

REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
18700 Ward Street, Board Room, Fountain Valley, California
May 21, 2014, 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. 1980

CONSENT CALENDAR (Items 1 to 10)

(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. April 2 , 2014 Workshop Board Meeting
- b. April 3, 2014 Special Board Meeting
- c. April 16, 2014 Regular Board Meeting\
- d. April 28, 2014 Special Board Meeting

Recommendation: Approve as presented.

2. COMMITTEE MEETING REPORTS

- a. Planning & Operations Committee: April 14, 2014
- b. Administration & Finance Committee: April 9, 2014
- c. Public Affairs & Legislation Committee: April 21, 2014
- d. Executive Committee Meeting: April 17, 2014
- e. MWDOC/OCWD Joint Planning Committee Meeting: April 23, 2014

Recommendation: Receive and file as presented.

3. TREASURER'S REPORTS

- a. MWDOC Revenue/Cash Receipt Register as of April 30, 2014
- b. MWDOC Disbursement Registers (April/May)

Recommendation: Ratify and approve as presented.

- c. Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of March 31, 2014
- 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 March 31, 2014
- b. Quarterly Budget Review

Recommendation: Receive and file as presented.

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

Recommendation: Approve Richard Bell's attendance at AWWA's Whole Water Conference (W2C) in Monterey, June 23-25, 2014.

6. APPOINTMENTS TO THE AD HOC COMMITTEE REGARDING THE ADMINISTRATIVE CODE

Recommendation: Ratify the appointment of Larry Dick as a member of the Ad Hoc Committee regarding the Administrative Code (along with Directors Barbre and Clark).

7. ANNUAL REVIEW OF INVESTMENT POLICY AND GUIDELINES

Recommendation: Receive and file.

8. LEGISLATIVE POSITIONS

Recommendation: Adopt "Support" position on H.R. 4125 (Costa, D-CA re Shasta Dam Expansion Act of 2014); adopt "Support if Amended" position on H.R. 4126 (Costa, D-CA re San Luis Reservoir Expansion Act of 2014; adopt "Support" position on H.R. 4127 (Costa, D-CA re Upper San Joaquin River Storage Act of 2014; and adopt "Support if Amended" position on H.R. 3980 (McClintock, R-CA re Water Supply Permitting Coordination Act.

9. ELECTION INFORMATION (CANDIDATE'S STATEMENTS)

Recommendation: Authorize staff to submit the Transmittal of Election Information/Special District to the Orange County Registrar of Voters, indicating that the Candidate's Statement of Qualifications would be limited to 200 words, and that the District would not pay for the statements.

10. 2014/15 PAY STRUCTURE ADJUSTMENT

Recommendation: Approve a 2.5% Pay Structure Adjustment to the District Salary Ranges, and approve the addition of a Public Affairs Coordinator, Public Affairs Manager, and Accounting Manager to the job classifications.

– End Consent Calendar –

ACTION CALENDAR**11-1 MWDOC COMMENT LETTER ON PUBLIC REVIEW BAY-DELTA CONSERVATION PLAN (BDGP) AND DRAFT ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT**

Recommendation: Authorize the President of the Board to send a letter on behalf of MWDOC, substantially in the form presented, to the National Marine Fisheries Service regarding Public Review of the Bay-Delta Conservation Plan (BDGP) and Draft Environmental Impact Report/Environmental Impact Statement.

11-2 APPROVAL OF MWDOC'S BUDGET FOR 2014-15 RES. NO. _____

Recommendation: (1) Adopt the budget Resolution as proposed with a budget total of \$193,595,603 and a general fund budget of \$8,026,182;
(2) Fund the potential election expense of \$444,000.
(3) Fund the Reserves to the levels specified in the Administrative Code and in compliance with the 2011 Settlement Agreement.

- (4) *Establish a Building Improvement Budget for this coming year of \$168,000 as outlined in the discussion below with accommodation for future building improvements.*
- (5) *Fund OPEB at the 20-year level pay amount of \$155,575 plus and additional \$28,000 for a total of \$183,575.*
- (6) *For dealing with the Pension Liability issue, staff is recommending continuation of the practice of increasing the staff contribution towards pension payments by 1% each year until a total of 7% has been achieved. This year, the budget was developed assuming the staff contribution is 3%.*
- (7) *Continue the transition to a 100% fixed rate for retail meters with a FY2014-15 target of 95% fixed revenue.*
- (8) *Increase the total number of full-time MWDOC and WEROC employees by one to 29. This budget retains the Director of Finance position at a six-month funding level and converts the 30-hour WEROC position to a fulltime position.*
- (9) *The CHOICE Activities for this year will include the School Program, Water Use Efficiency and the addition of the third year of the Value of Water Communications Plan. It is anticipated that this implementation phase of the communication plan will begin October 2014 upon completion of the previously funded development work (FY2013-14). Budget levels include the funding commitments as of the required notice date and may increase as additional Member Agencies notify MWDOC of their decisions.*
- (10) *In accordance with the directions of the A&F Committee, the Doheny and Poseidon Desal Projects have CHOICE budgets and also activities and functions which are CORE budget functions. In addition, the Second Lower Cross Feeder Project is expected to be completed within FY2013-2014 and therefore no longer has a CHOICE budget. Any activities that carryover into the new fiscal year will be performed as part of the CORE budget. It is anticipated that the focus of this activity will focus on potential conjunctive use programs within the OCWD groundwater basin.*
- (11) *As was done last year, a reminder to the Board that a request for this year's budget was to consider the Memberships outlined in the Budget (Exhibit D) as being approved with approval of the budget. Therefore, each listed, individual membership will NOT be brought to the Board for approval. Any additional memberships would be brought to the Board for consideration.*
- (12) *The Board also requested that the budget approval include Board and Staff attendance at "standard conferences". Staff is recommending that the standard conferences be those included on Exhibit F.*

(13) *Approval of the budget includes authorization for staff to utilize only the budgeted professional services as marked by a checkmark in Exhibit J. All other professional services will be brought to a Committee and/or the Board in accordance with the Administrative Code.*

**11-3 PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2014-15
RES. NO. _____**

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

**11-4 ADOPTION OF MWDOC ORDINANCE TO ESTABLISH CLASSES OF WATER SERVICE AND TERMS AND CONDITIONS OF WATER SERVICE WITHIN THE DISTRICT
ORD. NO. 52**

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

**11-5 APPROVE CHANGE TO WORKER'S COMPENSATION INSURANCE CARRIER
RES NO. _____ & _____**

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

11-6 ADOPT RESOLUTION ESTABLISHING THE EMPLOYER PAID MEMBER CONTRIBUTION AMOUNT TO CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS) RES. NO. _____

Recommendation: Adopt Resolution establishing the employer paid member contribution amount to CalPERS, and submit the Resolution to CalPERS for its records.

11-7 ELECTION OF ALTERNATE SPECIAL DISTRICT MEMBER OF THE LOCAL AGENCY FORMATION COMMISSION (LAFCO)

Recommendation: The Public Affairs & Legislation Committee will review this item on May 19, 2014 and make a recommendation to the Board.

11-8 CONSIDER APPROVAL OF PROPOSED AMENDMENTS TO CSDA BYLAWS AND AUTHORIZE PRESIDENT OF THE BOARD TO CAST THE DISTRICT'S BALLOT

Recommendation: The Public Affairs & Legislation Committee will review this item on May 19, 2014 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)

12. GENERAL MANAGER'S REPORT, MAY 2014 (ORAL AND WRITTEN)

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

13. 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.

CLOSED SESSION ITEMS

14. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9:

(One Case: Orange County Water District v. Northrop Corporation, et al.; Northrop Grumman Systems Corporation v. Metropolitan Water District of Southern California (Orange County Superior Court, Case No. 04CC00715))

15. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9. One case.

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**

April 2, 2014

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. Legal Counsel Behrens led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre*
Wayne A. Clark
Larry Dick*
Susan Hinman
Wayne Osborne
Jeffery M. Thomas (absent)
Joan Finnegan

MWDOC STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager (absent)
Russ Behrens, Legal Counsel
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Principal Water Res. Planner
Joe Berg, Water Use Efficiency Prog. Mgr.
Warren Greco, Assoc. Water Resources Analyst
Mal Richardson, Legal Counsel
Darcy Burke, Director of Public Affairs
Richard Bell, Principal Engineer

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Linda Ackerman

OTHERS PRESENT

William Kahn
Robert Hanford
Brian Ragland
Steve LaMar
Doug Reinhart
Peer Swan
Paul Shoenberger
Larry McKenney
John Kennedy
Ray Miller
Charles Gibson
Jim Leach
Rick Erkeneff
Bob Moore
Andy Brunhart
Gary Melton
Ed Means
Betsy Eglash
Heather Stratman
Dee Zinke

El Toro Water District
Golden State Water Company
City of Huntington Beach
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Mesa Water District
Moulton Niguel Water District
Orange County Water District
City of San Juan Capistrano
Santa Margarita Water District
Santa Margarita Water District
South Coast Water District
South Coast Water District
South Coast Water District
Yorba Linda Water District
Means Consulting
Brady & Associates
Townsend Public Affairs
Metropolitan Water District of So. Calif.

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.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

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

No public comments were received.

President Dick commented on the recent passing of MWDOC MET Director Jack Foley, highlighting Colonel Foley's background, his extensive contributions to water, his military service and his overall dedication and commitment to public service. A moment of silence was held in honor of Colonel Foley.

PRESENTATION/DISCUSSION/INFORMATION ITEMS**UPDATE ON MET'S PROPOSED BIENNIAL BUDGET AND RATES FOR FISCAL YEARS 2014/15 AND 2015/16**

Principal Water Resources Planner Harvey De La Torre updated the Board on MET's biennial budget and rates for fiscal years 2014/15 and 2015/16. His presentation included an overview of MET's Finance & Insurance Committee discussions, the recommended use of reserves (over target), the Ad Valorem Tax Rate (projections and collected), treated water cost recovery objectives, and rate scenarios.

Mr. De La Torre advised that pursuant to the MET Committee discussions, staff is recommending that (1) the \$320 million over the reserves target be applied to Repair and Replacement, OPEB, and water management programs; (2) no action on the Ad Valorem tax limit and setting the tax rate in August; (3) no action on the treatment water cost recovery; (4) the MET Board consider three rate alternatives; and (4) continuing with a two-year budget.

Discussion ensued regarding the Ad Valorem tax rate, the need to pay down OPEB, the proposed expenditures under the Water Management fund, and the various rate scenarios.

The Board received and filed the report as presented.

UPDATE ON WATER SUPPLY CONDITIONS

Associate Water Resources Analyst, Warren Greco, reported that California is currently experiencing an extremely dry year that has resulted in MET's current Table A State Water Project allocation remaining at 0% for 2014. Mr. Greco reviewed the Northern Sierra 8-Station Index, noting that rainfall is currently at 13% of normal. He reviewed the snow pack conditions, the statewide reservoir conditions, Lake Mead elevation, and MET's dry-year storage amounts.

The Board received and filed the report as presented.

PRESENTATION REGARDING MET'S LEGISLATIVE POLICY PRINCIPLES BY DEE ZINKE (METROPOLITAN)

MET's Deputy General Manager, Dee Zinke, provided an overview of MET's Legislative Policy Principles and 2014 Water Bond priorities, advising that MET's main focus will be on the drought, the Water Bond, and on the Bay-Delta Conservation Plan.

She advised that MET's Federal legislative priorities include Bay-Delta and State Water Project improvements, Colorado River initiatives, regional water resource management, water quality, cybersecurity, environmental planning, invasive species, energy sustainability, infrastructure and public finance, and appropriations priorities.

Ms. Zinke then provided an overview of MET's State Legislative Priorities, which include Bay-Delta and State Water Project improvements, Colorado River initiatives, regional water resources management/foundational actions, environmental planning, invasive species, energy sustainability, water quality, and infrastructure and public finance.

It was noted that the MET Board would consider adopting positions on six bills regarding water use efficiency, five Federal bills regarding storage, as well as legislation on recycled water, and a series of bills on urban water management plans.

A discussion period followed Ms. Zinke's presentation, with emphasis on the drought and MET's outreach efforts (and how these efforts are coordinated with MET's member agencies), statewide drought outreach efforts, power costs (at Hoover), regulatory streamlining efforts, desalination (and MET's support for efforts using the latest technology), the Water Bond, and the Bay-Delta Conservation Plan.

President Dick thanked Ms. Zinke for her presentation, and the Board received and filed the report as presented.

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. Second Lower Cross Feeder Project
- g. Orange County Reliability Projects

The Board received and filed the report as presented.

OTHER INPUT OR QUESTIONS ON MET ISSUES FROM MEMBER AGENCIES

General Manager Hunter encouraged those in attendance, to attend MWDOC's Elected Officials Forum on April 3, 2014.

President Dick announced that a memorial service for Jack Foley would be held on April 26, 2014 at El Niguel Country Club.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

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

The Board received and filed the report as presented.

CLOSED SESSION

At 10:30 a.m., the President Dick announced that the Board would adjourn to closed session for a conference with legal counsel regarding the following item:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (one case).

(Director Osborne departed the meeting at 11:05 a.m.)

RECONVENE

The Board reconvened at 11:20 a.m., and President Dick announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 11:21 a.m.

Respectfully Submitted,

Maribeth Goldsby, Board Secretary

MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
April 3, 2014

At 6:00 p.m., Vice President Osborne 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.

MWDOC DIRECTORS

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

ALSO PRESENT

Bill VanDerWerff
Doug Davert
Sy Everett
Scott Goldman
Jose Vergara
Bob Hill
Mike Dunbar
Steve LaMar
Doug Reinhart
Peer Swan
John Withers
Mary Aileen Matheis
Paul Cook
Larry McKenney
Richard Fiore
Gary Kurtz
Don Froelich
Brian Probolsky
Scott Colton
Joone Lopez
Kelly Winsor
Phil Anthony
Bob Baker
Dave Rebensdorf
Roy Byrnes
Chuck Gibson
Saundra Jacobs
Dan Ferons
Wayne Rayfield
Bob Moore
Rick Erkeneff
Andrew Brunhart

STAFF PRESENT

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager (absent)
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Prin. Water Res. Planner
Darcy Burke, Dir. of Public Affairs
Keith Lyon, Prin. Water Res. Analyst
Joe Berg, Water Use Efficiency Prog. Mgr.
Jake Vollebregt, Legal Counsel

East Orange County Water District
East Orange County Water District
East Orange County Water District
El Toro Water District
El Toro Water District
El Toro Water District
Emerald Bay Services District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Moulton Niguel Water District
Moulton Niguel 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
City of San Clemente
City of San Clemente
City of San Juan Capistrano
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
South Coast Water District
South Coast Water District
South Coast Water District
South Coast Water District

Glenn Acosta
Stephen Dopudja
Mike Safranski
Hector Ruiz
Doug Stack
Gary Melton
Robert Kiley
Liz Mendelson
Betsy Eglash
Laer Pearce

Trabuco Canyon Water District
Trabuco Canyon Water District
Trabuco Canyon Water District
Trabuco Canyon Water District
City of Tustin
Yorba Linda Water District
Yorba Linda Water District
San Diego County Water Authority
Brady & Associates
Laer Pearce & Associates

PUBLIC COMMENTS

No public comments were received.

Vice President Osborne announced that the memorial service for MET Director Jack Foley would be held on Saturday, April 26, 2014 at 11:00 a.m., at the El Niguel Country Club; he advised that flyers were available.

DISCUSSION ITEMS

DISCUSSION WITH REPRESENTATIVES FROM MWDOC'S MEMBER AGENCIES REGARDING KEY REGIONAL ISSUES AND KEY ORANGE COUNTY ISSUES, INCLUDING THE MWDOC BUDGET, DROUGHT RESPONSE, BAY DELTA CONSERVATION PLAN, AND AN UPDATE ON THE SDCWA V. MET LAWSUIT (PURSUANT TO THE TERMS OF THE AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES)

Following introductions, Vice President Osborne stated that the evening would consist of several presentations. The following speakers presented information on various topics:

Brett Barbre

Tribute to Jack Foley

Robert Hunter

MWDOC's 2014-15 Draft Budget

Considerable discussion ensued regarding the budget, with requests made for MWDOC to fund the Finance Manager position, and review memberships in the various Chambers of Commerce and possibly eliminate those with the least value. Discussion was also held regarding Core/Choice activities and the reclassification of the Doheny Desalination Project to "Core" for the 2014/15 fiscal year. It was noted that due to the slow-down of activity surrounding the Doheny Desalination Project, MWDOC staff was recommending this Project be classified as "Core", with the possibility of moving the Project to "Choice" if activity levels increase.

Ms. Sandra Jacobs (Santa Margarita Water District) asked the MWDOC Board to consider the issues outlined in the letter sent by SMWD regarding the MWDOC Budget.

Harvey De La Torre

Water Supply Update

Darcy Burke

Drought Response/Bay Delta Conservation Plan
Update

Harvey De La Torre

SDCWA v. MET Lawsuit

A discussion period followed the presentations and attendees had an opportunity to comment on the information presented.

ITEMS FOR NOVEMBER 6TH MEETING

Mr. Phil Anthony (OCWD) suggested MWDOC provide an overview of Colorado River issues.

Ms. Saudra Jacobs (SMWD) commented that in the event MWDOC does not incorporate the changes to its budget as outlined in a letter from SMWD, an update on the budget be made in November. She also suggested that an overview of alternative water initiatives, such as the Cadiz Project, be highlighted in November.

Mr. Peer Swan (IRWD) asked that in the future, MWDOC allow enough time to talk about the main issues; he believed the meeting schedule was too tight.

(Director Osborne departed the meeting at 7:00 p.m.; Director Finnegan assumed the position as Chair).

Discussion ensued regarding the logistics of the meeting (time, location, etc.), with Ms. Burke noting that a survey would be sent following the meeting.

Other issues requested for the November meeting included an update on the Water Bond, and an overall review and assessment of Core v. Choice in MWDOC's budget.

ADJOURNMENT

On behalf of the Board, Director Finnegan thanked all in attendance for the information presented and discussion held. At 7:30 p.m., President Finnegan adjourned the special meeting.

Respectfully submitted,

Maribeth Goldsby, Secretary

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
April 16, 2014**

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. Mr. Howard Johnson of Brady & Associates led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre
Wayne A. Clark
Larry Dick
Joan C. Finnegan
Susan Hinman
Wayne Osborne
Jeffery M. Thomas

STAFF

Rob Hunter, General Manager
Karl Seckel, Assistant General Manager
Russ Behrens, Legal Counsel
Maribeth Goldsby, Board Secretary
Darcy Burke, Director of Public Affairs
Harvey De La Torre, Prin. Wtr Resource Analyst

ALSO PRESENT

Linda Ackerman
Patty Quilizapa
William Kahn
Robert Hanford
Doug Reinhart
Jim Fisler
John Kennedy
Jim Leach
Bob Moore
Gary Melton
Howard Johnson
Liz Mendelson

MWDOC MET Director
Aleshire & Wynder
El Toro Water District
Golden State Water Company
Irvine Ranch Water District
Mesa Water
Orange County Water District
Santa Margarita Water District
South Coast Water District
Yorba Linda Water District
Brady & Associates
San Diego County Water Authority

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.

Director Jim Fisler (Mesa Water) announced he is seeking re-election to LAFCO (as Alternate Commissioner). He provided a brief background of his qualifications and requested support of the MWDOC Board.

Director Bob Moore (South Coast Water District) expressed support for the Doheny Desalination Project as a Core project (in the 2014/15 budget) and thanked the MWDOC Board for their continued support of this project.

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.)

General Manager Hunter advised that a Revised Agenda was posted to include an item "MWDOC Board Support for the Bay Delta Conservation Plan." He requested this item be pulled from the agenda and that he would place this item on a future agenda for Board consideration; the Board concurred.

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 noted that the write up for item 5-2 (Agreement with Fraser Communications for Professional Communications Services) was updated and distributed to the Board (and made available to the public).

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.

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

MINUTES

The following minutes were approved.

March 5, 2014 Workshop Board Meeting
March 7, 2014 Special Board Meeting
March 19, 2014 Regular Board Meeting

COMMITTEE MEETING REPORTS

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

Planning & Operations Committee Meeting: March 3, 2014
Administration & Finance Committee Meeting: February 12, 2014
Administration & Finance Committee Meeting: March 12, 2014
Public Affairs & Legislation Committee Meeting: February 18, 2014
Public Affairs & Legislation Committee Meeting: March 17, 2014
Executive Committee Meeting: March 20, 2014

TREASURER'S REPORTS

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of March 30, 2014
MWDOC Disbursement Registers (March/April)

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 February 28, 2014

PARS Monthly Statement (OPEB Trust)

Water Use Efficiency Projects Cash Flow

FINANCIAL REPORT

The following items were received and filed as presented.

Combined Financial Statements and Budget Comparative for the period ending
February 28, 2014

END CONSENT CALENDAR

ACTION CALENDAR

APPLICATION FOR CSDA'S DISTRICT TRANSPARENCY CERTIFICATE OF EXCELLENCE

President Dick advised that the proposal on whether or not the District should pursue CSDA's District Transparency Certificate of Excellence award was before the Board for consideration. He noted that the Administration Committee (by a vote of 1-2) did not recommend the District pursue the award due to the amount of staff time involved.

Director Osborne stated that due to MWDOC's small staff size, he would not support pursuing the award; he noted that most of the information is already on the District's website (Open Government Portal) and believed this effort would be duplicative.

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (6-1), the Board approved staff pursuing CSDA's District Transparency Certificate of Excellence award. Directors Barbre, Clark, Dick, Finnegan, Hinman, and Thomas voted in favor; Director Osborne opposed.

AGREEMENT WITH FRASER COMMUNICATIONS FOR PROFESSIONAL COMMUNICATIONS SERVICES

Upon MOTION by Director Barbre, seconded by Directors Osborne and Thomas, and

carried (7-0), the Board approved the agreement with Fraser Communications for Professional Communications Services for the Value of Water Communications Plan. Directors Barbre, Clark, Dick, Finnegan, Hinman, Osborne and Thomas voted in favor.

INFORMATION CALENDAR

GENERAL MANAGER'S REPORT, APRIL 2014

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

Responding to an inquiry by Director Osborne, Mr. Hunter provided an overview of a meeting he had with MWH Contractors regarding a recent bid they submitted for a desalination plant in Monterey, California. Mr. Hunter stated that the project is of similar size and scope as the Doheny Desalination Project.

Director Barbre highlighted the meetings held regarding the AMP Sale Agreement and the implications for service connection OC-70 (issue of whether or not the Sale Agreement requires MET to provide emergency power at the OC-70 location) and he offered assistance from the MWDOC MET Directors. Mr. Hunter advised that currently discussions are among staff, but could require Board assistance in the future.

Director Hinman commented on the water sources (MET and Irvine Lake) for the Baker Water Treatment Plant and requested staff email her the percentage of imported water used for this facility.

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 his attendance and participation at MET and MWDOC meetings. He highlighted the fact that due to the historic low water rates and the nominal rate increase approved by the MET Board, more agencies are purchasing raw water and treating it themselves (a smaller number of agencies are purchasing treated water). He advised that this could cause potential financial issues and that the MET Board would be discussing this issue.

Director Finnegan advised that she attended the ISDOC Executive Committee meeting, the WACO Planning Committee meeting and the Mesa Water board meeting (with General Manager Hunter). She announced that the ISDOC luncheon would be held on May 29, 2014.

Director Osborne reported on his attendance at MWDOC's Elected Officials Forum, and the WACO meeting.

Director Clark advised that he attended planning meetings for upcoming Urban Water Institute Conferences.

Director Thomas highlighted his attendance at a meeting with at Santa Margarita Water District, and various meetings with representatives from the South County agencies regarding MWDOC's budget, as well as planning meetings for the upcoming Orange County Water Summit (May 16, 2014).

Director Hinman reported on attending the Moulton Niguel Water District board meeting, the meeting with South County agencies regarding MWDOC's budget, a meeting with StoryCorps wherein Mr. Seckel provided overview of the school program on behalf of Discovery Science Center, the San Juan Basin Authority meeting, the South Coast Water District board meeting, and the WACO Planning Committee meeting.

Director Dick reported on his attendance and participation at MET meetings, as well as the State of the City of Orange meeting, the Veteran's Program for MET Contractors, a meeting with Deven Upadhyay (MET Staff) regarding agricultural (ag) water, a radio interview for a show out of Detroit, Michigan (regarding California water issues), the North County Electeds meeting at the Nixon Library (set up by the North County Chambers of Commerce), a meeting with General Manager Hunter and Dick Ackerman regarding the MET Director selection, the ISDOC Executive Committee meeting, the Southern California Water Committee meeting, and a meeting with Legal Counsel Quilizapa (along with Mr. Hunter and Mr. Barbre) regarding the MET/SDCWA lawsuit. He highlighted that he is now the proud grandfather of Charlotte Jane (born in April).

CLOSED SESSION ITEMS

At 9:03 a.m., President Dick announced that the Board would adjourn to closed session regarding the following two items:

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. (Los Angeles Superior

Court Case No. BS137830), transferred on August 23, 2012 to San Francisco Superior Court, Case No. CPF-12-512466.

RECONVENE

At 9:47 a.m., Legal Counsel Quilizapa announced that no reportable action was taken in closed session.

RETURN TO CLOSED SESSION

At 9:48 a.m., Legal Counsel Behrens announced that the Board would again adjourn to closed session regarding the following matters. He advised that Item 11 (Conference with Legal Counsel/anticipated litigation regarding significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9) was regarding the MWDOC Settlement Agreement with its Member Agencies on Budget, Activities, Charges, and Other Issues, effective June 1, 2011.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9:

(One Case: Orange County Water District v. Northrop Corporation, et al.; Northrop Grumman Systems Corporation v. Metropolitan Water District of Southern California (Orange County Superior Court, Case No. 04CC00715))

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9. One case.

RECONVENE

The Board reconvened at 10:37 a.m., and Legal Counsel Behrens 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 10:38 a.m.

Respectfully submitted,

Maribeth Goldsby, Secretary

MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
April 28, 2014

At 3:00 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. Principal Water Resources Planner Harvey De La Torre led the Pledge of Allegiance.

MWDOC DIRECTORS

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

STAFF PRESENT

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Prin. Water Res. Planner

ALSO PRESENT

Linda Ackerman
Robert Wunderlich
Liz Mendelson
John Earl

MWDOC MET Director
MET Director
San Diego County Water Authority
Surf City Voice

PUBLIC COMMENTS

No public comments were received.

DISCUSSION ITEMS

**INTERVIEW CANDIDATES FOR CHAIRMAN OF THE BOARD OF DIRECTORS
OF METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

- a. Robert Wunderlich**
- b. Other Candidates as they may appear**

President Dick advised that due to the recent passing of Jack Foley, MET would be considering candidates to assume the role of Chair of the MET Board. He advised that currently there are three candidates, namely, Randy Record, David DeJesus, and Robert Wunderlich, noting that Mr. Record interviewed with MWDOC's Public Affairs & Legislation Committee on April 21, 2014 and that Mr. DeJesus declined the invitation to interview. As a result, Robert Wunderlich (MET Director from the City of Beverly Hills) was present to interview with the Board.

Mr. Wunderlich provided an overview of his background (appointed to the MET Board by the City of Beverly Hills) including education, and employment history, as well as personal attributes (hard working, financial prudence, etc.), and the advantages of choosing him to act in the capacity of MET Chair.

The MWDOC Board then engaged in a question/answer period with Mr. Wunderlich, with emphasis on his stance on rate increases, the Bay Delta Conservation Plan, freezing the Assessed Valuation (AV), beliefs on how MET should deal with the increase in purchases of untreated water, his attendance record at MET meetings, ways to improve relationships between MET and San Diego County Water Authority, and his legislative/policy participation.

The MWDOC Board thanked Mr. Wunderlich for his attendance, and President Dick noted that any of the candidates would make suitable Chairmen. Mr. Wunderlich thanked the Board for the opportunity and asked that he be informed when the MWDOC MET delegation makes a decision on which candidate they will support.

REPORT ON THE RECENT BUILDING MAINTENANCE COMMITTEE BETWEEN MWDOC AND OCWD

General Manager Hunter updated the Board on the recent meeting of the MWDOC/OCWD Building Committee, noting that several updates were scheduled for the entry way. He reviewed the proposed financial impacts to MWDOC, a map of the proposed area, and suggested the Board tour the area to gain a better understanding on the upgrades.

At 4:20 p.m., General Manager Hunter led the Board on a tour of the facilities.

ADJOURNMENT

At 5:00 p.m., President Dick adjourned the special meeting.

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 & OPERATIONS (P&O) COMMITTEE
April 14, 2014 8:30 a.m. to 10:00 a.m.
MWDOC Conference Room 101

P&O Committee:

Director Wayne Osborne, Chair
Director Brett Barbre
Director Susan Hinman

Staff:

Rob Hunter, Karl Seckel, Darcy Burke,
Harvey De La Torre, Kelly Hubbard,
Melissa Baum-Haley, Pat Meszaros

Also Present:

President Larry Dick
Director Joan Finnegan
Director Wayne Clark
Paul Weghorst, IRWD
Liz Mendelson, SDCWA

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

Mr. Seckel reported that information regarding Item 2, Draft of Bay-Delta Conservation Plan Comment Letter, was distributed to the Board at the meeting.

ACTION ITEMS

**APPROVAL OF AGREEMENT WITH FRASER COMMUNICATIONS FOR
PROFESSIONAL COMMUNICATIONS SERVICES**

Ms. Darcy Burke reported that funding for the proposed agreement with Fraser Communications is included in the current budget and that proposals were reviewed by a panel. Ms. Burke provided an overview of the panel members (which included Mesa Water's Stacy Taylor) and the panel unanimously chose Fraser Communications. Director Osborne mentioned that the budgeted amount for the communications services is \$152,000 and inquired about funds expended already. Ms. Burke responded that yes, funds in the amount of \$20,000 were expended for public polling with John Lewis and Associates in the fall so this contract with Fraser brings us to the total budget amount. Director Hinman

asked about the funding mix and whether it's all MWDOC dollars to which Ms. Burke responded that it's part of the Core budget for this year so it's all MWDOC funding; next year when we go to implementation, it will be Choice.

Discussion ensued on the Directors' concerns about duplicating MET's efforts. Ms. Burke stated that the majority of what MET is doing is advertising and, with regard to polling, we have shared with MET all of our polling results so that they don't duplicate our efforts. Also, since Dee Zinke has taken over the External Affairs Department at MET, it is much more collaborative and they are now meeting on a regular basis.

Director Barbre expressed some concern with Fraser, noting he'd prefer an Orange County firm. He mentioned that Director Dick had a great idea at MET last week when discussing communications--he suggested that a couple of the ad companies come in and pitch what they think our message should be.

Mr. Hunter reported that this was a competitive bid and, as mentioned, we did have one proposal that came in late but we still had a very good turnout. We've had conversations with MET and we hope to integrate with them so we get more bang for our buck. He further stated that Director Barbre is right—Fraser does tend to get the lion's share of work in the area but he believes in this instance it will be to our benefit--we'll get a lot more out of our study by integrating it with what MET is doing. Director Dick inquired whether we have an automatic template for insurances and notifications of insurance cancellations, etc. to which Mr. Seckel responded that since we are named in the insurance, we are automatically notified if coverage is expiring—we are given a 10-day notice. He also inquired whether we have a contracts' manual to which Mr. Seckel responded that such a manual is being developed and will be discussed when the Administrative Code is reviewed.

Upon MOTION by Director Hinman, seconded by Director Barbre, and carried (3-0), the agreement was referred to the April 16, 2014 Board meeting for approval, by the following vote:

AYES:	Directors Osborne, Barbre and Hinman
NOES:	None
ABSENT:	None
ABSTAIN:	None

INFORMATION ITEMS

DRAFT OF BAY DELTA CONSERVATION PLAN COMMENT LETTER

Director Osborne inquired of the other alternatives noting that our letter supports Alternative #4. Mr. Seckel reported that there are several alternatives with multiple variables including capacities, tunnels, routes, canal routes through the Delta, and operational scenarios. Director Osborne inquired further whether any of the alternatives include storage to which Mr. Seckel responded that storage is not included in any of the alternatives but that doesn't mean it can't be added in later. Director Barbre inquired whether any basin agencies participated in the group that drafted the letter to which Mr. Seckel replied that participation in the group was on a volunteer basis and no basin agencies had volunteered.

Discussion ensued on whether the State Water Contractors (SWC) will be able to take over operations and maintenance of the State Water Project. Mr. Seckel commented that that subject is not being publicly discussed and is not covered in the BDCP. Mr. Hunter reported that the state was able to change some conditions to where they could raise salaries for the operating staff which they see as counteracting MET's discussions of taking over operations. Director Hinman inquired whether the handout helps to understand who will be making the decisions to which Mr. Seckel replied that the 3rd and 4th pages of the handout explain the decision-making process. He added that one of the key aspects of this process is the implementation agreement which will show final decision making; however, it has not yet been issued.

Director Barbre commented that on page 30 of the comment letter, we describe who we serve. To give a more complete picture, we should call out that we provide water to a diversity of customers: cities, water districts, investor-owned utilities and mutuals. Also, Director Barbre stated that he thinks a bit of historical info should be included in the comment letter—there have been 150 alternatives that have been studied over the last 100 years with 100s of millions of dollars already spent. It's vital that we discuss how precarious the Delta is today and to give a little history. By failing to act 30 years ago to complete the State Water Project, the Delta's ecosystem has been altered and that has created significant environmental impacts that were never intended—salinity, effects on fish, etc. because it's been forced into being something it was never intended to be, a conveyance system.

Mr. Hunter stated that there are other groups who have questioned the BDCP and he inquired whether the committee would want to take a position to the Board of support for the BDCP. Prior to submitting our comment letter on the EIR/EIS, the Committee agreed that the Board should take a support position on the BDCP to strengthen its comment letter. Also, Director Barbre stated that MWDOC's position should be consistent with MET's. Mr. De La Torre stated that he doesn't believe MET has taken an official position yet but will follow up with MET to ensure consistency.

STATUS OF ONGOING MWDOC RELIABILITY AND ENGINEERING/PLANNING PROJECTS

Director Osborne referenced the workshop held at Santa Margarita Water District on water recycling in South Orange County and is impressed with its efforts to expand recycling, including purple pipe, indirect potable and direct potable recycling. He inquired what their plan is to which Mr. Seckel responded that they are proposing to develop a regional plan for South Orange County to try to utilize to a better extent the 30,000 af of water that is flowing out to the ocean from their wastewater discharge (there are 11 treatment plants in South Orange County). Director Osborne asked how MWDOC can assist to which Mr. Seckel responded that our role is to be determined.

STATUS OF ONGOING WEROC PROJECTS

Ms. Hubbard reported that Buena Park and Newport Beach will pick up their water trailers next week. Director Dick made a point about MWDOC's reserves—a good example of our use of reserves--we advanced \$500,000 interest free to our member agencies for the purchase of the water trailers.

Director Osborne noted that the report discusses AQMD restrictions to emergency operations by water and wastewater facilities which precipitated a discussion about AQMD. Mr. Hunter mentioned that we have an ally in Supervisor Shawn Nelson who is on AQMD Board and we can try and make some headway with him. Director Barbre mentioned Mr. Miguel Pulido, Mayor of Santa Ana, who is also on AQMD, may have a little more success in making some changes at AQMD as he has a track record of getting things done. He further stated that the AQMD issue is a carryover from the PAL agenda as well and that the three relevant legislators are Correa, Daly and Silva.

STATUS OF WATER USE EFFICIENCY PROJECTS

- a. Status of Water Use Efficiency Projects
- b. Water Use Efficiency Programs Savings and Implementation Report

Director Hinman inquired about Public Spaces Program Prop 84 (on page 98) and whether some of our Prop 84 money got cut because the governor took \$200,000 million out for drought response. Ms. Baum Haley responded that it did not—that the Prop 84 Public Spaces Project was part of a previous round. Further, that the money earmarked now for drought response is in the next round which is entitled Project 2014 Public Spaces Program. Discussion ensued on Prop 84 monies and the fact that Prop 84 has been around for a long time. Ms. Burke got info on the internet that it's been around since 2006 and the total for Prop 84 monies was \$5.388 billion with \$5.169 committed as of today.

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

No items were presented.

ADJOURNMENT

There being no further business to be brought before the Committee, the meeting adjourned at 9:40 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

April 9, 2014 – 8:30 a.m. to 11:00 a.m.

MWDOC Conference Room 101

Committee Members:

Director Jeff Thomas, Chair
Director Joan Finnegan
Director Wayne Osborne

Staff:

Robert Hunter, Karl Seckel, Cathy Harris,
Katie Davanaugh, Hilary Chumpitazi
Joe Berg, Jeff Stalvey

Also Present:

Director Susan Hinman
Director Wayne Clark
Director Wayne Osborne
Director Larry Dick
Linda Ackerman,
Metropolitan Water District Director
Steve LaMar, Irvine Ranch Water District
Paul Cook, Irvine Ranch Water District
Jerry Werner, El Toro Water District
Mike Grandy, El Toro Water District
Saundra Jacobs, Santa Margarita Water District
Chuck Gibson, Santa Margarita Water District
Liz Mendelson, San Diego County Water District
Wayne Rayfield, South Coast Water District

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

PUBLIC COMMENTS

No comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

No items were presented.

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

It was noted that the OPEB Trust Fund statement (item 1g) had been distributed and was also posted to the District's website.

PROPOSED BOARD CONSENT CALENDAR ITEMS-ACTION

TREASURER'S REPORT

- a. Revenue/Cash Receipt Report – March 2014
- b. Disbursement Approval Report for the month of April 2014

- c. Disbursement Ratification Report for the month of March 2014
- d. GM Approved Disbursement Report for the month of March 2014
- e. Water Use Efficiency Projects Cash Flow – March 31, 2014
- f. Consolidated Summary of Cash and Investment – February 2014
- g. OPEB Trust Fund monthly statement

The Committee completed their review of the Treasurer's Report and upon MOTION by Director Osborne, seconded by Director Finnegan, and carried (3-0), the reports were referred to the April 16, 2014 Board meeting for approval, by the following vote:

AYES: Directors Thomas, Finnegan, Osborne
NOES: None
ABSENT: None
ABSTAIN: None

Director Barbre noted that Orange County Investment Pool (OCIP) is out trending LAIF and suggested that staff considering transferring funds to OCIP. Mrs. Chumpitazi noted that a future discussion on that topic is warranted.

FINANCIAL REPORTS - Combined Financial Statements and Budget Comparative for the period ending February 28, 2014

The Committee reviewed the Financial Reports and upon MOTION by Director Osborne, seconded by Director Finnegan, and carried (3-0), the reports were referred to the April 16, 2014 Board meeting for approval, by the following vote:

AYES: Directors Thomas, Finnegan, Osborne
NOES: None
ABSENT: None
ABSTAIN: None

Director Thomas inquired whether the budget will be exceeded this fiscal year with Mr. Hunter responding that he does not believe that it will, although some categories may go over, while others will be under.

ACTION ITEMS

**NOMINATIONS/ELECTION OF REGULAR SPECIAL DISTRICT AND
ALTERNATE SPECIAL DISTRICT MEMBER OF THE LOCAL AGENCY
FORMATION COMMISSION (LAFCO)**

The Committee discussed this item, noting that the MWDOC Board may choose to nominate someone for either the Regular Special District Member, or Alternate Member of LAFCO.

No Directors expressed interest in being nominated at this time and therefore no action was taken on this item.

DISCUSSION ITEMS**FY 2014/2015 BUDGET REVIEW (2ND DRAFT)**

The Committee, meeting participants and staff held considerable discussion on several items in the proposed 2014/15 budget with Mr. Hunter noting that the final budget is anticipated to be approved at the May meeting.

Items of significant discussion included core versus choice projects (Second Lower Cross Feeder, Doheny Desal, and Poseidon Desal), potential funding options for those projects, member agencies in opposition of having those projects as a core service, merits of the projects as a regional benefit, and keeping an open mind for future reliability for Orange County as a whole.

Discussion ensued on proposed staffing levels, noting the vacancy of the Director of Finance and the addition of hours to move the part time WEROC Program Assistant to a full time position. Mr. Hunter noted that he envisions utilizing a consultant for some of the more complex financial responsibilities. Staff discussion has been held about moving to a 2-year budget, but more work needs to be evaluated. The Governmental Affairs Manager is currently under recruitment.

Santa Margarita Water District Board Members Sandra Jacobs and Chuck Gibson called attention to the memo prepared by Santa Margarita Water District (SMWD) which outlined recommended MWDOC priorities and budget revisions. SMWD also provided several options for moving forward with the 2014-15 budget and requested that the Committee/Board take a formal position. The Committee reviewed the options, held discussion on the various options and settled on a blend of the following options pertaining to the desalination projects:

- Change Doheny and Poseidon to CHOICE with the understanding of the type of work to be completed in the upcoming Budget year and with the specific understanding that MWDOC can utilize staff time to help with both of these projects beyond seeking funding and approvals from MET for the LRP funding.
- Change Doheny and Poseidon to CHOICE and develop a NEW CORE category called Ocean Desalination that includes the type of work to be completed in the upcoming Budget year for Doheny and Poseidon and with the specific understanding that MWDOC can utilize staff time to help with both of these projects beyond seeking funding and approvals from MET under the CORE category of Ocean Desalination.

The Committee held discussion on election expenses, future building expenses, elective memberships, conferences, legal fees and consulting services for Metropolitan issues and special projects. Considerable discussion was held regarding memberships for several of the chambers of commerce within Orange County as well as the South Orange County Regional Chamber of Commerce and the outreach efforts to the diverse communities within the county, especially increased messaging needed due to the drought. Staff was directed to review the various memberships pertaining to outreach and determine which would be most beneficial.

Director Dick requested that staff re-review options pertaining to W-2 versus 1099 status for MWDOC's MET Directors, and determine whether legal counsel has provided an opinion letter on this subject; this issue will return to Committee.

Staff will prepare updates to the budget and provide an updated version at the May meeting.

APPLICATION FOR CSDA'S "DISTRICT TRANSPARENCY CERTIFICATE OF EXCELLENCE"

The Committee reviewed CSDA's Transparency Certificate of Excellence program and held discussion on whether transparency should be included in the District's Administrative Code and/or whether the District should participate in CSDA's program, noting that this item was presented for consideration per the Board's previous request.

Discussion was held on the provision that pertains to reimbursement of expenses and whether the District should consider utilizing a per diem amount for meals, rather than direct reimbursement. The Committee noted that the District currently complies with many transparency measures. Discussion was held on possible ways on improving the current expense form to increase transparency.

Due to the staff time involved with securing CSDA's certificate, Committee members Osborne and Finnegan did not express support for pursuing participation in the program, noting that efforts would be duplicative of transparency measures already in place. Director Thomas did, however, express support. Following discussion, this item was referred to the April 16, 2014 Board meeting for further consideration by the full Board.

INFORMATION ITEMS

STATUS UPDATE REGARDING IMPLEMENTATION OF THE SETTLEMENT AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES

General Manager Hunter reported that the District is in compliance with the agreement and continues with an open dialogue with all of its member agencies. He also noted that staff is in the process of facilitating the process for the election of the new Metropolitan Water District Chairman.

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

DEPARTMENT ACTIVITIES REPORTS

- a. Administration
- b. Finance and Information Technology

The informational reports were received and filed.

OTHER ITEMS

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

No items were presented.

ADJOURNMENT

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

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

Jointly with the
PUBLIC AFFAIRS AND LEGISLATION COMMITTEE

April 21, 2014, 8:30 a.m. to 9:50 a.m.
MWDOC Conference Room 101

Committee:

Director Brett Barbre, Chair
Director Wayne Clark
Director Susan Hinman

Staff:

Robert Hunter, Karl Seckel, Darcy Burke,
Katie Davanaugh, Harvey De La Torre,
Jessica Ouwerkerk

Ex Officio:

Director J. Finnegan

Also Present:

Director Wayne Osborne
Director Larry Dick
Director Joan Finnegan
MET Director Linda Ackerman
Dick Ackerman
John Lewis, Lewis Consulting
Matt Holder, Lewis Consulting
Heather Stratman, Townsend Public Affairs (TPA)
Christopher Townsend, TPA
Amanda Conklin, TPA
Paul Weghorst, Irvine Ranch Water District
Liz Mendelson, San Diego County Water Authority
Randy Record

Director Barbre called the meeting to order at 8:30 a.m. Acknowledging Patriot's Day, the meeting was opened with the Pledge of Allegiance, led by Director Clark.

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 presented.

Director Barbre reorganized the agenda, noting that Mr. Record would be arriving shortly.

DISCUSSION ITEMS

LEGISLATIVE ACTIVITIES

Federal Legislative Report (Barker)

Director Hinman inquired on the status of SB 2198 with Director Barbre noting that the bill is a late entry and is not anticipated to get out of the Senate.

State Legislative Report (Townsend)

Director Barbre called attention to AB 1331 (Rendon) with Chris Townsend noting that TPA provided testimony at the March 24, 2014 Senate Natural Resources Committee. Mr. Hunter thanked TPA for their efforts in support of AB 1331 to expand groundwater storage, funding for water conservation, recycling and desalination as well as funding for storm water management.

County Legislative Report (Lewis)

Mr. Lewis noted that election campaigns are heating up.

Legal and Regulatory Report (Ackerman)

Mr. Ackerman called attention to the doctrine of reasonable use which pertains to California Water Law rights.

MWDOC Legislative Matrix

It was noted that the District has taken a "support" position on AB 2420 (Nazarian). Additionally, it was noted that Orange County Water District has recently proposed amendments to AB 2712.

Met Legislative Matrix

The Legislative matrixes were received and filed.

INTERVIEW WITH RANDY RECORD RE: CHAIRMAN OF THE BOARD OF DIRECTORS OF METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Mr. Record provided information on his personal background and qualifications in support of candidacy for Chairman of Metropolitan Water District (MWD). He is an agricultural farmer by trade, has served as President of the ACWA Board of Directors, served on several committees at MWD and currently represents Eastern Municipal Water District on the MWD Board. It was noted that Mr. Record presently attends most all of the Committee and Board meetings at MWD.

The Committee inquired on Mr. Record's position on desalination to which Mr. Record agreed that new sources of water for the diversified water portfolio are needed and indicated that he is open to discussion but added that desalination is very costly. Discussion was held on the troubled relations between MWD and San Diego County Water Authority, the role of MWD's Executive Committee, problems facing the agricultural community and ways to make sure water is available to meet the farmer's needs, his

availability and commitment to meet with members of the water community throughout the state.

The Committee thanked Mr. Record for his time and expressed support for his candidacy.

ASSEMBLY BILL 1728

Chairman Barbre provided an overview of AB 1728, which is: “AB 1728, as amended, Garcia. Political Reform Act of 1974. (1) The Political Reform Act of 1974 prohibits an officer of an agency from accepting, soliciting, or directing a contribution of more than \$250 from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for 3 months following the date a final decision is rendered in the proceeding, if the officer knows or has reason to know that the participant has a financial interest, as defined. The act also requires an officer to disclose on the record a contribution of more than \$250 from a party or participant received within the 12 months preceding a decision in a proceeding and would prohibit the official from making, participating in making, or otherwise using his or her official position to influence a decision in a proceeding in which the official knows or has reason to know that the party or participant has a financial interest in the decision.”

It was noted that this bill was presented as informational only. No discussion was held.

WORKING WITH AQMD ON FLEXIBILITY OF OPERATIONS

Ms. Burke noted that discussions continue in developing an approach to AQMD to build a closer working relationship, and to create flexibility in the use of generators during emergency response. Director Hinman suggested including the Orange County Sheriff's Department in these discussion may prove helpful. Water utilities are one of the largest consumers of power on the power grid and should not be penalized under emergency situations. The hope is to provide flexibility to utilize generators during emergency response, beyond the annual limit of 200 hours. Staff believes an exemption already exists for fire and police operations and it is the intent to expand the exemption to water and wastewater entities as well, although staff has not yet found evidence of the exemption.

Staff will continue to share this information with MWD OC member agencies and work on making changes to the current regulations by AQMD.

VALUE OF WATER COMMUNICATIONS PLAN OVERVIEW

Director Hinman stressed the importance of providing educational materials to youngsters by way of the Boy and Girl Scouts and various boys and girls clubs throughout Orange County.

Ms. Burke explained the concept of info-graphics, noting that it is a visual representation of data or knowledge, intended to provide information clearly.

ANNUAL REVIEW OF LEGISLATIVE POLICY PRINCIPLES

It was noted that the plan was updated in 2012 and is in need of review. It is anticipated that the new Governmental Affairs Manager, once hired, may take on this responsibility. The item will be return in September/October timeframe with Board action in October/November. The Board was directed to present any comments, suggestions or revisions to staff.

FULL BOARD TO CONVENE FOR ACTION ON THE FOLLOWING ITEM:

It was noted that the following item would be reviewed by the full Board. Director Barbre temporarily adjourned the Public Affairs & Legislation Committee meeting, and President Dick convened the Board.

MWDOC BOARD POSITION OF SUPPORT FOR THE BAY DELTA CONSERVATION PROGRAM (BDGP)

Upon MOTION by Director Finnegan, seconded by Director Barbre and carried (6-0), the Board adopted RESOLUTION NO. 1979 in support of the Bay Delta Conservation Program, by the following roll call vote:

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

The Board reconvened as a Committee for the remainder of the meeting.

ACTION ITEMS**NOMINATION FOR CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) BOARD OF DIRECTORS REPRESENTING REGION 6, "SEAT C"**

No Directors expressed interest in being nominated for the Region 6, Seat C. No action was taken.

LEGISLATIVE POSITIONS

Upon MOTION by Director Clark, seconded by Director Hinman and carried (3-0), the Committee accepted the staff recommendation, as follows:

HR 4125 – Support
HR 4126 - Support if amended
HR 4127 – Support
HR 3980 - Support if amended

AYES:	Directors Barbre, Clark, Hinman
NOES:	None
ABSENT:	None

ABSTAIN: None

INFORMATION ITEMS

7th ANNUAL ORANGE COUNTY WATER SUMMIT

PUBLIC AFFAIRS ACTIVITIES REPORT

WATER EDUCATION SCHOOL PROGRAM – MONTHLY PARTICIPATION DATA

**UPDATE ON 2014 POSTER & SLOGAN CONTEST AND PHOTOGRAPHY &
DIGITAL ARTS CONTEST**

The informational reports were received and filed with comment

OTHER ITEMS

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

Director Barbre noted that candidates for the open LAFCO seat will be invited to attend the May PAL meeting to answer questions.

ADJOURNMENT

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

MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
jointly with the
EXECUTIVE COMMITTEE
April 17, 2014, 8:30 a.m. to 9:30 a.m.
Conference Room 102

Committee:

Director Dick, President
Director Osborne, Vice President
Director Finnegan (absent)

Staff:

R. Hunter, M. Goldsby

Also Present:

Director Wayne Clark
Director Susan Hinman

At 8:30 a.m., President Dick called the meeting to order. In an effort to accommodate schedules, the meeting agenda was reorganized as follows:

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 May 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. Planning & Operations Committee

Considerable discussion ensued regarding the WEROC Program, and the proposed Workshop on WEROC. The Committee believed that rather than a Workshop, a short presentation on the functions of WEROC, funding partners, it's mission statement, 1-2 key accomplishments, and origins be made. It was requested that updates on WEROC would be made every three months and that staff notify the Board when agencies do not participate in the radio system checks.

The Committee also discussed the overview of OCWD purchases of MET Water and impact on Tier 1 purchases.

b. Workshop Board Meeting

It was noted that the May 7, 2014 meeting would be cancelled (due to a conflict with the ACWA conference). Discussion ensued regarding the MET Chair position, and the proposed candidates, and it was noted that the Board would hold a Special meeting on April 28, 2014 to interview the MET Chairman candidates.

c. Administration & Finance Committee

No new information was added.

d. Public Affairs & Legislation (PAL) Committee

No new information was added.

e. MWDOC/OCWD Joint Planning Committee

No new information was added.

DISCUSSION REGARDING UPCOMING ACTIVITIES OF SIGNIFICANCE

a. FY 2014/15 Budget

The Committee discussed the new memberships outlined in the budget and requested staff prepare an explanation on how and why these memberships were included. The Committee also suggested that the Director of Finance position be left in the budget, but not fill the position unless needed.

MEMBER AGENCY RELATIONS

Discussion ensued regarding input received from the member agencies on the budget, and the upcoming process for appointing a MET Director.

GENERAL MANAGER'S ACTIVITIES

No new information was presented.

REVIEW AND DISCUSS DISTRICT AND BOARD ACTIVITIES

The Committee reviewed and approved a late Business Expense form from Richard Bell.

ADJOURNMENT

There being no further business to be brought before the Committee, the meeting adjourned at 9:30 a.m.

MEETING REPORT
JOINT PLANNING COMMITTEE
WITH BOARD OF DIRECTORS*
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY AND
ORANGE COUNTY WATER DISTRICT
April 23, 2014, 8:30 a.m.
MWDOC Conference Room 101

MWDOC DIRECTORS

Brett R. Barbre (absent)
Wayne A. Clark
Larry Dick
Joan C. Finnegan (absent)
Susan Hinman
Wayne Osborne
Jeffery M. Thomas

OCWD DIRECTORS

Shawn Dewane
Phil Anthony (absent)
Roger Yoh (absent)
Kathryn Barr (absent)
Denis Bilodeau
Vince Sarmiento (absent)
Bruce Whitaker (absent)
Harry Sidhu
Steve Sheldon
Cathy Green

MWDOC STAFF

Rob Hunter
Karl Seckel
Harvey De La Torre
Maribeth Goldsby
Darcy Burke
Keith Lyon

OCWD STAFF

Mike Markus
John Kennedy
Eleanor Torres

ALSO PRESENT

Robert Hanford
Brian Ragland
Paul Shoenberger
Kelly Rowe
Elizabeth Mendelson
Scott Maloni

Golden State Water Company
City of Huntington Beach
Mesa Water

San Diego County Water Authority
Poseidon Resources

OCWD President DeWane Chaired the meeting. OCWD Director Cathy Green led the Pledge of Allegiance.

PUBLIC COMMENTS

No public comments were received.

Poseidon Huntington Beach Ocean Desalination Plant Update

OCWD General Manager reported that OCWD had issued an RFP for proposals to study the Huntington Beach Ocean Desalination Plant (which anticipated OCWD Board action in May). It was noted that the study results would be included in OCWD's Long Term

Facilities Plan (how desalination will fit into OCWD's portfolio).

May 16, 2014 Orange County Water Summit

MWDOC's Director of Public Affairs, Darcy Burke, reported that the Summit would be held on May 16, 2014 at Disney's Grand Californian and that there were approximately 200 registered for the event (noting registration is on track from prior years), with anticipated attendance at approximately 400. Ms. Burke advised that approximately \$36,000 in sponsorship funding has been secured.

Ms. Burke then provided an overview of the theme (Bond, Water Bond), and list of potential and secured speakers.

MET Issues

a. Approved MWD Rates effective January 2015 and new ten-year rate projections

MWDOC's Principal Water Resources Planner, Harvey De La Torre, reported that MET approved its 2014/15 and 2015/16 rates and chargers, along with option A, rate increases of 1.5% for both years.

Discussion ensued regarding the drought, the State Water Project and Colorado River supplies, and the effect water use efficiency (lower water sales) has on MET's budget.

b. Status on imported water conditions and storage supplies

Mr. De La Torre advised that the State Water Project allocation which was recently raised from 0% to 5% (due to rains in March and April). He then provided an overview of supply conditions, including the reservoir (statewide) elevations, snowpack, MET's dry-year storage conditions, and releases from Lake Powell to Lake Mead.

Considerable discussion ensued regarding current year conditions, the impact the drought will have on storage, and additional water available for purchase (at high prices), and the potential for allocations.

The Committee requested that the next meeting in of the Committee (in July) include a workshop on the subject of drought allocations as related to the proposed Poseidon Ocean Desalination Plant, and the potential impact on MWDOC's agencies.

MET Conjunctive Use Program (CUP) storage account status report

Mr. Markus reported that pursuant to OCWD's CUP agreement with MET (OCWD currently stores 66,000 acre-feet of MET water), noting that MET has now asked for the water (approximately 5500 acre-feet by the end of June, at approximately 22,000 acre-feet during the next fiscal year). Discussion ensued regarding the costs and benefits of this Program.

OCWD Update**a. FY 14-15 Replenishment Assessment and Basin Production Percentage**

OCWD Assistant Manager, John Kennedy, provided an overview of OCWD's recently approved budget and rate increases, noting that the Replenishment Assessment went from \$276 to \$294 and that the Basin Production Percentage (BPP) was set at 70%. Discussion ensued regarding OCWD's BPP goal of 75%, and the impacts of "overpumping" the basin.

MWDOC/OCWD Building Management Committee

It was noted that the MWDOC/OCWD Building Management Committee would meet on April 24, 2014 and report at the next meeting.

Remaining 2014 Meetings

Chairman DeWane highlighted the meeting schedule for the remainder of the year:

July 23, 2014
October 22, 2014

Other

Responding to an inquiry from MWDOC Director Dick, Mr. Markus provided a brief overview of the status of OCWD's active litigation, noting that with respect to the Northrop case, the OCWD Board directed staff to (1) negotiate with Northrop and (2) proceed with an appeal.

There being no further business to come before the Committee, the meeting adjourned at 9:30 a.m.

