

REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
18700 Ward Street, Board Room, Fountain Valley, California  
November 21, 2018, 8:30 a.m.

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**AGENDA**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**PUBLIC COMMENTS/PARTICIPATION**

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

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

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

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

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

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

- **EMPLOYEE SERVICE AWARD**
- **MOULTON NIGUEL WATER DISTRICT THANKS MUNICIPAL WATER DISTRICT OF ORANGE COUNTY FOR ITS PARTNERSHIP - 50 YEARS OF WATER RECYCLING**

**NEXT RESOLUTION NO. 2075**

**CONSENT CALENDAR (Items 1 to 7)**

(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. October 3, 2018 Workshop Board Meeting
- b. October 17, 2018 Regular Board Meeting
- c. October 30, 2018 Special Board Meeting

*Recommendation: Approve as presented.*

**2. COMMITTEE MEETING REPORTS**

- a. Planning & Operations Committee Meeting: October 1, 2018
- b. Administration & Finance Committee Meeting: October 10, 2018
- c. Public Affairs & Legislation Committee Meeting: October 15, 2018
- d. Executive Committee Meeting: October 18, 2018
- e. MWDOC/OCWD Joint Planning Committee meeting: October 24, 2018

*Recommendation: Receive and file as presented.*

**3. TREASURER'S REPORTS**

- a. MWDOC Revenue/Cash Receipt Register as of October 31, 2018
- b. MWDOC Disbursement Registers (October/November)

*Recommendation: Ratify and approve as presented.*

- c. Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of September 30, 2018
- 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 September 30, 2018
- b. Quarterly Budget Review
- c. FY 2017-18 Audit Report

*Recommendation: Receive and file as presented.*

**5. WATER SYSTEM OPERATIONS AND INTEGRATION OF NEW SUPPLIES**

*Recommendation: Approve the Phase 1 work which includes completion of White Papers on the integration of new local water supplies into the OC water distribution system. The cost to complete White Papers on the topics listed below to help us develop an assessment of additional work needed is estimated at \$90,000. The White Papers will focus on the following topics: (1) Doheny desalinated water integration, (2) Poseidon Huntington Beach desalinated water integration, and (3) Local water (groundwater and/or desalinated water) integration into the East OC Feeder #2 pipeline. Upon completion of the White Papers, staff will return to the Board with refined costs and schedules for completion of the recommended work activities.*

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

*Recommendation: Ratify the travel expenses as reported.*

**7. TRAVEL TO SACRAMENTO TO COVER STATE INITIATIVES**

*Recommendation: Ratify the travel expenses as reported.*

**End Consent Calendar**

**ACTION ITEMS**

**8-1 ADOPTION OF THE 2018 SOUTH OC INTEGRATED REGIONAL WATER MANAGEMENT PLAN RES. NO. \_\_\_\_\_**

*Recommendation: Adopt the Resolution adopting the 2018 South OC Integrated Regional Water Management Plan (2018 IRWM Plan), the Integrated Regional Water Management Plan for watersheds in South Orange County which include; Aliso Creek, Dana Point Coastal Streams, Laguna Coastal Streams, San Clemente Coastal Streams, San Juan Creek, and San Mateo Creek. Adoption of the plan is required to allow grant funding to flow from Proposition 1 to MWDOC and other agencies.*

**8-2 MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE**

*Recommendation: Adopt the updated legislative policy principles for 2019.*

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

**9. GENERAL MANAGER'S REPORT, NOVEMBER 2018 (ORAL AND WRITTEN)**

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

**10. MWDOC GENERAL INFORMATION ITEMS**

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

*Recommendation: Receive and file as presented.*

**CLOSED SESSION**

**11. CONFERENCE WITH LABOR NEGOTIATORS**

District Designated Representatives: Joseph Byrne, Legal Counsel  
Unrepresented Employee: General Manager

## **RECONVENE INTO OPEN SESSION**

### **12. CONSIDERATION OF AMENDMENTS TO GENERAL MANAGER CONTRACT**

*Recommendation: Discuss the General Manager's Employment Agreement and take action as appropriate.*

## **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**

October 3, 2018

At 8:30 a.m. Vice President Finnegan called to order the Workshop Board Meeting of the Board of Directors of Municipal Water District of Orange County (MWDOC) at the District facilities located in Fountain Valley. Director Larry Dick led the Pledge of Allegiance and Secretary Goldsby called the roll. A quorum of the Board was not present, however the meeting proceeded as an informational meeting.

**MWDOC DIRECTORS**

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

**MWDOC STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Joe Byrne, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Chris Lingad, Water Resources Analyst  
Melissa Baum-Haley, Sr. Water Resource Analyst  
Heather Baez, Governmental Affairs Manager  
Kevin Hostert, Water Resources Analyst  
Damon Micalizzi, Director of Public Affairs

\*Also MWDOC MET Directors

**OTHER MWDOC MET DIRECTORS**

Larry McKenney  
Linda Ackerman

**OTHERS PRESENT**

Fred Adjarian  
Kathryn Freshley  
Mark Monin  
Jose Vergara  
Doug Reinhart  
Peer Swan  
Paul Cook  
Paul Weghorst  
Jim Atkinson  
Paul Shoenberger  
John Kennedy  
Jerry Vilander  
Greg Mills  
Liz Mendelson-Goossens  
Kristy Khachigian  
Brooke Jones  
Kelly Rowe  
Brandon Goshi

El Toro Water District  
El Toro Water District  
El Toro Water District  
El Toro Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Mesa Water  
Mesa Water  
Orange County Water District  
Serrano Water District  
Serrano Water District  
San Diego County Water Authority  
San Diego County Water Authority  
Yorba Linda Water District  
  
Metropolitan Water District of So. Cal.

**TELECONFERENCE LOCATION**

The teleconference location was cancelled.

**PUBLIC PARTICIPATION/PUBLIC COMMENTS**

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

No comments were received.

**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**

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

No items were distributed.

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

Responding to an inquiry from IRWD Director Peer Swan, it was noted that an update on the construction/parking issues at the MET headquarters in Los Angeles would be made at the next meeting.

Director Dick commented that the CA WaterFix continues to be an important issue at MET. He also noted that the MET Board would be electing a new Chairperson in October and he provided an overview of the three candidates.

Director Ackerman highlighted the water supply projections, the fact that Imperial Irrigation District would not be pumping water into the Salton Sea this year, the Ethics Officer job opening at MET, and an overview of the CA WaterFix Joint Powers Authority.

Director McKenney provided an update on the CA WaterFix, including the economic analysis and the Eco Restore development status. He also commented on the disadvantaged communities discussions, and the fact that AB 2050 was vetoed by the Governor.

Considerable discussion ensued regarding how allocations will impact operations on the Bay Delta, how flow standards can effect volume, and how this may affect all agencies within MWDOC's service area.

### **DISCUSSION SERIES PART 3 – LOCAL RESOURCES PROGRAM (LRP) LONG-TERM POLICY DISCUSSION**

Senior Water Resources Analyst Melissa Baum-Haley provided information on the LRP, including the regional benefits of local resources development, IRP v. local resources, IRP and LRP goals, the implementation of an interim LRP target, submitted LRP applications, and a review of MET's Board adopted IRP Policy Principles. She advised that long-term discussion issues on how future local resources fit into the LRP, and how MET should refine its role in the overall development of local resources, will be covered in early 2019.

Mr. Brandon Goshi (MET), answered questions from the audience regarding potential LRP changes.

Following discussion, the Board received and filed the report as presented.

### **CALIFORNIA WATERFIX ACTIVITIES UPDATE**

No comments were received on this item; the Board received and filed the report.

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

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

The Board received and filed the information as presented.

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

- a. Summary regarding September MET Board Meetings
- b. Review items of significance for the upcoming MET Board and Committee Agendas

The Board received and filed the report as presented.

### **ADJOURNMENT**

Director Dick announced that MWDOC's Water Policy dinner would be held on October 11<sup>th</sup>, featuring the new MET Chairperson as keynote speaker (all three candidates were invited).

It was also noted that the next Elected Officials Forum would be held December 6<sup>th</sup>.

There being no further business to come before the Board, the meeting adjourned at 10:19 a.m.

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Maribeth Goldsby  
Board Secretary

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
October 17, 2018**

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

**MWDOC DIRECTORS**

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

**STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Joe Byrne, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Cathy Harris, Admin. Services Manager  
Damon Micalizzi, Director of Public Affairs  
Melissa Baum-Haley, Sr. Water Resources Analyst  
Kelly Hubbard, WEROC Programs Manager  
Tiffany Baca, Public Affairs Supervisor  
Harvey De La Torre, Associate General Manager

**ALSO PRESENT**

Linda Ackerman  
Larry McKenney  
Doug Reinhart  
Paul Weghorst  
Jim Atkinson  
John Kennedy  
Rick Shintaku  
Brooke Jones  
Al Nederhood  
Jose Vergara  
David Lamfrom  
Kelly Rowe

MWDOC/MET Director  
MWDOC/MET Director  
Irvine Ranch Water District  
Irvine Ranch Water District  
Mesa Water  
Orange County Water District  
South Coast Water District  
Yorba Linda Water District  
Yorba Linda Water District  
El Toro Water District  
National Parks Conservation Association

**PUBLIC PARTICIPATION/PUBLIC COMMENT**

President Barbre 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. Barbre asked whether there were any comments on other items which would be heard at this time.

Mr. David Lamfrom of the National Parks Conservation Association (NPCA) expressed concern regarding the Cadiz Project, noting his understanding of a new scientific report which outlines significant impact to surface springs.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were received.

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

President Barbre inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting. No items were distributed.

No items were distributed.

**EMPLOYEE SERVICE AWARD**

General Manager Hunter presented Tiffany Baca (Public Affairs Manager) with an award issued by the OC Public Relations Society Association for MWDOC's website development. The Board thanked Ms. Baca for her efforts.

**CONSENT CALENDAR**

President Barbre 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 (5-0), the Board approved the of Consent Calendar items as follows. Directors Barbre, Finnegan, Yoo Schneider, Tamaribuchi, and Thomas voted in favor; Directors Dick and Osborne were absent.

**MINUTES**

The following minutes were approved.

September 5, 2018 Workshop Board Meeting  
September 19, 2018 Regular Board Meeting  
September 19, 2018 MWDOC Water Facilities Corporation Board Meeting

**COMMITTEE MEETING REPORTS**

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

Planning & Operations Committee Meeting: September 4, 2018  
Administration & Finance Committee Meeting: September 12, 2018  
Public Affairs & Legislation Committee Meeting: September 17, 2018  
Executive Committee Meeting: September 20, 2018

**TREASURER'S REPORTS**

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of September 30, 2018  
MWDOC Disbursement Registers (September/October)

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 August 31, 2018

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 August 31, 2018

### **HEALTH SAVINGS ACCOUNT ELECTIONS FOR 2019**

The Board approved an increase to the District's annual Health Savings Account (HSA) contribution amounts to the Kaiser Consumer Driven Health Plan (CDHP). The Anthem PPO CDHP contribution amounts remain unchanged for 2019.

### **- END CONSENT CALENDAR -**

### **DISCUSSION ITEM**

#### **DISCUSSION REGARDING SPECIAL DISTRICT CANDIDATE/ELECTION/BALLOT REQUIREMENTS**

President Barbre suggested this item return to the Public Affairs & Legislation Committee for further discussion (in November); the Board concurred.

### **ACTION CALENDAR**

#### **MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE**

President Barbre stated that the Public Affairs & Legislation Committee recommended this item return to Committee for further discussion; the Board concurred.

#### **ISDOC CALL FOR NOMINATIONS**

Upon MOTION by Director Thomas, seconded by Director Finnegan, and carried (5-0), the Board reviewed the list of candidates for the ISDOC Executive Committee and authorized President Brett Barbre, or his designee, to vote on MWDOC's behalf. Directors Barbre, Finnegan, Yoo Schneider, Tamaribuchi, and Thomas; Directors Dick and Osborne were absent.

**INFORMATION CALENDAR****GENERAL MANAGER'S REPORT, NOVEMBER 2018**

General Manager Hunter advised that the General Manager's report was included in the Board packet. Director Yoo Schneider commented on a typo on page 14 (WEFTEC conference is in 2018 rather than 2019) and requested the change be incorporated into the report.

The Board received and filed the report as presented.

**MWDOC GENERAL INFORMATION ITEMS****a. BOARD OF DIRECTORS**

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

Director Yoo Schneider reported on attending the Board meeting, the Public Affairs & Legislation and Executive Committee meetings, the Women in Water conference, the San Juan Hills Rotary meeting, the South Coast Water District Board meeting, the WEFTEC conference, and the Water Policy dinner.

Director Thomas noted his attendance at all of the regularly scheduled MWDOC meetings (Planning & Operations, Administration & Finance, Public Affairs & Legislation, and Executive Committee meetings, as well as the Workshop and Regular Board meetings), as well as the OC Water Summit planning meeting, the meeting with South County agencies, an inspection trip of the Delta, and he participated in a teleconference with the MWDOC auditors.

Director Tamaribuchi noted his attendance at all of the regularly scheduled MWDOC meetings (Planning & Operations, Administration & Finance, Public Affairs & Legislation, and Executive Committee meetings, as well as the Workshop and Regular Board meetings), as well as the Water Policy dinner, the meeting with South County agencies, the Ad Hoc Desalination Committee meeting, and the WACO meeting.

Director Finnegan advised that she attended the Planning & Operations, Administration & Finance, Public Affairs & Legislation, and Executive Committee meetings, as well as the WACO Planning meeting, and the ISDOC Executive Committee meeting. She announced that the next ISDOC luncheon would be held on October 25<sup>th</sup>, and that the Center for Demographic Research provided its annual progress report booklet (which was distributed to the Directors).

Director Barbre advised that he submitted a written report to Secretary Goldsby. He noted that the written report included the following meetings in his capacity as MET Director: the MWDOC/MET Directors strategy meeting, the Colorado River Aqueduct/Hoover/PVIID inspection trip, a meeting with Mayor Cecilia Hupp (Brea), the Brea City Council meeting, a meeting with the office of Congressman Rohrabacher, the MET Board meeting, the MET Employee recognition meeting, a meeting with the MET Chair at the Water Policy dinner, and a Local Infrastructure inspection trip. In his capacity as MWDOC Director he attended the following meetings: the Regular Board meeting, the Public Affairs & Legislation and Executive Committee meetings, a



conference call with the MWDOC auditors, the OC Water Summit planning meeting, the Ad Hoc Desalination Committee meeting, the interagency meeting with YLWD, OCWD and MWDOC, a meeting with the office of Congressman McCarthy, and a meeting with the City of Westminster regarding the Wyland Mayors Challenge.

**B. REQUESTS FOR FUTURE AGENDA TOPICS**

No topics were presented.

**CLOSED SESSION**

Although a closed session was agendized for the Board to conduct the performance evaluation of the General Manager, no closed session was held; this closed session was deferred to the November 21, 2018 Board meeting.

**ADJOURNMENT**

There being no further business to come before the Board, President Barbre adjourned the meeting at 8:45 a.m.

Respectfully submitted,

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Maribeth Goldsby, Secretary

MINUTES OF THE SPECIAL MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
October 30, 2018

At 8:00 a.m., President Barbre called to order the Special Meeting of the Municipal Water District of Orange County Board of Directors in Conference Room 101 at the District facilities, 18700 Ward Street, Fountain Valley, California.

**MWDOC DIRECTORS**

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

**STAFF PRESENT**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Joe Ortiz, Legal Counsel  
Joe Byrne, Legal Counsel

**OTHERS PRESENT**

Linda Ackerman, MWDOC MET Director  
John Sears, East Orange County Water District  
Lisa Ohlund, East Orange County Water District  
Fred Adjarian, El Toro Water District  
Kathryn Freshley, El Toro Water District  
Jose Vergara, El Toro Water District  
Doug Reinhart, Irvine Ranch Water District

**PUBLIC COMMENTS**

No public comments were received.

**WORKSHOP ITEMS**

**HARASSMENT PREVENTION TRAINING CONDUCTED BY LEGAL COUNSEL  
(BEST, BEST & KRIGER)**

Mr. Joe Ortiz of Best, Best & Krieger conducted a Sexual Harassment Prevention Training course as required under AB 1661.

**ETHICS TRAINING CONDUCTED BY LEGAL COUNSEL (BEST, BEST &  
KRIEGER)**

Mr. Joe Byrne of Best, Best & Krieger conducted an Ethics Training course as required under AB 1234.

**ADJOURNMENT**

There being no further business to come before the Board, President Barbre adjourned the meeting at 12:00 10 p.m.

**Respectfully submitted,**

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Maribeth Goldsby, Secretary

MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Jointly with the  
**PLANNING & OPERATIONS COMMITTEE**  
October 1, 2018 – 8:35 am to 10:00 a.m.  
Board Room

**P&O Committee:**

Director Wayne Osborne (absent)  
Director Sat Tamaribuchi  
Director Yoo Schneider (absent)

**Staff:**

Rob Hunter, Karl Seckel, Joe Berg,  
Katie Davanaugh, Kelly Hubbard,  
Melissa Baum Haley, Kevin Hostert,  
Francisco Soto, Chris Lingad, Sam Fetter,  
Damon Micalizzi, Maribeth Goldsby,  
Rachel Davis, Jonathan Meier, Tiffany Baca,  
Sarah Wilson, Tina Dubuque

**Also Present:**

Director Joan Finnegan  
Director Larry Dick  
Director Jeff Thomas (8:45 arrival)  
Linda Ackerman, MWDOC MET Director  
John Kennedy, Orange County Water District  
Peer Swan, Irvine Ranch Water District  
Paul Weghorst, Irvine Ranch Water District  
John Earl, Surf City Voice  
Stephanie Pacheco, Sierra Club  
Jerry Vilander, Serrano Water District  
Lisa Ohlund, East Orange County Water Dist.  
Ray Hiemstra, OC Coastkeeper  
Don Bunts, Santa Margarita Water District  
Glenn Howland  
Doug Reinhart, Irvine Ranch Water District  
Justin McCusker, Santa Margarita Water Dist.

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Director Tamaribuchi chaired the meeting and called it to order at 8:35 a.m. In the absence of Directors Osborne and Yoo Schneider, Directors Finnegan and Dick sat on the Committee.

**PUBLIC COMMENTS**

Ray Heimstra expressed support for public meetings being made easily accessible via web cast or web recording.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

No items were distributed.

**STAFF INTRODUCTIONS**

Joe Berg, Director of Water Use Efficiency (WUE) provided introductions for new WUE staff members Rachel Davis, WUE Analyst II; Jonathan Meier, WUE Intern; and Sam Fetter, WUE Intern.

**DISCUSSION ITEM****ORANGE COUNTY WATER RELIABILITY STUDY 2018**

Mr. Hunter provided a thorough and comprehensive review of the long-awaited and recently completed 2018 Orange County Reliability Study which included background and study objectives, a description of the study methodology, a review of the reliability/gap results, project evaluations and water system integration, as well as study findings. The 75-slide presentation reviewed many important elements of the report including an overview of the 2016 findings and then an overview of changed conditions and objectives considered for the 2018 study.

The main objectives of the study were to provide an unbiased analysis of projects and benefits for Orange County water reliability, determine the gaps for emergency situations and reliability curves, and how to meet and achieve the needs in the most economical manner, while taking into consideration changed conditions of Metropolitan Water District.

General comments from the audience members expressed appreciation for the thoroughness of the report and noted the importance of conducting the study, while keeping in mind that all agencies should work in a cooperative manner to work towards the success of achieving reliability, taking into consideration all projects that various agencies are working on.

**INFORMATION ITEMS****STATUS REPORTS**

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

The informational reports were received and filed.

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

No information was presented.

**ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 10:00 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**

October 10, 2018 – 8:30 a.m. to 8:37 a.m.

MWDOC Conference Room 101

**Committee Members:**

Director Jeff Thomas, Chair  
Director Joan Finnegan  
Director Larry Dick (absent)

**Staff:**

Robert Hunter, Cathy Harris, Joe Berg,  
Katie Davanaugh, Hilary Chumpitazi,  
Harvey De La Torre, Damon Micalizzi,  
Charles Busslinger, Heather Baez

Ex Officio Member: Director Barbre

**Also Present:**

Director Sat Tamaribuchi

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

**PUBLIC COMMENTS**

No items were presented.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

Mr. Hunter noted that page 9 of 110 had been revised and copies of the revision were provided and posted to the District's website.

