	G. Mergotti	1,188.00
TR5W-GSWC-3549	E. Greene	2,740.97
TR5W-GSWC-3803	H. Le	1,229.74
TR5W-GSWC-4163	G. Alferes	3,268.00
TR5W-GSWC-4307	J. Stout	388.00
TR5W-GSWC-4323	J. Muth	8,686.00
TR5W-GSWC-4511	S. Miller	4,082.00
TR5W-GSWC-4596	J. Jung	912.00
TR5W-GSWC-4827	C. Skolmutch	4,882.00
TR5W-GSWC-4878	A. Christiansen	1,800.00
TR5W-GSWC-5328	C. Stark	1,166.00
TR5W-GSWC-5329	E. Lee	1,714.00
TR5W-GSWC-5362	R. Wulff	5,512.00
TR5W-GSWC-5447	F. O'Reilly	6,854.00
TR5W-GSWC-5679	W. Mackay	556.60
TR5W-GSWC-5964	D. Jacobsen	2,524.00
TR6-GSWC-6371-1013	H. Mayo	1,640.00
TR6-GSWC-6542-6359	J. Palmer	880.00
TR6-GSWC-6814-338	J. Hodson	1,140.00
TR6-GSWC-8268-6238	C. Ivanovici	566.00
TR5W-HB-4008	US Wheel Corp (Huntington Beach)	9,000.00
TR5W-HB-4065	M. Wiederin	3,252.00
TR5W-HB-4082	D. Baker	468.00
TR5W-HB-4515	J. McGuckin	1,096.00
TR5W-HB-4784	S. Sexton	596.00
TR5W-HB-5319	E. Madden	2,380.00
TR5W-HB-5750	Y. Shramenko	2,574.00
TR5W-HB-6031	J. Houchen - Houchen Apartments (Huntington Beach)	453.00
TR6-HB-10488-19781	K. Ly	5,478.00
TR6-HB-10595-16141	Y. Kotani	1,370.00
TR6-HB-6168-6002	C. Nunley	700.00
TR6-HB-6213-5711	S. Pinsky	3,754.00
TR6-HB-7070-19461	R. Gamble	4,052.00
TR6-HB-7116-19791	G. Mancewicz	1,054.00
TR6-HB-7747-5702	M. Spatola	4,064.00
TR6-HB-7775-8372	M. Koch	1,664.00
TR6-HB-7779-417	M. Koch	310.00
TR6-HB-8161-18101	E. Conley	2,128.00
TR6-HB-8807-5091	V. Thompson	1,122.00
TR6-HB-8952-20121	B. Hill	820.00
TR6-HB-8968-1713	J. Houchen - Houchen Apartments (Huntington Beach)	325.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR6-HB-9217-8271	D. Shoffeitt	1,288.00
TR6-HB-9992-16152	J. Stepanian	1,260.00
TR5W-IRWD-3422	T. Yu	1,486.00
TR5W-IRWD-4102	L. Smart	3,198.00
TR5W-IRWD-4129	V. Bath	3,286.00
TR5W-IRWD-4161	J. Ortiz	1,928.00
TR5W-IRWD-4543	Ventana HOA (Tustin Ranch)	5,730.00
TR5W-IRWD-4719	D. May	1,390.00
TR5W-IRWD-5293	K. Mannarelli	536.00
TR5W-IRWD-5333	R. Onishi	1,896.00
TR5W-IRWD-5653	T. White	1,290.00
TR5W-IRWD-5804	B. Gunson	1,174.00
TR5W-IRWD-5972	J. Low	674.00
TR5W-IRWD-6005	R. Ogle	4,176.00
TR6-IRWD-10401-2	B. Torres	1,400.00
TR6-IRWD-6215-20	J. Chu	1,006.00
TR6-IRWD-6261-28562	H. Horchover	956.00
TR6-IRWD-6444-21381	C. Morgan	1,056.00
TR6-IRWD-6613-8	P. Murugesan	356.00
TR6-IRWD-7224-3013	A. Flechner	2,280.00
TR6-IRWD-7552-22	K. Rohl	4,174.00
TR6-IRWD-7599-24521	R. Young	1,656.00
TR6-IRWD-7985-26242	J. Jambon	1,088.00
TR6-IRWD-8157-24832	E. Minder	2,684.00
TR6-IRWD-8353-25	S. Tsai	1,136.00
TR6-IRWD-8475-22781	R. Harris	2,042.00
TR6-IRWD-9473-21792	J. Campoli	1,058.00
TR6-IRWD-9474-110	R. Chang	1,108.00
TR6-IRWD-9999-3581	R. Herzog	728.00
TR5W-LB-4552	M. & D. Shapero	5,442.00
TR5W-LB-5304	L. Polley	8,631.00
TR6-LB-9094-511	A. Hoskins	783.00
TR5W-LH-4001	S. Zinberg	3,418.00
TR5W-LH-4071	K. La Counte	628.00
TR5W-LH-4938	J. Robinson	1,132.00
TR6-LP-10030-7972	N. & R. Chang	800.00
TR6-LP-10533-8236	W. Hammond	598.00
TR5-MESA-088	R. Pedersen	1,048.00
TR5W-MESA-4291	B. Hood	3,824.00
TR5W-MESA-4303	I. Lefebvre	2,748.00
TR5W-MESA-5261	R. Profeta	4,434.00
TR5W-MESA-5498	J. Twardowski	1,806.00
TR5W-MESA-5643	C. Sheasby	2,436.00
TR6-MESA-10410-3008	F. Ishihara	1,850.00
TR6-MESA-6600-3323	S. Sullivan	780.00
TR6-MESA-6601-1676	T. Sullivan	2,206.00
TR6-MESA-7310-2017	J. Jennings	3,504.00
TR6-MESA-7334-2063	R. Pedersen	285.00
TR6-MESA-7653-3164	R. Cullen	3,912.00

Municipal Water District of Orange County
Disbursement Approval Report
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<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR6-MESA-7675-1891	T. Hallenbeck	608.00
TR6-MESA-7794-2016	G. Cannon	4,102.00
TR6-MESA-8601-1670	J. Eklund	4,612.00
TR5-MNT-256	J. Manley	700.00
TR5-MNT-261	D. Marsh	8,375.00
TR5-MNT-269	G. Trotter	4,172.00
TR5W-MNT-2138	Briosa Owners' Association (Laguna Hills)	22,163.00
TR5W-MNT-3740	T. Scimeca	2,320.50
TR5W-MNT-3864	D. Hoime	3,033.19
TR5W-MNT-4010D	F. Ziaii	7,399.00
TR5W-MNT-4049	H. Kraiss	6,365.00
TR5W-MNT-4094D	J. Kazem	2,257.50
TR5W-MNT-4162	C. Kinsley	4,235.00
TR5W-MNT-4256	K. Donahue	1,578.50
TR5W-MNT-4259	J. Chevallier	3,206.00
TR5W-MNT-4384	P. Miura	2,655.00
TR5W-MNT-4437	J. Ross	6,238.00
TR5W-MNT-4450	M. Dries	4,711.00
TR5W-MNT-4490	E. Kraemer	14,480.00
TR5W-MNT-4614	J. Ellis	1,732.00
TR5W-MNT-4662	C. Armenta	2,882.72
TR5W-MNT-4780	T. Allen	2,850.00
TR5W-MNT-4801	F. Bremer	7,940.00
TR5W-MNT-4830	A. Boghdady	1,776.00
TR5W-MNT-4998	J. Mittelman	5,270.00
TR5W-MNT-5064	B. Adams	4,810.00
TR5W-MNT-5155	J. Lozinski	6,304.00
TR5W-MNT-5176	G. Loel	4,956.00
TR5W-MNT-5191	D. Kamber	2,772.00
TR5W-MNT-5283	C. Gormick	1,998.12
TR5W-MNT-5365	A. Podlech	731.50
TR5W-MNT-5459	M. Shiang	7,285.00
TR5W-MNT-5487	D. Brunell	2,080.00
TR5W-MNT-5598	K. Westling	1,669.50
TR5W-MNT-5850	R. Oliver	1,924.50
TR5W-MNT-5874	L. Brubaker	2,020.00
TR5W-MNT-5888	Z. Safai	5,817.00
TR5W-MNT-5966	P. Brown	5,240.00
TR5W-MNT-5967	P. Askins	3,041.50
TR5W-MNT-6026	K. Swanson	2,665.00
TR6-MNT-6142-30476	E. Mangoubi	3,420.00
TR6-MNT-6282-29141	N. Wiseman	5,315.00
TR6-MNT-6521-1	P. Hold	3,204.54
TR6-MNT-6549-1	K. Hublitz	1,446.00
TR6-MNT-6556-29492	Y. Nishijima	1,410.50
TR6-MNT-6905-29481	G. Mack	1,288.00
TR6-MNT-6942-24052	P. Schenkelberg	2,369.50
TR6-MNT-7114-25001	P. Russart	12,130.00
TR6-MNT-7137-26881	J. Cookson	9,060.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR6-MNT-7315-2	J. Flaska	7,425.00
TR6-MNT-7474-25511	R. Grimm	7,330.00
TR6-MNT-7685-42	P. Sullivan	2,225.00
TR6-MNT-7756-16	S. McMannus	2,166.50
TR6-MNT-8121-24852	J. Bodenhoefer	2,480.00
TR6-MNT-8136-26566	D. Garland	1,725.00
TR5-NWPT-016	S. Coty	2,084.00
TR5W-NWPT-3360	City of Newport Beach	312,602.00
TR5W-NWPT-4024	J. Obegi	4,324.00
TR5W-NWPT-4379	A. Brown	860.00
TR5W-NWPT-4791	R. Brewer	1,114.00
TR5W-NWPT-5113	P. Tabas	2,412.00
TR5W-NWPT-5124	R. Craig	6,172.00
TR5W-NWPT-5134	J. DePrima	500.00
TR5W-NWPT-5737	J. Golob	4,614.00
TR6-NWPT-7436-3033	L. Smith	998.00
TR6-NWPT-7973-3028	T. Schriber	968.00
TR6-NWPT-8218-2091	City of Newport Beach	10,814.00
TR6-NWPT-8228-400	B. Jeannette	3,100.00
TR6-NWPT-8583-4150	City of Newport Beach	8,243.00
TR6-NWPT-9277-16	M. French	770.00
TR5-O-079	W. Reimer	1,404.00
TR5-O-086	B. Chapman	1,222.00
TR5-O-093	K. or D. Mohrhoff	560.00
TR5W-O-2952012	C. Herman	750.00
TR5W-O-3169	C. McGuire	6,522.00
TR5W-O-4430	S. Nottingham	1,492.00
TR5W-O-4659	L. Arko	844.00
TR5W-O-5211	R. Wolfe	976.00
TR5W-O-5615	L. Lopez	1,268.00
TR6-O-6253-7142	C. Brebner	502.00
TR6-O-8559-1733	S. Saulnier	1,518.00
TR6-O-9535-6146	S. Moreno	1,970.00
TR5W-SB-4175	M. Reilly	1,000.00
TR5-SC-111	L. Bauer	2,581.00
TR5-SC-113	M. Browne	2,926.00
TR5-SC-115	I. Ashdown	1,384.00
TR5-SC-116	W. Newton	1,522.00
TR5W-SC-4015	J. Reeve	3,196.00
TR5W-SC-4138	B. Williams	11,740.00
TR5W-SC-4242	T. Murphy	7,176.00
TR5W-SC-4308	T. Schmid	1,578.00
TR5W-SC-4415	M. Welter	1,598.00
TR5W-SC-4629	J. Offord	1,638.00
TR5W-SC-4654	L. Fenton	1,200.00
TR5W-SC-4711	Seapointe Estates (San Clemente)	8,994.00
TR5W-SC-5917	R. Marchant	1,016.00
TR5W-SC-6032	D. Doalson	502.00
TR6-SC-6084-124	J. Schrantz	4,290.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR6-SC-6187-2908	J. Collett	3,928.00
TR6-SC-6258-1200	L. Hosseinpour	652.00
TR6-SC-6646-7119	R. Toosky	1,998.00
TR6-SC-7115-3016	C. Donaldson	6,000.00
TR6-SC-7152-815	J. Perry	2,872.00
TR6-SC-7412-211	J. Button	1,078.00
TR6-SC-7479-906	I. Starrs	898.00
TR6-SC-7614-2919	S. Parker	1,416.00
TR6-SC-7713-514	J. Munro	1,476.00
TR6-SC-8017-2000	L. Fischer	1,022.00
TR6-SC-8431-25	J. Porphir	1,966.00
TR6-SC-8440-2935	Y. Wen	1,552.00
TR5-SJC-054	M. Luke	2,472.00
TR5-SJC-066	C. Wieser	5,264.00
TR5W-SJC-2231	C. Gass	284.00
TR5W-SJC-3330	J. Homan	1,496.00
TR5W-SJC-4246	M. Brooks	660.00
TR5W-SJC-4636	Casitas ASSN #1 (Irvine)	15,984.00
TR5W-SJC-5684	G. Bauer	706.00
TR6-SJC-10395-32932	C. Timms	2,134.00
TR6-SJC-7079-31022	B. Gray	768.00
TR6-SJC-7318-28166	M. Loper	1,308.00
TR6-SJC-8116-26392	W. Kosmowski	2,440.00
TR6-SJC-8315-26211	B. Chapman	850.00
TR6-SJC-8907-31951	V. Jimenez	1,278.00
TR5-SM-212	S. McNamara	2,174.23
TR5-SM-217	K. Niemic	1,288.00
TR5W-SM-4104	A. Cheever	1,086.00
TR5W-SM-4727	G. Servis	2,104.00
TR5W-SM-4930	M. Tweedie	812.00
TR5W-SM-5103	K. Gabriel	954.00
TR5W-SM-5813	H. Blank	1,170.00
TR5W-SM-6035	R. Harriman	650.00
TR6-SM-10078-2	M. Zumbo	638.00
TR6-SM-6364-4	J. Bernards	880.00
TR6-SM-6576-1	S. MacLeod	6,000.00
TR6-SM-6803-3	G. McCloud	1,110.00
TR6-SM-7307-5	T. Rogers	1,564.00
TR6-SM-7512-2	S. Vorakoumane	956.00
TR6-SM-7674-22161	R. Hulbert	6,000.00
TR6-SM-7725-1	L. Acosta	1,016.00
TR6-SM-7742-27300	D. Tong	1,994.00
TR6-SM-9339-18	R. James	692.00
TR6-SOCO-7067-23841	J. Christiansen	806.00
TR6-SOCO-7144-34325	L. Gieselman	718.00
TR6-SOCO-8363-32707	B. Horn	772.00
TR6-SOCO-8940-24622	K. Milburn	3,106.00
TR6-SOCO-9635-35266	C. Defazio	1,058.00
TR5-SOCO-097	R. Law	1,284.00

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

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
TR5-SOCO-110	W. Beattie	2,620.00
TR5W-SOCO-3660	T. Burger	850.00
TR5W-SOCO-4067	N. Vos	848.00
TR5W-SOCO-4216	C. Yocum	1,932.00
TR5W-SOCO-4696	T. Brabeck	1,540.00
TR5W-SOCO-4969	C. Beattie	968.00
TR5W-SOCO-5172	O. Foster	1,246.00
TR6-SWD-10208-18302	M. Kato	3,394.00
TR6-SWD-8744-18131	W. Berberich	640.00
TR6-SWD-8832-18002	J. Ryckebosch	5,288.00
TR6-SWD-8888-10160	M. Felix	2,082.00
TR5-TC-009	R. Hulse	2,500.00
TR5W-TC-3348	S. Sitaraman	480.00
TR5W-TUST-3032	W. Twomey	3,418.00
TR5W-TUST-4181	K. Feher	2,076.00
TR6-TUST-6304-13042	M. Ho	4,134.00
TR6-TUST-6873-13092	J. Hersey	3,963.00
TR6-TUST-7150-14641	D. Foster	2,103.00
TR6-TUST-9170-14132	R. Stephens	3,501.00
TR6-WEST-10052-14232	M. Black	1,402.00
TR6-WEST-9293-14692	H. Nguyen	4,756.00
TR5W-YLWD-4648	C. Fries	1,418.00
TR5W-YLWD-4965	S. Barron	1,546.00
TR5W-YLWD-5421	R. Wagner	4,408.00
TR5W-YLWD-5514	R. Warner	4,822.00
TR5W-YLWD-5617	D. Rivera	828.00
TR5W-YLWD-5699	T. Tran	1,324.00
TR5W-YLWD-5706	R. Thomson	1,500.00
TR6-YLWD-10469-4051	P. Martin	1,716.00
TR6-YLWD-10612-5121	C. Beck	4,546.00
TR6-YLWD-6504-20401	J. LaCommare	1,004.00
TR6-YLWD-6869-4932	D. Chi	2,084.00
TR6-YLWD-7564-19192	D. Larson	2,814.00
TR6-YLWD-7812-5397	G. Hahn	997.17
TR6-YLWD-7840-5445	R. Ricks	1,300.00
TR6-YLWD-8140-5472	D. Brown	774.00
TR6-YLWD-8381-21530	M. Fales	616.00
TR6-YLWD-8798-20241	K. Nguyen	2,158.00
TR6-YLWD-8878-16361	C. Heath	2,724.00
TR6-YLWD-9752-20905	D. Chen-Elliott	2,524.00
	*** Total ***	1,152,619.28
	Total Other Funds Expenditures	1,220,457.58
	Total Expenditures	1,409,406.59

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

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
130332	11/10/15	TIMEWA 5210-NOV15	Time Warner Cable November 2015 Telephone and internet expense ***Total ***	 1,280.33 1,280.33
130333	11/10/15	VERIZO 9754480241	Verizon Wireless October 2015 4G Mobile broadband unlimited service ***Total ***	 76.02 76.02
130336	11/16/15	ACKEEX 103115	Linda Ackerman October 2015 Business expense ***Total ***	 64.40 64.40
130342	11/16/15	C3OFFI INV42823 INV43915	C3 Office Solutions LLC October 2015 Canon copier maintenance November 2015 Canon copier maintenance ***Total ***	 262.13 262.13 524.26
130346	11/16/15	DELAGE 47542575	De Lage Landen Public Finance November 2015 Canon copier lease ***Total ***	 509.00 509.00
130350	11/16/15	IRONMO LKZ3688	Iron Mountain November 2015 Storage/retrieval of archived document ***Total ***	 532.66 532.66
130352	11/16/15	LYONKE 103115	Keith Lyon October 2015 Business expense ***Total ***	 24.90 24.90
130358	11/16/15	ROBERT 103115	Bryce Roberto October 2015 Business expense ***Total ***	 90.28 90.28
130373	11/16/15	TAMARI 103115	Satoru Tamaribuchi October 2015 Business expense ***Total ***	 149.00 149.00
130374	11/16/15	TIMEWA 3564-NOV15	Time Warner Cable November 2015 Telephone expense for 4 analog fax lines ***Total ***	 145.07 145.07
130378	11/16/15	USBANK 5783/6533-OCT15	U.S. Bank 9/22/15-10/22/15 Cal Card charges ***Total *** (See attached sheet for details)	 10,018.62 10,018.62