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

WATER REVENUES

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

TOTAL REVENUES \$ 13,272,743.63

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

MISCELLANEOUS REVENUES

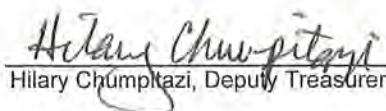
Date	From	Description	Amount
04/03/14	Best, Best & Krieger	5/16/14 OC Water Summit registration	240.00
04/21/14	City of Laguna Woods	5/16/14 OC Water Summit registration	120.00
04/25/14	City of Tustin	5/16/14 OC Water Summit registration	120.00
04/25/14	OCLAFCO	5/16/14 OC Water Summit registration	120.00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

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

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



Robert J. Hunter, General Manager



Hilary Chumtazi, Deputy Treasurer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Choice Disbursements:

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

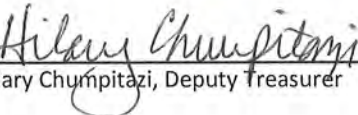
Other Funds Disbursements:

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

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

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


Robert J. Hunter, General Manager


Hilary Chumpitazi, Deputy Treasurer

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

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

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

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

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


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

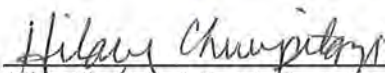
Date	Description	Amount
<u>Rob's Card</u>		
2/24/14-3/24/14	Meals for R. Hunter's meetings on various dates	\$ 95.67
02/25/14	ACWA DC2014 conference in Washington, DC from Feb. 25-27, 2014 - Transportation for R. Hunter	30.60
02/27/14	ACWA conference dinner	1,567.08 ¹
02/27/14	ACWA DC2014 conference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

¹ J. McConnell reimbursed MWDOC \$435.30

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

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
Core Disbursements:				
125746	4/23/14	DISNEY 041814	Disneyland Resort 5/16/14 O.C. Water Summit for venue, food & beverage ***Total ***	25,146.00 25,146.00
125747	4/23/14	SLEVEN OCWD-004	Streamline Events 5/16/14 O.C. Water Summit deposit for audio visual services ***Total ***	8,355.00 8,355.00
125754	4/30/14	BRINKC APR2014	Cynthia Brink April 2014 Atrium landscaping maintenance ***Total ***	87.50 87.50
ACH000903	4/30/14	ACWAJP M005-2014PROP	ACWA Joint Powers April 2014-March 2015 Annual property insurance ***Total ***	1,269.00 1,269.00
Total Core Disbursements				34,857.50
Choice Disbursements:				
Total Choice Disbursements				0.00
Other Funds Disbursements:				
Total Other Funds Disbursements				0.00
Total Disbursements				34,857.50


 Robert J. Hunter, General Manager


 Hilary Chumpitazi, Deputy Treasurer

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



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

March 31, 2014

Street Address:

18700 Ward Street
Fountain Valley, California 92708

Mailing Address:

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

(714) 963-3058

Fax: (714) 964-9389

www.mwdoc.com

Joan C. Finnegan
President

Jeffery M. Thomas
Vice President

Brett R. Barbre
Director

Larry D. Dick
Director

Wayne A. Clark
Director

Susan Hinman
Director

Wayne Osborne
Director

Robert J. Hunter
General Manager

MEMBER AGENCIES

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

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

Fund	Book Value	% of Portfolio
Designated Reserves		
General Operations	\$1,687,565	18.66%
Grant & Project Cash Flow	1,000,000	11.06%
Building Repair	239,491	2.65%
Total Designated Reserves	2,927,056	32.37%
General Fund	2,805,411	31.02%
Water Fund	2,634,904	29.14%
Conservation Fund	292,392	3.23%
Desalination Feasibility Study Fund	325,487	3.60%
WEROC Fund	87,906	0.97%
Water Trailers Grant	(33,152)	-0.37%
Trustee Activities	3,632	0.04%
Total	\$9,043,636	100.00%

The funds are invested as follows:

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

The average number of days to maturity/call as of March 31, 2014 equaled 136 and the average yield to maturity is 1.020%. During the month, the District's average daily balance was \$15,822,382.19. Funds were invested in Federal Agency Issues, Certificates of Deposit, Negotiable CD's, Miscellaneous Securities, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of March 2014.

The \$66,688 difference between the book value and the market value on March 31, 2014 represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or cash flow requirements identified in the near future that would require the sale of these securities prior to maturity.

Robert J. Hunter
General Manager

Hilary Chumpitazi
Deputy Treasurer

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Portfolio Management - Portfolio Summary

March 31, 2014



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

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

We certify that this report reflects the cash and investments of the Municipal Water District of Orange County and is in conformity with the Government Code requirements and the District Investment Policy and Guidelines in effect at the time of investment. The Investment Program herein shown provides sufficient cash flow liquidity to meet the next six month's estimated expenditure. The source for the market values are from Union Bank.

4.22.14

Date

Robert J. Hunter, General Manager

04/22/2014

Date

Hilary Chumtazi, Deputy Treasurer

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

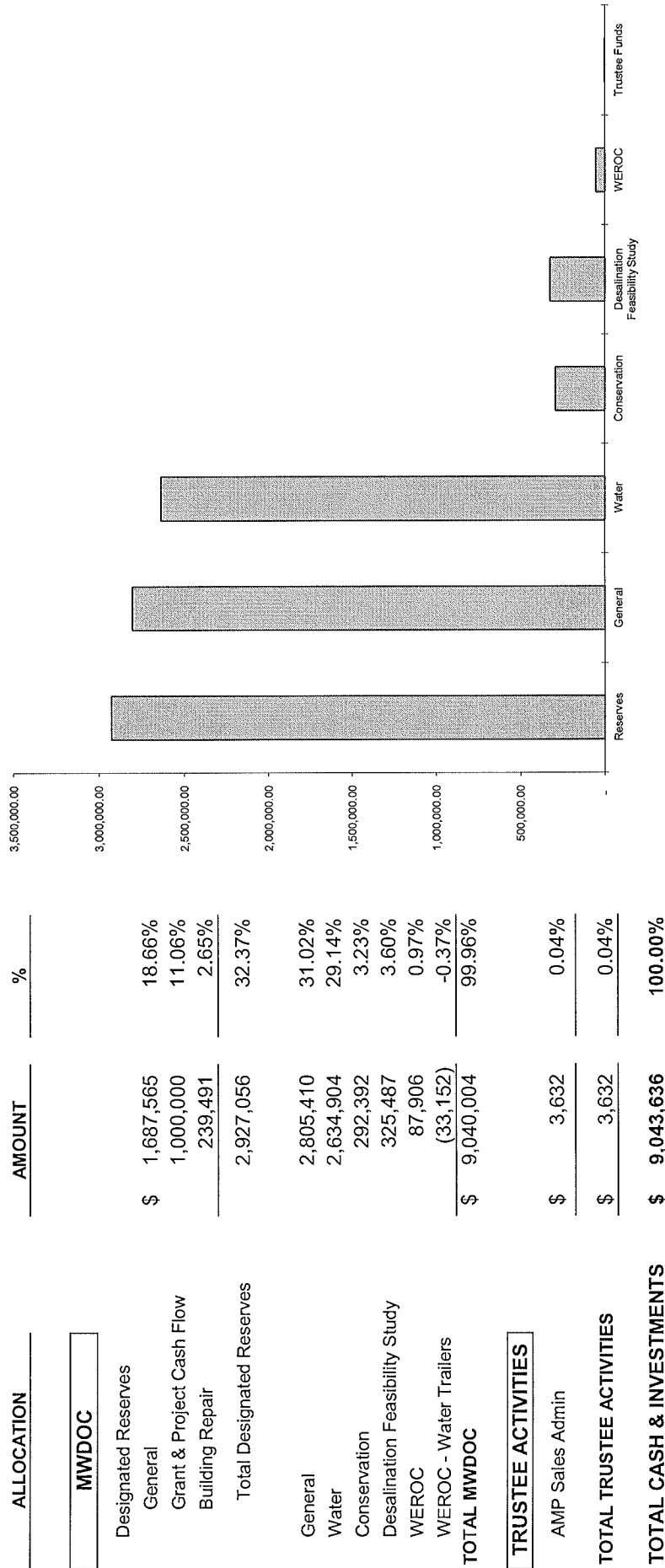
Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Certificate of Deposit - Bank									
Goldman Sachs Bank	38143A4T9	1/23/2013	100,000.00	99,671.00	100,000.00	1.050	1.050	1029	1/23/2017
Sub Total			100,000.00	99,671.00	100,000.00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

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

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

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Local Agency Investment Funds									
LAIF LGIP	LAIF	6/30/2010	3,739,179.44	3,739,179.44	3,739,179.44	0.236	0.236	1	N/A
Sub Total			3,739,179.44	3,739,179.44	3,739,179.44	0.236	0.236	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	2,362,010.48	2,362,010.48	2,362,010.48	0.291	0.291	1	N/A
Sub Total			2,362,010.48	2,362,010.48	2,362,010.48	0.291	0.291	1	
Total Investments			6,101,189.92	6,101,189.92	6,101,189.92	0.257	0.257		
Passbook Checking									
Bank of America Cash	CASH0547	7/1/2011	837,618.05	837,618.05	837,618.05	0.000	0.000	1	N/A
Petty Cash Cash	CASH	7/1/2011	500.00	500.00	500.00	0.000	0.000	1	N/A
Total Cash			838,118.05	838,118.05	838,118.05	0.000	0.000	1	
Total Cash and Investments			6,939,307.97	6,939,307.97	6,939,307.97	0.257	0.257	1	
Total Earnings									
Current Year			2,491.54		Fiscal Year To Date				
					30,850.38				

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



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS GASB 45 Program

Monthly Account Report for the Period
3/1/2014 to 3/31/2014

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

Account Summary

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

Investment Selection

Moderate HighMark PLUS

Investment Objective

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

Investment Return

1-Month	3-Months	1-Year	Annualized Return			Inception Date
			3-Years	5-Years	10-Years	
-0.33%	1.33%	10.14%	N/A	N/A	N/A	10/26/2011

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

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

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

Inception Date: Plans inception date

**Municipal Water District of Orange County
WATER USE EFFICIENCY PROJECTS
Cash Flow as of 4/30/14**

Cash - Beginning Balance														Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	TOTALS															
REVENUES:														\$	(204,195.07)	\$	(120,906.78)	\$	153,254.44	\$	203,884.71	\$	194,437.45	\$	86,512.97	\$	288,487.84	\$	269,698.65	\$	215,800.74	\$	285,912.59	\$	242,643.48						
BUREC																			129,236.42																		\$	159,489.92			
City of Anaheim, Brea, Buena Park																																						\$	2,121.00		
City of Fountain Valley, Fullerton																																						\$	244.40		
City of Garden Grove, Huntington Beach														75.00	105.00	224.28	394.96		75.00																					\$	1,567.14
City of La Palma, La Habra, Newport Bch																9.96	150.00	150.00																					\$	394.92	
City of Santa Ana, San Clemente														300.00	75.00	220.91																							\$	1,330.91	
City of San Juan Capistrano														105.00	315.00		241.92																					\$	1,460.64		
City of Tustin, Westminster														315.00	285.00	75.00	70.91	87.25	150.00																				\$	1,202.16	
City of Orange, CUWCC														945.00	7,842.25	554.85	324.96		180.00																			\$	10,696.06		
Department of Water Resources														6,502.95																								\$	186,928.11		
East Orange County Water District																																				\$	-				
El Toro Water District														7,198.83		2,743.20	2,796.39	4,569.99																			\$	23,224.41			
Golden State Water Company														525.00		892.84	1,039.99	210.00	2,622.94																		\$	12,070.49			
Irvine Ranch Water District														55,800.00		1,500.00	43,514.14	2,250.00	750.00	66,856.99																	\$	258,943.47			
Laguna Beach County Water District																9.96																					\$	973.96			
Mesa Water District														654.96		75.00			75.00																	\$	1,329.96				
Metropolitan Water District														116,677.96	292,381.42	722.05	5,372.28	22,225.79	158,856.54																	\$	598,677.43				
Moulton Niguel Water District, NRCS														234.96	75.00	491.97			361.55																	\$	2,507.48				
MWDOC																	54,000.00																		\$	61,600.00					
Santa Margarita Water District														300.00	534.96	1,106.21	6,402.99	246.99	3,333.94	1,258.00																\$	24,474.25				
Serrano Water District																																			\$	-					
South Coast Water District															143.00																					\$	287.00				
State Water Resources Control Board															127,400.00																					\$	127,400.00				
Yorba Linda Water District															75.00		159.98																		\$	544.94					
Miscellaneous Revenues																																						\$	122.72		
Interest Revenue														1.20																							\$	-			
Total Revenues														189,635.86	429,306.63	99,944.93	126,357.88	29,815.02	295,791.39	73,008.13	38,894.13	153,177.02	41,660.38														\$	1,477,591.37			
EXPENDITURES:																																									
Alliance for WUE, A&N Technical														11,070.00	3,295.00	2,170.00	1,143.50																					\$	17,678.50		
Aqualicent, ABG Mrlkg,														1,500.00	1,500.00	1,500.00	1,500.00	1,500.00																	\$	15,000.00					
Bridgecreek landscape, Boeing																																				\$	37,924.96				
Conservation Consulting, LLC, Earthco														7,659.00	7,105.50	6,858.00	7,818.75	7,326.00	7,175.25	7,029.00	6,132.00	7,211.25	7,062.75														\$	71,377.50			
City of Buena Park, City of Newport Bch														54,622.00	31,700.00			95,532.00	16,632.00																	\$	220,118.00				
City of San Clemente, San Juan Cap															105.00																						\$	105.00			
City of Tustin, City of Westminster															210.00		439.50																					\$	649.50		
EOCWD, El Toro WD, Fountain Valley																																				\$	-				
Eco friendly landscape, EIS															8,850.00																					\$	22,500.00				
Federal Express, Glen's Landscaping																																					\$	-			
Garden Grove, Hotel Prog part, IRWD																			6,350.00																	\$	26,350.00				
Laguna Beach CWD																																				\$	11,520.00				
MET, MESA, MNWD																																						\$	54,085.17		
Mission RCD, Oakley, Paradise Designs														10,398.07	8,684.21	7,246.00	22,135.63	21,301.33																			\$	100,664.79			
SMWD, SCWD, Survey Gizmo																	3,115.02																				\$	4,060.64			
Terra Firma, Turf Removal, URS Corp														16,118.50	90,345.70	21,493.77	84,789.00	23,521.50	29,412.00	23,781.92	54,074.10	19,952.50	11,834.50													\$	375,323.49				
University of California, Irvine																																					\$	20,310.00			
Wade Landscaping, Waterwise Consult														4,980.00	3,350.00	2,050.00	1,700.00	3,510.00																	\$	25,710.00					
YLWD																																			\$	-					
Miscellaneous Expenses																																						\$	41.86		
Interest Expense																	41.86																					\$	27,333.41		
Salary & Benefit																7,996.89	5,061.16		7,795.94																	\$	-				
Total Expenditures														106,347.57	155,145.41	49,314.66	135,805.14	137,739.50	83,816.52	101,797.32	92,792.04	83,065.17	84,929.49														\$	1,030,752.82			
Cash - Ending Balance														\$	(120,906.78)	\$	153,254.44	\$	203,884.71	\$	194,437.45	\$	86,512.97	\$	298,487.84	\$	269,698.65	\$	215,800.74	\$	242,643.48	\$	242,643.48	\$	242,643.48	\$	242,643.48	\$	242,643.48		

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

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

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

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

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

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

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

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

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

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

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

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

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



Memorandum

DATE: May 14, 2014
TO: Administrative & Finance Committee
(Directors Thomas, Barbre, Osborne)
FROM: Robert Hunter
SUBJECT: Quarter ending March 2014 Financials Actual versus Budget

The following reports are attached:

- Revenues and Expenditures Actual versus Budget for the General Fund
- Revenues and Expenditures Actual versus Budget Detailed Comparative Report for the General Fund
- Revenues and Expenditures Actual versus Budget for Other Funds
- Revenues and Expenditures Actual versus Budget for the Water Use Efficiency Funds
- Revenues and Expenditures Actual versus Budget for the Water Fund

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

GENERAL FUND

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

RESERVE FUND

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

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

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

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

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

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

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

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

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

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

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

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

Footnote:

- 1) The excess of expense over revenue is waiting for reimbursement.
- 2) USBR (Federal) Grant is billed in October and April with funds being received one month later.
- 3) DWR is billed quarterly to county and takes a few months to a year to receive funds.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Year to Date ending March 2014 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %^[1]</u>	<u>Fiscal Year Budget</u>	<u>% of Budget^[2]</u>	<u>Projected Final FY Budget^[3]</u>
<u>Landscape Performance Certification</u>					
Revenues	110,553		116,000	95.30%	114,500
Expenditures	<u>75,084</u>		<u>107,000</u>	70.17%	<u>114,500</u>
Excess of Revenues over Expenditures	35,469	32%	9,000		

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

Budget Variance: No comment needed.

SmarTimers Rebate

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

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

Budget Variance: No comment needed.

Rotating Nozzle Rebate

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

Actual Variance: No comment needed.

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

Industrial Water Use Reduction

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

Actual Variance: No comment needed.

Budget Variance: No comment needed.

Notes:

[1] Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.

[2] Fiscal year budget versus Actual

[3] With each quarterly report the projected fiscal year end budget may be re-adjusted.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Year to Date ending March 2014 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %^[1]</u>	<u>Fiscal Year Budget</u>	<u>% of Budget^[2]</u>	<u>Projected Final FY Budget^[3]</u>
<u>Hotel Water Use Reduction Program</u>					
Revenues	63,030		189,484	33.26%	75,000
Expenditures	<u>65,049</u>		<u>189,484</u>	34.33%	<u>75,000</u>
Excess of Revenues over Expenditures	(2,019)	-3%	0		

Actual Variance: No comment needed.

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

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

Actual Variance: No comment needed.

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

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

Notes:

Actual Variance: No comment needed.

Budget Variance: No comment needed.

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

Actual Variance: No comment needed.

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

Notes:

[1] Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.

[2] Fiscal year budget versus Actual

[3] With each quarterly report the projected fiscal year end budget may be re-adjusted.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Year to Date ending March 2014 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %^[1]</u>	<u>Fiscal Year Budget</u>	<u>% of Budget^[2]</u>	<u>Projected Final FY Budget^[3]</u>
<u>Large Landscape Survey</u>					
Revenues	47,794		21,600	221.27%	55,000
Expenditures	<u>65,952</u>		<u>21,600</u>	305.33%	55,000
Excess of Revenues over Expenditures	(18,158)	-38%	0		

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

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

Indoor-Outdoor Survey

Revenues	2,781		12,150	22.89%	3,500
Expenditures	<u>-</u>		<u>12,150</u>	0.00%	<u>3,500</u>
Excess of Revenues over Expenditures	2,781	100%	0		

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

Budget Variance: No comment needed.

Turf Removal Program

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

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

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

Notes:

[1] Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.

[2] Fiscal year budget versus Actual

[3] With each quarterly report the projected fiscal year end budget may be re-adjusted.



CONSENT CALENDAR ITEM

May 21, 2014

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Richard Bell

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

STAFF RECOMMENDATION

Staff recommends that the Board approve Richard Bell's attendance at AWWA's Whole Water Conference (W2C) in Monterey, June 23-25, 2014.

COMMITTEE RECOMMENDATION

Committee concurred with staff recommendation.

DETAILED REPORT

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

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

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



CONSENT CALENDAR ITEM

May 21, 2014

TO: Board of Directors

FROM: Larry Dick, President

Robert Hunter
General Manager

SUBJECT: APPOINTMENTS TO THE AD HOC COMMITTEE REGARDING THE ADMINISTRATIVE CODE

RECOMMENDATION

It is recommended that the Board of Directors ratify the appointment of Larry Dick as a member of the Ad Hoc Committee regarding the Administrative Code (along with Directors Barbre and Clark).

SUMMARY

In March 2014, President Dick presented his appointments to Standing, Special, and Ad Hoc Committees to the Board (and approved). At that time Directors Barbre and Clark were appointed to the Ad Hoc Committee regarding the Administrative Code.

Subsequent to this appointment, President Dick has expressed interest in serving on this Ad Hoc Committee as well.

Pursuant to the terms of Section 1212 of the Administrative Code (Special Committees), members shall be appointed to Special Committees (Ad Hoc) by the President and ratified by Board action.

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



CONSENT CALENDAR ITEM

May 21, 2014

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Hilary Chumpitazi, Accounting Supervisor/Deputy Treasurer

SUBJECT: Annual Review of Investment Policy and Guidelines

STAFF RECOMMENDATION

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

COMMITTEE RECOMMENDATION

Committee concurred with staff recommendation.

DETAILED REPORT

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

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

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

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

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

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

SECTION 2100 - PURPOSE

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

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

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

SECTION 2101 - STATUTORY AND DELEGATED AUTHORITY

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

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

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

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

SECTION 2102 - ORGANIZATION

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

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

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

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

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

SECTION 2103- INVESTMENT PHILOSOPHY

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

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

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

SECTION 2104 - SCOPE

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

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

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

SECTION 2105- INVESTMENT OBJECTIVES

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

Safety of Principal.

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

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

Liquidity

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

Rates of Return

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

SECTION 2106- INVESTMENT POLICY GUIDELINES

MWDOC authorized investments are stated in the Government Code Section 53601 (as periodically amended), and with the following exceptions as noted below.

- ° Collective Investment (Pools) - Assets of any of the funds may be invested in collective investment pools run and managed by other public bodies and banks that are approved by the Board of Directors. However, no such investment shall be made in a pool where the investment objectives differ from the investment objectives listed in Section 2105 of this investment policy, nor should any investment be made in a fund that engages in market timing or anticipating interest rate changes or that uses derivatives or other securities other than as a hedge against interest rate risk.

- Money Market Mutual Funds - Investment in shares of money market mutual funds may be made if the investments meet the same restrictions as those of collective investment pools described in Section 2105. In addition, purchase of these funds must not result in payment of a purchase premium or commission. These mutual funds must attain the highest ranking of two nationally recognized ratings services and the investment adviser must be registered with the Securities and Exchange Commission (SEC) as an investment adviser with not less than five years experience with investment portfolios of \$500 million or greater.
- Cash Holdings - The portfolio will hold sufficient cash equivalent investments to ensure availability of sufficient funds to meet known obligations for the next three months. Idle cash will be invested to the fullest extent practicable in interest-bearing investments.
- Other permissible investments for the Operating and Fiduciary funds are:
 - Bank checking accounts, time deposits or certificates of deposit not to exceed the current Federal Deposit Insurance Corporation (FDIC) limit without being collateralized. Negotiated certificates of deposit shall not exceed 20% of portfolio in effect immediately after such investment.
 - U.S. Treasury obligations.
 - U.S. Government Agency obligations and, U.S. Government Instrumentality obligations.
 - Prime Commercial Paper rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch (shall not exceed 20% of portfolio in effect immediately after such investment).
 - Prime Banker's Acceptances rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch (shall not exceed 20% of portfolio in effect immediately after such investment).
 - Corporate Securities (Medium-Term Notes) with a rating of "A" or better by at least two nationally recognized rating services (shall not exceed 30% of portfolio in effect immediately after such investment)
 - Loans with an agreement for the collateral to be repurchased by the borrower (Repurchase Agreements); the amount of such instruments will not exceed 10% of the market value of the portfolio. U.S. Treasury and Agency securities are acceptable collateral with a market value of at least 102% of the value of the Repurchase Agreement. Prior to investment, a Master Repurchase Agreement will be signed with the qualified counterparty.
- Permissible investments for Reserve Funds are:
 - All investments permitted for the Operating and Fiduciary funds, except maturities may not exceed five years without Board approval prior to investment.
 - Corporate Securities with a rating of "A" or better by at least two nationally recognized rating service (shall not exceed 20% of portfolio in effect immediately after such investment).
- Prohibited Investments and Investment Practices - The following are prohibited:
 - Purchases on margin or short sales.
 - "Derivative" securities of any type.
 - Lending securities with an agreement to buy them back after a stated period of time (Reverse Repurchase Agreements).

- Futures, Options and Margin Trading
- In no instance shall a swap be used in speculation. Losses are only acceptable if the proposed swap or trade can clearly enhance quality or yield (value) over the life of the new security on a Total Return basis.
- Investments are limited to maturities of five years or less without express authorization of the Board prior to the investment.
- Diversification - The investment portfolio will be diversified to avoid undue concentration in securities of one type or securities of one financial institution, so that no single investment or class of investments can have a disproportionate impact on the total portfolio. This restriction does not apply to U.S. Treasury securities.
- Exemptions - Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by the current policy.

SECTION 2107 - EXECUTION

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

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

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

SECTION 2108 - PERSONAL CONDUCT

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

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

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

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

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

SECTION 2109 - REPORTING

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

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

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

SECTION 2110 - GLOSSARY

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

ASKED: The price at which securities are offered.

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

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

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

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

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

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

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

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

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the (*entity*). It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (*e.g., U.S. Treasury Bills.*)

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TOTAL RETURN: A measure of performance, Total Return is the actual rate of return of an investment or a pool of investments, over a given evaluation period. Total Return accounts for two categories of return: income and capital appreciation. Income includes interest paid by fixed-income investments, distributions or dividends. Capital appreciation represents the change in the market price of an asset.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

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

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

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

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

Maribeth Goldsby, District Secretary
Municipal Water District of Orange County



CONSENT CALENDAR ITEM

May 21, 2014

TO: Board of Directors

FROM: **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman, Clark)

Robert Hunter
General Manager

Staff Contact: Darcy M. Burke

SUBJECT: Legislative Positions

STAFF RECOMMENDATION

Staff recommends the Board of Directors review the following Congressional Bills and consider taking the recommended positions.

COMMITTEE RECOMMENDATION

By a unanimous vote, Committee concurred with the staff recommendations of: "Support" for H.R. 4125, "Support if Amended" for H.R. 4126, "Support" for H.R. 4127, and "Support if Amended" for H.R. 3980.

SUMMARY

Based on MWDOC's adopted policy principles related to water storage and reliable water supply, staff recommends the board adopt the following positions on four federal legislative measures as follows:

1. H.R. 4125 (Costa, D-CA), Shasta Dam Expansion Act of 2014, support
2. H.R. 4126 (Costa, D-CA), San Luis Reservoir Expansion Act of 2014, support if amended
3. H.R. 4127 (Costa, D-CA), Upper San Joaquin River Storage Act of 2014, support
4. H.R. 3980 (McClintock, R-CA), Water Supply Permitting Coordination Act, support if amended

DETAILED REPORT

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

MWDOC has consistently supported sound, regional water management and local water reliability projects. A critical part of sound water management as well as drought mitigation management is storage. Southern California has invested billions over the last twenty years in water reliability projects including regional storage projects like Diamond Valley Lake or local storage efforts such as groundwater banking or Upper Chiquita Reservoir. Based on the understanding and need for additional storage facilities throughout California, staff is recommending the following positions on the proposed federal storage-related legislation:

1. **H.R. 4125 (Costa, D-CA) - Shasta Dam Expansion Act of 2014, support.** This bill would amend the CALFED Bay-Delta Authorization Act to authorize construction for enlargement of Shasta Dam if the Secretary of the Interior finds that it is feasible. Staff recommends the Board take a support position on H.R. 4125.
2. **H.R. 4126 (Costa D-CA) - San Luis Reservoir Expansion Act of 2014, support, if amended.** This bill would amend the CALFED Bay-Delta Authorization Act to authorize the construction of the expansion of San Luis Reservoir. Staff recommends the Board support if amended H.R. 4126, to also authorize San Luis Reservoir to receive seismic upgrades under the Bureau of Reclamation's Safety of Dams program.
3. **H.R. 4127 (Costa, D-CA) - Upper San Joaquin River Storage Act of 2014, support.** This bill would amend the CALFED Bay-Delta Authorization Act to authorize construction for Upper San Joaquin River storage in Fresno and Madera Counties if the Secretary of the Interior finds that the project is feasible. Staff recommends the Board take a support position on H.R. 4127.
4. **H.R. 3980 (McClintock R-CA) - Water Supply Permitting Coordination Act, support, if amended.**

This bill would authorize the Secretary of the Interior to coordinate federal and state permitting processes related to construction of new surface water storage projects and designate the Bureau of Reclamation as the lead agency for permit processing. The bill's provisions would apply when new surface water storage projects are planned on lands under the jurisdiction of the Secretaries of the Interior or Agriculture. By coordinating the preparation of unified environmental documents by the agencies, this bill could lead to a more reliable and efficient permit and approval process. The bill would be improved if in addition to allowing state agencies to participate, it allowed local agencies such as Metropolitan to choose to participate. The bill also allows a non-federal public entity to contribute funds to the Department of the Interior to expedite the evaluation of a permit for a "qualifying project or activity for a public purpose under the jurisdiction" of the Department. Staff recommends the Board take a support if amended position, specifically amending the legislation to allow participation by local public agencies.

Metropolitan Water District recently adopted the recommended positions on the proposed legislation at their April Board meeting.



CONSENT CALENDAR ITEM

May 21, 2014

TO: Board of Directors

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

Robert Hunter
General Manager

SUBJECT: Election Information (Candidate's Statements)

STAFF RECOMMENDATION

Staff recommends the Board of Directors review the information presented and decide whether to limit candidate statements to either 200 or 400 words and submit information to the Registrar of Voters, along with a statement that the District will either pay or not pay for the statements.

COMMITTEE RECOMMENDATION

The Committee recommended the Board authorize staff to submit the Transmittal of Election Information/Special District to the Orange County Registrar of Voters, indicating that the Candidate's Statement of Qualifications would be limited to 200 words, and that the District would not pay for the statements.

SUMMARY

Each election, the Registrar of Voters requests information relative to the Candidate's Statements. This information includes whether or not the District will pay the Candidate's Statement cost, and whether the District will limit statements to either 200 or 400 words.

Historically, the Board limits candidate statements to 200 words, and does not authorize payment by the District.

The OC Registrar of Voters is requesting a response no later than May 28, 2014.

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



REGISTRAR OF VOTERS
1300 South Grand Avenue, Bldg. C
Santa Ana, California 92705
(714) 567-7600
FAX (714) 567-7627
www.ocvote.com

NEAL KELLEY
Registrar of Voters

Mailing Address:
P.O. Box 11298
Santa Ana, California 92711

RECEIVED

APR 25 2014

MWD OF OC

April 23, 2014

TO: Manager/Director

FM: Kay Cotton, Candidate & Voter Services Manager *KE*

RE: Election Information for the November 4, 2014 General Election

Enclosed is a Transmittal of Election Information form to be completed and returned to the Registrar of Voters' office by May 28, 2014.

On the Transmittal of Election Information form, please list the name(s) of Director(s) whose term(s) expire and whose seat(s) will be scheduled for election on November 4, 2014. This would include any Director(s) appointed since your last election. Appointed Directors must file for the two-year unexpired term if they were appointed to fill a vacancy which would not have been scheduled for election until 2016.

We also need to know if your District will or will not pay for a Candidate's Statement of Qualifications and if the District is authorizing 200 or 400 words to be used in that statement.

Please send the completed Transmittal of Election Information form to me at 1300 South Grand Avenue, Building C, Santa Ana, CA 92705 or email to kay.cotton@rov.ocgov.com.

Pursuant to Elections Code § 10522, the District is required to submit a map showing the current district boundary lines, with divisions (if any), regardless if changes have occurred. We would prefer to receive the map in shape file format by email to Rebecca Getzen at rebecca.getzen@rov.ocgov.com.

Candidate Filing for the November 4, 2014 General Election will be July 14, 2014 through August 8, 2014, 5:00 p.m. The Candidate's Handbook will be on our website at the end of May. We ask that you post this information to advise your members of these important dates.

If you have any questions, please contact me at kay.cotton@rov.ocgov.com or (714) 567-7606. Thanks for your assistance.

Enclosure

TRANSMITTAL OF ELECTION INFORMATION SPECIAL DISTRICT
(EC §10509, §10522)

_____ DISTRICT

DISTRICT BOUNDARIES:

Choose One:

☐ I will send to the Registrar of Voters an electronic shape file of District boundaries and the boundaries of the Divisions of the District, if any, in which a Director is to be elected at the November 4, 2014 General Election.

(Note: This is the Registrar of Voters' preferred method of transmittal.)

☐ Attached is a map showing the boundaries of this District and the boundaries of the Divisions of the District, if any, in which a Director is to be elected at the November 4, 2014 General Election.

Choose One:

Voters in the District will be voting: ☐ at-large ☐ by division

THE ELECTIVE OFFICES FOR WHICH AN ELECTION WILL BE HELD WITHIN THE SPECIAL DISTRICT ON NOVEMBER 4, 2014 ARE:

Choose One:

_____ Director(s) to be elected at-large
(# of directors)

OR

Director(s) to be elected in the following Divisions:

_____ in Division _____
(# of directors) (# of division)

_____ in Division _____
(# of directors) (# of division)

_____ in Division _____
(# of directors) (# of division)

_____ in Division _____
(# of directors) (# of division)

Please list below the names of the Incumbents/Appointed Incumbents for the above-mentioned positions:

(Name) _____ ☐ Elected ☐ Appointed (If appointed, the term ends in 20__.)

(Name) _____ ☐ Elected ☐ Appointed (If appointed, the term ends in 20__.)

(Name) _____ ☐ Elected ☐ Appointed (If appointed, the term ends in 20__.)

(Name) _____ ☐ Elected ☐ Appointed (If appointed, the term ends in 20__.)

The District authorizes the Candidate's Statement of Qualifications to contain no more than:

(Circle one) (200) or (400) words.

The District (will) (will not) pay for a Candidate's Statement of Qualifications.

Dated _____

(Signature)

(District Seal)

(Print Name)

Phone #: _____ Email: _____

Note: Please send the above information no later than **May 28, 2014** to the Registrar of Voters' office, 1300 South Grand Avenue, Building C, Santa Ana, CA 92705, Attn: Kay Cotton or email to kay.cotton@rov.ocgov.com. Send the boundary map to Rebecca Getzen at 1300 South Grand Avenue, Building C, Santa Ana, CA 92705 or at rebecca.getzen@rov.ocgov.com.



CONSENT CALENDAR ITEM

May 21, 2014

TO: Board of Directors

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

**Robert J. Hunter
General Manager**

Staff Contact: Cathleen Harris

SUBJECT: 2014/15 PAY STRUCTURE ADJUSTMENT

STAFF RECOMMENDATION

Staff recommends the Board of Directors approve the following to be effective July 1, 2014, as presented:

1. A 2.5% Pay Structure Adjustment to the District Salary Ranges; and
2. Addition of Public Affairs Coordinator, Public Affairs Manager and Accounting Manager, job classifications.

COMMITTEE RECOMMENDATION

Committee concurred with staff recommendation.

DETAILED REPORT

In March 2012, a Total Compensation Assessment was completed by Barry Newton of Creative Management Solutions. One of the recommendations made by Mr. Newton and approved by the Board was that Human Resources conduct a planned pay structure adjustment survey in February of each year of the direct labor market agencies to determine the percentage adjustment for the ranges for the upcoming fiscal year, effective July 1. The justification for this recommendation is to keep the salary ranges consistent with the market and avoid falling behind thus requiring significant adjustments to the pay structure during the Total Compensation Assessment.

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

Based on the survey data (Table 1), the average Cost of Living Adjustment increase for 2014/15 is 2.50% and the Merit amount is 4.14%. Staff is recommending the Board of Directors approve a 2.50% Pay Structure Adjustment to the District Salary Ranges as presented (Table 2), effective July 1, 2014.

Please be advised a 4% Merit Pool is included in the Proposed 2014/2015 MWDOC Budget, with 1% designated as a PERS offset for the increase to the Employee Contribution amount from 2 to 3% effective July 1, 2014.

In accordance with District Policy, a comprehensive compensation and benefits survey is to be conducted every three years to evaluate the market practices and job grading. The next comprehensive survey will be initiated in November of 2014 for completion in Spring of 2015.

In addition, staff evaluated the current job classifications within the pay structure and is recommending that in order to allow for career progression within job families and to attract and retain employees; that the following revisions be made to the pay structure:

- Add Public Affairs Manager Classification at Range 12
- Add Accounting Manager Classification at Range 14
- Add Public Affairs Coordinator Classification at Range 7

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

Attachments:

Table 1 - Merit/COLA Direct Labor Market Agency Survey
Table 2 - MWDOC Pay Structure

MERIT/COLA Direct Labor Market Agency Survey

	2014/2015			Table 1	
Agencies	COLA	MERIT	TOTAL		
City of City of Brea	NR	NR	NR		
City of Fountain Valley	NR	NR	NR		
Eastern Municipal Water District	2.30%	5.00%	7.30%		
El Toro	NC	3.80%	3.80%		
Inland Empire Utilities	3.00%	7.50%	10.50%		
IRWD	1.75%	6.50%	8.25%		
Laguna Beach County Water District	Unk	2.50%	2.50%		
Las Virgenes	NR	NR	NR		
Mesa Water District	3.00%	5.00%	8.00%		
MNWD	NC	4.00%	4.00%		
Orange County Sanitation District	Unk	Unk	NR		
Orange County Water District	2.00%	3.00%	5.00%		
San Clemente	NR	NR	NR		
Santa Ana Watershed Proj. Auth.	3.50%	1.50%	5.00%		
San Diego County Water Authority	2.50%	1.50%	4.00%		
SMWD	3.00%	5.00%	8.00%		
South Coast Water District	1.50%	2.00%	3.50%		
Three Valleys Municipal Water District	1.13%	5.00%	6.13%		
Tustin	NR	NR	NR		
Walnut Valley Water District	2.87%	5.00%	7.87%		
Central Basin Municipal Water District	NC	3.00%	3.00%		
Western Municipal Water District	3.00%	5.00%	8.00%		
Yorba Linda Water District	3.00%	5.00%	8.00%		
AVERAGES	2.50%	4.14%	6.05%		
NR = No Response					
Unk. = Waiting to make determination on amount					
NC= No Cola					
	COLA	MERIT	TOTAL		
Metropolitan Water Dist. Of So. Cal	0.25%	2.75%	3.00%		
	COLA	MERIT	TOTAL		
MWDOC	NC	3.00%	3.00%		
Pls. Note 4% is included in the MWDOC Budget with 1% designated as PERS offset for increase to Employee Contribution rate					

MWDOC PAY STRUCTURE - EFFECTIVE JULY 2014 (2.5% range increase)									
Pay Grade	Exempt / Non- Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum	
R1	NE	Office Assistant	Annual	\$31,873	\$34,645	\$37,438	\$40,231	\$43,024	
			Monthly	\$2,656	\$2,887	\$3,120	\$3,353	\$3,585	
			Hourly	\$15.32	\$16.66	\$18.00	\$19.34	\$20.68	
R2	NE	Office Specialist	Annual	\$38,227	\$41,574	\$44,921	\$48,268	\$51,616	
			Monthly	\$3,186	\$3,465	\$3,743	\$4,022	\$4,301	
			Hourly	\$18.38	\$19.99	\$21.60	\$23.21	\$24.82	
R3	NE	No Current Positions	Annual	\$41,105	\$44,708	\$48,290	\$51,893	\$55,496	
			Monthly	\$3,425	\$3,726	\$4,024	\$4,324	\$4,625	
			Hourly	\$19.76	\$21.49	\$23.22	\$24.95	\$26.68	
R4	NE	Accounting Technician	Annual	\$44,196	\$48,055	\$51,914	\$55,794	\$59,653	
R4	NE	Administrative Assistant	Monthly	\$3,683	\$4,005	\$4,326	\$4,650	\$4,971	
			Hourly	\$21.25	\$23.10	\$24.96	\$26.82	\$28.68	
R5	NE	Records Coordinator	Annual	\$47,501	\$51,658	\$55,816	\$59,973	\$64,131	
R5	NE	WEROC Programs Coordinator	Monthly	\$3,958	\$4,305	\$4,651	\$4,998	\$5,344	
			Hourly	\$22.84	\$24.84	\$26.83	\$28.83	\$30.83	
R6	NE	Sr. Admin. Assist.	Annual	\$51,061	\$55,539	\$59,994	\$64,472	\$68,928	
R6	NE	Sr. Admin. Assist./Public Affairs Assist	Monthly	\$4,255	\$4,628	\$5,000	\$5,373	\$5,744	
			Hourly	\$24.55	\$26.70	\$28.84	\$31.00	\$33.14	
R7	NE	Water Resources Analyst	Annual	\$54,899	\$59,696	\$64,493	\$69,311	\$74,108	
R7	NE	WUE Analyst	Monthly	\$4,575	\$4,975	\$5,374	\$5,776	\$6,176	
R7	NE	Public Affairs Coordinator	Hourly	\$26.39	\$28.70	\$31.01	\$33.32	\$35.63	
R8	NE	Accountant	Annual	\$59,014	\$64,173	\$69,333	\$74,492	\$79,673	
R8	NE	WUE Program Coordinator	Monthly	\$4,918	\$5,348	\$5,778	\$6,208	\$6,639	
R8	NE	Assoc. Water Resources Analyst	Hourly	\$28.37	\$30.85	\$33.33	\$35.81	\$38.30	
R9	NE	Exec. Assist/HR Specialist	Annual	\$63,427	\$68,992	\$74,535	\$80,099	\$85,642	
			Monthly	\$5,286	\$5,749	\$6,211	\$6,675	\$7,137	
			Hourly	\$30.49	\$33.17	\$35.83	\$38.51	\$41.17	

Table 2

R10	NE	Public Affairs Specialist	Annual	\$68,203	\$74,151	\$80,121	\$86,090	\$92,060
R10	NE	Sr. Accountant	Monthly	\$5,684	\$6,179	\$6,677	\$7,174	\$7,672
R10	NE	Sr. Exec. Assist. to the GM	Hourly	\$32.79	\$35.65	\$38.52	\$41.39	\$44.26
R10	NE	WUE Program Specialist						
R11	E	Public Affairs Supervisor	Annual	\$73,319	\$79,715	\$86,133	\$92,550	\$98,967
			Monthly	\$6,110	\$6,643	\$7,178	\$7,713	\$8,247
			Hourly	\$35.25	\$38.32	\$41.41	\$44.50	\$47.58
R12	NE	Financial Analyst/Database Analyst	Annual	\$78,799	\$85,706	\$92,593	\$99,500	\$106,387
R12	NE	Network Administrator	Monthly	\$6,567	\$7,142	\$7,716	\$8,292	\$8,866
R12	NE	Sr. Exec. Assist to the Board	Hourly	\$37.88	\$41.21	\$44.52	\$47.84	\$51.15
R12	E	Public Affairs Manager						
R13	E	Accounting Supervisor	Annual	\$84,726	\$92,124	\$99,543	\$106,962	\$114,360
R13	E	WUE Program Supervisor	Monthly	\$7,060	\$7,677	\$8,295	\$8,914	\$9,530
R13	E	WEROC Programs Manager	Hourly	\$40.73	\$44.29	\$47.86	\$51.42	\$54.98
R14	E	Governmental Affairs Manager	Annual	\$91,079	\$99,031	\$107,005	\$114,979	\$122,952
R14	E	Accounting Manager	Monthly	\$7,590	\$8,253	\$8,917	\$9,582	\$10,246
			Hourly	\$43.79	\$47.61	\$51.44	\$55.28	\$59.11
R15	E	Administrative Services Manager	Annual	\$97,901	\$106,472	\$115,043	\$123,592	\$132,163
R15	E	Principal Water Resources Analyst	Monthly	\$8,158	\$8,873	\$9,587	\$10,299	\$11,014
R15	E	Sr. Engineer	Hourly	\$47.07	\$51.19	\$55.31	\$59.42	\$63.54
R16	E	Director of Public Affairs	Annual	\$105,236	\$114,446	\$123,656	\$132,866	\$142,076
R16	E	Principal Water Resources Planner	Monthly	\$8,770	\$9,537	\$10,305	\$11,072	\$11,840
R16	E	WUE Program Manager	Hourly	\$50.59	\$55.02	\$59.45	\$63.88	\$68.31
R17	E	Principal Engineer	Annual	\$113,145	\$123,038	\$132,930	\$142,844	\$152,736
			Monthly	\$9,429	\$10,253	\$11,078	\$11,904	\$12,728
			Hourly	\$54.40	\$59.15	\$63.91	\$68.68	\$73.43
R18		No Current Positions	Annual	\$121,631	\$132,269	\$142,908	\$153,547	\$164,185
			Monthly	\$10,136	\$11,022	\$11,909	\$12,796	\$13,682
			Hourly	\$58.48	\$63.59	\$68.71	\$73.82	\$78.94

Table 2

R19	E	Director of Finance/IS	Annual	\$130,756	\$142,183	\$153,632	\$165,059	\$176,508
			Monthly	\$10,896	\$11,849	\$12,803	\$13,755	\$14,709
			Hourly	\$62.86	\$68.36	\$73.86	\$79.36	\$84.86
R20		No Current Positions	Annual	\$140,541	\$152,843	\$165,145	\$177,446	\$189,748
			Monthly	\$11,712	\$12,737	\$13,762	\$14,787	\$15,812
			Hourly	\$67.57	\$73.48	\$79.40	\$85.31	\$91.23
R21	E	Assistant General Manager	Annual	\$147,939	\$162,736	\$177,532	\$192,328	\$207,124
			Monthly	\$12,328	\$13,561	\$14,794	\$16,027	\$17,260
			Hourly	\$71.12	\$78.24	\$85.35	\$92.47	\$99.58
GM	E	General Manager	Annual	\$225,000.00				\$225,000.00
<div>Number of Grades = 22</div> <div>Entry Level R 1 = 20% below R2 midpoint as anchor point</div> <div>Ascending Range Spread = 35%-40%</div> <div>Grade Differential = 7.5% after R2</div> <div>Annual and Monthly amounts are based on a 40-hour work week</div>								
MWD OC LIMITED TERM PAY STRUCTURE - EFFECTIVE JULY 2014								
Pay Grade	Exempt / Non- Exempt	Job Classification	Payment Schedule	Range Minimum	25th Percentile	Range Midpoint	75th Percentile	Range Maximum
L1	NE	Office Aide	Hourly	\$11.50	\$12.37	\$13.23	\$14.09	\$14.95
L2	NE	Student Intern I (Undergraduate- Freshman/Sophomore)	Hourly	13.23	14.22	15.21	16.21	17.20
L2	NE	Maintenance Assistant	Hourly	13.23	14.22	15.21	16.21	17.20
L3	NE	Student Intern II (Undergraduate- Junior/Senior)	Hourly	15.21	16.36	17.50	18.63	19.78
L4	NE	Student Intern III (Graduate Standing)	Hourly	17.50	18.81	20.12	21.43	22.74
L5	NE	No current Positions	Hourly	20.12	21.63	23.13	24.65	26.16
L6	NE	Maintenance Technician	Hourly	20.47	23.53	26.61	29.68	32.75
<div>Number of Grades = 6</div> <div>L1-L5 Spread = 30%; L6 Spread = 60%</div> <div>Grade Differential = 15%</div>								



ACTION ITEM

May 21, 2014

TO: Board of Directors

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

Robert Hunter, General Manager Staff Contact: Karl Seckel/Richard Bell

SUBJECT: MWDOC Comment Letter on Public Review Bay-Delta Conservation Plan (BDCP) and Draft Environmental Impact Report/Environmental Impact Statement

STAFF RECOMMENDATION

Staff recommends the Board of Directors authorize the President of the Board to send a letter on behalf of MWDOC, substantially in the form presented, to the National Marine Fisheries Service regarding Public Review of the Bay-Delta Conservation Plan (BDCP) and Draft Environmental Impact Report/Environmental Impact Statement.

[It should be noted that the current public comment period is open through June 13 and that the Implementing Agreement, whose purpose is to establish the obligations of the parties toward implementation of the plan, has not been advanced for public review. It is possible that the public review period may be extended.]

COMMITTEE RECOMMENDATION

The Committee discussed the letter and noted staff's comment about the lack of availability to date of the Implementation Agreement and the upcoming due date for comments of June 13. The purpose of the Implementation Agreement is to establish the obligations of the parties toward implementation of the BDCP. The Committee preferred that if the Implementation Agreement becomes available prior to the closing date for public comments (June 13), that comments on the Implementation Agreement be included in the letter. If the Implementation Agreement does not become available until after the comment period closes, staff should submit the attached letter with a note that we would like an opportunity to review and comment on the Implementation Agreement when it becomes available.

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

SUMMARY

Staff has worked with a group of volunteers on preparation of the attached comment letter on the BDCP. The letter has a short synopsis at the beginning and then includes a variety of comments on the process. The letter was drafted in a manner to require a response to the comments noted, hence the length. The due date for comments is June 13, however, the Implementing Agreement, which is an important document, has not yet been released. Our understanding is that the Implementing Agreement is supposed to receive a 60-day review as part of the BDCP process.

Key aspects of the comment letter have to do with:

- This may be the best opportunity for a comprehensive solution for the statewide water issues and therefore, the letter supports the BDCP Preferred Alternative No. 4.
- The documents and issues are incredibly complex and lengthy and truly beyond any one human being to comprehend. We have done our best to boil down our comments to what we believe are the key ones. In such a complex process with much having to do with NEW science and understanding of the implications changes in one area will have in other areas, there will ALWAYS be a significant amount of on-going debate. Even though these documents have been in preparation for years, there is still much debate over the science of habitat and species dynamics.
- Equal standing of the coequal goals – the coequal goals of enhancing the Delta Ecosystem and achieving water supply reliability must be achieved on independent paths, meaning that one cannot be sacrificed for the other and the policy and decision-making must be consistent.
- Assurances regarding supply reliability, changed conditions & decision-making – this is central to all of the comments, assurances that what is planned to happen will happen. A lot of the details of the future operations are speculative at this time. The letter advocates for having the water Permittees at the decision-making table; it should be noted that the future governance and decision-making process involves many entities, processes, meetings, solicitations, scientific input, etc. and hence having a solid foothold by our representatives, MET and the State Water Contractors, is imperative. An important aspect of assurances means:
 - It is virtually impossible to predict the outcome of the BDCP habitat restoration efforts and endangered species population dynamics, and such a standard should not be required in the DEIR/DEIS.
 - Furthermore, this means that changed circumstances under the operation of the BDCP, including the potential for new species listing, be incorporated in such a manner to result in a minimum impact on future water supply exports.
- The comments discuss “self-reliance”. The letter has staked out the position that the 2009 Delta Legislation called for water agencies to reduce future reliance on the Delta, not to become 100 percent “self-reliant”. While efforts in these areas will continue, it is important to note that “reduced reliance” does not equate to and was never intended to require a move to 100 percent “self-reliance” and the notion of co-equal goals was never intended to result in a future with significant reduction in exports from levels achieved before the 2008 bio-opinions.

- Orange County and Southern California do not want to be “penalized” for having mandates to make additional investments in local resources without receiving credit for all that has already been done.
- From an operational scenario impacts to endangered species are controlled today by reducing exports. The BDCP Tunnel System will provide a physical means to minimize south Delta diversions and will result in greatly reduced reverse flows thereby, improving south Delta water quality and export water quality. The implementing agreement needs to recognize these benefits to allow export diversions to be restored.
- The BDCP Plan does NOT include storage. Our comment letter discusses the role storage would play with enhanced conveyance. There are concerns that if storage becomes a part of the plan, it would be a huge timing impact to re-do all of the documents and analyses to include it. Storage is being held over for a future decision.
- Decision-making regarding BDCP is a complex process. Staff has attached an excerpt from the documents on who gets to make what decisions. The Implementing Agreement will also cover the decision-making process.

Attached is the suggested comment letter on BDCP. The Board could take several actions:

1. Approve and send as presented.
2. Approve and do not send until such time as the Implementing Agreement has been issued and reviewed and/or the comment period is set to close.
3. Approve and circulate for additional comments. Steve Arakawa will be discussing BDCP at the June WACO meeting.

DRAFT ORANGE COUNTY BDCP COMMENT LETTER

Comments of (to be inserted by entity or organization) on the Draft Public Review Bay-Delta Conservation Plan (BDCP) and Draft Environmental Impact Report/Environmental Impact Statement

Comments can be provided via mail or email as follows:

MAIL TO:

BDCP Comments

Ryan Wulff, National Marine Fisheries Services

650 Capitol Mall, Suite 5-100

Sacramento, CA 95814

EMAIL TO:

BDCP.comments@noaa.gov

**This version does not include a review of the
“Implementing Agreement” as it has not yet been yet
released.**

SUMMARY OVERVIEW

The main points covered in this comment letter are:

1. MWDOC strongly supports the BDCP Preferred Alternative (No. 4) and opposes the No Action Alternative: It is critical to the state’s economy and environment that both the State and federal government expeditiously follow through with the decision for adopting and implementing the BDCP.
2. Co-Equal Goals: The BDCP must be implemented in a manner consistent with the co-equal goals adopted by the State. Preferred Alternative (No. 4) is consistent with the Delta Reform Act of 2009's co-equal goals.

3. New Facilities and In-Delta Operational Flexibility: The modernization of the Delta conveyance system is essential in order for habitat restoration and conservation to have its intended effect; Preferred Alternative (No. 4), which incorporates the 9,000 cubic feet per second (cfs) three intake, twin tunnel conveyance system, provides the best balance between operational flexibility and modernizing the conveyance system for environmental benefit and water supply reliability.
4. Reduced Future Reliance: The 2009 Delta legislation called for water agencies to reduce future reliance on the Delta, not to become 100 percent “self-reliant”. While efforts in these areas will continue, it is important to note that “reduced reliance” does not equate to and was never intended to require a move to 100 percent “self-reliance” and the notion of co-equal goals was never intended to result in a future with significant reduction in exports from levels achieved before the 2008 bio-opinions.
5. Plan Implementation and Regulatory Assurance: The BDCP must provide the needed implementation and regulatory structure and assurances to help achieve the co-equal goals.
 - a. To us, this means that it is virtually impossible to predict the outcome of the BDCP habitat restoration efforts and endangered species population dynamics, and such a standard should not be required in the DEIR/DEIS.
 - b. Furthermore, this means that changed circumstances under the operation of the BDCP, including the potential for new species listing, be incorporated in such a manner to result in a minimum impact on future water supply exports.
 - c. At this time, the Implementing Agreement, whose purpose is to establish the obligations of the parties toward implementation of the plan, has not been advanced for public review. We would request that the agreement be circulated for public comment.

6. Cost Allocation: MWDOC supports the “beneficiary pays principle” in cost allocation for all responsible parties and beneficiaries.
7. Economy, Environment and Water Management: The State Water Project (SWP) is critically important to the Orange County economy, environment and water management. Implementation of the BDCP is critical to Orange County’s future.
 - a. Orange County has invested heavily to diversify our water portfolio but the SWP remains a critical source of low salinity water supply that is currently unacceptably jeopardized by the unsustainability of the current Bay-Delta system.
 - b. Orange County relies on the SWP to support groundwater conjunctive use programs and water recycling programs - it is an essential part of our water reliability strategy that sustains our citizens and businesses.
 - c. We support the 9,000 cfs twin tunnel Preferred Alternative (No. 4) provided reasonable assurances are included regarding governance and future decision-making in the process. We strongly advocate for a seat at the table for the water Permittees in the various oversight groups. The investment and decision-making must be structured to achieve a positive outcome for both the SWP and Permittees and the ecosystem restoration in a collaborative, partnership manner.

Detailed comments follow:

INTRODUCTION OF FULL COMMENTS

(DRAFTED FOR MWDOC – AGENCIES CAN INSERT THEIR OWN BACKGROUND IN THIS SECTION)

The Municipal Water District of Orange County (MWDOC) is pleased to submit comments on the Draft Bay Delta Conservation Plan (BDCP) and Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS).

Please note that our comments on the BDCP and Draft EIR/EIS interchangeably use the terminology “BDCP”, “BDCP process”, “the Bay-Delta Fix” and the “decision-making process” to reflect the entire suite of efforts and decisions in a comprehensive manner.

The Municipal Water District of Orange County (MWDOC) is a wholesale water supplier and resource-planning agency governed by a publicly elected seven-member Board of Directors. MWDOC is the third largest member agency of Metropolitan Water District of Southern California (MET). Its service area covers all of Orange County with the exception of the three original MET member cities of Anaheim, Fullerton, and Santa Ana. MWDOC and the “Three Cities” coordinate water management planning. MWDOC serves Orange County through 27 cities and water agencies and one investor owned utility, including the Orange County Water District who manages the Lower Santa Ana River Groundwater Basin.

MWDOC’s mission is “to provide reliable, high-quality supplies [of water] from Metropolitan and other sources to meet the present and future needs [of Orange County] at an equitable and economical cost, and to promote water use efficiency for all of Orange County.” This mission is implemented through coordinated water management and planning with appropriate investments in water use efficiency, water supply development, system reliability improvements and emergency preparedness. Our mission is supported by collaboration with our member agencies and through public outreach, water education, and legislative advocacy.

MWDOC strongly supports the BDCP Preferred Alternative (No. 4) and opposes the No Action Alternative: It is critical to the state's economy and environment that both the State and federal Government expeditiously follow through with the decision for adopting and implementing the BDCP.

MWDOC strongly supports the BDCP Preferred Alternative (No. 4) with the expectation that the State and federal government will move steadily forward with its adoption by issuing the Record of Decision and Notice of Determination by the end of this year, and by implementing the Preferred Alternative in accordance with the BDCP schedule.

We compliment the State and federal agencies and stakeholders in developing a thorough, comprehensive and balanced BDCP Preferred Alternative that will help achieve the co-equal goals of ecosystem restoration and water supply reliability. It is vital that the State of California and Federal Government follow through with this tremendous effort in collaborative planning as it is a once in a lifetime opportunity to resolve the long-standing Delta problems, and the cost of no action is too high. Our expectations are that the approximate \$25 billion investment to implement and carry out the BDCP will result in greater certainty in California's water supply reliability, will make measurable improvements in water quality, and will restore significant environmental values in the Delta. The Preferred Alternative appropriately achieves the proper balance between the environmental needs of the Delta watershed with the water supply reliability needs of the entire State of California.

In spite of the world-class efforts of Orange County to provide greater water supply certainty for eight percent of California's population and the \$200 billion economy they represent, Orange County remains dependent on imported water to meet approximately 45 percent of our average annual demand, with the SWP deliveries from the Delta meeting approximately half of those needs. The Delta ecosystem and water supply conveyance problems have long been recognized, and have remained in a continuing state of degradation, conflict, and stalemate. Many years and hundreds of millions of dollars have been spent on study efforts while the delta system continues to be used for water

conveyance in a manner for which it was not intended. The longer it takes to begin the resolution, the more expensive it will become. This stalemate has been punctuated by droughts, floods, economic losses, environmental degradation and litigation every decade since the construction of the SWP in the 1960's. We can no longer delay action in the Delta, and urge the State and federal government to quickly move forward with the Preferred Alternative. Failing to act and move forward is not an acceptable alternative.

MWDOC also supports the proposed governance and implementation structure for the BDCP, as the large-scale Habitat Conservation Plan and Natural Community Conservation Plan (HCP/NCCP) to be formed under federal and state Endangered Species Act (ESA). Using the HCP/NCCP governance structure proposal will ensure that all of the project's environmental and water supply reliability goals and objectives are realized.

The bottom line is that the BDCP Preferred Alternative (No. 4) offers the best solution to achieve greater supply certainty and the governance structure to provide necessary regulatory assurances. Moreover, it provides for a sustainable and balanced solution to achieve the State's policy of co-equal goals.

COMMENTS ON THE DRAFT BDCP AND DEIR/DEIS

Co-Equal Goals: *The BDCP must be implemented in a manner consistent with the State policy of co-equal goals. Preferred Alternative (No. 4) is consistent with the Delta Reform Act of 2009's co-equal goals.*

The BDCP and Preferred Alternative (No. 4) should be adopted and implemented because they comply with State law and the Sacramento-San Joaquin Delta Reform Act of 2009. The Delta Reform Act establishes one of the basic state goals for the Delta as seeking to:

“Achieve the two coequal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the

Delta ecosystem. The coequal goals shall be achieved in a manner that protects and enhances the unique cultural, recreational, natural resource, and agricultural values of the Delta as an evolving place.” Ref: California Public Resources Code Section 29702(a).