**TREASURER'S REPORT**

- a. Revenue/Cash Receipt Report – September 2018
- b. Disbursement Approval Report for the month of October 2018
- c. Disbursement Ratification Report for the month of September 2018
- d. GM Approved Disbursement Report for the month of September 2018
- e. Water Use Efficiency Projects Cash Flow – September 30, 2018
- f. Consolidated Summary of Cash and Investment – August 2018
- g. OPEB Trust Fund monthly statement

Upon MOTION by Director Finnegan, seconded by Director Tamaribuchi and carried (3-0), the Committee recommended the Treasurer's Report for approval at the October 17, 2018 Board meeting. Directors Finnegan, Tamaribuchi and Thomas voted in favor.

**FINANCIAL REPORT**

- a. Combined Financial Statements and Budget Comparative for the Period ending August 31, 2018

Upon MOTION by Director Finnegan, seconded by Director Thomas and carried (3-0), the Committee recommended the Financial Report for approval at the October 17, 2018 Board meeting. Directors Finnegan, Tamaribuchi and Thomas voted in favor.

**ACTION ITEMS****HEALTH SAVINGS ACCOUNT ELECTIONS FOR 2019**

Upon MOTION by Director Finnegan, seconded by Director Tamaribuchi and carried (3-0), the Committee recommended the Health Savings Account Elections for 2019 for approval at the October 17, 2018 Board meeting. Directors Finnegan, Tamaribuchi and Thomas voted in favor.

**INFORMATION ITEMS****HEALTH BENEFIT RATES FOR 2019****DISPOSAL OF FIXED ASSETS****CALPERS ANNUAL VALUATION REPORT AS OF JUNE 30, 2017****DEPARTMENT ACTIVITIES REPORTS**

- a. Administration
- b. Finance and Information Technology

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

The informational staff reports were received and filed without comment.

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

Mr. Hunter reported that Harassment Prevention Training as well as Ethics Training for Directors will be held on October 30<sup>th</sup>. Member agencies are welcome to attend and should contact Maribeth Goldsby, Board Secretary, if interested.

**ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 8:37 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**

October 15, 2018 – 8:30 a.m. to 9:39 a.m.

MWDOC Conference Room 101

**Committee:**

Director Dick, Chairman (absent)  
Director Thomas (absent)  
Director Tamaribuchi

**Staff:** K. Seckel, H. Baez, D. Micalizzi,  
T. Dubuque, T. Baca, M. Goldsby, J. Berg,  
C. Busslinger, R. Davis, M. Baum-Haley,  
T. Muldoon, B. Roberto, S. Wilson

**Also Present:**

Director Brett Barbre  
Director Joan Finnegan  
Linda Ackerman, MWDOC MET Director  
Dick Ackerman, Ackerman Consulting  
Syrus Devers, BBK  
John Lewis, Lewis Consulting  
Jim Barker (via teleconference)  
Nick Crockett (via teleconference with Jim  
Barker)  
Stacy Taylor, Mesa Water  
Alicia Dunkin, OCWD  
Tim Kearns, HashtagPinpoint

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Director Tamaribuchi called the meeting to order at 8:30 a.m.; due to the absence of Directors Dick and Thomas, Director Tamaribuchi acted as Chairman, Directors Barbre and Finnegan sat on the committee.

**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**

It was noted that a revised write up for Item No. 2 (MWDOC Legislative Policy Principles Annual Update) was distributed to the Board and made available to the public.

**DISCUSSION ITEMS**

**LEGISLATIVE ACTIVITIES**

**Federal Legislative Report (Barker)**

Mr. James Barker reviewed his report that was included in the packet. Mr. Barker touched on the Kavanaugh nomination process and how that may have an effect on the midterm elections. He also highlighted the status of the Department of Interior Appropriation Language that includes the Calvert language relating to judicial review of the California WaterFix, noting he continues to track the bill.

In response to an inquiry by Director Larry McKenney regarding the Ocean Water Desalination Grant application, Mr. Barker stated no decision has been made.

Mr. Nick Crockett stated there was no updated information on emergency supplemental appropriations.

**State Legislative Report (BBK)**

Mr. Syrus Devers highlighted the information included in his written report and provided updates on bills that were being watched. He noted his disappointment that SB998 (Dodd) was signed into law by the Governor.

Responding to an inquiry by Assistant General Manager Karl Seckel, Mr. Devers provided an update/overview of the Delta Stewardship Council, and the California Urban Water Agencies (CUWA) activities.

Considerable discussion ensued regarding rebutting the water tax initiative, with CUWA taking a leadership role. It was noted that MWDOC could play an important role with respect to this issue. Discussion was also held regarding the non-compliant small water systems in California, and the need to work with Eastern Municipal Water District, ACWA, and CUWA on these issues and to develop alternative legislation. It was noted the Mr. Devers would evaluate the issues and report back to the Committee.

**County Legislative Report (Lewis)**

Mr. John Lewis provided an overview of his written report included in the packet. Mr. Lewis gave a verbal overview of the recent LAFCO meeting and the current election predictions.

**Legal and Regulatory Report (Ackerman)**

Mr. Dick Ackerman reviewed his written report that was included in the packet, highlighting the Scott River Case and the fact that tribal leaders are filing suit.

**MWDOC Legislative Matrix**

The Committee received and filed the report.

**Metropolitan Legislative Matrix**

The Committee received and filed the report.

**ACTION ITEMS:****MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE**

The Committee reviewed the Legislative Policy Principles Annual Update. Director Barbre expressed concern with member agency recommendations 1, 2 and 3, however noted support for number 4; Directors Finnegan and Tamaribuchi concurred.

Director Tamaribuchi expressed his preference for identifying and establishing more succinct goals and priorities.

Following discussion, the Committee recommended this item return to the Committee in November.

**ISDOC CALL FOR NOMINATION**

Director Finnegan made a MOTION, which was seconded by Director Barbre and carried (3-0) for the Board to authorize President Brett Barbre or his designee to vote on MWDOC's behalf in the ISDOC election. This item will be presented to the Board on October 17, 2018. Directors Barbre, Tamaribuchi and Finnegan voted in favor.

**INFORMATION ITEMS****EDUCATION PROGRAM UPDATE**

The Committee received and filed the report.

**UPDATE ON 2019 OC WATER SUMMIT**

The Committee received and filed the report.

**UPDATE ON OCTOBER 11<sup>TH</sup> WATER POLICY DINNER**

The success of the Water Policy Dinner was discussed.

**PUBLIC AFFAIRS ACTIVITIES REPORT**

The Committee received and filed the report.

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

No information was presented.

**ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 9:39 a.m.

MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
jointly with the  
**EXECUTIVE COMMITTEE**  
October 18, 2018, 8:30 a.m. to 9:30 a.m.  
Conference Room 102

**Committee:**

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

**Staff:**

R. Hunter, M. Goldsby,

**Also Present:**

Director Tamaribuchi  
Director Yoo Schneider  
Director Thomas

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At 8:30 a.m., Vice President Finnegan called the meeting to order. In the absence of Directors Barbre and Finnegan, Directors Tamaribuchi and Thomas sat on the Committee.

**PUBLIC PARTICIPATION**

No public comments were received.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

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

**EXECUTIVE COMMITTEE PROPOSALS FOR FUTURE AGENDAS**

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

a. MWDOC/OCWD Joint Planning Committee

No new items were added to the agenda.

b. Workshop Board Meeting

No new items were added to the agenda.

c. Planning & Operations Committee Meeting

Considerable discussion was held regarding the OC Reliability Study, and opportunities for the Board to review the Study in depth.

Director Tamaribuchi requested that presentations be made at the November and December meetings (in preparation for the Budget process) on each department's goals and objectives for the coming year.

Director Tamaribuchi also suggested a future presentation/information on the condition of the major delivery pipes to Orange County.

d. Administration & Finance Committee meeting

The Committee discussed the reserves levels and the building improvements, and questioned whether it would be possible to place solar panels in the parking lot. It was suggested staff look in to this.

No new items were added to the agenda.

e. Public Affairs & Legislation Committee

No new items were added to the agenda.

f. Executive Committee

No new items were added to the agenda.

**DISCUSSION REGARDING UPCOMING ACTIVITIES OF SIGNIFICANCE**

The Committee discussed the logistics for the Special Board meeting scheduled for January 5, 2019; staff will follow up and secure a meeting location.

**MEMBER AGENCY RELATIONS**

No items were discussed.

**GENERAL MANAGER'S REPORTS**

No additional reports were made.

**REVIEW AND DISCUSS DISTRICT AND BOARD ACTIVITIES**

No new information was presented.

**ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 9:31 a.m.

**MEETING REPORT**

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

October 24, 2018 - 8:30 a.m. – 10:09 a.m.

MWDOC Conference Room 101

**MWDOC DIRECTORS**

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

**OCWD DIRECTORS**

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

**MWDOC STAFF**

Rob Hunter  
Karl Seckel  
Maribeth Goldsby  
Melissa Baum-Haley  
Damon Micalizzi  
Kevin Hostert  
Chris Lingad  
Charles Busslinger  
Heather Baez  
Harvey De La Torre

**OCWD STAFF**

Mike Markus  
John Kennedy

**ALSO PRESENT**

Peer Swan  
Jim Atkinson  
Don Froelich  
Dan Ferons  
Charley Wilson  
Liz Mendelson-Goossens  
Scott Maloni  
Kelly Rowe  
John Earl

Irvine Ranch Water District  
Mesa Water  
Moulton Niguel Water District  
Santa Margarita Water District  
Santa Margarita Water District  
San Diego County Water Authority  
Poseidon Resources

MWDOC Director Barbre chaired the meeting.

**PUBLIC COMMENTS**

No public comments were received.

**UPDATE ON KEY CALIFORNIA WATERFIX ACTIVITIES**

MWDOC Sr. Water Resources Analyst Melissa Baum-Haley provided an update on the California WaterFix activities, highlighting Delta Stewardship Council Certification of Consistency, and the Delta Conveyance Design and Construction Authority recruitments/solicitations. The Committee received and filed the report.

**STATUS OF IMPORTED WATER SUPPLIES**

MWDOC Water Resources Analyst Kevin Hostert provided an overview of MET's current storage levels, and Northern California accumulated precipitation and snow pack levels for the year, Colorado River/Lake Mead levels, and an update on the Lake Oroville Spillway repairs.

The Committee received and filed the report.

**SUMMARY OF MWDOC ORANGE COUNTY WATER RELIABILITY STUDY**

MWDOC Assistant General Manager Karl Seckel offered to provide an abbreviated presentation (from the recent WACO presentation), however OCWD Director Green expressed concern with the report and her interpretation of the report's ranking of projects.

Considerable discussion ensued regarding the project ranking (with audience members expressing both support and opposition to ranking), with Mr. Hunter advising that the Study only ranks for the purpose of feasibility/reliability and is for informational purposes; it does not direct the agencies on which projects to pursue.

Mr. Seckel then provided a brief presentation on the Study, noting that all four climate scenarios were studied.

The Committee received and filed the report.

**SCHEDULE FOR CONSIDERING CHANGES TO THE MET LOCAL RESOURCES PROGRAM**

Associate General Manager Harvey De La Torre advised that the MET Board will begin its process of reviewing whether changes to the LRP program would be prudent. He advised that several workshops would be held in the coming months.

The Committee received and filed the report.

**CARSON INDIRECT POTABLE REUSE PROJECT UPDATE**

Mr. De La Torre advised that the demonstration plant construction would be completed by

the end of the year with start-up and operation anticipated in January 2019. The Committee received and filed the report.

#### **UPDATE ON STORAGE DISCUSSIONS WITH OCWD BASIN**

OCWD General Manager Mike Markus advised that no formal discussions have been held with any agency regarding potential storage in the basin, however a meeting with Moulton Niguel Water District was scheduled. The Committee received and filed the report.

#### **UPDATE ON OCWD LOCAL WATER SUPPLIES**

OCWD Executive Director of Engineering and Water Resources John Kennedy updated the Committee on the status of OCWD operations, including the GWRS plant, Santa Ana River Flows, and MET purchases. He also provided information on the cumulative monthly summary of untreated imported water purchases, noting that OCWD budgeted for 65,000 acre-feet. Mr. Kennedy concluded his report by providing information on Prado Dam operations and efforts with the Corps of Engineers. The Committee received and filed the report.

#### **POTENTIAL DEVELOPMENT FOR NEW WACO BYLAWS**

Mr. Kennedy advised that WACO may need to revise its Bylaws and that the revisions will be presented to each of the MWDOC and OCWD Boards. The Committee received and filed the report.

#### **POSEIDON UPDATE**

OCWD General Manager Markus updated the Committee on the Poseidon Huntington Beach Desalination Project, highlighting the permitting timeline (it is expected to go to the Regional Board in early 2019 and to the Coastal Commission by the end of 2019).

The Committee received and filed the report.

#### **NEXT COMMITTEE MEETING**

The next meeting is scheduled for January 23, 2019.

#### **ADJOURNMENT**

There being no further business to come before the Committee, the meeting adjourned at 10:06 a.m.



**Municipal Water District of Orange County  
REVENUE / CASH RECEIPT REPORT  
October 2018**

**WATER REVENUES**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>Amount</b>
10/01/18	City of Newport Beach	August 2018 Water deliveries	495,111.28
10/02/18	City of La Palma	August 2018 Water deliveries	4,280.03
10/05/18	City of Buena Park	August 2018 Water deliveries	273,265.86
10/05/18	City of San Clemente	August 2018 Water deliveries	807,734.80
10/09/18	City of Huntington Beach	August 2018 Water deliveries	1,220,029.06
10/09/18	Santa Margarita Water District	August 2018 Water deliveries	2,553,987.93
10/09/18	City of Seal Beach	August 2018 Water deliveries	245,864.43
10/10/18	Laguna Beach County Water District	August 2018 Water deliveries	198,799.70
10/11/18	Serrano Water District	August 2018 Water deliveries	153,068.07
10/11/18	City of Westminster	August 2018 Water deliveries	249,868.02
10/11/18	City of Orange	August 2018 Water deliveries	839,291.94
10/12/18	El Toro Water District	August 2018 Water deliveries	688,511.64
10/12/18	East Orange County Water District	August 2018 Water deliveries	411,901.35
10/12/18	City of Brea	August 2018 Water deliveries	193,584.06
10/12/18	City of San Juan Capistrano	August 2018 Water deliveries	686,262.42
10/15/18	South Coast Water District	August 2018 Water deliveries	541,242.73
10/15/18	Orange County Water District	August 2018 Water deliveries	5,145,437.12
10/15/18	Golden State Water Company	August 2018 Water deliveries	567,871.86
10/15/18	Yorba Linda Water District	August 2018 Water deliveries	760,420.74
10/15/18	Moulton Niguel Water District	August 2018 Water deliveries	2,780,858.33
10/15/18	Irvine Ranch Water District	August 2018 Water deliveries	1,886,067.34
10/15/18	City of Garden Grove	August 2018 Water deliveries	700,517.85
10/19/18	City of Fountain Valley	September 2018 Water deliveries	8,498.30
10/22/18	City of Newport Beach	September 2018 Water deliveries	268,276.17
10/22/18	Trabuco Canyon Water District	September 2018 Water deliveries	198,338.06
10/24/18	Serrano Water District	September 2018 Water deliveries	99,999.34
10/24/18	City of La Habra	September 2018 Water deliveries	38,151.33
10/26/18	City of Brea	September 2018 Water deliveries	145,464.80

TOTAL REVENUES \$ 22,162,704.56

**Municipal Water District of Orange County**  
**REVENUE / CASH RECEIPT REPORT**  
**October 2018**

**MISCELLANEOUS REVENUES**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>Amount</b>
10/12/18	El Toro Water District	10/11/18 Water Policy dinner	410.00
10/12/18	Larry McKenney	10/11/18 Water Policy dinner	85.00
10/15/18	Square	10/11/18 Water Policy dinner	81.87
10/19/18	Upper San Gabriel Valley Water District	10/11/18 Water Policy dinner	85.00
10/22/18	Metropolitan Water District	10/11/18 Water Policy dinner	750.00
10/01/18	Keith Lyon	October 2018 Retiree Health insurance	278.59
10/22/18	Stan Sprague	November 2018 Retiree Health insurance	243.00
10/19/18	Janice Kovacevic	Movie tickets	34.00
10/29/18	City of Aliso Viejo	OCEMO Luncheon	32.00
10/31/18	US Bank	October 2018 Interest income	52.69
10/01/18	Richard Bell	Water Professionals of the Future Fund	65.00
10/01/18	Stewart Case	Water Professionals of the Future Fund	35.00
10/02/18	Cynthia Miller	Water Professionals of the Future Fund	1,000.00
10/02/18	Veronica Ballantyne	Water Professionals of the Future Fund	50.00
10/09/18	Andrew Wehr	Water Professionals of the Future Fund	100.00
10/09/18	Joan Case	Water Professionals of the Future Fund	10.00
10/26/18	Bureau of Reclamation	Apr-Sep 2018 Distribution Leak Detection Equipment	44,516.38
10/26/18	Bureau of Reclamation	Apr-Sep 2018 Comprehensive Landscape WUE	57,879.55
10/10/18	Irvine Ranch Water District	July 2018 Smartimer rebate program	195.08
10/22/18	Trabuco Canyon Water District	August 2018 Smartimer rebate program	18.98
10/02/18	City of Orange	June 2018 Turf Removal rebate program	222.00
10/15/18	Irvine Ranch Water District	July 2018 Turf Removal rebate program	3,786.00
10/29/18	City of Newport Beach	August 2018 Turf Removal rebate program	1,206.43
10/01/18	City of Newport Beach	July 2018 Spray to Drip rebate program	111.00
10/09/18	City of Newport Beach	May 2018 Turf Removal and Spray to Drip rebate program	663.14
10/19/18	City of Fountain Valley	August 2018 Turf Removal and Spray to Drip rebate program	663.05
10/19/18	City of Orange	August 2018 Turf Removal and Spray to Drip rebate program	912.10
10/22/18	Mesa Water	August 2018 Smartimer, Rotating Nozzle & Turf Removal rebate program	140.00
10/26/18	City of Huntington Beach	August 2018 Smartimer, Rotating Nozzle & Turf Removal rebate program	40.00
10/26/18	City of San Clemente	August 2018 Smartimer, Rotating Nozzle & Turf Removal rebate program	1,683.99
10/26/18	El Toro Water District	August 2018 Smartimer, Rotating Nozzle & Turf Removal rebate program	2,544.00
10/29/18	Irvine Ranch Water District	August 2018 Smartimer, Rotating Nozzle & Turf Removal rebate program	7,098.96
10/29/18	Moulton Niguel Water District	August 2018 Smartimer, Rotating Nozzle & Turf Removal rebate program	10,872.48
10/01/18	City of Santa Ana	FY 18-19 Choice Programs Billing Invoice	712.40
10/02/18	City of La Palma	FY 18-19 Choice Programs Billing Invoice	3,430.46
10/09/18	City of Huntington Beach	FY 18-19 Choice Programs Billing Invoice	102,450.80
10/10/18	Irvine Ranch Water District	FY 18-19 Choice Programs Billing Invoice	199,224.91
10/19/18	City of Buena Park	FY 18-19 Choice Programs Billing Invoice	18,495.43
10/05/18	City of San Clemente	Water Loss Control technical assistance - WSO, Inc	17,732.00
10/09/18	South Coast Water District	Water Loss Control technical assistance - WSO, Inc	70,932.00