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

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
ACH001739	11/16/15	BACATI 102315	Tiffany Baca September-October 2015 Business expense ***Total ***	 291.70 291.70
ACH001740	11/16/15	BARBRE 103115	Brett Barbre October 2015 Business expense ***Total ***	 247.25 247.25
ACH001741	11/16/15	BAUMHA 103115	Melissa Baum-Haley September-October 2015 Business expense ***Total ***	 352.02 352.02
ACH001742	11/16/15	BERGIO 103015	Joseph Berg October 2015 Business expense ***Total ***	 860.25 860.25
ACH001747	11/16/15	CHUMPI 103115	Hilary Chumpitazi October 2015 Business expense ***Total ***	 52.52 52.52
ACH001749	11/16/15	DICKEX 103115	Larry Dick October 2015 Business expense ***Total ***	 212.22 212.22
ACH001753	11/16/15	HINMAN 103115	Susan Hinman October 2015 Business expense ***Total ***	 411.98 411.98
ACH001756	11/16/15	GUTIER 103115	Marey Gutierrez October 2015 Business expense ***Total ***	 96.61 96.61
ACH001766	11/16/15	HUNTER 101415	Robert J. Hunter September-October 2015 Business expense ***Total ***	 88.73 88.73
ACH001769	11/16/15	THOMAS 103115	Jeffery Thomas October 2015 Business expense ***Total ***	 120.76 120.76
ACH001772	11/30/15	FINNEG 083115	Joan Finnegan August 2015 Business expense ***Total ***	 96.61 96.61

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

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
ACH001773	11/30/15	FINNEG 093015	Joan Finnegan September 2015 Business expense ***Total ***	 31.05 31.05
Total Core Disbursements				16,276.24

Choice Disbursements:

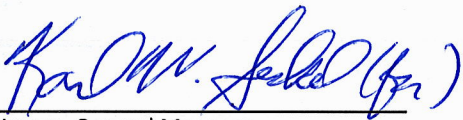
130378	11/16/15	USBANK 5783-OCT15A	U.S. Bank 9/22/15-10/22/15 Cal Card charges ***Total *** (See attached sheet for details)	 26.09 26.09
ACH001741	11/16/15	BAUMHA 103115	Melissa Baum-Haley September-October 2015 Business expense ***Total ***	 279.73 279.73
ACH001742	11/16/15	BERGJO 103015	Joseph Berg October 2015 Business expense ***Total ***	 74.48 74.48
130865	11/30/15	SDGE 49159257768-	San Diego Gas and Electric 10/19/15-11/18/15 Electrical service for Doheny Ocean Desal project ***Total ***	 231.74 231.74
Total Choice Disbursements				612.04

Other Funds Disbursements:

130334	11/13/15	MESAWA 8661	Mesa Water September 2015 Credit for Local Resources program ***Total ***	 44,791.22 44,791.22
130335	11/13/15	OCWD 8664	Orange County Water District September 2015 GWRS MET credit ***Total ***	 1,070,026.40 1,070,026.40
130378	11/16/15	USBANK 5783-OCT15A	U.S. Bank 9/22/15-10/22/15 Cal Card charges ***Total *** (See attached sheet for details)	 1,631.80 1,631.80

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

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
ACH001768	11/16/15	STOCKB 103115	Brandon Stock October 2015 Business expense ***Total ***	 120.74 120.74
130380	11/18/15	ATTUVEOC 8599-NOV15	AT&T November 2015 U-verse internet service for WEROC N. EOC ***Total ***	 45.00 45.00
130863	11/30/15	CATALI 0012063	Catalina Island Conservancy November 2015 WEROC radio repeater site lease ***Total ***	 1,558.54 1,558.54
ACH001777	11/30/15	SANTAM SEP2015	Santa Margarita Water District September 2015 SCP Operation surcharge ***Total ***	 25,762.28 25,762.28
WIRE-151130	11/30/15	METWAT 8484	Metropolitan Water District September 2015 Water deliveries ***Total ***	 9,275,130.24 9,275,130.24
Total Other Funds Disbursements				10,419,066.22
Total Disbursements				10,435,954.50



Robert J. Hunter, General Manager



Hilary Chumvitazi, Treasurer

Cal Card Statement Detail
Statement Date: October 22, 2015
Payment Date: November 16, 2015

Date	Description	Amount
<u>K. Seckel Card</u>		
09/22/15	UPS delivery charges for Board & Committee packets on Sep. 11, 2015	\$ 46.56
09/22/15	iStock images	12.00
09/22/15	Annual license fee for Adobe Creative Cloud software - 1 user	520.02
09/23/15	Association of Metropolitan Water Agencies Executive Management conference in Savannah, GA from Oct. 11-14, 2015 - Airfare for R. Hunter	1,084.40
09/23/15	Brown and Caldwell employment advertising for Senior Water Resources Analyst position	200.00
09/23/15	Society for Human Resource Management annual membership renewal	190.00
09/23/15	Lunch for Orange County MET managers' meeting	213.50
09/24/15	Computer supplies	14.57
09/25/15	Amazon Prime annual membership	72.36
09/25/15	Computer supplies	42.95
09/25/15	Brown and Caldwell employment advertising for Principal Engineer/Principal Planner position	200.00
10/01/15	California Emergency Services Association Annual training & conference in South Lake Tahoe, CA from Sep. 26-Oct. 1, 2015 - Accommodations for K. Hubbard	722.96
10/01/15	California Emergency Services Association Annual training & conference in South Lake Tahoe, CA from Sep. 27-Oct. 1, 2015 - Accommodations for B. Stock	595.84
10/01/15	Lunch for Orange County Reliability Study meeting	298.00
10/02/15	Government Finance Officers Association Annual Governmental GAAP Update online seminar - Registration for H. Chumpitazi	135.00
10/04/15	Sep. 2015 Google AdWords campaign to promote water conservation and rebates	14.09
10/06/15	Jobs Available publication	30.00
10/07/15	International Association of Emergency Managers USA Annual conference in Las Vegas, NV from Nov. 14-18, 2015 - Airfare for K. Hubbard	183.00
10/09/15	Food for Oct. 9, 2015 State Water Project Agriculture Inspection trip	210.00
10/13/15	Deposit for Dec. 15, 2015 staff holiday luncheon	500.00
10/14/15	Office supplies from Costco	412.10
10/16/15	Food for staff development lunch	145.26 ¹
10/16/15	Regal movie tickets for employee purchase	1,708.00
10/16/15	4 Government directories for 2016	84.14
10/20/15	UPS delivery charges for Board & Committee packets on Oct. 9 & 14, 2015	108.14
10/20/15	American Red Cross Disaster Preparedness Academy workshop in Anaheim, CA on Oct. 28, 2015 - Registration for B. Stock	130.00
10/20/15	CRWUA Annual conference in Las Vegas, NV from Dec. 16-18, 2015 - Registration for Director Barbre	425.00
10/20/15	CRWUA Annual membership renewal for Director Barbre	20.00

Cal Card Statement Detail
Statement Date: October 22, 2015
Payment Date: November 16, 2015

Date	Description	Amount
10/20/15	California Urban Water Conservation Council meeting in Sacramento, CA on Nov. 4, 2015 - Airfare for J. Berg	461.96
Total		\$ 8,779.85

1 R. Hunter reimbursed MWDOC \$145.26

R. Hunter Card

09/23/15-10/22/15	Meals for R. Hunter's meetings on various dates	\$ 197.16
09/28/15	Fastrak toll roads deposit	100.00
09/30/15	ACWA Fall conference in Indian Wells, CA from Dec. 1-4, 2015 - Registration for Director Osborne	695.00
10/07/15	Southern California Water Committee Annual dinner in Universal City, CA on Oct. 29, 2015 - Registration for H. Baez	200.00
10/09/15	Secretary of State fee for copies of documents	10.25
10/12/15	Southern California Water Committee Annual dinner in Universal City, CA on Oct. 29, 2015 - Registration for Director Tamaribuchi	200.00
10/14/15	Association of Metropolitan Water Agencies Executive Management conference in Savannah, GA from Oct. 11-14, 2015 - Transportation, accommodations and parking for R. Hunter	799.25
10/20/15	ACWA Fall conference in Indian Wells, CA from Dec. 1-4, 2015 - Registration for H. De La Torre	695.00
Total		\$ 2,896.66

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

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
Core Disbursements:				
130331	11/3/15	CPAPPR 110315	CP Appraisers 50% Deposit for services to appraise MWDOC office building ***Total ***	2,250.00 2,250.00
130341	11/16/15	AYALAS 103015	Sam Ayala October 2015 Atrium landscape maintenance ***Total ***	95.00 95.00
130502	11/24/15	OCCHOR 111915	OCC Horticulture Account Poinsettia order for MWDOC ***Total ***	96.00 96.00
ACH001771	11/30/15	APPLEO 01-3836686	AppleOne Employment Services W/E 10/31/15 Temporary help for scanning records ***Total ***	585.42 585.42
Total Core Disbursements				3,026.42
Choice Disbursements:				
Total Choice Disbursements				-
Other Funds Disbursements:				
130851	11/25/15	TURFRP TR6-SOCO-7257-	Turf Removal Program P. Caouette	754.00
130852		TR5-MNT-232	G. Colwell ***Total ***	9,965.00 10,719.00
Total Other Funds Disbursements				10,719.00
Total Disbursements				13,745.42


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 Consolidated Summary of Cash and Investment

October 31, 2015

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

Larry D. Dick
President

Wayne S. Osborne
Vice President

Brett R. Barbre
Director

Joan C. Finnegan
Director

Susan Hinman
Director

Sat Tamaribuchi
Director

Jeffery M. Thomas
Director

Robert J. Hunter
General Manager

MEMBER AGENCIES

City of Brea
City of Buena Park
East Orange County Water District
El Toro Water District
Emerald Bay Service District
City of Fountain Valley
City of Garden Grove
Golden State Water Co.
City of Huntington Beach
Irvine Ranch Water District
Laguna Beach County Water District
City of La Habra
City of La Palma
Mesa Water District
Moulton Niguel Water District
City of Newport Beach
City of Orange
Orange County Water District
City of San Clemente
City of San Juan Capistrano
Santa Margarita Water District
City of Seal Beach
Serrano Water District
South Coast Water District
Trabuco Canyon Water District
City of Tustin
City of Westminster
Yorba Linda Water District

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

Fund	Book Value	% of Portfolio
Designated Reserves		
General Operations	\$2,243,422	18.98%
Grant & Project Cash Flow	1,000,000	8.46%
Building Repair	239,491	2.03%
Total Designated Reserves	3,482,913	29.47%
General Fund	7,423,329	62.80%
Water Fund	4,050,287	34.26%
Conservation Fund	(3,394,231)	(28.71%)
Desalination Feasibility Study Fund	222,385	1.88%
WEROC Fund	27,872	0.23%
Trustee Activities	8,747	0.07%
Total	\$11,821,302	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	1.24%	\$146,608	\$146,608
Short-term investment			
• LAIF	1.33%	\$157,237	\$157,237
• OCIP	71.21%	8,417,351	8,417,351
Long-term investment			
• Misc. Securities	8.46%	1,000,106	1,002,445
• Certificates of Deposit	17.76%	2,100,000	2,104,534
Total	100.00%	\$11,821,302	\$11,828,175

The average number of days to maturity/call as of October 31, 2015 equaled 185 and the average yield to maturity is 0.950%. During the month, the District's average daily balance was \$19,679,606.09. 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 2015.

The \$6,873 difference between the book value and the market value on October 31, 2015 represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or cash flow requirements identified in the near future that would require the sale of these securities prior to maturity.

Robert J. Hunter
General Manager

Hilary Chumpitazi
Treasurer

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY



Portfolio Management - Portfolio Summary October 31, 2015

10/31/2015	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Certificates of Deposit - Bank	2,100,000.00	2,104,534.00	2,100,000.00	17.99	1008	1.598
Local Agency Investment Funds	157,236.81	157,236.81	157,236.81	1.35	1	0.357
Miscellaneous Securities - Coupon	1,000,000.00	1,002,445.00	1,000,105.66	8.57	37	3.257
Orange County Investment Pool	8,417,351.38	8,417,351.38	8,417,351.38	72.10	1	0.525
Total Investments	11,674,588.19	11,681,567.19	11,674,693.85	100.00%	185	0.950

Cash						
Passbook Checking	146,607.72	146,607.72	146,607.72		1	0.00
Total Cash and Investments	11,821,195.91	11,828,174.91	11,821,301.57		185	0.950

Total Earnings	Month Ending October	Fiscal Year to Date
Current Year	13,116.13	44,286.45
Average Daily Balance	19,679,606.09	
Effective Rate of Return	0.950%	

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

Robert J. Hunter, General Manager

Date

12-2-15

Hilary Chungpitazi

Hilary Chungpitazi, Treasurer

Date

12/2/15

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

Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Certificate of Deposit - Bank									
Ally Bank	02006LFV0	7/23/2014	250,000.00	250,297.50	250,000.00	1.150	1.150	632	7/24/2017
American Express Bank	02587CEA4	7/29/2015	250,000.00	250,352.50	250,000.00	1.450	1.450	821	1/29/2018
Barclays Bank	06740KJP3	9/24/2015	250,000.00	250,562.50	250,000.00	1.900	1.900	1423	9/23/2019
Capital One Bank	140420TY6	8/5/2015	250,000.00	250,217.50	250,000.00	1.700	1.700	1010	8/6/2018
Capital One Natl Assn	14042E6C9	9/2/2015	250,000.00	251,165.00	250,000.00	1.950	1.950	1403	9/3/2019
Discover Bank	2546712Y5	7/23/2014	250,000.00	250,117.50	250,000.00	1.600	1.600	996	7/23/2018
GE Capital Bank	36163FJC8	7/25/2014	250,000.00	250,290.00	250,000.00	1.200	1.200	633	7/25/2017
Goldman Sachs Bank	38143A4T9	1/23/2013	100,000.00	100,374.00	100,000.00	1.050	1.050	450	1/23/2017
Synchrony Bank	87164XBY1	7/25/2014	250,000.00	251,157.50	250,000.00	2.050	2.050	1368	7/30/2019
Sub Total			2,100,000.00	2,104,534.00	2,100,000.00	1.598	1.598	1008	
Miscellaneous Securities - Coupon									
MetLife Global	59217GAD1	2/25/2011	500,000.00	502,445.00	500,107.13	3.125	3.007	72	1/11/2016
Morgan Stanley	61747YCT0	3/9/2011	500,000.00	500,000.00	499,998.53	3.450	3.508	2	11/2/2015
Sub Total			1,000,000.00	1,002,445.00	1,000,105.66	3.288	3.257	37	
Total Investments			3,100,000.00	3,106,979.00	3,100,105.66	2.143	2.133	695	

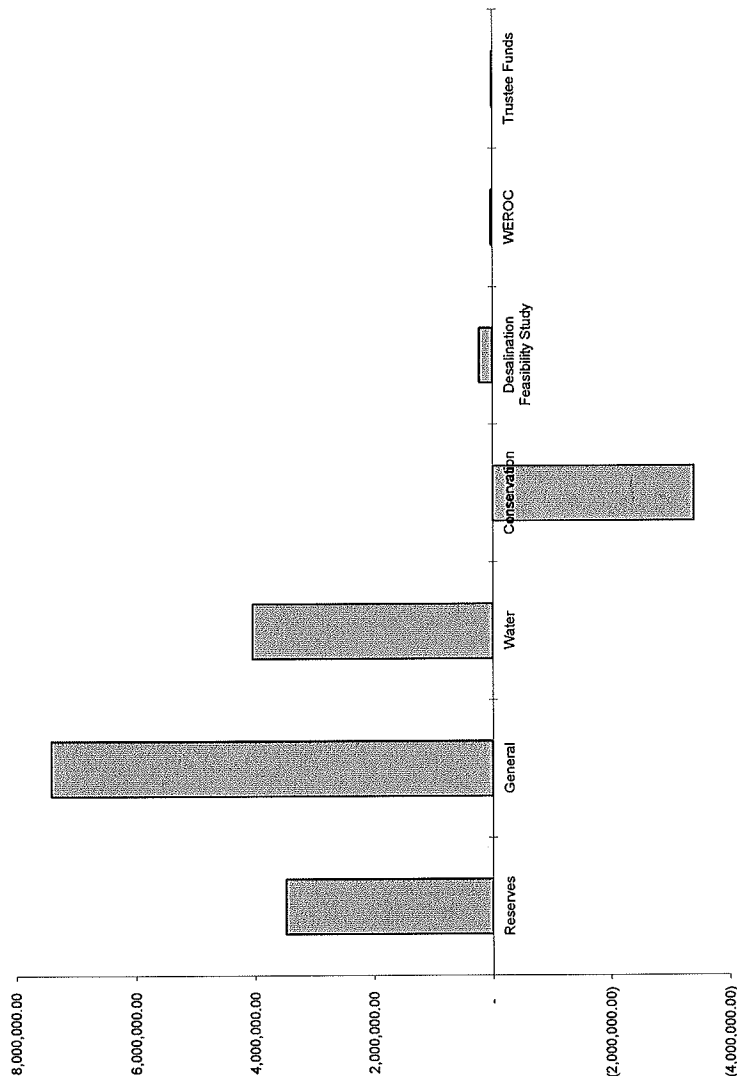
Total Earnings		Month Ending October	Fiscal Year To Date
Current Year		5,657.05	21,516.61