The BDCP and the Preferred Alternative balance the co-equal goals established by the Legislature in the Delta Reform Act by proposing to improve 145,000 acres of Delta habitat and permitting new conveyance facilities which will provide operational flexibility and will improve water supply reliability from the Delta.

While some critics of the BDCP have claimed that the plan unduly favors water supply interests and will permit State Water Contractors to export more water than is currently allowed, the BDCP and the Preferred Alternative do not provide a greater amount of water for export. The BDCP estimates that the average water supplies available for export will be 4.7 million acre-feet (MAF) to 5.6 MAF per year. This is the same average currently permitted for export through the Delta today.

The Delta Reform Act of 2009 established the State policy of co-equal goals to provide a more reliable water supply and to protect, restore and enhance the Delta ecosystem. Orange County’s primary interests in the successful implementation of the BDCP are:

1. Restoration of SWP supply to pre-2008 capabilities before imposition of the 2008 Delta smelt and salmon/steelhead biological opinions,
2. Assurances that the BDCP will provide greater supply certainty into the future without further significant mandated reductions in exports due to endangered species issues without a fair and balanced procedure, and
3. Protection of the export supply from both catastrophic outages to the Delta levee system from earthquakes and floods and from long-term sea level rise.

While the project will not expand average annual exports, it will provide certainty in the water supply, protect export supplies from catastrophic

outages, and allow for a "big gulp, little sip" approach to beneficiaries. Construction of a new north Delta intake for the SWP and Central Valley Project (CVP), a significant investment for beneficiaries, would protect this critical supply from earthquake, flood and seawater intrusion risks. It also would restore a greater level of export supply certainty and reliability by providing operational flexibility that will minimize environmentally damaging south Delta diversions and reverse flows. The "big gulp, little sip" approach will allow for greater exports when excess river flows would normally discharge to the ocean and smaller, but consistent and predetermined export levels when Delta flows at normal or lower than normal levels. This approach makes sense and helps mitigate the impact of the 2008 opinions, but not at the expense of the environment.

New Facilities and In-Delta Operational Flexibility: *The modernization of the Delta conveyance system is essential in order for habitat restoration and conservation to have its intended effect; Preferred Alternative (No. 4), which incorporates the 9,000 cfs three intake, twin tunnel conveyance system, provides the best balance between operational flexibility and modernizing the conveyance system for environmental benefit and water supply reliability.*

The 9,000 cfs three intake, twin tunnel conveyance system will add a new point of diversion in the north Delta area which will provide operational flexibility in how water is conveyed across the Delta. This will mitigate entrainment of fish under the current south Delta operations and will significantly curtail reverse flows. In addition, an improved conveyance system will allow the Delta to operate more naturally by minimizing conflicts between fish and water operations. This will better enable conveyance of high flows while minimizing fishery impacts. The project would substantially reduce the take of endangered species and would protect exports from earthquake, flood and sea level rise into the future. We strongly support this foundational conservation element of the BDCP, and believe that the Proposed

Alternative (No. 4) proposes the best option for modernization of the conveyance system.

Proposed Alternative (No. 4) provides the best option for operational flexibility, and will allow for the "big gulp, little sip" approach. Southern California has made significant investment in water storage and conveyance facilities, such as the Diamond Valley Reservoir, Inland Feeder and groundwater storage facilities, to allow conjunctive use storage during periods of high flows in the system. Implementation of the Preferred Alternative (No. 4) will enable a more efficient and protective location for diversion of high flows for downstream storage and subsequent dry period use than the current system can provide.

The three proposed screened intakes in the northern Delta and proposed twin tunnels, combined with the enlarged and improved SWP Clifton Court forebay intake in the southern Delta, will provide the necessary flexibility to greatly reduce conflicts between fish and water operations. Reliance solely on the existing system is not sustainable and would cause significant long-term harm to the fishery as well as adverse impacts on SWP deliveries, as has occurred since 2008. The screened intakes proposed by BDCP in the northern Delta will significantly mitigate reverse flows and south Delta diversion impacts. The Preferred Alternative (No. 4) will enable a more natural flow pattern through the Delta estuary.

The existing system is vulnerable to future sea level rise. Salinity intrusion, especially during extended dry periods, will worsen with sea level rise. With sea level rise, the ability of the existing system to meet the co-equal goals will be increasingly difficult. The Preferred Alternative (No. 4) system will help mitigate future salinity risks to water supply. In addition, the projected change in precipitation patterns to increasing rain and decreasing snow will limit the time availability windows for diversion and capture of available river flows. This change will require increased diversion rates and storage during periods when higher flows occur. This should be a recognized benefit of the BDCP and placed within its climate adaption strategy.

The Preferred Alternative (No. 4) should also provide facility protection from major flood events, up to a 200-year storm event. This will require

establishing protective elevations at the Clifton Court Forebay as well as providing similar levels of protection at the recommended new north Delta diversion facilities. 200-year storm protection should be included in the BDCP.

The 9,000 cfs three intake, twin tunnel conveyance system would also protect the critical SWP and CVP supplies if massive Delta island levee failures should occur in the future from a major earthquake. The body of independent scientific evidence of the seismic risks in the Delta is growing. The best available science and engineering analysis of the Delta levee system has found that a major earthquake in the region would likely cause massive soil liquefaction, and failure of numerous levees resulting in relatively rapid seawater intrusion into Delta waterways and saltwater flooding of many islands. Under this scenario, SWP and CVP deliveries would be interrupted and significantly curtailed for up to three years resulting in severe economic damage to the state. The best available temporary solution would be a patchwork levee “pathway” that could only deliver a fraction of traditional supplies in the best-case scenario.

Seismic preparedness is crucial for this vulnerable segment of the statewide water delivery system, especially in the intervening years prior to completion of the tunnel system. The new northern Delta intakes and twin tunnels will protect future SWP deliveries and the economy of the state– providing a valuable insurance policy to improve the reliability of the system from natural disasters. Delays in implementation of the BDCP should be avoided and the project implementation should be expedited. Approvals should not be unreasonably withheld.

Reduced Future Reliance: The 2009 Delta Legislation called for water agencies to reduce future reliance on the Delta, not to become 100 percent “self-reliant”. The 2009 water package called for both reduced reliance and construction of improvements in the Delta.

As part of the 2009 Delta legislation, water agencies are required to reduce their future dependence on the Delta. Over the past several

years, agencies have worked to improve water use efficiency, develop alternative local supplies, and reduce their dependence on the Delta by changing the timing of water exports. These efforts are in compliance with California's policy "to reduce reliance on the Delta in meeting California's future water supply needs through a statewide strategy of investing in improved regional supplies, conservation, and water use efficiency." Ref: California Water Code Section 85021.

While efforts in these areas will continue, it is important to note that "reduced reliance" does not equate to and was never intended to require a move to 100 percent "self reliance." The 2009 Delta legislation did not intend or envision reduction or elimination in water exports from the Delta, but balanced the need for all of California to use its water resources wisely, and to reduce future pressures on the Delta ecosystem from future population and economic growth in the State.

We have grown concerned over references to "self-reliance" as this is markedly different than "reduced future reliance," which was the intent of the law. The concept of "self-reliance" is troubling as the notion of co-equal goals was never intended to result in a future with significant reduction in exports from levels achieved before the 2008 bio-opinions. We would question whether this line of reasoning seeks to establish the pretext for ever-declining yields out of the SWP and ever increasing unit costs, further stranding imported supply investments onto our ratepayers and fundamentally damaging our ability to continue to optimize our local resources (i.e. salt management in recycled water and groundwater basins).

It is our considered opinion that both improvement in supply that should be expected from the BDCP implementation and new local resource developments are necessary, as well as other longer-term federal/multi-state supply and conservation projects if we are to secure and improve our water and economic future for the benefit of a growing population.

The recently released California Water Action Plan promotes increasing self-reliance through several measures, including providing a more reliable water supply that protects export supplies from catastrophic outages from earthquakes, major floods and rising sea levels. The

California Water Action Plan focus highlights the importance of the BDCP to improve operational flexibility, protect water supplies and water quality, and restore the Delta ecosystem within a stable regulatory framework. It also goes on to state that as the Delta ecosystem improves in response to the implementation of the BDCP conservation measures, water operations would become more reliable, offering more secure water supplies. These are laudable goals of the BDCP, including restoration of export water supplies to levels that were realized before the 2008 biological opinions.

It is now time for the State and federal government to achieve the 2009 legislation's co-equal goals of improving water supply reliability and ecosystem function by implementing the BDCP.

Plan Implementation and Regulatory Assurance: *The BDCP must provide the needed implementation and regulatory structure and assurances to achieve the co-equal goals as established by the State. MWDOC submits the following comments related to plan implementation, governance and assurances.*

Regulatory Assurances

It is important to establish a more stable regulatory environment, which is one of the key goals of the BDCP. The BDCP offers a clear choice between a stable future and today's ineffective and adversarial species-by-species approach to regulation and ESA enforcement under Section 7 of the ESA. Under the BDCP, ESA regulations and provisions of the HCP/NCCP would provide for regulatory and economic assurances, and greater certainty for public water supply and fish and wildlife agencies. The core Adaptive Management and Monitoring program is encouraged and should help to realize achievement of the co-equal goals. It is virtually impossible to ascertain and predict with any precision the outcome of the BDCP habitat restoration efforts and endangered species population dynamics, and such a standard should not be required in the DEIR/DEIS.

The BDCP must provide regulatory assurances commensurate with the significant investment to be made in both improved habitat and

facilities. We generally concur with BDCP Chapter 6 Plan Implementation structure and process. It is important that under the operation of the BDCP the identified changed circumstances, including the potential for new species listing, be incorporated within the BDCP with minimum impact on future water supply exports.

Further, it is likely that unforeseen circumstances will be caused by factors other than water diversions. The plan recognizes this under Section 6.4.1 which states "... if unforeseen circumstances occur that adversely affect species covered by an HCP or NCCP, the fish and wildlife agencies will not require additional land, water or financial compensation or impose additional restrictions on the use of land, water or other natural resources." These provisions must be retained to assure fairness in the process.

Balancing and Proportionality

In the discussion of Alternatives 4, 7 and 8 in DEIR/EIS Chapter 31 (starting at line 42, pg 31-7 and ending at line 32 on pg 31-8), the rationale for the Preferred Alternative (No. 4) is provided in terms of its balancing and proportionality between upstream salmonids, in-Delta species, and export area economy and environmental needs. In addition, the incidental take limits (ITL) should be set in some proportion to the population size of the listed species and should be adjusted accordingly based on population dynamics.

This section further indicates that Preferred Alternative (No. 4) would be subject to the "scientific decision tree" mechanism to "...ensure minimization of adverse environmental effects to water exports in response to changing conditions and evolving scientific information." It is our understanding that the scientific decision tree analysis process would apply only to the Delta smelt (fall outflow issue from 2008 USFWS Biological Opinion "Reasonable and Prudent Alternative") and Longfin smelt (spring outflow operations effects) (CM1). We would hope that improved data collection of the presence and abundance of these fish be monitored over a reasonable habitat range rather than be limited to historical sampling points and procedures. We also recommend that flow changes must also be based on balancing and proportionality to the maximum extent practicable between upstream salmonids, in-Delta, and export area economy and environmental needs.

Sound Science

Sound science is critical to the success of the BDCP. We strongly support the inclusion of independent scientific investigation and research to be included in the BDCP process. The current process of reliance on agency staffs and consultants, the Delta Science Program, and independent science review panels, is very good, but it can further benefit from the inclusion of scientific investigations by researchers not part of these groups. We are also concerned that the models being used for the effects analyses may not fully consider all elements of the BDCP, as the models have recognized limitations and would likely underestimate the benefits of the BDCP. Outside expert opinions and independent research can only help the process and the process should be open to the inclusion of new scientific data and findings.

We note on page pg 31-8 the statement “Although Alternatives 7 and 8 do not include operations based on the (scientific) decision tree concept, these two alternatives would include greater levels of guaranteed spring and fall Delta outflows, which have demonstrated strong correlations with increased abundances of Delta and Longfin smelt.” We disagree with this assertion and do not believe this has been supported at an accepted scientific level. This statement should be clarified for each species where it occurs in the BDCP and DEIR/EIS. Only necessary outflows for migrating fish should be required.

Habitat Conservation Plan (HCP)/Natural Community Conservation Plan (NCCP) Structure and Governance

Establishing an HCP/NCCP in the Delta is the best vehicle for achieving the Delta’s co-equal goals, and providing assurances that both environmental protection and water supply reliability will be achieved.

It is important that the BDCP is being developed as a 50-year habitat conservation plan with the co-equal goals of restoring the Delta ecosystem and securing California water supplies. A habitat conservation plan is a proper vehicle for reaching these co-equal goals because it will bring the interested parties to the same table, and establish clear operating rules and conservation measures for the 50-year term proposed in the BDCP and its associated EIR/EIS. It is also important to note that the 50-year term proposed meets the objective

declared by the Legislature in Water Code Section 85020, which requires that the water and environmental resources of the Delta be managed over the long term.

There must be a strong voice for participating public water agencies in the BDCP process. There are good examples of multiple Permittee interests working collaboratively with resource agencies in southern California on Federal HCPs and State NCCP implementation. For example, the Metropolitan Water District of Southern California (MET) has Permittee status as part of a multi-state, multi-species HCP on the Colorado River because southern California's water supply reliability is tied to the success of the plan.

In Orange County, agencies have successfully implemented HCP/NCCPs incorporating assurances and representation for all participants. For example, in Orange County both the Santa Margarita Water District and Irvine Ranch Water District are participants in HCP/NCCP processes.

As one of the first communities in California to implement a HCP/NCCP, Orange County and the Central/Coastal HCP/NCCP demonstrated how the private and public sectors, including water agencies, can successfully partner with the resource agencies to allow for a holistic and broad-based ecosystem approach to habitat conservation and ecological protection while allowing for appropriate development and urban planning. The Central/Coastal HCP/NCCP in Orange County has demonstrated how substantial amounts of habitat can be conserved and restored based on an ecosystem approach, which better protects biological diversity and improves habitat for species of concern. Ultimately, the use of a similar HCP/NCCP, as proposed in the BDCP, will provide better ecosystem protection and restoration outcomes in the Delta.

Orange County's Central/Coastal HCP/NCCP is also a prime example of how HCP/NCCPs ensure that the habitat protection and other operating parameters agreed to in an HCP/NCCP are binding on all of the parties involved. Like the process proposed in the BDCP and the long-term 50-year permit discussed in its associated documents, the Central/Coastal HCP/NCCP is a long-term agreement with a permit in effect until 2071.

As the coordinating entity for the management of the 37,000-acre reserve system under the Central/Coastal HCP/NCCP, the Nature Reserve of Orange County serves the important role of working to implement the HCP/NCCP on behalf of its signatories. Its role is to ensure that the agreed upon natural communities and species are protected, and that the permit requirements for the reserve are met. After more than a decade, the Nature Reserve of Orange County has continued to bring all of the interested parties to the same table to ensure that the agreement reached in the HCP/NCCP is respected. We believe that the BDCP HCP/NCCP can do the same for the interests in the Delta.

Authorized Entity Group

Permittees, such as water providers, must have a strong voice in the governance of the BDCP because water providers have a huge vested interest in the success of the effort as they are directly affected by the risk to water supply by its failure. Permittees are currently envisioned as key members of the “Authorized Entity Group” which, according to the BDCP documents, “will provide input and guidance on general policy and program-related matters, monitor and assess the effectiveness of the Implementation Office in implementing the Plan and foster and maintain collaborative and constructive relationships with fish and wildlife agencies, other public agencies, stakeholders, local governments and interested parties.” This is good and effective governance and these provisions must be retained in the final plan.

Permit Oversight Group

Our understanding is that the Permit Oversight Group, consisting of representatives of state and federal fish and wildlife agencies, will ensure “that the BDCP is being properly implemented.” This group has “final decision-making about real-time operations.” The Permit Oversight Group is apparently empowered to shut down the water exports and change the permits without Permittee recourse. We believe this is flawed and inconsistent with meeting the co-equal goals.

In early administrative draft versions of the plan that were available to the public, there was an appeals process that would enable decisions to be reviewed by the Secretary of the Interior and Secretary of Commerce. We believe this appeals step is critical, as Orange County and others

across the state substantially depend on the SWP for their water supply. This change from earlier drafts would impose an unacceptable veto power without adequate recourse. The appeals process must be provided as before. Our concern is best alleviated via a balanced process including the ability for appeals. The process must avoid the more rigid and case-by-case Section 7 consultation approach that we have experienced and the uncertainty it can create.

The investment is too great to be vulnerable to unilateral actions driven solely by regulators without allowing the functioning of the BDCP plan to achieve the co-equal goals. As currently written, this provision appears to undermine the BDCP, and it needs to be revised along the lines as described.

Implementing Agreement

The “Implementing Agreement” is necessary to provide a contractual, legally-binding agreement that spells out the commitments and assurances as well as the terms and conditions for on-going implementation of the BDCP. Given the high level of BDCP investment, the water community needs reasonable certainty regarding the expected amount of water supply to be restored that was lost as a result of the 2008 biological opinions.

It should be clearly recognized in the implementation structure and agreement decision-making process that the new, screened North Delta intake system will not only greatly improve salinity control and water supply reliability from catastrophic levee failure and future sea level rise, but will avoid entrainment losses of fish as well as minimizing impingement losses from current south Delta diversions. In addition, the new intake system will provide much needed operational flexibility that will enable significant protections to endangered species as well as maintaining environmental and water quality benefits to the south Delta that are provided by the SWP and CVP. These benefits will be made possible through the ability to curtail south Delta endangered species take by changing the timing and diversion rate by use of the new North Delta intake system.

Currently, endangered species take by the existing south Delta unscreened forebay diversion operations are controlled by reducing

exports. The BDCP will provide a physical means to minimize south Delta diversions. In addition, the added operational flexibility will result in greatly reduced reverse flows and related, improved south Delta water quality, and improved export water quality. The implementing agreement needs to recognize these benefits to allow export diversions to be restored.

At this time, the Implementing Agreement, whose purpose is to establish the obligations of the parties toward implementation of the plan, has not been advanced for public review. We would request that the Implementing Agreement be circulated for public comment.

Salinity Control

Before the construction of the CVP and SWP reservoirs, salinity intrusion far into the Delta was a common occurrence during very dry years. Since the construction of Shasta and Oroville Reservoirs and with the 1978 SWRCB D-1485 water quality control decision, the CVP and SWP have provided broad salinity control benefits to the Delta that have helped to protect in-Delta agriculture and domestic uses as well as export water quality, even as San Joaquin River flows were depleted by upstream diversion. We concur that salinity control is an important component of the BDCP. We also note that natural variability must be recognized within the BDCP and some relaxation of salinity control objectives must be allowed during severe droughts.

In addition, with future sea level rise, the BDCP needs to provide for a gradual relaxation of the X2 salinity control point, as releasing more and more stored water, which is made possible by both the CVP and SWP, will cause increasingly greater shortages in water supply at increasingly greater economic impact to the state. The estuary would be expected to shift upstream with sea level rise and this should be accounted for in the 50-year permit period. The BDCP must recognize that the existing Delta agricultural areas may require some form of land use conversion into the future.

Recognize Need for Additional Upstream Storage

While not part of the BDCP plan, additional storage north and south of the Delta will be critical concurrent with improvements in conveyance to enable the capture of high flows during wet periods for subsequent use. Additional storage will be especially important during periods of prolonged drought. Such facilities would be of statewide and national benefit, and both the State and federal government should financially contribute to their development. The BDCP should recognize the need for additional upstream and downstream surface storage to realize the full benefits of Preferred Alternative (No. 4). We support the development of future storage projects as stand-alone projects outside of the BDCP Plan to help with meeting the co-equal goals.

Scientific Decision Tree and Project Yield

The BDCP holds the potential to stabilize SWP and CVP annual deliveries to between a range of 4.7 to 5.6 MAF (Prior 20-year average deliveries were 5.2 MAF) and to stabilize them within this range over the 50-year permit period, but this depends upon the future outcome of “Scientific Decision Tree” studies that will refine future spring and fall outflows. The BDCP indicates that without the BDCP the Delta will continue in ecosystem decline, future deliveries would be reduced between 3.4 to 3.9 MAF as the result of new listings, higher requirements for outflows during wet and above-normal precipitation years would be required, and using fixed limits on take rather than proportionate take based on actual population size and dynamics would be likely.

The Decision Tree process is critical; water agencies require a seat at the table to represent the water supply and economic interests of the public that we, as public agencies, serve. Further, the water agencies have a high level of interest in ensuring that adaptability will result in regulatory agencies working collaboratively with the Permittees as provided for under the state and federal ESA laws for habitat and natural community conservation plans. It is important to ensure that the process is not skewed and has not established pre-determined outflows and compliance locations.

Plan Implementation and Regulatory Assurance: The BDCP must provide the needed implementation and regulatory structure and assurances to help achieve the co-equal goals. MWDOC submits the following comments related to plan implementation, governance and assurances.

The BDCP and the 9,000 cfs three intake, twin tunnel conveyance system would significantly improve export water quality by reducing total dissolved solids (TDS), bromide, dissolved organic carbon (DOC) and other contaminants that currently impact the south Delta. This is especially important for Orange County for a broad range of water management purposes. It is our understanding, that future SWP deliveries under the Preferred Alternative (No. 4) would realize a reduction in concentrations, on average, of approximately 20 percent from existing conditions. Reductions in TDS, bromide and DOC will help to sustain Orange County's groundwater basins, enhance recycling usage, and reduce treatment and consumer costs. Improving source water quality is an important value of the BDCP.

Reductions in DOC and bromide in SWP water will lower disinfection by-product formation in public water systems. Compliance with these U.S. Environmental Protection Agency and California Department of Public Health regulated compounds requires expensive water treatment to meet public health requirements. Reducing DOC levels will also reduce chemical and energy usage in ozone or chlorine based disinfection processes saving the ratepayer money and reducing environmental impact.

Further, given the high TDS and hardness levels in Colorado River water, lower TDS and softer SWP water is essential to help manage the long-term salt balance in southern California and Orange County groundwater basins, thereby, minimizing treatment costs, reducing penalty costs to consumers, and lowering the cost of recycled water projects. Lower TDS source water helps many of the elements of our Southern California reliability strategy, as well as achieving compliance with Regional Water Quality Control Board Basin Plan objectives and discharge limitations.

Water Quality Improvements and Regional Compliance with Section 85021

The Water Code directs that “Each region that depends on water from the Delta watershed shall improve its regional self-reliance for water through investment in water use efficiency, water recycling, advanced water technologies, local and regional water supply projects, and improved regional coordination of local and regional water supply efforts”, reference California Water Code Section 85021. Orange County and Southern California have complied with the California Water Code by taking great strides to improve its regional self-reliance, but the BDCP and a reliable supply of imported water is still needed.

Many of the opponents of the proposed BDCP process state that development of local supplies, water reuse, conservation and water use efficiency can take the place of the supply and reliability projects proposed in the BDCP. The reality is that the solution to California’s water problems requires action on all of these fronts in addition to the BDCP. While California should continue to develop local supplies, improve water reuse, and move towards greater water use efficiency and conservation, those efforts would be hampered without the BDCP Preferred Alternative (No. 4) and the water quality improvements which will be obtained as a result of those projects and changes in operations.

Expected water quality improvements in SWP supplies from the BDCP in reduced salinity, total organic carbon and bromide would result in water quality benefits and would promote water recycling and reuse. A reduction at the source means that these water quality challenges are less of a problem once the water is recycled, and would allow for better quality in the recycled water produced in Orange County and Southern California. A better quality recycled water will allow water to be used for a greater number of cycles.

Orange County’s future depends on high quality, reliable and affordable imported water supplies. If we do not have the expected high quality and reliable supply from the SWP that would be made possible by the BDCP, it would seriously jeopardize groundwater basin management and expanded local recycling projects, many of which may not be economically feasible without the high quality water received from the

SWP. Moreover, a high quality SWP supply also supports long-term economic management and protection of groundwater basins from salinization and reduces overall consumer penalty costs from corrosion and scaling.

Cost Allocation: *MWDOC supports the “beneficiary pays principle” in cost allocation for all responsible parties and beneficiaries*

All beneficiaries and responsible parties of the BDCP must contribute to the solution, including any diverter of water from the system (north or south of the Delta). Moreover, in-Delta interests have been significant contributors to the modification of habitat, continue to discharge pollutants into the waterways, have caused the subsidence of the Delta islands and need for ever higher and unstable levees that risk both habitat and exports, and have benefited from operations of the projects. Accordingly, these interests have a moral and financial responsibility to directly participate in any solutions as do other responsible parties. Where habitat is to be created by modifying or restoring Delta islands to a more natural state, the in-Delta interests should work collaboratively to facilitate such actions.

Further, any recipient of water should pay the cost of water conveyance improvements in line with the proportion of overall water supplies they receive. Economic values associated with end uses of the water should have no bearing on the cost allocation of the BDCP; it is solely a matter of paying one’s share of the cost of development of the water supply.

Furthermore, all Californians will benefit from a solution in the Delta through the improved habitat and reliable water supply that will be created; a stronger overall economy benefits everyone. Consequently, the State and federal government should step up to fund the costs of environmental and habitat improvements as well as providing funding support for flood control, levee improvements, fisheries, invasive species control and other programs within their jurisdictions.

Economy, Environment and Water Management: The State Water Project is critically important to the Orange County economy, environment and water management.

Economic Impacts

The BDCP and DEIR/DEIS "No Project Alternative" analysis should include an evaluation of the economic impact of not strengthening California's water supply and the impact that "no action" has on the state's economic hubs as part of its overall evaluation. The BDCP evaluates the economic impact of the project's potential for growth inducement; however, it does not adequately take into account the economic impact of failing to secure water reliability for the state's economic centers. MWDOC urges inclusion of these impacts.

The economy of California is largely driven by economic activity in the San Francisco Bay Area and Southern California. To put the economic contributions of these areas in perspective it is important to note that Los Angeles and Orange counties contribute roughly \$766 billion to California's gross state product (GSP). The Bay Area contributes \$534 billion, and San Diego County contributes \$177 billion. These three areas alone comprise nearly 75% of the state's \$2 trillion GSP.

Orange County has a population of 3.1 million people, approximately eight percent of California's entire population, and an economy with a gross domestic product of about \$200 billion or 10 percent of the state's overall economy of \$2 trillion. Orange County's share of California's non-farm businesses was about 10 percent in 2011, and in 2007 Orange County accounted for \$49 billion (10 percent) of California's manufacturer's shipments and \$98 billion (16 percent) of California's merchant wholesaler sales. In addition, Orange County is a major regional employment, higher education and tourism center.

Orange County is an economic powerhouse for the state; the lifeblood of any economy is a reliable and secure water supply. MWDOC's 2010 Urban Water Management Plan indicates water demand for municipal and industrial use is expected to increase from approximately 485,000 acre-feet per year (AFY) to nearly 568,000 AFY by 2035. For all of Orange County, the total demand of 627,000 AFY is expected to increase to 726,000 AFY by 2035. Regional and local innovative programs and

investments in water use efficiency have saved an estimated 75,000 AFY to date in the county.

The San Francisco Bay Area and Southern California depend heavily on the Bay-Delta with nearly one third of their water supplies coming from Delta exports, and the economic vitality of these areas is dependent upon a secure and reliable water supply. The bottom line is that a dependable water supply is essential to business operations and expansion that will continue to strengthen our state's economy and increase employment. The BDCP should take into account the economic cost of not providing a secure and dependable water supply in its economic impacts analysis. Given the importance of Southern California and the Bay Area to California's economy, the cost of no BDCP, without the Preferred Alternative (No. 4), would be extremely large and would greatly exceed any economic benefits of other alternatives that were considered.

It is also noteworthy that the Delta is a key water supply for 25 million California residents, largely located in the economic centers discussed above. The risk of a large earthquake in Northern California causing severe damage to the Delta grows greater with each day a comprehensive Delta solution is not implemented. If the State and federal government do not move forward on the BDCP, we are risking great environmental damage, a loss of substantial water supply to more than two-thirds of California's residents and businesses, and associated economic losses into the future.

We also risk severe and possibly permanent damage to our State's agricultural economy. The water from the Delta supports more than 5 million acres of California agriculture. These 5 million acres represents more than 80 percent of the United States' food production and more than 500,000 jobs. Loss of water as a result of failure in the Delta will mean California's agriculture will lose an essential water supply.

That loss of water will result in millions of acres of unproductive land and a loss of jobs in communities which have already suffered great losses as a result of our most recent economic downturn and during the current severe drought. Without implementing the comprehensive

environmental and conveyance solution proposed by the BDCP, we risk permanent damage to California's \$44.7 billion agriculture industry.

The development of a secure and reliable water supply for the citizens of California is important to the economic vitality of our state. The BDCP will provide stability in California's water infrastructure by providing a process that can result in a more dependable, high quality SWP water supply.

Orange County Environment and Water Management

The recent droughts of 1977-78, 1987-92, 1999-00, 2007-08 and the current drought demonstrate the precarious nature of the federal, state, regional and local water supply systems serving California. Throughout the state, the current acute drought, natural climate variability and climate change, agricultural cutbacks due to lack of water and continuing groundwater overdraft, increasing population and need for an ever growing economy, have brought to the light that water supply solutions and challenges are looming larger and more complex. This has led many to an increasing recognition that we have entered an era of uncertainty and potential era of water scarcity if we do not plan for the future.

Recent droughts and a greater understanding of climate change impacts have demonstrated that supply uncertainty and variability pose great risks to our economy and the natural environment. We remain confident that we have the combined ability to help solve these long-term problems. One key part of this solution is to fix the "broken Delta" through the program developed and recommended in the BDCP.

MWDOC and its member agencies have made significant investments in local resources and water management. Orange County water agencies are recognized leaders in water use efficiency, storm water conservation, groundwater basin management, wastewater management, water recycling and reuse, and advanced water treatment technologies. In north Orange County, the Orange County Water District is recognized as a world leader in indirect water recycling through their award winning Groundwater Replenishment System, a project that now recycles 72,000 AFY, is under construction to be expanded to recycle 100,000 AFY with plans to recycle up to 130,000 AFY in the near future.

These programs with imported water enable OCWD groundwater producers to meet about 70% of their water supply needs from the groundwater production. Conjunctive use of the basin with imported water and its utilization remains dependent on the availability of high quality imported water that can be replenished during wet periods.

Through innovative, multi-agency approaches, MWDOC and its agencies develop, implement, and evaluate water use efficiency programs that provide multiple benefits, including improved irrigation efficiency, increased utilization of California Friendly landscapes, and pollution prevention through programs that help to reduce dry weather urban runoff. Our programs include educational classes on water-wise landscaping, irrigation performance reporting, water use surveys for hotels and industrial customers, and consumer incentives for water-efficient devices. To evaluate the effectiveness of such devices, MWDOC conducts studies to monitor water savings and urban runoff reduction.

Through these efforts, Orange County's water use today is less than it was in 1990 even with population growth of 683,000 and jobs growth of 204,000 respectively. Overall, MWDOC has documented conservation of about 75,000 AF per year (active and passive). Despite these efforts, Orange County is still reliant on purchases of imported water from MET to meet about 45 percent of our current needs. About one-half this need is met from the SWP.

South Orange County is much more reliant on imported water, having few local resources other than water recycling and a few small groundwater basins that are nearly fully developed. Regional recycling planning is underway to evaluate how best to maximize the use of recycled water in South Orange County. In addition, studies are underway for evaluating the feasibility of augmenting the groundwater supply from the San Juan Creek alluvial basin through replenishment with recycled water. The southern portion of Orange County despite its best efforts remains heavily dependent upon the Delta.

A number of retail agencies in south Orange County are recognized leaders in water use efficiency and conservation based rate structures, water recycling, and water reliability projects. For example, Irvine Ranch Water District, Moulton Niguel Water District, El Toro Water

District, Santa Margarita Water District, Trabuco Canyon Water District and the cities of San Juan Capistrano and San Clemente are recognized leaders in water recycling and management through the use of dual distribution systems and community planning.

Orange County ratepayers have invested heavily in local resources in past years both directly and through MET. These investments through MET water supply purchases helped fund the \$2 billion Diamond Valley Reservoir and \$1 billion Inland Feeder that allow SWP deliveries during wet periods to be delivered into storage Southern California reservoirs. In addition, at least \$1 billion in local recycling and groundwater recovery projects have been made, including water use efficiency and conjunctive use since 1991. Combined, these investments provide the ability to efficiently use existing supplies, develop additional local supplies, and to store water in wet years for subsequent dry year use.

Orange County is also exploring ocean desalination, another potential local supply. It is also a key feature of planning in Orange County with the innovative subsurface intake system being examined for the planned 15 million gallon per day Doheny Ocean Desalination Project in Dana Point and permitting of the 50 million gallon per day Poseidon Resources desalination plant in Huntington Beach.

Despite all of these efforts and investments, Orange County will continue to be dependent upon imported water. Completion and successful implementation of the BDCP is paramount to achieving the reliability that supports water management in Southern California. These local investments have helped meet the water needs of a growing productive population and reduced the otherwise growing pressure on water imports - our agencies should not be “penalized” by additional mandated investments that do not recognize and account for investments that have already been made.

Summary: Implementation of the BDCP is critical to Orange County's future

- Orange County has invested heavily to diversify our water portfolio but the SWP is a critical source of low salinity water

supply that is currently unacceptably jeopardized by the unsustainability of the current Bay-Delta system.

- Orange County relies on the SWP to support groundwater conjunctive use programs and water recycling programs - it is an essential part of our water reliability strategy that sustains our citizens and businesses.
- It is time to adopt and move the BDCP to implementation in order that we can achieve the co-equal goals of a reliable water supply for California and ecosystem restoration for the Delta.
- The 9,000 cfs twin tunnel BDCP Preferred Alternative (No. 4) will improve export water supply operations, reliability and water quality from the Delta in a manner that is protective of endangered species in the Delta.
- We support the 9,000 cfs twin tunnel Preferred Alternative (No. 4) provided reasonable assurances are included regarding governance and future decision-making in the process. We strongly advocate for a seat at the table for the water Permittees in the various oversight groups. The investment and decision-making must be structured to achieve a positive outcome for both the SWP and Permittees and the ecosystem restoration in a collaborative, partnership manner.

Thank you for your time and consideration of these comments.

Sincerely,

(Letter Signatory)

Chapter 7

Implementation Structure

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BDCP, the Plan	Bay-Delta Conservation Plan
CDFW	California Department of Fish and Wildlife
CEQA	California Environmental Quality Act
CESA	California Endangered Species Act
CFR	Code of Federal Regulations
CVP	Central Valley Project
Delta Conservancy	Sacramento-San Joaquin Delta Conservancy
DWR	California Department of Water Resources
EIR	environmental impact report
EIS	environmental impact statement
EPA	U.S. Environmental Protection Agency
ESA	federal Endangered Species Act
Fish & Game Code	California Fish and Game Code
HCP	habitat conservation plan
IEP	Interagency Ecological Program
NCCP	natural community conservation plan
NCCPA	California Natural Community Conservation Planning Act
NEPA	National Environmental Policy Act
NMFS	National Marine Fisheries Service
NOAA	National Oceanographic and Atmospheric Administration
Reclamation	Bureau of Reclamation
ROA	restoration opportunity area
SFCWA	State and Federal Contractors Water Agency
State Water Board	State Water Resources Control Board
SWP	State Water Project
USACE	U.S. Army Corps of Engineers
USC	United States Code
USFWS	U.S. Fish and Wildlife Service

Chapter 7

Implementation Structure

This chapter describes the institutional structure and organizational arrangements that will be established to govern and implement the Bay Delta Conservation Plan (BDCP or the Plan), and sets out the roles, functions, authorities, and responsibilities of the various entities that will participate in Plan implementation. The implementation structure is designed to ensure that sufficient institutional expertise, capacity, resources, and focus are brought to bear to accomplish the goals and objectives of the BDCP, that the entities receiving regulatory authorizations are accountable to those agencies granting the regulatory authorizations, and that the decision-making process regarding the implementation of the Plan is transparent and understandable to the public.

The BDCP implementation structure will help ensure effective and efficient Plan implementation and ongoing compliance with the provisions of the Plan and its associated regulatory authorizations. This approach will also facilitate the clear delineation of roles and responsibilities among the public and private entities participating in the process and help define the nature of their engagement. This approach reflects the commitment to maintain and encourage ongoing collaboration among the parties with an interest in the Delta, and to facilitate adaptive and responsive Plan implementation, guided by new information and scientific understanding.

The approaches to Plan governance set out in this chapter have been designed solely to facilitate the implementation of BDCP actions. If, over the course of Plan implementation, matters arise that are outside the scope of the BDCP, any proposed actions related to those new matters may be implemented through the BDCP only upon appropriate modifications and/or amendments to the Plan.

The California Department of Water Resources (DWR), Bureau of Reclamation (Reclamation), and those state and federal water contractors who receive take authorizations for activities covered under the BDCP, will have ultimate responsibility for compliance with the provisions of the BDCP and the associated regulatory authorizations. The implementation of the BDCP, however, will be organized around a newly created BDCP Implementation Office, which will be managed by a Program Manager and governed by the Authorized Entities through the Authorized Entity Group. The U.S. Fish and Wildlife Service (USFWS), National Marine Fisheries Service (NMFS), and California Department of Fish and Wildlife (CDFW) (collectively referred to as the state and federal fish and wildlife agencies) will maintain an ongoing role in Plan implementation, including participation in the Permit Oversight Group, to ensure that such implementation proceeds in a manner consistent with the BDCP and its associated regulatory authorizations. Through the Permit Oversight Group, the state and federal fish and wildlife agencies will be involved in certain specified implementation decisions and will lend technical and scientific expertise to the implementation process. The Authorized Entities will work in a collaborative manner with the fish and wildlife agencies to implement the BDCP. In addition, a Stakeholder Council will be created and regularly convened to enable public agencies, nongovernment organizations, interested parties, and the general public to provide ongoing input into the BDCP implementation process.

The Implementation Office will also coordinate with the Delta Stewardship Council, Delta Science Program, Sacramento-San Joaquin Delta Conservancy (Delta Conservancy), and Delta Protection Commission to ensure appropriate engagement and collaboration on matters of common interest.

This approach to Plan implementation is expected to ensure the timely, efficient, and proper implementation of the commitments contained in the BDCP.

7.1 Roles and Responsibilities of Entities Involved in BDCP Implementation

The parties that will be engaged in the implementation of the BDCP recognize that substantial coordination and cooperation between the Permit Oversight Group, the Authorized Entity Group, the Implementation Office, and various stakeholders will be necessary to ensure the overall success of the Plan. As such, these parties will, on an ongoing basis, collaborate on various elements of Plan implementation. The Program Manager, through the Implementation Office and under the direction of the Authorized Entity Group, will manage the implementation of the BDCP and ensure that such implementation proceeds in compliance with the Plan, the Implementing Agreement, and the associated regulatory authorizations. With respect to those state or federal agency functions not subject to assignment or delegation, DWR and Reclamation will each name a designated official to approve and assist in the execution of those functions, in coordination with the Implementation Office.¹ Various other parties, including the state and federal fish and wildlife agencies, other public agencies, nongovernment organizations, interested parties, and the public will be integral to the process of shaping decisions and effectuating actions set out in the BDCP. This section describes the roles and responsibilities of these parties in the implementation process. Table 7-1 summarizes the governance process for key decisions expected during Plan implementation. The organization of the implementation is illustrated in Figure 7-1, and the roles of implementation staff are illustrated in Figure 7-2.

7.1.1 Program Manager

The Program Manager will manage, coordinate, oversee, and report on all aspects of Plan implementation, subject to the oversight of the Authorized Entity Group and the limitations set out in this chapter related to the development, operation, and maintenance of the State Water Project (SWP) and the Central Valley Project (CVP) facilities and the administration of the Adaptive Management and Monitoring Program. The Program Manager will report to the Authorized Entity Group, and act in accordance with the group's direction.

¹ The designated state and federal officials will be charged with the responsibility for approving and executing, in coordination with the Implementation Office, those departmental functions that may not be delegated or assigned to other parties.

1 **Table 7-1. BDCP Governance Decision-Making**

Decision	Who initiates?	Who has input?	Who makes decision?	Who has final authority to decide the matter?	Final decision subject to review process? ¹
Program Management					
Selection of Program Manager (Section 7.1.1.1)	Authorized Entity Group (AEG)	Permit Oversight Group (POG); Stakeholder Council	Authorized Entity Group	AEG	No
Selection of Science Manager (Section 7.1.1.2)	Program Manager	POG; AEG; Stakeholder Council	Program Manager	Program Manager	No
Oversight and administration of program funding and resources and of contracting (except for water conveyance infrastructure)	Program Manager	Stakeholder Council	Program Manager in conjunction with designated State and Federal agents	AEG	No
Oversight and implementation of conservation measures (except water operations)	Program Manager	AMT, Stakeholder Council	Program Manager	AEG	No
Implementation of outreach, compliance monitoring and reporting requirements	Program Manager	Stakeholder Council	Program Manager	AEG	No
Annual Work Plan (Section 7.1.3.1)	Program Manager	AEG; POG; Stakeholder Council	AEG review and approval. POG concurrence that plans are consistent with past decisions that involve the POG	AEG	Yes
Annual Progress Report/Annual Water Operations Report	Program Manager	AEG; POG; Stakeholder Council; Real Time Operations Team	AEG review and approval	POG	No
Formal amendment (Section 7.2.11)	Program Manager	AEG	AEG review and approval	POG	No
Adaptive Management and Monitoring					
Adaptive management change to a conservation measure (water operations and non-water related)	AMT (proposals may be submitted by any party or	AEG; POG; Stakeholder Council (Technical Facilitation Subgroup)	AEG and POG	Regional director of relevant federal agency(ies) (USFWS or	Yes

Decision	Who initiates?	Who has input?	Who makes decision?	Who has final authority to decide the matter?	Final decision subject to review process? ¹
measures)	stakeholder)			NMFS) and/or CDFW director ²	
Adaptive management change to a biological objective	AMT (proposals may be submitted by any party or stakeholder)	AEG; POG; Stakeholder Council	AEG and POG	Regional director of relevant federal agency(ies) (USFWS and/or NMFS) and/or CDFW director	Yes
Adaptive management change to problem statement and model refinement	AMT	AEG; POG; Delta Science Program; Interagency Ecological Program; Stakeholder Council	AEG and POG, if no consensus among AMT	POG	Yes
Development and modification of monitoring and research plans	Program Manager	AMT, AEG, POG, Delta Science Program, Interagency Ecological Program, Stakeholder Council	AEG and POG	POG	Yes
Science Review initiation and panel selection (independent and internal)	AMT and/or AEG/POG	AMT; AEG; POG; Stakeholder Council	AEG and POG	POG	Yes
Water Operations					
Annual Delta Water Operations Plan (Sections 7.1.4 and 7.3.2.1)	DWR and Reclamation	Implementation Office; POG; AMT; Stakeholder Council; Real Time Operations Team	DWR and Reclamation (POG review and concurrence regarding consistency with BDCP and associated authorizations)	DWR and Reclamation	Yes
Real-time operations changes	Real Time Operations Team	Case-by-case, as needed	Real Time Operations Team	Regional director of relevant federal agency(ies) (USFWS or NMFS) and/or CDFW director	No
Notes: ¹ See Section 7.1.7 <i>Review of Disputes Regarding Implementation Decisions</i> for details. ² DWR and Reclamation need to confirm that any changes to a conservation measure are within their legal authority to implement.					

The Program Manager, with the assistance of the Implementation Office staff, will ensure that the BDCP is properly implemented throughout the duration of the Plan. Among other things, the Program Manager will manage and/or monitor the implementation of implementation actions associated with the protection and restoration of habitat; reduction of ecological stressors; management of conserved habitat; and operation of the water projects, including the development of infrastructure. The Program Manager will also oversee the preparation of annual and 5-year work plans, budgets, and reports; and will implement the public outreach program. As set forth in this chapter, the Program Manager will engage the Authorized Entity Group, the Permit Oversight Group, the Stakeholder Council, and other interested groups and entities in matters related to Plan implementation.

7.1.1.1 Program Manager: Selection and Designation of Staff

The Authorized Entity Group will select the Program Manager. Prior to making its selection, the Authorized Entity Group will take the following actions.

- Solicit qualified candidates for the Program Manager position.
- Consult with the Permit Oversight Group regarding the selection process and the qualifications of the candidates, and invite the Permit Oversight Group to participate in the interview process.
- Confer with the Stakeholder Council regarding the selection process.

The Program Manager will have the following minimum qualifications.

- At least 10 years of experience in the field of natural resources management.
- Experience with complex natural resources issues, including water resources issues.
- Experience with state and federal regulatory processes that affect water and other natural resources that fall within the scope of the BDCP.
- Experience with multi-stakeholder processes.
- Experience with the administration or management of large-scale programs or projects, including experience with budget management.
- Excellent communication skills.

The Program Manager may be retained under the Intergovernmental Personnel Act (5 United States Code [USC] 3371–3375), through personal services contracts, or other appropriate mechanisms.

The specific roles and responsibilities of the Program Manager are described in further detail throughout this chapter.

7.1.1.2 Science Manager: Selection and Function

A position will be established within the Implementation Office for a Science Manager. The Science Manager will be responsible for handling technical and scientific matters on behalf of the Program Manager and will focus on ensuring that decisions related to Plan implementation are guided by the best available scientific information.

The Program Manager will select the Science Manager. Prior to making this selection, the Program Manager will consult with the Authorized Entity Group and the Permit Oversight Group regarding

1 the selection process and the qualifications of the candidates, and invite the Authorized Entity Group
2 and Permit Oversight Group to participate in the interview process. The Program Manager will also
3 confer with the Stakeholder Council on the selection process.

4 The Science Manager will have the following minimum qualifications.

- 5 • Educational and professional background in relevant scientific disciplines.
- 6 • At least 10 years of experience in the management of large programs.
- 7 • Substantial experience and involvement in the management of large-scale research or
8 monitoring programs.
- 9 • Familiarity with water management and ecological issues related to the Delta.
- 10 • Excellent communication skills.

11 The Science Manager will report to the Program Manager and will, among other things, assume the
12 following responsibilities.

- 13 • Serve as Chair of the Adaptive Management Team and assist the team in the development and
14 administration of the Adaptive Management and Monitoring Program, in coordination with the
15 Interagency Ecological Program (IEP) and other science programs.
- 16 • Serve as a member of the IEP Coordinators.
- 17 • Engage in regular communication and coordination with the Delta Science Program and the
18 Independent Science Board, in a manner consistent with California Water Code Section 85820,
19 as well as with other outside scientists and, with the guidance of the Adaptive Management
20 Team, coordinate or contract with the Independent Science Board, the Delta Science Program, or
21 other scientists to obtain input and review, to support the Adaptive Management and
22 Monitoring Program.
- 23 • Support the Program Manager in the preparation of plans, reports and other technical
24 documents.
- 25 • Assist in building sufficient scientific capacity and resources within the Implementation Office
26 and the IEP to advance the goals and objectives of the BDCP.
- 27 • With guidance from the Adaptive Management Team, assist in synthesizing and presenting the
28 results of studies and research, compiling the findings of monitoring efforts, and summarizing
29 the current scientific knowledge on relevant Delta resources to the Program Manager, the
30 Authorized Entity Group, Permit Oversight Group, Stakeholder Council, and others.

31 Matters relating to the conduct of scientific reviews and the solicitation of independent scientific
32 advice to assist in the implementation of the BDCP, including independent science review of
33 adaptive management decisions affecting water operations, will be managed by the Adaptive
34 Management Team, in a manner that ensures their independence and scientific integrity. The
35 Adaptive Management Team, through the Science Manager, will coordinate such efforts with the
36 Delta Science Program, the IEP, Stakeholder Council, the Authorized Entity Group, and the Permit
37 Oversight Group.

7.1.1.3 Implementation Office: Function, Establishment, and Organization

The Program Manager will establish, organize, and direct the Implementation Office. To ensure that the commitments reflected in the BDCP are carried out in a timely and efficient manner, the Program Manager, through the Implementation Office, will institute processes and procedures to adequately address planning, budgeting, sequencing, and scheduling needs related to Plan implementation. Under the direction of the Program Manager, the Implementation Office will function with a significant level of independence. However, the Program Manager and the Implementation Office staff will work closely with the Authorized Entity Group on a range of matters, particularly with respect to actions that affect water operations, and will be responsive to the Authorized Entity Group, regardless of the entity through which the Program Manager and the Implementation Office staff have established employment relationships. In addition, for those activities involving functions that, under state and federal law, cannot be delegated (e.g., water operations, water contracting, procurement, expenditures of state and federal funds), the Program Manager will coordinate with the appropriate designated state or federal official to ensure that the necessary function is carried out. The Program Manager will also, to the extent appropriate, solicit input from the Stakeholder Council on a range of implementation matters.

Specifically, under the direction of the Program Manager, the Implementation Office will assume responsibility for the implementation of the following broad range of actions.

- Oversight and coordination of administration of program funding and resources.
- Preparation of annual budgets and work plans.
- Establishment of procedures and approaches to implement plan actions.
- Oversight of and/or engagement in the implementation of conservation measures.
- Technical and logistical support to the Adaptive Management Team with respect to the administration of the Adaptive Management and Monitoring Program,
- Coordination with Delta-wide governance entities, including the Delta Stewardship Council, the Delta Science Program, the Delta Protection Commission, and the Delta Conservancy.
- Implementation of public outreach programs.
- Fulfillment of compliance monitoring and reporting requirements, including the preparation of annual reports.

The Implementation Office will not be responsible for the construction or operation of SWP and/or CVP facilities; instead, it will monitor water operations to assemble the information necessary to evaluate and report on compliance with the provisions of the Plan, the Implementing Agreement, and the associated regulatory authorizations, as described in Chapter 6, *Plan Implementation*, Section 6.3, *Planning, Compliance and Progress Reporting*. The BDCP sets out the parameters within which DWR and Reclamation will conduct SWP and CVP operations and infrastructure development. DWR and Reclamation may choose to operate the SWP and CVP and develop new project infrastructure using their current organizational capacity or by contract with other entities.

The Program Manager will fulfill the staffing needs of the Implementation Office by drawing from existing personnel at DWR, Reclamation, State and Federal Contractors Water Agency (SFCWA), and from other sources, including from sources outside of agencies, if appropriate and if such personnel

1 possess the expertise and experience necessary to carry out the tasks associated with BDCP
2 implementation. The specific staffing needs of the Implementation Office will be determined by the
3 Program Manager, with input from the Authorized Entity Group and the Permit Oversight Group.
4 Staff assigned to the Implementation Office will act under the direction of the Program Manager. The
5 engagement of personnel from DWR, Reclamation, and other entities, however, will not affect or
6 modify the existing authorities of federal, state, and local agencies or nongovernmental
7 organizations that pertain to personnel matters. Personnel may be retained under the
8 Intergovernmental Personnel Act (5 USC 3371–3375); through personal services contracts, or other
9 appropriate mechanisms. The Authorized Entities and the fish and wildlife agencies will each
10 designate a lead representative from their respective agencies to serve as liaisons to the
11 Implementation Office.

12 The Program Manager will budget for, oversee, and coordinate management of the funds and other
13 resources needed to carry out the Program Manager’s responsibilities for Plan implementation. The
14 Program Manager will seek to ensure that the funding commitments set out in the BDCP and its
15 Implementing Agreement are being met. Consistent with its respective funding commitments, each
16 of the signatories to the Implementing Agreement will dedicate, hold, and release funds and
17 resources necessary for Plan implementation; will not commingle these funds with other funds or
18 resources of the agency; and will be responsible for all appropriated funds and other funds
19 entrusted to it. Each of these signatories will retain final authority over the expenditure of funds it is
20 required to dedicate for BDCP implementation.

21 The Implementation Office may enlist other entities to carry out on its behalf actions associated with
22 the BDCP, including implementation of the conservation measures (Section 7.1.8, *Supporting*
23 *Entities*). Notwithstanding the assignment of such responsibilities, the Implementation Office will be
24 responsible for ensuring that the work is carried out and completed in a manner that complies with
25 the provisions of the BDCP and its associated regulatory authorizations. As part of that
26 responsibility, the Implementation Office will oversee and coordinate the management of contracts
27 with these other entities, in conjunction with the designated state and federal officials as applicable,
28 and monitor and verify the sufficiency of the work.

29 **7.1.1.4 Assignment of Responsibilities**

30 The Authorized Entity Group will assign the Program Manager certain responsibilities concerning
31 the implementation of the BDCP. The Authorized Entity Group will provide the Program Manager
32 with sufficient capacity and capability to execute these responsibilities and effectively implement
33 the BDCP and will explicitly define the scope of responsibilities assigned to the Program Manager.

34 **7.1.1.5 No Delegation of Authority**

35 The assignment of responsibility to the Program Manager and the Implementation Office will not
36 alter or modify existing authorities, mandates, and obligations of the Authorized Entities or any
37 other participating state and federal agency participating in Plan implementation. No general
38 delegation of authority by the Authorized Entities to the Implementation Office, including the
39 Program Manager or to any employee assigned to the Implementation Office will occur, although
40 specific delegation may occur in the event that it is considered by the delegating Authorized Entity
41 to be beneficial to the efficient operation of the Implementation Office. Any such delegation will be
42 conferred, in writing, by the delegating Authorized Entity to the Program Manager, and will be

reviewed by that agency from time to time. No unauthorized delegation of state or federal authority to the Program Manager or the Implementation Office will occur.

7.1.2 Entities to Receive Regulatory Authorizations

The BDCP provides the basis for the issuance of regulatory authorizations, under the federal Endangered Species Act (ESA) and the California Natural Community Conservation Planning Act (NCCPA), for the take of certain fish and wildlife species that result from the implementation of covered activities and associated federal actions (Chapter 4, *Covered Activities and Associated Federal Actions*). Take authorizations will be sought by federal and nonfederal entities under the following authorities.

- Nonfederal entities will seek regulatory coverage pursuant to ESA Section 10(a)(1)(B) and NCCPA Section 2835.
- Federal agencies will seek regulatory coverage under ESA Section 7(a)(2) for federally listed species.

DWR, Reclamation, and those state and federal water contractors that receive take authorizations for activities covered under the BDCP are referred to collectively as the Authorized Entities.

The Authorized Entities will have responsibility for compliance with the provisions of the BDCP and regulatory authorizations, regardless of whether another entity is assigned the responsibility for carrying out a required action. Consistent with their roles and responsibilities under the Plan, the Authorized Entities and the Program Manager may enter into agreements individually, amongst themselves, or with other entities, for the purpose of facilitating the implementation of the BDCP by the Implementation Office. Such agreements will not affect or diminish an Authorized Entity's established authority or control over a covered activity, such as the operation of the SWP and CVP, or any other plan action, as provided by law or pursuant to the BDCP and its Implementing Agreement.

Certain other entities may also obtain take authorizations under the Plan for covered activities other than water operations associated with the SWP or the CVP, as specified in Chapter 4, *Covered Activities and Associated Federal Actions*. Such other entities will be known as Other Authorized Entities.

7.1.2.1 Authorized Entities

The entities identified in this section are anticipated to be Authorized Entities for the purpose of the BDCP and its associated regulatory authorizations. The activities that will be covered under the regulatory authorizations issued to the Authorized Entities are identified and described in Chapter 4, *Covered Activities and Associated Federal Actions*. These activities will be covered under take authorizations issued to the Authorized Entities pursuant to ESA Section 10(a)(1)(B) and Section 2835 of the California Fish and Game Code (Fish & Game Code). Activities that are addressed by the BDCP and carried out by Reclamation are referred to in Chapter 4 as Associated Federal Actions. Those actions are subject to the consultation requirements of ESA Section 7. Reclamation will seek take authorizations under ESA Section 7 for those actions, as well as actions outside the scope of the BDCP related to the coordinated operations of the SWP and CVP.

7.1.2.1.1 California Department of Water Resources

The State of California owns, and DWR manages and operates, the existing SWP Delta facilities, including the Clifton Court Forebay and the Banks Pumping Plant. Pursuant to the BDCP, DWR seeks state and federal regulatory authorizations to continue to operate such facilities. The State of California, through DWR, will construct, own, and operate any new diversion and conveyance facilities described in this plan.

7.1.2.1.2 Bureau of Reclamation

The United States owns, and Reclamation operates, the existing CVP Delta facilities, including the Jones Pumping Plant and the Delta Cross Channel. For Delta operations, the BDCP will provide the basis for the ESA Section 7 consultation on the coordinated long-term operation of the CVP. Reclamation will likely enter into an agreement with DWR to wheel CVP water through a new conveyance facility. Reclamation will not be an applicant for coverage under Section 10 of the ESA. Reclamation's expenditures in furtherance of the Plan will conform to the requirements of federal law.

7.1.2.1.3 SWP and CVP Contractors

The SWP and CVP water contractors receive water under contract from the projects. They will participate in various aspects of the implementation of the BDCP, including the implementation of certain conservation measures. Pursuant to the BDCP, the SWP and CVP contractors will seek permits under Section 10(a)(1)(B) of the ESA and Section 2835 under the NCCPA for covered activities, as set out in Chapter 4, *Covered Activities and Associated Federal Actions*. The water contractors are expected, on an individual basis or through SFCWA, to be Authorized Entities under the Plan. However, the decision whether to grant permits under Section 10 of the ESA resides with USFWS and NMFS and, under NCCPA, with CDFW. The status of the water contractors as Authorized Entities will not provide them with any new authority over water project operations decisions or result in the delegation of authority from any state or federal agency. The water contractors may choose to carry out their responsibilities under the BDCP through SFCWA or other appropriate entities.

7.1.2.2 Other Authorized Entities

The BDCP covers certain diversions of water not associated with the SWP or the CVP. These activities are described in Chapter 4, *Covered Activities and Associated Federal Actions*. Take of covered species associated with these activities will be authorized through the state and federal take permits issued to DWR under the BDCP. The entities or individuals that receive such regulatory coverage will be considered Other Authorized Entities. However, these Other Authorized Entities will not be members of the Authorized Entity Group nor will they have a specific role in the governance of the BDCP, other than as potential members of the Stakeholder Council.