TOTAL MISCELLANEOUS REVENUES \$ **548,843.29**  
**TOTAL REVENUES \$ 22,711,547.85**



Robert J. Hunter, General Manager



Hilary Chumplitazi, Treasurer

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2018**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
<b>Core Expenditures:</b>		
	<b>A-B Emblem</b>	
355484	300 Patches for Girl Scout program	184.01
	*** Total ***	184.01
	<b>Richard C. Ackerman</b>	
1204	October 2018 Consulting on legal and regulatory matters	1,550.00
	*** Total ***	1,550.00
	<b>ACWA</b>	
2019	2019 Annual membership renewal	19,255.00
	*** Total ***	19,255.00
	<b>Aleshire &amp; Wynder LLP</b>	
48786	October 2018 Legal services	517.50
	*** Total ***	517.50
	<b>Alta FoodCraft</b>	
51819934	10/4/18 Coffee & tea supplies	267.54
51822003	11/1/18 Coffee & tea supplies	311.50
	*** Total ***	579.04
	<b>American Water Works Assoc.</b>	
7001608057	2019 Annual membership renewal	1,678.00
	*** Total ***	1,678.00
	<b>Association of Metropolitan Water Agencies</b>	
#2019	2019 Annual membership renewal	19,453.00
	*** Total ***	19,453.00
	<b>Awards &amp; Trophies Co., Inc.</b>	
30	Water bottle etching for 10/11/18 Water Policy Dinner speaker's gift	30.00
	*** Total ***	30.00
	<b>Bank of America</b>	
0013065209	August 2018 Bank account analysis fees	721.07
	*** Total ***	721.07
	<b>Best Best and Krieger LLP</b>	
833378	September 2018 State legislative advocacy services	8,537.92
55401-SEP18	September 2018 Legal services	8,805.07
	*** Total ***	17,342.99
	<b>California Special Districts Association</b>	
352-2019	2019 Annual membership renewal	7,252.00
	*** Total ***	7,252.00

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2018**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b>CDW Government</b>	
PNX0658	11/25/18-11/24/19 Web security filter annual license renewal	2,059.00
	*** Total ***	2,059.00
	<b>CSU Fullerton ASC</b>	
AR168399	2nd Quarter FY 18/19 CDR Support	11,761.07
	*** Total ***	11,761.07
	<b>Dudek</b>	
20184334	7/28/18-8/31/18 Planning level reliability for South County Interconnection	10,817.50
20186476	9/1/18-9/28/18 Planning level reliability for South County Interconnection	14,287.50
	*** Total ***	25,105.00
	<b>Government Tax Seminars, LLC</b>	
12/06/18-GUNAWAN	2018 Government Tax Seminar on 12/6/2018 registration for L. Gunawan	395.00
	*** Total ***	395.00
	<b>Hashtag Pinpoint Corporation</b>	
1175	October 2018 Social Media consultation and services	7,917.00
	*** Total ***	7,917.00
	<b>Hazen and Sawyer</b>	
20121-0000001	August 2018 Preparation for Planning and Integrating of Alternative Water Supplies workshop	14,800.00
	*** Total ***	14,800.00
	<b>Independent Special Dist of OC</b>	
ISDOC102518-REG	10/25/18 ISDOC meeting registrations for Directors Barbre, Dick, Finnegan and Thomas	68.00
102518-PAYPAL	7/30/18-10/30/18 PayPal receipts for 10/25/18 meeting	526.34
	*** Total ***	594.34
	<b>James C. Barker, P.C.</b>	
105-1018	October 2018 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	<b>Jill Promotions</b>	
10378	3 Jackets and 50 shirts/sweaters with MWDOC logo (\$943.80 reimbursed by staff members)	1,714.68
	*** Total ***	1,714.68
	<b>Karen's Detail Custom Frames</b>	
3046	Custom framing for City of Westminster certificate of recognition	80.81
	*** Total ***	80.81
	<b>L.A. Design Studio</b>	
5024	July-October 2018 MWDOC Website support	800.00
	*** Total ***	800.00

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2018**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>Lawnscap Systems, Inc.</i></b>	
397894	10/19/18 Landscape maintenance for atrium	295.00
	*** Total ***	295.00
	<b><i>Phil Letrong</i></b>	
JUL-SEP2018	July-September 2018 Retiree medical premium	402.00
	*** Total ***	402.00
	<b><i>Lewis Consulting Group</i></b>	
2018-175	October 2018 Consulting services	2,375.00
	*** Total ***	2,375.00
	<b><i>Edward G. Means III</i></b>	
MWDOC-1064	October 2018 Consulting on MET issues and guidance to engineering staff	250.00
	*** Total ***	250.00
	<b><i>NDS</i></b>	
715874	9/28/18 Delivery charges for Board packets	169.36
715971	10/12/18 Delivery charges for Board packets	169.36
	*** Total ***	338.72
	<b><i>Office Solutions</i></b>	
I-01453809	Half-round table	228.38
I-01457895	10/11/18 Office supplies	482.00
I-01458130	10/12/18 Office supplies	33.95
I-01460971	10/17/18 Office supplies	232.29
I-01460977	10/17/18 Office supplies	44.51
I-01464118	10/23/18 Office supplies	413.05
I-01469140	10/31/18 Office supplies	71.66
I-01470025	11/1/18 Office supplies	31.53
	*** Total ***	1,537.37
	<b><i>Orange County Fast Print, Inc.</i></b>	
57048	Business cards for T. Baca	58.88
	*** Total ***	58.88
	<b><i>Orange County Water District</i></b>	
19497	September 2018 50% share of WACO expense	246.25
19522	September 2018 Postage, shared office & maintenance expense	6,569.61
19570	October 2018 50% share of WACO expense	246.25
	*** Total ***	7,062.11
	<b><i>Patricia Kennedy Inc.</i></b>	
10572	November 2018 Plant maintenance	214.00
	*** Total ***	214.00

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2018**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b>Joey C. Soto</b>	
MWDOC#005	September 2018 Grant Research and Acquisition assistance	2,999.50
MWDOC#006	October 2018 Grant Research and Acquisition assistance	2,999.55
	*** Total ***	5,999.05
	<b>Steven Enterprises, Inc.</b>	
0404698-IN	2 Ink cartridges for plotter	313.61
	*** Total ***	313.61
	<b>Top Hat Productions</b>	
94533	10/16/18 Breakfast and lunch for Leak Detection training	834.09
94541	10/17/18 Breakfast and lunch for Leak Detection training	962.85
94587	10/31/18 Breakfast and lunch for Leak Detection training	908.98
94590	11/1/18 Breakfast and lunch for Leak Detection training	838.94
	*** Total ***	3,544.86
	<b>Ultimate Image Printing, Inc.</b>	
111417	2 Printed signs for Girl Scout events	193.95
	*** Total ***	193.95
	<b>Vasquez and Company LLP</b>	
2180848-IN	8/1/18-10/11/18 Services for FY 17-18 Financial audit	12,000.00
	*** Total ***	12,000.00
	<b>WageWorks, Inc.</b>	
INV1003700	August 2018 Cafeteria plan administration	185.25
	*** Total ***	185.25
	<b>Water Systems Optimization, Inc.</b>	
1454	October 2018 Water Loss Audit Validation research	2,000.00
1455	October 2018 Services to develop a Water Loss Control Business Plan	15,310.00
	*** Total ***	17,310.00
	<b>ZCater</b>	
166420	Lunch for Manager's meeting	647.83
166465	Breakfast for Ethics training	138.79
	*** Total ***	786.62
	<b>Total Core Expenditures</b>	<hr/> 194,655.93

**Choice Expenditures:**

	<b>Bryton Printing Inc.</b>	
14619	Water Use Efficiency bill inserts and flyers for member agencies	5,186.45
14648	Water Use Efficiency bill inserts and flyers for Seal Beach	631.73
	*** Total ***	5,818.18

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2018**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b>California Water Efficiency Partnership</b>	
PUB614	5,200 Practical Plumbing Handbooks (\$13,544.50 reimbursed by 11 other agencies)	13,659.42
	*** Total ***	13,659.42
	<b>Mission RCD</b>	
2567	October 2018 Field verifications for Water Use Efficiency rebate programs	3,517.77
	*** Total ***	3,517.77
	<b>Orange County Water District</b>	
19522	September 2018 Postage for Water Use Efficiency rebate programs	53.54
	*** Total ***	53.54
	<b>Top Hat Productions</b>	
94492	10/4/18 Lunch for Water Use Efficiency Workgroup meeting	365.00
94557	10/23/18 Breakfast for California Landscape Contractors Association Mastering	691.22
	Water Efficiency Landscapes class	
94591	10/31/18 Lunch for Water Use Efficiency meeting	521.94
	*** Total ***	1,578.16
	<b>Total Choice Expenditures</b>	<u>24,627.07</u>
<b>Other Funds Expenditures:</b>		
	<b>Mission RCD</b>	
2567	October 2018 Field verifications for Water Use Efficiency rebate programs	2,771.75
	*** Total ***	2,771.75
	<b>County of Orange</b>	
SC11220	Programing 1 WEROC radio for Seal Beach	50.00
	*** Total ***	50.00
	<b>Raftelis Financial Consultants, Inc.</b>	
11000	September 2018 Five year monitoring for Budget Based Tiered Rate grant	730.00
11133	October 2018 Five year monitoring for Budget Based Tiered Rate grant	5,150.00
	*** Total ***	5,880.00
	<b>Total Other Funds Expenditures</b>	<u>8,701.75</u>
	<b>Total Expenditures</b>	<u><u>227,984.75</u></u>

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the month of October 2018**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>Core Disbursements:</b>				
138428	10/11/18	SPECTB 0375210092018	<b>Spectrum Business</b> October 2018 Telephone and internet expense ***Total ***	1,099.14 1,099.14
138429	10/11/18	VERIZO 9815236115	<b>Verizon Wireless</b> September 2018 4G Mobile broadband unlimited service ***Total ***	114.03 114.03
138438	10/15/18	HOMED1 7785-SEP18	<b>Home Depot Credit Services</b> 9/18/18 Computer room supplies ***Total ***	59.20 59.20
138439	10/15/18	IRONMO AGEY943	<b>Iron Mountain</b> October 2018 Archived document storage fees ***Total ***	209.70 209.70
138449	10/15/18	SPECTB 0343564100118	<b>Spectrum Business</b> October 2018 Telephone expense for 3 analog fax lines ***Total ***	108.73 108.73
ACH003551	10/15/18	ACKEEX 093018	<b>Linda Ackerman</b> September 2018 Business expense ***Total ***	76.30 76.30
ACH003554	10/15/18	BAEZHE 093018	<b>Heather Baez</b> September 2018 Business expense ***Total ***	249.37 249.37
ACH003555	10/15/18	BARBRE 093018	<b>Brett Barbre</b> September 2018 Business expense ***Total ***	183.12 183.12
ACH003561	10/15/18	BUSSLI 083118	<b>Charles Busslinger</b> August 2018 Business expense ***Total ***	35.00 35.00
ACH003562	10/15/18	DICKEX 093018	<b>Larry Dick</b> September 2018 Business expense ***Total ***	152.64 152.64
ACH003563	10/15/18	FINNEG 093018	<b>Joan Finnegan</b> September 2018 Business expense ***Total ***	92.70 92.70



**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the month of October 2018**

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>ACH003564</b>	<b>10/15/18</b>	<b>FRANCI</b>	<b>Pari Francisco</b>	
		093018	September 2018 Business expense	51.23
			***Total ***	51.23
<b>ACH003565</b>	<b>10/15/18</b>	<b>FRAZIE</b>	<b>Leah Frazier</b>	
		093018	September 2018 Business expense	13.07
			***Total ***	13.07
<b>ACH003573</b>	<b>10/15/18</b>	<b>MICALI</b>	<b>Damon Micalizzi</b>	
		093018	September 2018 Business expense	99.82
			***Total ***	99.82
<b>ACH003583</b>	<b>10/15/18</b>	<b>ROBERT</b>	<b>Bryce Roberto</b>	
		093018	September 2018 Business expense	175.11
			***Total ***	175.11
<b>ACH003584</b>	<b>10/15/18</b>	<b>TAMARI</b>	<b>Satoru Tamaribuchi</b>	
		093018	September 2018 Business expense	135.71
			***Total ***	135.71
<b>ACH003585</b>	<b>10/15/18</b>	<b>THOMAS</b>	<b>Jeffery Thomas</b>	
		093018	September 2018 Business expense	118.81
			***Total ***	118.81
<b>138495</b>	<b>10/31/18</b>	<b>USBANK</b>	<b>U.S. Bank</b>	
		0403/4140/5443-SEP18	8/23/18-9/24/18 Cal Card charges	18,815.19
			***Total ***	18,815.19
			(See attached sheet for details)	
<b>ACH003590</b>	<b>10/31/18</b>	<b>BAUMHA</b>	<b>Melissa Baum-Haley</b>	
		093018	September 2018 Business expense	305.51
			***Total ***	305.51
<b>ACH003592</b>	<b>10/31/18</b>	<b>BUIJEA</b>	<b>Jeannie Bui</b>	
		093018	September 2018 Business expense	42.88
			***Total ***	42.88
<b>ACH003593</b>	<b>10/31/18</b>	<b>BUSSLI</b>	<b>Charles Busslinger</b>	
		093018	September 2018 Business expense	24.35
			***Total ***	24.35
<b>ACH003594</b>	<b>10/31/18</b>	<b>LINGAD</b>	<b>Christopher S. Lingad</b>	
		100318	September-October 2018 Business expense	73.37
			***Total ***	73.37
<b>ACH003596</b>	<b>10/31/18</b>	<b>DINHPA</b>	<b>Patrick Dinh</b>	
		093018	September 2018 Business expense	21.80
			***Total ***	21.80

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the month of October 2018**

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>ACH003597</b>	<b>10/31/18</b>	<b>FAHLBE</b>	<b>Beth Fahl</b>	
		093018	September 2018 Business expense	49.44
			***Total ***	49.44
<b>ACH003598</b>	<b>10/31/18</b>	<b>HARRIS</b>	<b>Cathleen M. Harris</b>	
		101118	September-October 2018 Business expense	296.33
			***Total ***	296.33
<b>ACH003607</b>	<b>10/31/18</b>	<b>DAVISR</b>	<b>Rachel Davis</b>	
		093018	September 2018 Business expense	16.30
			***Total ***	16.30
<b>ACH003608</b>	<b>10/31/18</b>	<b>WILSON</b>	<b>Sarah C. Wilson</b>	
		093018	September 2018 Business expense	18.31
			***Total ***	18.31
<b>ACH003609</b>	<b>10/31/18</b>	<b>SCHNEI</b>	<b>Megan Yoo Schneider</b>	
		093018	September 2018 Business Expense	1,598.64
			***Total ***	1,598.64
<b>ACH003612</b>	<b>10/31/18</b>	<b>WAITER</b>	<b>Rachel Waite</b>	
		100918	October 2018 Business expense	501.29
			***Total ***	501.29
<b>Total Core Disbursements</b>				<b>24,737.09</b>

**Choice Disbursements:**

<b>ACH003565</b>	<b>10/15/18</b>	<b>FRAZIE</b>	<b>Leah Frazier</b>	
		093018	September 2018 Business expense	52.11
			***Total ***	52.11
<b>138495</b>	<b>10/31/18</b>	<b>USBANK</b>	<b>U.S. Bank</b>	
		4140-SEP18	8/23/18-9/24/18 Cal Card charges	118.95
			***Total ***	118.95
			(See attached sheet for details)	
<b>Total Choice Disbursements</b>				<b>171.06</b>

**Other Funds Disbursements:**

<b>138411</b>	<b>10/4/18</b>	<b>DRIPPR</b>	<b>Spray to Drip Program</b>	
		S2D1-C-ETWD-26782-13196	E. Mark (Laguna Hills)	1,129.60
			***Total ***	1,129.60

**Municipal Water District of Orange County**  
**Disbursement Ratification Report**  
**For the month of October 2018**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>TURFRP</b>				
			<b>Turf Removal Program</b>	
138412	10/4/18	TR11-R-SC-26689-26603	N. Marcisz	1,680.00
138413	10/4/18	TR11-C-O-26819-26736	Batavia Struck Business Park, LP (Orange)	4,135.40
138414	10/4/18	TR11-R-MNT-26873-26791	M. Balbas	1,408.00
138415	10/4/18	TR11-R-MNT-7503-26797	C. Nazaryfar	480.00
138416	10/4/18	TR11-R-SOCO-26897-26824	R. Glover	1,154.00
138417	10/4/18	TR11-R-MNT-26912-26838	J. Cummings	1,134.00
138418	10/4/18	TR12-R-MNT-26962-26889	T. Lippert	808.00
138419	10/4/18	TR12-R-MNT-26993-26917	C. Wilson-Ferry	1,368.00
138420	10/4/18	TR12-R-MNT-27030-26954	G. Cunningham	1,002.00
138421	10/4/18	TR12-R-MNT-27036-26960	J. Sutherland	624.00
138422	10/4/18	TR12-R-IRWD-27043-26967	B. Blender	585.00
138423	10/4/18	TR12-R-MNT-27045-26969	M. Madani	1,216.00
138424	10/4/18	TR12-R-IRWD-28101-28024	M. McIntyre	225.00
138425	10/4/18	TR12-R-MNT-28104-28026	T. Spinogatti	794.00
138426	10/4/18	TR12-R-MNT-28106-28027	T. Espey	522.00
138427	10/4/18	TR12-R-IRWD-28123-28047	S. Gupta	433.00
			***Total ***	17,568.40
<b>138429 10/11/18 VERIZO</b>				
			9815236115	
			<b>Verizon Wireless</b>	
			September 2018 4G Mobile broadband unlimited service	76.02
			***Total ***	76.02
<b>138433 10/15/18 ATTUVEOC</b>				
			8599-OCT18	
			<b>AT&amp;T</b>	
			October 2018 U-verse internet service for WEROC N.EOC	60.00
			***Total ***	60.00
<b>138434 10/15/18 ATTCALN</b>				
			000011964932	
			<b>AT&amp;T</b>	
			September 2018 WEROC N. & S. EOC telephone expense	206.10
			000011964933	
			September 2018 WEROC N. EOC telephone expense	106.68
			***Total ***	312.78
<b>ACH003572 10/15/18 MESAWA</b>				
			9629	
			<b>Mesa Water District</b>	
			August 2018 Credit for Local Resources program	31,991.54
			***Total ***	31,991.54
<b>TURFRP</b>				
			<b>Turf Removal Program</b>	
138453	10/25/18	TR11-C-IRWD-18907-18823	UC Irvine	24,218.70
138454	10/25/18	TR11-C-SM-26542-26457	Casta del Sol (Mission Viejo)	23,198.00
138455	10/25/18	TR11-R-MNT-5125-26563	N. Htan	4,325.00
138456	10/25/18	TR11-R-MNT-26681-26594	M. Johnson	2,464.00
138457	10/25/18	TR11-R-YLWD-26700-26614	L. Blank	1,266.00
138458	10/25/18	TR11-R-ETWD-26710-26624	J. Andrews	291.74
138459	10/25/18	TR11-C-ETWD-4935-26667	E. Mark (Laguna Hills)	1,754.00
138460	10/25/18	TR11-C-TUST-26696-26679	Church of the Foothills (Santa Ana)	8,504.88

**Municipal Water District of Orange County**  
**Disbursement Ratification Report**  
**For the month of October 2018**

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
138461	10/25/18	TR11-C-ETWD-4935-26682	E. Mark (Laguna Hills)	4,043.00
138462	10/25/18	TR11-R-O-26792-26714	L. Dao	547.00
138463	10/25/18	TR11-R-FV-26804-26724	J. Tran	222.00
138464	10/25/18	TR11-R-SM-26807-26727	M. Viscomi	279.00
138465	10/25/18	TR11-R-SC-26817-26734	G. Kroe	1,788.00
138466	10/25/18	TR11-R-SC-26851-26769	A. Hirasuna	1,144.00
138467	10/25/18	TR11-R-YLWD-26885-26808	A. Salehi	1,931.00
138468	10/25/18	TR11-R-IRWD-26888-26813	C. Strodel	1,026.00
138469	10/25/18	TR11-R-O-26889-26814	P. Cardwell	2,000.00
138470	10/25/18	TR11-R-SM-26894-26821	K. Schulze	1,197.00
138471	10/25/18	TR11-R-SM-26906-26833	J. & A. Susnjara	510.00
138472	10/25/18	TR11-R-WEST-26908-26835	M. Van Veghel	802.00
138473	10/25/18	TR12-R-MNT-26963-26890	S. Francis	1,396.00
138474	10/25/18	TR12-R-TUST-27002-26925	W. Kirk	900.00
138475	10/25/18	TR12-R-IRWD-27017-26939	C. Ng	462.00
138476	10/25/18	TR12-R-HB-26998-26947	D. McCarty	590.00
138477	10/25/18	TR12-R-MNT-27026-26950	C. Neulander	690.00
138478	10/25/18	TR12-R-MNT-27027-26951	C. Warren	1,250.00
138479	10/25/18	TR12-R-IRWD-27037-26961	J. Preston	1,032.00
138480	10/25/18	TR12-R-IRWD-27062-26985	J. Kim	893.00
138481	10/25/18	TR12-R-MNT-27067-26990	T. Suwa	1,118.00
138482	10/25/18	TR12-R-MNT-29177-29101	J. Williams	2,336.00
138483	10/25/18	TR12-R-IRWD-29180-29103	V. Ho	849.00
138484	10/25/18	TR11-C-FV-4928-4851ADJ	City of Fountain Valley	5,283.10
138485	10/25/18	TR12-R-MNT-26952-	A. Blenkle	1,350.00
			***Total ***	99,660.42
138492	10/31/18	RWOSRP RTF4095A	<b>Recycled Water Program</b> City of San Juan Capistrano	1,384.50
			***Total ***	1,384.50
138493	10/31/18	SANTI1 AUG2018	<b>Santiago Aqueduct Commission</b> August 2018 SAC Pipeline operation surcharge	3,250.59
			***Total ***	3,250.59
138494	10/31/18	SCHUNK 101818	<b>Janine Schunk</b> September-October 2018 Business expense	155.65
			***Total ***	155.65
138495	10/31/18	USBANK 4140-SEP18	<b>U.S. Bank</b> 8/23-9/24/18 Cal Card charges	4,167.47
			***Total ***	4,167.47
			(See attached sheet for details)	
ACH003599	10/31/18	HUBBAR 093018	<b>Kelly Hubbard</b> September 2018 Business expense	62.98
			***Total ***	62.98