October 31, 2015

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Local Agency Investment Funds									
LAIF LGIP	LAIF	6/30/2010	157,236.81	157,236.81	157,236.81	0.357	0.357	1	N/A
Sub Total			157,236.81	157,236.81	157,236.81	0.357	0.357	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	8,417,351.38	8,417,351.38	8,417,351.38	0.525	0.525	1	N/A
Sub Total			8,417,351.38	8,417,351.38	8,417,351.38	0.525	0.525	1	
Total Investments									
			8,574,588.19	8,574,588.19	8,574,588.19	0.522	0.522		
Passbook Checking									
Bank of America Cash	CASH0547	7/1/2011	146,107.72	146,107.72	146,107.72	0.000	0.000	1	N/A
Petty Cash Cash	CASH	7/1/2011	500.00	500.00	500.00	0.000	0.000	1	N/A
Total Cash			146,607.72	146,607.72	146,607.72	0.000	0.000	1	
Total Cash and Investments									
			8,721,195.91	8,721,195.91	8,721,195.91	0.522	0.522	1	
Total Earnings									
Current Year			7,459.08		Fiscal Year To Date				22,769.84

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

ALLOCATION	AMOUNT	%	
MWDOC			
Designated Reserves			
General	\$ 2,243,422	18.98%	
Grant & Project Cash Flow	1,000,000	8.46%	
Building Repair	239,491	2.03%	
Total Designated Reserves	3,482,913	29.47%	
General	7,423,329	62.80%	
Water	4,050,287	34.26%	
Conservation	(3,394,231)	-28.71%	
Desalination Feasibility Study	222,385	1.88%	
WEROC	27,872	0.23%	
TOTAL MWDOC	\$ 11,812,555	99.93%	
TRUSTEE ACTIVITIES			
AMP Sales Admin	\$ 8,747	0.07%	
TOTAL TRUSTEE ACTIVITIES	\$ 8,747	0.07%	
TOTAL CASH & INVESTMENTS	\$ 11,821,302	100.00%	



**Municipal Water Dist of Orange County
PARS OPEB Trust Program****Monthly Account Report for the Period
10/01/2015 to 10/31/2015**

Rob Hunter
General Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708

Account Summary

Source	Beginning Balance as of 10/01/2015	Contributions	Earnings	Expenses*	Distributions	Transfers	Ending Balance as of 10/31/2015
Contributions	\$1,231,786.98	\$0.00	\$47,114.36	\$300.00	\$0.00	\$0.00	\$1,278,601.34
Totals	\$1,231,786.98	\$0.00	\$47,114.36	\$300.00	\$0.00	\$0.00	\$1,278,601.34

Investment Selection

Moderate HighMark PLUS

Investment Objective

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

Investment Return

Annualized Return						Plan's Inception Date
1-Month	3-Month	1-Year	3-Years	5-Years	10-Years	
3.82%	-1.38%	2.28%	7.36%	-	-	10/26/2011

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

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

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

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

Municipal Water District of Orange County
WATER USE EFFICIENCY PROJECTS
Cash Flow as of 11/30/15

	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	TOTALS
Cash- Beginning Balance	\$ (4,366,336.14)	\$ (4,150,715.21)	\$ (866,085.23)	\$ (2,898,017.49)	\$ (3,394,231.09)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	
REVENUES:													
BUREC					496,524.08								\$ 496,524.08
City of Brea	6,999.33	1,934.35	389.42	247.74									10,676.59
City of Buena Park	1,212.97	1,886.23	846.00	2,716.00	2,271.97								8,933.17
City of Fountain Valley	150.00				150.00								300.00
City of Fullerton		225.00		150.00									442.75
City of Garden Grove	1,995.00	1,650.00	2,914.00	4,224.00	2,770.81								13,553.81
City of Huntington Beach		325.66	294.00	211.54									831.20
City of La Habra	1,050.00	599.53	2,451.89	5,622.00	1,067.00								5,750.42
City of San Clemente	4,925.18		9,588.07	5,141.99	3,911.00								23,566.24
City of San Juan Capistrano	3,344.86	2,142.95		11,481.16	2,063.23								19,032.20
City of Santa Ana		75.00	150.00										300.00
City of Tustin		246.86											546.86
City of Newport Beach	4,297.93	840.00	3,264.97	4,096.04									8,201.01
City of Orange			14,879.13	5,622.50	6,713.19								31,512.75
City of Westminster			75.00										75.00
County of Orange													-
Department of Water Resources		649,130.64	1,824.70		1,568.28								652,523.62
East Orange County Water District													-
El Toro Water District	2,633.00	5,676.22	2,016.61	1,328.86	550.00								12,504.69
East Orange County Water District													-
Golden State Water Company	6,555.20	6,985.72	12,246.61	9,373.88	7,563.09								42,724.50
Irvine Ranch Water District	116,113.61	30,550.23	43,139.41	45,081.83	4,525.99								239,411.07
Laguna Beach County Water District	1,840.00	16,506.86	1,259.00	2,257.00	713.99								22,576.85
Mesa Water District		75.00	150.00										225.00
Metropolitan Water District	194,847.61	4,001,136.01	434,924.75	1,389,139.07	1,308,972.63								7,309,020.07
Moulton Niguel Water District	359,285.60	244,320.71	3,654.58	152,661.75	122,311.65								881,134.29
MWD/OC													-
Santa Margarita Water District		1,035.00	458.43	1,482.03	525.00								3,500.46
Serrano Water District		75.00		75.00									150.00
South Coast Water District				225.00									225.00
Trabuco Canyon Water District	800.00	1,072.37	300.00	1,175.00	406.25								3,753.62
Yorba Linda Water District	80.66		517.75	437.46									1,035.87
Miscellaneous Revenues													-
Miscellaneous													-
Interest Revenue													-
Total Revenues	704,980.95	4,966,639.34	5,353,344.32	1,617,984.85	1,963,781.66	-	-	-	-	-	-	-	\$ 9,788,731.12
EXPENDITURES:													
Aquifer	1,500.00	1,500.00	1,500.00	1,800.00	1,800.00								\$ 8,100.00
Autumn Print Group				207.36									207.36
Awards & Trophies					28.74								28.74
Conservation Consulting, LLC	7,645.50	7,699.75	7,452.00	7,508.25	7,501.50								38,007.00
City of Newport Beach													-
El Toro WD	28,501.27												28,501.27
Enterprise Information Systems			2,160.00										2,160.00
Eco Landscape					11,141.80								11,141.80
Golden State Water Company	31,300.00				150,160.05								31,300.00
Industrial Program													150,160.05
Irvine Ranch Water District													-
Karen's Detail Custom Frames		48.60											48.60
Laguna Beach CWD	26,036.00												26,036.00
Metropolitan Water District													-
MESA													-
Mission RCD	30,478.31	32,850.22	47,850.46	41,311.01	37,048.67								189,338.67
Public Spaces program			251,845.00	55,939.00	168,760.00								476,544.00
Santa Margarita Water District	10,813.50												10,813.50
South Coast Water District	90,048.00												90,048.00
Spray to Drip program	1,557.61		27,688.12	15,622.66	5,552.86								50,421.25
Survey Gizmo				675.00									675.00
Turf Removal	253,213.58	1,639,959.39	2,212,359.63	1,988,139.02	1,993,107.28								8,086,778.90
US Bank													-
UKS													-
Waterwise Consulting													-
Miscellaneous Expenses													-
Interest Expense	3,817.57			2,996.15									6,813.72
Salary & Benefit	4,448.68		16,372.77										20,821.45
Total Expenditures	489,360.02	1,692,009.36	2,567,276.58	2,114,198.45	2,375,100.90	-	-	-	-	-	-	-	\$ 9,227,945.31
Cash- Ending Balance	\$ (4,150,715.21)	\$ (866,085.23)	\$ (2,898,017.49)	\$ (3,394,231.09)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	\$ (3,805,550.33)	

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

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

<u>ASSETS</u>	Amount
Cash in Bank	146,607.72
Investments	11,674,693.85
Accounts Receivable	25,638,479.75
Accounts Receivable - Other	1,489,947.89
Accrued Interest Receivable	28,967.19
Prepays/Deposits	602,520.97
Leasehold Improvements	3,026,974.08
Furniture, Fixtures & Equipment	436,910.44
Less: Accum Depreciation	(2,538,643.08)
Net OPEB Asset	92,806.00
	<hr/>
TOTAL ASSETS	\$40,599,264.81
	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts Payable	21,643,542.91
Accounts Payable - Other	1,255.77
Accrued Salaries and Benefits Payable	291,930.02
OCWD Cup Balance Payable	2,240,238.80
Other Liabilities	1,574,801.69
Unearned Revenue	2,302,261.15
Total Liabilities	<hr/> 28,054,030.34 <hr/>
Fund Balances	
Restricted Fund Balances	
Water Fund - T2C	958,381.54
Total Restricted Fund Balances	<hr/> 958,381.54 <hr/>
Unrestricted Fund Balances	
Designated Reserves	
General Operations	2,336,227.66
Grant & Project Cash Flow	1,000,000.00
Building Repair	239,491.00
Total Designated Reserves	<hr/> 3,575,718.66 <hr/>
GENERAL FUND	2,515,114.12
WEROC	83,059.22
Total Unrestricted Fund Balances	<hr/> 6,173,892.00 <hr/>
Excess Revenue over Expenditures	
Operating Fund	5,939,824.83
Other Funds	(526,863.89)
Total Fund Balance	<hr/> 12,545,234.48 <hr/>
TOTAL LIABILITIES AND FUND BALANCES	<hr/> \$40,599,264.81 <hr/>

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

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>REVENUES</u>						
Retail Connection Charge	0.00	6,686,659.70	6,687,322.00	99.99%	0.00	662.30
Water rate revenues	0.00	6,686,659.70	6,687,322.00	99.99%	0.00	662.30
Interest Revenue	14,038.48	47,227.67	117,675.00	40.13%	0.00	70,447.33
Subtotal	14,038.48	6,733,887.37	6,804,997.00	98.96%	0.00	71,109.63
Choice Programs	1,340,182.61	1,340,182.61	1,302,619.00	102.88%	0.00	(37,563.61)
Choice Prior Year Carry Over	0.00	0.00	243,338.00	0.00%	0.00	243,338.00
Miscellaneous Income	36,245.77	107,946.39	3,000.00	3598.21%	0.00	(104,946.39)
School Contracts	0.00	0.00	70,000.00	0.00%	0.00	70,000.00
Delinquent Payment Penalty	0.00	173.98	0.00	0.00%	0.00	(173.98)
Transfer-Out To Reserve	0.00	0.00	(64,424.00)	0.00%	0.00	(64,424.00)
Subtotal	1,376,428.38	1,448,302.98	1,554,533.00	93.17%	0.00	106,230.02
TOTAL REVENUES	1,390,466.86	8,182,190.35	8,359,530.00	97.88%	0.00	177,339.65

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

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>EXPENSES</u>						
Salaries & Wages	244,893.71	984,200.76	3,309,949.00	29.73%	0.00	2,325,748.24
Salaries & Wages - Grant Recovery	0.00	(16,486.77)	(23,500.00)	70.16%	0.00	(7,013.23)
Directors' Compensation	14,879.99	57,210.74	220,588.00	25.94%	0.00	163,377.26
MWD Representation	10,262.00	38,739.05	126,050.00	30.73%	0.00	87,310.95
Employee Benefits	75,900.63	262,192.53	863,069.00	30.38%	0.00	600,876.47
OPEB Annual Contribution	0.00	0.00	105,188.00	0.00%	0.00	105,188.00
Employee Benefits - Grant Recovery	0.00	(4,334.68)	0.00	0.00%	0.00	4,334.68
Director's Benefits	4,766.05	19,598.59	60,024.00	32.65%	0.00	40,425.41
Health Ins \$'s for Retirees	4,036.64	13,524.14	50,387.00	26.84%	0.00	36,862.86
Training Expense	0.00	1,397.50	18,000.00	7.76%	0.00	16,602.50
Tuition Reimbursement	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Temporary Help Expense	1,259.54	1,259.54	0.00	0.00%	0.00	(1,259.54)
Personnel Expenses	355,998.56	1,357,301.40	4,734,755.00	28.67%	0.00	3,377,453.60
Engineering Expense	41,096.90	124,874.63	300,000.00	41.62%	122,138.31	52,987.06
Legal Expense	17,896.85	59,418.68	355,000.00	16.74%	280,581.32	15,000.00
Audit Expense	1,865.00	19,965.00	23,000.00	86.80%	635.00	2,400.00
Professional Services	158,730.71	366,603.13	1,541,837.00	23.78%	479,881.22	695,352.65
Professional Fees	219,589.46	570,861.44	2,219,837.00	25.72%	883,235.85	765,739.71
Conference-Staff	1,030.00	5,845.00	19,450.00	30.05%	0.00	13,605.00
Conference-Directors	1,354.00	4,350.00	9,800.00	44.39%	0.00	5,450.00
Travel & Accom.-Staff	3,397.31	10,535.94	56,510.00	18.64%	0.00	45,974.06
Travel & Accom.-Directors	11.00	3,211.51	27,600.00	11.64%	0.00	24,388.49
Travel & Conference	5,792.31	23,942.45	113,360.00	21.12%	0.00	89,417.55
Membership/Sponsorship	5,210.00	48,752.26	103,961.00	46.89%	0.00	55,208.74
CDR Support	9,934.88	19,869.76	39,740.00	50.00%	19,869.74	0.50
Dues & Memberships	15,144.88	68,622.02	143,701.00	47.75%	19,869.74	55,209.24
Business Expense	639.61	1,754.31	6,800.00	25.80%	0.00	5,045.69
Maintenance Office	9,060.80	29,547.39	126,670.00	23.33%	80,180.24	16,942.37
Building Repair & Maintenance	1,438.29	4,212.90	11,000.00	38.30%	6,787.10	0.00
Storage Rental & Equipment Lease	1,045.16	3,936.98	19,000.00	20.72%	14,063.02	1,000.00
Office Supplies	1,419.35	11,326.52	29,400.00	38.53%	2,425.84	15,647.64
Postage/Mail Delivery	651.95	2,962.08	11,285.00	26.25%	790.79	7,532.13
Subscriptions & Books	110.00	185.82	2,060.00	9.02%	0.00	1,874.18
Reproduction Expense	1,109.66	1,294.77	70,010.00	1.85%	172.00	68,543.23
Maintenance-Computers	1,217.95	3,490.67	7,100.00	49.16%	2,137.16	1,472.17
Software Purchase	2,174.02	4,878.51	18,500.00	26.37%	363.00	13,258.49
Software Support	1,300.78	17,775.26	34,000.00	52.28%	0.00	16,224.74
Computers and Equipment	0.00	15,321.35	21,150.00	72.44%	0.00	5,828.65
Automotive Expense	1,876.38	4,904.49	13,500.00	36.33%	0.00	8,595.51
Toll Road Charges	71.74	148.85	1,275.00	11.67%	0.00	1,126.15
Insurance Expense	8,373.30	32,016.25	96,000.00	33.35%	0.00	63,983.75
Utilities - Telephone	1,597.27	5,961.14	15,650.00	38.09%	0.00	9,688.86
Bank Fees	855.84	3,314.41	17,900.00	18.52%	0.00	14,585.59
Miscellaneous Expense	4,744.15	13,474.50	98,770.00	13.64%	(1,092.00)	86,387.50
MWDOC's Contrb. To WEROC	11,817.25	47,269.00	141,807.00	33.33%	0.00	94,538.00
Depreciation Expense	1,000.37	4,001.42	0.00	0.00%	0.00	(4,001.42)
Other Expenses	50,503.87	207,776.62	741,877.00	28.01%	105,827.15	428,273.23
MWDOC's Building Expense	3,145.00	9,505.00	400,000.00	2.38%	2,975.00	387,520.00
Capital Acquisition	4,356.60	4,356.60	6,000.00	72.61%	0.00	1,643.40
TOTAL EXPENSES	654,530.68	2,242,365.53	8,359,530.00	26.82%	1,011,907.74	5,105,256.73
NET INCOME (LOSS)	735,936.18	5,939,824.82	0.00			

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

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<u>WATER REVENUES</u>					
Water Sales	10,096,914.40	43,650,397.90	139,025,078.00	31.40%	95,374,680.10
Readiness to Serve Charge	1,100,435.75	4,401,743.00	13,214,277.00	33.31%	8,812,534.00
Capacity Charge CCF	368,705.00	1,474,820.00	4,424,460.00	33.33%	2,949,640.00
SCP Surcharge	23,031.32	103,796.40	380,000.00	27.31%	276,203.60
Interest	465.60	1,431.15	2,900.00	49.35%	1,468.85
TOTAL WATER REVENUES	11,589,552.07	49,632,188.45	157,046,715.00	31.60%	107,414,526.55
<u>WATER PURCHASES</u>					
Water Sales	10,096,914.40	43,650,397.90	139,025,078.00	31.40%	95,374,680.10
Readiness to Serve Charge	1,100,435.75	4,401,743.00	13,214,277.00	33.31%	8,812,534.00
Capacity Charge CCF	368,705.00	1,474,820.00	4,424,460.00	33.33%	2,949,640.00
SCP Surcharge	23,031.32	103,796.40	380,000.00	27.31%	276,203.60
TOTAL WATER PURCHASES	11,589,086.47	49,630,757.30	157,043,815.00	31.60%	107,413,057.70
EXCESS OF REVENUE OVER EXPENDITURES	465.60	1,431.15	2,900.00		