7.1.3 Authorized Entity Group

The Authorized Entity Group will be established to provide program oversight and general guidance to the Program Manager regarding the implementation of the Plan. The Authorized Entity Group will consist of the Director of DWR, the Regional Director for Reclamation, and a representative of the participating state contractors and a representative of the participating federal contractors, if they

are issued permits pursuant to the Plan. The Authorized Entity Group will be responsible for ensuring that the management and implementation of the BDCP are carried out consistent with its provisions, the Implementing Agreement, and the associated regulatory authorizations.

7.1.3.1 Function

The Authorized Entity Group will provide oversight and direction to the Program Manager on matters concerning the implementation of the BDCP, provide input and guidance on general policy and program-related matters, monitor and assess the effectiveness of the Implementation Office in implementing the Plan, and foster and maintain collaborative and constructive relationships with the State and federal fish and wildlife agencies, other public agencies, stakeholders and other interested parties, and local government throughout the implementation of the BDCP.

The Authorized Entity Group will also engage in more specific matters, such as consideration of proposed adaptive management actions and review and approval of an Annual Work Plan and Budget and the Annual Delta Water Operations Plan. The group's review of the work plan and budget will focus primarily on the programmatic aspects of Plan implementation. The Authorized Entity Group will seek the advice and input, and in certain instances review and concurrence, from the Permit Oversight Group and as appropriate, the Stakeholder Council, with respect to these matters. The Program Manager will make the day-to-day decisions necessary to carry out the Annual Work Plan and to otherwise properly implement the BDCP.

The Program Manager will organize, convene, and provide support to the Authorized Entity Group and its proceedings,² including its meetings with the Permit Oversight Group. The Program Manager will further ensure that the Authorized Entity Group receives and reviews all proposed work plans, reports, budgets, and other relevant information generated by the Implementation Office, the state and federal fish and wildlife agencies, the Adaptive Management Team, and other sources. The Program Manager will further ensure that the Authorized Entity Group has sufficient opportunity to provide input regarding these documents.

The participation of the Authorized Entities on the Authorized Entity Group will not trigger or otherwise cause a delegation of authority or responsibility for any of the implementation actions described in the BDCP from one Authorized Entity to another or to the Implementation Office. Rather, the specific roles and level of involvement in implementation actions are defined either by existing statutory and regulatory mandates or by provisions set out in this Plan and its associated Implementing Agreement. For many of the implementation actions and commitments, a specific Authorized Entity will have the sole responsibility for implementation; for other actions and commitments established by the Plan, the Authorized Entities may be jointly and severally responsible for their implementation. For instance, the operation of the SWP will remain under the control and responsibility solely of DWR; likewise, the operation of the CVP will continue to be under the control and responsibility of Reclamation. As such, while it is expected that the Authorized Entity Group will express a single position of the group regarding a matter under its consideration, the entity(ies) with statutory or regulatory authority over the matter will make the final determination.

The Program Manager will solicit input on the draft Annual Work Plan and Budget from the Permit Oversight Group, the Adaptive Management Team, and the Stakeholder Council, and submit the plan

² In the event that the Program Manager position is vacant, then DWR and Reclamation will designate agency staff to serve this role until such time as the position has been filled.

1 and budget to the Authorized Entity Group for review and approval. As part of this process, the
2 Permit Oversight Group will review the draft plan and provide written concurrence prior to the
3 Authorized Entity Group's approval that the draft accurately sets forth and makes adequate
4 provision for the implementation of the applicable joint decisions of the Authorized Entity Group
5 and the Permit Oversight Group or decisions of an agency within the Permit Oversight Group with
6 authority over the matter. The content of the Annual Work Plan and Budget and the timing of
7 preparation and submission of the document to the Authorized Entity Group are described in
8 Chapter 6, *Plan Implementation*, Section 6.3, *Planning, Compliance, and Progress Reporting*.

9 The Authorized Entity Group will meet on a schedule of its own choosing, but at a minimum, on a
10 quarterly basis. The Authorized Entity Group may also be convened by the Program Manager, as
11 needed, to review issues that arise during the implementation of the Annual Work Plan and Budget.
12 The Program Manager may further request that the group reconvene to consider proposed
13 amendments to the Annual Work Plan and Budget. The Authorized Entity Group will also meet with
14 the Permit Oversight Group (Section 7.1.5, *Permit Oversight Group*), at least on a quarterly basis to
15 review Plan implementation issues, including those related to the adaptive management and
16 monitoring program and the restoration and preservation of habitat.

17 The Authorized Entity Group will institute procedures with respect to public notice of and access to
18 its meetings and its meetings with the Permit Oversight Group. The date, time, and location of the
19 meetings will be posted on the BDCP website at least 10 days prior to such meetings. The meetings
20 will be held at locations within the City of Sacramento or the legal Delta. All meetings will be open to
21 the public.

22 **7.1.4 DWR and Reclamation: Operation of the SWP and CVP** 23 **and Preparation of the Annual Delta Water Operations** 24 **Plan**

25 Implementation of the conservation measures related to water facilities and water operations, as
26 described in *CM1 Water Facilities and Operation* and *CM2 Yolo Bypass Fisheries Enhancement of*
27 Chapter 3, *Conservation Strategy*, will be the responsibility of DWR and Reclamation or entities with
28 whom they may contract. DWR and Reclamation will retain their authority to operate the SWP and
29 the CVP within the parameters of the BDCP and other applicable laws and regulations.

30 The federal and state operators of the SWP and the CVP will prepare coordinated operation plans for
31 the federal and state projects, including the Annual Delta Water Operations Plan as described in
32 Chapter 6, *Plan Implementation*, Section 6.3, *Planning, Compliance, and Progress Reporting*. DWR and
33 Reclamation will seek input from the Implementation Office, Permit Oversight Group, Adaptive
34 Management Team, and the Stakeholder Council regarding the draft Annual Delta Water Operations
35 Plan. DWR and Reclamation will retain final approval authority over the plan; however, the Permit
36 Oversight Group will, within 30 days of receipt of the draft plan, or as soon as practicable thereafter,
37 review the draft plan and provide written concurrence that the plan is consistent with the
38 provisions of the BDCP, the Implementing Agreement, and the associated regulatory authorizations.
39 If the Permit Oversight Group concludes that the plan is not consistent, it will notify DWR and
40 Reclamation in writing, within the 30-day timeframe, of the specific reasons for its conclusion. In
41 such event, DWR and Reclamation may modify the plan to the satisfaction of the Permit Oversight
42 Group. If they do not, DWR, Reclamation and the Permit Oversight Group will, in a timely manner,
43 meet and confer in an effort to resolve the matter in dispute. If these parties are unable to reach

resolution, the review process (Section 7.1.7, *Review of Disputes Regarding Implementation Decisions*) may be invoked by any of these parties. The Implementation Office will incorporate, for informational purposes, the final Annual Delta Water Operations Plan into the BDCP Annual Work Plan and Budget (Chapter 6, *Plan Implementation*, Section 6.3, *Planning, Compliance, and Progress Reporting*).

Decisions related to real-time water operations will be the responsibility of the Real Time Response Team, as described in Chapter 3, *Conservation Strategy*.

7.1.5 Permit Oversight Group

The Permit Oversight Group will be composed of the state and federal fish and wildlife agencies, specifically, the Regional Director of USFWS, the Regional Administrator of NMFS, and the Director of CDFW or their designees. On the basis of the BDCP, USFWS, NMFS, and CDFW are expected to issue regulatory authorizations to the Authorized Entities and Other Authorized Entities pursuant to the federal ESA and the NCCPA, as applicable. Consistent with their authorities under these laws, the fish and wildlife agencies will retain responsibility for monitoring compliance with the BDCP, approving certain implementation actions, and enforcing the provisions of their respective regulatory authorizations. In addition to fulfilling those regulatory responsibilities, the state and federal fish and wildlife agencies will also provide technical input on a range of implementation actions that will be carried out by the Implementation Office. The Permit Oversight Group will not be a separate legal entity nor will it be delegated any authority by the member agencies.

7.1.5.1 Function

To ensure that the BDCP is being properly implemented, the Permit Oversight Group will coordinate agency review of the actions being implemented under the Plan and assessments of compliance with the provisions of the Plan, its Implementing Agreement, and associated regulatory authorizations. The Permit Oversight Group will be involved in certain decisions relating to the implementation of water operations and other conservation measures, actions proposed through the adaptive management program or in response to changed circumstances, approaches to monitoring and scientific research. The Implementation Office will work with the Permit Oversight Group and the Authorized Entity Group to institute mutually agreeable processes to enhance opportunities for such collaboration and engagement.

The Permit Oversight Group will have the following roles, among others, in implementation matters:

- Approve, jointly with the Authorized Entity Group, changes to conservation measures or biological objectives proposed by the Adaptive Management Team (Section 7.1.5, *Permit Oversight Group*).
- Decide, jointly with the Authorized Entity Group, all other adaptive management matters for which concurrence has not been reached by the Adaptive Management Team (Section 7.1.5, *Permit Oversight Group*).
- Role in decision-making regarding real-time operations, consistent with the criteria of *CM1 Water Facilities and Operation* and other limitations set out in the BDCP and annual Delta water operations plans. (The roles of the parties in decision-making regarding real-time operations are still under consideration and will be addressed in Chapter 3, *Conservation Strategy*.)
- Provide input into the selection of the Program Manager and the Science Manager.

- 1 • Provide input and concur with the consistency of specified sections of the Annual Work Plan and
2 Budget with the BDCP and with certain agency decisions.
- 3 • Provide input and concur with the consistency of the Annual Delta Water Operations Plan with
4 the BDCP.
- 5 • Provide input and accept Annual Reports.
- 6 • Provide input and approve plan amendments.

7 The participation of the state and federal fish and wildlife agencies on the Permit Oversight Group
8 will not trigger or otherwise cause a delegation of authority or responsibility for any of their
9 regulatory actions described in the BDCP from one such agency to the Permit Oversight Group or to
10 another Permit Oversight Group agency. Rather, the specific roles and level of involvement in
11 implementation actions are defined by existing statutory and regulatory mandates and by
12 provisions set out in this Plan and its associated Implementing Agreement.

13 For those actions that are regulatory in nature or require the concurrence and/or approval of the
14 Permit Oversight Group, there will be one written communication, to the maximum extent
15 practicable, relaying the position of the Permit Oversight Group on the issue in question. In
16 developing this communication, the three member agencies will coordinate with each other to
17 evaluate interspecies conflicts and determine actions that meet the needs of all covered species, and
18 they will ensure consistency among the federal agencies and, to the extent possible, among all three
19 agencies in the application of their respective regulatory authority. Subject to the requirements for
20 consistency above, nothing in this section will limit the ability of any Permit Oversight Group agency
21 to exercise its discretion through individual correspondence in circumstances where project
22 operating agency action is imminent and there is not sufficient time to coordinate correspondence.
23 Nothing in the this section will limit application of authorities with respect to necessary Section 7
24 correspondence related to annual or seasonal operations of the CVP.

25 **7.1.5.2 Participants**

26 **7.1.5.2.1 California Department of Fish and Wildlife**

27 CDFW is the agency of the State of California authorized to act as trustee for the state's wildlife.
28 CDFW administers and enforces the California Endangered Species Act (CESA), the NCCPA, and
29 other provisions of the Fish & Game Code. CDFW is authorized to enter into agreements with federal
30 and local governments and other entities for the conservation of species and habitats, to authorize
31 take under CESA and the NCCPA, and to provide regulatory assurances under the NCCPA. As a
32 member of the Permit Oversight Group, CDFW will confer, on an ongoing basis, with the
33 Implementation Office and the Authorized Entity Group on various aspects of Plan implementation,
34 including participation in operations decisions, the adaptive management process, and the
35 monitoring and science programs. CDFW will also maintain responsibility for plan enforcement,
36 consistent with the NCCPA and other authorities. CDFW owns and manages land in the Plan Area,
37 and may, at the request of the Implementation Office, enter into agreements whereby it operates
38 and maintains certain habitat areas that are developed through BDCP habitat preservation and
39 restoration actions. CDFW is jointly responsible for implementation of the Ecosystem Restoration
40 Program, which was established to advance ecosystem restoration projects in the San Francisco Bay
41 Delta and its tributaries.

7.1.5.2.2 National Marine Fisheries Service

NMFS is an agency of the U.S. Department of Commerce authorized by Congress to administer and enforce the ESA with respect to marine mammals and certain fish species (including anadromous fish); to enter into agreements with states, local governments, and other entities to conserve federally threatened, endangered, and other species of concern; to authorize incidental take under ESA; and to provide regulatory assurances in accordance with 50 Code of Federal Regulations (CFR) Section 222.307(g). As a member of the Permit Oversight Group, NMFS will confer, on an ongoing basis, with the Implementation Office and the Authorized Entity Group on BDCP implementation, including participation in the operations decisions and adaptive management processes and the monitoring and science programs. NMFS will also maintain responsibility, jointly with USFWS, for Plan enforcement consistent with the ESA and other authorities. NMFS is jointly responsible for implementation of the Ecosystem Restoration Program, which was established to advance ecosystem restoration projects in the San Francisco Bay Delta and its tributaries.

7.1.5.2.3 U.S. Fish and Wildlife Service

USFWS is an agency of the U.S. Department of the Interior authorized by Congress to administer and enforce the ESA with respect to terrestrial wildlife, certain fish species, insects and plants, to enter into agreements with states, local governments, and other entities to conserve threatened, endangered, and other species of concern, to authorize incidental take under ESA, and to provide regulatory assurances in accordance with 50 CFR Section 17.22(b)(5) and Section 17.32(b)(5). As a member of the Permit Oversight Group, USFWS will confer, on an ongoing basis, with the Implementation Office and the Authorized Entity Group on various aspects of Plan implementation, including participation in operations decisions, the adaptive management process, and the monitoring and science programs. USFWS will also maintain responsibility, jointly with NMFS, for plan enforcement consistent with the ESA and other authorities. USFWS may also, at the request of the Implementation Office, enter into agreements whereby it operates and maintains certain habitat areas that are developed through BDCP habitat preservation and restoration actions. USFWS is jointly responsible for implementation of the Ecosystem Restoration Program, which was established to advance ecosystem restoration projects in the San Francisco Bay Delta and its tributaries.

7.1.6 Adaptive Management Team

The Adaptive Management Team will have primary responsibility for administration of the adaptive management and monitoring program described in Chapter 3, *Conservation Strategy*, Section 3.6, *Adaptive Management and Monitoring Program*, and will decide when and on what terms to seek independent science review to evaluate technical issues for the purpose of supporting adaptive management decision making. The Adaptive Management Team will have primary responsibility for the development of performance measures and effectiveness monitoring and research plans; analysis, synthesis, and communication of monitoring and research results; soliciting independent scientific review; and developing proposals to adapt (e.g., proposed modifications to the biological objectives and conservation measures). The Adaptive Management Team will ensure an appropriate level of integration between the BDCP adaptive management and monitoring program and the Delta Science Plan (Section 3.6.2.4, *Integration with the Delta Science Plan*).

The Adaptive Management Team will be responsible for integrating adaptive management and monitoring activities into one cohesive program. The roles and responsibilities of the Adaptive

1 Management Team to implement the adaptive management process are discussed further in
2 Sections 3.6.3.5.1 and 3.6.3.4. Information obtained from monitoring and research activities will be
3 used by the Adaptive Management Team to develop proposed changes to conservation measures or
4 biological objectives to improve, on an ongoing basis, the outcomes associated with water resource
5 management and ecological restoration commitments reflected in the Plan.

6 The Adaptive Management Team will be chaired by the Science Manager, and will consist of
7 representatives of DWR, Reclamation, a CVP contractor-Permittee, a SWP contractor-Permittee,
8 CDFW, USFWS, and NMFS, who will serve as voting members; and the IEP Lead Scientist, the Delta
9 Science Program lead scientist or a designee, and the Director of the NOAA Southwest Fisheries
10 Science Center, who will serve as nonvoting members. The directors of DWR and CDFW and the
11 regional directors of Reclamation, USFWS, and NMFS will each designate a management-level
12 representative to the Adaptive Management Team who can represent both policy and scientific
13 perspectives on behalf of their agency, including on matters related to adaptive management
14 proposals and research priorities.

15 The Adaptive Management Team will operate by consensus.³ In the event that consensus is not
16 achieved, the matter will be elevated to the Authorized Entity Group and the Permit Oversight Group
17 for resolution. Any proposed changes to conservation measures or biological objectives will be
18 elevated to the Authorized Entity Group and the Permit Oversight Group for their concurrence or for
19 their own determination regarding the matter. If concurrence is not achieved, the entity or entities
20 with decision-making authority will make a decision, subject to the review process set forth Section
21 7.1.7, *Review of Disputes Regarding Implementation Decisions*. The Adaptive Management Team may
22 invite individuals or convene subteams consisting of individuals who are not members of the team
23 to provide input into specific issues under consideration. These individuals or groups of individuals
24 may be from the technical staffs of the entities represented on the Adaptive Management Team, the
25 Technical Facilitation Subgroup of the Stakeholder Council, or other entities or institutions, as
26 deemed appropriate by the team. As part of its deliberations, the Adaptive Management Team may
27 seek input from independent scientists or from other appropriate sources, including the Technical
28 Facilitation Subgroup of the Stakeholder Council. Operation of the Adaptive Management Team,
29 with respect to making decisions and development recommendations, is described in Section
30 3.6.3.5.2, *Operation of the Adaptive Management Team*.

31 The Program Manager may request that the Adaptive Management Team provide internal scientific
32 review (internal to the Implementation Office) on specific technical issues of importance to the
33 success of the adaptive management program and the conservation strategy implementation. The
34 Adaptive Management Team will also assess on a regular basis the overall efficacy of the adaptive
35 management program, including the results of effectiveness monitoring, selection of research and
36 adaptive management experiments, and relevance of new scientific information developed by others
37 (e.g., universities, Delta Science Program) to determine whether changes in the implementation of
38 the conservation measures and the monitoring program would improve the effectiveness of the
39 BDCP in achieving its biological goals and objectives.

40 The Adaptive Management Team will hold public meetings at least quarterly, and will otherwise
41 determine its meeting schedule and rules of operation. The Program Manager will institute
42 procedures with respect to public notice of, and access to, these meetings. Other meetings of the

³ For the purpose of this section, *consensus* will be considered to be reached if either all members of the Adaptive Management Team agree to the proposal at hand or no member of the team dissents from the proposal.

Adaptive Management Team in which changes to the BDCP conservation strategy (e.g., biological objectives or conservation measures) are being proposed will also be noticed and open to the public. Information considered in developing any proposed actions will be presented in those public meetings.

7.1.7 Review of Disputes Regarding Implementation Decisions

Various entities (e.g., the Authorized Entity Group, Permit Oversight Group, and their member agencies) will be responsible for making decisions to implement the BDCP. With respect to those proposed implementation decisions for which the Authorized Entity Group and the Permit Oversight Group are unable to reach agreement on a matter in which they have joint decision-making authority, or in which a member(s) of the Authorized Entity Group and/or Permit Oversight Group does not agree with the resolution of the matter by the entity with authority over the matter, the dispute will be resolved pursuant to the following process.

The Authorized Entity Group and/or the Permit Oversight Group, who may jointly agree to enlist the assistance of the Program Manager and the Science Manager or others as appropriate, will describe the basis for the dispute and options that may be available to assist the parties in seeking resolution. In the event that the Authorized Entity Group and the Permit Oversight Group are unable to resolve the issue at hand, the entity with decision-making authority over the matter will make a final decision.

Prior to that final decision by the entity with decision-making authority, any member of the Authorized Entity Group or the Permit Oversight Group may initiate a nonbinding review process concerning the matter in dispute. The decisions that are eligible for this nonbinding review process are listed in Table 7-1. A member of either group may trigger this process by providing the Authorized Entity Group and the Permit Oversight Group with a written notice of dispute that describes the nature of the dispute and a proposed approach to resolution. Such notice must be provided to the parties within 14 days of the memorialization of the disputed issue.

Within 14 days of the issuance of the written notice of dispute, the parties, with the assistance of the Implementation Office, will form a three member panel of experts. One member of the panel will be selected by the Authorized Entity Group, one member will be selected by the Permit Oversight Group, and a third member will be selected by mutual agreement of the first two panel members. No discovery will be allowed. At its discretion, the panel may meet and confer with any of the parties regarding the matter and gather whatever available information it deems necessary and appropriate. Within 14 days of the submittal of the written positions of the parties, a non-binding recommendation will be issued by a majority of the panel, in writing, which will include a statement explaining the basis for the recommendation.

Within 14 days of issuance of the panel's nonbinding recommendation, the entity with final decision-making authority over the matter will consider those recommendations, as well as any other relevant information concerning the issue at hand, and convey its final decision regarding the matter to the Authorized Entity Group and the Permit Oversight Group.

The availability of this review process will have no effect on the ability of a party to pursue legal remedies that may otherwise be available regarding a disputed matter. The recommendations of the

panel are not intended to be given special deference by a reviewing court relative to the expert judgment of the agency making the final decision.

7.1.8 Other Regulatory Agencies

The BDCP has been developed as a habitat conservation plan pursuant to the ESA and the NCCPA. To implement the BDCP, certain implementation actions will need to conform to the requirements of various other state and federal laws and regulations not specifically addressed by the Plan. Prior to the implementation of many of the implementation actions set out in the BDCP, regulatory authorizations and approvals will need to be obtained from state and federal agencies under applicable laws. To facilitate compliance with these laws and regulations, the Implementation Office will work closely with the appropriate regulatory agencies to plan in advance of future permitting needs and to develop documentation to provide the basis for, and establish processes to expedite, such authorizations.

It is expected that the actions set out in the BDCP are likely to require the involvement of state and federal agencies that administer regulatory programs under the following statutes: California Water Code sections 1000 *et seq.* (water rights), Water Code Sections 13000 *et seq.* (water quality), Fish & Game Code sections 1600 and 5900 *et seq.* (channel modification, fish screens), Clean Water Act Section 401 (water quality) and Section 404 (placement of dredge and fill), Rivers and Harbors Act Section 408 (work on levees), Rivers and Harbors Act Section 10 (navigation), the Migratory Bird Treaty Act (migratory birds), and the Federal Energy Regulatory Act implemented by the Federal Energy Regulatory Commission.

7.1.9 Supporting Entities

The Implementation Office, through the Program Manager, may request that other entities, referred to as Supporting Entities, perform certain implementation tasks, where such entities have the authority, resources, expertise, and willingness to successfully undertake and complete the task. Where specific tasks are so assigned, the Program Manager will ensure that tasks and associated responsibilities are carried out properly and in coordination with other implementation actions. The Authorized Entities may also be Supporting Entities. Other Supporting Entities may include the following entities.

- The Delta Conservancy, which has been designated by statute as a primary state agency to implement ecosystem restoration in the Delta.
- Sponsors of regional conservation planning programs, including those engaged in natural community conservation plan (NCCP) and/or habitat conservation plan (HCP) development or implementation, or of other similar conservation programs, that overlap or are adjacent to the Plan Area.
- State and federal agencies, including NMFS, USFWS and CDFW.
- Other public agencies and private entities that have authority, capacity, or expertise to implement actions described in the conservation strategy in a cost-effective, reliable, and timely manner.

The Program Manager will oversee each Supporting Entity's performance of its responsibility for carrying out a specific task. Decisions by the Program Manager to engage another entity in the implementation of specific plan elements or actions will be accomplished by written contract and

will be based on the entity's jurisdictional authority, level of expertise, and its capacity to carry out the element or action in a timely and successful manner. The Program Manager, with the concurrence of the Authorized Entity Group, may terminate a Supporting Entity's role in Plan implementation in the event that the Supporting Entity does not perform a task adequately.

The take authorizations that will be issued pursuant to the BDCP will provide regulatory coverage under the ESA and the NCCPA for all activities covered by the Plan. As such, no additional take authorizations will be required to implement these activities, regardless of whether the action is carried out by the Implementation Office or a supporting entity.

7.1.10 Stakeholder Council

The Stakeholder Council will be formed to provide opportunities for interested parties to consider, discuss, and provide input on matters related to the implementation of the BDCP. The primary purpose of the council is to provide a forum for the stakeholders to assess the implementation of the Plan, and to propose to the Implementation Office ways in which Plan implementation may be improved. The Stakeholder Council will be organized and convened by the Program Manager, who will also serve as a member of the council.

7.1.10.1 Membership

The Stakeholder Council will consist of representatives from entities and organizations with an interest in BDCP-related issues or otherwise engaged in BDCP matters. At a minimum, representatives of the following entities will be invited to participate on the Stakeholder Council.

- Representatives of DWR and Reclamation
- Representatives of SWP and the CVP water contractors
- Representatives of Other Authorized Entities
- Representatives of USFWS, NMFS, and CDFW
- Representatives of other state and federal regulatory agencies, including the U.S. Army Corps of Engineers (USACE), the U.S. Environmental Protection Agency (EPA), and State Water Resources Control Board (State Water Board)
- A representative of the Delta Stewardship Council
- A representative of the Delta Protection Commission
- A representative of the Delta Conservancy
- A representative of the Central Valley Flood Protection Board
- Representatives of San Joaquin, Sacramento, Solano, Yolo, and Contra Costa Counties

Additional members will be selected from the following categories by the Secretary of the California Natural Resources Agency, in consultation with the directors of the relevant departments of the agency, such as DWR and CDFW. The public may submit nominations for these additional members. Each member will serve a term of 4 years, and may be reappointed without limit and may serve until such time as they are replaced.

- At least three representatives from conservation groups with expertise in fish and wildlife management and/or the management of aquatic habitats and other natural lands

- At least three representatives of local government agencies within the Delta
- At least one representative of fishing organizations
- At least one representative of hunting organizations
- At least one representative of recreation organizations
- At least two representatives of Delta reclamation districts
- At least two representatives of Delta agriculture
- At least three scientists with expertise in the management of natural lands, and native plant and animals species
- At least one representative of water agencies located in the Sacramento Valley
- At least one representative of water agencies in the San Joaquin River watershed
- One representative from organized labor working in the building trades
- One representative from the exclusive representatives of state-employed scientific or engineering professionals
- Other stakeholders whose assistance will increase the likelihood of the success of Plan implementation, including delta civic organizations and members of the general public.

7.1.10.2 Function

The Program Manager will convene and facilitate the Stakeholder Council on at least a quarterly basis to exchange information and provide input to the Program Manager concerning the current significant issues at hand. Stakeholders will have the opportunity to inquire about implementation matters, be apprised by the Program Manager of issues of interest, and make recommendations concerning pending decisions and other implementation matters. Stakeholder Council meetings will be open to the public.

For the benefit of the Stakeholder Council members and the general public, the Program Manager will provide information and conduct briefings regarding Plan implementation. Briefings will include presentations of drafts of the Annual Report, Annual Work Plan and Budget, Annual Delta Water Operation Plan, the Annual Water Operations Report, and the 5-Year Implementation Plan, as described in Chapter 6, *Plan Implementation*. In addition, to further facilitate access to information and promote transparency in decision-making, the Implementation Office will maintain a public, on-line data base of key documents and information, such as annual implementation reports, work plans, and budgets (Chapter 6, *Plan Implementation*, Section 6.3, *Planning, Compliance, and Progress Reporting*).

The Stakeholder Council will develop its own internal organization and process to consider and provide input regarding the various aspects of BDCP implementation, including matters related to work plans and budgets, water operations plans, implementation of conservation measures, adaptive management changes, monitoring and reporting activities, scientific research and review processes, and annual reports. The Technical Facilitation Subgroup will be established to provide input to the Implementation Office and the Adaptive Management Team on technical and scientific matters. The Stakeholder Council process will complement, but not substitute for, ongoing collaboration and communication between stakeholders and the Implementation Office; the Authorized Entity Group, the Permit Oversight Group, and their member entities. The

Implementation Office will organize, help convene, and provide support to the Stakeholder Council and its proceedings.

7.1.10.3 Dispute Resolution

With respect to those matters that are considered by the Stakeholder Council, it is expected that the council will make reasonable efforts to provide input to the Program Manager and the Authorized Entity Group that reflects the general agreement of the members. Any member of the council, however, will have the right to object to any proposal of the Program Manager concerning the annual work plans, annual reports, budgets, the acquisition of land and water interests, or the major elements of the adaptive management program, as set out in Chapter 3, *Conservation Strategy*, and Chapter 6, *Plan Implementation*. Any member may also object to any prior implementation action taken by the Program Manager. Any such objections will be made on the basis that the proposed or prior action will not adequately contribute to achievement of the goals and objectives of the BDCP, or is inconsistent with the requirements of the Plan, and/or the permits and authorizations.

In consultation with the Implementation Office, the Stakeholder Council will establish a process for efficient consideration and resolution of any objections that may arise within the council related to Plan implementation. Under that process, a member of the Stakeholder Council may, at its discretion, object to a proposal or prior action related to such implementation. The member may object on behalf of itself or an entity it represents. The council will make reasonable efforts to resolve the dispute by general agreement. The Stakeholder Council will take action on a dispute within 60 days. If the dispute is not resolved within the 60-day period, the issue in dispute will be elevated to the Authorized Entity Group for its consideration. If the issue remains unresolved between the Authorized Entity Group and objecting member(s) of the Stakeholder Council for over 90 days, it will be referred for decision by the entity with the locus of responsibility for the matter in dispute. For this purpose, *locus of responsibility* means primary responsibility to decide the matter, after which the matter will be ripe for implementation, while recognizing that multiple entities may have some relevant responsibility.

For those matters in which the Stakeholder Council has provided input, the position of the council, including any dissenting views, will be conveyed to the Implementation Office in a timely manner. Those position(s) will help inform decisions regarding the specific matter at hand. The objection procedures and dispute resolution process described above provide a means by which issues properly before the Stakeholder Council may be considered by the decision maker with the locus of responsibility for making the final decision with respect to the issue in controversy. This dispute resolution process, however, does not create a legal right nor does it give rise to a right of action with regards to the members of the Stakeholder Council nor may it be used by any member of the council to delay, or otherwise impede, the proper implementation of the BDCP. The Implementation Office, or other parties responsible for developing proposals or rendering decisions regarding implementation actions, will execute their responsibilities notwithstanding a pending unresolved dispute within the Stakeholder Council.

This process does not substitute for any right or claim which a member of the Stakeholder Council or other entity may have under existing law or contract (e.g., with respect to claims related to private property damage associated with Plan implementation). The process does not create a new right or claim that does not arise under existing law.

7.1.11 General Public

The BDCP implementation process will provide for ongoing and frequent engagement and participation of the public. Other entities with interests in the conservation of Delta resources, may participate in BDCP implementation through the public outreach process coordinated by the Implementation Office (Section 7.5, *Public Outreach*) or through the Stakeholder Council, if eligible for membership. Stakeholder Council meetings will be noticed in advance and open to the public, and will be conducted in a manner that provides adequate opportunity for public comment.

The Implementation Office will also establish a process by which landowners who believe they have been adversely affected by BDCP implementation actions may bring the matter to the attention of the Program Manager. The process will be designed to afford landowners an opportunity to obtain resolution of the matter, such as redress for property damage caused by the actions of public agencies. The process developed by the Implementation Office will be consistent with the requirements of existing claims procedures established by the applicable Authorized Entities and other public agencies for such purposes. Through this process, the Implementation Office can serve as an important resource for landowners seeking timely and efficient disposition of their claims and other grievances. For example, where landowners in the Delta believe that BDCP implementation actions have damaged their property, the Implementation Office will be available to discuss their concerns and provide advice on methods to address their claims, such as assisting the landowner in contacting the appropriate implementing agency to seek resolution of the claim.

7.2 Implementation Office

The Program Manager will direct, oversee, and select staff for the Implementation Office. The Implementation Office, which will not be a legal entity authorized to enter into contracts directly or hold property in its own name, will administer the implementation of the BDCP under the existing authorities of the Authorized Entities. By relying on the legal authorities of the Authorized Entities, the Implementation Office will be equipped with the resources and capacity necessary to carry out BDCP implementation tasks for which it will be responsible. This structure also contemplates that DWR and Reclamation will maintain their historical roles as operators of the SWP and the CVP, but provides flexibility for changing those roles if so directed by Congress, the California Legislature, or through administrative processes.

Proper implementation of the Plan will require a skilled and expert team consisting of administrators, policy-makers, scientists, engineers, data analysts, and regulatory specialists, capable of working together in a cohesive and unified manner. In addition, effective implementation will necessitate adequate financing of and support for the Implementation Office. The BDCP includes assurances (Chapter 8, *Implementation Costs and Funding Sources*) that sufficient funds will be available to provide the Implementation Office with the capacity and resources to carry out the responsibilities described in this chapter.

Specific implementation tasks may be performed by other entities that have the authority, resources, and expertise to successfully complete the task in a timely manner. These Supporting Entities may include, at the discretion of the Program Manager, water agencies, water contractors, regulatory agencies, nongovernment organizations, or other appropriate entities. Where specific tasks are so assigned, the Program Manager will ensure that tasks and associated responsibilities are carried out properly and in coordination with other implementation actions. The Supporting

Entity will be responsible, subject to oversight by the Program Manager, for entering into the necessary contracts and acquiring interests in real and personal property, in some cases obtaining permits or other authorizations, and taking all other steps needed to complete the implementation task.

The primary functions and responsibilities of the Implementation Office are described in the following subsections.

7.2.1 Establishing Administrative Capacity

The Program Manager will oversee and manage the Implementation Office. The Program Manager will arrange for and equip office space to house the Implementation Office, hire a staff of sufficient size to effectively implement the BDCP, and effectuate contracts (through the authorities of DWR, Reclamation, other state and federal agencies, and/or the SWP and CVP contractors) necessary to build capacity to become fully functional and operational.

The Program Manager, with the consent of and pursuant to agreements with any affected agencies, may enlist current employees of the Authorized Entities, as well as employees of other state, federal, or local agencies, who possess the expertise and experience necessary to carry out the tasks associated with BDCP implementation. The specific staffing needs of the Implementation Office will be determined by the Program Manager. All Implementation Office staff, including staff from entities that are represented on the Authorized Entity Group, will work at the direction of the Program Manager.

7.2.2 Preparing Annual Work Plans and Budgets and Managing Expenditures

The Implementation Office will prepare, on behalf of the Authorized Entity Group, the Annual Work Plan and Budget. The Annual Work Plan and Budget will address matters related to general program administration and Plan implementation.⁴

The Program Manager will take into consideration guidance provided by the Adaptive Management Team and will solicit input on the draft plan and budget from the Permit Oversight Group and the Stakeholder Council. The Program Manager will submit the plan and budget to the Authorized Entity Group for review and approval. As part of this process, the Permit Oversight Group will review the draft plan and provide written concurrence, within 30 days, or as soon as practicable thereafter, that the draft accurately sets forth and makes adequate provision for the implementation of the applicable joint decisions of the Authorized Entity Group and the Permit Oversight Group or decisions of an agency within the Permit Oversight Group with authority over the matter, particularly with respect to matters involving adaptive management and biological monitoring and research. If the Permit Oversight Group concludes that the plan does not do so, it will provide written notification to the Program Manager and the Authorized Entity Group, within the 30 day timeframe, or as soon as practicable thereafter, of the specific reasons for its conclusion. In such event, the Authorized Entity Group may direct the Program Manager to modify the plan to the satisfaction of the Permit Oversight Group. If the Authorized Entity Group does not, the Program Manager, Authorized Entity Group and the Permit Oversight Group will, in a timely manner, meet

⁴ Annual Delta Water Operations Plans, as developed through the process described in Section 7.1.4, *DWR and Reclamation: Operation of the SWP and CVP*, will be incorporated into the Annual Work Plans.

and confer in an effort to resolve the matter in dispute. If the parties are unable to reach resolution, the review process described in Section 7.1.7, *Review of Disputes Regarding Implementation Decisions*, may be invoked by any member of the Authorized Entity Group or the Permit Oversight Group.

The Program Manager will establish systems and processes to centralize oversight of implementation budgets and expenditures of funds. The Program Manager will also generally review and oversee budgets and expenditures related to implementation actions carried out by Authorized Entities or Supporting Entities. For those activities involving functions that, under state or federal law, cannot be delegated to the Program Manager, including contracting, procurement, and expenditures of state or federal funds, the Program Manager will coordinate with the appropriate designated state and/or federal official to ensure that the necessary function is properly carried out.

7.2.3 Contracting for Services

The Implementation Office, through an appropriate entity with contracting authority, may contract for services as necessary to implement the BDCP, in a manner consistent with state and/or federal law governing such contracts. Such contracts may be for a range of professional services, including those related to the following matters.

- Acquisition and protection of habitat
- Habitat restoration and management
- Monitoring and scientific research
- Legal and regulatory matters
- Environmental and technical services
- Engineering and construction (e.g., conservation facilities, water facilities, levees)
- Funding and grant agreements pertaining to state and federal programs and executing sub grants to third parties to conduct specific actions
- Operations and maintenance

The Program Manager, in coordination with the appropriate entity, will be responsible for the administration of any such contracts. The Program Manager will coordinate with the appropriate designated contact for the Authorized Entities or designated state or federal official to effectuate the execution, administration and implementation of contracts in support of activities of the Implementation Office.

7.2.4 Securing, Holding, and Managing Funds to Support Implementation Actions

The Program Manager will coordinate the expenditure of funds from state, federal, and other sources that have been dedicated to the implementation of the BDCP. In most instances, DWR and Reclamation will serve as fiscal agents, consistent with their existing agency authorities, for the expenditure of funds by the Implementation Office, from both public and private sources, to support implementation actions. The Program Manager will coordinate with the designated fiscal agents to ensure that sufficient funds are available for implementation actions. The Implementation Office,

1 however, will not be authorized to manage the expenditure of funds related to design, construction,
2 operation, and maintenance of water diversion and conveyance facilities which are or will be
3 elements of the SWP or the CVP.

4 **7.2.5 Coordinating with the Authorized Entities, the** 5 **Authorized Entity Group, and Supporting Entities**

6 The Program Manager will convene meetings and facilitate communication with the Authorized
7 Entities, Authorized Entity Group, the Permit Oversight Group, and Supporting Entities. The
8 Program Manager will maintain frequent contact with these entities and provide regular updates
9 concerning implementation matters, including progress in meeting BDCP timetables, dissemination
10 of information, and maintenance and availability of BDCP records and reports.

11 **7.2.6 Coordinating with Regulatory Agencies**

12 The Implementation Office will coordinate and confer with the state and federal fish and wildlife
13 agencies, including the Permit Oversight Group, USACE, EPA, State Water Board, and other
14 appropriate regulatory agencies on matters potentially affecting compliance with the provisions of
15 the BDCP, its associated regulatory authorizations, and other regulatory authorizations required to
16 implement BDCP actions. The specific roles of the state and federal fish and wildlife agencies in
17 various implementation actions are described primarily in this chapter and Chapter 3, *Conservation*
18 *Strategy*. The Program Manager will coordinate and lead meetings convened for such purposes.

19 **7.2.7 Coordinating with the Delta Stewardship Council, Delta** 20 **Science Program, and Delta Conservancy**

21 The Program Manager will facilitate and monitor the effective and efficient incorporation of the
22 BDCP into the Delta Stewardship Council's Delta Plan (Delta Plan) (California Water Code Section
23 85320). The Program Manager will ensure that the Delta Stewardship Council receives regular
24 updates on the progress of BDCP implementation, including the status of monitoring programs and
25 adaptive management, as required by California Water Code Section 85320(f). The Implementation
26 Office will also respond to questions or concerns raised by the Delta Stewardship Council regarding
27 the implementation of the BDCP.

28 The Adaptive Management Team, chaired by the Science Manager, will have primary responsibility
29 for the administration of the Adaptive Management and Monitoring Program described in Chapter 3,
30 *Conservation Strategy*, Section 3.6, *Adaptive Management and Monitoring Program*. The Science
31 Manager, with guidance from the Adaptive Management Team, will coordinate with the Delta
32 Science Program, the IEP Coordinators; the Management, Analysis, and Synthesis Team; and, as
33 necessary, the Delta Independent Science Board (California Water Code Section 85280), regarding
34 matters relating to these monitoring activities and research efforts. The Adaptive Management
35 Team will ensure an appropriate level of integration between the BDCP adaptive management and
36 monitoring program and the Delta Science Plan.

37 The Implementation Office will further coordinate with the Delta Conservancy as it initiates
38 planning and implementation of ecosystem restoration projects carried out pursuant to the
39 conservation strategy. The Implementation Office and the Delta Conservancy will maintain close

coordination on other programs being carried out by the Delta Conservancy that potentially affect implementation actions.

7.2.8 Coordinating with Local Governments, Delta Protection Commission, and Other Public Agencies

[Note to reader: At the time of this Public Draft, the California Natural Resources Agency is working with representatives from Delta counties to identify an appropriate mechanism to involve Delta counties in Plan implementation. It is the intention of the agency to incorporate revisions to the implementation structure set forth in this chapter that address further Delta county participation in a final plan.]

The Program Manager will serve as the main point of contact for local, state, and federal agencies interested or engaged in implementation issues. The Program Manager will prepare, publish, and distribute general information about the BDCP to those agencies and represent the BDCP at public meetings convened by cities, counties, water and reclamation districts, and other public agencies with jurisdiction within the Delta. The Program Manager will encourage local government participation on the Stakeholder Council.

Where regional conservation plans overlap with or adjoin the Plan Area, the Implementation Office will collaborate and coordinate with the sponsors of those regional conservation plans on the acquisition and management of habitat lands to be preserved and/or restored in areas common to both plans. The Program Manager will, as appropriate, enlist sponsors of those regional conservation plans and local governments to serve as Supporting Entities to assist in the acquisition and/or management of conservation lands. This coordination will also ensure consistency between overlapping plans and encourage complementary actions. The Implementation Office will further work with plan sponsors to avoid conflicts between conservation plans; where conflicts are unavoidable, the Implementation Office will ensure that the conservation strategy of the regional plan is neither compromised nor otherwise adversely affected.⁵ Where mutually beneficial, the Implementation Office will encourage joint acquisitions of land with local government plan sponsors to realize economies-of-scale and to secure large, contiguous blocks of habitat. The Implementation Office will explore opportunities to fund early conservation actions (i.e., habitat acquisition and/or restoration) that may benefit both the BDCP and other regional conservation plans.

7.2.9 Coordinating with Flood Control Agencies

In the design and implementation of implementation actions that could directly or indirectly affect flood control capabilities, the Implementation Office will coordinate and consult with agencies responsible for flood control in the Plan Area, including USACE, DWR, Central Valley Flood Protection Board, Reclamation districts in the Delta, local flood control agencies, and water districts.

7.2.10 Addressing Legal Matters

The Implementation Office, in coordination with the Authorized Entities, state and federal fish and wildlife agencies, and other appropriate public agencies, will, as appropriate, provide support to

⁵ Actions will include addressing the effects of BDCP tidal and floodplain restoration activities on existing conservation easements, and ensuring that acquisition of cultivated land easements do not preclude the overlapping plan from meeting its cultivated land protection requirements.

entities with the responsibility for handling legal matters that may arise out of the implementation of the BDCP. To the extent permitted by applicable law, the Implementation Office may also use legal counsel, retained by an appropriate entity, to address the range of regulatory matters associated with implementation, including compliance with the BDCP and its Implementing Agreement; compliance with various state and federal laws; transactional and other issues related to land acquisition; and general, routine, in-house legal matters. No federal funds will be used to retain such counsel.

7.2.11 Overseeing Plan Amendments

In the event that an amendment to the BDCP and its authorizations is necessary, the Implementation Office will be responsible for compiling information and preparing the documentation necessary to support a proposal for such an amendment and for working with the applicable state and federal fish and wildlife agencies to obtain approval. Prior to submitting such documentation, the Program Manager will seek input from the Authorized Entity Group, the Permit Oversight Group, and the Stakeholder Council regarding the issue at hand. As required by law, the applicable fish and wildlife agencies will determine whether proposed amendments will be approved.

7.2.12 Implementing NEPA and CEQA Mitigation Measures

Subject to the approval of the lead agencies conducting the environmental review of the BDCP under the National Environmental Policy Act (NEPA) and/or the California Environmental Quality Act (CEQA) and the concurrence of the Authorized Entity Group, the Implementation Office will effectuate the implementation of some or all of the adopted mitigation measures identified in the mitigation and monitoring plan associated with the environmental documentation for the BDCP. Similarly, the Implementation Office may assume, subject to lead agency approval, responsibility for the implementation of adopted CEQA/NEPA mitigation measures related to the implementation of specific implementation actions. The role of the Implementation Office in implementing such mitigation measures will be limited to those measures associated with either the BDCP environmental impact statement (EIS)/environmental impact report (EIR) or subsequent environmental documentation that is required for implementation actions.

7.3 Implementation of the Conservation Strategy

The Program Manager, through the Implementation Office and on behalf of the Authorized Entities, will generally be responsible for the planning, oversight, and implementation of actions set out in the conservation strategy. Certain components of the conservation strategy, however, will be the responsibility of other Plan participants, including those related to water operations and the Adaptive Management and Monitoring Program (Chapter 3, *Conservation Strategy*, and Chapter 6, *Plan Implementation*). DWR will implement actions associated with construction of *CM1 Water Facilities and Operation*. With respect to water operations-related conservation measures, DWR and Reclamation will coordinate implementation of actions associated with *CM1 Water Facilities and Operations* and water operations aspects of *CM2 Yolo Bypass Fisheries Enhancement*. The Adaptive Management Team, which will be chaired by the Science Manager, will have primary responsibility for administration of the Adaptive Management and Monitoring Program (Chapter 3, *Conservation Strategy*, Section 3.6, *Adaptive Management and Monitoring Program*).

The Program Manager will be afforded sufficient flexibility to use supporting entities, including the Authorized Entities and the state and federal fish and wildlife agencies, to undertake certain actions that enhance the overall effectiveness of the conservation strategy and yield greater efficiencies in Plan implementation.

The tasks and responsibilities of the Implementation Office regarding the implementation of the conservation strategy are described in the subsections below.

7.3.1 Implementation of the Habitat Protection and Restoration Conservation Measures

The Implementation Office will take actions, either directly or through Supporting Entities, to implement conservation measures related to the protection of existing habitat and the enhancement and restoration of habitat within the identified restoration opportunity areas (ROAs) and conservation zones, as well as within other areas in the Plan Area, as described in Chapter 3, *Conservation Strategy*. These measures will largely involve the acquisition of habitat lands, the restoration or enhancement of habitat conditions, and the management and maintenance of habitat lands. The Implementation Office will work with, and may effectuate contracts with, the Delta Conservancy or other Supporting Entities to carry out the conservation measures associated with habitat protection and restoration.

7.3.1.1 Acquisition and/or Lease of Property Interests

Pursuant to the authorities of the Authorized Entities, the Implementation Office will facilitate the acquisitions of interests in real property as part of the implementation of conservation measures associated with the protection and/or restoration of habitat. Similarly, under the direction of the Implementation Office, Supporting Entities that have been selected to help implement such conservation measures may also acquire interests in real property, as described in Chapter 3, *Conservation Strategy*. Interests in land acquired pursuant to the BDCP may be conveyed to the Delta Conservancy, CDFW, USFWS, or other Supporting Entities, as appropriate.

The acquisition of fee interest and/or conservation easements, for the purpose of habitat protection, restoration, and creation, will include the following tasks.

- Routine due diligence review of real property
- Biological due diligence to assess habitat/restoration values
- Appraisal of property, including oversight of the appraisal process
- Negotiation and execution of the transaction
- Receipt of title or easement to lands
- Selection of appropriate mechanism or instrument to ensure the protection of conservation lands

The Implementation Office may, through an Authorized Entity or other Supporting Entity, acquire or lease lands or facilities for the purpose of conducting scientific research and monitoring, housing administrative offices and equipment, or undertaking other activities as necessary to administer and implement the measure.

7.3.1.2 Management of Land

The Implementation Office will oversee the management and maintenance of lands acquired for conservation purposes, as described in Chapter 3, *Conservation Strategy*. The Implementation Office may select Supporting Entities to carry out such management and maintenance activities. Land management will generally include the following tasks.

- Habitat management
- Invasive species control
- Security patrol
- Liaison with neighboring landowners
- Payment of appropriate in lieu fees
- Enforcement of easement terms and conditions
- Mosquito abatement
- Management of vegetation on flood control facilities to maintain flood flow capacity
- Species and habitat monitoring
- Public access management
- Emergency response
- Safety of nearby aircraft operations
- Research activities
- Educational services
- Agricultural easement oversight

7.3.1.3 Maintenance of Facilities and Improvements

The Implementation Office will oversee the maintenance and operation of all facilities and improvements associated with lands acquired for any BDCP purpose, including for the conservation of habitat, as described in Chapter 3, *Conservation Strategy*. The Implementation Office may also oversee the maintenance of facilities and improvements on lands acquired for the purpose of satisfying mitigation obligations adopted through the environmental review process for the BDCP or for specific actions implemented under the Plan.

7.3.1.4 Funding of Activities of Other Entities

The Implementation Office may direct funds to other entities (such as local governments engaged in regional conservation planning processes), subject to the authorities of the Authorized Entities or other participating agencies and under appropriate conditions and oversight, to implement habitat and species conservation efforts that help advance the biological goals and objectives of the BDCP, as described in Chapter 3, *Conservation Strategy*.

7.3.2 Implementation of Water Operations Conservation Measures

Implementation of *CM1 Water Facilities and Operations* and water operations aspects of *CM2 Yolo Bypass Fisheries Enhancement*, as described in Chapter 3, *Conservation Strategy*, will be the responsibility of DWR and Reclamation, consistent with their existing responsibilities and authorities. The state and federal fish and wildlife agencies, in conjunction with DWR and Reclamation, will participate in real-time operational decisions with respect to certain operational parameters. The nature and scope of such real-time adjustments, as well as the process by which such decisions will be made, are set out in Chapter 3, *Conservation Strategy*.

7.3.2.1 Annual Reporting and Planning for Water Operations

The Implementation Office will provide input to DWR and Reclamation regarding plans and reports related to Delta water operations. The planning and reporting requirements related to water operations are set out in Chapter 6, *Plan Implementation*, Section 6.3, *Planning, Compliance, and Progress Reporting*.

The Annual Delta Water Operations Plan will be prepared by DWR and Reclamation, with input from the Implementation Office, the Permit Oversight Group, the Adaptive Management Team, and the Stakeholder Council. DWR and Reclamation will retain final approval authority over the plan. However, the Permit Oversight Group will, within 30 days of receipt of the draft plan, or as soon thereafter as practicable, review the draft plan and provide written concurrence that the plan is consistent with the provisions of the BDCP, the Implementing Agreement, and the regulatory authorizations, as described in Section 7.1.4, *DWR and Reclamation: Operation of the SWP and CVP*.

The Implementation Office will prepare, on an annual basis, with input from DWR and Reclamation, the water contractors, the state and federal fish and wildlife agencies, and the Stakeholder Council, a Water Operations Report. Among other things, the reports will include a summary of the prior year's operations, including a comparison of the actual operations with planned operations, and an evaluation of the effectiveness of actions for covered fish species and ecological processes, including the responses to real-time operational changes the prior water year's operational effects on covered species. The Annual Water Operations Report will be submitted to the Authorized Entity Group for its review and approval. Upon approval of the report by the Authorized Entity Group, the Implementation Office will submit the report to the Permit Oversight Group for its acceptance.

The Program Manager will post on the BDCP website the Annual Delta Water Operations Plan and the Annual Water Operations Report, including subsequent revisions to those plans or reports. As part of those postings, the Program Manager will include information, on a daily basis, about planned and actual water diversions, including updates on revisions to the Annual Delta Water Operations Plan that are made through the Seasonal Operations Strategy process. An accounting of actual diversions, including daily, weekly, monthly, and yearly operational levels, will also be posted. The Program Manager will describe and explain operational changes, including departures from planned or anticipated diversion levels, in terms that are understandable to the general public.

7.3.3 Implementation of Other Conservation Measures

The Implementation Office will be responsible for the implementation of other conservation measures, including conservation measures designed to address other stressors, as described in

Chapter 3, *Conservation Strategy*. The Implementation Office may implement these other conservation measures either directly or through Supporting Entities, which may receive funds through the Implementation Office to carry out such actions. Supporting Entities, for instance, may help implement other stressor conservation measures that reduce the adverse effects of toxic contaminants, nonnative predatory species, low dissolved oxygen zones, and entrainment unrelated to covered activities.

7.3.4 Coordination of Adaptive Management and Monitoring Program

The Adaptive Management Team will have primary responsibility for the administration of the BDCP adaptive management and monitoring program, as described in Chapter 3, *Conservation Strategy*, Section 3.6, *Adaptive Management and Monitoring Program*. The Implementation Office will work in close collaboration with the Adaptive Management Team regarding such matters. The Adaptive Management Team, through the Science Manager, will coordinate its efforts with the Authorized Entity Group, Permit Oversight Group, Stakeholder Council, the IEP, and Delta Science Program.

The Adaptive Management Team will establish a framework for the monitoring program (e.g., scope, methods, and protocols), in coordination with IEP, the fish and wildlife agencies, Delta Science Program, and other parties, as appropriate. The Science Manager will work with the entities identified by the Adaptive Management Team to determine technical staffing needs and other support requirements that will be necessary to adequately implement the monitoring program. The Science Manager, with guidance from the Adaptive Management Team, will enlist the assistance of the IEP in carrying out the monitoring program. As part of this effort, the Science Manager, with the guidance of the Adaptive Management Team, will help develop and implement a process for compiling, evaluating, and synthesizing the results of monitoring activities, and will prepare a plan to maintain databases and the results of data analysis obtained through the monitoring program.

The Adaptive Management Team will manage the BDCP research program, as described in Chapter 3, *Conservation Strategy*, Section 3.6, *Adaptive Management and Monitoring Program*, in coordination with IEP and the Delta Science Program. The Adaptive Management Team will identify research priorities to address specific uncertainties, and will administer a process to select and coordinate researchers who will be involved in the program. In addition, the Adaptive Management Team will be responsible for the compilation and synthesis of the results of studies and analysis undertaken by other entities and organizations that are assisting in the implementation of the Plan. With guidance from the Adaptive Management Team, the Science Manager will coordinate BDCP funding for research by other entities and organizations, as described in Section 3.6, *Adaptive Management and Monitoring Program*.

The Adaptive Management Team will administer and commission independent science review, as determined to be necessary, and may enlist the Delta Science Program and Independent Science Board to provide science support and review. As appropriate, the Adaptive Management Team obtain input and advice from independent scientists through the Delta Science Program and other science programs. Matters relating to the conduct of scientific reviews, and the acquisition of independent scientific advice to assist in the implementation of the BDCP, will be conducted in a manner that ensures their independence and scientific integrity. The Adaptive Management Team, through the Science Manager, will work with the Lead Scientist for the Delta Science Program and

IEP Lead Scientist to ensure that BDCP science activities, reporting, and reviews are coordinated with other science activities being conducted in the Delta.

7.3.4.1 Compliance Monitoring and Reporting

The Implementation Office will track implementation actions and carry out the reporting requirements of the Plan, as described in Chapter 6, *Plan Implementation*, Section 6.3, *Planning, Compliance, and Progress Reporting*. Reports prepared by the Implementation Office will include, among other things, the results of monitoring and research efforts undertaken by the Adaptive Management Team and, under its direction, by other parties; assessments of overall plan performance; and an accounting of the distribution and expenditures of funding associated with the various entities engaged in implementation actions. See Section 6.3 for more specific information regarding reporting requirements under the Plan. The Program Manager will ensure that all such reports are posted in a timely manner on the BDCP website.

7.3.5 Management of the Adaptive Management Program

The Adaptive Management Team will have primary responsibility for the administration of the adaptive management program, in accordance with Chapter 3, *Conservation Strategy*, Section 3.6, *Adaptive Management and Monitoring Program*. The Science Manager will chair the Adaptive Management Team, which will work with IEP and other science programs to assemble, synthesize, and analyze the results of BDCP monitoring efforts and integrate the results of new and relevant scientific research and studies conducted by other parties, including the Delta Science Program. The Science Manager will facilitate discussion and consideration of adaptive management matters by the Adaptive Management Team and will convey any proposed changes to conservation measures or biological objectives, or other adaptive management matters for which the Adaptive Management Team has been unable to reach consensus, to the Program Manager. The Program Manager will forward, without modification, the recommendations of the Adaptive Management Team to the Authorized Entity Group and the Permit Oversight Group. The Program Manager may include any additional material they deem necessary or useful to the Authorized Entity Group or Permit Oversight Group in making their decision.

The Program Manager and Science Manager will ensure that issues related to policy, law, budget, schedule, and other matters of concern to BDCP implementation and the Authorized Entity Group are raised to the attention of the Adaptive Management Team and duly considered.

7.3.6 Implementation of Measures in Response to Changed Circumstances

The Permit Oversight Group and/or the Implementation Office will be responsible for identifying and responding to changed circumstances, as described in the BDCP, and the Implementation Office will be responsible for implementing the responses set out in the Plan to address those changed circumstances, as described in Chapter 6, *Plan Implementation*, Section 6.4, *Regulatory Assurances, Changed Circumstances, and Unforeseen Circumstances*. The Program Manager will establish a process to ensure timely engagement of the Authorized Entity Group; fish and wildlife agencies, including the Permit Oversight Group; and the Stakeholder Council when a changed circumstance has been identified and a response to such changed circumstances is required.

7.4 Regulatory Compliance Related to BDCP Implementation

The Program Manager, through the Implementation Office, will be responsible for ensuring that the BDCP is properly implemented, including maintaining compliance with the elements of the Plan and the provisions of the associated regulatory authorizations. The Implementation Office, on behalf of the appropriate Authorized Entities, will also identify and take steps to obtain from state and federal agencies any other regulatory permits or authorizations that are necessary to effectuate Plan implementation. To further ensure that the BDCP is properly implemented over time, the Implementation Office will maintain regular contact with the Permit Oversight Group and its member agencies.

7.4.1 Maintaining Permits and Authorizations and Obtaining Amendments

The Implementation Office will establish a process to ensure compliance with the provisions of the BDCP and its associated regulatory authorizations. If amendments or modifications to the BDCP and/or its regulatory authorizations become necessary, the Implementation Office and the responsible Authorized Entities will work with the Permit Oversight Group or the responsible agency to develop the necessary documentation to support such amendments.

7.4.2 Obtaining Additional Regulatory Authorizations

In addition to take authorizations issued under the ESA and the NCCPA, other state and federal regulatory authorizations will be required to implement certain BDCP actions. The Implementation Office will oversee efforts to obtain any such regulatory authorizations that are necessary for the implementation of BDCP actions. The Implementation Office will generally assume responsibility for identifying and preparing the necessary documentation to support the issuance of such regulatory authorizations, unless the applicable Authorized Entity chooses to do so. The Implementation Office may also assign the responsibility to a Supporting Entity to obtain such authorizations.