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the month of October 2018**

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>ACH003610</b>	<b>10/31/18</b>	<b>SANTAM</b>	<b>Santa Margarita Water District</b>	
		AUG2018	August 2018 SCP Pipeline operation surcharge	31,492.85
			***Total ***	31,492.85
<b>ACH003611</b>	<b>10/31/18</b>	<b>SOTOFR</b>	<b>Francisco Soto</b>	
		093018	September 2018 Business expense	104.39
			***Total ***	104.39
<b>EFT-181031</b>	<b>10/31/18</b>	<b>METWAT</b>	<b>Metropolitan Water District</b>	
		9475	August 2018 Water deliveries	21,714,791.13
			***Total ***	21,714,791.13
			<b>Total Other Funds Disbursements</b>	<u>21,906,208.32</u>
			<b>Total Disbursements</b>	<u><u>21,931,116.47</u></u>

Robert J. Hunter, General Manager

Hilary Chumpitazi, Treasurer

**Statement Date: September 24, 2018**

**Payment Date: October 31, 2018**

<b>Date</b>	<b>Description</b>	<b>Amount</b>
<b><u>Public Affairs</u></b>		
08/22/18	50 Decals with new MWDOC logo	\$ 59.00
08/22/18	Urban Water Institute conference in San Diego, CA from Aug. 22-24, 2018 - Dinner for Directors Ackerman, Dick and Tamaribuchi, D. Micalizzi and 3 guests	379.59
08/26/18	Urban Water Institute conference in San Diego, CA from Aug. 22-24, 2018 - Accommodations for D. Micalizzi	643.86 <sup>1</sup>
08/28/18	10 Decals with new MWDOC logo	17.00
09/04/18	Lunch for Social Media Request for Proposal interviews	69.11
09/06/18	Supplies for MET Delta Inspection trip	13.98
09/08/18	Appetizers for MET Inspection trip	104.16
09/08/18	Appetizers for MET Inspection trip	309.61
09/10/18	Marcom Awards application fee for MWDOC website	95.00
09/12/18	Orange County Public Relations Society of America PROTOS Awards Gala in Santa Ana, CA on Sep. 27, 2018 - Registration for T. Baca	200.95
09/12/18	Orange County Public Relations Society of America PROTOS Awards Gala in Santa Ana, CA on Sep. 27, 2018 - Registration for B. Roberto	200.95
09/12/18	Orange County Public Relations Society of America PROTOS Awards Gala in Santa Ana, CA on Sep. 27, 2018 - Registration for S. Wilson	200.95
09/12/18	Orange County Public Relations Society of America PROTOS Awards Gala in Santa Ana, CA on Sep. 27, 2018 - Registration for D. Micalizzi	200.95
09/12/18	Orange County Public Relations Society of America PROTOS Awards Gala in Santa Ana, CA on Sep. 27, 2018 - Registration for T. Muldoon	170.08
09/13/18	Changing tent for Ricki Raindrop events	29.99
09/13/18	Lunch for High School Program meeting	67.60
09/14/18	Breakfast for MET Inspection trip	46.91
09/14/18	Appetizers for MET Inspection trip	130.00
09/15/18	Appetizers for MET Inspection trip	172.01
09/18/18	Supplies for Public Affairs	21.53
09/18/18	Supplies for Public Affairs	17.20
09/20/18	MWDOC Logo light cover for MWDOC events	131.49
<b>Total</b>		<b><u>\$ 3,281.92</u></b>

<sup>1</sup> D. Micalizzi reimbursed MWDOC \$38.00

**Statement Date: September 24, 2018**  
**Payment Date: October 31, 2018**

<b>Date</b>	<b>Description</b>	<b>Amount</b>
<b><u>K. Seckel Card</u></b>		
08/24/18	5 Dell computers	\$ 6,062.49
08/24/18	Coffee for California Landscaper Contractors Association conference	109.00
08/24/18	7/24/18-8/23/18 Web hosting service for MWDOC website	15.65
08/26/18	5 Dell laptops for WEROC N. EOC	3,912.49
08/27/18	2 Monitors and dual monitor stand	435.27
08/29/18	Lunch for Administration Staff meeting	103.42
08/29/18	Phone for WEROC S. EOC	48.06
08/31/18	Lunch for Desalination Integration workshop	366.13
08/31/18	1 Year subscription for Cloud Cam storage for security camera	69.99
08/31/18	Region 9 EPA Administrator meeting in San Francisco, CA on Sep. 5, 2018 - Airfare for H. Baez	355.96
09/01/18	Breakfast for Desalination Integration workshop	32.50
09/02/18	9/1/18-9/30/18 E-mail service for California Sprinkler Adjustment Notification System	9.95
09/04/18	Sympathy flowers for S. Colton	90.43
09/05/18	Computer supplies	49.44
09/10/18	UPS delivery charges for Board packets on Sep. 7, 2018	19.38
09/11/18	Refrigerator repair	812.24
09/12/18	Replacement telephone	252.19
09/14/18	Computer supplies	69.99
09/14/18	Food for staff development meeting	32.50
09/14/18	Orange County Emergency Management Organization Holiday lunch in Buena Park, CA on Dec. 6, 2018 - Deposit	200.00 <sup>1</sup>
09/17/18	UPS delivery charges for Board packets on Sep. 7, 2018	56.04
09/18/18	Curved Monitor	250.11
09/19/18	Office supplies	189.12 <sup>2</sup>
09/20/18	Monthly fee for Hulu television streaming service for WEROC	54.98
09/20/18	Office supplies	179.43 <sup>3</sup>
09/21/18	Refrigerator repair	106.92
09/22/18	Computer supplies	45.99
<b>Total</b>		<b><u>\$ 13,929.67</u></b>

- <sup>1</sup> Lunch attendees will reimburse MWDOC
- <sup>2</sup> Order for office supplies canceled, refund issued on 9/24/18
- <sup>3</sup> Order for office supplies canceled, refund issued on 9/26/18

**Statement Date: September 24, 2018**

**Payment Date: October 31, 2018**

<b>Date</b>	<b>Description</b>	<b>Amount</b>
<b><u>R. Hunter Card</u></b>		
08/23/18	Urban Water Institute conference in San Diego, CA from Aug. 22-24, 2018 - Dinner for Directors Ackerman, Dick, Tamaribuchi, Yoo Schneider and Thomas, R. Hunter, D. Micalizzi and 3 guests	522.84 <sup>1</sup>
08/24/18	Urban Water Institute conference in San Diego, CA from Aug. 22-24, 2018 - Accommodations for Director Tamaribuchi	613.30
08/24/18	Urban Water Institute conference in San Diego, CA from Aug. 23-24, 2018 - Accommodations for R. Hunter	246.68
08/25/18	Urban Water Institute conference in San Diego, CA from Aug. 22-24, 2018 - Accommodations for Director Thomas	252.16
08/25/18	Urban Water Institute conference in San Diego, CA from Aug. 22-24, 2018 - Parking for Director Yoo Schneider	40.00
08/29/18	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 12-14, 2018 - Registration for Director Barbre	475.00
08/30/18	California Notary training, membership and supplies for M. Goldsby	906.65
08/31/18	Association of California Cities Orange County Washington DC Federal Advocacy trip in Washington, DC from Sep. 16-18, 2018 - Airfare for Director Barbre	1,558.39 <sup>2</sup>
9/10/18	Association of California Cities Orange County Washington DC Federal Advocacy trip in Washington, DC from Sep. 16-18, 2018 - Registration for Director Barbre	1,275.00 <sup>3</sup>
<b>Total</b>		<b><u>\$ 5,890.02</u></b>

- <sup>1</sup> R. Hunter reimbursed MWDOC \$51.72
- <sup>2</sup> Trip canceled due to weather, airfare is available for future flights
- <sup>3</sup> Trip canceled due to weather, registration is available for future conferences



**Municipal Water District of Orange County**  
**GM Approved Disbursement Report <sup>(1)</sup>**  
**For the month of October 2018**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>Core Disbursements:</b>				
138430	10/11/18	WESTIN MJ11AB	<b>Westin South Coast Plaza</b> Estimated balance for 10/11/18 Water Policy Dinner Banquet facility ***Total ***	10,487.93   10,487.93
			<b>Total Core Disbursements</b>	<u>10,487.93</u>
<b>Choice Disbursements:</b>				
			<b>Total Choice Disbursements</b>	<u>-</u>
<b>Other Funds Disbursements:</b>				
			<b>Total Other Funds Disbursements</b>	<u>-</u>
			<b>Total Disbursements</b>	<u><u>10,487.93</u></u>

  
 Robert J. Hunter, General Manager

  
 Hilary Chumpitazi, Treasurer

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

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

September 30, 2018

Street Address:  
18700 Ward Street  
Fountain Valley, California 92708

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

(714) 963-3058  
Fax: (714) 964-9389  
[www.mwdoc.com](http://www.mwdoc.com)

Brett R. Barbre  
President

Joan C. Finnegan  
Vice President

Larry D. Dick  
Director

Wayne S. Osborne  
Director

Megan Yoo Schneider  
Director

Sat Tamaribuchi  
Director

Jeffery M. Thomas  
Director

Robert J. Hunter  
General Manager

**MEMBER AGENCIES**

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

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


Fund	Book Value	% of Portfolio
<b>Designated Reserves</b>		
General Operations	\$3,156,569	17.96%
Grant & Project Cash Flow	1,500,000	8.53%
Election Expense	304,000	1.73%
Building Repair	350,407	1.99%
OPEB	209,006	1.19%
<b>Total Designated Reserves</b>	<b>5,519,982</b>	<b>31.40%</b>
<b>General Fund</b>	<b>10,313,643</b>	<b>58.69%</b>
Water Fund	1,273,999	7.25%
Conservation Fund	171,743	0.98%
Desalination Feasibility Study Fund	(145,268)	(0.83%)
WEROC Fund	413,395	2.35%
Trustee Activities	28,775	0.16%
<b>Total</b>	<b>\$17,576,269</b>	<b>100.00%</b>

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.51%	\$89,315	\$89,315
Short-term investment			
• LAIF	59.36%	\$10,432,678	\$10,432,678
• OCIP	22.48%	3,951,380	3,951,380
Long-term investment			
• Corporate Bond	6.56%	1,152,896	1,124,404
• Certificates of Deposit	11.09%	1,950,000	1,931,435
<b>Total</b>	<b>100.00%</b>	<b>\$17,576,269</b>	<b>\$17,529,212</b>

The average number of days to maturity/call as of September 30, 2018 equaled 163 and the average yield to maturity is 2.039%. During the month, the District's average daily balance was \$29,803,013.44. 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 September 2018.

The (\$47,057) difference between the book value and the market value on September 30, 2018 represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or cash flow requirements identified in the near future that would require the sale of these securities prior to maturity.

  
Robert J. Hunter  
General Manager

  
Hilary Chumpitazi  
Treasurer



# MUNICIPAL WATER DISTRICT OF ORANGE COUNTY


## Portfolio Management - Portfolio Summary September 30, 2018

9/30/2018	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,950,000.00	1,931,435.50	1,950,000.00	11.15	951	2.504
Corporate Bond	1,150,000.00	1,124,404.00	1,152,896.38	6.58	847	2.290
Local Agency Investment Funds	10,432,677.40	10,432,677.40	10,432,677.40	59.67	1	2.054
Orange County Investment Pool	3,951,380.35	3,951,380.35	3,951,380.35	22.60	1	1.696
<b>Total Investments</b>	<b>17,484,057.75</b>	<b>17,439,897.25</b>	<b>17,486,954.13</b>	<b>100.00</b>	<b>163</b>	<b>2.039</b>

<b>Cash</b>						
Cash	89,315.16	89,315.16	89,315.16		1	0.00
<b>Total Cash and Investments</b>	<b>17,573,372.91</b>	<b>17,529,212.41</b>	<b>17,576,269.29</b>		<b>163</b>	<b>2.039</b>

<b>Total Earnings</b>	<b>Month Ending September</b>	<b>Fiscal Year to Date</b>
<b>Current Year</b>	<b>55,473.25</b>	<b>143,171.41</b>
<b>Average Daily Balance</b>	<b>29,803,013.44</b>	
<b>Effective Rate of Return</b>	<b>2.039%</b>	

We certify that this report reflects the cash and investments of the Municipal Water District of Orange County and is in conformity with the Government Code requirements and the District Investment Policy and Guidelines in effect at the time of investment. The Investment Program herein shown provides sufficient cash flow liquidity to meet the next six month's estimated expenditure. The source for the market values are from Union Bank. Per Resolution 2059 there are no compliance exceptions to report.

  
Robert J. Hunter, General Manager

Date

11-7-18

  
Hilary Chumtipitazi, Treasurer

Date

11/6/2018

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Long-Term Portfolio Details - Investments**  
**September 30, 2018**

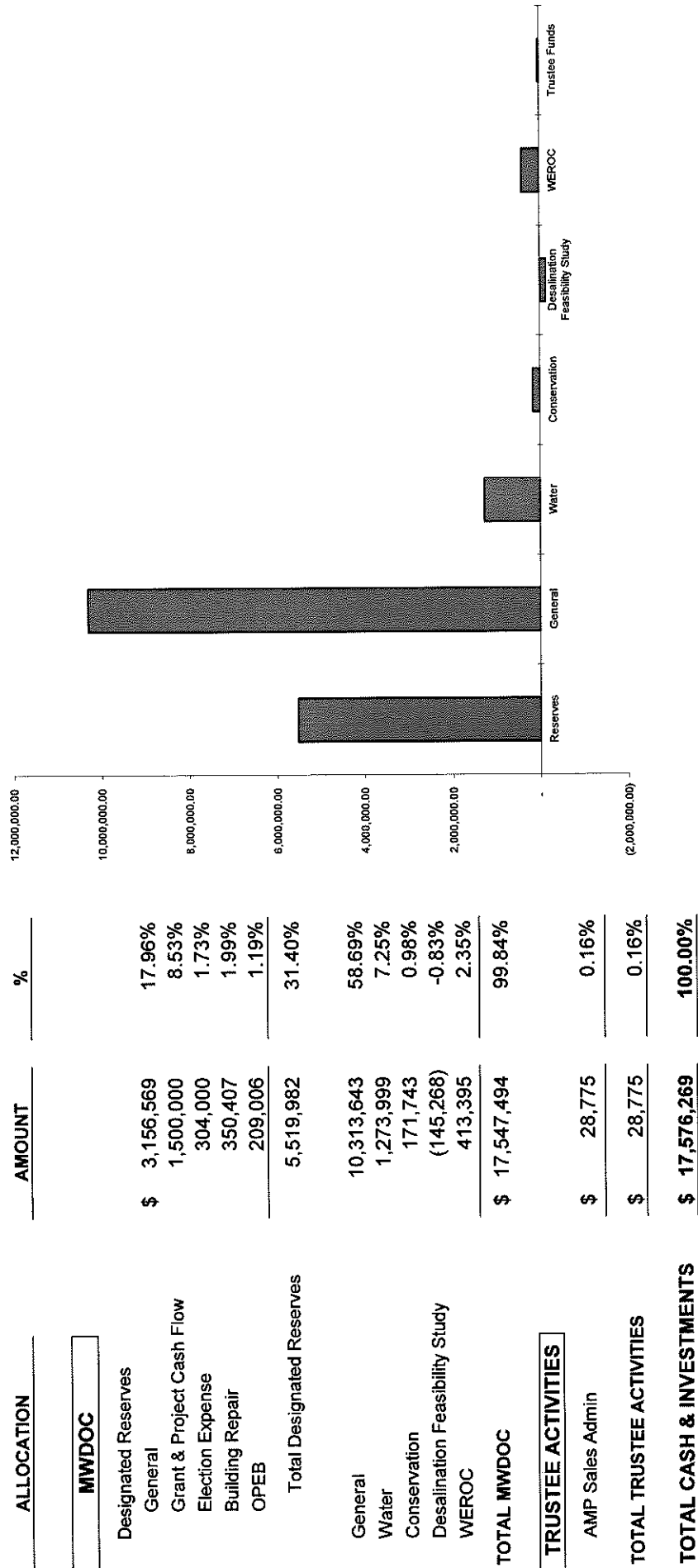
Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
<b>Negotiable Certificate Of Deposit</b>									
Bardays Bank	06740KKY2	9/27/2017	250,000.00	241,080.00	250,000.00	2.250	2.250	1,458	9/27/2022
Capital One Bank	14042E6C9	9/2/2015	250,000.00	249,125.00	250,000.00	1.950	1.950	338	9/3/2019
Comenity Capital	20033AUX2	7/25/2017	200,000.00	194,378.00	200,000.00	2.000	2.000	1,020	7/16/2021
Discover Bank	254673RV0	7/25/2018	250,000.00	249,772.50	250,000.00	3.300	3.300	1,759	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	250,270.00	250,000.00	3.350	3.350	1,773	8/8/2023
HSBC Bank	40434AKG5	1/21/2016	250,000.00	250,110.00	250,000.00	2.250	2.534	113	1/21/2021
Morgan Stanley Bank	61747MJ36	2/1/2018	250,000.00	247,360.00	250,000.00	2.500	2.500	855	2/1/2021
Synchrony Bank	87164XBY1	7/25/2014	250,000.00	249,340.00	250,000.00	2.050	2.050	303	7/30/2019
<b>Sub Total</b>			<b>1,950,000.00</b>	<b>1,931,435.50</b>	<b>1,950,000.00</b>	<b>2.468</b>	<b>2.504</b>	<b>951</b>	
<b>Corporate Bond</b>									
JP Morgan Chase	46625HKA7	11/2/2015	500,000.00	494,885.00	500,611.28	2.250	2.152	449	1/23/2020
National Rural Util Coop	63743FE51	7/27/2017	200,000.00	191,156.00	200,000.00	2.500	2.500	1,384	7/15/2022
Wells Fargo	94974BGR5	1/13/2016	250,000.00	246,065.00	250,719.77	2.550	2.409	799	12/7/2020
Westpac Banking Corp	961214DQ3	7/25/2017	200,000.00	192,298.00	201,565.33	2.500	2.278	1,367	6/28/2022
<b>Sub Total</b>			<b>1,150,000.00</b>	<b>1,124,404.00</b>	<b>1,152,896.38</b>	<b>2.402</b>	<b>2.290</b>	<b>847</b>	
<b>Total Investments</b>			<b>3,100,000.00</b>	<b>3,055,839.50</b>	<b>3,102,896.38</b>	<b>2.444</b>	<b>2.425</b>	<b>912</b>	
<b>Total Earnings</b>									
			<b>Month Ending September</b>		<b>Fiscal Year To Date</b>				
Current Year			6,081.27		17,953.97				

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Short-Term Portfolio Details - Cash and Investments**  
**September 30, 2018**