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

	Year to Date Actual	Annual Budget	% Used
Landscape Performance Certification			
Revenues	17,329.60	118,900.00	14.57%
Expenses	<u>30,057.50</u>	<u>118,900.00</u>	25.28%
Excess of Revenues over Expenditures	(12,727.90)	0.00	
Industrial Water Use Reduction			
Revenues	48.60	91,236.00	0.05%
Expenses	<u>20,636.00</u>	<u>91,236.00</u>	22.62%
Excess of Revenues over Expenditures	(20,587.40)	0.00	
Spray To Drip Conversion			
Revenues	31,796.42	57,109.58	55.68%
Expenses	<u>45,657.18</u>	<u>57,109.58</u>	79.95%
Excess of Revenues over Expenditures	(13,860.76)	0.00	
Water Smart Landscape for Public Property			
Revenues	0.00	137,871.04	0.00%
Expenses	<u>476,647.68</u>	<u>137,871.04</u>	345.72%
Excess of Revenues over Expenditures	(476,647.68)	0.00	
Member Agency Administered Passthru			
Revenues	0.00	627,000.00	0.00%
Expenses	<u>0.00</u>	<u>627,000.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
ULFT Rebate Program			
Revenues	225,980.81	658,000.00	34.34%
Expenses	<u>234,903.66</u>	<u>658,000.00</u>	35.70%
Excess of Revenues over Expenditures	(8,922.85)	0.00	
HECW Rebate Program			
Revenues	183,043.51	696,000.00	26.30%
Expenses	<u>182,323.85</u>	<u>696,000.00</u>	26.20%
Excess of Revenues over Expenditures	719.66	0.00	
CII Rebate Program			
Revenues	49,750.00	509,000.00	9.77%
Expenses	<u>38,100.00</u>	<u>509,000.00</u>	7.49%
Excess of Revenues over Expenditures	11,650.00	0.00	
Large Landscape Survey			
Revenues	9,275.68	85,000.00	10.91%
Expenses	<u>57.00</u>	<u>85,000.00</u>	0.07%
Excess of Revenues over Expenditures	9,218.68	0.00	
Indoor-Outdoor Survey			
Revenues	3,645.63	6,800.00	53.61%
Expenses	<u>0.00</u>	<u>6,800.00</u>	0.00%
Excess of Revenues over Expenditures	3,645.63	0.00	
Turf Removal Program			
Revenues	6,224,597.67	19,075,000.00	32.63%
Expenses	<u>6,204,844.55</u>	<u>19,075,000.00</u>	32.53%
Excess of Revenues over Expenditures	19,753.12	0.00	

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

	Year to Date Actual	Annual Budget	% Used
Comprehensive Landscape (CLWUE)			
Revenues	7,133.70	281,926.00	2.53%
Expenses	10,860.37	281,926.00	3.85%
Excess of Revenues over Expenditures	(3,726.67)	0.00	
Home Certification and Rebate			
Revenues	159,327.81	210,205.00	75.80%
Expenses	82,262.15	210,205.00	39.13%
Excess of Revenues over Expenditures	77,065.66	0.00	
CII, Large Landscape, Performance (OWOW)			
Revenues	17,069.90	138,725.00	12.30%
Expenses	13,024.02	138,725.00	9.39%
Excess of Revenues over Expenditures	4,045.88	0.00	
CA Sprinkler Adjustment Subscription System			
Revenues	5,075.25	34,432.50	14.74%
Expenses	11,141.80	34,432.50	32.36%
Excess of Revenues over Expenditures	(6,066.55)	0.00	
Rotating Nozzle			
Revenues	426.10	39,000.00	1.09%
Expenses	14,721.27	39,000.00	37.75%
Excess of Revenues over Expenditures	(14,295.17)	0.00	
WUE Projects			
Revenues	6,934,500.68	22,766,205.12	30.46%
Expenses	7,365,237.03	22,766,205.12	32.35%
Excess of Revenues over Expenditures	(430,736.35)	0.00	
WEROC			
Revenues	47,269.00	283,614.00	16.67%
Expenses	103,623.87	278,613.00	37.19%
Excess of Revenues over Expenditures	(56,354.87)	5,001.00	
RPOI Distributions			
Revenues	0.00	4,823.00	0.00%
Expenses	0.00	4,823.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	



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, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 May 13, 2015. 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. As described in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 11 of the financial statements. 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 estimates of the:

- Fair market value of investments are based on custodian bank valuations,
- Amounts related to the District's medical retiree (OPEB) plan are based on actuarial valuations,
- Amounts related to the net pension liability, related deferred inflows of resources and deferred outflows of resources, and disclosures are based on actuarial valuations and a proportionate share of the CalPERS collective net pension liability.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the District's cost-sharing defined benefit pension plan, net pension liability, and related deferred inflows and outflows of resources in Note 10 to the financial statements. The valuation of the net pension liability and related deferred outflows (inflows) of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate, and the District's proportionate share of the Plan's collective net pension liability. As disclosed in Note 10, a 1% increase or decrease in the discount rate has a significant effect on the District's net pension liability.

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 auditors' 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 November 25, 2015.

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, schedule of funding progress for the other post-employment benefit plan, and schedule of the District's proportionate share of the net pension liability and schedule of contributions for the cost-sharing retirement 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.

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.



Laguna Hills, California
November 25, 2015

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

SCHEDULE A CORRECTED MISSTATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Number	Account Description	Debit	Credit
1	Advances from Participants	\$ 1,179,095	
	Unearned Revenue		\$ 1,179,095
	<i>To reclassify unearned revenue for State Grants received but not yet spent.</i>		
2	Restricted Cash	5,554,673	
	Unrestricted Cash		5,554,673
	<i>To reclassify negative restricted cash balance for Financial Statement presentation.</i>		
3	Beginning Net Position	1,586,447	
	Deferred Outflows of Resources	271,826	
	Net Pension Liability		1,858,273
	<i>To restate beginning Net Position in accordance with GASB 68.</i>		
4	Net Pension Liability	179,927	
	Deferred Outflows of Resources		179,927
	<i>To reclassify 2014 contributions as a reduction of Net Pension Liability in accordance with GASB 68.</i>		
5	Deferred Outflows of Resources	288,065	
	Salaries and Benefits Expense (PERS expense)		288,065
	<i>To reclassify 2015 contributions as a Deferred Outflows of Resources in accordance with GASB 71.</i>		
6	Salaries and Benefits Expense (Pension expense)	358,030	
	Net Pension Liability	318,329	
	Deferred Inflows of Resources		676,359
	<i>To report changes in Net Pension Liability during FY 2014-15 in accordance with GASB 68.</i>		
7	Deferred Inflows of Resources	141,908	
	Salaries and Benefits Expense (Pension expense)		117,724
	Deferred Outflows of Resources		24,184
	<i>To report changes in Net Pension Liability during FY 2014-15 in accordance with GASB 68.</i>		
8	Unrestricted Accounts Receivable - Other	5,554,673	
	Restricted Accounts Receivable - Other		5,554,673
	<i>To reclassify receivables as restricted resources had already been spent by the District (see Entry 2)</i>		
9	Net Position Restricted for Trustee Activities	5,554,673	
	Unrestricted Net Position		5,554,673
	<i>To reclassify net position in relation to Entry 2 and 8</i>		



**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**

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2015. Our report included an emphasis of matter related to the District's adoption of Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 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
November 25, 2015

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT LETTER
FOR THE YEAR ENDED JUNE 30, 2015



Board of Directors and Management
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, 2015 and have issued our report thereon dated November 25, 2015. 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

FINANCIAL REPORTING FOR PENSIONS

Observation:

As described in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. We proposed audit adjustments to correct the District's net position, net pension liability, deferred inflows and outflows of resources, and pension expense in accordance with those standards.

Recommendation:

The District should review its procedures for preparing, recording and disclosing the District's net pension liability, deferred inflows and outflows of resources, pension expense, and the related disclosures in the notes and required supplementary information related to GASB Statements No. 68 and No. 71. These procedures should include ensuring the amounts reported by the District agree or reconcile to the actuarial report and audited schedule of allocated pension amounts for the District's cost-sharing defined benefit plan.

Management Response:

The District will review our procedures for preparing, recording, and disclosing all information related to GASB Statements No. 68 and No. 71, including reconciling to the CalPERS actuary report and their external auditors schedule to ensure we are accurately reporting our information.

CLOSING PROCEDURES RELATED TO RESTRICTED ASSETS AND NET POSITION

Observation:

During the year, we noted the District tracks activity within restricted accounts using separate general ledger accounts, including monitoring of cash and related receivable balances. During the closing process, negative cash associated with the restricted accounts were noted. These negative funds result from internal borrowing of funds from the District's unrestricted cash and investment accounts. As a result, we proposed audit adjustments to reclassify certain restricted cash and investments, accounts receivable, and the related net position.

Recommendation:

The District should review its procedures for closing and reporting the restricted accounts to ensure any internal borrowings are properly reflected in the financial statements at year end.

Management Response:

The District will review our closing procedures to ensure review of restricted assets and net position to verify amounts are being reported correctly.

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
November 25, 2015

**MUNICIPAL WATER DISTRICT
OF ORANGE COUNTY**

**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

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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, 2015, 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, 2015, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for the other post-employment benefit plan, and schedule of the District's proportionate share of the net pension liability and schedule of contributions for the cost sharing retirement plan (required supplementary information) on pages 3 through 9 and 34 through 36 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 2014 financial statements of the District, and we expressed an unmodified audit opinion on the financial statements in our report dated December 3, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, 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 November 25, 2015, 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
November 25, 2015

Management's Discussion and Analysis

(Unaudited)

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, 2015. 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 \$210.6 million in FY 2014-15, compared to \$213.2 million in the prior fiscal year, a 1.2% decrease.
- The District's expenses were \$209.5 million in FY 2014-15, compared to \$212.5 million in the prior fiscal year, a 1.4% decrease.
- The District's assets at June 30, 2015 were \$40.4 million, a 23.5% decrease compared to total assets of \$52.8 million at June 30, 2014.
- The District's liabilities at June 30, 2015 were \$34.6 million, a 26.0% decrease compared to total liabilities of \$46.8 million at June 30, 2014.
- The District's net position at June 30, 2015 was \$5.6 million, a 7.1% decrease compared to net position of \$6.0 million at June 30, 2014.

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, deferred inflows and outflows of resources, 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 and deferred outflows of resources, less liabilities and deferred inflows of resources, 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, 2015**

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

One of the most important questions asked about the District's finances is: "Is the District, as a whole, financially 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 plus deferred outflows of resources, and liabilities plus deferred inflows of resources) 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, 2015**

STATEMENT OF NET POSITION

Net position is the difference between assets plus deferred outflows of resources, less liabilities plus deferred inflows of resources, 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:**

	2015	2014	Variance	Total Percent Change
Current Restricted Assets	\$ 3,876	\$ 2,845	\$ 1,031	36.2%
Current Unrestricted Assets	35,500	48,854	(13,354)	(27.3%)
Capital Assets	929	1,063	(134)	(12.6%)
Other Assets	93	37	56	151.4%
Total Assets	40,398	52,799	(12,401)	(23.5%)
Deferred Outflows of Resources	356	-	356	100%
Liabilities Payable from Restricted Current Assets	2,826	1,835	991	54.0%
Liabilities Payable from Unrestricted Current Assets	30,430	44,936	(14,506)	(32.3%)
Noncurrent Unrestricted Liabilities	1,360	-	1,360	100.0%
Total Liabilities	34,616	46,771	(12,155)	(26.0%)
Deferred Inflows of Resources	535	-	535	100%
Net Position:				
Investment in Capital Assets, Net of Related Debt	929	1,063	(134)	(12.6%)
Restricted for Trustee Activities	1,050	1,010	40	4.0%
Unrestricted	3,624	3,955	(331)	(8.4%)
Total Net Position	\$ 5,603	\$ 6,028	\$ (425)	(7.1%)

As can be seen from the table above, net position decreased by \$425 thousand from Fiscal Year 2014 to 2015. This decrease is the result of the following:

- Current Restricted Assets increased by \$1 million due to more funded conservation efforts.
- Current Unrestricted Assets decreased by \$13.4 million due to Water Sales down by \$6.7 million from ongoing water use efficiency efforts, mandatory reduction in water use in the latter part of the fiscal year and the MET metering error of \$7.8 million from FY 2013/2014. Offsetting these reductions is a \$1 million increase in our investments.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
JUNE 30, 2015**

- In accordance with GASB 68 Deferred Outflows and Inflows of Resources, Net Pension Liability (as Noncurrent Unrestricted Liabilities), and a restatement of beginning net position are reported in relation to the District's pension plan with CalPERS. Refer to Note 10 and Note 11.
- Liabilities Payable from Unrestricted Current Assets decreased \$14.5 million due to lower water sales and MET metering error last year.

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 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 \$1,161 thousand for the year ended June 30, 2015, as compared to an increase of \$663 thousand for the year ended June 30, 2014. 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>2015</u>	<u>2014</u>	<u>Variance</u>	<u>Total Percent Change</u>
Operating Revenues	\$ 196,165	\$ 202,415	\$ (6,250)	(3.1%)
Special Projects Revenue	14,260	2,316	\$ 11,944	515.7%
Non-operating Revenues	210	322	(112)	(34.8%)
Special Item	-	8,144	(8,144)	(100.0%)
Total Revenues	210,635	213,197	(2,562)	(1.2%)
Operating Expense	195,068	201,798	(6,730)	(3.3%)
Special Projects Expense	14,260	2,316	11,944	515.7%
Depreciation Expense	146	145	1	0.7%
Non-operating Special Item Expense	-	8,275	(8,275)	(100.0%)
Total Expenses	209,474	212,534	(3,060)	(1.4%)
Change in Net Position	1,161	663	498	75.1%
Beginning Net Position, as restated	4,442	5,365	(923)	(17.2%)
Ending Net Position	\$ 5,603	\$ 6,028	\$ (425)	(7.1%)

The source of change in net position is due to the following:

- Operating Revenues and Expenses are lower due to reduced water sales.
- Special Projects & Grants Revenue and Expenses increased \$12 million primarily due to the issuance of Turf Removal rebates.
- Special Item Revenue and Expense was from the OC-88 MET water metering error discovered in 2014. This item did not re-occur in the current year.
- In accordance with GASB 68 the District's beginning net position was restated by \$1.6 million. Refer to Note 11.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
JUNE 30, 2015**

CAPITAL ASSETS

The following is a summary of the District's capital assets at June 30, 2015 and June 30, 2014.

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

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Variance</u>	<u>Total Percent Change</u>
Leasehold Improvements	\$ 3,027	\$ 3,015	\$ 12	0.4%
Furniture & Fixtures	437	535	(98)	(18.3%)
Subtotal	<u>3,464</u>	<u>3,550</u>	<u>(86)</u>	<u>(2.4%)</u>
Less Accumulated Depreciation	<u>(2,535)</u>	<u>(2,487)</u>	<u>(48)</u>	<u>1.9%</u>
Net Capital Assets	<u>\$ 929</u>	<u>\$ 1,063</u>	<u>\$ (134)</u>	<u>(12.6%)</u>

The District replaced carpet in a few offices and painted. We also disposed of obsolete assets from our triennial audit of capital assets. 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, 2015. No new long-term debt was incurred in the year ended June 30, 2015, and the District does not plan to issue new debt in the year ending June 30, 2016.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
JUNE 30, 2015**

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 2014-15 is presented in Table 4 to demonstrate compliance with the adopted budget.

**Table 4
FY 2015 Actual vs. FY 2015 Budget
(In thousands of dollars)
Year Ended June 30, 2015:**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Total Percent Change</u>
Revenues:				
From Operations	\$ 210,425	\$ 193,688	\$ 16,737	8.6%
Non-operating Revenues	210	145	65	44.8%
Total Revenues	210,635	193,833	16,802	8.7%
Expenses:				
From Operations				
Cost of Water	188,196	181,841	(6,355)	(3.5%)
Other Operating	21,132	11,896	(9,236)	(77.6%)
Depreciation	146	150	4	2.7%
Total Expenses	209,474	193,887	(15,587)	(8.0%)
Change In Position	\$ 1,161	\$ (54)	\$ 1,215	(2,250.0%)

The variances on the budget to actual are as follows:

- Revenues from Operations were \$16.7 million higher than budget due to the Turf Removal Program exponentially increasing due to the drought and the incentives being offered by MET and participating agencies increasing the rebate amount. Part of that amount is the \$6.4 million from the increase in the volume of water sold to member agencies.
- Expenses from Cost of Water purchased were \$6.4 million higher than budget due to higher water volume purchases from Metropolitan.
- Expenses from Other Operating were higher \$9.2 million higher mainly due to the Turf Removal Program.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
JUNE 30, 2015**

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 2015-16. The budgeted operating expenses total \$165.4 million and operating and non-operating revenues total \$165.5 million.