The EIR/EIS for the BDCP will provide sufficient environmental review and analysis of the proposed adoption of the Plan by DWR, the implementation of CVP-related actions in the Delta undertaken by Reclamation, and the proposed issuance of take authorizations by the state and federal fish and wildlife agencies pursuant to the Plan. The EIR/EIS may also provide sufficient environmental review to support other anticipated federal and state regulatory authorizations necessary for Plan implementation. However, additional NEPA and CEQA review, as well as compliance with other environmental laws, will be necessary for a number of BDCP-related actions.

The Implementation Office may seek, oversee and monitor state and/or federal authorizations, as directed by the Authorized Entity Group. In addition the Implementation Office may conduct appropriate environmental review necessary for the implementation of BDCP conservation measures. In the event that a Supporting Entity assumes responsibility for obtaining such authorizations, the Implementation Office will assist that entity in its efforts. Compliance with the following laws and regulatory processes, among others, will likely be necessary for the following BDCP actions.

- Sections 404 and 401 of the Clean Water Act

- Sections 10 (33 USC 403) and 14 (33 USC 408) of the Rivers & Harbors Act of 1899
- Section 1602 of the Fish & Game Code (Streambed and Lakebed Alteration Agreements)
- Section 106 of the National Historic Preservation Act
- Encroachment permits from the Central Valley Flood Protection Board and Reclamation districts to conduct work on levees
- Federal Energy Regulatory Act compliance through the Federal Energy Regulatory Commission
- NEPA and CEQA, as necessary for certain project-related actions

The Program Manager will be responsible for identifying all such authorizations necessary for Plan implementation and for ensuring that such authorizations have been obtained, consistent with the implementation schedule set out in Chapter 6, *Plan Implementation*.

7.5 Public Outreach

The Implementation Office will implement a public outreach and education program to promote public awareness and provide opportunities for public input on matters concerning Plan implementation. The outreach program will meet the following objectives.

- Promote public awareness of and understanding about the Plan's purpose, specific conservation measures and their implementation.
- Provide streamlined and timely access to information.
- Provide opportunities to engage with decision-makers.
- Maintain a transparent process for understanding, clarifying and addressing public input and comments.

Particular emphasis will be placed on outreach efforts focused on the following stakeholders: Delta residents, including landowners, farmers, and business owners; environmental community; agricultural community; boaters; commercial fishing interests; recreational anglers; local governments; reclamation districts; irrigation districts; public utilities; public and private landowners adjacent to BDCP conservation areas; and Native American tribes.

The public outreach and education program will include the following elements, at a minimum.

- **Informational material.** The preparation and distribution of general information materials such as reports, quarterly electronic newsletters, and issue-specific fact sheets in timely manner so as to facilitate public understanding and meaningful public input.
- **Interactive website.** Development and maintenance of an interactive website that provides real-time access to information, updates regarding implementation activities, and expanded opportunities for public engagement and input. Visual elements such as maps and webcasts will be used to further aid information sharing and public understanding.
- **Speakers bureau.** Presentation of BDCP implementation information to various groups and at public meetings that occur throughout the state, as well as targeted audiences, including Delta communities, tribes, and specific statewide stakeholder interests.

- 1 • **Annual public workshops.** Commitment to annual public workshops and others as needed to
2 provide timely opportunities for public dialogue, input and comment regarding a wide range of
3 implementation issues.
- 4 • **Environmental justice.** An environmental justice outreach program will be integrated into
5 overall outreach activities described above to provide minority and low-income communities in
6 and near the Delta with access to information about Plan implementation and opportunities for
7 input. Outreach techniques will include creating and maintaining a dedicated multilingual web
8 page, providing translation services at public workshops and community presentations, and
9 contacting ethnic media outlets.

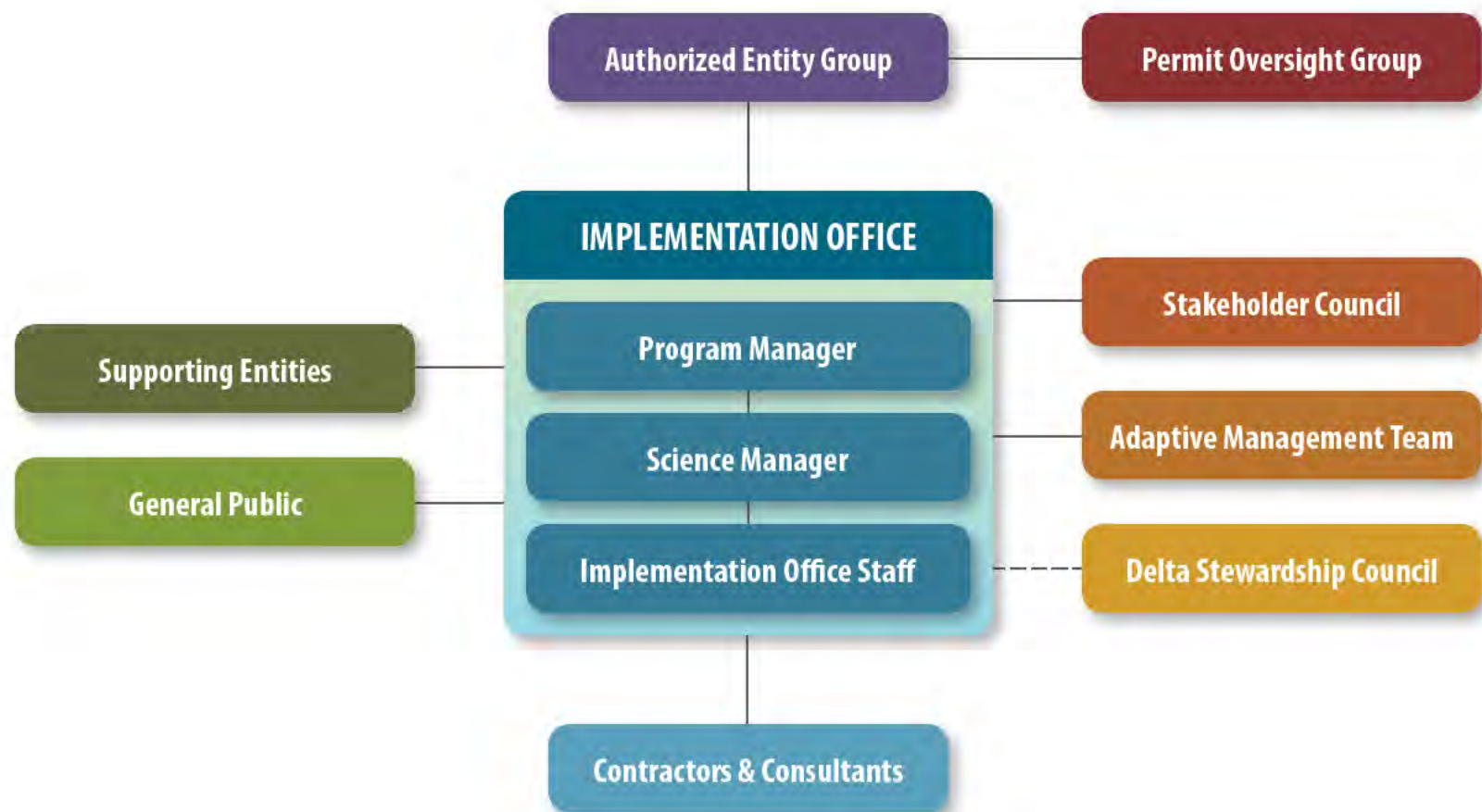


Figure 7-1
Organization of BDCP Implementation

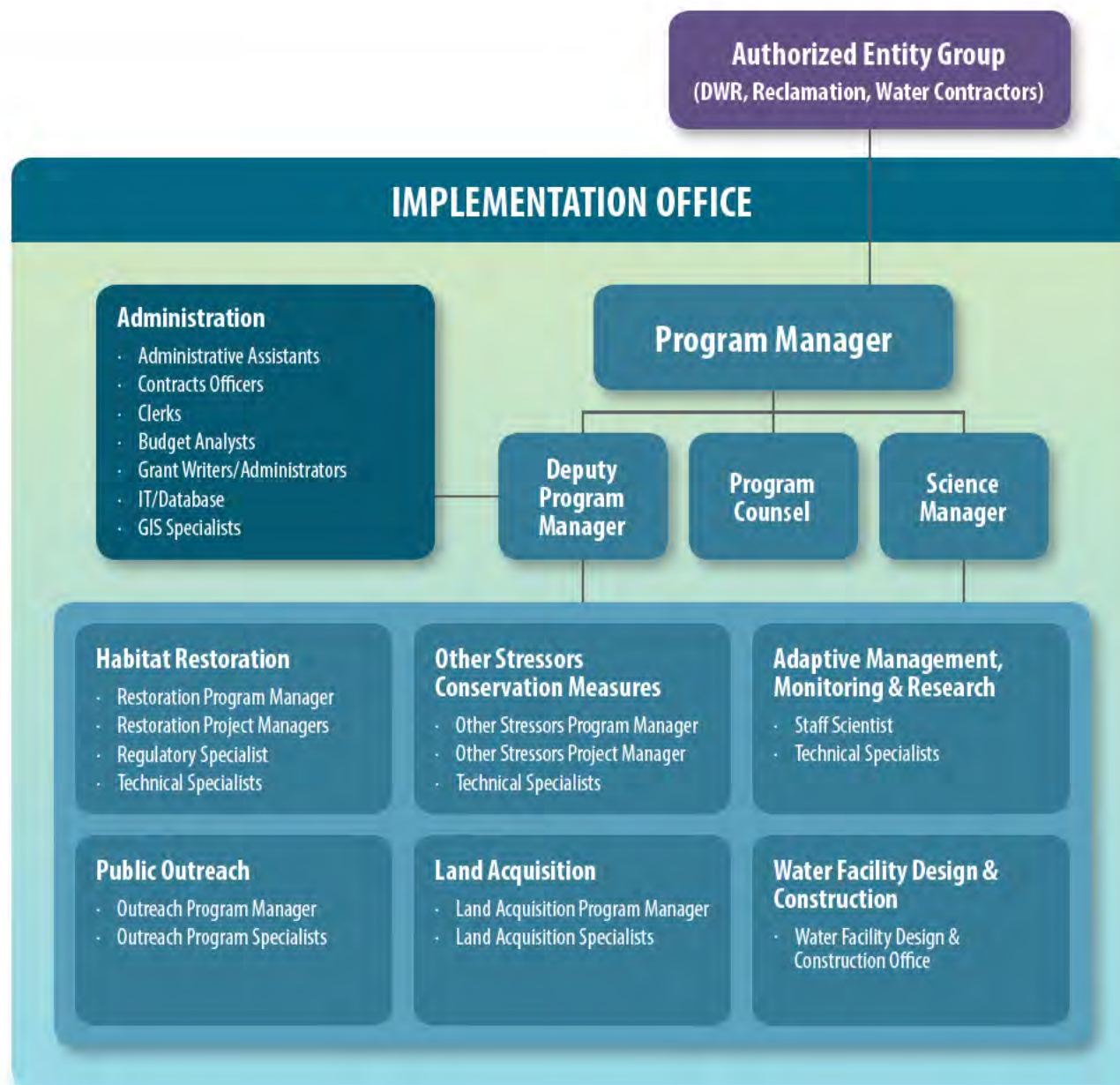


Figure 7-2
Staff Organization for BDCP Implementation Office



ACTION ITEM

May 21, 2014

TO: Board of Directors

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

Rob Hunter
General Manager

Staff Contact: Harvey De La Torre, Karl Seckel

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

STAFF RECOMMENDATION

Staff recommends the Board:

- (1) Adopt the budget Resolution as proposed with a budget total of \$193,595,603 and a general fund budget of \$8,026,182;
- (2) Fund the potential election expense of \$444,000.
- (3) Fund the Reserves to the levels specified in the Administrative Code and in compliance with the 2011 Settlement Agreement.
- (4) Establish a Building Improvement Budget for this coming year of \$168,000 as outlined in the discussion below with accommodation for future building improvements.
- (5) Fund OPEB at the 20-year level pay amount of \$155,575 plus and additional \$28,000 for a total of \$183,575.
- (6) For dealing with the Pension Liability issue, staff is recommending continuation of the practice of increasing the staff contribution towards pension payments by 1% each year until a total of 7% has been achieved. This year, the budget was developed assuming the staff contribution is 3%.
- (7) Continue the transition to a 100% fixed rate for retail meters with a FY2014-15 target of 95% fixed revenue.
- (8) Increase the total number of full-time MWDOC and WEROC employees by one to 29. This budget retains the Director of Finance position at a six-month funding level and converts the 30-hour WEROC position to a fulltime position.
- (9) The CHOICE Activities for this year will include the School Program, Water Use Efficiency and the addition of the third year of the Value of Water Communications Plan. It is anticipated that this implementation phase of the communication plan will begin October 2014 upon completion of the previously funded development

work (FY2013-14). Budget levels include the funding commitments as of the required notice date and may increase as additional Member Agencies notify MWDOC of their decisions.

- (10) In accordance with the directions of the A&F Committee, the Doheny and Poseidon Desal Projects have CHOICE budgets and also activities and functions which are CORE budget functions. In addition, the Second Lower Cross Feeder Project is expected to be completed within FY2013-2014 and therefore no longer has a CHOICE budget. Any activities that carryover into the new fiscal year will be performed as part of the CORE budget. It is anticipated that the focus of this activity will focus on potential conjunctive use programs within the OCWD groundwater basin.
- (11) As was done last year, a reminder to the Board that a request for this year's budget was to consider the Memberships outlined in the Budget (Exhibit D) as being approved with approval of the budget. Therefore, each listed, individual membership will NOT be brought to the Board for approval. Any additional memberships would be brought to the Board for consideration.
- (12) The Board also requested that the budget approval include Board and Staff attendance at "standard conferences". Staff is recommending that the standard conferences be those included on Exhibit F.
- (13) Approval of the budget includes authorization for staff to utilize only the budgeted professional services as marked by a checkmark in Exhibit J. All other professional services will be brought to a Committee and/or the Board in accordance with the Administrative Code.

COMMITTEE RECOMMENDATION

Committee reviewed the final draft and although they concurred with staff recommendation, they requested some minor edits to the memberships and additional funding for MET Director classifications. Although the MET Director classification item will not be addressed in May, the issue was added to the budget, with anticipated discussion in June.

SUMMARY

MWDOC BUDGET PROCESS

The MWDOC FY2014-2015 budget process has been iterative in nature and has incorporated significant review and comment by our Member Agencies. Since the release of the FIRST DRAFT of the budget a series of meetings have been held for the specific purpose of receiving input on the budget. These have included meetings with individual Member Agencies and groups of Member Agencies, two A&F Committee meetings, two Member Agency Managers meetings, the Elected Officials Forum and numerous one-on-one meetings between MWDOC and Member Agency staff. Letters were received from Member Agencies proposing specific modifications or expressing support for the existing budget. While there were numerous specific comments, in general, there were few comments about the proposed activities or costs in the budget. While there were some questions about

specific memberships or staffing proposals, the consensus opinion was in support of the proposed budget activities, expenses, rates and revenues.

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

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

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

Significant discussion also focused on staffing level proposals in the FIRST DRAFT budget. Two modifications had been proposed. First the 30-hour position in WEROC was proposed to be expanded to a fulltime, 40-hour position. In addition, the position of Director of Finance was proposed to be eliminated. The WEROC discussion focused on both the cost of the change and the anticipated benefits of additional 10 hours per week of staff time. The general consensus was in support of the change and it remains in the FINAL DRAFT budget.

The elimination of the finance position was coupled with contracted support functions for the accounting group in the FIRST DRAFT. The issues raised included both the availability of technical expertise and the value of the financial point of view to the management team. Management recognizes the value of these points but believes that the proposed approach is appropriate, very likely to succeed and has a low risk factor. However, while we do not anticipate having to fill the position, we are budgeting the Director of Finance position for six months in response to these comments.

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

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

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

1. MWDOC Budget Principles for 2014-15

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

- **Principle #1:** Budget Investments Align with MWDOC's Priorities & Value
The budget should reflect the mission and goals of MWDOC and align proposed activities with the valued benefits of the Board and our stakeholders.
- **Principle #2:** Activities Based on a County-wide Perspective
MWDOC is a county-wide organization and the budgeted activities must comprehensively address issues, needs and benefits for the entire county.
- **Principle #3:** Efficient Program Design & Performance
The budgeted programs must consider complementary and cooperative designs to maximize benefits from other regional and local water resource programs in order to maximize value.
- **Principle #4:** Full Cost Recovery

The budget will be developed so as to support full cost recovery of all expenses via the rates and charges without the unplanned use of reserves

- **Principle #5:** Compliance with Administrative Code & Settlement Agreement
The proposed budget and budget process should fully comply with applicable sections of the code and agreement.

PRIORITIES & PRACTICES

Metropolitan Water District of Southern California (MET)

MWDOC's top priority remains ensuring that policies, supplies, programs and projects developed and implemented by MET have significant value to the citizens and ratepayers in Orange County and to Southern California.

- MET is key to providing and underwriting supply reliability in Southern California. Many of MWDOC's initiatives are aimed at maintaining a close working relationship with MET and other MET member agencies to guide the efforts at MET in a constructive manner; in the best interest of the region and Orange County in particular.
- MWDOC's appoints four MET directors who sit on the MET Board and directly advocate issues. These four MET directors work with the other three directors from Orange County (Anaheim, Fullerton, Santa Ana) and directors from outside of Orange County. Our Orange County MET contingent and the overall MET Board are faced with ensuring the economic health of MET which directly impacts the economic health Orange County, the region and the State. To this end, our directors have advocated for financial issues at MET to ensure its viability over the long run, appropriate levels of reserves, and financial policies that minimize and level long-term costs and rates impacts. This includes the ability to make necessary investments to address pension liability, OPEB liability, investments in rehabilitation and repair of facilities and to incorporate future long term investments such as the BDCP while remaining strong financially. Following through with this implementation is a key element in our practices.
- MWDOC will continue its involvement in the lawsuit between SDCWA and MET, as well as other litigation. The outcome is critically important to Orange County and our involvement in the litigation is to ensure the taxpayers and ratepayers of Orange County are fully represented.

Regional Water Reliability

The improvement of water supply and system reliability is key for the ratepayers and citizens of the County and is of primary concern in MWDOC's budget. Review and assisting in the decision-making process for the implementation of regional system and supply reliability projects from an Orange County perspective is a key aspect of what MWDOC does.

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

Water Use Efficiency (WUE)

Sound water management policy requires a continuing effort to improve water use efficiency. This requirement is intensified by the current drought condition. Providing the technical expertise and the program support along with securing funds for water use efficiency efforts is a priority for MWDOC and our Member Agencies. Additional funding for WUE efforts will likely emerge during the year and MWDOC must be able to capitalize on these opportunities as they arise.

Water Emergency Response

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

Communication

Communications to our citizens, in conjunction with our member agencies, is a key part of MWDOC's efforts. Communication related to critical water resource issues, water supply and system reliability, and water resource projects and investments are all essential elements of the Communications Plan. To maximize both effectiveness and efficiency MWDOC is working with our Member agencies on coordinated communication efforts. MWDOC generally provides program efforts at the regional level and above while providing necessary assistance to the retail agencies for communications with the local ratepayers. This division of responsibilities is a key area of coordination on behalf of MWDOC. Crucial issues in the coming year will be the drought, BDCP discussions, regional reliability and possibly the Water Bond.

2. Input from the Member Agencies

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

- MWDOC should continue to focus its efforts on representing the interests of MWDOC's member agencies at MET. This should include expansion of the MET LRP program to include additional funding for recycled water projects for onsite conversion costs (MET has a limited Pilot Program on this now), seasonal storage

projects and a review of the contribution rate, which has been fixed at \$250 per AF for a long time.

- MWDOC should explore the development of a policy, with MET and other key entities, that would facilitate the purchase, delivery and storage of MET system water at storage programs, located both inside and outside of MET's service area.
- MWDOC should continue its efforts with development and implementation of Water Use Efficiency programs. The preference is that MWDOC continue to administer the Turf Removal Program at MWDOC rather than shifting it to MET's regional program as such a switch could reduce quality control assurances and could result in inaccurate approvals of applications.
- MWDOC should consider how climate variability could affect water supplies and demands in Orange County (much work has already been done, so take advantage of that work); could be done in conjunction with MET and OCWD.
- WEROC should have a higher presence at the Manager's meetings to keep the higher level staff integrally involved in emergency planning. We should meet once or twice per year at the EOC's.
- Following are key issues for the coming year:
 - Met water supply/shortage allocation policy
 - Met's renewal or not of their 10-Year Purchase Order policy and implications of same
 - Met's Long Range Finance Plan
 - BDCP analysis and information sharing in conjunction with MET and OCWD
 - Ocean Desalination evaluation and facilitation in conjunction with MET and OCWD
- Consider conducting a series of regularly scheduled and focused discussions and /or workshops throughout the year on the following issues:
 - Water reliability and planning
 - Alternative Water Sources
 - Delivery of alternative water sources such as Poseidon, Fenner Valley, and Baker. MWDOC plays a key role with MET in working out the requirements for projects to utilize MET facilities for delivery.
 - Rates
- Continue MWDOC advocacy at MET including building coalitions with other MET member agencies which will be important for many of the projects being considered in the County.
- Examine State Funding for Local Projects in Orange County.
- As the San Diego Rate lawsuit issues develop, it is suggested that MWDOC continue its advocacy with respect to the MET rate structure particularly to agencies that rely heavily on MET supplies. The rate issues will include wheeling rates, local project funding and may include BDCP project costs. MWDOC should remain heavily

involved in discussions throughout the year on MET rates, 10-year MET rate projections and potential risk analyses to those rates.

- Consider periodic reports from MWDOC Directors and MET directors at strategic member agency meetings. This would be part of a broader Orange County coalition that includes OCWD and the Three Cities along with the member agencies to develop positions and information on:
 - Proposed State Water Bond
 - Climate change
 - State water policy
 - Development of State or Regional storage projects
- MWDOC could consider offering a choice service for agencies wishing to have more support for their communication efforts and could involve setting up a business plan for MWDOC's Public Affairs Group to provide support for newsletters, websites and other press releases tailored desired by the member agencies.
- From an operational perspective, efforts on the following are recommended to continue:
 - Continued assistance in validating MET meter accuracy on the Allen McColloch Pipeline including development of procedures or a process that provides regular confirmation.
 - Facilitate in sharing equipment/assets with regional agencies, this is a potential extension of the efforts done under WEROC to non-emergency resources
- MWDOC's efforts on the Foundational Action Funding program this year were appreciated and we look forward to continuing to work closely with MWDOC on the both the SJBA and Doheny Desal projects over the next year.

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

3. MWDOC Key Initiatives

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

- Continue to work closely with MET on rate/stability issues, support for the Bay-Delta and management of water, particularly within the OCWD groundwater basin. This includes emphasizing the need for MET or the State Water Contractors to take-over operation and maintenance of the State Water Project to resolve the deferred maintenance of the SWP system and ensure regional reliability. Close scrutiny of QSA issues and how these are worked out with regard to Colorado River supplies will also occur.

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

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

- Protect MWDOC and local agency interests in MET via continued participation in the SDCWA lawsuit against MET.
- Participate in other water-related lawsuits, as appropriate, in support of our Member Agencies and the residents of Orange County.
- Continue to seek areas of efficiency in the District's operations.
- A renewed effort for WEROC involves a training program for MWDOC staff to ensure sufficient support staff for both a North and South Emergency Operations Centers and a search for more grant funding. WEROC has been relying on volunteers to staff these functions. Several recent test exercises involved a

number of key volunteer staff being unavailable. WEROC found its operations were hampered by these missing volunteers. Because MWDOC is a wholesale agency without system operations to attend to during an emergency event, staff is proposing to train about 15 MWDOC staff members at a sufficient level to ensure the basics of an EOC response will be present under any situation. Each of these staff members will participate in about 50 hours of training to help WEROC remain at a high state of readiness. The budget includes a proposal to upgrade the WEROC Program Assistant from 30-hours per week part-time status to full time status to improve the coverage and functioning of the WEROC Program. This will also facilitate the identification and pursuit of additional grant funds.

- Urban Water Management Plans are due by December 31, 2015, but have a high likelihood of having the deadline pushed to June 30, 2016. In any event, fiscal year 2014-15 will be the time to begin the process of laying out the responsibility and plan for completion of these efforts in Orange County. In 2010, MWDOC developed a plan to complete 24 UWMP's simultaneously in Orange County, saving the average agency about \$40,000 in the process.
- Decisions regarding projects to improve system and supply reliability on a regional basis are approached from many aspects. The need for the project, the cost of the project and the timing of the project are just three aspects of this decision-making process. The systems, supplies and responsibilities overlap a number of Orange County and regional organizations. A comprehensive assessment of regional reliability will require both the participation and cooperation of several agencies to maximize value and efficiency. MWDOC will provide further assistance in the decision-making process in Orange County by bringing on specialized expertise in reliability planning to assist the collective efforts at the retail and regional levels. The consulting assistance is aimed at providing several perspectives for necessary water reliability investments and the timing of these investments.
 - Planning for reliable water supplies in the face of uncertainty can be difficult—but nonetheless is crucially important. There are many water supply issues that face water agencies in Orange County, such as: (1) addressing the levee risks, environmental and water conveyance problems in the Sacramento-San Joaquin Delta (Bay Delta); (2) providing adequate system redundancy in South Orange County to deal with seismic risks to critical local and regional water treatment and delivery infrastructure; (3) providing adequate groundwater recharge to the Orange County groundwater basin in light of urban development and upstream water recycling that results in reduced recharge in OC; and (4) climate variability that has the potential to significantly reduce Colorado River and State Water Project water supplies.
 - While it may be difficult to project the specific outcomes of all of the uncertainties that can affect supply reliability in Orange County, many techniques and tools are available that can provide a solid framework for assessing risk and making wise investments. These techniques include scenario planning and adaptive management. Scenario planning defines

plausible futures that can include success and no success for completion of a Delta fix, or presence or no presence of climate change, or a complete levee failure in the Delta. Scenario planning does not necessarily seek to define the probability that these possible futures will occur (although some of them can be put into these terms), but rather measures the impacts on water availability if the scenarios unfold. Projects and portfolios of projects can then be tested against these scenarios to measure resiliency and cost-effectiveness.

- Adaptive management can be used to identify which projects may be no or low regrets in that they are cost-effective under most or all of the future scenarios. These are projects that ideally should move forward sooner than later. Triggers can be established to measure when other, generally more costly projects should be implemented. An example of a trigger could be an important milestone in fixing the Delta, such as voter approval of a bond measure or resolution of litigation with the record of decision to proceed with part of the solution.
- This effort would utilize work already completed in Orange County by MWDOC, OCWD, Irvine Ranch Water District, and work now underway by Moulton Niguel Water District. Building off of these other studies means this plan can be completed in a timely and cost-effective manner.

4. CORE/CHOICE Programs for 2014-15

As stated previously, the CORE/CHOICE proposals dominated the FIRST DRAFT budget discussions. Comments and questions ranged from generic (What are CHOICE projects?) to very specific (Is LRP funding pursuit a CORE MWDOC function regardless of project?). Perhaps the single common element to the CHOICE programs is that Member Agencies can chose to participate and pay for a program or project or elect to not subscribe and pay. In the latter case they do not receive the benefits of the program. The following summaries of the FY 2014-2015 CHOICE programs summarize the programs and highlights the subscription differences.

- **Water Use Efficiency (WUE) Program**
The WUE program subscription was a 5-year commitment that started in 2011 with the advent of the Settlement Agreement. The program costs for the fourth year are allocated based on the actual and projected costs for the current (third) year. Actual costs are verified and billings adjusted after the fiscal year closes. Participating Member Agencies are covering the MWDOC staffing costs to implement a full suite of WUE technologies and rebate programs.
- **School Program**
Member Agencies commit to a specific number of students attending a specific mix of programs (traditional assembly program, keypad program and water quality program. In most cases, the agencies also specify the grade levels for the

students. The water quality program is restricted to the 6th & 7th grades and is a three day event. Commitment is on an annual basis.

- **Value of Water Communications Program Implementation Phase**
The implementation phase is the third year of this communication program which in previous years was a CORE budget item. A commitment was made last year that the implementation phase would become a CHOICE project. This phase included creative material development, regional media buys and ongoing metrics and monitoring efforts. The CHOICE phase will not begin until approximately October 1, 2014 and after the current CORE tasks are completed.
- **Poseidon Huntington Beach Project**
In the past there have been 19 participants in this CHOICE program. In FY2013-14 budget was \$52,340 with \$12,328 remaining and being carried over in FY2014-15. While the scope of work is not detailed for this coming year, it is likely that additional analysis and meetings will be requested by the Member Agencies as Poseidon completes their intake structure analysis and reopens their permit application with the Coastal Commission. MWDOC has contacted all the Member Agencies and requested a CHOICE contribution of \$3,000 per agency for those who elect to participate this year.
- **Doheny Desal Project**
Since 2008, five Member Agencies have chosen to participate in and fund this project. The Phase 3 work is substantially completed but the system has not been removed, expenses continue to be incurred and there is not final agreement on terminating or continuing the project. While this year's activities are uncertain, there were strong requests by some Member Agencies that Doheny remain a CHOICE project. This has necessitated a multiple cost center approach to maintain fund integrity and project liability issues.
 - 2008 Fund for Doheny Desal (Phase 3 efforts) – The label 2008 is used to signify the year the efforts began. Funding for this has involved the five Participating Agencies, MWDOC and Grants brought into the program such that the total revenue for the effort is \$6.2 M. MWDOC's latest accounting indicates that approximately \$94,000 remains, plus the \$356,000 reserved to remove the facilities at such time it is appropriate to do so. The following should be noted:
 - i. A number of discussions were held in an attempt to close-out or wrap up these efforts and, to date, agreement has not been reached among the five Participants.
 - ii. The funds on hand have been used to pay the annual lease to the State Parks (\$24,000 per year) and the electrical bills (about \$2,000 per year) to keep the power switched on at the facilities. MWDOC's intention is to renew the lease with the State Parks and make the annual lease payment out of these funds by the end of May and we will continue to pay the electricity bills on a monthly basis as they arrive.
 - iii. In addition, MWDOC will charge any staff time associated with these facilities, Participants Meetings and/or development of a

wrap-up agreement or subsequent negotiations out of these funds, until such time as the issues have been resolved.

- iv. In the event additional funds are needed at some point, we will invoice all five agencies for such.
- o Foundational Action Funding for Doheny Desal – MWDOC is assisting the South Coast Water District and the Laguna Beach County Water District in this effort. MWDOC staff will provide management of the funds to be received by this project similar to other MET grant funded projects including the San Juan Basin Authority Project. MWDOC staff time in the amount of \$37,922 was specifically included in the Doheny grant proposal to MET. MWDOC staff will be working on several of the grant tasks as a staff extension. MWDOC will be invoicing South Coast Water District directly for this assistance. In the FIRST DRAFT budget, this effort was included as the sole component of the Doheny CHOICE budget.
- o 2014 Fund for Doheny Desal - The label 2014 is used to signify the year the efforts are to begin, meaning fiscal year 2014-15 (starting July 1). As called out in MWDOC correspondence to Member Agencies regarding CHOICE discussions for the coming year, the activities and level of effort for Doheny are uncertain at this point. However, based on the Member Agency requests that Doheny be funded as a CHOICE project, we have requested that any of our Member Agencies who wish to participate in this CHOICE project commit to a contribution of \$10,000 per agency. The purpose of this request is to ensure that some level of funding will be available in the event it is needed in 2014-15. As the participating agencies may be different than the original five Doheny participants, this fund will be maintained separately from the 2008 Fund.

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

- Second Lower Cross Feeder (SLCF) Project – It is projected that the SLCF project will be completed during the current fiscal year and therefore on CHOICE budget is included. Any carryover activities will be dealt with as CORE activities. With OCWD's concurrence, this project has evolved into a discussion of potential conjunctive use options for development of a collaborative project between OCWD and the South County area. As such, MWDOC views this type of arrangement as a Core element in Orange County and will proceed as such.
- Several projects in Orange County, including conjunctive use and Poseidon, will likely involve transport of locally produced water via a MET pipeline, a pipeline in which MET owns capacity or a pipeline for which MET has the responsibility for water quality provisions. One of MWDOC's key goals for the coming year is to work with MET staff on the terms and conditions for conveyance of local supplies in these types of facilities. Development of this concept in a manner that works both for MET and the local agencies opens up several options in Orange County and hence is further support that these projects be considered as CORE for this budget year.

- AMP Sale Administration Agreement – The Allen McColloch Pipeline (AMP) agreement is reaching specific termination milestones that will require the review of legal counsel. Member Agencies who have responsibilities under this agreement have been notified of the anticipated activities.
- WEROC Funding – WEROC is funding through the participation of seven agencies: MWDOC, OCWD, SOCWA and the cities of Anaheim, Santa Ana and Fullerton. All seven agencies have agreed to the funding levels for FY2014-15.

5. **MWDOC's Reserve Funds**

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

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

General District Reserves:

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

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

(1) Projected

Cash Flow:

The agreement states that cash flow reserves should be set at \$1.00 million. These have remained at \$1.00 million for cash flow purposes since June 1, 2011 and the recommendation is to leave it at that level.

Election expense:

The agreement states we should have enough money in the reserve to cover up to seven elections every four years. Based on previous election costs we have determined that \$1.04 million (or \$148,000 per division) would be sufficient to cover seven elections. This requires that \$260,000 be contributed to the election reserve annually with a reserve cap of \$600,000 (since a maximum of four elections occur every other year and not all the districts are contested). The following table shows a brief history of the Election Expense Reserves.

MWDOC Election Reserves			
Fiscal Year	Beginning Reserve Balance	Contribution	Election Expenses
FY2010-11	500,000	128,000	128,000
FY2011-12	500,000	0	0
FY2012-13	500,000	225,000	497,000
FY2013-14	228,000	0	0
FY2014-15 ⁽¹⁾	228,000	260,000	444,000

(1) Projected

Building Expense:

The agreement states that MWDOC Building Reserves should be kept at \$350,000. The plan for rebuilding the building reserves is to contribute after the election reserves until 350k is reached. The following table shows brief history of the Building Expense Reserves.

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

MWDOC Building Reserves			
Fiscal Year	Beginning Reserve Balance	Contribution	Building Expense
FY2010-11	350,000	0	0
FY2011-12	350,000	0	0
FY2012-13	350,000	37,125	37,125
FY2013-14	350,000	0	239,000
FY2014-15 ⁽¹⁾	111,000	407,000	168,000

(1) Projected

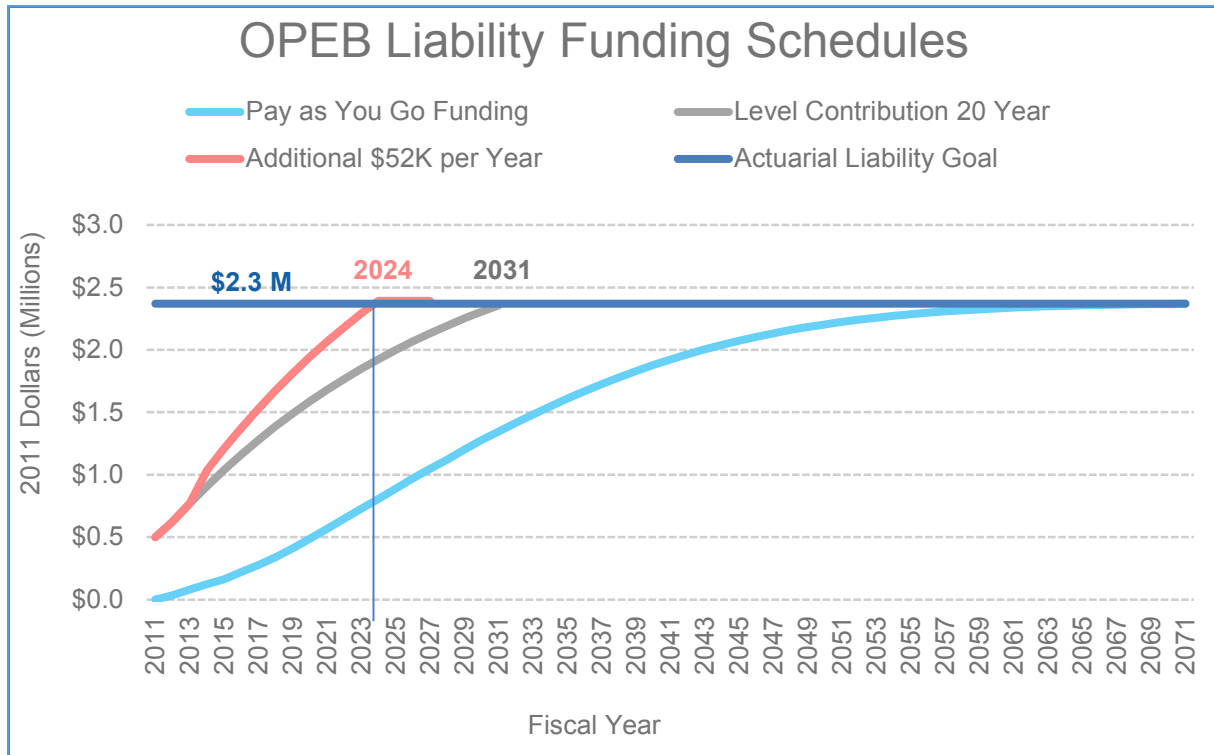
OPEB Reserve:

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

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

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

Staff has taken a look at the demographics of MWDOC's OPEB liabilities and has estimated that the bulk of the liabilities will take place over the next 10 years as long term MWDOC employees who had access to lifetime medical coverage retire. Taking into account the additional \$90,000 towards the OPEB liability plus an additional \$28,000 this year, staff has estimated that an increased annual contribution of \$52,000 per year starting next year and each year thereafter will move MWDOC toward fulfilling the OPEB liability over the next 10 years.



Summary of Reserves:

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

6. Water Rates and Charges

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

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

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

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

7. Grants and Outside Funding

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

Attachments:

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

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

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

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

**APPROVING AND ESTABLISHING THE MWDOC BUDGET FOR
FISCAL YEAR 2014-2015 INCLUDING THE RESERVE FUND, GENERAL FUND,
WATER FUND, WATER USE EFFICIENCY FUND, WEROC FUND, AMP FUND, AND
DEBT SERVICE FUND**

BE IT RESOLVED by the Board of Directors of Municipal Water District of Orange County that the Budget for financing the District's operations for Fiscal Year 2014-2015, as recommended, be and the same is hereby adopted as follows:

General Fund Budget (Inclusive of Expenses funded by Reserves)	\$8,025,809
Water Purchases Budget	181,841,285
Water Use Efficiency Budget	3,730,332
WEROC Budget.....	253,622
AMP Budget.....	20,000
AMP Sales Proceeds Distribution Budget.....	4,921
MWDOC Inter-fund Transfers	(177,508)
 Total Budget Resolution.....	 \$193,698,461

Upon Board approval and the adoption of the Budget and rate resolutions, the General Manager will expend, under District policy, such budgeted amounts as necessary for the purposes identified in the Budget for the Municipal Water District of Orange County.

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

AYES:
NOES:
ABSENT:
ABSTAIN:

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

Maribeth Goldsby, Secretary
Municipal Water District of Orange County



Annual Budget for Fiscal Year 2014-15

MWDOC's mission is:

To provide reliable, high-quality supplies from MWD and other sources to meet present and future needs, at an equitable and economical cost, and to promote water use efficiency for all of Orange County

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

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 2,524,013	\$ 2,363,897	\$ (160,116)	\$ 2,609,584 ¹	\$ 245,687	\$ 85,571
less for Recovery from Grants	\$ -	\$ -	\$ -	\$ -	-	0
Employee Benefits	848,848	702,346	(146,502)	831,155 ²	128,809	(17,693)
Director Compensation	200,357	170,322	(30,035)	210,342	40,020	9,985
Director Benefits	87,592	87,063	(530)	119,356	32,293	31,764
MWD Representation	114,490	97,028	(17,462)	120,197	23,169	5,707
OPEB Annual Contribution	111,112	112,165	1,053	133,331	21,166	22,219
Overhead Reimbursement	(139,513)	(134,844)	4,669	(139,240)	(4,396)	273
Health Insurance Coverage for Retirees	44,463	43,410	(1,053)	50,244	6,834	5,781
Audit Expense	23,000	17,900	(5,100)	23,000	5,100	0
Automotive & Toll Road Expenses	15,590	13,486	(2,104)	14,550	1,064	(1,040)
Conference Expense - Staff	12,520	9,885	(2,635)	13,925	4,040	1,405
Conference Expense - Directors	7,960	4,680	(3,280)	8,650	3,970	690
Engineering Expense	170,000	170,000	-	355,000	185,000	185,000
Insurance Expense	96,000	95,999	(1)	97,000	1,001	1,000
Legal Expense - General	304,500	391,414	86,914	329,000	(62,414)	24,500
Maintenance Expense	104,880	99,750	(5,130)	118,768	19,018	13,888
Membership / Sponsorship	88,087	86,742	(1,345)	90,437	3,695	2,350
CDR Participation	39,140	39,140	-	39,961	821	821
Miscellaneous Expense	78,610	70,874	(7,736)	71,150	276	(7,460)
Postage / Mail Delivery	15,100	10,175	(4,925)	11,100	925	(4,000)
Professional Fees	492,102	514,337	22,235	463,700	(50,637)	(28,402)
Rents & Leases	14,308	14,697	389	16,708	2,011	2,400
Outside Printing, Subscription & Books	53,487	44,737	(8,750)	51,725	6,988	(1,762)
Office Supplies	24,000	22,583	(1,417)	24,288	1,705	288
Building Repair & Maintenance	-	15,443	15,443	10,800	(4,643)	10,800
Computer Maintenance	7,500	5,742	(1,758)	6,000	258	(1,500)
Business Expense	7,000	6,224	(776)	7,000	776	-
Software Support & Expense	63,900	62,285	(1,615)	54,384	(7,901)	(9,516)
Computers and Equipment	-	-	-	9,300	9,300	9,300
Telecommunications Expense	16,900	15,172	(1,728)	16,900	1,728	-
Temporary Help Expense	-	-	-	-	-	-
Training Expense	14,200	8,061	(6,139)	18,000	9,939	3,800
Tuition Reimbursement	6,000	4,469	(1,531)	6,000	1,531	-

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

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	28,360	22,574	(5,786)	38,300	15,726	9,940
Travel & Accommodations - Directors	15,950	12,785	(3,165)	29,600	16,815	13,650
MWDOC's Contribution to WEROC	108,820	108,820	-	128,508	19,688	19,688
Capital Acquisition (excluding building)	23,500	23,292	(208)	-	(23,292)	(23,500)
NORMAL OPERATING EXPENSES	\$ 5,622,776	\$ 5,332,653	\$ (290,122)	\$ 5,988,723	\$ 656,069	\$ 365,947
Building Repair & Maintenance	\$ 315,000	\$ 238,596	\$ (76,404)	\$ 168,000	\$ (70,596)	\$ (147,000)
Election Expense	-	-	-	444,000	444,000	444,000
TOTAL EXPENSES	\$ 5,937,776	\$ 5,571,249	\$ (366,526)	\$ 6,600,723	\$ 1,029,473	\$ 662,947

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

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 31,888	\$ 416,042	\$ 384,154	\$ 84,373	\$ (331,668)	

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

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

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 390,163	\$ 402,637	\$ 12,474	\$ 386,270 ¹	\$ (16,366)	\$ (3,892)
less for Recovery from Grants	\$ (20,851)	\$ (22,194)	\$ (1,343)	\$ (16,437) ¹	5,757	4,414
Employee Benefits	133,211	130,091	(3,120)	130,763 ²	672	(2,448)
Director Compensation	-	-	-	-	-	-
Director Benefits	-	-	-	-	-	-
MWD Representation	-	-	-	-	-	-
OPEB Annual Contribution						
Overhead Reimbursement	139,513	134,844	(4,669)	139,240	4,396	(272)
Health Insurance Coverage for Retirees	-	-	-	-	-	-
Audit Expense	-	-	-	-	-	-
Automotive & Toll Road Expenses	-	-	-	-	-	-
Conference Expense - Staff	-	-	-	-	-	-
Conference Expense - Directors	-	-	-	-	-	-
Engineering Expense	-	-	-	-	-	-
Insurance Expense	-	-	-	-	-	-
Legal Expense - General	-	-	-	-	-	-
Maintenance Expense	-	-	-	2,000	2,000	2,000
Membership / Sponsorship	-	-	-	-	-	-
CDR Participation	-	-	-	-	-	-
Miscellaneous Expense	12,500	7,502	(4,998)	49,250	41,748	36,750
Postage / Mail Delivery	-	-	-	-	-	-
Professional Fees	327,000	305,741	(21,259)	669,500	363,759	342,500
Rents & Leases	-	-	-	24,000	24,000	24,000
Outside Printing, Subscription & Books	17,500	17,500	-	40,500	23,000	23,000
Office Supplies	-	-	-	-	-	-
Computer Maintenance	-	-	-	-	-	-
Software Support & Expense	-	-	-	-	-	-
Telecommunications Expense	-	-	-	-	-	-
Computers and Equipment	-	-	-	-	-	-
Temporary Help Expense	-	-	-	-	-	-
Training Expense	-	-	-	-	-	-
Tuition Reimbursement	-	-	-	-	-	-

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

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	-	-	-	-	-	-
Travel & Accommodations - Directors	-	-	-	-	-	-
Capital Acquisition (excluding building)	-	-		-	-	-
TOTAL EXPENSES	\$ 999,035	\$ 976,120	\$ (22,915)	\$ 1,425,087	\$ 448,966	\$ 426,051

REVENUES:						
Choice Revenue	977,847	976,121	(1,726)	1,425,086	448,965	447,240
TOTAL REVENUES	\$ 977,847	\$ 976,121	\$ (1,726)	\$ 1,425,086	\$ 448,965	\$ 447,240

Staff only for South Orange Coastal Ocean Desal

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

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

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 2,914,176	\$ 2,766,534	\$ (147,642)	\$ 2,995,854 ¹	\$ 229,321	\$ 81,679
less for Recovery from Grants	\$ (20,851)	\$ (22,194)	\$ (1,343)	\$ (16,437)	5,757	4,414
Employee Benefits	982,059	832,437	(149,622)	961,918 ²	129,481	(20,141)
Director Compensation	200,357	170,322	(30,035)	210,342	40,020	9,985
Director Benefits	87,592	87,063	(530)	119,356	32,293	31,764
MWD Representation	114,490	97,028	(17,462)	120,197	23,169	5,707
OPEB Annual Contribution	111,112	112,165	1,053	133,331	21,166	22,219
Overhead Reimbursement	(0)	-	0	-	-	0
Health Insurance Coverage for Retirees	44,463	43,410	(1,053)	50,244	6,834	5,781
Audit Expense	23,000	17,900	(5,100)	23,000	5,100	0
Automotive & Toll Road Expenses	15,590	13,486	(2,104)	14,550	1,064	(1,040)
Conference Expense - Staff	12,520	9,885	(2,635)	13,925	4,040	1,405
Conference Expense - Directors	7,960	4,680	(3,280)	8,650	3,970	690
Engineering Expense	170,000	170,000	-	355,000	185,000	185,000
Insurance Expense	96,000	95,999	(1)	97,000	1,001	1,000
Legal Expense - General	304,500	391,414	86,914	329,000	(62,414)	24,500
Maintenance Expense	104,880	99,750	(5,130)	120,768	21,018	15,888
Membership / Sponsorship	88,087	86,742	(1,345)	90,437	3,695	2,350
CDR Participation	39,140	39,140	-	39,961	821	821
Miscellaneous Expense	91,110	78,376	(12,734)	120,400	42,024	29,290
Postage / Mail Delivery	15,100	10,175	(4,925)	11,100	925	(4,000)
Professional Fees	819,102	820,078	976	1,133,200	313,122	314,098
Rents & Leases	14,308	14,697	389	40,708	26,011	26,400
Outside Printing, Subscription & Books	70,987	62,237	(8,750)	92,225	29,988	21,238
Office Supplies	24,000	22,583	(1,417)	24,288	1,705	288
Building Repair & Maintenance	-	15,443	15,443	10,800	(4,643)	10,800
Computer Maintenance	7,500	5,742	(1,758)	6,000	258	(1,500)
Business Expense	7,000	6,224	(776)	7,000	776	-
Software Support & Expense	63,900	62,285	(1,615)	54,384	(7,901)	(9,516)
Computers and Equipment	-	-	-	9,300	9,300	9,300
Telecommunications Expense	16,900	15,172	(1,728)	16,900	1,728	-
Temporary Help Expense	-	-	-	-	-	-
Training Expense	14,200	8,061	(6,139)	18,000	9,939	3,800
Tuition Reimbursement	6,000	4,469	(1,531)	6,000	1,531	-

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2013-2014 ADOPTED BUDGET	FY 2013-2014 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2014-2015 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2013-2014 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	28,360	22,574	(5,786)	38,300	15,726	9,940
Travel & Accommodations - Directors	15,950	12,785	(3,165)	29,600	16,815	13,650
MWDOC's Contribution to WEROC	108,820	108,820	-	128,508	19,688	19,688
MWDOC's Contribution to Desalination	-	-	-	-	-	-
Expenses billed to AMP, WFC	-	-	-	-	-	-
Election Expense	-	-	-	-	-	-
Capital Acquisition (excluding building)	23,500	23,292	(208)	-	(23,292)	(23,500)
NORMAL OPERATING EXPENSES	\$ 6,621,811	\$ 6,308,774	\$ (313,037)	\$ 7,413,809	\$ 1,105,036	\$ 791,998
Building Repair & Maintenance	\$ 315,000	\$ 238,596	\$ (76,404)	\$ 168,000	\$ (70,596)	\$ (147,000)
Election Expense	-	-	-	444,000	444,000	444,000
TOTAL EXPENSES	\$ 6,936,811	\$ 6,547,370	\$ (389,441)	\$ 8,025,809	\$ 1,478,440	\$ 1,088,998

REVENUES:						
Retail Meter Charge	\$ 5,121,824	\$ 5,121,824	\$ -	\$ 6,440,532	\$ 1,318,708	\$ 1,318,708
Water Increment Charge	709,839	730,467	20,628	103,564	(626,903)	(606,275)
Interest Revenue	138,000	132,000	(6,000)	138,000	6,000	0
Miscellaneous Income	-	3,000	3,000	3,000	-	3,000
School Contracts - Core	-	-	-	-	-	0
Inter Fund In	-	-	-	-	-	0
Choice Revenue	977,847	976,121	(1,726)	1,425,086	448,965	447,240
TOTAL REVENUES	\$ 6,947,510	\$ 6,963,412	\$ 15,902	\$ 8,110,182	\$ 1,146,770	\$ 1,162,672

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 10,699	\$ 416,043	\$ 405,344	\$ 84,373	\$ (331,669)	

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

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

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

**Exhibit B
Expenditures by Program**

Cost Center	PROGRAM	FY 2013-2014 BUDGET FTE	FY 2014-2015 BUDGET FTE	FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
11	Administrative - Board	1.91	1.94	\$ 1,098,823	\$ 1,129,603	\$ 1,168,599
12	Administrative - General	2.61	3.04	392,648	391,479	376,942
13	Personnel / Staff Development	1.27	1.30	209,432	197,712	265,991
19	Overhead	3.55	3.33	811,695	761,152	845,224
21	Planning & Resource Development	2.79	2.72	616,983	571,410	675,164
22	Research Participation	0.00	0.00	39,140	39,140	39,961
23	Met Issues and Special Projects	3.98	4.78	629,170	622,655	827,523
31	Governmental Affairs	0.86	1.37	384,001	366,638	499,389
35	Policy Development	0.26	0.26	53,941	60,101	58,313
32	Public Affairs	2.72	2.28	536,434	476,211	357,037
41	Finance	3.92	3.73	512,831	400,387	566,654
45	Information Technology	1.07	0.99	228,858	207,344	179,417
25	MWDOC's Contribution to WEROC ¹	1.80	2.00	108,820	108,820	128,508
CORE TOTAL		26.74	27.74	\$ 5,622,776	\$ 5,332,653	\$ 5,988,723
62	Water Use Efficiency Program	4.92	4.75	683,599	697,503	785,805
63	School Programs	0.12	0.12	267,871	239,135	275,109
67	Value of Water	0.00	0.00	-	-	148,250
64	Foundational Action - Doheny Desal	0.32	0.14	-	4,246	37,922
65	Poseidon Desal	0.19	0.00	47,565	35,237	54,000
27	2008 Fund - Doheny Desal	0.00	0.00	-	-	94,000
68	2014 Fund - Doheny Desal	0.00	0.00	-	-	30,000
CHOICE TOTAL		5.55	5.02	\$ 999,035	\$ 976,120	\$ 1,425,087
CORE & CHOICE TOTAL		32.29	32.76	\$ 6,621,811	\$ 6,308,774	\$ 7,413,809
Includes:	Full-time employees	27.00	27.00			
	WEROC Full-time employee	1.00	2.00			
	Part-time employees	2.02	1.22			
	Interns	2.27	2.54			

¹ FTE accounts for WEROC, Manager Kelly Hubbard and 1 full time employee. Total cost of WEROC is allocated among MWDOC, OCWD, OCSD, Anaheim, Santa Ana, Fullerton, and South Orange County Wastewater Authority. Dollars shown are MWDOC's share only.