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
<b>Local Agency Investment Funds</b>									
LAIF LGIP	LAIF	6/30/2010	10,432,677.40	10,432,677.40	10,432,677.40	2.054	2.054	1	N/A
<b>Sub Total</b>			<b>10,432,677.40</b>	<b>10,432,677.40</b>	<b>10,432,677.40</b>	<b>2.054</b>	<b>2.054</b>	<b>1</b>	
<b>Orange County Investment Pool</b>									
County of Orange LGIP	OCIP	6/29/2005	3,951,380.35	3,951,380.35	3,951,380.35	1.696	1.696	1	N/A
<b>Sub Total</b>			<b>3,951,380.35</b>	<b>3,951,380.35</b>	<b>3,951,380.35</b>	<b>1.696</b>	<b>1.696</b>	<b>1</b>	
<b>Total Investments</b>			<b>14,384,057.75</b>	<b>14,384,057.75</b>	<b>14,384,057.75</b>	<b>1.956</b>	<b>1.956</b>		
<b>Cash</b>									
Petty Cash Cash	CASH	7/1/2010	500.00	500.00	500.00	0.000	0.000	1	N/A
US Bank Cash	CASHUSBANK	7/25/2018	88,815.16	88,815.16	88,815.16	0.000	0.000	1	N/A
<b>Total Cash</b>			<b>89,315.16</b>	<b>89,315.16</b>	<b>89,315.16</b>	<b>0.000</b>	<b>0.000</b>	<b>1</b>	
<b>Total Cash and Investments</b>			<b>14,473,372.91</b>	<b>14,473,372.91</b>	<b>14,473,372.91</b>	<b>1.956</b>	<b>1.956</b>	<b>1</b>	
<b>Total Earnings</b>									
Current Year		<b>Month Ending September</b>	<b>Fiscal Year To Date</b>						
		49,391.98	125,217.44						



**Municipal Water District of Orange County  
Cash and Investments at September 30, 2018**



**MUNICIPAL WATER DIST OF ORANGE COUNTY**  
**PARS Post-Employment Benefits Trust****Account Report for the Period**  
**9/1/2018 to 9/30/2018**Rob Hunter  
General Manager  
Municipal Water Dist of Orange County  
18700 Ward Street  
Fountain Valley, CA 92708**Account Summary**

Source	Beginning Balance as of 9/1/2018	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 9/30/2018
OPEB	\$2,133,641.21	\$0.00	-\$2,788.71	\$400.05	\$0.00	\$0.00	\$2,130,452.45
PENSION	\$209,690.13	\$0.00	-\$274.07	\$39.32	\$0.00	\$0.00	\$209,376.74
<b>Totals</b>	<b>\$2,343,331.34</b>	<b>\$0.00</b>	<b>-\$3,062.78</b>	<b>\$439.37</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,339,829.19</b>

**Investment Selection****Source**

OPEB	<b>Moderate HighMark PLUS</b>
PENSION	<b>Moderate HighMark PLUS</b>

**Investment Objective****Source**

OPEB	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.
PENSION	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**

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	-0.13%	2.63%	5.98%	8.25%	6.35%	-	10/26/2011
PENSION	-0.13%	1.19%	-	-	-	-	7/31/2018

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

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

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

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

Municipal Water District of Orange County  
WATER USE EFFICIENCY PROJECTS  
Cash Flow as of 10/31/18

	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	TOTALS
<b>Cash - Beginning Balance</b>	\$ 280,031.97	\$ 273,554.92	\$ 407,387.74	\$ 171,742.71	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	
<b>REVENUES:</b>													
BUREC	4,605.00	111.00		102,395.93									\$ 107,111.93
City of Brea													-
City of Buena Park		222.00											222.00
City of Fountain Valley	222.00		1,376.29	663.05									2,261.34
City of Fullerton													-
City of Garden Grove													-
City of Huntington Beach	598.99			40.00									638.99
City of La Habra	222.00												222.00
City of San Clemente	3,244.99	9,442.99		1,683.99									14,371.97
City of San Juan Capistrano													-
City of Santa Ana													-
City of Tustin													-
City of Newport Beach		3,343.80		1,980.57									5,324.37
City of Orange	444.00		913.75	1,134.10									2,491.85
City of Westminster	333.00	539.00	555.00										1,427.00
County of Orange													-
Department of Water Resources	32,990.80												32,990.80
East Orange County Water District													-
El Toro Water District		774.00		2,544.00									3,318.00
Irvine Ranch Water District	8,271.11	47,878.73		11,080.04									67,229.88
Laguna Beach County Water District		15.00											15.00
Mesa Water District	66.82	197.98	170.00	140.00									574.80
Metropolitan Water District		191,093.43											191,093.43
Moulton Niguel Water District	38,341.68	7,726.23	10,281.98	10,872.48									67,222.37
Orange County Water District													-
Santa Margarita Water District													-
Trabuco Canyon Water District		605.76		18.98									624.74
Yorba Linda Water District		284.07											284.07
<b>Miscellaneous Revenues</b>													
Miscellaneous													-
Interest Revenue	2,228.14												2,228.14
<b>Total Revenues</b>	91,568.53	262,233.99	13,297.02	132,553.14	-	-	-	-	-	-	-	-	\$ 499,652.68
<b>EXPENDITURES:</b>													
Budget Based Tiered Rates, Rattels			1,800.00	11,960.00									17,030.00
Droplet													-
IRWD													-
Golden State Water Company													-
City of Huntington Beach													-
Laguna Beach CWD													-
Metropolitan Water District	28,091.13		25,193.39	87,250.95									140,535.47
Mission RCD		20,060.11	18,627.78	13,404.64									52,092.53
Multi Family HET Direct			4,800.00										4,800.00
Pollard Water		44,516.38											44,516.38
Recycled Water On Site Retrofit program			11,099.50	1,384.50									12,484.00
Spray to Drip program	690.45	4,310.08	5,308.76	1,129.60									11,438.89
SMWD	34,905.00												34,905.00
Turf Removal	32,139.00	58,464.60	177,399.11	117,228.82									385,231.53
Water Savings Incentive Program													-
<b>Miscellaneous Expenses</b>													
Interest Expense													-
Salary & Benefit			4,713.51										4,713.51
<b>Total Expenditures</b>	98,045.58	128,401.17	248,942.05	232,358.51	-	-	-	-	-	-	-	-	\$ 707,747.31
<b>Cash - Ending Balance</b>	\$ 273,554.92	\$ 407,387.74	\$ 171,742.71	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	\$ 71,937.34	



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**COMBINED FINANCIAL STATEMENTS**  
**AND**  
**BUDGET COMPARATIVE**  
**JULY 1, 2018 THRU SEPTEMBER 30, 2018**

**Municipal Water District of Orange County  
Combined Balance Sheet  
As of September 30, 2018**

<b><u>ASSETS</u></b>	<b>Amount</b>
Cash in Bank	89,315.16
Investments	17,486,954.13
Accounts Receivable	41,338,593.54
Accounts Receivable - Other	104,666.43
Accrued Interest Receivable	143,685.49
Prepays/Deposits	301,905.84
Leasehold Improvements	3,735,829.68
Furniture, Fixtures & Equipment	563,307.34
Less: Accum Depreciation	<u>(2,955,750.56)</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$60,808,507.05</u></u></b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b>Liabilities</b>	
Accounts Payable	40,912,846.07
Accounts Payable - Other	355.21
Accrued Salaries and Benefits Payable	353,060.96
Other Liabilities	254,366.95
Unearned Revenue	<u>954,311.68</u>
Total Liabilities	<u><u>42,474,940.87</u></u>
 <b>Fund Balances</b>	
Restricted Fund Balances	
Water Fund - T2C	<u>988,546.26</u>
Total Restricted Fund Balances	<u>988,546.26</u>
Unrestricted Fund Balances	
Designated Reserves	
General Operations	3,156,569.42
Grant & Project Cash Flow	1,500,000.00
Election Expense	304,000.00
Building Repair	350,407.45
OPEB	<u>209,006.00</u>
Total Designated Reserves	<u>5,519,982.87</u>
GENERAL FUND	4,209,490.74
WEROC Capital	25,288.00
WEROC	<u>273,656.70</u>
Total Unrestricted Fund Balances	<u>10,028,418.31</u>
Excess Revenue over Expenditures	
Operating Fund	7,288,132.17
Other Funds	<u>28,469.44</u>
Total Fund Balance	<u><u>18,333,566.18</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u><u>\$60,808,507.05</u></u></b>

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**General Fund**  
**From July thru September 2018**

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<b><u>REVENUES</u></b>						
Retail Connection Charge	0.00	7,697,005.75	7,697,006.00	100.00%	0.00	0.25
Ground Water Customer Charge	<u>0.00</u>	<u>499,012.00</u>	<u>499,012.00</u>	<u>100.00%</u>	<u>0.00</u>	<u>0.00</u>
Water rate revenues	0.00	8,196,017.75	8,196,018.00	100.00%	0.00	0.25
Interest Revenue	<u>52,885.80</u>	<u>136,804.57</u>	<u>390,000.00</u>	<u>35.08%</u>	<u>0.00</u>	<u>253,195.43</u>
Subtotal	<u>52,885.80</u>	<u>8,332,822.32</u>	<u>8,586,018.00</u>	<u>97.05%</u>	<u>0.00</u>	<u>253,195.68</u>
Choice Programs	0.00	1,083,819.46	1,174,750.00	92.26%	0.00	90,930.54
Miscellaneous Income	0.00	667.83	3,000.00	22.26%	0.00	2,332.17
School Contracts	5,326.56	5,326.56	102,031.00	5.22%	0.00	96,704.44
Transfer-In From Reserve	<u>0.00</u>	<u>0.00</u>	<u>5,276.00</u>	<u>0.00%</u>	<u>0.00</u>	<u>5,276.00</u>
Subtotal	<u>5,326.56</u>	<u>1,089,813.85</u>	<u>1,285,057.00</u>	<u>84.81%</u>	<u>0.00</u>	<u>195,243.15</u>
<b>TOTAL REVENUES</b>	<u><b>58,212.36</b></u>	<u><b>9,422,636.17</b></u>	<u><b>9,871,075.00</b></u>	<u><b>95.46%</b></u>	<u><b>0.00</b></u>	<u><b>448,438.83</b></u>

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**General Fund**  
**From July thru September 2018**

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<b><u>EXPENSES</u></b>						
Salaries & Wages	268,988.90	856,371.79	3,522,982.00	24.31%	0.00	2,666,610.21
Salaries & Wages - Grant Recovery	(3,837.94)	(3,837.94)	(6,300.00)	60.92%	0.00	(2,462.06)
Salaries & Wages - Recovery	(714.00)	(714.00)	0.00	0.00%	0.00	714.00
Director's Compensation	16,037.46	46,033.45	255,360.00	18.03%	0.00	209,326.55
MWD Representation	10,691.64	30,886.96	145,920.00	21.17%	0.00	115,033.04
Employee Benefits	84,634.20	262,426.87	1,108,564.00	23.67%	0.00	846,137.13
OPEB Annual Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Employee Benefits - Grant Recovery	(875.57)	(875.57)	0.00	0.00%	0.00	875.57
Employee Benefits - Recovery	(136.00)	(136.00)	0.00	0.00%	0.00	136.00
Director's Benefits	7,334.63	22,047.99	94,767.00	23.27%	0.00	72,719.01
Health Insurance for Retirees	4,840.70	14,788.54	70,519.00	20.97%	0.00	55,730.46
Training Expense	906.65	1,365.79	25,000.00	5.46%	0.00	23,634.21
Tuition Reimbursement	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Temporary Help Expense	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Personnel Expenses	387,870.67	1,435,357.88	5,433,812.00	26.42%	0.00	3,998,454.12
Engineering Expense	57,084.00	126,527.92	330,000.00	38.34%	197,900.48	5,571.60
Legal Expense	9,554.21	36,651.72	255,000.00	14.37%	218,348.28	0.00
Audit Expense	0.00	7,000.00	29,000.00	24.14%	12,380.00	9,620.00
Professional Services	87,895.71	199,837.03	1,430,758.00	13.97%	703,662.12	527,258.85
Professional Fees	154,533.92	370,016.67	2,044,758.00	18.10%	1,132,290.88	542,450.45
Conference-Staff	0.00	7,704.00	42,880.00	17.97%	0.00	35,176.00
Conference-Directors	1,050.00	4,922.00	24,930.00	19.74%	0.00	20,008.00
Travel & Accom.-Staff	1,988.24	4,770.25	99,600.00	4.79%	0.00	94,829.75
Travel & Accom.-Directors	2,088.46	3,915.23	51,750.00	7.57%	0.00	47,834.77
Travel & Conference	5,126.70	21,311.48	219,160.00	9.72%	0.00	197,848.52
Membership/Sponsorship	5,150.00	62,076.36	141,662.00	43.82%	0.00	79,585.64
CDR Support	0.00	11,761.07	47,044.00	25.00%	35,283.19	(0.26)
Dues & Memberships	5,150.00	73,837.43	188,706.00	39.13%	35,283.19	79,585.38
Business Expense	10.00	576.21	5,600.00	10.29%	0.00	5,023.79
Maintenance Office	7,113.71	21,475.35	132,796.00	16.17%	107,639.81	3,680.84
Building Repair & Maintenance	1,380.82	3,093.21	20,000.00	15.47%	16,906.79	0.00
Storage Rental & Equipment Lease	209.70	627.00	3,460.00	18.12%	1,833.00	1,000.00
Office Supplies	3,022.73	7,580.08	36,000.00	21.06%	3,187.77	25,232.15
Postage/Mail Delivery	560.92	1,804.28	9,000.00	20.05%	3,206.59	3,989.13
Subscriptions & Books	0.00	155.66	1,500.00	10.38%	0.00	1,344.34
Reproduction Expense	76.00	3,184.95	33,073.00	9.63%	3,403.21	26,484.84
Maintenance-Computers	1,675.33	2,442.19	8,000.00	30.53%	1,332.76	4,225.05
Software Purchase	9,904.44	19,411.80	45,861.00	42.33%	2,063.95	24,385.25
Software Support	2,878.78	19,107.79	51,934.00	36.79%	2,400.00	30,426.21
Computers and Equipment	6,062.49	9,041.24	11,850.00	76.30%	0.00	2,808.76
Automotive Expense	1,496.41	4,789.48	17,262.00	27.75%	0.00	12,472.52
Toll Road Charges	60.91	195.80	1,000.00	19.58%	0.00	804.20
Insurance Expense	8,919.31	28,441.97	138,500.00	20.54%	0.00	110,058.03
Utilities - Telephone	1,961.85	5,241.43	20,178.00	25.98%	1,146.94	13,789.63
Bank Fees	710.99	4,317.38	21,225.00	20.34%	0.00	16,907.62
Miscellaneous Expense	10,601.21	19,314.50	119,205.00	16.20%	0.00	99,890.50
MWDOC's Contrb. to WEROC	15,948.33	47,845.03	216,868.00	22.06%	0.00	169,022.97
Depreciation Expense	2,822.34	8,467.01	0.00	0.00%	0.00	(8,467.01)
Other Expenses	75,416.27	207,112.36	893,312.00	23.18%	143,120.82	543,078.82
Election Expense	0.00	0.00	304,000.00	0.00%	0.00	304,000.00
Building Expense	13,353.75	13,353.75	531,827.00	2.51%	38,961.68	479,511.57
Capital Acquisition	13,514.43	13,514.43	255,500.00	5.29%	0.00	241,985.57
TOTAL EXPENSES	654,965.74	2,134,504.00	9,871,075.00	21.62%	1,349,656.57	6,386,914.43
NET INCOME (LOSS)	(596,753.38)	7,288,132.17	0.00			

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**Water Fund**  
**From July thru September 2018**

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<b><u>WATER REVENUES</u></b>					
Water Sales	17,751,785.20	57,926,518.50	188,976,940.00	30.65%	131,050,421.50
Readiness to Serve Charge	903,260.48	2,709,781.44	10,902,178.00	24.86%	8,192,396.56
Capacity Charge CCF	321,247.50	963,742.50	3,854,976.00	25.00%	2,891,233.50
SCP/SAC Pipeline Surcharge	31,061.32	100,811.25	365,000.00	27.62%	264,188.75
Interest	1,831.61	4,643.73	13,000.00	35.72%	8,356.27
<b>TOTAL WATER REVENUES</b>	<b>19,009,186.11</b>	<b>61,705,497.42</b>	<b>204,112,094.00</b>	<b>30.23%</b>	<b>142,406,596.58</b>
<b><u>WATER PURCHASES</u></b>					
Water Sales	17,751,785.20	57,926,518.50	188,976,940.00	30.65%	131,050,421.50
Readiness to Serve Charge	903,260.48	2,709,781.44	10,902,178.00	24.86%	8,192,396.56
Capacity Charge CCF	321,247.50	963,742.50	3,854,976.00	25.00%	2,891,233.50
SCP/SAC Pipeline Surcharge	31,061.32	100,811.25	365,000.00	27.62%	264,188.75
<b>TOTAL WATER PURCHASES</b>	<b>19,007,354.50</b>	<b>61,700,853.69</b>	<b>204,099,094.00</b>	<b>30.23%</b>	<b>142,398,240.31</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>1,831.61</b>	<b>4,643.73</b>	<b>13,000.00</b>		

**Municipal Water District of Orange County**  
**WUE Revenues and Expenditures (Actuals vs Budget)**  
**From July thru September 2018**

	Year to Date Actual	Annual Budget	% Used
<b>Spray To Drip Conversion</b>			
Revenues	3,230.67	128,540.00	2.51%
Expenses	12,270.09	128,540.00	9.55%
Excess of Revenues over Expenditures	(9,039.42)	0.00	
<b>Member Agency Administered Passthru</b>			
Revenues	23,600.00	100,000.00	23.60%
Expenses	23,600.00	100,000.00	23.60%
Excess of Revenues over Expenditures	0.00	0.00	
<b>ULFT Rebate Program</b>			
Revenues	5,563.70	43,500.00	12.79%
Expenses	5,563.70	43,500.00	12.79%
Excess of Revenues over Expenditures	0.00	0.00	
<b>HECW Rebate Program</b>			
Revenues	63,012.54	425,000.00	14.83%
Expenses	63,028.19	425,000.00	14.83%
Excess of Revenues over Expenditures	(15.65)	0.00	
<b>CII Rebate Program</b>			
Revenues	45,430.00	462,500.00	9.82%
Expenses	45,430.00	462,500.00	9.82%
Excess of Revenues over Expenditures	0.00	0.00	
<b>Turf Removal Program</b>			
Revenues	167,506.28	1,345,000.00	12.45%
Expenses	278,448.93	1,345,000.00	20.70%
Excess of Revenues over Expenditures	(110,942.65)	0.00	
<b>Comprehensive Landscape (CLWUE)</b>			
Revenues	46,062.13	366,840.00	12.56%
Expenses	63,592.02	366,840.00	17.34%
Excess of Revenues over Expenditures	(17,529.89)	0.00	
<b>Large Landscape Survey Program</b>			
Revenues	547.78	64,000.00	0.86%
Expenses	8,824.69	64,000.00	13.79%
Excess of Revenues over Expenditures	(8,276.91)	0.00	
<b>WSIP - Industrial Program</b>			
Revenues	0.00	36,755.00	0.00%
Expenses	0.00	36,755.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
<b>WUE Projects</b>			
Revenues	354,953.10	2,972,135.00	11.94%
Expenses	500,757.62	2,972,135.00	16.85%
Excess of Revenues over Expenditures	(145,804.52)	0.00	
<b>WEROC</b>			
Revenues	239,225.03	489,160.00	48.91%
Expenses	94,923.85	489,160.00	19.41%
Excess of Revenues over Expenditures	144,301.18	0.00	



## Memorandum

**DATE:** November 14, 2018

**TO:** Administrative & Finance Committee  
(Directors Thomas, Dick, Finnegan)

**FROM:** Robert Hunter

**SUBJECT:** Quarter ending September 2018 Fiscal YTD Financials Actual versus Budget

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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 Water Funds
- Revenues and Expenditures Actual versus Budget for Other Funds
- Revenues and Expenditures Actual versus Budget for the Water Use Efficiency Projects

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Revenues and Expenditures Actual versus Budget Summary Report  
Fiscal Year to Date ending September 2018 (Unaudited)  
( \$000 Omitted )  
General Fund and Reserve Fund