Historically, the District has recouped the cost of water purchased from the resale of imported water to the District's 28 member water agencies located in Orange County. In addition MWDOC has charged 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 has been transitioning from a water rate structure involving a variable per acre-foot charge and a fixed per retail meter charge to an 100% per retail meter charge. In addition MWDOC's agencies will still also pay for the direct 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, 2015, 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, California 92708, (714) 963-3058, 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, 2015
(with comparative data as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents (Note 2)	\$ 2,474,168	\$ 1,618,696
Accounts Receivable Other	1,400,372	1,225,345
Accrued Interest Receivable	995	833
Total Restricted Assets	<u>3,875,535</u>	<u>2,844,874</u>
Unrestricted Assets:		
Cash and Cash Equivalents (Note 2)	165,596	5,469,048
Investments (Note 2)	3,115,157	2,161,125
Accounts Receivable:		
Water Sales	26,409,818	33,152,443
Other	5,622,854	7,967,970
Accrued Interest Receivable	30,658	29,393
Deposits and Prepaid Expenses	156,401	74,530
Total Unrestricted Assets	<u>35,500,484</u>	<u>48,854,509</u>
Total Current Assets	<u>39,376,019</u>	<u>51,699,383</u>
Noncurrent Assets:		
Unrestricted Assets:		
Capital Assets, Net (Note 4)	929,243	1,063,125
Net Other Post Employment Benefits		
(OPEB) Asset (Note 8)	<u>92,806</u>	<u>37,041</u>
Total Noncurrent Assets	<u>1,022,049</u>	<u>1,100,166</u>
TOTAL ASSETS	<u>40,398,068</u>	<u>52,799,549</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred amount related to pensions (Note 10)	355,780	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>355,780</u>	<u>-</u>

See accompanying notes to basic financial statements.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Net Position (Continued)
June 30, 2015
(with comparative data as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Payable from Restricted Assets		
Accrued Liabilities	\$ 519,213	\$ 641,303
Advances from Participants	1,123,166	1,189,020
Unearned Revenue (Note 6)	1,179,095	-
Due to Participants (Note 5)	4,746	4,665
Total Payable from Restricted Assets	<u>2,826,220</u>	<u>1,834,988</u>
Unrestricted Liabilities:		
Accounts Payable, Metropolitan Water District of Southern California	29,320,297	36,423,492
Accounts Payable - Other	-	7,812,706
Accrued Liabilities	1,109,940	700,196
Total Unrestricted Liabilities	<u>30,430,237</u>	<u>44,936,394</u>
Total Current Liabilities	<u>33,256,457</u>	<u>46,771,382</u>
Noncurrent Liabilities:		
Unrestricted Liabilities:		
Net Pension Liability (Note 10)	1,360,017	-
Total Noncurrent Liabilities	<u>1,360,017</u>	<u>-</u>
TOTAL LIABILITIES	<u>34,616,474</u>	<u>46,771,382</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred amount related to pensions (Note 10)	534,451	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>534,451</u>	<u>-</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	929,243	1,063,125
Restricted for Trustee Activities	1,049,315	1,009,886
Unrestricted	3,624,365	3,955,156
TOTAL NET POSITION	<u>\$ 5,602,923</u>	<u>\$ 6,028,167</u>

See accompanying notes to basic financial statements.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2015
(with comparative data as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Water Sales	\$ 196,165,166	\$ 202,415,070
Special Projects Revenue	13,678,299	1,507,206
Federal Grant Revenue	325,874	743,515
State Grant Revenue	255,956	64,809
Total Operating Revenues	<u>210,425,295</u>	<u>204,730,600</u>
Operating Expenses:		
Cost of Water Sold	188,196,586	195,659,855
Salaries and Employee Benefits	4,092,711	4,024,953
General and Administrative	2,778,997	2,113,668
Special Project Expenses (Note 6)	14,260,129	2,315,530
Depreciation	145,718	144,701
Total Operating Expenses	<u>209,474,141</u>	<u>204,258,707</u>
Operating Income	<u>951,154</u>	<u>471,893</u>
Nonoperating Revenues:		
Investment Income	77,496	95,407
Other Income	132,553	226,202
Total Non-Operating Revenues	<u>210,049</u>	<u>321,609</u>
Income Before Special Items	<u>1,161,203</u>	<u>793,502</u>
Special Items:		
Refund from Metropolitan Water District of Southern California	-	8,144,234
Distributions to Member Agencies	-	(8,274,842)
Total Special Items	<u>-</u>	<u>(130,608)</u>
Change in Net Position	<u>1,161,203</u>	<u>662,894</u>
NET POSITION - BEGINNING OF YEAR, AS RESTATED (NOTE 11)	<u>4,441,720</u>	<u>5,365,273</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,602,923</u></u>	<u><u>\$ 6,028,167</u></u>

See accompanying notes to basic financial statements.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015
(with comparative data as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Cash received from member agencies-water deliveries	\$ 202,907,791	\$ 197,450,806
Cash payments to Metropolitan Water District of Southern California	(195,299,781)	(190,184,845)
Cash payments for salaries and employee benefits	(4,153,774)	(4,077,650)
Cash payments for general and administrative expenses	(7,961,175)	(2,424,640)
Cash received from special projects	15,142,107	2,805,256
Cash payments for special projects	(14,325,983)	(2,490,559)
	<hr/>	<hr/>
Net Cash (used) provided by Operating Activities	(3,690,815)	1,078,368
	<hr/>	<hr/>
Cash Flows from Noncapital and Related Financing Activities:		
Other income	132,553	226,202
(Proceeds from)/Payments to RPOI participants (Note 5)	81	(1,424,728)
	<hr/>	<hr/>
Net Cash provided (used) by Noncapital and Related Financing Activities	132,634	(1,198,526)
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(11,836)	(225,285)
	<hr/>	<hr/>
Net Cash used by Capital and Related Financing Activities	(11,836)	(225,285)
	<hr/>	<hr/>
Cash Flows from Investment Activities:		
Investment income	66,758	107,616
Investments sold (purchased)	(944,721)	206,720
	<hr/>	<hr/>
Net Cash provided (used) by Investment Activities	(877,963)	314,336
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(4,447,980)	(31,107)
Cash and cash equivalents at beginning of year	7,087,744	7,118,851
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	\$ 2,639,764	\$ 7,087,744
	<hr/>	<hr/>
Financial Statement Presentation:		
Cash and Cash Equivalents (Restricted)	\$ 2,474,168	\$ 1,618,696
Cash and Cash Equivalents (Unrestricted)	165,596	5,469,048
	<hr/>	<hr/>
Totals	\$ 2,639,764	\$ 7,087,744
	<hr/>	<hr/>

See accompanying notes to basic financial statements.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Cash Flows (Continued)
For the Fiscal Year Ended June 30, 2015
(with comparative data as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
Reconciliation of Operating Income to Net Cash Provided for Operating Activities		
Operating Income	\$ 951,154	\$ 471,893
Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:		
Depreciation	145,718	144,701
Pension expense	240,306	-
Change in Assets and Liabilities:		
(Increase)/Decrease in accounts receivable - water deliveries	6,742,625	(4,964,264)
(Increase)/Decrease in accounts receivable - other and other assets	2,345,116	(21,200)
(Increase) in deposits and prepaid expenses	(81,871)	(6,782)
(Increase) in OPEB asset	(55,765)	-
(Increase)/Decrease in accounts receivable - special projects	(175,027)	158,198
(Increase) in deferred outflows related to contributions subsequent to the measurement date	(288,065)	-
Increase/(Decrease) in accrued and other liabilities	409,744	(335,689)
(Decrease) portion of accrued liabilities for special item	(7,812,706)	(130,608)
Increase/(Decrease) in restricted accrued liabilities	(122,090)	259,081
(Decrease) in advances from participants	(65,854)	(44,782)
Increase in unearned revenue for special projects	1,179,095	-
Increase/(Decrease) in accounts payable to Metropolitan Water District of Southern California	(7,103,195)	5,547,820
Total Adjustments	(4,641,969)	606,475
Net Cash Provided by Operating Activities	\$ (3,690,815)	\$ 1,078,368

See accompanying notes to basic financial statements.

Notes to Financial Statements

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(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, 2015 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.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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 obligations for the period ended June 30, 2015.

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.
- Unrestricted net position – This amount is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 water sales 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 Metropolitan's 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.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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 an 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" on a subscription basis. The settlement agreement that established this fixed charge basis for the operating budget expires at the end of fiscal year 2015-16. 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.

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.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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.

Deferred Outflows and Inflows of Resources

The District reported deferred outflows and inflows of resources related to pensions. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the District that is applicable to a future period. Refer to Note 10 for items identified as deferred inflows and outflows as of June 30, 2015.

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 21 vacation days per year. Accumulated vacation days may not exceed 2 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.

Unearned Revenue

Unearned revenue represents grant revenues received in advance of the recognition of the related expense. Refer to Note 6 for items identified as of June 30, 2015.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Water District of Orange County's (District) California Public Employees Retirement System (CalPERS) plans and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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, 2015. 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, 2014 the District was required to apply the following GASB Statements:

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 implemented this pronouncement effective July 1, 2014.

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 implemented this pronouncement effective July 1, 2014.

Effective in Future Years

GASB Statement No. 72 – On March 2, 2015, GASB released Statement No. 72 - *Fair Value Measurement and Application*, which would generally require state and local governments to measure investments at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The requirements are effective for financial statements for periods beginning after June 15, 2015, with early application encouraged. The District has not yet determined the effect on the financial statements.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

GASB Statement No. 73 - In June, 2015, GASB released Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – effective for fiscal years beginning after June 15, 2015. The District has not yet determined the effect on the financial statements.

GASB Statement No. 74 - In June, 2015, GASB released Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* – effective for fiscal years beginning after June 15, 2016. This statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43. The District has not yet determined the effect on the financial statements.

GASB Statement No. 75 - In June, 2015, GASB released Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – effective for fiscal years beginning after June 15, 2017. This statement applies to government employers who provide OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The District has not yet determined the effect on the financial statements.

GASB Statement No. 76 – In June 2015, GASB released Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The Statement is effective for fiscal years beginning after June 15, 2015. The District has not yet determined the effect on the financial statements.

GASB Statement No. 77 – In August 2015, GASB released Statement No. 77, *Tax Abatement Disclosures*. The Statement requires state and local governments to disclose information about tax abatement agreements. The Statement is effective for fiscal years beginning after December 15, 2015. The District has not yet determined the effect on the financial statements.

(2) Cash and Investments

Cash and investments at June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents (restricted)	\$ 2,474,168
Cash and cash equivalents (unrestricted)	165,596
Investments (unrestricted)	<u>3,115,157</u>
Total Cash and Investments	<u>\$ 5,754,921</u>

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	34,772
Investments	<u>5,719,649</u>
Total Deposits and Investments	<u>\$ 5,754,921</u>

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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:

Investment Type		Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25-60 Months
Negotiable Certificate of Deposits	\$ 1,102,582	\$ -	\$ 100,407	\$ 1,002,175
Corporate Securities	1,262,245	1,262,245	-	-
Federal Agency Issues*	750,330	-	-	750,330
Orange County Investment Pool	2,604,448	2,604,448	-	-
State Investment Pool	44	44	-	-
	<u>\$ 5,719,649</u>	<u>\$ 3,866,737</u>	<u>\$ 100,407</u>	<u>\$ 1,752,505</u>

*Security is callable, but classified above according to original maturity date

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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.

Investment Type		Minimum Legal Rating	Ratings as of Year End				
			AAAm	AA+	A-	AA-	Not Rated
Negotiable Certificate of Deposits	\$ 1,102,582	N/A	\$ -	\$ -	\$ -	\$ -	\$ 1,102,582
Corporate Securities	1,262,245	A	-	-	755,570	506,675	-
Federal Agency Issues	750,330	A	-	750,330	-	-	-
Orange County Investment Pool	2,604,448	N/A	2,604,448	-	-	-	-
State Investment Pool	44	N/A	-	-	-	-	44
	<u>\$ 5,719,649</u>		<u>\$ 2,604,448</u>	<u>\$ 750,330</u>	<u>\$ 755,570</u>	<u>\$ 506,675</u>	<u>\$ 1,102,626</u>

** Investments conformed to District's investment Policy at time of acquisition

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, 2015 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	\$506,675	8.86%
Morgan Stanley	\$504,535	8.82%
Federal Home Ln Mtg Corp	\$500,050	8.74%

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:

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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, 2015 the District's deposits with financial institutions are covered by FDIC up to \$250,000 the remaining amounts of \$2,746,007 were collateralized as described above.

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 portfolios (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, 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, 2015, 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, 2015, \$3,875,535 was reported as restricted assets related to trustee and member agency activities.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(4) Capital Assets

The following is a summary of capital assets at June 30, 2015 with changes therein:

	2014	Additions	Deletions	2015
Furniture and fixtures	\$ 535,373	\$ -	\$ (98,462)	\$ 436,911
Leasehold improvements	3,015,137	11,836	-	3,026,973
	3,550,510	11,836	(98,462)	3,463,884
Less accumulated depreciation	(2,487,385)	(145,718)	98,462	(2,534,641)
Net Capital Assets	\$ 1,063,125	\$ (133,882)	\$ -	\$ 929,243

(5) Due to Participants/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, 2015, The District received \$4,746 from certain AMP member agencies, and disbursed \$4,665 by the RPOI formula. As of June 30, 2015, the balance of \$4,746 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, Receivables, and Unearned Revenue

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 2015, the District accrued \$1,339,912 of grants receivable (part of Restricted Accounts Receivable Other). The District recognized \$14,260,129 in contributions from Metropolitan and member agencies, federal and state grant revenue, and corresponding expenses, for the year ended June 30, 2015.

As of June 30, 2015, the District reported \$1,179,095 of Unearned Revenue, related to Grant and Special Projects Revenue received during year, but not yet spent.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(7) District Directors Retirement Plan – 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 were made by the District on behalf of the current participants through December 31, 2014. The District was required to contribute 10.5% of a participant's gross salary, increasing to 13.5% after one year of service. This plan was amended as of January 1, 2015 where the Directors contribute their own 7.5% and the District does not contribute on their behalf. The District's Board of Directors has the authority to amend or terminate the plan at any time. All required contributions by the District were made to the Plan during the year. Participants become vested in the District's Plan 20% per year of service until they become fully vested after five (5) years of service. The District reported \$11,182 of pension expense related to the Plan for the year ended June 30, 2015. A summary of this plan's contribution and District payroll information follows:

	<u>July 1 to December 31, 2014</u>
District contributions for participants	\$11,182
District contributions as a percent of covered payroll	10.5% / 13.5%

	<u>January 1 to June 30, 2015</u>
Participants' contributions	\$ 6,817
Participants' contributions as a percent of covered payroll	7.5%

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

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

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 2015, the District made a total contribution of \$186,351 of which, \$42,665 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, 2014. 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 2014-15, the amount actually contributed to the Plan and changes in the District's net OPEB Asset.

Annual Required Contributions (ARC)	\$ 130,117
Interest on Net OPEB Obligation (Asset)	(2,222)
Adjustment to ARC	<u>2,691</u>
Annual OPEB Cost	<u>130,586</u>
Contribution made	<u>(186,351)</u>
(Increase)/Decrease in Net OPEB Obligation (Asset)	<u>(55,765)</u>
Net OPEB (Asset) at June 30, 2014	<u>(37,041)</u>
Net OPEB (Asset) at June 30, 2015	<u><u>\$ (92,806)</u></u>

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(d) Three-Year Trend Information:

For fiscal year 2015, the District's annual OPEB cost (expense) of \$130,586 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)
6/30/2013	\$ 200,223	\$ 155,575	77.70%	\$ 31,956
6/30/2014	204,985	273,982	133.66%	(37,041)
6/30/2015	130,586	186,351	142.70%	(92,806)

(e) Funded Status and Funding Progress:

As of July 1, 2014, the most recent actuarial valuation date, the plan was 64.14% percent funded. The actuarial accrued liability for benefits was \$1,740,686, and the actuarial value of assets was \$1,116,390, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$624,296. The covered payroll (annual payroll of active employees covered by the plan) was \$2,673,190 and the ratio of the UAAL to the covered payroll was 23.35%.

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, 2014 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 2015 of 8.00% 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.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(9) Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) (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 participating 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, 2015, the District participated in the self-insurance programs 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 \$150 million. The District has a \$1,000 deductible for buildings, personal property and fixed equipment.

General, Auto and 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.

Crime Policy/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.

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.

Workers' Compensation – This Plan is administered through Special District Risk Management Authority (SDRMA). 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 \$5 million limit. SDRMA maintains a Self-Insured Retention that is periodically adjusted based on market conditions.

The District pays annual premiums for all coverage's. There were no instances in the past three years when a settlement exceeded the District's coverage and the District did not file any claims against any of the policies.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(10) Cost-Sharing Defined Benefit Plan

(a) General Information about the Pension Plan

Plan Descriptions – Effective March 1, 2013, all qualified permanent and probationary employees are eligible to participate in the District's employee pension plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The CalPERS Plan (Plan) consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Funds C (PERF C). Benefit provisions under the Plans are established and may be amended by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, membership information, and related financial information can be found on the CalPERS website at: <http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports/home.xml>

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Formula	2.0% @55	2.0% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.250%
Required employer contribution rates	11.522%	6.250%

Contributions – Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

Contributions recognized by the pension plan from the employer for the year ended June 30, 2015 were \$288,065. The District also contributed 3% of the employee's contribution, or \$89,451, on behalf of employees during the year. The District is phasing out contributions paid on behalf of employees by 1% per year, until completely eliminated.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(b) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plan is as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 1,360,017</u>

The District's net pension liability was measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The District's net pension liability was measured as of June 30, 2014, and the total pension liability for the Plan was used to calculate the net pension liability determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 were as follows:

	Miscellaneous
Proportion - June 30, 2013	<u>0.02305%</u>
Proportion - June 30, 2014	<u>0.02186%</u>
Change - Increase (Decrease)	<u>-0.00119%</u>

At the year ended June 30, 2015, the District's recognized pension expense of \$240,306. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 288,065	\$ -
Differences between District contributions and proportionate share of contributions	67,715	-
Net difference between projected and actual earnings on pension plan investments	-	457,028
Changes in proportion	-	77,423
Total	<u>\$ 355,780</u>	<u>\$ 534,451</u>

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

The amount of \$288,065 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2015	\$ (117,724)
2016	(117,724)
2017	(117,031)
2018	(114,257)
	<u>\$ (466,736)</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuation were determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age Service
Investment Rate of Return	7.5% ⁽²⁾
Mortality	Derived using CalPERS' Membership Data for all funds

⁽²⁾ Net of pension plan investment and administrative expenses; includes inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website at: <http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports.xml>

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for the Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

In determining the long-term expected 7.50% rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees' Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the fund. The expected rate of return was set by calculating the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return Years 1-10	Long-term Expected Real Rate of Return Years 11 +
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	<u>100%</u>		

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, as well as what the District's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 2,423,130	\$ 1,360,017	\$ 477,734

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2015

(11) Prior Period Adjustments

As discussed under Note 1, the District implemented GASB 68 effective July 1, 2014. Refer to Note 10 for further disclosures related to the Plan and related balances. As a result of the implementation, the District restated beginning net position as noted below:

Beginning of year, as previously reported	
Net Position	\$ 6,028,167
Contributions after the measurement date - deferred outflows of resources	271,826
Net Pension Liability as of the measurement date of June 30, 2013	<u>(1,858,273)</u>
Beginning of year, as restated	
Net Position	<u>\$ 4,441,720</u>

Following is the pro forma effect of the retroactive application:

	June 30, 2014		July 1, 2014
	Previously		Restated
	Presented	Restatement	
Deferred outflows of resources	\$ -	\$ 271,826	\$ 271,826
Net pension liability	-	1,858,273	1,858,273

In accordance with GASB 68, the restatement of all deferred outflows and inflows was not practical and therefore not included in the restatement of beginning balances.

(12) Commitments and Contingencies

The District is involved in various litigation from time to time arising from the normal course of business. In the opinion of management and legal counsel, the District is not involved in any litigation that is expected to have a material adverse effect on the overall financial position of the District at June 30, 2015.

During the current year, the Internal Revenue Service (IRS) performed a payroll audit, which resulted in the District revising the classification of certain individuals from independent contractor to employees of the District beginning July 1, 2015. As a result of the change in classification, the District paid additional payroll taxes totaling \$7,682 related to compensation from January 1, 2012 through June 30, 2015.