**Municipal Water District of Orange County
2014-2015 FISCAL MASTER PLAN PROJECTIONS**

(in thousands)

	Projected ACTUALS FY13-14	BUDGET FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
Beginning Designated Reserve Balance - MWDOC	\$2,909	\$ 3,325	\$ 3,409	\$ 3,744	\$ 3,518	\$ 3,792	\$ 3,656
Adjusted Reserve Balance	2,909	3,325	3,409	3,744	3,518	3,792	3,656
Revenues							
Water Rate Revenues:							
Retail Meter Fees	5,122	6,441	6,606	6,668	6,773	7,000	7,131
Water Rate Increment	730	104	-	-	-	-	-
Subtotal	5,852	6,544	6,606	6,668	6,773	7,000	7,131
Other Revenues:							
Choice Revenues	976	1,425	1,461	1,497	1,535	1,573	1,612
Interest Earnings	132	138	113	118	138	167	188
Misc./Reimbursements	3	3	5	5	5	5	5
Subtotal	1,111	1,566	1,579	1,620	1,678	1,745	1,805
Total Revenues	6,963	8,110	8,185	8,288	8,451	8,744	8,936
Expenses							
Core Expenses	5,309	5,989	6,194	6,405	6,621	6,843	7,014
Choice Expenses	976	1,425	1,461	1,497	1,535	1,573	1,612
Capital Acquisitions (not including building)	23	-	20	20	20	20	20
Total Expenses w/o Building & Election	6,309	7,414	7,675	7,923	8,176	8,436	8,646
Revenue Over Expenses w/o Building & Election	655	696	509	366	275	308	290
Annual Election Reserve Contribution	228	260	260	260	260	260	260
Annual Election Expense	-	444	592	444			
Election Reserve Balance	228	44	304	-	260	76	336
Annual Building Reserve Contribution	350	407	175	-	-	-	-
Annual Building Expense	239	168	175	-	-		
Building Reserve Balance	111	350	350	350	350	350	350
Effects on General Reserves							
General Reserves Contribution (Draw)	77	30	74	78	15	48	30
Ending General Fund & Cash Flow Reserves	\$ 2,986	\$ 3,015	\$ 3,090	\$ 3,168	\$ 3,182	\$ 3,230	\$ 3,260
MWDOC Water Rates							
Water Sales in Acre Feet	224,759	207,128	198,656	197,252	202,611	210,819	198,403
Total Retail Meters	609,741	613,384	614,475	617,440	621,355	624,960	625,510
OCWD BPP %	70%	72%	75%	75%	75%	75%	75%
Increment Rate	\$ 3.25	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Charge	\$ 8.40	\$ 10.50	\$ 10.75	\$ 10.80	\$ 10.90	\$ 11.20	\$ 11.40
Fixed Charge %		95%	100%	100%	100%	100%	100%

1 Assumptions for FMP:

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

Working Capital and Interest Revenue Projections

	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Working Capital:					
Designated Reserve Fund	3,409	3,744	3,518	3,792	3,656
General Fund Float	1,000	1,000	1,000	1,000	1,000
WUE use of fund	(200)	(200)	(200)	(200)	(200)
Water Payment Float	4,850	4,875	4,900	4,925	4,950
Average Working Capital	9,059	9,419	9,218	9,517	9,406
Interest rate	1.25%	1.25%	1.50%	1.75%	2.00%
Interest Revenue Projections:					
Interest income - General	113	118	138	167	188
Total Interest Revenue Projections	113	118	138	167	188

Total Core Expenses

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	2,524,013	2,363,897	2,609,584
	S & W Reimb. DSC or Recov from Grants	-	-	-
6090	Directors Compensation - MWDOC	200,357	170,322	210,342
6095	Directors Compensation - MWD	114,490	97,028	120,197
6105	Benefits - Admin	848,848	702,346	831,155
	OPEB Annual Contribution	111,112	112,165	133,331
	Overhead Reimbursement	(139,513)	(134,844)	(139,240)
6115	Benefits - Directors	87,592	87,063	119,356
6120	Health Insurance Coverage for Retirees	44,463	43,410	50,244
6205	Training	14,200	8,061	18,000
6210	Tuition Reimbursement	6,000	4,469	6,000
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	170,000	170,000	355,000
7020	Legal - General	304,500	391,414	329,000
7030	Audit	23,000	17,900	23,000
7040	Other Professional Fees	492,102	514,337	463,700
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	12,520	9,885	13,925
7115	Conference - Directors	7,960	4,680	8,650
7150	Travel & Accommodations - Employee	28,360	22,574	38,300
7155	Travel & Accommodations - Director	15,950	12,785	29,600
7210	Membership / Sponsorship	88,087	86,742	90,437
7250	CDR Participation	39,140	39,140	39,961
7305	Business Expense	7,000	6,224	7,000
7310	Office Maintenance	104,880	99,750	118,768
7315	Building Repair & Maintenance	-	15,443	10,800
7320	Rents & Leases	14,308	14,697	16,708
7330	Office Supplies	24,000	22,583	24,288
7340	Postal / Mail Delivery	15,100	10,175	11,100
7350	Subscriptions / Books	2,400	1,035	1,600
7360	Reproduction Expense	51,087	43,702	50,125
7410	Computer & Peripherals Maint	7,500	5,742	6,000
7430	Software Purchase	9,500	8,270	25,515
7440	Software Support	54,400	54,015	28,869
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	-	-	9,300
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	14,300	12,267	13,300
7615	Toll Road Charges	1,290	1,219	1,250
7620	Insurance Expense	96,000	95,999	97,000
7640	Utilities - Telephone	16,900	15,172	16,900
7650	Bank Fees	10,560	10,530	10,700
7670	Miscellaneous Expenses	68,050	60,344	60,450
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	23,500	23,292	-
	Total Expenditure	5,513,956	5,223,833	5,860,215

MWDOC's Contribution to WEROC	108,820	108,820	128,508
MWDOC's Election Expense	-	-	444,000
MWDOC's Building Expense	315,000	238,596	168,000
	<u>5,937,776</u>	<u>5,571,249</u>	<u>6,600,723</u>

Total Choice Revenue and Expense

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
	Choice Revenue	907,847	907,847	1,261,086
4205	School Contracts	70,000	70,000	70,000
4705	Prior Year Carry Over	-	-	94,000
		-	-	-
	Choice billing over/under	-	(1,726)	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
	Total Revenue	977,847	976,121	1,425,086

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	390,163	402,637	386,270
	S & W Reimb. DSC or Recov from Grants	(20,851)	(22,194)	(16,437)
6090	Directors Compensation - MWDOC	-	-	-
6095	Directors Compensation - MWD	-	-	-
6105	Benefits - Admin	133,211	130,091	130,763
	Overhead Reimbursement	139,513	134,844	139,240
6115	Benefits - Directors	-	-	-
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training	-	-	-
6210	Tuition Reimbursement	-	-	-
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	-	-	-
7020	Legal - General	-	-	-
7030	Audit	-	-	-
7040	Other Professional Fees	99,000	98,929	435,500
	Other Professional Fees - DSC	228,000	206,812	234,000
7110	Conference - Employee	-	-	-
7115	Conference - Directors	-	-	-
7150	Travel & Accommodations - Employee	-	-	-
7155	Travel & Accommodations - Director	-	-	-
7210	Membership / Sponsorship	-	-	-
7220	CUWA Participation	-	-	-
7240	AWWARF Participation	-	-	-
7250	CDR Participation	-	-	-
7310	Office Maintenance	-	-	2,000
7320	Rents & Leases	-	-	24,000
7330	Office Supplies	-	-	-
7340	Postal / Mail Delivery	-	-	-
7350	Subscriptions / Books	-	-	-
7360	Reproduction Expense	17,500	17,500	40,500
7410	Computer & Peripherals Maint	-	-	-
7430	Software Purchase	-	-	-
7440	Software Support	-	-	-
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	-	-	-
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	-	-	-
7615	Toll Road Charges	-	-	-
7620	Insurance Expense	-	-	-
7640	Utilities - Telephone	-	-	-
7650	Bank Fees	-	-	-
7670	Miscellaneous Expenses	12,500	7,502	49,250
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8710	Election Expenses	-	-	-
8810	Capital Acquisition	-	-	-
	Total Expenditure	999,035	976,120	1,425,087

Total Core and Choice Expenses

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	2,914,176	2,766,534	2,995,854
	S & W Reimb. DSC or Recov from Grants	(20,851)	(22,194)	(16,437)
6090	Directors Compensation - MWDOC	200,357	170,322	210,342
6095	Directors Compensation - MWD	114,490	97,028	120,197
6105	Benefits - Admin	982,059	832,437	961,918
	OPEB Annual Contribution	111,112	112,165	133,331
	Overhead Reimbursement	(0)	-	-
6115	Benefits - Directors	87,592	87,063	119,356
6120	Health Insurance Coverage for Retirees	44,463	43,410	50,244
6205	Training	14,200	8,061	18,000
6210	Tuition Reimbursement	6,000	4,469	6,000
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	170,000	170,000	355,000
7020	Legal - General	304,500	391,414	329,000
7030	Audit	23,000	17,900	23,000
7040	Other Professional Fees	591,102	613,266	899,200
	Other Professional Fees - DSC	228,000	206,812	234,000
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	12,520	9,885	13,925
7115	Conference - Directors	7,960	4,680	8,650
7150	Travel & Accommodations - Employee	28,360	22,574	38,300
7155	Travel & Accommodations - Director	15,950	12,785	29,600
7210	Membership / Sponsorship	88,087	86,742	90,437
7250	CDR Participation	39,140	39,140	39,961
7305	Business Expense	7,000	6,224	7,000
7310	Office Maintenance	104,880	99,750	120,768
7315	Building Repair & Maintenance	-	15,443	10,800
7320	Rents & Leases	14,308	14,697	40,708
7330	Office Supplies	24,000	22,583	24,288
7340	Postal / Mail Delivery	15,100	10,175	11,100
7350	Subscriptions / Books	2,400	1,035	1,600
7360	Reproduction Expense	68,587	61,202	90,625
7410	Computer & Peripherals Maint	7,500	5,742	6,000
7430	Software Purchase	9,500	8,270	25,515
7440	Software Support	54,400	54,015	28,869
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	-	-	9,300
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	14,300	12,267	13,300
7615	Toll Road Charges	1,290	1,219	1,250
7620	Insurance Expense	96,000	95,999	97,000
7640	Utilities - Telephone	16,900	15,172	16,900
7650	Bank Fees	10,560	10,530	10,700
7670	Miscellaneous Expenses	80,550	67,846	109,700
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	23,500	23,292	-
	Total Expenditure	6,512,991	6,199,954	7,285,301

MWDOC's Contribution to WEROC	108,820	108,820	128,508
MWDOC's Election Expense	-	-	444,000
MWDOC's Building Expense	315,000	238,596	168,000
	<u>6,936,811</u>	<u>6,547,370</u>	<u>8,025,809</u>

Administrative - Board

11

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

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	251,767	258,921	242,249
6090	Directors Compensation - MWDOC	200,357	170,322	210,342
6095	Directors Compensation - MWD	114,490	97,028	120,197
6105	Benefits - Admin	80,657	70,197	73,905
6115	Benefits - Directors	87,592	87,063	119,356
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	299,000	386,009	320,000
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors	7,960	4,680	8,650
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director	15,950	12,785	29,600
7210	Membership / Sponsorship	25,000	24,339	25,000
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery	4,600	4,300	4,600
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage	9,300	9,040	9,500
7615	Toll Road Charges	650	719	700
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	1,500	4,201	4,500
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8810	Capital Acquisition			
	Total Expenditure	1,098,823	1,129,603	1,168,599

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

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

4 See Exhibit F.

5 LAFCO Annual Assessment
See Exhibit D.

6 Misc board expenses (supplies)

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

MWDOC's Election Expense

	444,000
1,098,823	1,129,603
1,162,599	

Administrative - General
12

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	218,861	239,107	204,597	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	66,740	58,984	54,593	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees				
7110	Conference - Employee	12,520	9,885	13,925	1
7115	Conference - Directors				
7150	Travel & Accommodations - Employee	28,360	22,574	38,300	1
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship	49,527	48,843	51,377	2
7250	CDR Participation				
7305	Business Expense	7,000	6,224	7,000	
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books	2,400	1,035	1,600	
7360	Reproduction Expense				
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage	5,000	3,227	3,800	
7615	Toll Road Charges	640	500	550	
7620	Insurance Expense				
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	1,600	1,100	1,200	
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	392,648	391,479	376,942	

1 See Exhibit E.

2 See Exhibit D.

Personnel / Staff Development
13

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	123,722	120,410	144,067	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	41,960	41,435	45,924	1 • Staff Technical Training & Leadership Development Training \$ 18,000
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training	14,200	8,061	18,000	1
6210	Tuition Reimbursement	6,000	4,469	6,000	
6220	Temporary Help				
7010	Engineering - Outside Services				2 Best, Best & Krieger \$ 6,000 Demsey, Filliger & Associates \$ 3,000 \$ 9,000
7020	Legal - General	5,500	5,405	9,000	2
7030	Audit				
7040	Other Professional Fees	10,000	7,500	35,000	3
7110	Conference - Employee				3 • Semi-annual Review of Deferred Comp and pension investment composition. \$ 15,000 • Salary & Benefit Benchmark Study \$ 20,000 \$ 35,000
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				4 • Employee Recognition program \$ 2,800 • Employee Background Checks \$ 1,200 • Team Building, Lunch meetings \$ 1,400 • Holiday Lunch \$ 1,800 • OCWD Health Fair \$ 250 • Employee Flu Shots \$ 550 \$ 8,000
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books				
7360	Reproduction Expense				
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage				
7615	Toll Road Charges				
7620	Insurance Expense				
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	8,050	10,432	8,000	4
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	209,432	197,712	265,991	

Overhead
19

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	376,064	343,165	359,881
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	123,719	95,844	115,544
	OPEB Annual Contribution	111,112	112,165	133,331
	Overhead Reimbursement from Choice	(139,513)	(134,844)	(139,240)
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees	44,463	43,410	50,244
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	10,602	9,922	10,100
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7250	CDR Participation			
7310	Office Maintenance	104,880	99,750	118,768
7315	Building Repair & Maintenance		15,443	10,800
7320	Rents & Leases	14,308	14,697	16,708
7330	Office Supplies	24,000	22,583	24,288
7340	Postal / Mail Delivery	8,000	5,375	6,000
7350	Subscriptions / Books			
7360	Reproduction Expense	3,900	7,827	5,400
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			2,300
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense	96,000	95,999	97,000
7640	Utilities - Telephone	16,900	15,172	16,900
7650	Bank Fees	10,560	10,530	10,700
7670	Miscellaneous Expenses	6,700	4,114	6,500
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	811,695	761,152	845,224

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

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

Planning Resource Development
21

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	382,129	350,975	395,062
6012	Salaries & Wages - Reimb. from Grants	-		-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	127,853	114,939	133,102
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	100,000	100,000	140,000
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	7,000	5,497	7,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	616,983	571,410	675,164

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

Research Participation
22

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin			
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation	39,140	39,140	39,961
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	39,140	39,140	39,961

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

Met Issues and Special Projects
23

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	413,670	419,131	462,691	1
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	145,500	133,524	149,832	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services	70,000	70,000	215,000	2
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees				
7045	Other Professional Fees - MET				
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books				
7360	Reproduction Expense	-	-	-	
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage				
7615	Toll Road Charges				
7620	Insurance Expense				
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses				
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	629,170	622,655	827,523	

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

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

Government Affairs
31

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	77,115	65,323	156,272
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	36,386	5,315	46,317
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	254,000	290,000	280,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AWWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	6,000	-	-
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	10,500	6,000	16,800
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	384,001	366,638	499,389

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

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

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

Public Affairs
32

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	192,083	156,270	167,213	
	Salaries & Wages - Reimb. from Grants				
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	59,664	51,152	51,234	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees	212,500	204,415	65,600	1
7047	Prof Service-Grant Recovery				
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery	2,500	500	500	
7350	Subscriptions / Books				
7360	Reproduction Expense	41,187	35,875	44,725	2
7410	Computer & Peripherals Maint				
7430	Software Purchase			15,515	4
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage				
7615	Toll Road Charges				
7620	Insurance Expense				
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	28,500	28,000	12,250	3
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	536,434	476,211	357,037	

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

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

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

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

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

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

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	30,115	30,151	34,719
6010	Salaries & Wages - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	10,265	16,390	9,534
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	13,560	13,560	14,060
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	53,941	60,101	58,313

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

General Finance
41

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	364,463	297,061	352,263
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	119,368	80,426	115,391
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit	23,000	17,900	23,000
7040	Other Professional Fees	3,000	2,500	73,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			2,000
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	500	1,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition	2,000	2,000	
	Total Expenditure	512,831	400,387	566,654

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

2 Financial Management System software
reporting & customized improvements

Information Technology
45

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

**Water Use Efficiency
(choice)
62**

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



		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	353,414	371,391	354,468
6012	Salaries & Wages - Recovery from Grants	(20,851)	(22,194)	(16,437)
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	121,594	120,749	120,651
	Overhead Reimbursement	125,442	123,627	127,122
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	99,000	98,929	195,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases	-		-
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	5,000	5,002	5,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	683,599	697,503	785,805

1 Recovery from WUE Grants for some Salaries and Benefits:

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

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

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

• Landscape Database -- \$10,000

**School Program
(choice)
63**

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

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

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	8,753	7,432	9,482
6010	Sal & Wages - Reimb. from DSC & Grants		-	
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	2,784	2,327	2,990
	Overhead Reimbursement	3,334	2,563	3,638
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7040	Other Professional Fees - DSC	228,000	206,812	234,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AWWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	17,500	17,500	17,500
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	7,500	2,500	7,500
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	267,871	239,135	275,109

1 • Assemblies; FY14-15
Goal is 75,000 students

2 • School books and other printings

3 • Demonstration supplies including new Ricki Pencils and Stickers for education presentation

Foundational Action - Doheny Desal
(choice)
64

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

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

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin		2,561	22,320
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		807	7,121
	Overhead Reimbursement		878	8,480
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	-	4,246	37,922

To Be Funded by South Coast Water District

**Poseidon Desal
(choice)
65**

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4215	Choice Revenue	47,565	47,565	54,000
4705	Prior Year Carry over			
	Choice billing over/under		(12,328)	
	Total Revenue	47,565	35,237	54,000

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

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	27,996	21,253	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	8,833	6,209	-
	Overhead Reimbursement	10,737	7,775	-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			54,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	47,565	35,237	54,000

Costs shown are minimal effort and could increase

**Value of Water
(choice)
67**

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

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin		-	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		-	-
	Overhead Reimbursement			-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			88,500
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			23,000
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			36,750
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	-	-	148,250

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

2008 Fund - Doheny Desal
(choice)
27

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

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

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin		-	-
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		-	-
	Overhead Reimbursement		-	-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			68,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7250	CDR Participation			
7310	Office Maintenance			2,000
7320	Rents & Leases			24,000
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	-	-	94,000

Costs shown are minimal effort and could increase

2014 Fund - Doheny Desal
(choice)
68

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
4215	Choice Revenue			30,000
4705	Prior Year Carry over			
	Choice billing over/under		-	
	Total Revenue	-	-	30,000

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

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin		-	-
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		-	-
	Overhead Reimbursement		-	-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			30,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	-	-	30,000

Costs shown are minimal effort and could increase

**WEROC
25**

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

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

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

1 Catalina Repeater (6% increase)

2 Janitorial services for 2 EOCs.

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

4 Land-line and cellular phones, and DSL

5 • WEROC Staff & Agencies trainings

Sinking Fund (generator/radio)

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

AMP Proceeds Agreement Administration
61

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

Participating Member agencies will be billed annually per the AMP sales admin agreement to cover legal and audit expenses until the RPOI ends in 2016

		FY 2013-2014 BUDGET	FY 2013-2014 PROJECTED ACTUALS	FY 2014-2015 PROPOSED BUDGET
6010	Salaries & Wages - Admin	-	895	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		216	
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	2,500	3,259	17,000
7030	Audit	2,500	3,000	3,000
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	5,000	7,369	20,000

Exhibit D

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

	Budget	Projected	Budget	Approval included in
	FY 2013-2014	FY 2013-2014	FY 2014-2015	Budget Approval
		Actuals		
Required Participation or Service				
LAFCO	\$ 25,000	\$ 24,339	\$ 25,000	√
Subtotal Cost Center 11	25,000	24,339	25,000	
Association. of Calif. Water Agencies (ACWA)	15,620	15,631	15,631	√
Federal Affairs				
Local Government				
Water Management				
Joint Powers Ins. Auth.				
eCivis, LLC - Grants Locator	3,900	3,900	3,900	√
Santiago Aqueduct Commission	3,906	3,906	3,906	√
Subtotal Cost Center 12	23,426	23,437	23,437	
CA Urban Water Conservation Council Dues	7,810	7,810	7,810	√
South OC Watershed Management Area Dues	5,750	5,750	5,750	√
Subtotal Cost Center 35	13,560	13,560	13,560	
Subtotal - Required Participation or Service	\$ 61,986	\$ 61,336	\$ 61,997	
Elective Participation				
Association of California Cities- Orange County (ACCOC)	\$ 5,000	\$ 5,000	\$ 5,000	√
American Water Works Association (AWWA)	1,550	1,476	1,550	√
Association of Public Treasurers (APT)	145	145	145	√
CA Chamber of Commerce (HR California)	499	449	499	√
CALDESAL	5,000	5,000	5,000	√
California Municipal Treasurers Association (CMTA)	155	155	155	√
California Society of Municipal Finance Officers (CSMFO)	125	125	125	√
CA Special Districts Assn. (CSDA)	5,225	5,294	5,294	√
Colorado River Water Users Assn. (CRWUA)	100	40	100	√
Government Finance Officers Association (GFOA)	165	165	165	√
Indep. Special Districts of Or. Co. (ISDOC)	200	200	200	√
Latino Business Association			250	√ New
National Ground Water Association	-	-		
Municipal Information Systems Association of California (MISAC)	-	-		
International Personnel Management Association	105	105	105	√
National Water Resources Assn., Mun. Caucus	500	500	500	√
Orange County Business Council (OC Chamber)	1,500	1,500	1,500	√
Orange County Employmnt Rltns Consortium (Liebert, Cassidy & Whit	2,994	2,894	2,994	√
Orange County Public Affairs Association	150	150	150	√
Orange County Water Association (OCWA)	200	200	200	√
Public Agency Risk Managers Association (PARMA)	100	100	100	√
Public Relations Society of America/O.C.	300	300	300	√
Society of Human Resources Management (SHRM)	160	180	180	√
South Orange County Chamber of Commerce			1,500	√ New
Southern California Water Committee	850	850	850	√
Vietnamese Chamber of Commerce			500	√ New
Water Education Foundation	578	578	578	√
Subtotal Cost Center 12	25,601	25,406	27,940	

Exhibit D

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

Required Participation or Service	Budget FY 2013-2014	Projected FY 2013-2014 Actuals	Budget FY 2014-2015	Approval included in Budget Approval
OC Chapter-Calif. Landscape Contractors Assoc.			500	√ New
Subtotal Cost Center 35			500	
Subtotal - Elective Participation	\$ 25,601	\$ 25,406	\$ 28,440	
InfraGard	\$ 55	\$ 55	\$ 55	√
California Emergency Services Association	175	145	150	√
WEROC Program Total	230	200	205	
GRAND TOTAL	\$ 87,817	\$ 86,942	\$ 90,642	

New or Increased Memberships for 2014-15

Association	Budget FY 2013-2014	Projected FY 2013-2014 Actuals	Budget FY 2014-2015	Approval included in Budget Approval
OC Chapter-Calif. Landscape Contractors Assoc.			\$ 500	√ New
Latino Business Association			250	√ New
South Orange County Chamber of Commerce			1,500	√ New
Vietnamese Chamber of Commerce			500	√ New
Total of New or Increased Memberships			\$ 2,750	

Exhibit E

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

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

* Includes OCWA lunch meetings, ISDOC, OCBC, SCWC, League of Cities, Misc. Assoc/Committee meetings and related business meeting expenses.

** Excludes automotive mileage.

(1) Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

Exhibit F

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Summary of Proposed Board Registration & Travel Budget Fiscal Year 2014-2015

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

* Includes OCWA lunch meetings, ISDOC, OCBC, SCWC, League of Cities, Misc. Assoc/Committee meetings and related business meeting expenses.

** Excludes automotive mileage.

(1) Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

Exhibit J
Professional / Special Services Authorized
Core Fund

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

Exhibit J
Professional / Special Services Authorized
Trustee Activities

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

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

Exhibit J1
Professional / Special Services Authorized
Choice Funds

Department	Consultant	Service	Budget FY 13-14	Budget FY 14-15	Approval included in Budget Approval
Professional Fees					
Water Use Efficiency (62)	*ConserVision Consulting, LLC	Water Smart Landscape	54,000	55,000	√
	(To be determined)	Printing of marketing materials for all WUE programs	40,000	40,000	√
	Enterprise Information Systems	California Sprinkler Adjustment Program		35,000	√
	(To be determined)	Landscape Design Assistance Program		35,000	√
	Gilbert & Associates	Project Audit	5,000	5,000	√
Value of Water (67)	(To be determined)	Landscape Ordinance Plan Review		25,000	√
	(To be determined)	Outreach		25,000	√
	(To be determined)	Temporary In-House Staffing		20,000	√
	(To be determined)	Gas Station Pump Video Adds		12,000	√
	(To be determined)	Bus Shelter Adds		12,500	√
Poseidon Desal	(To be determined)	Public Service Announcements		8,000	√
	(To be determined)	Website Development		3,500	√
	(To be determined)	Mobile Application Development		7,500	√
	(To be determined)	(To be determined)		54,000	√
2008 Fund Doheny Desal	(To be determined)	(To be determined)		68,000	
2014 Fund Doheny Desal	(To be determined)	(To be determined)		30,000	
School Program (63)	Discovery Science Center	Assemblies	228,000	234,000	√
Total Professional Fees			327,000	669,500	

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

DRAFT MWDOC Choice Services Program

Cost Allocations by Agencies for FY 2014-15

As of May 15, 2014

Program Budget [1]	Water Use Efficiency	School Program	Value of Water Communications	Poseidon Ocean Desalination	Doheny Ocean Desal	AMP Sale Agreement Legal	Total Choice Allocation
Final Draft Budget (5/5/2014)	\$ 785,805	\$ 275,109	\$ 148,250	\$ -	\$ -	\$ 20,000	\$ 1,209,164

Retail Agency Allocation	Water Use Efficiency [2]	School [3] Program	Value of Water [4] Communications	Poseidon Ocean Desalination	Doheny Ocean Desal	AMP Sale Agreement Legal	Total Choice Program
Brea	\$ 23,235	\$ 6,336	\$ 7,000	\$ -	\$ -	\$ -	\$ 36,571
Buena Park	\$ 5,378	\$ 9,350	\$ 9,000	\$ -	\$ -	\$ -	\$ 23,728
East Orange County WD	\$ 2,123	\$ 1,254	\$ 5,000	\$ 3,000	\$ -	\$ 300	\$ 11,677
El Toro WD	\$ 46,752	\$ 9,374	\$ -	\$ 3,000	\$ -	\$ 1,650	\$ 60,776
Fountain Valley	\$ 4,911	\$ 5,197	\$ 8,000	\$ -	\$ -	\$ -	\$ 18,108
Garden Grove	\$ 8,653	\$ 13,802	\$ 14,000	\$ -	\$ -	\$ -	\$ 36,455
Golden State Water Company	\$ 29,042	\$ 10,240	\$ -	\$ 3,000	\$ -	\$ -	\$ 42,282
Huntington Beach	\$ 49,885	\$ 24,448	\$ 15,000	\$ 3,000	\$ -	\$ -	\$ 92,333
Irvine Ranch WD	\$ 252,133	\$ -	\$ -	\$ 3,000	\$ -	\$ 3,268	\$ 258,401
La Habra	\$ 4,104	\$ 6,957	\$ 8,000	\$ -	\$ -	\$ -	\$ 19,060
La Palma	\$ 1,380	\$ 3,078	\$ -	\$ -	\$ -	\$ -	\$ 4,458
Laguna Beach County WD	\$ 14,269	\$ 1,200	\$ -	\$ 3,000	\$ 10,000	\$ -	\$ 28,469
Mesa Water	\$ 11,718	\$ 7,913	\$ 10,000	\$ 3,000	\$ -	\$ -	\$ 32,631
Moulton Niguel WD	\$ 72,871	\$ 29,624	\$ 13,000	\$ 3,000	\$ -	\$ 4,930	\$ 123,425
Newport Beach	\$ 64,442	\$ 1,949	\$ 8,000	\$ 3,000	\$ -	\$ -	\$ 77,391
Orange	\$ 21,942	\$ 8,077	\$ 12,000	\$ 3,000	\$ -	\$ 546	\$ 45,565
Orange County WD	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ 3,000
San Clemente	\$ 22,654	\$ 3,094	\$ 8,000	\$ -	\$ 10,000	\$ -	\$ 43,748
San Juan Capistrano	\$ 19,301	\$ 4,429	\$ 7,000	\$ -	\$ -	\$ 274	\$ 31,004
Santa Margarita WD	\$ 69,677	\$ 16,000	\$ 13,000	\$ 3,000	\$ -	\$ 7,636	\$ 109,313
Seal Beach	\$ 7,528	\$ 2,720	\$ 6,000	\$ 3,000	\$ -	\$ -	\$ 19,248
Serrano	\$ 1,872	\$ 1,619	\$ 5,000	\$ -	\$ -	\$ -	\$ 8,491
South Coast	\$ 24,192	\$ 5,251	\$ 7,000	\$ 3,000	\$ 10,000	\$ 600	\$ 50,043
Trabuco Canyon	\$ 5,730	\$ 2,157	\$ 6,000	\$ 3,000	\$ -	\$ 224	\$ 17,110
Tustin	\$ 7,347	\$ 12,678	\$ 8,000	\$ -	\$ -	\$ -	\$ 28,025
Westminster	\$ 4,325	\$ 10,064	\$ -	\$ 3,000	\$ -	\$ -	\$ 17,389
Yorba Linda	\$ 9,601	\$ 8,090	\$ 9,000	\$ 3,000	\$ -	\$ 144	\$ 29,835
Anaheim	\$ 279	\$ 30,000	\$ -	\$ 3,000	\$ -	\$ 428	\$ 33,707
Fullerton	\$ 243	\$ 10,000	\$ 12,000	\$ -	\$ -	\$ -	\$ 22,243
Santa Ana	\$ 219	\$ 49,983	\$ 22,000	\$ -	\$ -	\$ -	\$ 72,202
Orange County Total	\$ 785,805	\$ 294,884	TBD	\$ 54,000	\$ 30,000	\$ 20,000	\$ 1,396,689

Confirmations

Considering VOW

Mike Grisso 4/21

Lisa Ohlund 4/29 & 4/30

Bob Hill 4/21 & 4/30

Mark Sprague 4/30

Cel Pasillas 5/1

Ken Vecchiarelli 5/2 & 5/13

S. Franklin 5/6 & B. Ragland 5/8

Paul Weghorst 2/22 & 5/13

Brian Jones 4/30

James Tsumura 4/28

Renae M. Hinchey 4/30 & 5/13

Paul Shoenberger 4/27

Joone Lopez 5/15 (Doheny depending on Scope)

George Murdoch 5/15

Robert C. Baehner 4/20

John Kennedy 5/12

D Rebensdorf 4/30 & 5/13 (Doheny depending on Scope)

Van der Matten 5/13

Dan Ferons 4/21 & 5/13 (Watch on Doheny)

Luis Estevez 4/22 & 5/13

Jerry Vilander 4/30

Andy Brunhart 5/9

Hector Ruiz 5/15 (pending Board confirmation)

Art Valenzuela 4/30

Vivian Filippelli 4/21 & 5/13

Steve Conklin 4/22

Rick Shintaku 5/8

Considering VOW

Considering VOW

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

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

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

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

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

DRAFT #6

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

1 Revised Percentage Of Investment (RPOI) - distribution of installment AMP sales proceeds from bond participants.

2 Adjustment for MWDOC's contributions to other funds.

3 Net change to restricted reserves for Interest revenue.

Municipal Water District of Orange County
Fiscal Year 2014-2015 Consolidated Budget Summary

	Core & Choice	Water Fund	Water Use Efficiency	WEROC	AMP Proceeds Agreement Administration	RPOI ¹	Total with Inter-Fund Transfers	Less Inter-Fund Transfers ²	Consolidated Budget Total
Revenues:									
Water Sales		\$ 181,841,285					\$ 181,841,285		\$ 181,841,285
Retail Meter Charge	6,440,532						6,440,532		6,440,532
Water Increment Charge	103,564						103,564		103,564
Interest Revenue	138,000	4,275					142,275		142,275
MWDOC's Contribution			49,000	128,508			177,508	(177,508)	-
Outside Fundings	-		3,681,332	126,973	20,000	4,921	3,833,226		3,833,226
Carryover Funds				(1,859)			(1,859)		(1,859)
Choice Revenue	1,425,086						1,425,086		1,425,086
Miscellaneous Income	3,000						3,000		3,000
Total Revenues	8,110,182	181,845,560	3,730,332	253,622	20,000	4,921	193,964,617	(177,508)	193,787,109
Expenses:									
Water Purchases	-	181,841,285					181,841,285		181,841,285
Salaries & Wages	2,995,854			139,368	-		3,135,223		3,135,223
less S & W Reimb. DSC or Recov from Grants	(16,437)						(16,437)		(16,437)
Employee Benefits	1,095,249			55,648			1,150,897		1,150,897
Engineering Expense	355,000						355,000		355,000
Professional Fees	1,133,200		3,730,332	3,000			4,866,532	(49,000)	4,817,532
Election Expense (annualized)	444,000						444,000		444,000
Legal Expense - General	329,000			-	17,000		346,000		346,000
Maintenance Expense	131,568			3,850			135,418		135,418
Insurance Expense	97,000			1,500			98,500		98,500
Membership / Sponsorship	90,437			205			90,642		90,642
Director Compensation	210,342						210,342		210,342
MWDOC Contribution to WEROC	128,508						128,508	(128,508)	-
MWDOC Contribution to Desalination							-		-
RPOI Distribution to Member Agencies						4,921	4,921		4,921
Others:									
MWD Representation	120,197						120,197		120,197
Director Benefits	119,356						119,356		119,356
Health Insurance Coverage for Retirees	50,244				-		50,244		50,244
Audit Expense	23,000				3,000		26,000		26,000
Automotive & Toll Road Expenses	14,550			725			15,275		15,275
Conference Expense - Staff	13,925			1,800			15,725		15,725
Conference Expense - Directors	8,650						8,650		8,650
CDR Participation	39,961						39,961		39,961
Business Expense	7,000						7,000		7,000
Miscellaneous Expense	120,400			5,000	-		125,400		125,400
Postage / Mail Delivery	11,100						11,100		11,100
Rents & Leases	40,708			18,183			58,891		58,891
Outside Printing, Subscription & Books	92,225			200			92,425		92,425
Office Supplies	24,288			1,000			25,288		25,288
Computer Maintenance	6,000			4,642			10,642		10,642
Software Support & Expense	54,384						54,384		54,384
Computers and Equipment	9,300			-			9,300		9,300
Telecommunications Expense	16,900			10,000			26,900		26,900
Temporary Help Expense	-						-		-
Training Expense	18,000						18,000		18,000
Tuition Reimbursement	6,000						6,000		6,000
Travel & Accommodations - Staff	38,300			3,500			41,800		41,800
Travel & Accommodations - Directors	29,600						29,600		29,600
MWDOC Building Expense	168,000						168,000		168,000
WEROC Sinking Fund Expense (generator & radios)				5,000			5,000		5,000
Capital Acquisition	-						-		-
Total Expenses	8,025,809	181,841,285	3,730,332	253,622	20,000	4,921	193,875,969	(177,508)	193,698,461
EFFECT ON RESERVES / FUND BALANCE	\$ 84,373	\$ 4,275³	\$ -	\$ -	\$ -	\$ -	\$ 88,648	\$ -	\$ 88,648

1 Revised Percentage Of Investment (RPOI) - distribution of installment AMP sales proceeds from bond participants.

2 Adjustment for MWDOC's contributions to other funds.

3 Net change to restricted reserves for Interest revenue.



ACTION ITEM
May 21, 2014

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Karl Seckel, Harvey De La Torre

SUBJECT: Proposed MWDOC Water Rate Resolution for Fiscal Year 2014-15

STAFF RECOMMENDATION

Staff recommends the Board of Directors:

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

COMMITTEE RECOMMENDATION

Committee recommends the Resolution for Board Adoption.

Per the direction of the MWDOC Administrative and Finance Committee, staff removed the dollar limitation in Section 10 (a) and (b) for staff and legal time association with water wheeled or transferred through exchanges with Metropolitan. In addition, staff met with a few member agencies to discuss modifying language in Section 10 in order to provide additional clarity. It was suggested that we add after the sentence, "In addition to these charges, MWDOC shall assess the following charges" – *"related to actual cost"*. After legal and staff review, we recommend altering the language to- ***"related to costs, pursuant to applicable law"***.

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

DETAILED REPORT

MWDOC adopts a Water Rate Resolution annually to reflect water rates required to collect revenue to support MWDOC's annual budget and to recover the costs of providing imported water. Attachment A is a markup copy of the new Water Rate Resolution showing the proposed changes from the prior resolution.

Summary of Changes in rates and Charges

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

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

* Any unused revenue will be applied to the Tier 2 Contingency Fund as described in MWDOC's Administrative Code. As a result of MWDOC not applying the Tier 2 Contingency Fund rate, the MWDOC Melded Supply Rate is equal to MET's Tier-1 Supply rate.

** OCWD will be charged the MWDOC Increment rate multiplied by the Eight-Year Average deliveries calculated according to Ordinance No. 52. Therefore, the rate for purchases of Full service water by OCWD shall not include MWDOC's Increment rate on MWDOC's monthly water invoices.

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

RESOLUTION NO .

~~5-15487652-144-30221-145 DRAFT~~

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

WHEREAS, Municipal Water District of Orange County ("MWDOC") is authorized and directed by Section 71616 of the Water Code of the State of California to establish water rates and charges for water which will result in revenues sufficient to meet the operating expenses of the District, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with the bonded debt; and,

WHEREAS, on March 12, 2002, Metropolitan Water District of Southern California ("Metropolitan"), adopted a revised rate structure which became effective January 1, 2003, which eliminated or changed the method of calculation of various existing charges and added new charges, necessitating an amendment to MWDOC's water rate structure and schedule of rates and charges; and,

WHEREAS, ~~pursuant to Ordinance 52,~~ the Board of Directors of MWDOC has ~~previously adopted Ordinance No. 5251~~ establish ~~ed~~ing classes of water service, ~~which are provided by MWDOC, and the~~ terms and conditions of such service, ~~and said Ordinance provides that the Board of Directors shall establish~~ and ~~to provide for fixing~~fix the rates and charges for said classes of water service ~~(including and for~~ Choice services) ~~from time to time~~ by Resolution; and

WHEREAS, the Board of Directors has reviewed ~~MWDOC's water rate schedule with respect to~~ the cost of water ~~acquired from Metropolitan~~ and other charges imposed on MWDOC by Metropolitan, and with respect to the projected ~~MWDOC~~ operating expenses and ~~other financial needs of the District~~, and has determined that it is

necessary and appropriate to establish new rates and charges for water service and
programs provided by MWDOC; and

WHEREAS, the Board of Directors has reviewed the water supply, water demand
and replenishment conditions in the Orange County Water District (OCWD) Basin area
and the impact these conditions will have on MWDOC imported water purchases from
Metropolitan; and

WHEREAS, MWDOC's Administration and Finance Committee and Board
reviewed the issue of Tiered or Melded Water Rates for Tier-1 and Tier-2 purchases from
Metropolitan in November 2004, and retained the Melded Rate, with a provision for further
review should the OCWD's Basin Pumping Percentage fall below 60% in the future; and

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

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

WHEREAS, Metropolitan continues to levy its Standby Charge within the
MWDOC service area, which will be credited against ~~the~~ Metropolitan's Readiness to
Serve Charge and will provide an equivalent offset on the Metropolitan charges
imposed on MWDOC; and

WHEREAS, Metropolitan assesses the Capacity Charge to MWDOC based on
MWDOC's highest cumulative peak day delivery rate in cubic feet per second (CFS)
between May 1 and September 30 in the three preceding calendar years ending on the

year prior to the year of the charge being imposed; and

WHEREAS, beginning with the budget year commencing July 1, 2011 through June 30, 2012, the MWDOC Board approved changing the format of the budget and how certain "CHOICE" services (as distinguished from "Core Services") are to be funded by those MWDOC member agencies and the cities of Anaheim, Fullerton and Santa Ana (3 Cities) electing to receive such services; and

WHEREAS, the MWDOC Board has approved the "CHOICE" services, the associated budgets and the methods for allocating such costs to the member agencies, and has directed staff to bill for those costs as part of MWDOC's water rate charges; and

WHEREAS, ~~the MWDOC Board requested development of a method of charging~~ there is a need to charge for costs associated with the transfer or wheeling of water into the MWDOC service area by any ~~of the member agencies and directed that such~~ charges be made a part of agency as is provided for in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Municipal Water District of Orange County that ~~all previous water rate resolutions are hereby repealed and superseded and that, subject to the terms and conditions set forth herein,~~ the rates and charges for the classes of water service provided by MWDOC to MWDOC's member agencies shall be as follows:

SECTION 1. MWDOC'S INCREMENTAL RATE.

MWDOC's Incremental Rate, which is added to MWDOC's cost of acquisition of water, shall be ~~\$0.500-603-25~~ per acre foot from July 1, ~~2014-2013~~ through June 30, ~~2015-2014~~, and thereafter until amended by the Board of Directors, on water sold or

delivered by MWDOC in those classes of water service to which MWDOC's Incremental Rate applies.

SECTION 2. AMP SURCHARGE.

The surcharge on water delivered through the Allen-McColloch Pipeline, in accordance with the Diemer Agreements (the "AMP Surcharge") shall continue to be suspended and shall not apply to water delivered through the Allen-McColloch Pipeline pending Metropolitan's completion of its performance under the Agreement for Sale and Purchase of the Allen-McColloch Pipeline as long as Metropolitan is not in default thereunder.

SECTION 3. BLANK

SECTION 4. RATES FOR CLASSES OF WATER SERVICE.

The rates per acre-foot of Metropolitan water sold or delivered by MWDOC to its member agencies shall be as follows:

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

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

Unbundled Rate By Component:		
System Access Rate	\$243.00 223.00	\$257.00 243.00
System Power Rate	\$161.00 189.00	\$126.00 161.00
Water Stewardship Rate	\$41.00	\$41.00
MWDOC Melded Supply Rate*	\$148.00 140.00	\$158.00 148.00
Tiered Supply Rate (Tier 1/ Tier Tier 2)*	N/A	N/A
MWDOC Incremental Rate**	\$0.50 603.25	\$0.50 603.25
Subtotal Untreated Full Service:	\$593.50 60596.25	\$582.50 60596.25
Treatment Surcharge	\$297.00 254.00	\$341.00 297.00
Total Treated Full Service:	\$890.50 60850.25	\$923.50 60893.25

* Any unused revenue will be applied to the Tier 2 Contingency Fund as described in MWDOC's Administrative Code. As a result of MWDOC not applying the Tier 2 Contingency Fund rate, the MWDOC Melded Supply Rate is equal to MET's Tier-1 Supply Rate.

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

Delta Surcharge was suspended by Metropolitan after 2012.

(b) **For Emergency Service**

(Rates to be established by Board action in accordance with the Water Supply Allocation Plan (WSAP), as required.)

(c) **For Replenishment Service**

Effective January 1, 2013, Metropolitan discontinued the Replenishment Service Program and rate. Assuming a revised replenishment or storage program is adopted by Metropolitan's Board, incentives would be provided by Metropolitan for water stored within the revised/amended program, which has been scheduled to be completed in FY2014/152013/14.

(d) **For Recycled Water**

As defined in Metropolitan's Administrative Code.

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

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

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

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

(a) Water Use Efficiency Program – The cost of MWDOC's Water Use Efficiency Program shall be allocated to those agencies electing to participate in the program. The costs shall be apportioned to the participants in proportion to the benefits received (incentive payments from Metropolitan and other sources of funding from the program in the most recent calendar year - ~~2013~~~~2012~~ is the most recent year data is available and will be used for ~~2014-15~~~~2013-14~~ charges). There may be other costs allocated over and above these costs for participation in certain of the Water Use Efficiency program efforts in various parts of the County and under the Integrated Regional Water Management Plans that are separate from this basic program. Anything beyond the basic program will be implemented separately by agreement or MOU. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.

(b) School Education Program – Each participating member agency can set a target number of students for which the School Education assembly program will be made available in their service area. The basic program will be charged based on the actual number of students to which the program is provided, at a cost of \$~~3,203~~~~-12~~ per student. The School

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

(c) 2014 Doheny Desalination Program – The 2014 Doheny Desalination project CHOICE~~Choice~~ activities for FY2014-15 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. The initial CHOICE~~Choice~~ Program for this year will be \$10,000 per agency~~\$0. H~~However, in the event the project activities increase during the year, MWDOC shall convene the ~~five~~ past participants in the program and any other interested parties and may, in agreement with the Participants, develop, assess and proceed under the agreed upon additional CHOICE~~Choice~~ activities.

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(d) 2008 Fund for Doheny Desal (Phase 3 efforts) – The label 2008 is used to signify the year the efforts began. Funding for this Project has involved the five Participating Agencies, MWDOC and Grants brought into the program such that the total revenue for the effort is \$6.2-M. MWDOC's latest accounting indicates that approximately \$94,000 of available revenue remains, plus the \$356,000 reserved to remove the facilities at such time it is appropriate to do so. The following should be noted:

A number of discussions were held in an attempt to close-out or wrap up these efforts and, to date, agreement has not been reached among the five Participating agencies.

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The funds on hand have been used to pay the annual lease to the State Parks (\$24,000 per year) and the electrical bills (about \$2,000 per year) to keep the power switched on at the facilities. MWDOC's intention is to renew

the lease with the State Parks and make the annual lease payment out of these funds by the end of May and we will continue to pay the electricity bills on a monthly basis as they arrive.

In addition, MWDOC will charge any staff time associated with these facilities, Participants Meetings and/or development of a wrap-up agreement or subsequent negotiations out of these funds, until such time as the issues have been resolved.

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

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

(e) Poseidon Huntington Beach Ocean Desalination Program – The Poseidon Ocean Desalination project CHOICEChoice activities for FY2014-15 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. The initial CHOICEChoice Program for this year will be \$3,000 per agency\$0. The carryover funds of \$12,328 will be retained by MWDOC to cover any ancillary costs, however in the event the project activities increase during the year, MWDOC shall convene the 49-past participants in the program and any other interested parties and may, in agreement with the Participants, develop, assess and proceed under the agreed upon additional CHOICEChoice activities.

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

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

(f) Value of Water Communications Program – The charge for the Value of Water Communications Program project CHOICEChoice activities for FY2014-15 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. The Core development phase of the program initiated in FY2013-14 will carry over into the first quarter of FY2014-15. As this Core work is completed, the actual activities for the remainder of FY2014-15 under the program will be developed in discussions between the consultant, MWDOC and the member agencies. Staff has developed and provided to the MWDOC member agencies a conceptual forecast of the CHOICEChoice costs for the Value of Water Communications Plan for the remainder of FY2014-15. It was noted that these dollar estimates are placeholders for determining the initial CHOICEChoice selections for FY2014-15 and will not be billed with the other CHOICE selections, but that Instead, final decisions on the level of the CHOICEChoice participation by the various agencies will be made following the completion of the program development work. At that time any of the MWDOC agencies and other interested parties may, in agreement with MWDOC, proceed under the agreed upon CHOICEChoice

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

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

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

SECTION 6. MWDOC Water Supply Allocation Plan (WSAP)

In the event that a regional water shortage is declared, the MWDOC Board can implement, adjust, or adopt an updated its Water Supply Allocation Plan. This Plan, as adopted in 2009 and as amended from time to time, established procedures allowing MWDOC to assess penalties to its member agencies in the event MWDOC is assessed penalties under Metropolitan's own "Water Supply Allocation Plan." Under MWDOC's Plan, penalties may be assessed according to a particular member agency's prorated share of its over usage relative to the MWDOC penalty amount ~~it is~~ assessed by MetropolitanMET. However, the rates set forth in this Resolution do not include or otherwise account for potential penalties that may be assessed by MWDOC under its Plan, and those penalties are not subject to the billing, payment, administrative and other provisions established hereby.

SECTION 7. MWDOC'S RETAIL METER CHARGE.

The annual charge for each retail water meter in MWDOC served by a MWDOC member agency which is in service as of January 1 of each year ("MWDOC's Retail Meter Charge") shall be ~~\$10.50298-40~~. MWDOC's Retail Meter Charge shall be collected in accordance with Section 12 of this Resolution.

SECTION 8. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that, for fiscal year ~~2014-152013-14~~, Metropolitan estimates that the amount of Metropolitan's Readiness to Serve Charge ("RTS") applicable to MWDOC, which exceeds the standby charges collected in MWDOC's service area ("Net RTS") ~~is \$13,586,844 is \$13,568,39811,963,709~~. The Net RTS charge ~~of \$13,586,84413,577,62113,568,39811,963,709~~ will be allocated among the MWDOC member agencies, as provided herein and invoiced as a fixed charge to each MWDOC member agency. Metropolitan will bill MWDOC for the Net RTS on a monthly installment basis. The MWDOC Net RTS charge will be invoiced to the MWDOC member agencies on a monthly basis.

(b) Apportionment of Net MetropolitanMWDMet RTS Charge to MWDOC's Member Agencies

The MWDOC method of apportioning the Net RTS Charge to the MWDOC member agencies uses the most recently completed four-year rolling average of fiscal year firm purchases of water ending one year prior to the year of the charge being imposed (i.e., for ~~2014-152013-14~~ charges, the four-year average shall be based on ~~2009-102008-09~~ through ~~2012-132011-12~~). The Net Metropolitan RTS Charges to MWDOC shall be apportioned to the MWDOC member agencies based on the four-year

average of firm sales, which would include wheeled and transferred water.

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

For fiscal year ~~2014-15~~~~2013-14~~, MWDOC will charge the MWDOC member agencies total Net RTS charges of \$~~13,586,844~~~~13,577,621~~~~13,568,398~~~~11,063,709~~.

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

(d) Adjustment of RTS Charge

Metropolitan determines its Net RTS Charge to each agency based on the estimated revenue derived from the ~~Metropolitan~~~~MWD~~ Standby Charge within each member agency (less delinquencies and administrative costs). The expected Net Standby Charge Revenue for MWDOC in fiscal year ~~2014-15~~~~2013-14~~ is displayed in **Exhibit A**. Once actual net standby charge revenue is known, Metropolitan may adjust the amount of Net RTS for the prior year through an additional charge or credit. Any adjustment necessary to reconcile the estimated Net RTS Charge with the actual Net RTS Charge will be charged or credited to each MWDOC member agency in the next regularly scheduled water billing following the preparation of the reconciliation report by Metropolitan.

SECTION 9. MWDOC CAPACITY CHARGE

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year ~~2015~~~~2014~~, the amount of the Metropolitan Capacity Charge applicable to MWDOC will be \$~~4,452,210~~~~3,659,300~~. The Capacity Charge will be allocated among the MWDOC member agencies, as provided herein and invoiced as a fixed charge to each member

agency. Metropolitan will bill MWDOC for the Capacity Charge on a monthly installment basis. The MWDOC Capacity Charge will be invoiced to the MWDOC member agencies on a monthly basis.

(b) Apportionment of Metropolitan MWD Met Capacity Charge to MWDOC's Member Agencies

The MWDOC Method of apportioning the Capacity Charge to the MWDOC member agencies uses each agency's highest peak day flow for delivery of full service water, which would include wheeled and transferred water, during the period of May 1 through September 30 of each year for the three year period ending one year prior to the year of the charge being imposed (i.e., for 20152014 charges, the highest peak day flow shall be based on 2011, 2012 and 20132010, 2011 and 2012). The peak day flow for each MWDOC member agency is used to apportion the Capacity Charge based upon the ratio of each agency's highest peak day flow to the sum of all agencies' highest peak day flows. **Exhibit B** shows the amount of the 20152014 Capacity Charge apportioned to each member agency.

SECTION 10. RATES AND CHARGES FOR WHEELED, EXCHANGED OR TRANSFERRED WATER

Unless otherwise specified by written agreement with MWDOC, MWDOC shall charge the member agencies for water wheeled, exchanged or transferred through exchanges with Metropolitan into the MWDOC service area in accordance with the provisions below. Wheeled, exchanged or transferred water will also be assessed, unless otherwise specified by written agreement, the then-applicable rates for Wheeling Service set by Metropolitan's Board of Directors from time to time pursuant to its Administrative Code for the use of Metropolitan's facilities to transport water not owned or controlled by Metropolitan to Metropolitan's member agencies. Metropolitan's rates for Wheeling Service are defined in the Metropolitan Administrative Code. Metropolitan's rate for Wheeling Service does not include power utilized for delivery, which the wheeling party must provide or pay directly at its own cost (if power can be scheduled by Metropolitan) or pay to Metropolitan at Metropolitan's actual (not system average) cost.

In addition to these charges, MWDOC shall assess the following charges related to costs, pursuant to applicable law:

- (a) A one time administrative charge, based on actual time spent ~~but not to exceed \$20,000~~ to account for the staff time and legal counsel time required for preparation of an agreement or agreements to establish the legal and administrative framework for water to be wheeled or transferred through exchanges with Metropolitan.

(b) Unless otherwise specified by written agreement with MWDOC, an annual charge will be assessed, based on actual time spent, ~~not to exceed \$5,000~~ in any year in which water is wheeled or transferred through exchanges with Metropolitan, to cover ~~up to 80 hours of~~ staff time to account for and bill for the water.

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

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SECTION 11. EFFECTIVE DATE.

The rates set forth in this Resolution shall become effective as of July 1, ~~2014~~2013 or thereafter as specified and shall remain in effect until changed by subsequent Resolution of the Board of Directors.

SECTION 12. BILLING AND PAYMENT.

Billing Schedule. MWDOC member agencies shall be billed for water delivered and for other charges as follows: (a) MWDOC's cost of acquisition of the water, MWDOC's Incremental Rate (if applicable) and the AMP Surcharge (if applicable) shall be billed in the month following delivery of the water; (b) MWDOC's Retail Meter Charge shall be billed once annually on or after July 1st of each year, for each retail water service meter within each member agency which is within MWDOC; (c) the MWDOC Readiness-to-Serve Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit A**, the MWDOC Capacity Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit B** and (d) the MWDOC CHOICE services shall be billed once annually on or after July 1st of each year ~~on the~~

~~same invoice as MWDOC's Retail Meter Charge~~ in accordance with **Exhibit C** ~~and/or~~
~~as may be adjusted during the fiscal year in discussions with and as agreed to by the~~
~~CHOICE~~~~Choice Program participants~~. The fixed annual charge to OCWD for water
deliveries, as set forth in MWDOC's Water Rate Ordinance No. 52 and referred to in
Section 4 hereof, shall be billed to OCWD annually in advance on July 1. All such
billings shall be due on receipt by the member agency and shall be delinquent if
payment is not received by MWDOC by the 15th day of the month following the mailing
of the billing or within 30 days of mailing of such billing, whichever date is later.

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SECTION 13. EXEMPTION FROM CEQA.

The Board of Directors finds that the adoption of the water rate schedule as set
forth in this Resolution is exempt from the California Environmental Quality Act under
Section 21080(b)(8) of the Public Resources Code in that the water rates established
herein are for the purpose of meeting operating expenses of MWDOC, including
employee wages and fringe benefits, purchasing or leasing of supplies, equipment and
materials, meeting financial reserve needs and requirements and obtaining funds for
capital projects necessary to maintain service within existing service areas.

SECTION 14. REASONABLE COST.

The Board of Directors finds that the water rates established herein are in
accordance with the adopted Fiscal Year ~~2014-15~~~~2013-14~~ budget, and that said rates
do not exceed the reasonable cost of providing water service and other services and
regulatory functions for which they are charged.

SECTION 15. SUPERSEDES PRIOR RESOLUTIONS.

All resolutions or administrative actions by the Board or parts thereof that are

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inconsistent with any provision of this Resolution are hereby superseded only to the extent of such inconsistency.

SECTION 1615. RATES SUBJECT TO ORDINANCE.

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

SECTION 1716. IMPLEMENTATION.

The General Manager is directed to establish procedures to implement this Resolution.

BE IT FURTHER RESOLVED that a copy of this Resolution be sent to each of MWDOC's member agencies.

Said Resolution No. ~~1962~~ was adopted this ~~21st~~^{19th} day of ~~May~~^{June} ~~2014~~²⁰¹³ by the following roll call vote:

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

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County

RESOLUTION NO .

5-15-14 DRAFT

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

WHEREAS, Municipal Water District of Orange County ("MWDOC") is authorized and directed by Section 71616 of the Water Code of the State of California to establish water rates and charges for water which will result in revenues sufficient to meet the operating expenses of the District, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with the bonded debt; and,

WHEREAS, on March 12, 2002, Metropolitan Water District of Southern California ("Metropolitan"), adopted a revised rate structure which became effective January 1, 2003, which eliminated or changed the method of calculation of various existing charges and added new charges, necessitating an amendment to MWDOC's water rate structure and schedule of rates and charges; and,

WHEREAS, pursuant to Ordinance 52, the Board of Directors of MWDOC has established classes of water service, terms and conditions of such service, and to provide for fixing the rates and charges for said classes of water service (including Choice services) by Resolution; and

WHEREAS, the Board of Directors has reviewed the cost of water and other charges imposed on MWDOC by Metropolitan, and with respect to the projected MWDOC operating expenses and financial needs, and has determined that it is necessary and appropriate to establish new rates and charges for water service and programs provided by MWDOC; and

WHEREAS, the Board of Directors has reviewed the water supply, water demand

and replenishment conditions in the Orange County Water District (OCWD) Basin area and the impact these conditions will have on MWDOC imported water purchases from Metropolitan; and

WHEREAS, MWDOC's Administration and Finance Committee and Board reviewed the issue of Tiered or Melded Water Rates for Tier-1 and Tier-2 purchases from Metropolitan in November 2004, and retained the Melded Rate, with a provision for further review should the OCWD's Basin Pumping Percentage fall below 60% in the future; and

WHEREAS, Metropolitan continues to levy its Standby Charge within the MWDOC service area, which will be credited against Metropolitan's Readiness to Serve Charge and will provide an equivalent offset on the Metropolitan charges imposed on MWDOC; and

WHEREAS, Metropolitan assesses the Capacity Charge to MWDOC based on MWDOC's highest cumulative peak day delivery rate in cubic feet per second (CFS) between May 1 and September 30 in the three preceding calendar years ending on the year prior to the year of the charge being imposed; and

WHEREAS, beginning with the budget year commencing July 1, 2011 through June 30, 2012, the MWDOC Board approved changing the format of the budget and how certain "CHOICE" services (as distinguished from "Core Services") are to be funded by those MWDOC member agencies and the cities of Anaheim, Fullerton and Santa Ana (3 Cities) electing to receive such services; and

WHEREAS, the MWDOC Board has approved the "CHOICE" services, the associated budgets and the methods for allocating such costs to the member agencies, and has directed staff to bill for those costs as part of MWDOC's water rate charges;

and

WHEREAS, there is a need to charge for costs associated with the transfer or wheeling of water into the MWDOC service area by any member agency as is provided for in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Municipal Water District of Orange County that , subject to the terms and conditions set forth herein, the rates and charges for the classes of water service provided by MWDOC to MWDOC's member agencies shall be as follows:

SECTION 1. **MWDOC'S INCREMENTAL RATE.**

MWDOC's Incremental Rate, which is added to MWDOC's cost of acquisition of water, shall be \$0.50 per acre foot from July 1, 2014 through June 30, 2015, and thereafter until amended by the Board of Directors, on water sold or delivered by MWDOC in those classes of water service to which MWDOC's Incremental Rate applies.

SECTION 2. **AMP SURCHARGE.**

The surcharge on water delivered through the Allen-McColloch Pipeline, in accordance with the Diemer Agreements (the "AMP Surcharge") shall continue to be suspended and shall not apply to water delivered through the Allen-McColloch Pipeline pending Metropolitan's completion of its performance under the Agreement for Sale and Purchase of the Allen-McColloch Pipeline as long as Metropolitan is not in default thereunder.

SECTION 3. **BLANK**

SECTION 4. **RATES FOR CLASSES OF WATER SERVICE.**

The rates per acre-foot of Metropolitan water sold or delivered by MWDOC to its member agencies shall be as follows:

(a) **For Full Service, including water delivered for seawater barrier and groundwater replenishment purposes and for agricultural purposes.**

Rate Component	July 1 through December 31, 2014	Beginning January 1, 2015
Untreated Full Service	\$593.50	\$582.50
Treated Full Service	\$890.50	\$923.50

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

* Any unused revenue will be applied to the Tier 2 Contingency Fund as described in MWDOC's Administrative Code. As a result of MWDOC not applying the Tier 2 Contingency Fund rate, the MWDOC Melded Supply Rate is equal to MET's Tier-1 Supply Rate.

** OCWD will be charged the MWDOC Incremental rate multiplied by the Eight-Year Average deliveries calculated according to Ordinance No. 52. Therefore, the rate for purchases of Full service water by OCWD shall not include MWDOC's Incremental rate on MWDOC's monthly water invoices.

(b) For Emergency Service

(Rates to be established by Board action in accordance with the Water Supply Allocation Plan (WSAP), as required.)

(c) For Replenishment Service

Effective January 1, 2013, Metropolitan discontinued the Replenishment Service Program and rate. .

(d) For Recycled Water

As defined in Metropolitan's Administrative Code.

SECTION 5. **CHOICE Services to the MWDOC Member Agencies 2014-15**

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

- (a) Water Use Efficiency Program – The cost of MWDOC’s Water Use Efficiency Program shall be allocated to those agencies electing to participate in the program. The costs shall be apportioned to the participants in proportion to the benefits received (incentive payments from Metropolitan and other sources of funding from the program in the most recent calendar year - 2013 is the most recent year data is available and will be used for 2014-15 charges). There may be other costs allocated over and above these costs for participation in certain of the Water Use Efficiency program efforts in various parts of the County and under the Integrated Regional Water Management Plans that are separate from this basic program. Anything beyond the basic program will be implemented separately by agreement or MOU. The costs to be charged shall reflect any carry-over or deficit funds from the preceding year.
- (b) School Education Program – Each participating member agency can set a target number of students for which the School Education assembly program will be made available in their service area. The basic program will be charged based on the actual number of students to which the program is provided, at a cost of \$3.20 per student. The School Education Program in FY2014-15 offers other additional services to the member agencies that can be contracted through MWDOC under a separate fee

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

- (c) 2014 Doheny Desalination Program – The 2014 Doheny Desalination project CHOICE activities for FY2014-15 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. The initial CHOICE Program for this year will be \$10,000 per agency. However, in the event the project activities increase during the year, MWDOC shall convene the past participants in the program and any other interested parties and may, in agreement with the Participants, develop, assess and proceed under the agreed upon additional CHOICE activities.
- (d) 2008 Fund for Doheny Desal (Phase 3 efforts) – The label 2008 is used to signify the year the efforts began. Funding for this Project has involved five Participating Agencies, MWDOC and Grants brought into the program such that the total revenue for the effort is \$6.2M. MWDOC's latest accounting indicates that approximately \$94,000 of available revenue remains, plus the \$356,000 reserved to remove the facilities at such time it is appropriate to do so. The following should be noted:

A number of discussions were held in an attempt to close-out or wrap up these efforts and, to date, agreement has not been reached among the five Participating agencies.