GENERAL FUND

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
<u>REVENUES</u>			
Water Rate revenues:			
Retail Connection Charge	7,697	7,697	100.0%
Ground Water Customer Charge	499	499	100.0%
Subtotal	8,196	8,196	100.0%
Other Revenues:			
Interest income <sup>(1)</sup>	137	390	35.1%
Choice Programs	1,084	1,175	92.3%
School Contracts <sup>(2)</sup>	5	102	5.2%
Other income	1	3	22.3%
Transfer in from Reserve <sup>(3)</sup>	0	5	0.0%
Subtotal	1,227	1,675	73.2%
<b>TOTAL REVENUES</b>	<b>9,423</b>	<b>9,872</b>	<b>95.5%</b>
<u>EXPENSES</u>			
Personnel Expenses (incl. Dir.)	1,435	5,434	26.4%
Professional services <sup>(4)</sup>	207	1,460	14.2%
Outside engineering <sup>(5)</sup>	127	330	38.3%
Legal expense <sup>(6)</sup>	37	255	14.4%
Travel & Conference <sup>(7)</sup>	21	219	9.7%
Dues and memberships <sup>(8)</sup>	74	189	39.1%
General & Admin expense	207	1,197	17.3%
Building repair & expense <sup>(9)</sup>	13	532	2.5%
Capital acquisition (not including building repairs) <sup>(10)</sup>	14	256	5.3%
<b>TOTAL EXPENSES</b>	<b>2,135</b>	<b>9,871</b>	<b>21.6%</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>7,288</b>		

RESERVE FUND

Beginning Balance <sup>(11)</sup>	5,250
Oct 2017 - excess from FY 16-17 General Fund	270
Net OPEB Asset	484
<b>TOTAL RESERVE FUND</b>	<b>6,004</b>

(1) Received semi-annual coupon payments

(2) School Contracts begin in September

(3) Transfer in from Reserves is moved at year-end

(4) Professional Services - Projects in process

(5) Engineering projects continued from prior fiscal year

(6) Legal expense includes unanticipated events

(7) Travel & Conference scheduled throughout the fiscal year

(8) Dues and memberships are generally paid early in the fiscal year

(9) Building repair & expense scheduled throughout the fiscal year

(10) Capital acquisition being performed throughout the year

(11) Reserve Fund will be updated after annual audit is finalized



Municipal Water District of Orange County  
Revenues and Expenditures Actual vs Budget Line Item Report  
Fiscal Year to Date ending September 2018 (Unaudited)  
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
REVENUES			
Retail Connection Charge	7,697,006	7,697,006	100.00%
Ground Water Customer Charge	499,012	499,012	100.00%
Water Rate Revenues	8,196,018	8,196,018	100.00%
Choice Programs	1,083,819	1,174,750	92.26%
Interest Revenue	136,805	390,000	35.08%
Miscellaneous Income	668	3,000	22.26%
School Contracts	5,327	102,031	5.22%
Transfer in from Reserve	0	5,276	0.00%
Other Revenues	1,226,618	1,675,057	73.23%
TOTAL REVENUES	9,422,636	9,871,075	95.46%

OPERATING EXPENSES			
Salaries & Wages	856,372	3,522,982	24.31%
less Recovery's	(4,552)	(6,300)	72.25%
Directors' Compensation	46,033	255,360	18.03%
MWD Representation	30,887	145,920	21.17%
Employee Benefits	262,427	1,108,564	23.67%
less Recovery's	(1,012)	0	0.00%
OPEB Annual Contribution	207,000	207,000	100.00%
Directors Benefits	22,048	94,767	23.27%
Health Insurances for Retirees	14,789	70,519	20.97%
Training Expense	1,366	25,000	5.46%
Tuition Reimbursement	0	5,000	0.00%
Temporary Help Expense	0	5,000	0.00%
Personnel Expenses	1,435,358	5,433,812	26.42%
Engineering Expense	126,528	330,000	38.34%
Legal Expense	36,652	255,000	14.37%
Audit Expense	7,000	29,000	24.14%
Professional Services	199,837	1,430,758	13.97%
Professional Fees	370,017	2,044,758	18.10%
Conference-Staff	7,704	42,880	17.97%
Conference-Directors	4,922	24,930	19.74%
Travel & Accom.-Staff	4,770	99,600	4.79%
Travel & Accom.-Directors	3,915	51,750	7.57%
Travel & Conference	21,311	219,160	9.72%
Membership/Sponsorship	62,076	141,662	43.82%
CDR Support	11,761	47,044	25.00%
Dues & Memberships	73,837	188,706	39.13%

Municipal Water District of Orange County  
Revenues and Expenditures Actual vs Budget Line Item Report  
Fiscal Year to Date ending September 2018 (Unaudited)  
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
Business Expense	576	5,600	10.29%
Maintenance Office	21,475	132,796	16.17%
Building Repair & Maintenance	3,093	20,000	15.47%
Storage Rental & Equipment Lease	627	3,460	18.12%
Office Supplies	7,580	36,000	21.06%
Postage/Mail Delivery	1,804	9,000	20.05%
Subscriptions & Books	156	1,500	10.38%
Reproduction Expense	3,185	33,073	9.63%
Maintenance-Computers	2,442	8,000	30.53%
Software Purchase	19,412	45,861	42.33%
Software Support	19,108	51,934	36.79%
Computers and Equipment	9,041	11,850	76.30%
Automotive Expense	4,789	17,262	27.75%
Toll Road Charges	196	1,000	19.58%
Insurance Expense	28,442	138,500	20.54%
Utilities - Telephone	5,241	20,178	25.98%
Bank Fees	4,317	21,225	20.34%
Miscellaneous Expense	19,315	119,205	16.20%
MWDOC's Contribution To WEROC	47,845	216,868	22.06%
Depreciation Expense	8,467	0	0.00%
Election Expense	0	304,000	0.00%
MWDOC Building Expense	13,354	531,827	2.51%
Capital Acquisition	13,514	255,500	5.29%
Other Expenses	233,981	1,984,639	11.79%
TOTAL EXPENSES	2,134,504	9,871,075	21.62%
EXCESS OF REVENUES OVER EXPENSES	7,288,132	0	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Statement of Revenues and Expenditures  
Fiscal Year to Date ending September 2018 (Unaudited)  
Water Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<b><u>Water Revenues</u></b>			
Water Sales	57,926,519	188,976,940	(131,050,422)
Readiness to Serve Charge	2,709,781	10,902,178	(8,192,397)
Capacity Charge CCF	963,743	3,854,976	(2,891,234)
SCP/SAC Pipeline Surcharge	100,811	365,000	(264,189)
Interest	<u>4,644</u>	<u>13,000</u>	<u>(8,356)</u>
Total Water Revenues	<u>61,705,497</u>	<u>204,112,094</u>	<u>(142,406,597)</u>
<b><u>Water Purchases</u></b>			
Water Sales	57,926,519	188,976,940	(131,050,422)
Ready to Serve Charge	2,709,781	10,902,178	(8,192,397)
Capacity Charge	963,743	3,854,976	(2,891,234)
SCP/SAC Pipeline Surcharge	<u>100,811</u>	<u>365,000</u>	<u>(264,189)</u>
Total Water Purchases	<u>61,700,854</u>	<u>204,099,094</u>	<u>(142,398,240)</u>
EXCESS OF REVENUES OVER			
EXPENDITURES	<u>4,644</u>	<u>13,000</u>	<u>(8,356)</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Revenues and Expenditures Actual versus Budget  
Fiscal Year to Date ending September 2018 (Unaudited)  
Other Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<b><u>WEROC</u></b>			
Revenues	239,225	489,160	(249,935)
Expenditures	94,924	489,160	(394,236)
Excess of Revenues over Expenditures	144,301	0	144,301

**WUE Projects (details on next page)**

Revenues	354,953	2,972,135	(2,617,182)
Expenditures	500,758	2,972,135	(2,471,377)
Excess of Revenues over Expenditures	(145,805)	0	(145,805)

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  
Fiscal Year to Date ending September 2018 (Unaudited)  
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %</u>	<u>Fiscal Year Budget</u>	<u>% of Budget</u>	<u>Projected Final FY Budget</u>
<b><u>Spray to Drip Conversion</u></b>					
Revenues	3,231		128,540	2.51%	128,540
Expenditures	12,270		128,540	9.55%	128,540
Excess of Revenues over Expenditures	(9,039)	-280%			

Actual Variance: Payment to Program Participants ahead of Grant, Metropolitan (on water bill), and Retail Water Agencies reimbursements.

Budget Variance: To be on target the % of Budget should be closer to 25% for the first quarter. All reporting current. Revenues a month behind being paid.

**Member Agency Administered Pass thru**

Revenues	23,600		100,000	23.60%	100,000
Expenditures	23,600		100,000	23.60%	100,000
Excess of Revenues over Expenditures	0	0%			

Actual Variance:

Budget Variance: On track.

**ULFT Rebate Program**

Revenues	5,564		43,500	12.79%	43,500
Expenditures	5,564		43,500	12.79%	43,500
Excess of Revenues over Expenditures	0	0%			

Actual Variance: This tracks agency toilet programs.

Budget Variance: Work in progress.

**HECW Rebate Program**

Revenues	63,013		425,000	14.83%	425,000
Expenditures	63,028		425,000	14.83%	425,000
Excess of Revenues over Expenditures	(16)	0%			

Actual Variance:

Budget Variance: Work in progress.

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  
Fiscal Year to Date ending September 2018 (Unaudited)  
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %</u>	<u>Fiscal Year Budget</u>	<u>% of Budget</u>	<u>Projected Final FY Budget</u>
<b><u>CII Rebate Program</u></b>					
Revenues	45,430		462,500	9.82%	462,500
Expenditures	45,430		462,500	9.82%	462,500
Excess of Revenues over Expenditures	0	0%			

Actual Variance:

Budget Variance: Work in progress.

**Turf Removal Program**

Revenues	167,506		1,345,000	12.45%	1,345,000
Expenditures	278,449		1,345,000	20.70%	1,345,000
Excess of Revenues over Expenditures	(110,943)	-66%			

Actual Variance: Payment to Program Participants ahead of Grant, Metropolitan (on water bill), and Retail Water Agencies reimbursements.

Budget Variance: To be on target the % of Budget should be closer to 25% for the first quarter. All reporting current. Revenues a month behind being

**Comprehensive Landscape (CLWUE)**

Revenues	46,062		366,840	12.56%	366,840
Expenditures	63,592		366,840	17.34%	366,840
Excess of Revenues over Expenditures	(17,530)	-38%			

Actual Variance: Grant funded program. Revenues will catch up as Granting Agencies pay submitted invoices. All reporting is current.

Budget Variance: Budget percent for revenues will catch up at year-end closing. For expenditures, this will increase as we move through the fiscal year.

**Large Landscape Survey Program**

Revenues	548		64,000	0.86%	64,000
Expenditures	8,825		64,000	13.79%	64,000
Excess of Revenues over Expenditures	(8,277)	-1511%			

Actual Variance: Grant pre-funded program. Revenue will match expenses at year end closing.

Budget Variance: Budget percent for revenues will catch up at year-end closing. For expenditures, this will increase as we move through the fiscal year.

**WSIP - Industrial Program**

Revenues	0		36,755	0.00%	36,755
Expenditures	0		36,755	0.00%	36,755
Excess of Revenues over Expenditures	0	0%			

Actual Variance: Currently at '0' due to the lengthy implementation period for individual projects. Budgeted amount is Grant funded.

Budget Variance: Several projects in the queue to finish this year.

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.



# FINANCIAL REPORT

FOR THE YEAR ENDED  
JUNE 30, 2018



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# INDEPENDENT AUDITORS' REPORT

## **Report of Independent Auditors**

### **The Honorable Members of the Board of Directors Municipal Water District of Orange County**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Municipal Water District of Orange County (the District) which comprise the statement of net position as of June 30, 2018, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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

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

#### **Auditors' Responsibility**

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

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

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





## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2018 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of Contributions for the Cost Sharing Retirement Plan on pages 3 through 9 and 37 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Implementation of New Accounting Standards*

As discussed in Notes 8 and 10, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* effective for the fiscal year ended June 30, 2018. As a result of this implementation, the District's financial statements were restated to retroactively report the net OPEB liability of \$306,710 and reverse the net OPEB asset recognized under GASB 45 of \$483,546 as of June 30, 2017. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November \_\_, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Los Angeles, California**  
**November \_\_, 2018**



A scenic landscape featuring a calm lake reflecting a large, rugged mountain. A wooden fence is visible in the foreground.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Unaudited)**



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
JUNE 30, 2018**

The following is a brief discussion of the Municipal Water District of Orange County's (District) activities and financial performance for the year ended June 30, 2018. Please read it in conjunction with the District's basic financial statements and accompanying notes which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's revenues were \$232.3 million in FY 2017-18, compared to \$163.4 million in the prior fiscal year, a 42.2% increase.
- The District's expenses were \$230.9 million in FY 2017-18, compared to \$162.3 million in the prior fiscal year, a 42.3% increase.
- The District's assets at June 30, 2018 were \$52.6 million, a 12.7% increase compared to total assets of \$46.7 million at June 30, 2017.
- The District's liabilities at June 30, 2018 were \$44.2 million, a 14.2% increase compared to total liabilities of \$38.7 million at June 30, 2017.
- The District's net position at June 30, 2018 was \$9.2 million, a 7.0% increase compared to net position of \$8.6 million at June 30, 2017.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

The *Statement of Net Position* includes all of the District's assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference being reported as Net Position. It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2018**

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

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

**FINANCIAL ANALYSIS OF THE DISTRICT**

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

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2018**

**STATEMENT OF NET POSITION**

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

**TABLE 1  
Condensed Statements of Net Positions  
(In thousands of dollars)  
June 30:**

	<b>FY 2018</b>	<b>FY 2017</b>	<b>Variance</b>	<b>Total Percent Change</b>
Current Restricted Assets	\$ 2,593	\$ 3,160	\$ (567)	(17.9%)
Current Unrestricted Assets	48,639	41,664	6,975	16.7%
Capital Assets	1,352	1,364	(12)	(0.9%)
Other Assets	-	483	(483)	(100.0%)
<b>Total Assets</b>	<b>52,584</b>	<b>46,671</b>	<b>5,913</b>	<b>12.7%</b>
<b>Deferred Outflows of Resources</b>	<b>1,024</b>	<b>890</b>	<b>134</b>	<b>15.1%</b>
Liabilities Payable from Restricted Current Assets	1,401	2,046	(645)	(31.5%)
Liabilities Payable from Unrestricted Current Assets	40,256	34,814	5,442	15.6%
Noncurrent Unrestricted Liabilities	2,573	1,871	702	37.5%
<b>Total Liabilities</b>	<b>44,230</b>	<b>38,731</b>	<b>5,499</b>	<b>14.2%</b>
<b>Deferred Inflows of Resources</b>	<b>179</b>	<b>231</b>	<b>(52)</b>	<b>(22.5%)</b>
<b>Net Position:</b>				
Investment in Capital Assets, Net of Related Debt	1,352	1,364	(12)	(0.9%)
Restricted for Trustee Activities	1,192	1,114	78	7.0%
Unrestricted	6,655	6,121	534	8.7%
<b>Total Net Assets</b>	<b>\$ 9,199</b>	<b>\$ 8,599</b>	<b>\$ 600</b>	<b>7.0%</b>

- Total Assets increased by \$5.9 million due to higher water sales of \$3.2 million, early water payments of \$2.2 million, investments increased by \$100k and \$270k went to reserves.
- Total Liabilities increased by \$5.5 million. Higher water sales resulted in higher water purchases, unpaid portion of which increased by \$5.4 million during the year 2018.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2018**

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

While the Statement of Net Position shows the financial position at year-end, the Statement of Revenues, Expenses, and Changes in Net Position provides information as to the results of operations of the District during the year. The District reported an increase in net position of \$1.4 million for the year ended June 30, 2018, as compared to an increase of \$1.1 million for the year ended June 30, 2017. The following is a summary of the change in the District's net position.

**TABLE 2  
Condensed Statements of Revenues  
Expenses, and Changes in Net Assets  
(In thousands of dollars)**

	<b>FY 2018</b>	<b>FY 2017</b>	<b>Variance</b>	<b>Total Percent Change</b>
Operating Revenues	\$ 229,707	\$ 159,287	\$ 70,420	44.2%
Special Projects Revenue	2,343	3,927	(1,584)	(40.3%)
Non-operating Revenues	253	199	54	27.1%
<b>Total Revenues</b>	<b>232,303</b>	<b>163,413</b>	<b>68,890</b>	<b>42.2%</b>
Operating Expense	228,404	158,214	70,190	44.4%
Special Projects Expense	2,343	3,927	(1,584)	(40.3%)
Depreciation Expense	165	148	17	11.5%
<b>Total Expenses</b>	<b>230,912</b>	<b>162,289</b>	<b>68,623</b>	<b>42.3%</b>
<b>Change in Net Position</b>	<b>1,391</b>	<b>1,124</b>	<b>267</b>	<b>23.8%</b>
<b>Beginning Net Position</b>	<b>7,808</b>	<b>7,475</b>	<b>333</b>	<b>4.5%</b>
<b>Ending Net Position</b>	<b>\$ 9,199</b>	<b>\$ 8,599 *</b>	<b>\$ 600</b>	<b>7.0%</b>

\*For purposes of presenting the prior year information in the management discussion and analysis, the 2017 financial information has not been restated for the effect of GASB 75 implementation due to lack of information.

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

- Operating Revenues and Expenses are higher due to higher water sales.
- In accordance with GASB 75 the District's beginning net position was restated by \$791 thousand. Refer to Note 10.



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2018**

**CAPITAL ASSETS**

The following is a summary of the District's capital assets at June 30, 2018 and June 30, 2017.

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

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Variance</u>	<u>Total Percent Change</u>
Leasehold Improvements	\$ 3,728	\$ 3,696	\$ 32	0.9%
Furniture, Equipment & Computer Equipment	\$ 571	457	114	24.9%
<b>Subtotal</b>	<b>4,299</b>	<b>4,153</b>	<b>146</b>	<b>3.5%</b>
<b>Less Accumulated Depreciation</b>	<b>(2,947)</b>	<b>(2,789)</b>	<b>(158)</b>	<b>5.7%</b>
<b>Net Capital Assets</b>	<b>\$ 1,352</b>	<b>\$ 1,364</b>	<b>\$ (12)</b>	<b>(0.9%)</b>

The District remodeled the atrium, installed two new glass doors, upgraded an IT server, and purchased new emergency radios and water leak detection equipment. Additional information regarding capital assets can be found in Notes 1 and 4 of the notes to financial statements.

**DEBT ADMINISTRATION**

The District had no debt outstanding as of June 30, 2018. No new long-term debt was incurred in the year ended June 30, 2018, and the District does not plan to issue new debt in the year ending June 30, 2019.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2018**

**BUDGETARY HIGHLIGHTS**

The District is governed by a Board of Directors consisting of seven elected members. The Board adopts an annual appropriated budget prior to the start of the fiscal year. The Budget may be revised by Board action during the fiscal year. All amendments to the budget, or transfers of operating budget appropriations to or from reserve accounts, require Board notification. The General Manager is authorized to transfer budget amounts within programs. The legal level of budgetary control is at the total fund level. An actual vs. budget comparison statement for FY 2017-18 is presented in Table 4 to demonstrate compliance with the adopted budget.

**TABLE 4  
FY 2018 Actual vs FY 2018 Budget  
(In thousands of dollars)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Total Percent Change</u>
<b>Revenues:</b>				
From Operations	\$ 232,050	\$ 182,628	\$ 49,422	27.1%
Non-operating Revenues	253	162	91	56.2%
<b>Total Revenues</b>	<b>232,303</b>	<b>182,790</b>	<b>49,513</b>	<b>27.1%</b>
<b>Expenses:</b>				
From Operations				
Cost of Water	220,617	169,099	(51,518)	(30.5%)
Other Operating	10,130	13,822	3,692	26.7%
Depreciation	165	150	(15)	(10.0%)
<b>Total Expenses</b>	<b>230,912</b>	<b>183,071</b>	<b>(47,841)</b>	<b>(26.1%)</b>
<b>Change In Net Assets</b>	<b>\$ 1,391</b>	<b>\$ (281)</b>	<b>\$ 1,672</b>	<b>(595.0%)</b>

The variances on the budget to actual are as follows:

- Revenues from Operations were \$49.4 million more than budget due to an increase in water sales.
- Expenses from Cost of Water purchased were \$51.5 million higher than budget due to an increase in water sales.
- Expenses from Other Operating were \$3.7 million lower mainly due to projects taking longer and a reduction in the cost of turf removal program. Professional services, engineering and building expense have projects rolling over by \$1.7 million and the turf removal program was lower by \$1.6 million. Other conservation programs were lower by \$400 thousand.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2018**

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

The District's Board of Directors and management considered many factors during preparation and approval of the annual budget for FY 2018-19. The budgeted operating expenses total \$213.9 million and operating and non-operating revenues total \$213.9 million.