Additionally, related to the IRS inquiry, the District has determined that certain individuals were compensated for benefits in excess of amounts allowed per government code over a 14 year period. As a result, as of June 30, 2015, the District is owed \$236,137, plus accrued interest of \$24,430. The District has evaluated the amounts owed as a gain contingency, and will recognize revenue as amounts are received from the individuals. Subsequent to year-end, as of the date of this report, four individuals have repaid \$89,084.

Required Supplementary Information

(Unaudited)

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2015

Other Post-Employment Benefit Plan
Schedule of Funding Progress

Retiree Healthcare Plan

Actuarial Valuation Date (1)	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%
7/1/2014	1,740,686	1,116,390	624,296	64.14%	2,673,190	23.35%

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2015

Cost Sharing Retirement Plan
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Years*

	<u>2015</u>
Proportion of the net pension liability	0.02186%
Proportionate share of the net pension liability	\$ 1,360,017
Covered - employee payroll	\$ 2,601,571
Proportionate Share of the net pensions liability as a percentage of covered employee payroll	52.28%
Plan fiduciary net position as a percentage of the total pension liability	79.82%

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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

Cost Sharing Retirement Plan
Schedule of Contributions
Last Ten Years*

	<u>2015</u>
Actuarially determined contributions	\$ 288,065
Contributions in relation to the actuarially determined contribution	<u>(288,065)</u>
Contribution deficiency (excess)	<u>\$ -</u>
 Covered-employee payroll	 \$ 2,640,576
 Contributions as a percentage of covered-employee payroll	 10.91%

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.



CONSENT CALENDAR ITEM

December 16, 2015

TO: Board of Directors

FROM: Robert Hunter, General Manager

SUBJECT: SECONDARY ASSIGNMENT OF SURPLUS MET ALLOCATION

STAFF RECOMMENDATION

Staff recommends the Board of Directors: Ratify the General Manager's action (per the Executive Committee' request) to offer OCWD an additional secondary assignment of currently unused water from the Metropolitan Water District of Southern California (MET) allocation to MWDOC of 7,000 AF of water for groundwater replenishment, and authorize the General Manager to offer additional water to OCWD as it becomes available.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

Pursuant to Board action October 21, 2015, MWDOC offered OCWD a first allotment of 17,000 AF of water for groundwater replenishment. After updating for recent demands and MET purchases, MWDOC offered OCWD an additional 7,000 AF of water for groundwater replenishment by way of the attached letter agreement dated November 25, 2015. MWDOC staff will continue to monitor demands, purchases of MET water, rainfall and other conditions to coordinate the utilization of potentially available unused MET allocations as we move through the water year. It is our understanding that OCWD plans to take only 3,000 AF of the 7,000 AF offered as this will get them to the 20,000 AF they planned to take per their discussions with their board. OCWD may take more later in the year, but exact plans are uncertain, primarily depending on weather and funding.

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



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Larry D. Dick
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Joan C. Finnegan
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Susan Hinman
Director
Sat Tamaribuchi
Director
Jeffery M. Thomas
Director
Robert J. Hunter
General Manager

MEMBER AGENCIES

City of Brea
City of Buena Park
East Orange County Water District
El Toro Water District
Emerald Bay Service District
City of Fountain Valley
City of Garden Grove
Golden State Water Co.
City of Huntington Beach
Irvine Ranch Water District
Laguna Beach County Water District
City of La Habra
City of La Palma
Mesa Water District
Moulton Niguel Water District
City of Newport Beach
City of Orange
Orange County Water District
City of San Clemente
City of San Juan Capistrano
Santa Margarita Water District
City of Seal Beach
Serrano Water District
South Coast Water District
Trabuco Canyon Water District
City of Tustin
City of Westminster
Yorba Linda Water District

November 25, 2015

Mike Markus, General Manager
Orange County Water District
18700 Ward St.
Fountain Valley, CA

Dear Mr. Markus:

**Re: FY2015/16 Secondary Assignment of Surplus MET Allocation
Second Tranche**

The MWDOC Board has approved secondary assignments of currently unused water within MWDOC's FY2015/16 MET Drought Allocation of M&I water and has authorized me to offer such water to OCWD under specific conditions as adequate volumes are accumulated. On October 21, 2015 MWDOC offered a secondary assignment of 17,000 acre feet (AF) with certain conditions relating to the proration of potential surcharges which OCWD accepted. Delivery of that water is scheduled to be completed next week.

MWDOC has been monitoring our Member Agencies' water demands through November and has made projections of likely demands in December. Based on that analysis, we estimate that we can make an additional secondary assignment of surplus MET allocated water to OCWD of 7,000 AF and maintain a buffer or reserve in excess of 11,000 AF. At the current rate, the 7,000 AF should continue deliveries through the end of December 2015.


The purpose of the 11,000 AF reserve is to mitigate the risk of potential surcharges for any year-end exceedance of the MWDOC allocation. This exceedance could be caused by increases in water demands for the remainder of the fiscal year along with the secondary assignment. MWDOC believes that the probability of surcharges is small and further reduced by the reserve. However, if a surcharge was assessed, it would be prorated among any Member Agency(s) exceeding their allocation and any agency(s) taking the secondary assignment of water.

MWDOC is offering this second tranche of the surplus allocation prior to the normal increased precipitation period of the year in order to allow OCWD and Orange County to utilize the surplus before the end of the fiscal year – understanding that potential El Nino above average precipitation could limit OCWD's ability to take MET untreated deliveries later during the fiscal year.

Actual imported water use will be monitored on a monthly basis and compared to MWDOC's drought allocation from MET. As MWDOC's surplus allocation changes during the fiscal year, additional secondary assignments can be made, as appropriate.

We are prepared to proceed immediately with the water delivery scheduled once MWDOC receives a signed acknowledgment of the offer and agreement to the provisions.

Sincerely,


Robert J. Hunter
General Manager

Agreed to provisions of delivery of water:


Mike Markus, General Manager

11-30-15

Date



CONSENT CALENDAR ITEM

December 16, 2015

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

FROM: Robert Hunter,
General Manager

Staff Contact: Karl Seckel/Cathy Harris

**SUBJECT: APPROVAL OF COSTS OF REFURBISHMENT OF SHARED
ADMINISTRATION COMMON AREAS WITH OCWD/REFURBISHMENT OF
MWDOC OFFICE FACILITIES AND SHARED EXPENSES**

STAFF RECOMMENDATION

Staff recommends the Board of Directors approve:

- 1) The budget request for refurbishment project for both the Shared Administration Common Areas and work on the MWDOC building in the approximate amount of \$342,064 (MWDOC's share); and
 - 2) Concur with OCWD proceeding ahead with the work under a contract to be awarded by the OCWD Board with PDC Interiors; and
 - 3) Approve a total of \$228,680 for the joint work on the HVAC, Fire Alarm System Upgrades, Facility Signage and Air Duct Cleaning.
- (Combined total of \$570,744)

COMMITTEE RECOMMENDATION

Committee concurred with the staff recommendation however is opposed to taking the money from reserves. The Committee recommended moving forward with the project and recommended staff return with an update on project costs in May to evaluate the budget and determine whether or not funds will need to be taken from reserves for this project. It is anticipated that a budget transfer will not be necessary due to being under budget in other programs.

DETAILED REPORT

Budgeted (Y/N): Yes	Budgeted amount: \$400,000 (15/16)	Core ✓	Choice __
Action item amount: \$570,744		Line item: 02-2000-19-8811	
Fiscal Impact (explain if unbudgeted): Staff budgeted \$400,000 for building improvements for 2015/16 and total estimated cost for improvements, as presented is \$570,744, which may require \$170,744 to be transferred from reserves to cover expenses (see section regarding Multiple Year Facilities Budget); however prior to any transfer from Reserves, staff will obtain approval from the Board.			

MWDOC and OCWD have been working on building improvements and upgrades to the following areas:

- Front entrance/reception area
- Lobby outside of the Joint Board room
- Improvements inside the Joint Board room
- Improvements to conference room C-3 (used for meetings and closed sessions)
- Remodel of the two bathrooms outside of the Joint Board room

The common areas of the administration building and MWDOC's building have not been refurbished in 23 years. The MWDOC/OCWD Joint Building Committee have met and discussed the various areas to be refurbished.

While the Joint Facilities improvements are underway, MWDOC has also contracted with, PDC Interiors, to help spec and price out improvements on MWDOC's building. This work includes:

- Carrying a similar theme from the main building entrance/reception area improvements through to the MWDOC entrance (utilizing similar tile and color themes)
- Remodel for both sets of bathrooms on the MWDOC side. One set of bathrooms is ADA compliant therefore the older set of bathrooms (Original since the building was built) will be updated with new décor and faucets, toilets, etc.

Because this work for MWDOC is an extension of the work being performed to the Joint facilities, MWDOC staff is recommending that we add this work into the contract being awarded to PDC Interiors by OCWD and have OCWD manage a single contract with all of the work included.

PDC received competitive bids on the various components of the project. Construction is estimated to take approximately three months to complete and a majority of the work will be performed during the evenings and weekends to minimize impacts to staff however; some work will be performed during normal business hours.

Table 1 outlines the overall pricing for the work and includes the breakdown between MWDOC and OCWD in accordance with the cost-sharing provisions between the two agencies. In total, MWDOC is being asked to cost share in the amount of \$147,929 for the Shared Common Areas and an additional amount of \$194,134 for work on our building (a total of \$342,064). MWDOC budgeted \$233,000 in our budget for this year for these expenses.

Table 1

COST OF MWDOC/OCWD SHARED COMMON AREAS REMODEL PLUS WORK ON MWDOC OFFICE REMODEL			
Description	OCWD Cost	MWDOC Cost	Total Cost
Board Room	\$ 18,549	\$ 9,386	\$ 27,935
Reception Area	\$ 17,598	\$ 8,905	\$ 26,503
Foyer	\$ 11,673	\$ 5,907	\$ 17,580
Restrooms	\$ 33,564	\$16,985	\$ 50,549
Conference Room C3	\$ 13,814	\$ 6,990	\$ 20,804
Flooring/Painting/Plumbing/Drywall/Electrical/Acoustical panels	\$162,716	\$82,338	\$245,054
Furniture Installation Cost	\$ 921	\$ 466	\$ 1,387
Project Management Fees	\$ 31,292	\$ 15,834	\$ 47,126
MWDOC Office Remodel Work		\$194,134	\$194,134
Sales Tax	\$ 2,210	\$ 1,118	\$ 3,328
Total Project Cost	\$292,337	\$342,064	\$634,401

Table 2

ADDITIONAL MWDOC/OCWD SHARED EXPENSES TO BE COMPLETED OR HAVE BEEN COMPLETED THIS BUDGET YEAR			
Description	OCWD Cost	MWDOC Cost	Total Cost
Shared			
Boiler/Chiller/energy Management System	\$ 748,040	\$ 188,960	\$ 937,000
Upgrade of Office Fire Alarm System	\$ 53,120	\$ 27,000	\$ 80,000
Facility Signage	\$ 15,596	\$ 4,404	\$ 20,000
Air Duct Cleaning	\$ 16,600	\$ 8,316	\$ 25,000
Total Project Cost	\$ 833,356	\$ 228,680	\$1,062,000

Additional Work that was budgeted for this year:

The following items in the amount of \$95,950 were budgeted for this year and instead will be included in next year's budget.

- Fire suppression system for MWDOC server area -\$60,950
- Landscaping of the MWDOC Atrium -\$10,000
- Landscaping of the MWDOC/OCWD Front entrance - \$25,000

MWDOC's entire building improvement budget for fiscal year 2015-16 was \$400,000 (for its share of Joint Facilities refurbish work and work on our own building). Based on the cost estimates for the Shared Common Area and MWDOC Remodel, as well as the Boiler/Chiller/Energy Management System, upgrade to the fire alarm system, facility signage and the air duct cleaning the total improvement costs for this 2015/16 fiscal year will amount to \$570,744. \$170,744 will be transferred from reserves to cover these expenses.

Please note the OCWD Board approved this item at its November Board Meeting in the amount of \$630,309. There is an additional \$4,092 that was added to the project cost which is MWDOC's cost. In reviewing the cost summary, staff identified that the HVAC/ventilation work for the bathroom remodels was left off the latest cost summary and requested the information be updated. Based on the revised cost summary the total project cost is \$634,401 for all of the shared remodel work and MWDOC Office work.

Attached for information is the OCWD Board submittal item.

MULTIPLE YEAR FACILITIES BUDGET

In the District's budget, Exhibit C, Fiscal Master Plan Projections, staff budgeted the following amounts for the Building Expense:

Budget Fiscal Year	Amount
15/16	\$400,000
16/17	\$150,000
17/18	\$ 60,000
Total	\$ 610,000

Total estimated expenses as discussed herein amount to \$665,000 (\$570,000 plus the \$95,000 estimated upcoming). We anticipate additional work in future years with respect to new building roof, upgrade to the facility security system, landscaping improvements and remodel/space planning of MWDOC's District office and these will be included during the budget process in the Fiscal Master Plan Projections for next year and beyond.

AGENDA ITEM SUBMITTAL

Meeting Date: November 12, 2015

To: Administration/Finance Issues Cte.
Board of Directors

From: Mike Markus

Staff Contact: E.Torres/A. Perry

Budgeted: Yes

Budgeted Amount: \$350,000

Cost Estimate: \$630,310
(OCWD Share \$292,337)

Funding Source: R & R

Program/ Line Item No. R07002

General Counsel Approval: N/A

Engineers/Feasibility Report: N/A

CEQA Compliance: N/A

**Subject: AGREEMENT TO PDC INTERIORS FOR REFURBISHMENT OF
ADMINISTRATION BUILDING COMMON AREAS**

SUMMARY

The common areas of the administration building have not been refurbished since the building was completed more than 23 years ago. Wall panels, cabinets, visitor chairs and flooring have significant wear and tear. Staff and the OCWD/MWDOC Joint Building Committee have met and agreed on proposed changes and will bring this matter forward for the Boards' consideration.

Attachment(s):

- Interior designs selected by the OCWD/MWDOC Joint Building Committee
- Cost Estimate for the Administration Building Common Areas Refurbishment Project

RECOMMENDATION

Agendize for November 18 Board meeting: Authorize issuance of Agreement to PDC Interiors in an amount up to \$630,309.36 to refurbish the common areas (reception, foyer, boardroom, restrooms and conference room C-3) of the OCWD Administration Building.

BACKGROUND/ANALYSIS

The OCWD campus is visited by thousands of people annually, for regular public meetings, events and tours. Its facilities are also used for presentations for groups consisting of local, state, federal and international dignitaries. Other groups include water agencies, water industry professionals, local, national and international media.

The finishes and flooring throughout the administration building have not been replaced for more than 23 years, are showing wear and tear and are in great need of replacement. The common areas include reception, foyer, board room, two public restrooms and conference room C-3. These areas are part of OCWD's R&R program, in which funds are accumulated annually for eventual replacement and refurbishment.

With the upcoming completion of the Water Education Corridor Project, the outdated and worn finishes and furnishings are even more evident against the up-to-date finishes in the hallway.

The common areas proposed to be refurbished are shared between OCWD and MWDOC. The OCWD/MWDOC Joint Building Committee sought the assistance of an experienced interior designer, Carmella Bryan from PDC Interiors (PDC), to make recommendations on refurbishing the common areas using a design and materials that would be current and hold up for many years. PDC made recommendations to the Committee that would match with the recent hallway updates. The Committee reviewed these recommendations and selected a design, materials and a color palette for the area. Renderings of the design are contained in the packet.

SCHEDULE AND BUDGET

PDC received competitive bids on the various components of this project and has provided cost estimates for the proposed refurbishment to the Committee. An agreement between OCWD and MWDOC states that all costs incurred in common areas will be divided between the Districts at 66.40% and 33.60%, respectively. Along with refurbishing the common areas, improvements within the MWDOC building will also be performed and separately funded by MWDOC. The project costs can be seen in Table 1.

Table 1
Refurbishment of Administration Building
Common Areas and Additional MWDOC Work Project Cost

Description	OCWD Cost	MWDOC Cost	Total Cost
Board Room	\$18,548.84	\$9,386.16	\$27,935.00
Reception Area	\$17,597.66	\$8,904.84	\$26,502.50
Foyer	\$11,673.12	\$5,906.88	\$17,580.00
Restrooms	\$33,564.54	\$16,984.46	\$50,549.00
Conference Room 3	\$13,813.86	\$6,990.14	\$20,804.00
Flooring/Painting/Plumbing/Drywall	\$162,715.85	\$82,338.15	\$245,054.00
Furniture Installation Cost	\$921.30	\$466.20	\$1,387.50
Project Management Fees	\$31,291.66	\$15,834.34	\$47,126.00
Additional MWDOC Work	\$0	\$190,043.00	\$190,043.00
Sales Tax	\$2,210.03	\$1,118.33	\$3,328.36
Total Project Cost	\$292,336.86	\$337,972.50	\$630,309.36

Construction is estimated to take approximately three months to complete. A majority of the work will be performed during evenings and the weekends to minimize impacts to staff. Work such as replacing furniture and acoustical panels will be performed during normal business hours. During those installations, proper care will be taken to ensure the safety of staff and visitors.

Given that the wear and tear on the common areas stands out compared to the recent upgrades from the hallway and that PDC has successfully completed high-quality design work for the District, staff and the OCWD/MWDOC Joint Building Committee recommend that the Board approve the refurbishment of the common areas of the Administration Building per the PDC Interiors proposal.

PRIOR RELEVANT BOARD ACTION(S) None



ACTION ITEM
December 16, 2015

TO: Board of Directors

FROM: **Planning & Operation Committee**
(Directors Osborne, Barbre, & Hinman)

Robert Hunter
General Manager

Staff Contact:

J. Berg
WUE Programs Manager

SUBJECT: Bureau of Reclamation WaterSMART Grant Resolution

STAFF RECOMMENDATION

Staff recommends the Board of Directors adopt the proposed resolution in support of MWDOC's 2016 WaterSMART: Water and Energy Efficiency grant application to be submitted to the Bureau of Reclamation by January 20, 2016.

COMMITTEE RECOMMENDATION

The Planning & Operations Committee will review this item on December 14, 2015 and make a recommendation to the Board.