The funds on hand have been used to pay the annual lease to the State Parks (\$24,000 per year) and the electrical bills (about \$2,000 per year) to keep the power switched on at the facilities. MWDOC's intention is to renew the lease with the State Parks and make the annual lease payment out of these funds by the end of May and we will continue to pay the electricity bills on a monthly basis as they arrive.

In addition, MWDOC will charge any staff time associated with these facilities, Participants Meetings and/or development of a wrap-up agreement or

subsequent negotiations out of these funds, until such time as the issues have been resolved.

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

- (e) Poseidon Huntington Beach Ocean Desalination Program – The Poseidon Ocean Desalination project CHOICE activities for FY2014-15 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. The initial CHOICE Program for this year will be \$3,000 per agency. The carryover funds of \$12,328 will be retained by MWDOC to cover any ancillary costs, however in the event the project activities increase during the year, MWDOC shall convene the past participants in the program and any other interested parties and may, in agreement with the Participants, develop, assess and proceed under the agreed upon additional CHOICE activities.
- (f) Value of Water Communications Program – The charge for the Value of Water Communications Program CHOICE activities for FY2014-15 are uncertain at the time the Board is adopting the budgets and setting the rates and charges. The Core development phase of the program initiated in FY2013-14 will carry over into the first quarter of FY2014-15. As this Core work is completed, the actual activities for the remainder of FY2014-15 under the program will be developed in discussions between the consultant, MWDOC and the member agencies. Staff has developed and provided to the MWDOC member agencies a conceptual forecast of the CHOICE costs for the Value of Water Communications Plan for the remainder of FY2014-15. It was noted that these dollar estimates are

placeholders for determining the initial CHOICE selections for FY2014-15 and will not be billed with the other CHOICE selections. Instead, final decisions on the level of the CHOICE participation by the various agencies will be made following the completion of the program development work. At that time any of the MWDOC agencies and other interested parties may, in agreement with MWDOC, proceed under the agreed upon CHOICE activities for the remainder of the fiscal year. The billing for services will occur at that time.

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

SECTION 6. **MWDOC Water Supply Allocation Plan (WSAP)**

In the event that a regional water shortage is declared, the MWDOC Board can implement, adjust, or adopt an updated Water Supply Allocation Plan. This Plan, as adopted in 2009 and as amended from time to time, established procedures allowing MWDOC to assess penalties to its member agencies in the event MWDOC is assessed penalties under Metropolitan's own "Water Supply Allocation Plan." Under MWDOC's Plan, penalties may be assessed according to a particular member agency's prorated share of its over usage relative to the MWDOC penalty amount assessed by Metropolitan. However, the rates set forth in this Resolution do not include or otherwise account for potential penalties that may be assessed by MWDOC under its Plan, and those penalties are not subject to the billing, payment, administrative and other provisions established hereby.

SECTION 7. **MWDOC'S RETAIL METER CHARGE.**

The annual charge for each retail water meter in MWDOC served by a MWDOC member agency which is in service as of January 1 of each year ("MWDOC's Retail Meter Charge") shall be \$10.50. MWDOC's Retail Meter Charge shall be collected in accordance with Section 12 of this Resolution.

SECTION 8. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that, for fiscal year 2014-15, Metropolitan estimates that the amount of Metropolitan's Readiness to Serve Charge ("RTS") applicable to MWDOC, which exceeds the standby charges collected in MWDOC's service area ("Net RTS") is \$13,586,844. The Net RTS charge will be allocated among the MWDOC member agencies, as provided herein and invoiced as a fixed charge to each MWDOC member agency. Metropolitan will bill MWDOC for the Net RTS on a monthly installment basis. The MWDOC Net RTS charge will be invoiced to the MWDOC member agencies on a monthly basis.

(b) Apportionment of Net Metropolitan RTS Charge to MWDOC's Member Agencies

The MWDOC method of apportioning the Net RTS Charge to the MWDOC member agencies uses the most recently completed four-year rolling average of fiscal year firm purchases of water ending one year prior to the year of the charge being imposed (i.e., for 2014-15 charges, the four-year average shall be based on 2009-10 through 2012-13). The Net Metropolitan RTS Charges to MWDOC shall be apportioned to the MWDOC member agencies based on the four-year average of firm sales, which would include wheeled and transferred water.

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

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

(d) Adjustment of RTS Charge

Metropolitan determines its Net RTS Charge to each agency based on the estimated revenue derived from the Metropolitan Standby Charge within each member agency (less delinquencies and administrative costs). The expected Net Standby Charge Revenue for MWDOC in fiscal year 2014-15 is displayed in **Exhibit A**. Once actual net standby charge revenue is known, Metropolitan may adjust the amount of Net RTS for the prior year through an additional charge or credit. Any adjustment necessary to reconcile the estimated Net RTS Charge with the actual Net RTS Charge will be charged or credited to each MWDOC member agency in the next regularly scheduled water billing following the preparation of the reconciliation report by Metropolitan.

SECTION 9. MWDOC CAPACITY CHARGE

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year 2015, the amount of the Metropolitan Capacity Charge applicable to MWDOC will be \$4,452,210. The Capacity Charge will be allocated among the MWDOC member agencies, as provided herein and invoiced as a fixed charge to each member agency. Metropolitan will bill MWDOC for the Capacity Charge on a monthly installment basis. The MWDOC Capacity Charge will be invoiced to the MWDOC member agencies on a monthly basis.

(b) Apportionment of Metropolitan Capacity Charge to MWDOC's Member Agencies

The MWDOC Method of apportioning the Capacity Charge to the MWDOC member agencies uses each agency's highest peak day flow for delivery of full service water, which would include wheeled and transferred water, during the period of May 1 through September 30 of each year for the three year period ending one year prior to the year of the charge being imposed (i.e., for 2015 charges, the highest peak day flow shall be based on 2011, 2012 and 2013). The peak day flow for each MWDOC member agency is used to apportion the Capacity Charge based upon the ratio of each agency's highest peak day flow to the sum of all agencies' highest peak day flows. **Exhibit B** shows the amount of the 2015 Capacity Charge apportioned to each member agency.

**SECTION 10. RATES AND CHARGES FOR WHEELED, EXCHANGED OR
TRANSFERRED WATER**

Unless otherwise specified by written agreement with MWDOC, MWDOC shall charge the member agencies for water wheeled, exchanged or transferred through exchanges with Metropolitan into the MWDOC service area in accordance with the provisions below. Wheeled, exchanged or transferred water will also be assessed, unless otherwise specified by written agreement, the then-applicable rates for Wheeling Service set by Metropolitan's Board of Directors from time to time pursuant to its Administrative Code for the use of Metropolitan's facilities to transport water not owned or controlled by Metropolitan to Metropolitan's member agencies. Metropolitan's rates for Wheeling Service are defined in the Metropolitan Administrative Code.

Metropolitan's rate for Wheeling Service does not include power utilized for delivery, which the wheeling party must provide or pay directly at its own cost (if power can be scheduled by Metropolitan) or pay to Metropolitan at Metropolitan's actual (not system average) cost.

In addition to these charges, MWDOC shall assess the following charges related to costs, pursuant to applicable law:

- (a) A one time administrative charge, based on actual time spent to account for the staff time and legal counsel time required for preparation of an agreement or agreements to establish the legal and administrative framework for water to be wheeled or transferred through exchanges with Metropolitan.

- (b) Unless otherwise specified by written agreement with MWDOC, an annual charge will be assessed, based on actual time spent in any year in which water is wheeled or transferred through exchanges with Metropolitan, to cover staff time to account for and bill for the water.
- (c) Other charges established by written agreement between MWDOC and a Member Agency.

SECTION 11. EFFECTIVE DATE.

The rates set forth in this Resolution shall become effective as of July 1, 2014 or thereafter as specified and shall remain in effect until changed by subsequent Resolution of the Board of Directors.

SECTION 12. BILLING AND PAYMENT.

Billing Schedule. MWDOC member agencies shall be billed for water delivered and for other charges as follows: (a) MWDOC's cost of acquisition of the water, MWDOC's Incremental Rate (if applicable) and the AMP Surcharge (if applicable) shall be billed in the month following delivery of the water; (b) MWDOC's Retail Meter Charge shall be billed once annually on or after July 1st of each year, for each retail water service meter within each member agency which is within MWDOC; (c) the MWDOC Readiness-to-Serve Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit A**, the MWDOC Capacity Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit B** and (d) the MWDOC CHOICE services shall be billed once annually on or after July 1st of each year in accordance with **Exhibit C** and/or as may be adjusted during the fiscal year in

discussions with and as agreed to by the CHOICE Program participants. The fixed annual charge to OCWD for water deliveries, as set forth in MWDOC's Water Rate Ordinance No. 52 and referred to in Section 4 hereof, shall be billed to OCWD annually in advance on July 1. All such billings shall be due on receipt by the member agency and shall be delinquent if payment is not received by MWDOC by the 15th day of the month following the mailing of the billing or within 30 days of mailing of such billing, whichever date is later.

SECTION 13. EXEMPTION FROM CEQA.

The Board of Directors finds that the adoption of the water rate schedule as set forth in this Resolution is exempt from the California Environmental Quality Act under Section 21080(b)(8) of the Public Resources Code in that the water rates established herein are for the purpose of meeting operating expenses of MWDOC, including employee wages and fringe benefits, purchasing or leasing of supplies, equipment and materials, meeting financial reserve needs and requirements and obtaining funds for capital projects necessary to maintain service within existing service areas.

SECTION 14. REASONABLE COST.

The Board of Directors finds that the water rates established herein are in accordance with the adopted Fiscal Year 2014-15 budget, and that said rates do not exceed the reasonable cost of providing water service and other services and regulatory functions for which they are charged.

SECTION 15. SUPERSEDES PRIOR RESOLUTIONS.

All resolutions or administrative actions by the Board or parts thereof that are inconsistent with any provision of this Resolution are hereby superseded only to the

extent of such inconsistency.

SECTION 16. **RATES SUBJECT TO ORDINANCE.**

The rates for water service established herein are subject to Ordinance No. 52 as it may be amended from time to time.

SECTION 17. **IMPLEMENTATION.**

The General Manager is directed to establish procedures to implement this Resolution.

BE IT FURTHER RESOLVED that a copy of this Resolution be sent to each of MWDOC's member agencies.

Said Resolution No. was adopted this 21st day of May 2014 by the following roll call vote:

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

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County



ACTION ITEM
May 21, 2014

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Karl Seckel, Harvey De La Torre

SUBJECT: MWDOC Ordinance to Establish Classes of Water Service and Terms and Conditions of Water Service within the District

STAFF RECOMMENDATION

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

COMMITTEE RECOMMENDATION

Committee recommends the Ordinance for Board adoption.

Per the direction of the MWDOC Administrative and Finance Committee, staff met with a few member agencies to discuss modifying language in Section 8.1 in order to provide additional clarity to the section. It was suggested that we add after “consent” – “**which shall not be unreasonable withheld.**” After legal and staff review, we recommend adding this language to section 8.1.

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

DETAILED REPORT

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

The revisions from Ordinance No. 51 to Ordinance No. 52 reflect Metropolitan's discontinuance of Replenishment Service effective January 1, 2013 and the completed phase-out of the Interim Agricultural Water Program (2008 – 2013). Demands for imported water for recharging groundwater basins and for reservoir storage, and for agricultural water will be considered Full service deliveries and charged at the Full service rate. Section 8.1 has been strengthened to require MWDOC's consent on all water exchanges/transfers that will result in water being delivered into MWDOC's service area. Other minor additional changes were made.

Attached:
Adopted Ordinance No. 51
Proposed Ordinance No. 52

ORDINANCE NO ~~5254~~

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

Draft 5-158-14

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

WHEREAS, MWDOC is authorized and directed by §71616 of the Water Code of the State of California to establish water rates and charges for the sale of such water which will result in revenues sufficient to meet the operating expenses of the District, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with the bonded debt; and

WHEREAS, Metropolitan has established classes of service for water service available to MWDOC consisting of Treated and Untreated Full Service, ~~Replenishment Service (for groundwater and reservoirs)~~, and ~~has established rates, and~~ charges and conditions of service applicable to each class of water service as set forth in the Metropolitan Water District Administrative Code; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors subject to the provisions set forth herein that Ordinance No. ~~5150~~ is hereby repealed and superseded and this Ordinance No. ~~5254~~ is adopted and enacted as follows:

SECTION 1. SCOPE:

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

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

SECTION 2. DEFINITIONS:

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

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

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

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

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

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

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

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

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

2.8 "State" shall mean the State of California.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Eight-year Average is calculated as follows:

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

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

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

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

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

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

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

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

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

SECTION 3. MWDOC's WATER RATE:

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

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

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

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

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

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

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

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

SECTION 4. OTHER CHARGES:

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

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

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

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

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

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

4.5 AMP Connection Charge

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

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

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

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

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

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

SECTION 5. CLASSES OF SERVICE:

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

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

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

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

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

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

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

5.5 Not Used

5.6 Wheeled, Exchanged or Transfer Water

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

5.7 Deliveries to Which Rates Not Applicable.

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

5.8 Rates Subject to Applicable Law.

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

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

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

6.2 Contents of Estimates and Certification.

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

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

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

6.3 Obligations in Event of Shortage.

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

SECTION 7. BILLING AND PAYMENT, CERTIFICATIONS AND REPORTING OF

WATER SALES AND TRANSFERS

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

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

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

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

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

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

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

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

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

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

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

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

8.1 Water Wheeling, Exchanges and Transfers Agreements that will result in water being delivered into MWDOC's service area and that are entered into between two or more MWDOC Member Agencies or entities within the District, or between a MWDOC Member Agency and an entity outside the District, will be subject to MWDOC's consent, which shall not be unreasonable held. ~~consent if the MWDOC Board determines (1) such exchange agreements would result in a significant detriment to any MWDOC Member Agency or area within MWDOC's service area, or (2) such exchange agreements would detrimentally affect MWDOC with respect to its purchases of Metropolitan water and related charges and/or payment of Metropolitan's Readiness to Serve Charge or Capacity Charge.~~

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

SECTION 10. SEVERABILITY:

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

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

SECTION 11. EFFECTIVE DATE:

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

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

NOES: None

ABSENT: Directors ~~Barbre and Thomas~~

ABSTAIN: None

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

Maribeth Goldsby,
District Secretary

ORDINANCE NO 52

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

Draft 5-15-14

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

WHEREAS, MWDOC is authorized and directed by §71616 of the Water Code of the State of California to establish water rates and charges for the sale of such water which will result in revenues sufficient to meet the operating expenses of the District, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with the bonded debt; and

WHEREAS, Metropolitan has established classes of service for water service available to MWDOC consisting of Treated and Untreated Full Service, and rates, charges and conditions of service applicable to each class of water service as set forth in the Metropolitan Water District Administrative Code; and

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

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

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

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

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

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

WHEREAS, in 2012 Metropolitan took action to discontinue the Replenishment Service Program and rates effective January 1, 2013 in response to significant increases to regional storage capacity (accomplished by and in coordination with Metropolitan's Member Agencies), concerns about the Program's effectiveness, and issues regarding regional equity; and

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

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

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

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

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

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

herein as Municipal Water District of Orange County or "MWDOC," and the territory within the former Coastal Municipal Water District is referred to herein as "Coastal."

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

SECTION 1. SCOPE:

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

SECTION 2. DEFINITIONS:

- 2.1 Whenever used in this Ordinance, the following terms shall have the meaning indicated herein:
- 2.2 "Board" shall mean the Board of Directors of Municipal Water District of Orange County.
- 2.3 "MWDOC" shall mean the Municipal Water District of Orange County.
- 2.4 "MWDOC Member Agency" shall mean any city, county, water district, county water board, mutual water company, investor owned utility or other entity including a joint powers agency which receives water from MWDOC, directly or indirectly (excepting

the cities of Anaheim, Fullerton and Santa Ana), the corporate area of which, in whole or in part, is included in MWDOC.

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

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

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

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

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

2.8 "State" shall mean the State of California.

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

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

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

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

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

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

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

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

2.16.2 "Seawater Barrier Groundwater Replenishment" shall mean groundwater replenishment by injection of water for the principal purpose of

maintaining groundwater barriers designed and intended to avoid the contamination of groundwater storage basins by the intrusion of seawater.

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

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

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

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

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

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

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

2.27 "Eight-Year Average" shall mean the adjusted average quantity of groundwater replenishment water deliveries used to calculate the total amount of MWDOC's Incremental Rate to be charged to OCWD for groundwater replenishment and in-lieu replenishment which shall be a fixed charge in addition to the acquisition cost of replenishment deliveries. The Eight-Year Average is calculated for each fiscal year as

the average of all groundwater replenishment deliveries to the OCWD basin, including in-lieu replenishment to OCWD, Coastal (prior to January 17, 2001) and the cities of Anaheim, Fullerton and Santa Ana for the preceding eight years, adjusted to exclude the percentage of such deliveries attributable to the cities of Anaheim, Fullerton and Santa Ana calculated on the basis of proportionate production of groundwater from the OCWD basin. The purpose of the calculation is to exclude the 3 Cities' share of replenishment deliveries from MWDOC's Incremental Rate, whether acquired by the Cities directly or by OCWD, because as members of Metropolitan, the three Cities should not be subject to MWDOC's incremental rate.

The Eight-year Average is calculated as follows:

1. The Unadjusted Eight-Year Average is the average annual total of all seawater barrier, direct and in-lieu replenishment deliveries, for the benefit of the OCWD basin, from Metropolitan to MWDOC, Coastal (prior to January 17, 2001), and the cities of Anaheim, Fullerton and Santa Ana (3 Cities) for the preceding eight years. (Note: This amount includes replenishment water ultimately purchased or stored by OCWD through MWDOC).
2. The 3 Cities Groundwater Production Average is the average annual combined groundwater production, and in-lieu replenishment deliveries taken by the 3 Cities within the OCWD basin for the preceding eight years.

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

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

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

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

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

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

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

(depending on the nature of the services and the manner in which they are charged).

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

SECTION 3. MWDOC's WATER RATE:

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

- (a) The cost of acquisition of water or wheeling service (i.e. for water acquired from Metropolitan, the cost of acquisition would include, a per acre foot rate based on a melding of Metropolitan’s Tier 1 and Tier 2 supply rates, plus Metropolitan’s System Access Charge, Capacity Charge (if collected as a water rate, otherwise cost will be recovered at time the Capacity Charge is assessed annually), Water Stewardship Rate, System Power Rate, and, for treated water deliveries, Metropolitan’s Treatment Surcharge); including other Metropolitan rates, charges, fees, penalties and other applicable charges to MWDOC; and
- (b) An incremental water rate (hereinafter MWDOC's Incremental Rate) applied per acre-foot of water delivered by MWDOC (except as to direct and in-lieu groundwater replenishment deliveries to OCWD, in which case MWDOC's

Incremental Rate shall be a fixed annual charge calculated in accordance with Section 2.27); and

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

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

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

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

SECTION 4. OTHER CHARGES:

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

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

4.2 MWDOC Capacity Charge – Beginning in Calendar Year 2003 the MWDOC Capacity Charge was recovered by a water rate applied to purchases of Full Service water and water wheeling service sufficient to recover MWDOC's cost of Capacity Charges incurred from Metropolitan. Beginning in Calendar Year 2007, the MWDOC Capacity Charge is assessed to each MWDOC Member Agency on the basis of recent historic peak day capacity usage (including capacity usage for Full Service and Wheeling as a fixed charge on each Member Agency calculated on such past peak day usage, as described in the rate resolution adopted pursuant to this Ordinance).

4.3 Blank.

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

4.5 AMP Connection Charge

(a) As a condition to the approval for any request for a New AMP Connection, the agency requesting the New AMP Connection shall pay, in addition to the cost of constructing the service connection and all costs and fees imposed by Metropolitan, a connection charge (AMP Connection Charge). The AMP Connection Charge shall be calculated upon the maximum potential flow through the requested service connection, multiplied by the average unreimbursed 1993 replacement cost, less depreciation of a cubic foot per second (cfs) of capacity at all points along the AMP, calculated to be \$109,700 per cfs, and that price shall be escalated from 1993 to the year in which the readjustment is made at the annual interest rate of 4.0% and payment shall be made at the time of the readjustment.

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

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

Connection Charges already paid, by reason of Metropolitan's subsequent augmentation of the AMP.

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

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

SECTION 5. CLASSES OF SERVICE:

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

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

5.2 Emergency Service as defined in Section 2.21.

5.3 Blank

5.4 Recycled Water (for selected non-potable uses). MWDOC's Incremental Rate shall not be applied to water delivered to a Member Agency in this class of service;

instead such water shall be sold at MWDOC's cost of acquisition for recycled water.
(Section 2.22).

5.5 Not Used

5.6 Wheeled, Exchanged or Transfer Water

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

5.7 Deliveries to Which Rates Not Applicable.

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

5.8 Rates Subject to Applicable Law.

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

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

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

6.2 Contents of Estimates and Certification.

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

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

6.3 Obligations in Event of Shortage.

The Board may provide for a method of allocation of available supplies as the Board may determine necessary, through adoption of a Water Supply

Allocation Plan (WSAP) for all classes of service. MWDOC shall provide any notice required by law for implementation of a reduction or interruption of any class or classes of service; however, no additional or special notice shall be required for any particular class of service as a condition of implementing a reduction or interruption of service.

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

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

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

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

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

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

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

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

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

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

7.7 blank

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

SECTION 8. WATER WHEELING, EXCHANGES AND TRANSFERS:

8.1 Water Wheeling, Exchanges and Transfers that will result in water being delivered into MWDOC's service area and that are entered into between two or more MWDOC Member Agencies or entities within the District, or between a MWDOC Member Agency and an entity outside the District, will be subject to MWDOC's consent, which shall not be unreasonable held.

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

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

SECTION 10. SEVERABILITY:

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

SECTION 11. EFFECTIVE DATE:

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

AYES: Directors

NOES: None

ABSENT: Directors

ABSTAIN: None

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

Maribeth Goldsby,
District Secretary



ACTION ITEM

May 21, 2014

TO: Board of Directors

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

**Robert J. Hunter
General Manager**

**Staff Contact: Cathy Harris
Administrative Services Manager**

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

STAFF RECOMMENDATION

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

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

COMMITTEE RECOMMENDATION

Committee concurred with staff recommendation.

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

DETAILED REPORT

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

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

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

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

The following are attached for review:

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

Cost Comparison

Attachment 1

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

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

RESOLUTION NO. _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AYES: _____

NOES: _____

ABSENT: _____

Name

Title

Agency Secretary

**SIXTH AMENDED
JOINT POWERS AGREEMENT**

RELATING TO THE

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

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

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

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

RECITALS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“CSDA” means the California Special Districts Association.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 12. [Reserved].

Article 13. Coverage Programs.

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

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

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

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

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

Article 15. Accounts And Records.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 19. Withdrawal.

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

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

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

Article 20. Involuntary Termination.

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

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

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

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

Article 22. Termination and Distribution; Assignment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 28. Prohibition Against Assignment. No person or organization shall be entitled to assert the rights, either direct or derivative, of any Member or Former Member under any coverage agreement or memorandum. No Member or Former Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member or Former Member shall have any right, claim or title or any part, share, interest, fund, contribution or asset of the Authority.

Article 29. Agreement Complete. The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein. This Agreement supersedes and replaces the Fifth Amended Joint Powers Amendment.

Article 30. Counterparts. This Agreement may be executed in one or more counterparts and shall be as fully effective as though executed in one document.

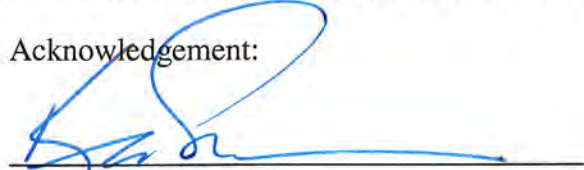
Article 31. California Law. This Agreement shall be governed by the laws of the State of California.

Article 32. Severability. Should any part, term or provisions of this Agreement be determined by any court of component jurisdiction to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Article 33. Effective Date. This Agreement shall become effective as to existing Members of the Authority on the date on which the last of two-thirds of such Members have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below:

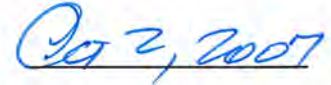
Acknowledgement:



Ken Sonksen, President

Board of Directors

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY



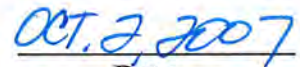
Date

I hereby certify this Amended Joint Powers Agreement has also received the required approval of not less than two-thirds of the Member entities then parties to the Fifth Amended Joint Powers Agreement.



James W. Towns, Chief Executive Officer

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY



Date

EXECUTION BY MEMBER

The Amended and Restated Joint Powers Agreement of the Special District Risk Management Authority, has been approved by the Board of Directors of the Member listed below, on the date shown, and said Member agrees to be subject to all of the terms and conditions set forth in said Agreement.

Entity Name: Municipal Water District of Orange County

By: _____ President

By: _____ Clerk

Date: _____

EXECUTION BY AUTHORITY

The Special District Risk Management Authority (the "Authority"), operating and functioning pursuant to this Sixth Amended Joint Powers Agreement, hereby accepts the entity named above as a participating member in the Authority, subject to all of the terms and conditions set forth in this Sixth Amended Joint Powers Agreement and in the Bylaws, effective as of

_____.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

By: _____
David Aranda, President
Board of Directors

Date: _____

State of California
 Department of Industrial Relations
 Self Insurance Plans
 2265 Watt Avenue, Suite 1
 Sacramento, CA 95825
 Phone (916) 483-3392
 FAX (916) 483-1535



Page 1

Our File: _____

APPLICATION FOR A PUBLIC ENTITY CERTIFICATE OF CONSENT TO SELF INSURE

NOTE: All questions must be answered. If not applicable, enter "N/A".
 Workers' compensation insurance must be maintained until certificate is effective.

APPLICANT INFORMATION

Legal Name of Applicant (show exactly as on Charter or other official documents):

Street Address of Main Headquarters:

Mailing Address (if different from above):

Federal Tax ID No.:

City:

State:

Zip + 4:

TO WHOM DO YOU WANT CORRESPONDENCE REGARDING THIS APPLICATION ADDRESSED?

Name: _____

Title: _____

Company Name: _____

Mailing Address: _____

City: _____ State: _____ Zip + 4: _____

Type of Public Entity (check one):

☐ City and/or County ☐ School District ☐ Police and/or Fire District ☐ Hospital District ☐ Joint Powers Authority

☐ Other (describe): _____

Type of Application (check one):

☐ New Application ☐ Reapplication due to Merger or Unification ☐ Reapplication due to Name Change Only

☐ Other (specify): _____

Date Self Insurance Program will begin: _____

CURRENT PROGRAM FOR WORKERS' COMPENSATION LIABILITIES

☐ Currently Insured with State Compensation Insurance Fund, Policy Number: _____

Policy Expiration Date: _____ Yearly Premium: \$ _____

Current Yearly Incurred (paid & unpaid) Losses: \$ _____ (FY or CY)

☐ Currently Self Insured, Certificate Number: _____

Name of Current Certificate Holder: _____

☐ Other (describe): _____

JOINT POWERS AUTHORITY

Will the applicant be a member of a workers' compensation Joint Powers Authority for the purpose of pooling workers' compensation liabilities?

☐ Yes ☐ No If yes, then complete the following:

Effective date of JPA Membership: _____ JPA Certificate No.: _____

Name and Title of JPA Executive Officer:

Name of Joint Powers Authority Agency:

Mailing Address of JPA:

City: _____ State: _____ Zip + 4: _____

Telephone Number: (____) _____

PROPOSED CLAIMS ADMINISTRATOR

Who will be administering your agency's workers' compensation claims? (check one)

☐ JPA will administer, JPA Certificate No.: _____

☐ Third party agency will administer, TPA Certificate No.: _____

☐ Public entity will self administer ☐ Insurance carrier will administer

Name of Individual Claims Administrator:

Name of Administrative Agency:

Mailing Address:

City: _____ State: _____ Zip + 4: _____

Telephone Number: (____) _____ FAX Number: (____) _____

Number of claims reporting locations to be used to handle the agency's claims: _____

Will all agency claims be handled by the administrator listed on previous page? ☐ Yes ☐ No

AGENCY EMPLOYMENT

Current Number of Agency Employees: _____

Number of Public Safety Officers (law enforcement, police or fire): _____

If a school district, number of certificated employees: _____

Will all agency employees be included in this self insurance program? ☐ Yes ☐ No

If no, explain who is not included and how workers' compensation coverage is to be provided to the excluded agency employees:

INJURY AND ILLNESS PREVENTION PROGRAM

Does the agency have a written Injury and Illness Prevention Program? ☐ Yes ☐ No

Individual responsible for agency Injury and Illness Prevention Program:

Name and Title:

Company or Agency Name:

Mailing Address:

City: _____ State: _____ Zip + 4: _____

Telephone Number: (____) _____

SUPPLEMENTAL COVERAGE

Will your self insurance program be supplemented by any insurance or pooled coverage under a standard workers' compensation insurance policy? ☐ Yes ☐ No

If yes, then complete the following:

Name of Carrier or Excess Pool: _____

Policy Number: _____

Effective Date of Coverage: _____

Will your self insurance program be supplemented by any insurance or pooled coverage under a specific excess workers' compensation insurance policy? ☐ Yes ☐ No

If yes, then complete the following:

Name of Carrier or Excess Pool: _____

Policy Number: _____

Effective Date of Coverage: _____

Retention Limits: _____

Will your self insurance program be supplemented by any insurance or pooled coverage under an aggregate excess (stop loss) workers' compensation insurance policy? ☐ Yes ☐ No

If yes, then complete the following:

Name of Carrier or Excess Pool: _____

Policy Number: _____

Effective Date of Coverage: _____

Retention Limits: _____

RESOLUTION OF GOVERNING BOARD

See Attached Resolution—Page 5

CERTIFICATION

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

Signature of Authorized Official:

Date:

Typed Name:

Title:

Agency Name:

Seal

(Emboss seal above or Notarize signature)
Page 356 of 416

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING APPLICATION
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA
FOR A CERTIFICATE OF CONSENT TO SELF INSURE
WORKERS' COMPENSATION LIABILITIES**

At a meeting of the Board of Directors of the Municipal Water District of Orange County, a Special District organized and existing under the laws of the State of California, held on the 21ST day of May, 2014, the following resolution was adopted:

RESOLVED, that the General Manager of the Municipal Water District of Orange County be and is hereby authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self Insure workers' compensation liabilities on behalf of the Municipal Water District of Orange County;

WHEREAS, the General Manager is hereby authorized to execute any and all documents required for such application.

PASSED AND ADOPTED this 21st day of May, 2014 by the following vote:

AYES:

NOES:

ABSENT:

I, Maribeth Goldsby, the undersigned, District Secretary of the Board of the said Municipal Water District of Orange County, a Special District, hereby certify that I am the District Secretary of said Special District, that the foregoing is a full, true and correct copy of the resolution duly passed by the Board at the meeting of said Board held on the day and at the place therein specified and that said Resolution has never been revoked, rescinded, or set aside and is now in full force and effect.

IN WITNESS WHEREOF: I have signed my name and affixed the seal of this Special district, this 21st day of May, 2014.

(Signature)

**AFFIX DISTRICT
SEAL HERE OR
ATTACH NOTARY CERTIFICATE**



Memorandum

To: Municipal Water District of Orange County
From: John D. Wahlin, Best Best & Krieger LLP
Date: March 8, 2013
Re: SDRMA Workers' Compensation Coverage

I have reviewed the documents provided relating to workers' compensation coverage through the SDRMA and, in particular, the Joint Powers Agreement and Bylaws. SDRMA is a joint powers authority under California law. The workers' compensation program offered by SDRMA is an self-insured joint protection program whereby the member agencies pool their claims, which are paid from the JPA's assets. These assets are funded by contributions from each member agency as determined annually by the JPA Board. While I have no particular concerns about the program, I draw your attention to the following:

1. The JPA has the authority to impose assessments in addition to the contribution which is annually determined. Since the program is self-insured, unusual or unanticipated claims can result in this additional charge. I suggest confirming with SDRMA the history of assessments, if any, over the last several years. My expectation is that there have been no assessments, but that should be verified.

2. MWDOC is required to make a three year commitment to the program. Earlier withdrawal will still require payment of the annual contribution which would be payable over three years.

3. The "contribution" amount for coverage is committed for 1 year; it is subject to annual adjustment based on experience. It is interesting to note, however, that the Bylaws include a provision that, notwithstanding the risk-sharing aspect of the program, sound risk management and loss control by the individual participating agency will be recognized in contribution adjustments (presumably reductions in the contribution amount). Accordingly, the program offers the opportunity to further reduce costs through internal management of risk.

4. While there can be assessments imposed when needed, the agreements also provide for the distribution of "retained earnings." This term is not clearly defined in the documents other than to refer to "accumulated earnings" held in an "equity account." It appears that there can be a distribution when claims experience has resulted in more funds being reserved for claims than is necessary. You may also want to confirm whether historically such distributions have been made.

5. Should you decide to withdraw after the mandatory three years, it is important to understand that the agreement and bylaws require 90 day notice. Failure to provide the notice results in liability for the next full year's contribution and any assessment. There is no

BBK
BEST BEST & KRIEGER
ATTORNEYS AT LAW

further obligation other than to satisfy any assessment which is determined for the last year of participation.

6. The proposed resolutions and other documents are acceptable and action can be taken based on them.

I hope this is helpful. I would be happy to discuss any questions you may have.



ACTION ITEM

May 21, 2014

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Cathy Harris
Administrative Services Manager

SUBJECT: Adopt Resolution Establishing the Employer Paid Member Contribution Amount to California Public Employees Retirement System (CalPERS)

STAFF RECOMMENDATION

Staff recommends the Board of Directors adopt the attached Resolution establishing the employer paid member contribution amount to CalPERS, and submit the Resolution to CalPERS for its records.

COMMITTEE RECOMMENDATION

Committee concurred with staff recommendation.

DETAILED REPORT

Background

In January 2003, the Board authorized District membership in CalPERS for all eligible employees. The effective date of the District contract with CalPERS was March 3, 2003. The contract requires employer and employee contributions.

Section 20691 of the California Government Code permits a contracting public agency to pay all or a portion of the required employee contribution to CalPERS. District employee contribution amounts are determined by the Board annually during the budget process and become effective July 1 of each year.

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

The proposed 2014/2015 Budget includes an additional 1% CalPERS Employee Contribution, effective July 1, 2014. The total Employee Contribution to CalPERS for 2014/15 will be 3%. This requires that a Resolution be adopted by the Board establishing MWDOC's Employer Paid Member Contribution amount of 4%.

Staff recommends the Board of Directors adopt the attached Resolution establishing the employer paid member contribution amount to CalPERS, and submit the Resolution to CalPERS for its records

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Establishing the Employer Paid Member Contribution Amount

WHEREAS, the Board of Directors of the Municipal Water District of Orange County (MWDOC) has the authority to implement Government Code Section 20691;

WHEREAS, the Board of Directors of the Municipal Water District of Orange County has a written agreement which specifically provides for the normal member contributions to be paid by the employer;

WHEREAS, one of the steps in the procedures to implement section 20691 is the adoption by the Board of Directors of the Municipal Water District of Orange County of a Resolution to commence said Employer Paid Member Contributions (EPMC);

WHEREAS, the Board of Directors of the Municipal Water District of Orange County has identified the following conditions for the purpose of its election to pay Employer Paid Member Contributions:

- This benefit shall apply to all Classic Members hired prior to March 1, 2013 (Miscellaneous Group) employees eligible to participate in CalPERS, in accordance with the District's Personnel Manual.
- This benefit shall consist of paying 4% of the normal member contribution as the Employer Paid Member Contribution (EPMC).
- The effective date of this Resolution shall be July 1, 2014.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Municipal Water District of Orange County elects to pay the Employer Paid Member Contribution Amount, as set forth above.

Said Resolution was adopted and approved this 21st day of May 2014, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County



ACTION ITEM

May 21, 2014

TO: Board of Directors

FROM: Public Affairs & Legislation Committee
(Directors Barbre, Hinman, Clark)

Robert Hunter, General Manager

**SUBJECT: ELECTION OF ALTERNATE SPECIAL DISTRICT MEMBER OF THE
LOCAL AGENCY FORMATION COMMISSION (LAFCO)**

STAFF RECOMMENDATION

Staff recommends the Board of Directors: Review and discuss the candidates and authorize President Dick, and an alternate, to cast the District's ballot and submit to LAFCO no later than the June 13, 2014 deadline.

COMMITTEE RECOMMENDATION

To be determined.

SUMMARY

The terms of office for OC LAFCO's Regular Special District member (currently John Withers) and Alternate Special District Member (currently Jim Fisler) will expire on June 30, 2014.

As no other nominations were received by LAFCO for the Regular Special District member, John Withers was automatically reappointed to that position.

With respect to the Alternate Special District member, two candidates are running; Jim Fisler (Mesa Water and the incumbent), and Rich Freschi (Serrano Water District). The District has received a request for support from Mr. Fisler (attached).

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

Maribeth Goldsby

From: Cheryl Carter-Benjamin [ccarter-benjamin@oclafco.org]
Sent: Tuesday, April 22, 2014 1:36 PM
To: Maribeth Goldsby
Cc: Robert Hunter; chair@oclafco.org; Carolyn Emery
Subject: REVISED: Ballot and Declaration of Qualification to Vote
Attachments: FINNEGAN.pdf

Importance: High

Please use the attached revised Ballot and Declaration forms and disregard the prior email and attachments which we attempted to recall.

Dear Special District Presiding Officers and General Managers:

Please find enclosed the Ballot and the Declaration of Qualification to Vote form for the Orange County LAFCO Alternate Special District seat that will expire on June 30, 2014.

LAFCO has received two nominations for the Special District Alternate Seat: the current incumbent **James Fisler, Mesa Water District Board Member**, and **Richard Freschi, Serrano Water District Board Member**. In accordance with Government Code Section 56332(c) and the Bylaws of the Orange County Independent Special District Selection Committee, the ballot and declaration, prepared by the LAFCO Executive Officer, are being transmitted to each independent special district presiding officer. The ballot and declaration of qualification to vote for the alternate seat are due to the LAFCO Executive Officer by **3:00 p.m. on Friday, June 13, 2014**. Ballot and declaration forms may be returned by email to cemery@oclafco.org or mailed to the LAFCO offices at 12 Civic Center Plaza, Room 235, Santa Ana, CA 92701.

If anyone would like to observe the opening and tabulation of the ballots at the LAFCO office, please contact Carolyn Emery and we will make the appropriate arrangements. Election results will be announced by June 16, 2014.

Should you have any questions regarding the election process, please contact the Executive Officer Carolyn Emery or Cheryl Carter-Benjamin at (714) 834-2556.

Best regards,

Carolyn Emery

Executive Officer
ORANGE COUNTY LAFCO
cemery@oclafco.org
714.834.2556

Cheryl Carter-Benjamin

Office Manager / Commission Clerk
ORANGE COUNTY LAFCO
ccarter-benjamin@oclafco.org
714.834.2556



DECLARATION OF QUALIFICATION TO VOTE

Joan Finnegan
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley, CA 92708-6930
mgoldsby@mwdoc.com

I, _____,* hereby attest that
_____**has been authorized by the Board of
_____to vote in the Orange County Special
District Selection Committee election.

The Board also designated _____***as the alternate
voting member.

Name and Title*: _____

Signature*: _____

Date: _____

**Must be signed by either Board President or Board Secretary*

*** Must be a member of the Board*

****Must be a member of the Board*

Completed forms must be received by LAFCO prior to 3 PM, Tuesday, June 13, 2014. Forms must be delivered to Orange County LAFCO by:

- (1) Email at: cemery@oclafco.org, or
(2) Mail at: Orange County LAFCO
12 Civic Center Plaza, Room 235
Santa Ana, CA 92701
Attn: Carolyn Emery, or
(3) FAX at: (714) 834-2643, Attn: Carolyn Emery

BALLOT

ALTERNATE SPECIAL DISTRICT MEMBER

Local Agency Formation Commission
Term of Office Expires 06/30/2014

Print Name of District

Certification of Voting Member

I, _____, hereby certify that I am:
Print Name Here

_____ the presiding officer of the above named district.

_____ a member of the Board of the above-named district designated to vote in the absence of the presiding officer pursuant to G.C. §56332(a). I have submitted proof of this designation to the Executive Officer of LAFCO.

Signature

Date

CANDIDATES FOR ALTERNATE SPECIAL DISTRICT MEMBER OF LAFCO: (Check one ONLY.)

_____ *James Fisler, Mesa Water District*

_____ *Richard Freschi, Serrano Water District*

_____ *Abstain*

Maribeth Goldsby

for our information

----- Forwarded Message -----

From: Jim Fisler <j.fisler@sbcglobal.net>

To: ldick@mwdoc.com

Sent: Wednesday, April 2, 2014 10:55 AM

Subject: lafco elections

Good Morning Larry,

Attached is my flyer for re election as LAFCO Special District "alternate" seat. I would hope you and your Board would consider voting for me for re election. Thank You for your consideration.

Regards,

Jim Fisler

Real Estate Consultant

Torelli Realty

Tel. 714.423.4351

<http://www.jimfisler.com>

<mailto:jim@jimfisler.com>

DRE License 01392810

Re-Elect James R. Fisler LAFCO Special Districts Alternate Member

James R. Fisler - President Mesa Water District



James (Jim) R. Fisler was appointed to the Mesa Water District (Mesa Water®) Board of Directors in August 2009, elected in 2010 and re-elected in 2012, and is currently the Board President.

In addition to serving as President of Mesa Water District and being LAFCO's incumbent Special District's Alternate member, James Fisler currently is serving on the ACWA Local Government Committee, Finance Advisory Committee for the City of Costa Mesa, is a Board member of the Costa Mesa Friends of the Libraries, and is a Board member of the Costa Mesa Senior Center. Previously, James Fisler served as a Parks and Recreation Commissioner for the City of Costa Mesa and as a Planning Commissioner for the City of Costa Mesa and is a graduate of the Costa Mesa Citizens Police Academy.

Since March 2010, President Fisler has also served as President of the Mesa Water District Improvement Corporation, a California non-profit public benefit corporation formed to assist Mesa Water in financing specific improvements to the District's water system. Previously for Mesa Water, President Fisler served on the District's Engineering & Operations, Finance, Executive, IT Ad Hoc, and Public Information Committees.

After attending LAFCO meetings for over a year as Mesa Water District's liaison to LAFCO, President Fisler developed an interest in serving on the commission and was elected in 2011 to the Local Agency Formation Commission of Orange County (OC LAFCO) as special district alternate. Additionally he serves as Mesa Water District liaison with the Independent Special Districts of Orange County (ISDOC).

James Fisler is committed to LAFCO's mission of fostering orderly development and governance, promoting the efficient delivery of services, facilitating constructive changes in governmental structure and boundaries, and serving as a resource for local governments and citizens and would be honored to receive your vote and continue to serve as the Special District Alternate to OCLAFCO.

**ACTION ITEM**

May 21, 2014

TO: Board of Directors**FROM:** **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman, Clark)

Robert Hunter, General Manager

Staff Contact: Darcy Burke

SUBJECT: CONSIDER APPROVAL OF PROPOSED AMENDMENTS TO CSDA BYLAWS AND AUTHORIZE PRESIDENT OF THE BOARD TO CAST THE DISTRICT'S BALLOT**STAFF RECOMMENDATION**

Staff recommends the Board of Directors consider the attached recommended updates to the CSDA Bylaws and authorize the President of the Board to cast the District's ballot.

COMMITTEE RECOMMENDATION

Committee recommends (to be determined at Committee Meeting)

SUMMARY

The CSDA Board has approved the attached recommended updates to the CSDA Bylaws to bring forward to CSDA voting members for consideration. Highlights to the recommended updates include:

- General clean-up to reflect updates and organizational changes over the last 3 years;
- Clarifying language to the CSDA Board nomination and election process
- Updates to various committee definitions and titles
- CSDA affiliated chapter clarification

An official ballot is included for MWDOC to cast its vote by mail and must be received by Friday, June 13, at 5:00 pm.

Attachment: Proposed CSDA Bylaws Updates in mark-up form.

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



**California Special
Districts Association**
Districts Stronger Together

RECEIVED

APR 28 2014

MWD OF CO

MEMORANDUM

DATE: April 25, 2014

TO: California Special Districts Association (CSDA) Voting Members

FROM: Noelle Mattock, CSDA Board President
Neil McCormick, CEO

SUBJECT: Proposed CSDA Bylaws Updates

The CSDA Board of Directors has approved the attached recommended updates to the CSDA Bylaws to bring forward to CSDA voting members for consideration.

Highlights to the recommended updates include:

- General clean-up to reflect updates and organizational changes over the last 3 years
- Clarifying language to the CSDA Board nomination and election process
- Updates to various committee definitions and titles
- CSDA affiliated chapter clarification

The full proposed changes to CSDA's Bylaws are indicated in mark-up form for your review and can be found online at www.csda.net/bylaws.

As a voting member in good standing, once your district has reviewed the proposed CSDA Bylaws updates, please use the enclosed official ballot to cast your vote by mail in favor or not in favor of the changes.

Completed ballots must be received by Friday, June 13, 2014 at 5:00 pm to be counted. Only official and fully completed ballots returned via regular mail to the CSDA office will be counted. The results of the Bylaws ballot will be announced in the CSDA e-News and on the CSDA website. If approved by the membership, the updated Bylaws will take effect on July 1, 2014.

If you have any questions or require printed copies, please contact Charlotte Lowe, Executive Assistant at charlottel@csda.net or (916) 442-7887.

Thank you for your participation and continued support of CSDA!

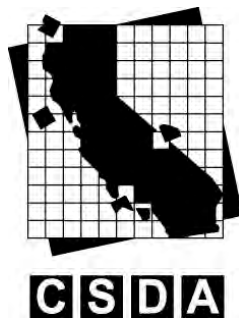
California Special Districts Association

1112 I Street, Suite 200
Sacramento, CA 95814
toll-free: 877.924.2732
t: 916.442.7887
f: 916.442.7889
www.csda.net

A proud California Special Districts Alliance partner

Special District Risk Management Authority
1112 I Street, Suite 300
Sacramento, CA 95814
toll-free: 800.537.7790
f: 916.231.4111

CSDA Finance Corporation
1112 I Street, Suite 200
Sacramento, CA 95814
toll-free: 877.924.2732
f: 916.442.7889



BYLAWS

California Special Districts Association

Approved Bylaw Revision Dates:

Revised 1996

Revised 1999

Revised 2004

Revised October 1, 2009

Revised August 2, 2010

Revised August 1, 2011

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ARTICLE I – GENERAL

Section 1. Purpose:

In addition to the general and specific purposes set forth in the Articles of Incorporation of the California Special Districts Association (CSDA), CSDA will provide outreach, education, and member services, and shall generate legislative advocacy for member interests. CSDA will interact with the government associations and groups that support or oppose its membership's interests.

Section 2. CSDA Regions/[Networks](#):

The state of California shall be divided along county boundaries into six ~~(6)~~ voting regions/[networks](#). The areas of the regions/[networks](#) have been determined by the Board of Directors of CSDA.

Exhibit A.....Map of the six (6) regions/[networks](#) of CSDA.

~~Exhibit B.....Names of the counties within the six (6) regions.~~

Section 3. Principal Office:

The principal business office of CSDA shall be located in Sacramento, California.

ARTICLE II – MEMBERSHIP

Section 1. Qualification of Membership:

There may be several classes of membership in ~~the~~ CSDA, as determined by the Board of Directors. The following classes have been adopted:

A. Regular Voting Members:

Regular voting members shall be any public agency formed pursuant to either general law or special act for the local performance of governmental and/or proprietary functions within limited boundaries, and which meets any one of the following criteria:

1. Meets the definition of “independent special district” set forth in Government Code Section 56044 by having a legislative body all of whose members are elected, or which members are appointed to fixed terms; or
2. A public agency whose legislative body is composed of representatives of two or more other public agencies. Such representatives may be either members of the legislative body or designated employees of such other public agencies. Public agencies which qualify as regular members pursuant to these criteria include, but are not limited to the following public agencies: (a) air quality management districts; (b) air pollution control districts; (c) county water agencies or authorities; (d) transit or rapid transit districts, or transportation authorities; (e) metropolitan water districts; (f) flood control and/or water conservation districts; (g) sanitation agencies.

Regular voting members do not include the state, cities, counties, school districts, community college districts, dependent districts, or joint powers authorities. Dependent districts are defined as those special districts whose legislative body is composed exclusively of members of a Board of Supervisors of a single county or city council of a single city, LAFCOs, joint powers authorities or the appointees of such legislative bodies with no fixed terms.

Regular voting members have voting privileges and may hold seats on the Board of Directors.

B. Associate Non-Voting Members:

Shall be those organizations such as dependent districts, cities, mutual water companies, and those public agencies that do not satisfy the criteria for regular voting membership specified in Section A above.

Associate members have no voting privileges and may not hold a seat on the Board of Directors.

C. Business Affiliate Members:

Shall be those persons or organizations that provide services to special districts and/or have evidenced interest in the purposes and goals of CSDA. Business Affiliates have no voting privileges and may not hold a seat on the Board of Directors.

D. ~~Liaison Representatives:~~

~~Members of CSDA, who hold memberships in other organizations which have shown an interest in the purposes of CSDA, may request the Board of Directors to appoint a non-voting liaison representative from the interested organization to participate in activities conducted by CSDA. Non-inclusive examples of said organizations are recreation and park, fire, cemetery, and mosquito abatement/vector control.~~

~~The Board of Directors may invite the non-voting liaison representatives to attend CSDA meetings and participate in CSDA committees at the discretion of the Board. Liaison representatives have no voting privileges and may not hold a seat on the Board of Directors.~~

Section 2. Membership Application:

Application for membership to CSDA will be directed to staff, who will determine if the applicant's interest and purpose is in common with CSDA. If the applicant meets the requirements of membership, the Board of Directors shall approve the new member by a majority vote of the Board. Acceptance to membership shall authorize participation in CSDA activities as specified in these Bylaws.

Section 3. Membership Dues:

The membership dues of CSDA shall be established annually by a majority vote of the Board of Directors at a scheduled Board meeting. Authority to adjust the dues shall remain with the Board of Directors.

Section 4. Membership Voting:

Matters to be voted upon by the membership shall be determined by the Board of Directors in accordance with these Bylaws. Only those matters of which proper notice was given by CSDA may be voted upon.

A. Voting Designee:

In accordance with these Bylaws, regular voting members in good standing shall have voting privileges. The governing body of each regular voting member shall designate by resolution, one representative from their respective district who shall have the authority to exercise the right of the regular voting member to vote. Such voting designee shall be a Board member or managerial employee of the member regular voting member. ~~Each regular voting member shall file such resolution with CSDA.~~

B. Voting Authorization:

Those regular voting members who have paid the required dues as set by the Board of Directors are members in good standing. Each regular voting member in good standing

shall be entitled to one vote on all matters brought before the membership for vote at any meeting or mail ballot.

Section 5. Membership Quorum:

A. Meeting Quorum:

Twenty-five ~~(25)~~ voting designees, as defined in Article II, Section 4, officially designated by each regular voting member present at any annual or special meeting of the CSDA shall constitute a quorum. Absentee ballots ~~shall~~will not be accepted.

B. Mailed Ballot Quorum:

Mail ballots received from ~~twenty-five (25)~~ voting designees shall constitute a quorum.

Section 6. Membership Meetings:

A. Annual Business Meeting:

The annual business meeting of the members shall be held at the Annual CSDA Conference at such time and place as determined by the Board of Directors. Written notice of the annual business meeting shall include all matters that the Board intends to present for action and vote by the members.

Written notice of any annual meeting of the members of CSDA, via mail and/or electronic delivery, and/or facsimile shall be sent to each regular voting member in good standing, at least 45 days in advance of the designated date of such meeting. The notice shall include the time and place, and all matters the Board of Directors intends to present for action and vote by the members.

B. Special Meetings:

Special meetings of the members may be called at any time by the President, by a majority of the Board of Directors, or by a majority of at least a quorum of the members. Written notice shall include all matters the Board of Directors intends to present for action and vote by the members.

Written notice of any special meeting of the members of CSDA, via mail and/or electronic delivery, and/or facsimile shall be sent to each regular voting member in good standing, at least ten days in advance of the designated date of such meeting. The notice shall include the time and place, and all matters intended to be presented for action and vote by the members.

C. ~~Notice of Meetings:~~

~~Written notice of any annual or special meeting of the members of CSDA, via mail and/or electronic delivery, and/or facsimile shall be sent to each regular voting member in good standing, not later than forty-five (45) days in advance of the designated date of such meeting. The notice shall include the time and place, and all matters the Board of Directors intends to present for action and vote by the members.~~

D.C. Mail Ballot:

The Board of Directors may at its discretion authorize the voting upon any issue, by written ballot mailed to each regular voting member in good standing. Such ballot shall be mailed by first class mail, at least not later than forty-five (45) days in advance of the date the CSDA has designated for the return of the ballot by each member to CSDA.

E.D. Majority Vote:

A majority of votes cast or ballots received~~vote of all regular voting members voting~~ shall be necessary to carry any matter voted upon, provided a quorum of members has voted in person or by mail ballot. Voting by proxy shall~~will~~ not be allowed.

Section 7. Termination of Membership:

Any member delinquent in the payment of dues for a period of three ~~(3)~~ months after said dues are due and payable, shall be notified in writing of such arrearage, and shall be given written notice of possible termination. If such delinquent dues remain unpaid for forty-five (45) days after said notice, the delinquent member shall automatically cease to be a member of CSDA.

A delinquent member may be restored to membership by making written application to the Board of Directors of the CSDA. Such reinstatement shall be at the discretion of the Board.

ARTICLE III – DIRECTORS

Section 1. Number of Directors:

The authorized number of elected directors to serve on the Board of Directors shall be ~~eighteen~~ ~~(18)~~. Each regular voting member agency shall be limited to one seat on the Board.

There shall be three ~~(3)~~ directors elected from each of the six ~~(6)~~ CSDA regions/networks. Directors elected from each of the six ~~(6)~~ regions/networks shall hold staggered three ~~(3)~~-year terms. The three directors serving a term of office from a region/network shall be elected from three ~~(3)~~ different regular voting member agencies located in that region/network.

Section 2 Term of Office:

Directors elected from each of the six ~~(6)~~ regions/networks shall hold staggered three ~~(3)~~-year terms. After the annual election of directors, a meeting of the Board shall be held to ratify the election results. The term of office of the newly elected persons shall commence on the following January 1 and shall terminate in three ~~(3)~~ years.

Section 3. Nomination of Directors:

Nomination shall be by region/network. Any regular voting member in good standing is eligible to nominate one person from their district to run for director of CSDA. The director nominee shall be a board member of the district or a managerial employee as defined by that district's Board of Directors. Nomination of the director designee shall be made by a resolution or minute action of the regular voting member ~~'ss'~~ Board of Directors. Only one individual from each regular voting member district may be nominated to run at each election. In the event an incumbent does not re-run for his/her seat, the nomination period for that region/network shall be extended by ten days.

The CSDA staff, in conjunction with the Elections and Bylaw Committee, will review all nominations received and accept all that meet the qualifications set by these Bylaws. A slate of each region's/network's qualified nominees will be submitted by mail ballot, to that region's/network's regular voting membership for election pursuant to Article III, Section 4

Section 4. Election of Directors:

The Election and Bylaws Committee shall have primary responsibility for establishing and conducting elections. The Committee may enforce any regulation in order to facilitate the conduct of said elections. Voting for directors shall be by the regular voting members from the region/network from which they are nominated. ~~six (6) regions and shall be conducted by mail.~~

The Election and Bylaws Committee shall meet each year to review, with staff, the regions/networks where election of directors will be necessary. The Committee will coordinate, with staff, the dates nomination requests shall be mailed to the regular voting members, theand officially date for the nomination requests to be received at the CSDA office, and ~~will~~ set the date of the election.

A. Written Notice:

Written notice requesting nominations of candidates for election to the Board of Directors shall be sent first class mail to each regular member on the date specified by the Election and Bylaws Committee, which shall be at least ~~one hundred and twenty (120)~~ days prior to the election. The nominations must be received by ~~the~~ CSDA before the established deadline which shall be no later than ~~sixty (60)~~ days prior to the election. Nominations received after the deadline date shall be deemed invalid.

B. Balloting and Election:

Voting for directors shall be by mail.

After the nomination period for directors is closed, a mailed ballot specifying the certified nominees in each region/network shall be distributed to each regular voting member in that region/network~~good standing~~ by first class mail. Each such regular member in each region/network shall be entitled to cast one vote for each of that region's/network's open seats on the Board.

The ballot for each region/network shall contain all nominations accepted and approved by CSDA staff. In the event there is only one nomination in a region/network, the nominee shall automatically assume the Seat up for election and a ballot shall not be mailed. Staff will execute a Proof of Service certifying the date upon which all regular voting members of each region/network were mailed a ~~mail~~ ballot.

Ballots shall be returned by mail to the principal business address of CSDA prior to the close of business (5:00 pm) on the designated election date, which shall be at least ~~forty-five (45)~~ days prior to the ~~annual business meeting of the members held at the~~ Annual Conference. Ballots received after the specified date shall not be counted.

All ballots shall remain sealed until opened in the presence of the Election and Bylaws Committee chairperson or his/her designee.

Section 5. Event of Tie:

In the event of a tie vote, a supplemental mail ballot containing only the names of those candidates receiving the same number of votes shall be mailed to each regular voting member in the region/network where the tie vote occurred.

Those mail ballots received prior to the close of business (5:00 pm) on the date designated by the Election and Bylaws Committee shall be considered valid and counted. All supplemental mail ballots received after the designated date will be deemed invalid. All ~~such~~ ballots shall remain sealed until opened in the presence of the Committee chair or his/her designee.

In the event the supplemental mail ballot results in a tie vote, the successful candidate will be chosen by a drawing by lot.

Section 6. Director Vacancy:

In the event of a director vacating his/her seat on the Board of Directors, an individual who meets the qualifications as specified in these Bylaws may be appointed or elected to complete the director's unexpired term.

A. Two or Three Vacant Seats in the Same Region/Network:

In the event more than one seat on the CSDA Board of Directors in any one region/network is vacant at the same time, such vacancies shall be filled by election. A mail ballot shall be prepared; listing all nominees for that region/network accepted and approved pursuant to Article III, Section 4 of these Bylaws

Regular Mmembers of each region/network shall be entitled to cast one vote for each open seat in that region/network. The candidate receiving the most votes will be elected to the vacant seat with the longest remaining term. The candidate receiving the second highest number of votes will be elected to fill the vacant seat with the second longest remaining term. The candidate receiving the third highest number of votes will be elected to fill the vacant position with the third longest remaining term.