Historically, the District has recouped the cost of water purchased from the resale of imported water to the District's 28 water agencies located in Orange County. In addition MWDOC has charged both a per acre-foot surcharge and a per retail meter charge to cover its operating budget. In past history, the District's operating revenue has been approximately 65% from per retail connection charges, and 35% from per acre-foot charges. Beginning in 2011-12, MWDOC began transitioning from the two-component rate structure to one involving only a single component. Over a five year period, ending in 2015-16, MWDOC had been transitioning from a water rate structure involving a per acre-foot charge and a fixed per retail meter charge to a 100% on the per retail meter charge. Beginning FY 2016-17 MWDOC has established two classes of customers, a retail meter and a groundwater customer. The District's budget is now allocated between retail meter customers and groundwater customers. In addition MWDOC's agencies will also pay for the resale cost of imported water.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is intended to provide the Board of Directors, customers, taxpayers, creditors, and other interested parties with a general overview of the District's financial operations and condition at the year ended June 30, 2018, and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional information, you may contact the Municipal Water District of Orange County, Finance Dept., at 18700 Ward Street, Fountain Valley, CA 92708, (714) 963-3058, [www.mwdoc.com](http://www.mwdoc.com).





# **BASIC FINANCIAL STATEMENTS**

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

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Net Position

June 30, 2018

**ASSETS**

**Current Assets:**

**Restricted Assets:**

Cash and Cash Equivalents (Note 2)	\$ 1,635,790
Accounts Receivable Other	951,057
Accrued Interest Receivable	6,453
	<hr/>
Total Restricted Assets	2,593,300

**Unrestricted Assets:**

Cash and Cash Equivalents (Note 2)	5,738,482
Investments (Note 2)	6,550,065
Accounts Receivable:	
Water Sales	35,580,199
Other	510,987
Accrued Interest Receivable	75,267
Deposits and Prepaid Expenses	183,576
	<hr/>
Total Unrestricted Assets	48,638,576
	<hr/>
Total Current Assets	51,231,876

**Noncurrent Assets:**

**Unrestricted Assets:**

Capital Assets, Net (Note 4)	1,351,853
	<hr/>
Total Noncurrent Assets	1,351,853
	<hr/>
<b>TOTAL ASSETS</b>	<b>52,583,729</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amount related to pensions (Note 7)	1,023,601
Deferred amount related to OPEB (Note 8)	215
	<hr/>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,023,816</b>



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
Statement of Net Position (Continued)  
June 30, 2018

**LIABILITIES**

**Current Liabilities:**

**Payable from Restricted Assets**

Accrued Liabilities	\$ 446,371
Advances from Participants	954,312
Total Payable from Restricted Assets	<u>1,400,683</u>

**Unrestricted Liabilities:**

Accounts Payable, Metropolitan Water District of Southern California	38,407,556
Accrued Liabilities	<u>1,848,316</u>
Total Unrestricted Liabilities	<u>40,255,872</u>
Total Current Liabilities	<u>41,656,555</u>

**Noncurrent Liabilities:**

**Unrestricted Liabilities:**

Net Pension Liability (Note 7)	2,276,032
Net OPEB Liability (Note 8)	<u>297,147</u>
Total Noncurrent Liabilities	<u>2,573,179</u>
<b>TOTAL LIABILITIES</b>	<u><u>44,229,734</u></u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred amount related to pensions (Note 7)	<u>178,707</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>178,707</u></u>

**NET POSITION**

Net Investment in Capital Assets	1,351,853
Restricted	1,192,617
Unrestricted	<u>6,654,634</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 9,199,105</u></u>

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Revenues, Expenses and  
Changes in Net Position  
For the Fiscal Year Ended June 30, 2018

**Operating Revenues:**

Water Sales	\$ 229,706,556
Special Projects Revenue	1,364,076
Federal Grant Revenue	428,303
State Grant Revenue	550,750
Total Operating Revenues	<u>232,049,685</u>

**Operating Expenses:**

Cost of Water Sold	220,617,185
Salaries and Employee Benefits	4,879,337
General and Administrative	2,907,711
Special Project Expenses	2,343,129
Depreciation	<u>165,049</u>
Total Operating Expenses	<u>230,912,411</u>
Operating Income	<u>1,137,274</u>

**Nonoperating Revenues:**

Investment Income	233,523
Other Income	<u>19,938</u>
Total Nonoperating Revenues	<u>253,461</u>

**Change in Net Position** 1,390,735

**NET POSITION - BEGINNING OF YEAR, AS RESTATED (NOTE 10)** 7,808,370

**NET POSITION - END OF YEAR** \$ 9,199,105

# MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

## Statement of Cash Flows For the Fiscal Year Ended June 30, 2018

### Cash Flows from Operating Activities:

Cash received from member agencies-water deliveries	\$ 226,494,561
Cash payments to Metropolitan Water District of Southern California	(215,239,164)
Cash payments for salaries and employee benefits	(4,670,237)
Cash payments for general and administrative expenses	(3,223,997)
Cash received from special projects	3,761,877
Cash payments for special projects	(3,103,004)
Other income	19,938
	<hr/>
Net Cash provided by Operating Activities	4,039,974
	<hr/>

### Cash Flows from Noncapital and Related Financing Activities:

(Proceeds from)/Payments to RPOI participants	-
	<hr/>
Net Cash provided/(used) by Noncapital and Related Financing Activities	-
	<hr/>

### Cash Flows from Capital and Related Financing Activities:

Acquisition of capital assets	(153,299)
	<hr/>
Net Cash used by Capital and Related Financing Activities	(153,299)
	<hr/>

### Cash Flows from Investment Activities:

Investment income	233,523
Investments matured/(purchased)	(3,584,501)
	<hr/>
Net Cash used by Investment Activities	(3,350,978)
	<hr/>

Net increase in cash and cash equivalents	535,697
Cash and cash equivalents at beginning of year	6,838,575
	<hr/>
Cash and Cash Equivalents at End of Year	\$ 7,374,272
	<hr/> <hr/>

### Financial Statement Presentation:

Cash and Cash Equivalents (Restricted)	\$ 1,635,790
Cash and Cash Equivalents (Unrestricted)	5,738,482
	<hr/>
Totals	\$ 7,374,272
	<hr/> <hr/>



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Cash Flows (Continued)  
For the Fiscal Year Ended June 30, 2018

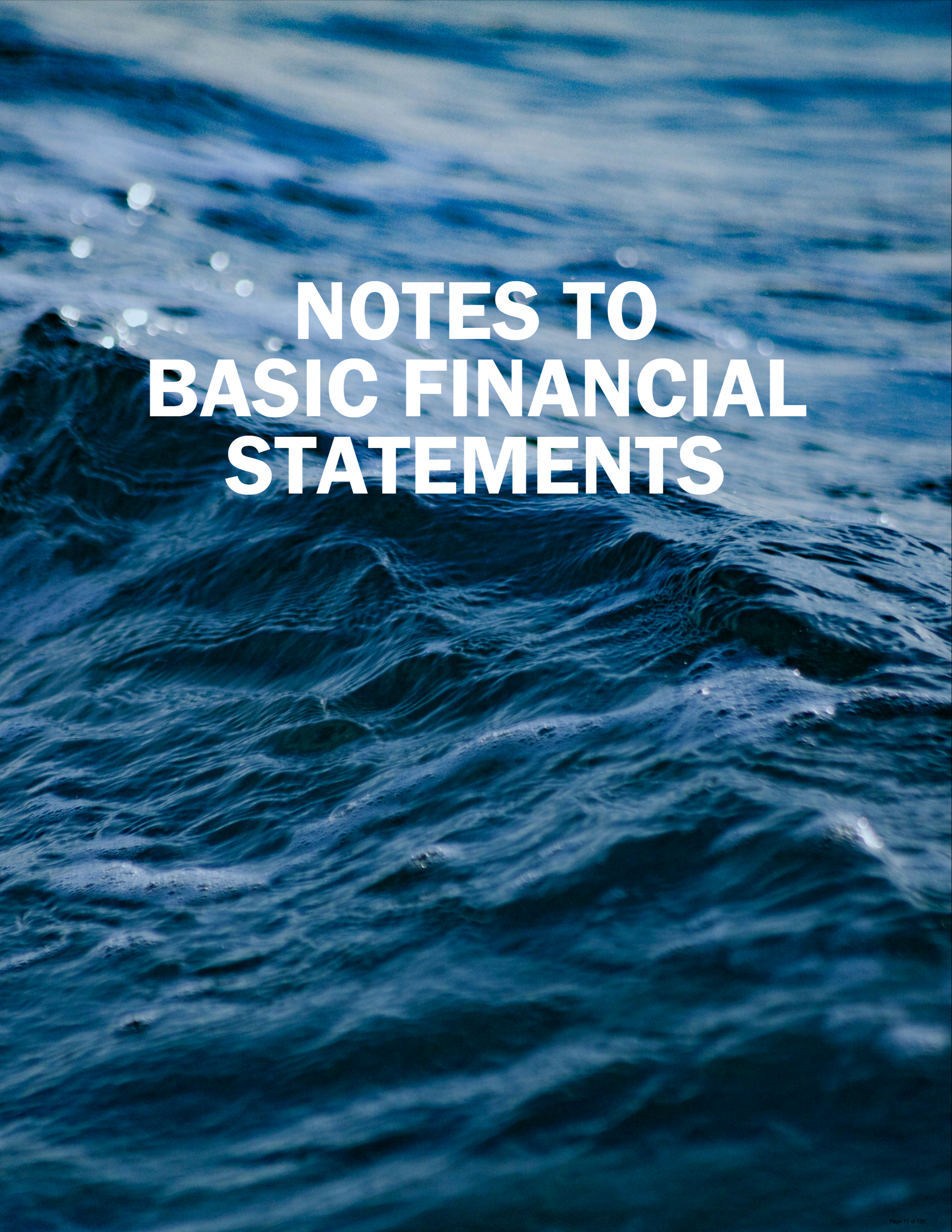
**Reconciliation of Operating Income to Net Cash Provided  
for Operating Activities**

Operating Income	\$ 1,137,274
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	165,049
Other Income	19,938
Change in Assets and Liabilities:	
(Increase) in accounts receivable - water sales	(3,211,996)
Decrease in accounts receivable - other	(372,639)
(Increase) in deposits and prepaid expenses	(7,145)
(Increase) in OPEB asset	-
Decrease in accounts receivable - special projects	1,303,699
(Increase) in deferred outflows - pension related	(133,525)
Increase in accrued and other liabilities	63,498
Increase in restricted accrued liabilities	115,048
(Decrease) in advances from participants	(759,874)
(Decrease) in unearned revenue for special projects	-
Increase in accounts payable to Metropolitan Water District of Southern California	5,378,022
Increase in net pension and OPEB liability	394,997
(Decrease) in deferred inflows - pension related	(52,372)
Total Adjustments	<u>2,902,700</u>
Net Cash Provided by Operating Activities	<u>\$ 4,039,974</u>

Noncash investing activities:

Unrealized loss on investments	\$ (84,182)
Total noncash investing activities	<u>\$ (84,182)</u>





# **NOTES TO BASIC FINANCIAL STATEMENTS**



## **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

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

#### **Reporting Entity**

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

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

The District's reporting entity includes the accounts of the District and the Municipal Water District of Orange County Water Facilities Corporation (WFC). Formed as a separate California nonprofit corporation on April 20, 1978 to assist in the financing of the Allen-McColloch Pipeline (AMP) and the Flow Augmentation Project (FAP), the WFC has no employees. The WFC is governed by a seven-member board comprised of the District's board members. The WFC had no activity or balances for the year ended June 30, 2018 and is kept active for potential future financing arrangements. WFC is a blended component unit of the District and the District has operational responsibility for WFC.

#### **Basic Financial Statements**

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

#### **Basis of Presentation**

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

The District's basic financial statements have been prepared on the accrual basis of accounting, and are presented on an economic measurement focus reporting all economic resources and obligations as of and for the year ended June 30, 2018.

## **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

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

#### **Net Position**

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

- Net Investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets as applicable.
- Restricted net position – This amount consists of restricted assets reduced by liabilities. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported or a resource subject to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This amount is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

#### **Operating and Nonoperating Revenues and Expenses**

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

Revenues from federal and state grants, reimbursements from participants and special projects, as well as special project expenses are defined as operating revenues and expenses, respectively. Nonoperating revenues consist of investment income and other miscellaneous income.

#### **Water Sales and Cost of Water Sold**

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

The District's revenue is from a per retail meter connection charge and a groundwater customer charge. Choice services are charged directly to the agencies as a "fee for service" on a subscription basis. The member agencies also pay for the resale of imported water in addition to the other charges noted.

## **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

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

#### **Investments**

##### **Fair Value Measurements**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investment policy and delegation of investment authority, is reviewed and approved each year by the Board of Directors. The investment policy authorizes the Treasurer to invest, reinvest, sell or exchange permitted fixed income securities in accordance with the California Government Code. Investment income from restricted assets remains restricted.

#### **Cash and Cash Equivalents**

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

#### **Accounts Receivable**

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

#### **Capital Assets**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life greater than one (1) year. Upon retirement, sale or other disposition of capital assets, the cost and related accumulated depreciation are removed from their respective accounts and any gains or losses are recognized. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which range from 3 to 10 years for furniture, fixtures, and equipment, and up to 30 years for leasehold improvements.

#### **Deposits and Prepaid Expenses**

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

#### **Deferred Outflows and Inflows of Resources**

The District reported deferred outflows and inflows of resources related to pensions and OPEB. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the district that is applicable to a future period. Refer to Note 7 and 8 for items identified as deferred inflows and outflows as of June 30, 2018.

## **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

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

#### **Compensated Absences**

As vacation leave is a vested employee benefit, the District is obligated to compensate employees for all earned but unused vacation days. Employee vacation days are accrued each pay period and reported as accrued liabilities. Depending on the length of employment, employees earn a minimum of 10 up to a maximum of 21 vacation days per year. Accumulated vacation days may not exceed 2 times the number of days earned per year without prior approval of the General Manager. Sick leave time is a non-vested employee benefit (i.e. accumulated sick leave is not payable in the event of employee termination) and is considered a contingent liability and is not reflected in the accompanying financial statements.

#### **Unearned Revenue**

Unearned revenue represents grant revenues received in advance of the recognition of the related expense.

#### **Pensions**

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

#### **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

#### **Estimates**

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

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

### (1) Organization and Summary of Significant Accounting Policies (Continued)

#### Implementation

During the fiscal year ended June 30, 2018, the District's adopted the following new Statement of the Governmental Accounting Standards Board (GASB):

- GASB statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed in this Statement. Refer also to Note 10.

### (2) Cash and Investments

Cash and investments at June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents (restricted)	\$ 1,635,790
Cash and cash equivalents (unrestricted)	5,738,482
Investments (unrestricted)	<u>6,550,065</u>
Total Cash and Investments	<u><u>\$ 13,924,337</u></u>

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	288,474
Investments	<u>13,635,363</u>
Total Cash and Investments	<u><u>\$ 13,924,337</u></u>

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

### (2) Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk. The District's investment policy allows for funds to be divided into two categories. The Operating and Fiduciary Funds authorized investments are below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One
U.S. Treasuries	5 years	100%	100%
U.S. Government Agencies	5 years	100%	50%
Corporate Securities	5 years	30%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Bankers' Acceptances	180 days	40%	5%
Repurchase Agreements	1 year	20%	10%
Money Market Mutual Funds	N/A	20%	20%
Collective Investment Pool	N/A	20%	10%
County Investment Pool	N/A	100%	100%
State Investment Pool	N/A	100%	100%

#### Disclosures Relating to Interest Rate Risk

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



# Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

## (2) Cash and Investments (Continued)

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25-60 Months
Negotiable Certificate of Deposits	\$ 1,930,305	\$ 499,865	\$ 497,940	\$ 932,500
Corporate Securities	1,124,277	-	493,570	630,707
Orange County Investment Pool	6,660,180	6,660,180	-	-
State Investment Pool	3,920,601	3,920,601	-	-
	<u>\$13,635,363</u>	<u>\$11,080,646</u>	<u>\$ 991,510</u>	<u>\$1,563,207</u>

### Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Ratings as of Year End				
			AAAm	A	A-	AA-	Not Rated
Negotiable Certificate of Deposits	\$ 1,930,305	N/A	\$ -	\$ -	\$ -	\$ -	\$ 1,930,305
Corporate Securities	1,124,277	A	-	192,428	739,623	192,226	-
Orange County Investment Pool	6,660,180	N/A	6,660,180	-	-	-	-
State Investment Pool	3,920,601	N/A	-	-	-	-	3,920,601
	<u>\$ 13,635,363</u>		<u>\$ 6,660,180</u>	<u>\$ 192,428</u>	<u>\$ 739,623</u>	<u>\$ 192,226</u>	<u>\$ 5,850,906</u>

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

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

### (2) Cash and Investments (Continued)

#### Disclosures Relating to Fair Value Measurement and Application

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 2 are valued using a market approach using quoted market prices. Values are determined using pricing models and discounted cash flow models and includes management judgement and estimation. Uncategorized investments include investments in a non 2a-7 like pool, such as the Local Agency Investment Fund (LAIF) and the Orange County Investment Pool (OCIP). These investments do not have a legally binding guarantee for its share price and cannot have a measured amortized cost.

The District had the following recurring fair value measurements as of June 30, 2018:

Investment Type	Fair Value Application			
	1	2	3	Uncategorized
Negotiable Certificate of Deposits	\$ 1,930,305	\$ -	\$ 1,930,305	\$ -
Corporate Securities	1,124,277	-	1,124,277	-
Orange County Investment Pool	6,660,180	-	-	6,660,180
State Investment Pool	3,920,601	-	-	3,920,601
	<u>\$13,635,363</u>	<u>\$ -</u>	<u>\$ 3,054,582</u>	<u>\$ 10,580,781</u>

Investments in LAIF and OCIP are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, these investments are uncategorized.

#### Concentration of Credit Risk

The District's investment policy contains limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. At June 30, 2018 the District did not have investments in more than one issuer (other than U.S. Treasury securities, mutual funds, external investment pools) that represented 5% or more of total District investments.

#### Custodial Credit Risk

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

## **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

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### **(2) Cash and Investments (Continued)**

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. The Government Code also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018 the District's deposits with financial institutions are covered by the Federal Deposit Insurance Corporation up to \$250,000, the remaining amounts of \$316,561 were collateralized as described above.

#### **Investment in State and County Investment Pool**

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

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

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

### **(3) Restricted Assets**

Restricted assets are monies held in restricted funds or accounts by the District for the benefit of member agencies, including a rate stabilization fund. As of June 30, 2018, \$2,593,300 was reported as restricted assets related to member agency activities.

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

### (4) Capital Assets

The following is a summary of capital assets at June 30, 2018 with changes therein:

	2017	Additions	Deletions	2018
Furniture, Fixtures and Equipment	\$ 457,310	\$120,380	\$ (7,073)	\$ 570,618
Leasehold Improvements	3,695,600	32,919	-	3,728,519
	<u>4,152,910</u>	<u>153,299</u>	<u>(7,073)</u>	<u>4,299,137</u>
Less accumulated depreciation:				
Furniture, Fixtures and Equipment	(414,749)	(9,534)	7,073	\$ (417,210)
Leasehold Improvements	<u>(2,374,557)</u>	<u>(155,516)</u>	<u>-</u>	<u>(2,530,073)</u>
	<u>(2,789,306)</u>	<u>(165,050)</u>	<u>7,073</u>	<u>(2,947,284)</u>
Net Capital Assets	<u>\$1,363,604</u>	<u>\$ (11,751)</u>	<u>\$ -</u>	<u>\$1,351,853</u>

### (5) Deferred Pension Plan

The District sponsors a Money Purchase Pension Plan (the Pension Plan), a defined contribution plan, under Internal Revenue Code Section 401(a) for the benefit of its Board of Directors. The Directors contribute 7.5 percent of their covered compensation to the Pension Plan. The Directors' contributions to the Pension Plan totaled \$25,529 for the year ended June 30, 2018. Participants become vested in the Pension Plan at a rate of 20% per year of service until they are fully vested after five (5) years.