DETAILED REPORT

In November 2015, the Bureau of Reclamation released its "WaterSMART: Water and Energy Efficiency Grants for FY2016" Funding Opportunity Announcement (FOA). The objective of this announcement is to invite proposals to leverage investments and resources by cost sharing with Reclamation on projects that save water, improve energy efficiency, address endangered species and other environmental issues, and facilitate water transfers to new uses. A total of \$23.3 million is available for project awards within the 17 western states. The Bureau has established two funding groups: Group 1 includes projects that will be awarded up to \$300,000 each; and Group 2 includes projects that will be awarded up to \$1 million each.

Staff will be submitting an application for a funding Group 1 project. The FOA requires all applications to include an official Board Resolution supporting the grant application. The proposed Resolution containing the required content is attached for your consideration.

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

RESOLUTION NO. _____
RESOLUTION OF THE BOARD OF DIRECTORS OF MUNICIPAL WATER DISTRICT OF
ORANGE COUNTY SUPPORTING A BUREAU OF RECLAMATION 2015 WATER
SMART: WATER AND ENERGY EFFICIENCY GRANT APPLICATION

WHEREAS, the Municipal Water District of Orange County submitted an application to the Bureau of Reclamation requesting funding for an Water Smart Landscape Program: Comprehensive Landscape Water Use Efficiency Program to improve urban landscape water use efficiency and expanded use of recycled water in the Municipal Water District of Orange County service area,

WHEREAS, the Municipal Water District of Orange County is committed to developing and implementing a comprehensive water use efficiency program designed to meet our local water supply reliability goals, comply with the Best Management Practices for urban water conservation in California, exceed the Governor's call for a 20% reduction in urban per capita water use by 2020, and respond to the unprecedented drought we are currently experiencing,

NOW, THEREFORE, BE IT RESOLVED, that the Municipal Water District of Orange County Board of Directors designates Robert J. Hunter, General Manager, as the official who has reviewed and supports the application submittal and the legal authority to enter into an agreement on behalf of the District, and designates Joseph M. Berg, Director of Water Use Efficiency, as the District's representative to sign the progress reports and approve reimbursement claims.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Municipal Water District of Orange County Board of Directors assures its capability to provide the amount of funding and in-kind contributions specified in the funding plan.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Municipal Water District of Orange County will work with Reclamation to meet established deadlines for entering into a cooperative agreement.

Said Resolution was adopted on December 16, 2015, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

I HEREBY CERTIFY the foregoing is a full, true, and correct copy of Resolution No. _____ adopted by the Board of Directors of Municipal Water District of Orange County at its meeting held on December 16, 2015.

Maribeth Goldsby, Secretary
Municipal Water District of Orange County



ACTION ITEM
December 16, 2015

TO: Board of Directors

FROM: **Planning & Operations Committee**
(Directors Osborne, Barbre, Hinman)

Robert Hunter
General Manager

Staff Contact: Hilary Chumpitazi
Accounting Mgr.

SUBJECT: RECOMMENDATION ON RATE STUDY RFP

STAFF RECOMMENDATION

Staff recommends the Board of Directors: Staff will provide a recommendation at the December 14, 2015 Planning & Operations Committee meeting.

COMMITTEE RECOMMENDATION

The Committee will discuss this item on December 14, 2015 and make a recommendation to the Board.

SUMMARY

The Request for Proposals (RFP) for the Rate Study was issued on October 29, 2015, with responses/proposals due November 15, 2015.

The District received four responses (proposals) and staff has selected two firms to interview; these interviews will be held on December 10, 2015. A committee consisting of four staff members reviewed each proposal and will participate in the interviews. As a result of this timing, a more detailed report will be presented at the Committee and Board meetings, with a staff recommendation.

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

GENERAL MANAGER'S REPORT OF STAFF ACTIVITIES DECEMBER 2015

Managers' Meeting	<p>MWDOC held its Member Agency Managers' meeting in Fountain Valley on Thursday, November 19. In attendance were: Marc Marcantonio and Steve Conklin (YLWD); Howard Johnson (Brady); Art Valenzuela (Tustin); David Spitz (Seal Beach); Phil Lauri (Mesa); Andy Brunhart (SCWD); Lisa Ohlund (EOCWD); Mark Sprague (Fountain Valley); Paul Cook and Paul Weghorst (IRWD); Ken Vecchiarelli (GSWC); Matt Collings (MNWD); Brian Kovach (Fullerton); George Murdoch (Newport Beach); Michael Grisso (Buena Park); Dan Ferons (SMWD); Bob Hill (ETWD); Hector Ruiz (TCWD); Paul Shoenberger (Mesa); Cel Pasillas (Garden Grove); and Harvey De La Torre; Jonathan Volzke; Richard Bell; Keith Lyon; Kevin Hostert and myself of staff.</p> <p>The agenda included the following:</p> <ol style="list-style-type: none"> 1. OC Reliability Study – upcoming workshops 2. SWP East Branch Mud Flow Outage Repaired & Reopened 3. MWDOC Drought Allocation and State Water Use Tracking 4. SWRCB Water Use Regulations: November 13 meeting report 5. SWRCB – next meeting is on December 7 6. Water Loss Control Committee 7. Update regarding MET's UWMP <p>The next meeting is scheduled for December 17.</p>
ACWA Fall Conference	<p>In Indian Wells, Directors Hinman, Osborne, Tamaribuchi and Thomas and Heather, Jonathan and I attended the ACWA Conference where Michael Dettinger, a hydrologist with U.S. Geological Survey shared insights on whether California will experience an El Nino this winter or be stymied by the warm weather “blob” off the West Coast. Dettinger said reports in the media are accurate that claim El Nino is “is too big to fail” to bring intense rains this winter.</p>
Cadiz Project Integration	<p>Dan Ferons, General Manager of SMWD, and I met with Jeff Kightlinger and Debra Man of MET to discuss the process for reviewing work for integrating the Cadiz project into the CRA flows. MET had questions on whether the project could fit into MET's operations for the CRA on a consistent basis.</p>

MET ITEMS CRITICAL TO ORANGE COUNTY

MET's Water Supply Conditions	<p>Water savings for Orange County continues as we enter into the winter months. September showed a 28.45% reduction (compared to September 2013 usage), well beyond the needed 22% saving goal for the County. However, there are growing concerns among retail agencies that during the winter months water savings may fall short of their savings goal because residents normally shut off their outdoor water usage during the winter period which has been a significant contributor to past months' savings.</p> <p>As we enter the winter/rain season for 2015/16, the question still remains what will this El Nino year bring as far as rainfall for southern California, and more importantly, for Northern California. A previous strong El Nino system (1997-98 and 1982-83) brought significant above average precipitation to Northern California. Forecasts from the National Weather Service project 70-80% chance of above average precipitation in the months of Jan, Feb. and March for most of California. However, as we experienced last winter, only time will tell how much this rainfall this winter season will truly bring to California.</p>
MET's Finance and Rate Issues	<p>MET staff reported this month that water sales are 173,000 Acre-feet less than the budget estimates of 1.75 MAF. This is roughly a 20% reduction and could result in MET's water sales totaling 1.6 MAF by the end of the fiscal year.</p> <p>MET plans to start their Biennial Budget discussions next month. Along with water sales assumptions and projected revenue, there will be much discussion on future expenditures and its impact on water rates.</p>
Colorado River Issues	<p><u>MET and Bard Water District Discuss Pilot Fallowing Proposal</u></p> <p>On November 17, staff and board members from Bard Water District (Bard) met with Metropolitan to review a draft term sheet for a two-year pilot fallowing proposal. Under the draft proposal, MET would pay farmers on a voluntary basis to not grow crops during the high water use periods of late spring and early summer. MET would also cover any costs incurred by Bard to implement the program. Following the meeting, Bard agreed to discuss the proposal</p>

Colorado River Issues (continued)	<p>at its next board meeting. If Bard approves the draft term sheet, MET would send the term sheet to farmers in Bard to see if they are interested in participating in the proposed program. If there is sufficient interest, MET's Board will consider the term sheet for approval in February or March of 2016, with fallowing beginning as early as April of 2016.</p> <p><u>MET Staff views Colorado River Delta Pulse Flow Response</u> On November 5, Metropolitan staff participated in a site visit of the Colorado River Delta in Mexico to see the environmental response of the 2014 pulse flow event. Sites visited included Morelos Dam, the Miguel Aleman restoration site, and the bridges at San Luis Rio Colorado. The group saw that many areas responded positively to the pulse flow, with native vegetation sprouting in new areas, which provides habitat for critical species in the region. Representatives from Mexico have said that a follow-up pulse flow would be a necessary item in any follow-up minute to Minute 319.</p> <p><u>Salton Sea Restoration Project Moves Forward</u> On November 5, the U.S. Fish and Wildlife Service and Imperial Irrigation District held a ground breaking ceremony for the Red Hill Bay Restoration Project, which will include 420 acres of wetlands near the Alamo River outlet to the Salton Sea. The Project, which is being constructed on the now dry playa on the shore of the Salton Sea, will provide habitat for endangered species and reduce the dust impact from that area. Bruce Wilcox, the new assistant secretary for Salton Sea policy at the Natural Resources Agency, presided over the event.</p>
Bay Delta/State Water Project Issues	<p><u>Bay Delta Conservation Plan/California WaterFix</u> The comment period for the Bay Delta Conservation Plan/California WaterFix Partially Recirculated Draft Environmental Impact Report/Supplemental Draft Environmental Impact Statement (RDEIR/SDEIS) closed on October 30, 2015. Substantial public interest was generated by the revised environmental documents. The California Department of Water Resources (DWR) estimates that over 20,000 letters were submitted in addition to form petitions with about 30,000 signatures. Metropolitan, in coordination with other state and federal participating public water agencies, developed a joint comment letter which outlined key policy and technical comments on the RDEIR/SDEIS. Individual comment letters were also submitted by MET as well as several of its member agencies including: City of Anaheim, City of Burbank, Calleguas Municipal Water District,</p>

Bay Delta/State Water Project Issues (Continued)	<p>Central Basin MWD, Eastern MWD, Las Virgenes MWD, Municipal Water District of Orange County, San Diego County Water Authority, Three Valleys MWD and Upper San Gabriel Valley MWD. The next step in the environmental review process for the BDCP/California WaterFix includes responding to all salient comments received on the RDEIR/SDEIS as well as the 2014 Public Draft EIR/EIS, and preparation of the Final EIR/EIS and associated documents. Completion of the environmental review process is anticipated in spring/summer 2016.</p> <p><u>State Water Resources Control Board (SWRCB)</u> In August 2015, the DWR and U.S. Bureau of Reclamation (USBR) submitted a joint petition for change in water right permit and license conditions for the State Water Project (SWP) and Central Valley Project (CVP) to add points of diversion of water on the Sacramento River associated with the BDCP/California WaterFix project. This month, the State Water Resources Control Board (SWRCB) set a public hearing date of April 7, 2016, to consider the petition requesting changes in the point of diversion for the SWP and CVP. A pre-hearing conference is scheduled for January 28, 2016.</p> <p>In response to recent storm activity in northern California, the SWRCB determined that sufficient water is now available to support diversions by all water rights holders in the Delta and upstream watersheds. A notice was sent on October 27, 2015 regarding availability for pre-1914 water rights holders, and a subsequent notice was sent on November 2 regarding availability for all remaining water rights holders.</p> <p><u>Salinity Barrier Removal</u> DWR reported that the emergency drought barrier that spanned West False River in the Delta for six months in 2015 was completely removed on schedule by mid-November. The barrier was constructed in May and June 2015 to preserve Delta water quality and conserve water in upstream reservoirs that otherwise would have been released to help block incoming tides of saltwater from San Francisco Bay. Dismantling of the approximately 750-foot rock barrier began on September 8, 2015 and was completed on November 15. About 150,000 tons of large rocks (riprap) were used to build the barrier. The removed riprap is being stored near Rio Vista for possible use if drought conditions continue and installation of an emergency drought barrier is once again deemed necessary to preserve water quality. The material also is available to reinforce and protect Delta levees in case of flooding this winter.</p>
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ENGINEERING & PLANNING

Doheny Desalination Project	<p>South Coast Water District and its consulting team is continuing to pursue the Doheny Desal Project. Major items scheduled over the next year include:</p> <ul style="list-style-type: none"> • Historical Doc Summary TM1 • Environmental & Permitting Roadmap TM2 • Brine Outfall Analysis TM3 • Preliminary Design Report and Cost Estimate TM5 • EIR Process • Environmental Permitting Approvals & Hearings • Public Outreach TM4 • Project Funding • Project Delivery Method TM6 • Economic Analysis TM7 <p>Key among those, probably for the April/May timeframe will be the updated cost estimate and the economic analysis.</p>
Poseidon Resources Ocean Desalination Project in Huntington Beach	<p>OCWD has continued work on evaluating where the product water produced from the Poseidon Project would be utilized, either for the seawater barrier operations, injection or replenishment in the groundwater basin, for direct delivery to other agencies or some combination thereof. OCWD's report on the costs involved in using 100% of the Poseidon water to replenish the groundwater basin will be presented to the OCWD Board on January 6. The report will also have the other delivery options included, but the main focus of the report is what it will take to replenish all 50 mgd into the groundwater basin. Karl has been participating with OCWD in meetings on the report.</p>
Orange County Water Reliability Study	<p>The last regular Study Workgroup meeting was held on November 5 to reconsider the Supply Gap and to review the List of Potential OC Projects generated in this phase of the study. Other items discussed included the role of demand curtailment in the planning process, the SWRCB regulations, probability vs plausibility of the three scenarios, the California WaterFix, Climate variability and the meeting schedule to vet the Phase 1 work.</p> <p>The first of the Phase 1 extended Workgroup meetings took place on November 30. MWDOC invited all agencies to send representatives to the meeting, especially agency representatives who had not made the prior workgroup meetings. In all, 21 agencies attended the three-hour meeting</p>

Orange County Water Reliability Study (Continued)	<p>held at the City of Santa Ana. The agenda covered in detail the modeling and analysis to date. Subsequent meetings have been scheduled for:</p> <ul style="list-style-type: none"> • Dec 14 – System Reliability Planning • Jan 4 – Supply Reliability, GAPS, Illustration of Strategies to Reduce the GAPS and Economic Methods for Comparison of strategies • Jan 18 – Discussion of Policy Issues and Scope for Phase 2 <p>This should allow Phase 2 to begin in February and proceed over the subsequent three months.</p>
IRWD's Reliability Study	Karl met with Paul Weghorst from IRWD on the Reliability Study IRWD is conducting for their system. The IRWD and MWDOC work are being coordinated, but approached somewhat differently. We have stayed in contact on the study progress.
City of San Clemente	Director Susan Hinman and Karl met with the San Clemente City Manager, James Makshanoff, and Mayor Bob Baker to discuss who MWDOC is and what we do (an introduction for the City Manager of 14 months). We also discussed the Doheny Desal Project, the OC Water Reliability Study, Emergency Response Planning and WEROC.
San Juan Basin Authority	Director Susan Hinman attended the December San Juan Basin Authority meeting where the discussions centered on the on-going work for the basin. Not discussed, but underway by the San Juan Basin Authority, is a governance study being conducted by Rich Atwater. Rich has special expertise in other groundwater basins working on strategic and policy resolution.
OC-70 Service Connection	Karl, Keith and Kevin continued working with EOCWD and MET staffs to discuss a flow testing process along with a visual inspection of a check valve and a venturi meter at the OC-70 service connection. The work is intended on locating an apparent flow discrepancy between the EOCWD system and the MET meter. Complicating factors include a check valve that may be malfunctioning and the potential for hydraulic swirls to be causing metering discrepancies at the facility. The work was rescheduled to January to provide time for EOCWD to move an existing meter to improve the accuracy for comparison purposes.
California Fix and the Emergency Flow Path Project	Director Sat Tamaribuchi, Karl, Harvey and I conducted a conference call with Steve Arakawa at MET to get a better understanding of the California Fix and the Emergency Flow Path Project as well as the politics of the Tunnels Project moving forward.
OCWD Producers Meeting	When Keith & Kevin attended the December Producers meeting, agenda discussion included: SWRCB December 7 meeting regarding the Emergency Drought Regulations; Capturing SAR Storm Flows/

OCWD Producers Meeting (Continued)	Deviation Study; 2016 OCWD Legislative Platform; GW Remediation Projects update; FY16/17 Budget preparation; and the OCSD Monthly Flow Report.
2016 MWDOC Allocation of MET's Capacity Charge	When Karl, Keith and Kevin met with Thom Coughran, Eric Bauman and Glenn Garrett from San Juan Capistrano (SJC) and Greg Pennington from SCWD, discussion focused on allocation of daily flows through connection CM-10 related to MWDOC's allocation of MET's 2016 Capacity Charge. Through review of data, a possible solution to the issue of an unusually high allocation for SJC was discovered, and a solution was proposed. The revised allocation resulted in a more reasonable allocation of flows to SJC. The final draft of MWDOC's allocation of MET's 2016 Capacity Charge will be distributed to the MWDOC agencies for review and comment before implementing the charges effective with the January 2016 water deliveries invoices.
EMERGENCY PREPAREDNESS	
General Activities	<p>Director McKenney provided WEROC staff the November 20 Inspection Trip of Edmonston Pumping Plant and Joseph Jensen Treatment Plant as an opportunity to invite emergency managers from Orange County to learn more about water infrastructure. Approximately 15 attendees from the emergency management field attended.</p> <p>Brandon Stock attended the Operations Section Training at Operational Area (OA) Emergency Operations Center (EOC) and Karl attended the OA EOC Introduction Class and Management Section Class. These classes are to assist staff who may respond to the OA EOC to understand how the County EOC works and what their role will be.</p> <p>Kelly Hubbard attended the International Association of Emergency Manager's Annual Conference. The conference offers a great selection of breakout sessions and plenary sessions that bring lessons learned from the National and International emergency response community. Some great information on low-cost EOC solutions, whole community planning and some flood response vendors were highlights of the information brought back to share with member agencies.</p>
Coordination with Member Agencies	Kelly was asked to participate in the Moulton Niguel Water District El Nino Tabletop Planning Exercise. MNWD staff spent an afternoon reviewing their known risk areas for flooding, response protocols and resource needs. Kelly provided staff an update on the County's planning and how WEROC can assist in a disaster.