B. Vacancy During Nomination Period:

In the event of a vacancy occurring "during" the nomination period ~~prior to the annual election~~, the vacancy shall be filled by election. Written notification of the vacancy and request for nominations shall be sent to each regular member in the region/network in which the vacancy occurred. Nominations will be accepted for ~~the~~such vacant seat ~~and which~~ shall be placed on the mail ballot for election in that region/network.

C. Vacancy After Nomination Period:

In the event of a vacancy occurring "after" the nomination period has closed, at the discretion of the CSDA Board, the vacancy may remain unfulfilled until the next regularly scheduled election or may~~shall~~ be filled by appointment. Should the CSDA Board choose to fill the vacancy by appointment, Notification of the vacancy and request for nominations shall be sent to all regular members in the region/network in which the vacancy occurred.

The region's/network's existing directors sitting on the CSDA Board shall interview all interested candidates of that region/network and bring a recommendation to the CSDA Board of Directors ~~of the CSDA~~. The Board shall make the appointment to fill the unexpired term of the vacated Board position.

Section 7. Director Disqualification:

- A. A director shall become disqualified from further service upon the occurrence of the following:

A director's district is no longer a member of ~~the~~ CSDA; a director is no longer a board member or an employee of a member district; and/or a director shall resign.

Any officer or director may resign at any time by giving written notice to the President or ~~CEO~~Executive Director. Any such resignation shall take effect at the date of the receipt of such notice or at any time specified therein.

- B. The position of a director may be declared vacant by a majority vote of the CSDA Board of Directors when a director shall fail~~s~~ to attend three ~~(3)~~ consecutive meetings of the Board, ~~without prior notice to the Board President~~.

Section 8. Powers of Directors:

Subject to the limitations of these Bylaws, the Articles of Incorporation, and the California General Nonprofit Corporation Law, all corporate powers of the CSDA shall be exercised by or under the authority of the Board of Directors.

ARTICLE IV – DIRECTOR MEETINGS

Section 1. Place of Meetings:

Meetings of the Board of Directors shall be held in the state of California, at such places as the Board may determine.

Section 2. Ratification Meeting:

Following the election of Directors, the Board shall hold a meeting at such time and place as determined by the Board for the purpose of ratifying the newly elected directors and to transact other business of ~~the~~ CSDA.

Section 3. Organization Meeting:

After the ratification meeting, an organizational meeting of the Board shall be held at such time and place as determined by the Board for the purpose of electing the officers of the Board of Directors and the transaction of other business of ~~the~~ CSDA.

Section 4. Planning Session:

~~As directed by the Board of Directors~~~~Before the end of each calendar year~~, a special Strategic Planning Meeting shall be held ~~by the Board of Directors~~ to review and evaluate the plans, policies and activities related to the business interests of CSDA.

Section 5. Regular Meetings:

The dates of the regular meetings of the Board of Directors shall be ratified at the ~~last~~~~first~~ Board meeting of the ~~previous~~ year. The meetings shall be held at such time and place as the Board may determine. The dates and places of the Board meetings shall be published in the CSDA's publications for the benefit of the members.

Section 6. Special Meetings:

A special meeting of the Board of Directors, for any purpose, may be called at any time by the President or by any group of seven ~~(7)~~ directors.

Such meetings may be held at any place designated by the Board of Directors. In the event directors are unable to personally attend the special meeting, teleconferencing means will be made available.

Notice of the time and place of special meetings shall be given personally to the directors, or sent by written or electronic communication. All written notices shall be sent at least ten ~~(10)~~ days prior to the special meeting and electronic notices ~~at least~~~~not less than~~ five ~~(5)~~ days prior.

Section 7. Quorum:

A quorum of the Board of Directors for the purpose of transacting business of the CSDA shall consist of ten ~~(10)~~ directors. A majority vote among at least ten ~~(10)~~ directors present at a duly noticed meeting shall constitute action of the Board of Directors.

Section 8. Official Records:

All official records of the meetings of the CSDA shall be maintained at the principal business office of the CSDA.

ARTICLE V – OFFICERS

Section 1. Number and Selection:

The officers of ~~the~~CSDA shall be the President, Vice President, Secretary, Treasurer and ~~the Immediate~~ Past President. The officers shall be elected annually from the then current members of the Board of Directors without reference to regions/~~networks~~. All officers shall be subordinate and responsible to the ~~CSDA~~ Board of Directors and shall serve ~~the CSDA~~ without compensation.

Each shall hold office for the term of one ~~(1)~~ year, or until resignation or disqualification.

The Board of Directors may appoint such other officers as the business of ~~the~~CSDA may require. Each of the appointed officers shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board of Directors may determine.

Section 2. Duties of the President:

The President shall be the chief officer of the CSDA and shall, subject to the approval of the Board of Directors, give supervision and direction to the business and affairs of ~~the~~CSDA.

The President shall preside at all Board of Director and membership meetings. The President shall be an ex-officio member of all Standing Committees. ~~The President and~~ shall ~~recommend~~ ~~appoint~~ ~~appointment of~~ committee chairs and vice-chairs and members of the Standing Committees. ~~Such appointments are~~ subject to ~~ratification confirmation~~ by the Board of Directors.

The President shall have the general powers, duties and management usually vested in the office of the president of a corporation. The President shall have such other powers and duties as may be prescribed by these Bylaws or by the vote of the Board of Directors.

Section 3. Duties of the Vice President:

In the absence of, or disability of the President, the Vice President shall perform all of the duties of the President. When so acting, the Vice President shall have all the powers of the President, and be subject to all the restrictions upon the President.

The Vice President shall be ~~the chair of the Planning Committee and~~ an ex-officio member of all of the Standing Committees.

Section 4. Duties of the Secretary:

The Secretary or a designee appointed by the Board of Directors shall give notice of meetings to the Board of Directors, and notices of meetings to the members as provided by these Bylaws.

The Secretary or ~~such~~ designee shall record and keep all motions and resolutions of the Board. A record of all meetings of the Board and of the members shall be maintained. All written records of the Secretary shall be kept at the business office of ~~the~~CSDA.

A list of the membership of ~~the~~-CSDA shall be maintained by the Secretary or such designee. Such record shall contain the name, address and type of membership, of each member. The date of membership shall be recorded, and in the event the membership ceases, the date of termination.

The Secretary or ~~such~~-designee shall perform such other duties as may be required by law, by these Bylaws, or by the Board of Directors.

Section 5. Duties of the Treasurer:

The Treasurer or a designee appointed by the Board of Directors shall keep and maintain adequate and correct accounts of the properties and the business transactions of ~~the~~-CSDA, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any director or member of the CSDA.

The Treasurer or ~~such~~-designee shall be responsible to cause the deposit of all moneys of the CSDA, and other valuables in the name and to the credit of ~~the~~-CSDA, with such depositories as may be designated by the Board of Directors.

The Treasurer or ~~such~~-designee, shall disburse, or cause to be disbursed by ~~such~~ persons as authorized by resolution of the Board of Directors, the funds of ~~the~~-CSDA, as ordered by the Board of Directors.

The Treasurer or ~~such~~-designee shall serve as chair of the CSDA Fiscal Committee. The Treasurer shall render to the President and the Board of Directors an account of all financial transactions and the financial condition of ~~the~~-CSDA at each Board meeting and on an annual basis, or upon request of the Board.

The Treasurer or ~~such~~-designee shall, after the close of the fiscal year of ~~the~~-CSDA, cause an annual audit of the financial condition of ~~the~~-CSDA to be done.

The Treasurer or such designee shall perform such other duties as may be required by law, by these Bylaws, or by the Board of Directors.

Section 6. Disbursement of Funds:

No funds shall be disbursed by ~~the~~-CSDA unless ~~a~~the check, draft or other evidence of such disbursement ~~has been~~shall be executed on behalf of ~~the~~-CSDA by ~~such~~ persons authorized by resolution of the Board of Directors.

Section 7. Removal of Officers:

Officers of the Board may be removed with or without cause at any meeting of the Board of Directors by the affirmative vote of a majority of the Board of Directors present at such meeting.

ARTICLE VI – COMMITTEES

Section 1. ~~Creation of Committees~~ Structure:

~~The Board of Directors by a majority vote may create one or more committees to serve at the pleasure of the Board, and have such authority as provided by the Board of Directors.~~

Each committee shall have a chair and a vice-chair who shall be directors of the Board of Directors. ~~Appointment of two (2) or more directors to the committees shall be by a majority vote of the Board. Each committee shall have at least two Board members and no more than nine Board members.~~ Directors may be appointed as alternate members of a committee, in the event of an absent committee member.

Other members of any committee may include designees of regular, associate or professional Business Affiliate members. ~~and liaison representatives from other organizations pursuant to Article II, Section 1 to be approved by majority vote of the CSDA Board of Directors.~~

Section 2. Committee Actions:

All actions of any committee of the CSDA shall be governed by and taken in accordance with the provisions of these Bylaws. All committees shall serve at the pleasure of the Board and have such authority as provided by the Board of Directors. Minutes of each committee meeting shall be kept and each committee shall present a report to the Board of Directors at each scheduled Board meeting.

No committee may take any final action on any matter that, under these Bylaws, or under the California Nonprofit Public Benefit Corporation Law, also requires approval of the members of the CSDA.

All committees, regardless of Board resolution, are restricted from any of the following actions as imposed by the California Nonprofit Public Benefit Corporation Law

No committee may: Fill vacancies on the Board of Directors or on any committee that has authority of the Board; create any other committees of the Board or appoint the members of the committees of the Board.

No committee may fix compensation of the directors for serving on the Board or on any committee; e~~E~~xpend corporate funds to support a nominee for director; or approve any contract or transaction to which CSDA is a party and in which one or more of its directors has a material financial interest.

No committee may amend or repeal Bylaws or adopt new Bylaws or amend or repeal any resolution of the Board that by its express terms is not subject to amendment or repeal.

Section 3. Committee Meetings:

Meetings of the committees of ~~the~~ CSDA shall be held in accordance with the provisions of these Bylaws. The time and place for regular meetings of such committees may be determined

by the Board or by such committees. Special meetings of the committees may be called by the chair of such committee, or by the Board of Directors.

Section 4. Standing Committees:

Standing Committees of ~~the~~ CSDA shall be advisory in nature except for the Finance Corporation (see Section 4D). The Standing Committees are: Executive, Education Professional Development, Elections and Bylaw, Finance Corporation, Fiscal, Legislative, Membership Recruitment Member Services and Planning and Audit.

The President shall recommend the appointment of committee officers and members of each Standing Committee except the Executive Committee. All committee members are subject to ratification by the Board of Directors.

A. Executive Committee:

The Executive Committee shall consist of all officers of ~~the~~ CSDA. Members shall include the President, Vice President, Secretary, Treasurer and the immediate Ppast Ppresident of the CSDA. If the immediate Ppast Ppresident is no longer a member of the Board of Directors, a previous past president may be appointed. If there are no directors who have served as president in the past, the President shall appoint a current director to serve as a member of the Executive Committee.

Subject to these Bylaws and approval of the Board of Directors, the Executive Committee shall have full power, authority and responsibility for the operation and function of the CSDA.

B. Professional DevelopmentEducation Committee:

The Education Professional Development Committee shall plan, organize and direct CSDAthe education professional development programs and events of the CSDA. The Committee shall organize the Annual Conference and the Special District Legislative Days. A public relations program shall be maintained by the Committee.

C. Election and Bylaws Committee:

The Election and Bylaws Committee shall be responsible for conducting all elections foref the CSDA Board of Directors as provided in these Bbylaws. The Committee shall annually review the Bbylaws and shall be responsible for membership vote on any bylaw changes and approval of election materials.

D. Finance Corporation Committee:

The Finance Corporation Committee shall serve as the Board of Directors of the CSDA Finance Corporation a California non profit public benefit corporation organized to provide financial assistance to CSDA members in acquiring, constructing and financing various public facilities and equipment for the use and benefit of the public. The Finance Corporation Committee is not an advisory committee, but has all of the powers described in the CSDA Finance Corporation Bylaws, which are incorporated herein by this reference. Such powers include the powers to manage and control the business affairs of the corporation, to approve policies for the corporation's operations, and to

~~enter into all contracts necessary to provide financial assistance to CSDA members and be responsible for oversight of the programs of the CSDA Finance Corporation.~~

E. Fiscal Committee:

The Treasurer shall serve as the chair of the Fiscal Committee and shall, with the Committee, be responsible for oversight of all the financial transactions of the CSDA. An annual budget shall be ~~prepared~~ reviewed by the committee and ~~shall be~~ ratified by the Board of Directors.

~~The Fiscal Committee shall assist the Planning Committee in the continuing development of the CSDA's "Strategic Plan".~~

F. Legislative Committee:

The Legislative Committee shall be responsible for the development of ~~the~~ CSDA's legislative agenda. The Committee shall review, direct and assist the CSDA Advocacy and Public Affairs ~~Legislative~~ Department with legislative and public policy issues.

G. Member Services~~Membership and Recruitment~~ Committee:

The ~~Membership and Recruitment~~ Member Services Committee shall be responsible for recruitment and recommendation of new members to the CSDA Board of Directors. All new members shall be ratified by the Board of Directors.

H. Planning Committee:

~~The Planning Committee in conjunction with the Fiscal Committee shall be responsible for the continuing development of the "Strategic Plan" of the CSDA. The "Strategic Plan" shall be reviewed and monitored. The Committee shall recommend revisions and/or additions to the Board of Directors for ratification.~~

I.H. Audit Committee:

The Audit Committee is responsible for maintaining and updating internal controls. The Committee selects the Auditor for Board of Director approval and provides guidance to the auditors on possible audit and fraud risks. The Committee reviews the audit and management letter and makes recommendation to the Board of Directors for action.

Section 5. Ad Hoc Committees:

The President may appoint other Ad Hoc Committees and their officers as may be determined necessary for the proper operation of the CSDA. The Standing Committees and the Ad Hoc Committees shall plan and authorize such programs as may be directed by the Board of Directors.

The Ad Hoc Committees shall be advisory in nature and shall be composed of at least two ~~(2)~~ members of the Board of Directors. Other members of such committees may include designees of regular, associate or professional members, ~~liaison representatives of other organizations,~~ or members of the public, as approved by the Board of Directors.

Section 6. Special Committee of the Board:

A Special Committee may be granted authority of the Board as a Committee of the Board, as required by the California Nonprofit Public Benefit Corporation Law, provided by a specific resolution adopted by a majority of the Board of Directors then in office. In such case, the Special Committee shall be composed exclusively of two ~~(2)~~ or more directors, but less than a quorum of the Board of Directors.

ARTICLE VII – INDEMNIFICATION

Section 1. Right of Indemnity:

To the fullest extent permitted by law, the CSDA shall defend, indemnify and hold harmless both its past and present directors, officers, employees and other persons described in Section 5238(a) of the California Corporations Code, against any and all actions, expenses, fines, judgments, claims, liabilities, settlements and other amounts reasonably incurred by them in connection with any “proceeding”, as that term is used in the Section 5238(a) of the California Corporations Code.

“Expenses”, as used in these Bylaws, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

Section 2. Approval of Indemnity:

On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporations Code, the Board shall promptly determine under Section 5238(e) of the California Corporations code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met, and if so, the Board shall authorize indemnification.

If the Board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, the Board shall promptly call a meeting of the members.

At the request for indemnification meeting, the members shall determine under Section 5238(e) of the California Corporations Code whether the applicable standard or conduct set forth in Section 5238(b) or Section 5238(c) has been met, and, if so, the members present at the meeting in person or by proxy shall authorize indemnification.

Section 3. Insurance:

The CSDA shall have the right to purchase and maintain insurance to the full extent permitted by law, on behalf of its officers, directors, employees, and agents, against any liability asserted against or incurred by any officer, director, employee or agent in such capacity, or arising out of the officer's, director's, employee's, or agent's status as such.

Section 4. Liability:

No member, individual, director, or staff member of the CSDA shall be personally liable to the CSDA's creditors, or for any indebtedness or liability. Any and all creditors shall look only to the CSDA's assets for payment.

ARTICLE VIII – LOCAL CHAPTERS

Section 1. Purpose:

The purpose of local chapters is to provide a local forum of members for the discussion, consideration and interchange of ideas concerning matters relating to the purposes and powers of special districts and the CSDA.

The local chapters may meet to discuss issues bearing upon special districts and the CSDA. The chapters may make recommendations to the CSDA's Board of Directors.

Section 2. Organization:

The regular voting members of ~~the~~ CSDA are encouraged to create and establish local chapters. In order to be recognized as a CSDA Chapter, each Chapter must approve and execute a Chapter Affiliation Agreement in order to obtain the right to use the CSDA name, logo, membership mailing list, intellectual property, endorsements, and CSDA staff support and technical assistance in conducting Chapter activities. The terms and conditions of the Chapter Affiliation Agreement are incorporated herein by this reference.

Each chapter formed prior to August 1, 2011, including but not limited to ~~of~~ the following ~~existing~~ chapters must have at least one ~~(1)~~ CSDA member in their membership at all times: Alameda, Butte, Contra Costa, Kern, Marin, Monterey, Orange (ISDOC), Placer, Sacramento, San Bernardino, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara and Ventura. These existing chapters are strongly encouraged to have all district members as CSDA members, however the existing local chapter may include members of Such existing chapters may include as members local organizations, districts and professionals who are not members of ~~the~~ CSDA.

New chapters formed after August 1, 2011, are required to have 100 percent of their special district members as be current members of CSDA ~~members~~ in order to be a chapter affiliate of CSDA. The existing Such local chapters may include members of local organizations and professionals who are not members of CSDA.

Local chapters shall be determined to be affiliates of the CSDA upon approval and execution of the Chapter Affiliation Agreement by the local chapter and approval and ratification of the Chapter Affiliation Agreement by the CSDA Board of Directors ~~of the CSDA~~. The chapters shall be required to provide updated membership lists to the CSDA at least annually.

CSDA and its local chapters shall not become or be deemed to be partners or joint ventures with each other by reason of the provisions of these Bylaws or the Chapter Affiliation Agreement.

Section 3. Rules, Regulations and Meetings:

Each local chapter shall adopt such rules and regulations, meeting place and times as the membership of such local chapter may decide by majority vote. Rules and regulations of the local chapter shall not be inconsistent with the Articles of Incorporation or Bylaws of ~~the~~ CSDA.

Section 4. Financing of Local Chapters:

No part of ~~the~~ CSDA's funds shall be used for the operation of the local chapter affiliates. ~~The~~ CSDA is not responsible for the debts, obligations, acts or omissions of ~~theirs~~ local chapters.

Section 5. Legislative Program Participation:

Local chapters may function as a forum in regard to federal, state and local legislative issues.

The chapters may assist ~~the~~ CSDA in the distribution of information to their members.

ARTICLE IX – AMENDMENTS TO THE BYLAWS

Section 1. Amendment Proposals:

Any regular voting member in good standing may propose changes to these Bylaws. The proposed amendments shall be reviewed by the Board of Directors and submitted to the Election and Bylaws Committee for their study.

After examination by the Election and Bylaws Committee and upon resolution of the Board of Directors the amendment proposals may be submitted for vote at the Annual Business meeting of the members held by ~~the~~ CSDA, at a specially called meeting, or by a mailed ballot.

Section 2. Amendment Membership Meeting:

Prior notice in writing of the proposed amendment/s to these Bylaws shall be given by the Board of Directors to the regular voting members, not later than ~~forty-five (45)~~ days in advance of the amendment meeting.

Electronic copies of the proposed amendment/s shall be available on the CSDA website for the regular voting members prior to the meeting. Copies of the proposed amendments shall be available for the voting members at the amendment meeting, ~~upon advance requests~~.

Section 3. Mailed Amendment Ballot:

When a mailed ballot is utilized to amend these Bylaws, the ballot shall include all amendments and matters the Board ~~of Directors~~ intends to present for action and vote by the members and shall be mailed by ~~the~~ CSDA to all regular voting members ~~in good standing~~. ~~The~~Such ballot shall be mailed by first class mail, not later than ~~forty-five (45)~~ days in advance of the date ~~the~~ CSDA has designated for the receipt of the ballot.

The amendment ballot must be received by ~~the~~ CSDA, no later than the established deadline date and time. Ballots received after the specified deadline will be deemed invalid

Section 4. Amendment Ratification:

A. Membership Meeting:

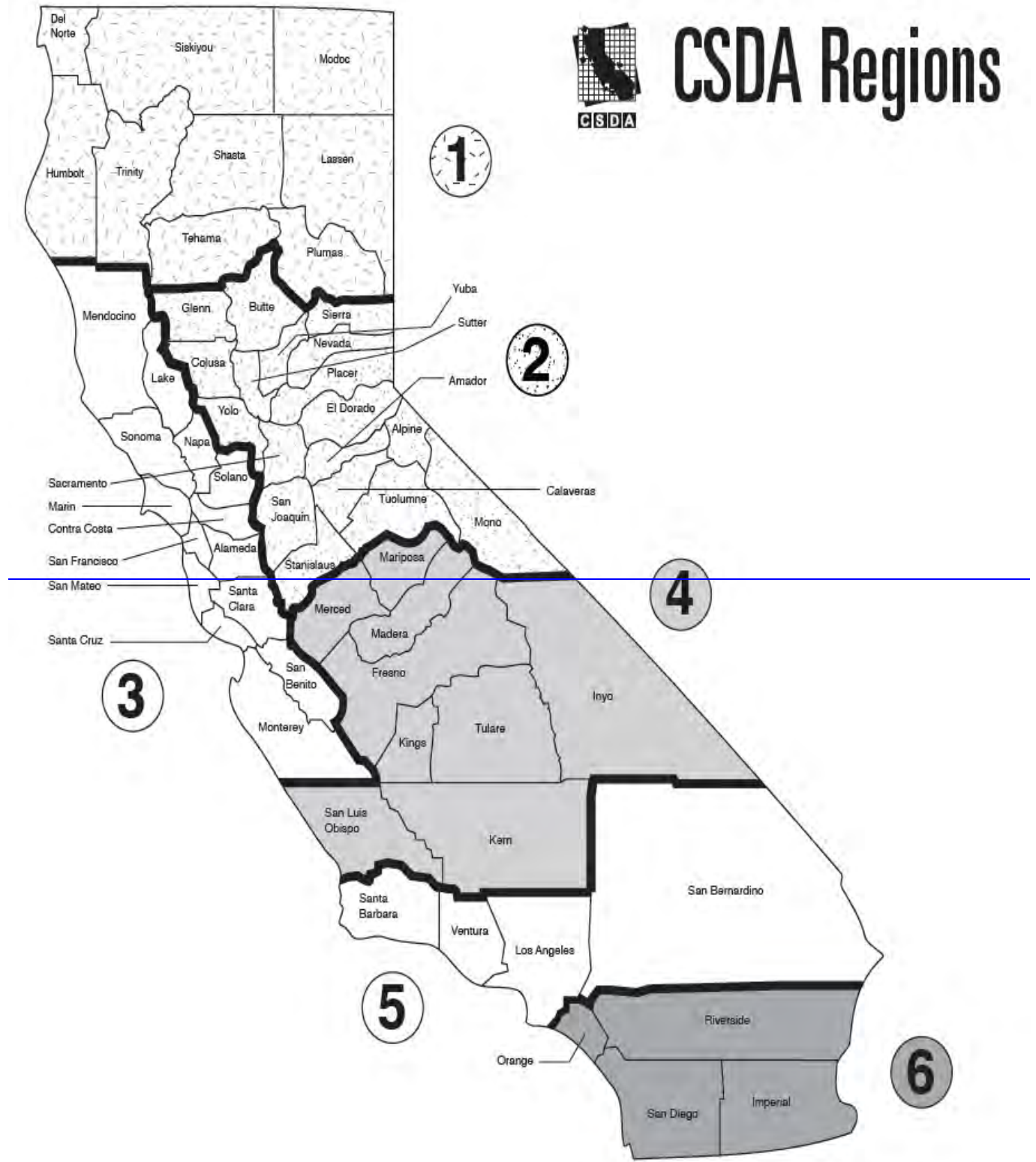
The proposed Bylaw amendments shall be deemed adopted by a majority vote of all regular voting members present at a membership meeting, at which a quorum, as defined in Article 2, Section 5 of these Bylaws, of the members is present.

B. Mailed Ballot:

The proposed Bylaw amendment/s shall be deemed adopted when ballots have been returned by a quorum of the regular voting members, and have been approved by a majority vote of the mail ballots returned.



CSDA Regions





2015 Regions/Networks



GENERAL MANAGER'S REPORT OF STAFF ACTIVITIES MAY 2014

Managers' Meeting	<p>MWDOC held its Member Agency Managers' meeting in Fountain Valley on Thursday, April 17. In attendance were Cel Pasillas (Garden Grove); Howard Johnson (Brady & Assoc.); Brian Ragland (Huntington Beach); Luis Estevez (Seal Beach); Joyce Crosthwaite (SMWD); Paul Cook and Paul Weghorst (IRWD); Michael Grisso (Buena Park); Steve Conklin (YLWD); Joone Lopez and Matt Collings (MNWD); Rob Hanford (GSWC); David Youngblood (SCWD); Bob Hill (ETWD); Hector Ruiz (TCWD); George Murdoch (Newport Beach); Renae Hinchey (LBCWD); Mike Markus and John Kennedy (OCWD); Lisa Ohlund (EOCWD); Karl Seckel; Keith Lyon; Lee Jacobi; Darcy Burke; Kelly Hubbard; and myself of staff.</p> <p>The agenda included the following:</p> <ol style="list-style-type: none"> 1. Review of the Response and Recovery to the La Habra Earthquake. 2. MWDOC's FY 2014-15 Budget 3. Selection of MWDOC's MET Director/Election of MET's Chairman 4. MET's Adopted 2014-2016 Budgets and Rates 5. Water Supply Update 6. Vendor Selection for Value of Water 7. Continuous Energy Improvement Program Workshop – Follow-up 8. MET's Recycled On-site Retrofit Program 9. OC Water Summit: May 16 <p>The next meeting is scheduled for May 15.</p>
ACWA Spring Conference	<p>Director Susan Hinman and Karl, Harvey and I attended the ACWA Spring Conference in Monterey May 7, 8 and 9 where California's drought and sustainable groundwater management were front-and-center topics.</p>
Building Maintenance	<p>Karl and I participated in several meetings with OCWD regarding replacement of the common antiquated boilers and chillers that service both buildings. That work will be scheduled for later this year to install more efficient equipment that meets current codes. Also discussed were a number of other building improvements coming up over the next year.</p>

MET ITEMS CRITICAL TO ORANGE COUNTY

MWD's Water Supply Conditions

State Water Project Deliveries

On April 18, the California Department of Water Resources (DWR) announced a projected "Table A" allocation of five percent for water deliveries to State Water Project (SWP) from Northern California. California is heading into the long, hot, dry summer months with the lowest allocation ever on our SWP supplies. Despite slightly improved conditions in February and March, the rainfall, snowpack, and runoff total continues to be significantly below normal for the season.

State Water Project Hydrology

As of May 13, 2014

Hydrologic Indicator	Current Total	% of Normal	% of Annual
Precipitation DWR 8-Station Index	28.5 Inches Water Equivalent	60% of 48 Inches	57% of 50 Inches
Snowpack Conditions CA Cooperative Surveys	1 Inches Water Equivalent	10% of 28 Inches	5% of April 1 Avg.

State Water Project Reservoir Storage

As of May 13, 2014

Storage Reservoir	Current Total	% of Normal	% of Capacity
Lake Oroville Department of Water Resources	1.84 MAF	63% of 2.9 MAF	52% of 3.5 MAF
San Luis Reservoir Department of Water Resources	0.93 MAF	54% of 1.74 MAF	46% of 2.0 MAF

Colorado River Items	<p><u>Lake Mead Level Dropping Quickly</u></p> <p>In the last two months, the level of Lake Mead has dropped by more than 13 feet, resulting in the closure of one marina and threatening closure of three others. The quick decline in storage is a result of the record low release of water upstream from Lake Powell this year combined with downstream demands. At the end of April, Lake Mead was 1,095 feet above sea level, 20 feet above the level that a first ever shortage would be declared on the Colorado River. Updated analyses by the Bureau of Reclamation predict that there is about a one in four chance that a shortage would be declared on the Colorado River in August 2015.</p> <p><u>Colorado River Board Honors Chairman Foley</u></p> <p>During its April 9 meeting, the Colorado River Board of California (River Board) adopted a resolution honoring the service of John V. Foley. Mr. Foley had been Metropolitan's representative on the River Board for the last 16 years. The River Board recognized the accomplishments under the tenure of Mr. Foley, including the development of the California 4.4 Plan, the negotiations of both the Colorado River interim surplus and shortage guidelines, and the development and implementation of the Lower Colorado River Multi-Species Conservation Program.</p> <p><u>Pulse Flow Continues through Colorado River Delta</u></p> <p>The 105,000 acre-foot pulse flow, designed to re-water the Colorado River as it flows through the Colorado River Delta, continued during the month of April. While the peak flows occurred in late March 2014, water releases from Morelos Dam into the Colorado River will continue into early May 2014. As of late April, the water had travelled about two-thirds of the distance between Morelos Dam and the Pacific Ocean. It is not known if the water will ultimately reach the ocean, or dry up before it gets there, but the principal objectives of the pulse flow seem to have been met. The goal was to flood the banks of the Colorado River and then slowly recede at a time when the native plants release their seeds, falling on the damp soil and allowing for germination. Extensive monitoring of the region is occurring to determine success of the pulse flow in helping to reestablish native vegetation in the region.</p>
Bay Delta Items	<p><u>Bay Delta Conservation Plan</u></p> <p>The state developed a series of short videos to address common questions and topics on the Bay Delta Conservation Plan (BDCP) and associated Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS). The Informational Episodes are designed to help the public navigate the Draft BDCP and environmental review documents, find</p>

Bay Delta Items (Continued)	<p>information, and learn more about the proposed project and its alternatives. There are 17 episodes total—8 focused on the proposed Bay Delta Conservation Plan, and 9 focused on the Draft EIR/EIS. The videos can be viewed on the BDCP website at www.BayDeltaConservationPlan.com. The website also provides a Program Guide with a synopsis of each episode along with viewing times.</p> <p><u>Delta Stewardship Council</u></p> <p>The Delta Stewardship Council (Council) met on April 24. This one-day meeting focused on efforts to increase water storage capacity in California. The discussion included panels representing federal, state, and local agencies as well as other stakeholders. The panels briefed the Council on various water storage topics, including planned and potential new projects and the public benefits of such projects. Also of note, Randy Fiorini chaired the first meeting of the Delta Stewardship Council Delta Plan Interagency Implementation Committee on April 9. This committee, which is mandated by the 2009 Delta Reform Act, includes state and federal agency heads or their designees. The committee discussed the California Water Action Plan, the Council's Delta Plan, federal investments in the Bay-Delta region, and various challenges they face working in the Delta. Chris Knopp, the Executive Officer for the Council, resigned, effective at the end of April. The Council discussed a search for a new executive officer in closed session at the April meeting.</p>
<h2 style="text-align: center;">ENGINEERING & PLANNING</h2>	
Baker Treatment Plant	<p>MWDOC has been asked to help secure MET's concurrence on the quality of water being introduced into the South County Pipeline. Karl and SMWD's General Manager, Dan Ferons, met with MET Operations and Legal staff to discuss the item (both Karl and Dan are very familiar with the multiple agreements covering the South County Pipeline dating back to the late 1980's and early 1990's and including the AMP Sale Agreement in 1994). MET staff and legal counsel are preparing a draft amendment for review. The first draft should be available in about 3 weeks.</p>
Second Lower Cross Feeder	<p>Karl has set May 15 for a meeting with the 10 Participants for the Second Lower Cross Feeder Project to review the MET report on the project and to wrap up discussions among the participating agencies.</p>

Doheny Desalination Project	The Phase 3 operations occurred from May 2010 to May 2012; the Phase 3 reports were completed in 2013; MWDOC is now working on the MET Foundational Action work with South Coast Water District, Laguna Beach CWD and the San Juan Basin Authority.
Poseidon Resources Ocean Desalination Project in Huntington Beach	<p>MWDOC and OCWD staff met with Poseidon and MET to continue discussions related to MWDOC's application to the Local Resources Program by MET.</p> <p>OCWD approved their staff seeking financial consultants to help with the evaluation of the Poseidon Project. OCWD sent out an RFP and will be reviewing proposals and taking a recommendation back to their Board in May. The work is to be completed by August. The selected consultant will help review and assess all aspects of the project financing plan and improving that plan, risk transfer and keying in on the certainty of the project costs.</p>
OC-88 Metering Issue on the South County Pipeline	The imbalance of the master meter at OC-88 compared to the seven downstream meters has been the cause of concern and investigation for several years now. Most recently, MET hired Accusonic, the manufacturer of the meter, to conduct an investigation. After many months and several shutdowns to measure the internal diameter, the final Accusonic report was submitted to MET and to MWDOC and the South County Pipeline agencies. The Accusonic meter is a sonic meter that has eight separate pathways to sense and integrate flow through the pipe. What was discovered is that the original commissioning by MET in 2004 did not take into account the mortar lining installed in the sensing pipe; simply put, the internal diameter plugged into the meter was 65.256 inches compared to the recently measured 64.075 inches. This has resulted in the meter reading 3.42% too high. MET staff is working on how to compensate for the improperly registering meter over the number of years. It is finally nice to have some resolution to the issue after so much study and evaluation.
Budget Based Tiered Rates	Karl, Joe Berg and Melissa Baum-Haley met with representatives from Dudek to discuss implementation aspects of budget based tiered rates and discussed other potential tools to help consumers use water more efficiently. The first aspect of this is getting consumers to understand how much water they are currently using.
West Orange County Water Board	Karl provided a presentation to the West Orange County Water Board on the current state-wide water supply situation and the Bay Delta Conservation Plan.

SCE WET PAG	Karl participated in the SCE Water Energy Team Public Advisory Group (WET PAG) meeting on April 23. The group was developed at the Governor's urging originally to deal with the San Onofre shutdown and the need for energy efficiency and demand response measures to deal with heavy power grid loads in the summer. The group has continued to meet in light of the drought to look for ways to work together to achieve operational efficiencies over the long run. At the meeting, SCE reported that they are very confident they have the ability to meet projected power grid demands this coming summer in Orange County even during extended periods of very hot weather. I discussed with the group, again, the potential for the water and wastewater community to shift to emergency power generation in the event of the grid having problems meeting demands. The group was not optimistic about getting approval from AQMD from the annual hours limitations for these types of generators. They did suggest that "testing hours" could be scheduled during these types of events, if possible. They also suggested that rebates or incentives to replace diesel generators with cleaner burning generators may get support from AQMD.
SCWD Aliso Creek Water Harvesting Facility	Director Susan Hinman and Karl attended the South Coast Water District dedication of the New Aliso Creek Water Harvesting Facility that will treat up to 800,000 gallons of water per day that is a combination of urban runoff from Aliso Creek and existing recycled water from the Advanced Wastewater Treatment Facility. The new treatment system will add about 700 AF per year to the existing recycled water system and the RO treatment will improve the salinity of the recycled water. During periods of low flow in the Creek, diversions from the Creek are not allowed.
OC-70	Karl, Russ Behrens and Jake Vollebregt of BBK met with Lisa Ohlund, General Manager, EOCWD, and their legal counsel, Joan Arneson, on the AMP Sale Agreement and the implications for service connection OC-70. At issue is the contention of whether or not the Sale Agreement requires MET to provide emergency power at OC-70. A meeting is being scheduled with MET.
EOCF No. 2	Karl Seckel and Legal Counsel will be meeting on the terms and conditions of the East Orange County Feeder No. 2 pipeline agreement with MET to review issues relative to conveyance of water from alternative sources in the facility. This will be part of discussions related to the Poseidon Project as well as other projects in Orange County.
Continuing Energy Improvement Workshop	Karl and Keith participated in a meeting with our agencies regarding energy efficiency co-sponsored by Southern California Edison and Southern California Gas Company through a company called Ecova. The goal of the Program is to reduce energy costs by engaging all levels within an organization, making everyone aware of energy and empowering them to work together to improve energy performance – thereby reducing the organization's costs. Paul Weghorst from IRWD gave a presentation about the benefits realized by IRWD through participation in the CEI program.

OCWD Producers Meetings	Keith attended the May 14 OCWD Producers meeting where agenda items included: the Annual SAR Watermaster Report; Poseidon Project update; GWRS Pipeline; Long-Term Facilities Plan update; LAFCO Annexation hearing; OCWD Groundwater Management Plan update; and Water Quality issues. The SAR Watermaster report included that water year 2012-13 SAR base flow was 81,452 AF, which is the lowest since 1981. Regarding the GWRS Pipeline, the GWRS plant will be shut down for 21 days during June to tie-in the Initial Expansion to the existing project. During the 21 days, the GWRS Pipeline that conveys water to OCWD's forebay for percolation into the groundwater basin will be inspected and repaired, if needed.
MWDOC/MET Workshop about MET's Recycled On-site Retrofit Program	<p>Implementation details for MET's Recycled On-Site Retrofit Pilot Program were presented by MET staff and discussed when Keith attended the workshop at MET. The group suggested a couple of refinements to the program, which were captured by MET staff and approved by MET's Board in May.</p> <p>Joe and Keith facilitated a workshop for the interested MWDOC agencies to learn about MET's Recycled On-Site Retrofit Pilot Program including implementation details. MET staff provided a presentation and responded to questions. Several agencies indicated that they plan to apply for the program.</p>
EMERGENCY PREPAREDNESS	
General Activities	Kelly Hubbard attended the Harvard Kennedy School of Government at Harvard University for 5 days of classroom instruction on "Leadership in Crisis." There were 55 attendees representing 8 countries, all levels of government, 5 branches of the US military, non-profits, private sector, elected officials and one media representative. Each class session was based on specific disaster response case studies with a topic of leadership related to those case studies. Two lead Professors and guest speakers led the class through guided discussion and instruction based on a specific topic of leadership or response and case studies related to that topic. Sessions were very interactive and progressed based on discussion. The instructors were excellent at leading the class to explore specific areas of discussion. Examples of the case studies include the 2007 Southern CA Firestorm, 9-11 World Trade Center and Pentagon attack response, Boston Marathon Bombing, US Flight 1549 in the Hudson River, several pandemic cases, and several others. Guest speakers included the first Fire Captain onsite at the World Trade Center, the Incident Commander responding to the Pentagon, former FEMA Deputy Director, among a few others. The class provided excellent insight into many different disaster responses and leadership theory.

General Activities (Continued)	<p>The students added to the discussion greatly based on their background and experience. There were many lessons and concepts discussed and learned, some of which I am still processing for how it might apply to WEROC and OC. A great take away from the class is the 55 new emergency management contacts I now have with a wide-variety of backgrounds. I have already started correspondence and the sharing of resources with several of them and still plan on contacting many more of my classmates. One concept I am contemplating is the use of Plan B planning – a second “solutions team” to present a second independent solution to a presented problem. I think this concept could have good application for unique events where there may not be clear immediate answers. One of our biggest and ongoing discussions, was to define daily operations, verses routine disasters, verses non-routine disasters. The concept being that routine disasters are those we plan for and are for the most part ready for (i.e. a winter storm or urban-wildland fire). What makes these “routine disasters” non-routine are unique factors of special circumstances, size, or impact (i.e. Super Storm Sandy or the 2007 Firestorms) - all factors that are often un-predictable and hard to plan for. This has challenged me to consider how we plan and exercise in an effective manner for the non-routine emergency. A concept that I plan on incorporating into our exercises. A very inspiring moment was on the last day when the gentleman from the House of Representatives for Nigeria indicated that he has already started writing legislation on a standard concept of emergency response for his country based on the lessons he learned from the course. This continues to stay with me as Nigeria continues to respond to a deadly bus terminal bombing and the kidnapping of 230 school girls.</p>
Water Trailers	<p>All 15 trailers have been picked up by the participating water utilities. Reimbursement packets have been submitted to the City of Santa Ana for all 15 trailers for a total reimbursement request of \$497,304. The first reimbursement check has been received in the amount of \$298,386. A second reimbursement of \$165,766.00 was received on March 31, 2014. A final payment of \$33,152.00 was received on April 21, 2014. Kelly will continue to assist the agencies with their Food and Drug Administration Licensing, outreach materials for the trailers, and Standard Operating Procedures.</p>
Member Agency Coordination	<p>Kelly facilitated a meeting between the Orange County Sheriff's Department (OCSD) Mounted Patrol, Orange County Intelligence Assessment Center (OCIAC), Trabuco Canyon Water District and Irvine Ranch Water District. The purpose of the meeting was to facilitate additional awareness of the water utility facilities in the canyon areas so that the OCSD Mounted Unit can provide additional security as they go about their patrols. The water utilities were going to provide the law enforcement agencies pictures and descriptions of what various pieces of infrastructure should look like and contact information for each agency. WEROC is going to provide the law enforcement agencies copies of the WEROC Atlas pages pertaining to these utilities.</p>

Member Agency Coordination (Continued)	<p>Kelly, Louay Toma (WEROC Program Assistant), and Leticia Villarreal (OCWD) coordinated and hosted the annual OCWA Administrative Professionals Luncheon.</p> <p>Kelly provided a short training to the City of La Palma's Public Works staff. The training included WEROC radio operations and disaster response protocols. The city's Water Supervisor has been tasked with leading the city's emergency planning efforts. Kelly is assisting him with guidance and support materials.</p> <p>Kelly provided a 1-hour training on WebEOC for key Moulton Niguel Water District Staff.</p>
Coordination with the County of Orange	<p>Kelly has been asked to represent OC Water utilities on the OC Operational Area (OA) Drought Task Force. The Orange County Operational Area Drought Task Force had its first meeting on April 1. The county recognizes that Drought is not yet an emergency situation for the County, but is doing its due diligence in developing a Drought Response Plan. The primary goal of the plan is to identify trigger points for levels of response for affected agencies, what support would be needed from the Operational Area, and to define roles once those trigger points are met. The plan will be looking at impacts to the water utilities, social services, agricultural and fire services. Additionally, there will be a coordinated Joint Information System for the Public Information Officers of all of those affected agencies to work together on unified messaging. The task force will be meeting every other month at this time.</p>
Coordination with Outside Agencies	<p>Kelly was asked to join the California Office of Emergency Services Southern Region Drought Conference Calls as the Region 1 Mutual Aid Coordinator for the California Water and Wastewater Agency Response Network (CalWARN). This is a weekly conference call to provide an update to the Southern Region and the State Operations Center (SOC) on drought impacts, activities and needs. At the request of the State, Kelly has surveyed water utilities for their specific actions. Participation has been great to bring recognition of the potential role of water utilities in the EOC for a county EOC and to enhance emergency managers' knowledge of water utilities. Additionally, Kelly has been able to contribute to discussions regarding potential Stafford Act funding for Drought response.</p> <p>To evaluate a new website for the program that allows for greater usability by the Cal WARN signatories, Kelly worked with the California Water/Wastewater Agency Response Network (CalWARN) State Steering Committee. A majority of the WEROC signatories have also signed the CalWARN agreement.</p>

Coordination with Outside Agencies (Continued)	<p>In Sacramento, Kelly attended the California Emergency Services Association (CESA) State Board Meeting as a Board Director. The meeting was to work on the association's services to its member agencies. A true bonus is that the executive management of the State Office of Emergency Services (Cal OES) meets with the board for several hours to discuss areas of concern regarding emergency management within the state. This is always a great opportunity to work with the OES staff on issues pertaining to the WEROC member agencies.</p> <p>In Santa Barbara, Kelly attended the Mutual Aid Response Advisory Council (MARAC) as the Region 1 Water Mutual Aid Chair. Again, this was an excellent opportunity to work with Cal OES staff, as well as emergency managers from all over Southern California on emergency planning issues pertaining to the WEROC member agencies.</p>
WEROC Emergency Operations Center (EOC) Readiness	<p>Kelly provided an Emergency Operations Center (EOC) tour for Louay and me. The tour included the WEROC EOC's and the Operational Area EOC. The time was spent reviewing protocols and discussing operational concepts.</p> <p>Staff successfully participated in the MARS and OA Radio test this month.</p>
WATER USE EFFICIENCY	
CUWCC	<p>Melissa Baum-Haley participated in multiple conference calls for the California Urban Water Conservation Council Landscape Committee. The purpose of these conference calls was to discuss the tools and work plan for implementing the "landscape new norm," which is a holistic approach to landscape design and management to achieve water and resource savings.</p>
Orange County Garden Friendly Pilot Event	<p>Melissa and Jessica Ouwerkerk, in partnership with Orange County Public Works - OC Watersheds and the University of California Cooperative Extension, participated in two Orange County Garden Friendly pilot events: April 10 at the Huntington Beach Home Depot and May 3 at the Laguna Niguel Home Depot. City and/or local retail water agency staff also attended the events. These events highlight water efficient irrigation technology and climate appropriate plants.</p>
Industrial Program – Fabrica Fine Carpet and Rugs	<p>On April 21, Melissa and Jared Lee of URS, met with Greg Uttecht and Paul McNutt of Fabrica Fine Carpet and Rugs to discuss the results of the Focused Survey performed at the site and to commence a Comprehensive Survey.</p>

County of Orange Pub-Ed Stormwater Subcommittee Meeting	On April 22, Melissa and Jessica attended the County of Orange Pub-Ed Stormwater Subcommittee meeting. At this month's meeting, Melissa provided the city representatives with an overview of MWDOC's Water Use Efficiency programs and incentive opportunities.
Drought Programs Advisory Committee	On April 23, Melissa and Joe Berg, along with representatives from the Los Angeles Department of Water and Power, San Diego County Water Authority, City of Santa Monica, Inland Empire Utilities Agency, City of Pasadena, Eastern Municipal Water District, and US Bureau of Reclamation attended MET's Drought Programs Advisory Committee meeting. Topics of discussion included MET's May Board letter, potential research topics, and potential devices or services that could receive a new or modified incentive level.
Conservation Coordinator Workgroup	<p>On April 17, Melissa attended Metropolitan Water District's (MET) monthly Conservation Coordinator Workgroup meeting where about 45 other water agency representatives from throughout MET's service area also attended. Items discussed included:</p> <ul style="list-style-type: none"> • MWD Outreach Update • AB 1881, Irrigation, Water Conservation in Landscape Architecture Education MWD Water Use Efficiency Programs Updates • CUWCC Updates • Value of Water Survey Results • Member Agency Roundtable <p>The next meeting is scheduled for May 15, 2014 at MET.</p>
Montage Laguna Beach	On April 25, Steve Hedges met with Paul Singea of the Montage Resort in Laguna Beach and Michael Green of Valley Crest Landscape Maintenance to discuss the use of drip irrigation at the hotel in an effort to use less irrigation water and eliminate runoff from the site, specifically the areas adjacent to the Coast Highway.
Water Use Efficiency & Public Affairs Collaboration Workshop	On April 28, Melissa, along with representatives from the City of Mission Viejo, El Toro Water District, Moulton Niguel Water District, Santa Margarita Water District, and Trabuco Canyon Water District attended the Water Use Efficiency & Public Affairs Collaboration Workshop. The purpose of the workshop was to utilize the technical expertise of each agency's respective staff to cost effectively coordinate and develop/implement water use efficiency outreach efforts and consistent messaging between the City, the retail water agencies, and MWDOC to the residents/businesses of Mission Viejo.
JMP Statistics Workshop	On May 6, Melissa attended a data mining workshop hosted by JMP Statistics in Irvine. Methods learned will help in the implementation of in-house program evaluations.

H2O for HOAs Event	<p>On April 29, Melissa presented at the South Orange County Tri-City Water Savers annual H2O for HOAs event. Presentation topics included:</p> <ul style="list-style-type: none"> • Drought and Water Supply Overview • An abridged “California Friendly Landscaping” Class • Financial Incentive\$ and Other Programs for Efficiency & Runoff Management • Recycled Water • Runoff Management and Regulations • Reducing Runoff to Reduce Disease Risk • Integrated Pest Management
Orange County Water Use Efficiency Coordinators Workgroup	<p>On May 1, Joe, Steve, Melissa, Beth, and Sergio attended the Orange County Water Use Efficiency Coordinators Workgroup meeting. The meeting was hosted by the City of Newport Beach, and approximately 20 agencies participated. Highlights on the agenda included:</p> <ul style="list-style-type: none"> • Host Agency Welcome/Spotlight • MWDOC Updates <ul style="list-style-type: none"> ○ MWDOC Choice Budget ○ Grants Update ○ OC Water Summit • Agency Roundtable • Problem Solving Roundtable • Public Affairs/Marketing Update <ul style="list-style-type: none"> ○ OC Garden Friendly Update ○ Poster/Slogan Contest ○ WUE Microsite ○ Contact Database ○ Bill Stuffers • Water Supply Update • Metropolitan Updates <ul style="list-style-type: none"> ○ Project Advisory Committee Update ○ Metropolitan Funded/Member Agency Administered Program Update • Water Use Efficiency Programs Updates <ul style="list-style-type: none"> ○ Home Certification Program ○ Turf Removal Program ○ Smart Timer Program ○ California Sprinkler Adjustment Notification System • CUWCC Update <ul style="list-style-type: none"> ○ Landscape Symposium ○ BMP 1.4 Update <p>The next meeting is the bi-annual joint meeting of the Water Use Efficiency and Public Affairs Workgroups and is scheduled for June 5, 2014 at MWDOC.</p>

Trabuco Canyon Water District Meeting	On May 2, Joe and Beth Fahl met with Michael Perea and Hector Ruiz of Trabuco Canyon Water District to discuss the rebate programs and the opportunities for enhancing the current incentive levels.
Energy Efficiency Solutions for Restaurants	On May 7, Melissa attended the Energy Efficiency Solutions for Restaurants workshop at the Gas Energy Resource Center facility in Downey. Water and energy efficient devices were highlighted. From the workshop, potential rebate opportunity modifications will be considered.
Retail Agency Orientation	On May 13, Joe, Steve, Melissa, Beth, and Sergio met with Luis Estevez of the City of Seal Beach, Nicole Hopp of East Orange County Water District, and Alex Waite of the City of Tustin to provide an overview of the Water Use Efficiency department and information on the various programs and opportunities available to the retail agencies.
PUBLIC/GOVERNMENT AFFAIRS	
Member Agency Relations	<p>On April 16 in Irvine, Darcy and Jessica observed Metropolitan's Focus Groups. The two that were conducted that evening were representative of the Asian market and the general market segments. This information is being used to develop Metropolitan's short and long term drought messaging as well as to establish a base line for MWDOC's Value of Water research and creative element development.</p> <p>Darcy and Jessica presented on the Value of Water Survey to Metropolitan's April Water Use Efficiency Coordinators.</p> <p>Jessica conducted a survey of participants in the April 3 Elected Officials Forum. Survey results were provided to MWDOC management staff for consideration.</p> <p>Darcy and Tiffany coordinated with MWDOC/MET directors to submit potential dates to Metropolitan for next season's inspection trip program.</p> <p>Darcy provided Metropolitan staff with the crisis communication templates, message maps, pre-approved emergency text messages and other crisis communication tools.</p>
Community Relations	Darcy, Jessica and Tiffany have completed the draft 2013 Annual Report. Rob has reviewed it and the revisions are in progress. Once complete, it will be available in electronic and print formats.

Community Relations (Continued)	<p>On April 29, Darcy presented a Bay Delta Conservation Plan update to the Brea Noon Rotary Club.</p> <p>Darcy provided a PowerPoint presentation for President Larry Dick's meeting with the Huntington Beach Chamber of Commerce Circle of Champions. The meeting was held May 7.</p> <p>Jessica developed and distributed a special issue of eCurrents that focuses on topics included at the Orange County Water Summit.</p> <p>Tiffany, Jessica, Vivian, and Sarah implemented MWDOC's social media activities through Facebook, Twitter, and Pinterest during this period.</p> <p>On May 13, Jessica participated in the ISDOC Executive Committee meeting. The next ISDOC Quarterly Luncheon will take place on May 29 and will feature guest speaker Dan Schnur (Director of the USC Unruh School of Politics and candidate for California Secretary of State).</p> <p>Darcy staffed the May 2 WACO meeting featuring guest speakers, Dr. Duane Waliser and Dr. Michael Gunson, both of NASA's Jet Propulsion Laboratory. She also staffed a WACO Ad-hoc Committee meeting on May 13.</p> <p>30 students in grades K-12 were selected as winners of the 2014 Poster & Slogan Contest and Photography & Digital Arts Contest. Approximately 45 MWDOC and member agency Directors and staff participated in the online judging process. The Awards Ceremony recognizing the winning students (and their parents and teachers) will take place June 3 from 6:00 to 8:00 p.m. at Discovery Science Center. Director Finnegan will deliver the opening remarks, and Jessica will serve as the emcee. All winning students will receive a trophy, certificate, their framed artwork, and a t-shirt or tote bag imprinted with their poster/slogan/digital artwork. Approximately 150 attendees are expected to attend this event.</p> <p>Staff distributed water-related literature and water use efficiency marketing materials to the City of Cypress and two local teachers.</p> <p>Tiffany updated several MWDOC website pages with current information. She also customized two MWDOC WUE Tips infographics for El Toro Water District's distribution to their customers at community events.</p>
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Community Relations (Continued)	<p>Tiffany has updated both the WEROC briefing paper, and WEROC Water Trailers briefing papers with current program information and is working on combining the two papers to create a visually appealing and easy to follow single page infographic.</p> <p>Director Brett Barbre and Jessica met with Daisy Tong of Saigon West on April 24 regarding outreach to the Vietnamese community.</p> <p>Sarah Franks and Vivian Lam staffed a MWDOC booth at Mission Viejo's Environmental Fair and Green Expo events on April 24-25.</p> <p>Sarah and Vivian staffed an informational booth on water at Ericsson's Earth Day event on April 22.</p> <p>Jessica was asked to host a WateReuse webinar on social media use by government agencies. The webinar took place on May 14 and Jessica made introductions and led the Q&A. Nick Laurell with Stephen Groner & Associates led the webinar. .</p>
Education	<p>The participation target for the 2013-14 Water Education Assembly Program has increased to 81,494 students. Recently, the City of Orange approved funding for 277 additional students to bring the participation total up to its current level. To date, 77,550 students have been booked in the program and 60,097 students have been served. DSC is projecting that they will book 2,080 additional students before the school year comes to a close.</p> <p>During the month of April, 8,490 students participated in the Traditional Assembly Program; 206 students participated in the Keypad Program; 180 students participated in the Water Quality Program.</p> <p>Jessica is currently working with the member agencies and the three cities to confirm participation levels in the 2014-15 School Program. Next year's participation target is estimated to be 80,588 students.</p>
Media Relations	<p>On May 2, the U.S. Environmental Protection Agency distributed a press release on drought and the pilot OC Garden Friendly program. MWDOC and the County of Orange were mentioned as program sponsors.</p> <p>Jessica participated in a media and spokesperson training at Metropolitan Water District on April 25.</p>
Special Projects	<p>Final planning and coordination efforts are in progress for the OC Water Summit. Information on the program, speakers and sponsorships will be provided to the Public Affairs and Legislation Committee.</p>

Special Projects (Continued)	<p>Tiffany designed and distributed several electronic and print invitations for the OC Water Summit. She also created a half-page MWDOC advertisement to be included in the final OC Water Summit program.</p> <p>Darcy and Jessica hosted a conference call for Member Agency managers to answer any questions regarding the Value of Water Communications Plan, Choice Program.</p> <p>Jessica is in the process of developing a Communications Plan that outlines all of MWDOC's communication efforts outside of (but in coordination with) the Value of Water Communication Plan for FY2014-15.</p> <p>Darcy met with Renee Fraser of Fraser Communications to develop a timeline for focus groups and related deliverables for the Value of Water Communications Plan.</p>
Water-Use Efficiency Marketing	<p>The second of three events for the pilot OC Garden Friendly program was held in Laguna Niguel on May 3. MWDOC staffed a booth to promote California Friendly plants and water efficient irrigation systems. Approximately 250 members of the public participated in this event. MWDOC staff engaged in conversation about water use efficiency with approximately 90 individuals who were interested in removing turf, installing smart timers and/or rotating nozzles, and becoming more water efficient. The remaining pilot program event will be held May 17 in Brea.</p> <p>Jessica continues to work with the Water Use Efficiency department to develop a draft microsite that would serve as a user-friendly portal for all water use efficiency rebate programs and resources. The microsite would be funded through MWDOC's existing budget for marketing of water use efficiency programs.</p> <p>Jessica participated in the OC Stormwater Program's Public Education Committee meeting on April 22.</p> <p>On April 24 and 26, Jessica and Sergio staffed a booth at the Spring Garden Show and discussed landscape water use efficiency opportunities and rebates with attendees.</p> <p>Jessica and Melissa worked with the OC Stormwater Program to develop a custom rebates flyer for Home Depot stores throughout Orange County. The flyer featured information and photos of the rebate-eligible devices that Home Depot sells. Flyers were delivered to all Home Depot stores in Orange County for a special event on April 26.</p>

Legislative Affairs	<p>Darcy and Chris Townsend (Townsend Public Affairs) continue to have their bi-weekly meetings, in addition to the efforts surrounding the numerous proposed Water Bonds.</p> <p>Senator Ackerman provided exceptional assistance in securing the luncheon panel for the OC Water Summit.</p> <p>Darcy worked with TPA and hosted a Legislative Staff luncheon on May 6 at MWDOC. Representatives from over 15 state and federal offices participated. The agenda included a BDCP update, MWDOC's Bond Principles, Water Supply Update and the Drought, regional water use efficiency messaging and the Orange County Water Summit.</p> <p>Tiffany designed and distributed two electronic and print invitations for the Legislative Staff luncheon.</p>
Regulatory Affairs	<p>Darcy attended and participated in the California Department of Public Health Services and Department of Water Resources Operator Certification Stakeholders Meeting on April 22, 2014. The meeting focused on reviewing the changing range of knowledge for Water Treatment Operators as well as transitioning the program and stakeholders group to the Department of Water Resources as of July 1, 2014. This also included discussion on fee structures, customer service and resources.</p> <p>At Metropolitan on April 30, 2014, Darcy participated in the Public Utilities Commission roundtable discussion forum held. Topics included water-use efficiency investments, communication efforts, the drought, water supply resource development and rate structures for the public as well as private water providers.</p>

pat meszaros
5/14/14

INFORMATION CALENDAR

**MWDOC GENERAL INFORMATION
ITEMS**

MWDOC BOARD OF DIRECTORS

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