<p>Coordination with Member Agencies (Continued)</p>	<p>WEROC held its Quarterly Emergency Coordinator's Meeting on November 13. The main topic discussed was El Nino Preparations of member agencies. Each agency gave a quick report on what their agency was doing or has done to prepare for the upcoming storm season. The topic allowed for agencies to discuss, collaborate and adopt best practices developed by other agencies. Kelly also provided a presentation on the Damage Assessment and FEMA declaration process to prepare agencies for the potential need to track emergency response costs this winter season.</p> <p>WEROC staff held its first Potable Water Trailer Agency Meeting on November 3. The purpose of the meeting was to review grant requirements, share operations and maintenance lessons learned, develop public outreach materials and discuss mutual aid response protocols. The meeting was well attended with many deliverables and concepts for improvement.</p> <p>The County of Orange Dam/Reservoir Annex includes dams or reservoirs that are owned by water utilities. Brandon is working with those dam owners that are water agencies to facilitate receiving key points of information such as dam inundation notification plans and inundation maps which have not been included in the County plan previously. The agencies involved are: City of Brea, City of Newport Beach, Metropolitan Water District of Southern California, El Toro Water District, South Coast Water District, Santa Margarita Water District, Irvine Ranch Water District, Serrano Water District, Trabuco Canyon Water District and the City of Anaheim.</p> <p>Kelly sat on an interview panel for South Coast Water District for their Environmental Health and Emergency Services Coordinator position.</p> <p>Kelly coordinated a Department of Water Resources Flood Fight Class for Member Agency staff. The class is a full day training with a classroom component on protection of infrastructure techniques and then a field component on how to best create protection barriers. Additionally, Kelly arranged for three vendors to provide samples and brochures for flood response resources that will be needed.</p>
<p>Coordination with the County of Orange</p>	<p>Brandon and Kelly also attended the OCEMO Exercise Design Committee meeting. The Committee is developing a 2-year exercise and training plan for all agencies in the county. WEROC is tying in a water specific exercise and training program with this county program to target the water agencies and their specific needs.</p>

Coordination with the County of Orange (Continued)	<p>At the Social Services Agency in Anaheim on November 5, Brandon and Kelly attended the Orange County Emergency Management Organization (OCEMO) meeting. The main presentation was a member from Los Angeles Fire Urban Search and Rescue Team (USAR) and the lessons learned from responding to the Nepal earthquake. The LA USAR team is one of two international teams in the Nation. Their deployment to Nepal was the longest trip (22 days) in history to date from a US based team. The Operational Area Manager Report emphasized preparations for El Nino and specifically the complex coordination of working with the increased homeless population in the river channels.</p> <p>Brandon attended the 4th Quarter Orange County Homeland Security Urban Area Working Group (UAWG) Meeting. The primary presentation was on the rollout of the 2015 Urban Areas Security Initiative (UASI) Grant Program. A program binder was provided, which included an award letter, transfer agreements, grant guides and reimbursement documents for the Portable Fuel Trailers and Camlocks and Cabling projects.</p> <p>On November 18, Brandon attended the Emergency Management Council (EMC) and Operational Area Executive Board Quarterly meeting. The following plans were approved: 2015 County of Orange Hazard Mitigation Plan, 2015 Silverado Canyon Debris Flow Annex, OC OA Dam and Reservoir Failure Annex and the Health Care Agency Medical Countermeasures Annex. Todd Spitzer, County Supervisor and EMC Chairperson, announced the hiring of a staff person to work on issues related to the increased homeless population in the river channels and the expectation of a major El Nino season. Other topics of discussion were the counties efforts to identify a second EOC location, County-wide El Nino preparations and a new funding agreement with SONGS for continued emergency management support. Brandon provided an updated of emergency preparedness activities from ISDOC member agencies.</p> <p>The Orange County Fire Authority (OCFA) received grant funding to develop 20 Wildland Urban Interface (WUI) Fire Response Plans. The purpose of these plans is to provide the first response agencies immediate information that is needed for an initial response (first 4-6 hours of a major fire). They include concepts of burn history, evacuation routes, hazards, water supply etc. They are meant to be short and concise for "initial fire attack operations." Kelly requested that the water utilities within each fire planning zone be included in the plan process. Significant time has been dedicated to ensuring the water utilities are involved in the planning process and that critical information about water supply and critical facilities is included in these plans.</p>
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Coordination with the County of Orange (Continued)	Kelly and Brandon participated in the Orange County Intelligence Assessment Center Cyber Security Exercise that was facilitated by FEMA. Kelly was an exercise evaluator and Brandon was a participant. Staff invited an IT staff person from MNWD to attend as well. The three will be working together to create a Water Cyber Security Workgroup to facilitate the sharing of information, as well as to host meetings and trainings similar to the one attended this month.
Coordination with Outside Agencies	Kelly provided a presentation to California Office of Emergency Services Southern Region staff on coordination of water utility impacts during a disaster and how Cal WARN can assist the state in those efforts. She also addressed concepts of preparation for the coming storm season.
WEROC Emergency Operations Center (EOC) Readiness	<p>Brandon conducted the WEROC Radio Test on 11/24/15 from the MWDOC offices. Kelly checked in on the Operational Area Radio check this month from the MWDOC office. All radios were operational.</p> <p>Besides regular maintenance services (cleaning and pest control) at both EOC's, the annual minor generator service for the NEOC was conducted.</p> <p>Brandon completed an update of the WEROC Agency Contact Information. The task is scheduled to be performed every six months, however, staff is constantly updating contact info as they are notified of staffing changes.</p>
WATER USE EFFICIENCY	
SWRCB	<p>On November 9, Joe Berg participated in a conference call for the State Water Resources Control Board (SWRCB) Credits and Adjustments Technical Workgroup. Items discussed included:</p> <ul style="list-style-type: none"> • Proposal for triggers that would scale back/terminate the Emergency Regulations • Potential refinements to the proposals previously submitted • Data requirements • November 13 meeting and draft letter <p>These proposals will be presented to the SWRCB at its scheduled "workshop" (hearing) on December 7.</p>
Core/Choice Program Discussion	On November 10, Joe met with Fiona Sanchez of Irvine Ranch Water District, Nate Adams of Santa Margarita Water District, and Drew Atwater of Moulton Niguel Water District to discuss the Core/Choice Program and possible refinements for the upcoming year.

Irrigation Association – New Products Judging	At the Long Beach Convention Center on November 11 and 12, Melissa Baum-Haley attended the Irrigation Show and Education Conference where insight gained focused on the tracking of industry trends and initiatives for water-use efficiency and sustainability. Additionally, Melissa was a judge for the new products contest where products were evaluated by a panel of judges based on innovation, increased water efficiency, ease of use, cost benefits, time savings and design quality.
California Urban Water Conservation Council	<p>At the Sacramento Suburban Water District on November 18, Joe participated in CUWCC's Board meeting where items discussed were:</p> <ul style="list-style-type: none"> • Adoption of Consent Calendar • Adoption of 2016 Council Budget • Appoint Board Committee on Apportionment • Approve Bylaw Amendment • Approve Options to Extend Accountant's Contract • Topics for December 9 Plenary • Draft 2016 Council Meeting Calendar • Executive Director's Report • Strategic Planning Proposal V.4 and Preview of Board Workshop
MET's Water Use Efficiency Meeting	<p>On November 19, Melissa and Sarah Rae attended MET's Water Use Efficiency meeting. Approximately 30 member agency staff participated in this meeting. Meeting topics included:</p> <ul style="list-style-type: none"> • Metropolitan Updates <ul style="list-style-type: none"> ○ October Board Meeting ○ New Database format and test runs • Flexible Water Supply Operations During Drought • Water Supply Update • Creative Strategies to Make CA Friendly Plants Mainstream • Outreach Update • Member Agency Roundtable <p>The next meeting is scheduled for December 17, 2015 at MET.</p>
Technical Assistance for Implementing Budget-Based Rates Webinar	<p>On November 23, Joe participated in a technical assistance webinar on implementing budget-based rates. Topics discussed included:</p> <ul style="list-style-type: none"> • From idea to implementation • Gathering your dream team • Landscape analysis • Preparing your billing system • Training staff to become experts • Community engagement

Orange County Water Use Efficiency Coordinators Workgroup	<p>On December 3, Joe, Beth Fahl, Steve Hedges, and Laura Loewen attended the Orange County Water Use Efficiency Coordinators Workgroup Meeting. The meeting was held at Santa Ana where about 20 agencies participated. Highlights on the agenda included:</p> <ul style="list-style-type: none"> • MWDOC Updates • Agency Roundtable/Problem Solving Roundtable • Update on Emergency Regulations • State Board Emergency Regulations/Water Savings Performance for November • Water Loss Control Technical Assistance • Public Affairs/Marketing Update <ul style="list-style-type: none"> ○ Winter Messaging Campaign ○ Search Engine Marketing ○ HOA Marketing • Grant Funding Opportunities and Request for Input from Member Agencies • Metropolitan Update <ul style="list-style-type: none"> ○ New Database Format • WaterDex Savings Presentation • Water Use Efficiency Programs Update <ul style="list-style-type: none"> ○ Turf Removal Program • California Urban Water Conservation Council <ul style="list-style-type: none"> ○ Board Elections <p>The next meeting is scheduled for February 4, 2016 at MWDOC.</p>
SWRCB Water Conservation Hearing	<p>On December 7, Joe attended the State Water Resources Control Board's Water Conservation Hearing in Sacramento. Five panels made up of various stakeholders throughout the state provided their opinion on the conservation measures, as well as ideas on how to improve upon the existing measures. The most talked about themes included providing conservation adjustments based on water recycling, growth equity, climate equity, and effective groundwater management. Many agencies are disappointed that their indirect potable re-use projects, desalination projects, or other water supply creating projects are not awarded any credit under the current regulations. The Board asked multiple panels to provide real world examples of how these lack of equity adjustments are hurting specific communities. Board member Spivey-Weber stressed that the state is still in a drought despite all the talk of El Nino. She appreciated everyone taking the time to travel to Sacramento to make comments and felt many issues could be handled on an individual basis rather than being included in the Regulations. Chairwoman Marcus stated she was open to</p>

SWRCB Hearing (Continued)	the adjustments but there will need to be more discussion on how to quantify them. She is particularly open to the proposal on Climate, Economic Growth and Recycled Water Adjustments and Credits.
Irrigation and Landscape Training Planning	On December 8, Joe and Melissa met with Darren Haver, Director, UC Cooperative Extension Orange County, Dave Fujino, Director, UC Center for Urban Horticulture, and Loren Oki, UCCE Specialist from UC Davis to discuss irrigation trainings for 2016 and other partnership opportunities for Orange County.
PUBLIC/GOVERNMENT AFFAIRS	
Member Agency Relations	<p>Tiffany Baca is working with MET staff, Director Larry McKenney, and the OC Grand Jury on an upcoming SWP trip, January 15-16, 2016. Tiffany is also working with Director Brett Barbre, MET staff and the City of Anaheim on a shared CRA/Hoover trip scheduled for February 19-21. A planning meeting was held on December 1. Attendees included MET staff, both Directors, and staff members from both agencies. Bryce is sending out invitations, accepting reservations, and handling all guest needs, Tiffany is managing the itinerary and MET and Director needs for each of these trips.</p> <p>Tiffany is working with MET staff on a MET-sponsored trip for a group of Central Valley growers to Orange County, La Verne, Diamond Valley Lake and Perris. The trip is scheduled for February 2-3, 2016.</p> <p>Bryce and Kelly accompanied Director McKenney on an Edmonston inspection trip, November 20, 2015.</p> <p>Tiffany, Bryce and Laura accompanied Director Barbre and members of the OC Grand Jury on a CRA inspection trip, December 11-12.</p> <p>Jonathan provided Newport Beach with two cases of table-toppers explaining water restrictions for restaurants.</p> <p>Jonathan participated with Mesa Water in a Saturday morning drought-awareness event.</p> <p>Jonathan participated in the ACWA Communications Committee meeting, with the goal of boosting MWDOC participation in ACWA panels.</p>

Member Agency Relations (Cont'd.)	<p>PA hosted a Public Affairs Workshop meeting on December 10 for member agencies, discussing new drought messages in light of El Nino. The workshop included a presentation by Kelly Hubbard on emergency water trailers.</p> <p>Jonathan and Laura Loewen met with the OC Register and Value of Water CHOICE participants in preparation of that program's launch.</p> <p>The Public Affairs Department provided handouts, giveaway items, education materials, program partnering assistance and social media assistance/content to several MWDOC Member Agencies.</p> <p>Tiffany and Bryce sat in on a conference call with Melissa Baum-Haley and web developers on December 7 to review the progress of, and offer PA assistance with, the new WUE When to Water irrigation tool.</p> <p>Bryce designed invitations, nametags, and made a slideshow, in addition to working with admin to plan and implement Richard's retirement lunch.</p> <p>Bryce prepared the Poster/Slogan flyer for the 2016 Water Awareness Contest.</p> <p>Laura attended the WUE Coordinators' Meeting on December 3 in Santa Ana to speak about the Value of Water Campaign and the Winter Messaging Campaign.</p>
Community Relations	<p>Heather, Tiffany and Bryce attended ACC-OC, OCBC & OC-BIA's Holiday Party.</p> <p>Director Sat Tamaribuchi and Jonathan attended a meeting of the BIA Infrastructure Committee, where Karl presented on the OC Reliability Study, specifically the Phase 1 Gap analysis.</p> <p>Jonathan coordinated an appearance by Karl on the ACC-OC "City Square" broadcast. Karl spoke about the OC Reliability Study. Jonathan boosted a Facebook post advertising the "broadcast." The post was projected to reach 5,000 OC residents.</p> <p>Laura produced and sent weekly water-saving tips and messages to members of the public participating in the California Sprinkler Adjustment Notification System. (CSANS)</p>

Education	<p>Jonathan contacted the Water:UCI program to explore a potential partnership between the university and MWDOC in presentations and classroom programs.</p> <p>Laura and Jonathan reached out to the Girl Scouts and Boy Scouts in OC about educational programs with those organizations.</p> <p>Tiffany has been working with MET, MWDOC member agencies and participating teams for the MET 2016 Solar Cup. The new teacher workshop was held on November 21, at MET. The technical workshop for all teams was held on December 12, also at MET.</p>
Media Relations	<p>Jonathan worked with the Los Angeles Times to include members in the story about the SWRCB workshop on new drought regulations.</p> <p>Laura wrote a news release on MWDOC/OC sponsorship of teams in the Solar Cup. The release was picked up by the OC Breeze newspaper and the Laguna Beach Independent, which is owned by the Los Angeles Times.</p>
Special Projects	<p>Heather participated in the ISDOC Executive Committee meeting. She is working with Matt Holder to help secure a speaker for the January luncheon.</p> <p>Heather staffed the December WACO meeting featuring guest speaker, Karl Seckel, who presented on the Orange County Reliability Study.</p> <p>Jonathan made contact with Jason Foster, Director, Public Outreach and Conservation, San Diego County Water Authority, to discuss community-education programs. SDCWA has two successful programs that could be replicated in OC.</p> <p>Marey completed the December cover images for MWDOC's social media pages and website.</p> <p>Tiffany has prepared and sent out additional print and e-invites for the January 22, 2016 Water Policy Forum & Dinner, featuring keynote speaker Felicia Marcus. Tiffany has also prepared a form for attendees to submit their questions for our speaker in advance. This e-form has been shared with MWDOC's PA and WUE workgroups, and will be sent out to WPD attendees closer to the event date.</p>

Special Projects (Continued)	<p>Tiffany has been working with The Great Wolf Lodge and the South Coast Plaza Westin Hotel to finalize quotes for the 2016 OC Water Summit. Tiffany has compiled and reviewed all previous BEOs, quotes, budgets, and gratis services provided by The Disney Grand Californian in order to prepare the most cohesive comparison of venue options for this event.</p> <p>Tiffany has prepared three (3) versions of an invite for the 2016 OC Water Summit. She has also created the Summit Sponsorship brochure and updated the Summit logo. Once approved and finalized, these materials can be used to create the additional gratis design services provided by Disney in past years for this event.</p> <p>Tiffany, Bryce and Marey are working on several updated briefing papers and transferring them into a new, modern template. Finalized versions are replacing outdated papers on pin drives and the website.</p> <p>Tiffany and Bryce participated in a hard-hat tour at the Great Wolf Lodge on November 19. The walk-through was conducted to determine location feasibility to host the 2016 OC Water Summit. Tiffany is working with hotel staff to get a quote for all services. The preferred event date, May 20, 2016, is available at this location.</p>
Legislative Affairs	<p>Heather and Director Barbre traveled to Washington D.C. to meet with congressional and committee staff. Topics included the WIFIA fix contained in the surface transportation bill, H.R. 22, asking that water efficiency rebates be tax exempt and treated the same in the tax code as energy savings rebates. . While in D.C., they met with staff from the following offices: Congressman Nunes, Congressman McClintock, Congressman McCarthy, Congressman Rohrabacher, Congressman Issa, Congresswoman Walters, House Committee on Water & Power, and the Senate Energy & Natural Resources Sub-Committee on Water & Power. They also met with Brad Hiltcher, lobbyist for MET. Following their return, letters on both issues were sent out to members of the Orange County delegation and other key members of Congress.</p> <p>Heather attended ACWA's Federal Affairs Committee meeting where members were updated on the Water Infrastructure Loan Act, the Headwaters Working Group, and received a DC update from ACWA's Dave Reynolds. Topics included the omnibus bill, positive train control, and drought negotiations.</p>

	<p>Heather attended Senator Bob Huff and Assemblywoman Ling Ling Chang's Open House held at Senator Huff's office in Brea; Assemblywoman Young Kim's Holiday Open House at her district office in Buena Park; Senator Janet Nguyen's Holiday Open House at her district office in Garden Grove; Supervisor Lisa Bartlett's Holiday Open House; and Senator John Moorlach's Open House at his new district office in Costa Mesa.</p> <p>Heather met with staff from Eastern, Western & IEUA on two occasions to check-in and provide individual updates on each agency's work on the February 24, 2016 luncheon in DC.</p> <p>Heather, Tiffany and Bryce are organizing resources and beginning to prepare materials for the February 24, DC Congressional Dinner and Luncheon.</p>
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INFORMATION CALENDAR

**MWDOC GENERAL INFORMATION
ITEMS**

MWDOC BOARD OF DIRECTORS

- Brett R. Barbre
- Larry D. Dick
- Wayne Osborne
- Joan Finnegan
- Sat Tamaribuchi
- Jeffery M. Thomas
- Susan Hinman