District employees were previously part of the Pension Plan until March 2013 when they became members of the CalPERS plan. See Note 7.

### (6) Risk Management

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

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

At June 30, 2018, the District participated in the self-insurance programs as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500 million. The District has a \$1,000 deductible for buildings, personal property and fixed equipment.

General, Auto and Public Officials Liability - The Insurance Authority has pooled self-insurance up to \$5 million per occurrence, and has purchased excess insurance coverage up to \$60 million.

## **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

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### **(6) Risk Management (Continued)**

Crime Policy/Fidelity Bond - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$3 million. The District has a \$1,000 deductible.

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

Workers' Compensation – This Plan is administered through the Special District Risk Management Authority (SDRMA). The SDRMA is self-insured up to the statutory limit per occurrence.

Employer's liability is insured up to a \$5 million limit per occurrence. ACWA/JPIA maintains a Self-Insured Retention that is periodically adjusted based on market conditions.

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

### **(7) Cost-Sharing Defined Benefit Plan**

#### **General Information about the Pension Plan**

**Plan Descriptions** – Effective March 1, 2013, all qualified regular full-time employees working over 1,000 hours in a fiscal year are eligible to participate in the District's employee pension plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. The CalPERS Plans (the Plans) consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Funds C (PERF C). Benefit provisions under the Plans are established and may be amended by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, membership information, and related financial information can be found on the CalPERS website at: <http://www.calpers.ca.gov>.

**Benefits Provided** – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

### (7) Cost-Sharing Defined Benefit Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Formula	2.0% @55	2.0% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.250%
Required employer contribution rates	9.921%	6.533%
Pensionable Compensation Cap*	No Cap	\$140,424

\* Will increase to reflect changes in the Consumer Price Index

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

Contributions recognized by the Plans from the employer for the year ended June 30, 2018 were \$273,125. The District also contributed 1% of the Classic Plan employee's contribution, or \$20,057, on behalf of employees during the year. The District has phased out contributions paid on behalf of employees as of July, 2018.

### Pension Liabilities, Pension Expenses and Deferred Outflows / Inflows of Resources Related to Pensions

As of June 30, 2018, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plan is as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 2,276,032</u>

# Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

## (7) Cost-Sharing Defined Benefit Plan (Continued)

The District's net pension liability was measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The District's net pension liability was measured as of June 30, 2017, and the total pension liability for the Plan was used to calculate the net pension liability determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 were as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2016	0.05387%
Proportion - June 30, 2017	<u>0.05774%</u>
Change - Increase (Decrease)	0.00386%

For the year ended June 30, 2018, the District recognized pension expense/(credit) of \$538,294.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 3,588	\$ 51,412
Changes of Assumptions	445,245	33,950
Differences between Projected and Actual Investment Earnings	100,696	-
Change in Employer's Proportion	193,243	24,934
Differences between District Contributions and Proportionate Share of Contributions	7,704	68,411
Pension Contributions Made Subsequent to Measurement Date	<u>273,125</u>	<u>-</u>
Total	<u>\$ 1,023,601</u>	<u>\$ 178,707</u>

The amount of \$273,125 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

# Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

## (7) Cost-Sharing Defined Benefit Plan (Continued)

Year ended June 30,	
2019	\$ 174,613
2020	274,339
2021	182,601
2022	(59,785)
	<u>\$ 571,768</u>

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2016 actuarial valuation were determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 CalPERS Experience Study report.

All other significant actuarial assumptions used in the June 30, 2016 valuations were based on the results of the actuarial experience study for the period from 1997 to 2011. The Experience Study report may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.



# Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

## (7) Cost-Sharing Defined Benefit Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Taking into account historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2016.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return Years 1-10 <sup>1</sup>	Long-term Expected Real Rate of Return Years 11 + <sup>2</sup>
Global Equity	47%	4.90%	5.38%
Fixed Income	19%	0.80%	2.27%
Inflation Assets	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	(0.40%)	(0.90%)
Total	<u>100%</u>		

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

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

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
District's Net Pension Liability/(Asset)	\$ 3,743,688	\$ 2,276,032	\$ 1,060,492

## Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

### (7) Cost-Sharing Defined Benefit Plan (Continued)

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

#### **Amortization of Deferred Outflows and Deferred Inflows of Resources**

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSLS) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

### (8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB)

#### **Plan Description:**

Effective October 1, 2011, the District established a Post-Retirement Healthcare Plan (Health Plan), and has contributed to a Section 115 Irrevocable Exclusive Benefit Trust for the pre-funding of post-employment health care costs. Currently, the District provides health insurance for its retired employees and their dependent spouses (if married and covered on the District's plan at time of retirement), or survivors in accordance with Board resolutions. Medical coverage is provided for retired employees who are age 55 or over and who have a minimum of 10 consecutive years of full-time service with the District. The District pays 100% of the premium for the lowest cost single retiree plan plus 90% of the difference to the plan actually selected, plus 80% of the combined retiree and spouse's medical premium until age 65. If a retiree in receipt of these benefits dies before reaching age 65, the surviving spouse will continue to receive coverage that the retiree would have been entitled to until age 65 only. When a retiree reaches age 65 and/or is eligible for Medicare, the District reimburses the retiree up to \$1,800 per calendar year for the cost of Supplemental Medical Insurance and Medicare Prescription Drug (Part D) Insurance for the lifetime of the retiree only. Retirees who complete at least 25 consecutive years of full-time service receive District-paid dental and vision benefits along with the above-mentioned medical coverage and post-age 65 coverage includes Medicare Part B premium reimbursements until the time of the retiree and spouse's death. Employees hired on or after July 1, 2012 are ineligible for District-paid retiree health benefits.

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

### (8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

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

The following parties are responsible for administration of the Health Plan:

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

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

Plan membership. At June 30, 2018, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	12
Active plan members	14
Total	<u>26</u>

#### Funding Policy:

The contribution requirements of Health Plan members and the District are established, and may be amended, by the District's Board of Directors. Currently, contributions are not required from Health Plan members. The District has fully funded the OPEB obligation with the addition of an OPEB Designated Reserve account.

#### Net OPEB Liability:

The District's Net OPEB Liability was measured as of June 30, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2018.

#### Actuarial assumptions:

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Investment rate of return	6.00%, net OPEB plan investment expense
Healthcare cost trend rate	6.00% for 2018; 5% for 2019 thru 2021 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

## Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

### (8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

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

Actuarial assumptions used in the June 30, 2018 valuation were based on a review of plan experience during the period July 1, 2016 to June 30, 2018.

#### Discount rate:

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Valuation Date	June 30, 2018
Reporting Date	June 30, 2018
Measurement Date	June 30, 2018
Long-Term Expected Return of Plan Investments	6.00%
Municipal Bond 20-Year High Grade Rate Index	3.62%
Discount Rate	6.00%

The components of the net OPEB liability at June 30, 2018, were as follows:

Total OPEB liability	\$ 2,374,867
Plan fiduciary net position	\$ 2,077,720
Net OPEB liability	\$ 297,147
Covered payroll	\$ 275,382
Net OPEB liability (asset) as a percentage of covered payroll	107.90%
Plan fiduciary net position as a percentage of the total OPEB liability	87.49%

# Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

## (8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

### Schedule of Change in Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at July 1, 2017	<u>\$ 2,267,077</u>	<u>\$ 1,960,367</u>	<u>\$ 306,710</u>
Changes for the year:			
Service Cost	33,406	-	33,406
Interest	134,254	-	134,254
Differences between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Net investment income		128,809	(128,809)
Contributions			
Employer - cash subsidy	-	59,870	(59,870)
Employer - implicit subsidy	-	-	-
Employee	-	-	-
Benefit payments, including implicit subsidy associated with benefits paid	(59,870)	(59,870)	-
Administrative expense		(11,456)	11,456
Other changes	-	-	-
Net changes	<u>107,790</u>	<u>117,353</u>	<u>(9,563)</u>
Balances at June 30, 2018	<u><u>\$2,374,867</u></u>	<u><u>\$2,077,720</u></u>	<u><u>\$ 297,147</u></u>

### Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability (Asset)	\$ 655,440	\$ 297,147	\$ 7,484

## Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

### (8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

#### Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 4.00%)	Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Net OPEB liability (asset)	\$ 10,262	\$ 297,147	\$ 652,316

#### OPEB Expense and Contribution

For the year ended June 30, 2018, the District made a total contribution of \$53,623, which represent actual health care costs for its retirees and their covered dependents.

For the year ended June 30, 2018, the District's OPEB expense was \$50,092, which includes the implicit subsidy.

Service Cost	\$ 33,406
Interest Cost	134,254
Expected Return on Assets	(117,622)
Recognition of Deferred Outflows and Inflows	
Difference between projected and actual investments	54
Total OPEB Expense	\$ 50,092

#### Actuarially Determined Contribution

The following shows the actuarial determined contribution for the year ended June 30, 2018:

Service Cost	\$ 33,406
Net OPEB Liability Amortization Payment (30-year)	15,472
Total	\$ 48,878

#### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual return investments	\$ 215	\$ -

## Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

### (8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	\$ 54
2020	54
2021	54
2022	53
	<u>\$ 215</u>

### Investments Return

For the year ended June 30, 2018 the annual money-weighted rate of return on investments, net of investment expense, was 6.58 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	40%	5.8%
Fixed income	35	1.0
Private equity	20	6.0
Real estate	3	5.9
Cash	2	0.0
Total	<u>100%</u>	

### (9) Commitments and Contingencies

The District is involved in various litigation from time to time arising from the normal course of business. In the opinion of management and legal counsel, the District is not involved in any litigation that is expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2018

### (10) Prior Period Adjustments

The District implemented GASB 75 effective July 1, 2017. Refer to Note 8 for further disclosures related to the Plan and related balances. As a result of the implementation, the District restated the net position as of June 30, 2017 as noted below:

Beginning of year, as previously reported	
Net Position	\$ 8,598,626
GASB 45 Net OPEB Obligation June 30, 2017 balance	(483,546)
GASB 75 Net OPEB Liability as of measurement date of June 30, 2017	<u>(306,710)</u>
Beginning of year, as restated	
Net Position	<u><u>\$ 7,808,370</u></u>

Following is the pro forma effect of the retroactive application:

	June 30, 2017 Previously Presented	Restatement	July 1, 2017 Restated
Net OPEB asset	\$ 483,546	\$ (483,546)	-
Net OPEB liability	-	(306,710)	(306,710)

### (11) Subsequent Events

The District has evaluated events or transaction through November 21, 2018, the date on which the financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no other subsequent matters require disclosure or adjustment to the accompanying financial statements.





# **REQUIRED SUPPLEMENTARY INFORMATION**

**(Unaudited)**

**Municipal Water District of Orange County**  
Required Supplementary Information (Unaudited)  
For the Year Ended June 30, 2018

**Schedule of Changes in Net OPEB Liability and Related Ratios  
for the Measurement Periods Ended June 30**

Measurement Period	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 33,406
Interest on the total OPEB liability	134,254
Actual and expected experience difference	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments	<u>(59,870)</u>
Net change in total OPEB liability	107,790
Total OPEB liability - beginning	<u>2,267,077</u>
Total OPEB liability - ending (a)	<u>\$ 2,374,867</u>
Plan Fiduciary Net Position	
Contribution - employer	\$ 59,870
Net investment income	128,809
Benefit payments	(59,870)
Administrative expense	<u>(11,456)</u>
Net change in plan fiduciary net position	117,353
Plan fiduciary net position - beginning	<u>1,960,367</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,077,720</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 297,147</u>
Plan fiduciary net position as a percentage of the total OPEB liability	87.49%
Covered-employee payroll	\$ 1,933,612
Net OPEB liability as a percentage of covered-employee payroll	15.37%

Historical information is required only for measurement periods for which GASB 75 is applicable.  
Future years' information will be displayed up to 10 years as information becomes available.

**Municipal Water District of Orange County**  
Required Supplementary Information (Unaudited)  
For the Year Ended June 30, 2018

**Schedule of OPEB Contributions**  
**Last Ten Fiscal Years\***

Fiscal Year Ended June 30	2018
Actuarially Determined Contribution (ADC)	\$ 48,878
Contributions in relation to the ADC	<u>(59,870)</u>
Contribution deficiency (excess)	<u><u>\$ (10,992)</u></u>
 Covered-employee payroll	 \$ 1,933,612
 Contributions as a percentage of covered-employee payroll	 3.10%

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Payroll Growth	3% per annum, in aggregate
Investment Rate of Return	6.00 percent, net of OPEB plan investment expense
Healthcare cost-trend rates	6.00% for 2018; 5.00% for 2019; 5.00 % for 2020 and 5.00% for 2021 and later years
Retirement Age	55
	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

\*Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to 10 years as information becomes available.



**Municipal Water District of Orange County**  
Required Supplementary Information (Unaudited)  
For the Year Ended June 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.05774%	0.05387%	0.05019%	0.02186%
Proportionate share of the net pension liability	\$ 2,276,032	\$ 1,871,472	\$ 1,376,955	\$ 1,360,017
Covered Payroll	\$2,006,692	\$ 2,748,796	\$ 2,640,576	\$ 2,601,571
Proportionate Share of the net pensions liability as a percentage of covered payroll	113.42%	68.08%	52.15%	52.28%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	75.87%	78.40%	79.82%

\* Fiscal year 2015 was the first year of implementation, therefore only four years are shown

**Changes in assumptions.** The accounting discount rate was changed from 7.65 percent to 7.15 percent.

**Notes to Schedule**

Fiscal Year End:	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Valuation Date:	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Discount Rate	7.15%	7.65%	7.65%	7.50%
Projected Salary Increase	3.30% to 14.20% depending on Age, Service, and type of employment	3.30% to 14.20% depending on Age, Service, and type of employment	3.30% to 14.20% depending on Age, Service, and type of employment	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3.00%	3.00%	3.00%	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

**Municipal Water District of Orange County**  
Required Supplementary Information (Unaudited)  
For the Year Ended June 30, 2018

**Cost Sharing Retirement Plan**  
**Schedule of Contributions**  
**Last Ten Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 273,125	\$ 252,815	\$ 220,517	\$ 288,065
Contributions in relation to the actuarially determined contribution	<u>(273,125)</u>	<u>(252,815)</u>	<u>(220,517)</u>	<u>(288,065)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 3,295,260	 \$ 3,022,872	 \$ 2,748,796	 \$ 2,640,576 <sup>1</sup>
Contributions as a percentage of covered-employee payroll	8.29%	8.36%	8.02%	10.91%

\* Fiscal year 2015 was the first year of implementation, therefore only four years are shown

<sup>1</sup> Restated Covered Payroll



November 14, 2018



## Agenda

- ☐ The Audit Team
- ☐ Audit Strategy
- ☐ Results of the Audit
  - *Financial Audit*
  - *Uniform Guidance*
  - *SAS 114 Communication*
  - *SAS 115*
- ☐ New Accounting Pronouncements
- ☐ Plans for Next Year



1



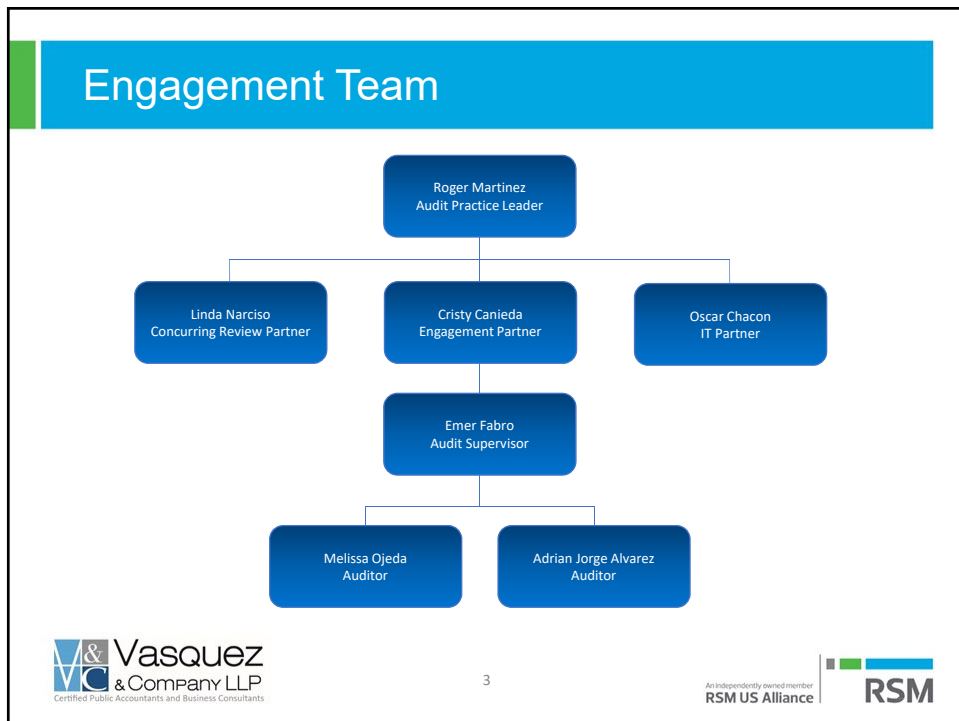
## THE ENGAGEMENT TEAM



**Vasquez  
& Company LLP**  
Certified Public Accountants and Business Consultants

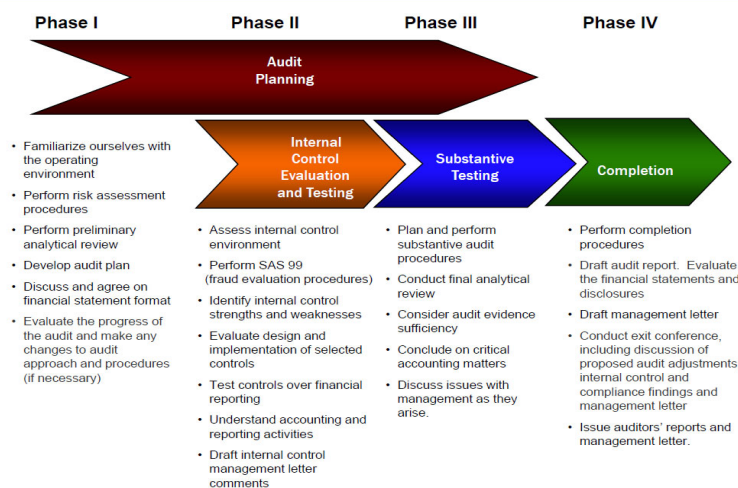
An independently owned member  
RSM US Alliance





# AUDIT STRATEGY

## Audit Strategy





## Audit Focus Areas

Audit Area	Focus
Cash and Investments	The fair values reported in the statements of net position are fairly stated with no inaccurate, incomplete, or missing disclosures related to investment securities.
Receivables and related allowance for doubtful accounts	Receivables are recorded correctly and are properly valued as to collectability.
Capital Assets	Capital assets, capital expenditures and related depreciation are monitored and fairly stated in the financial statements.
Pension and OPEB liabilities	Pension and OPEB liabilities are properly valued and disclosed in the financial statements.
Revenues	Billings to agency participants are reasonably stated and reported in proper periods.
Expenditures/Payroll	Expenditures are incurred in compliance with budgetary constraints and procurement policies. Payroll costs are correctly allocated and are supported by documentation of hours and rates.

## Audit Risks

- ❑ **Revenue Recognition**
  - Tested through analytic procedures, confirmations and through testing of the cutoff of the year-end receivables balance
- ❑ **Related Party Transactions**
  - Tested through review of the Form 700s as well as payments to vendors during the year through IDEA testing
- ❑ **Bidding Procedures not in accordance with District policies**
  - Tested a sample of contracts entered into during the year and compared to stated District policies
- ❑ **Investments not in accordance with District and State of California policies**
  - Tested a sample of quarterly reports during the year
- ❑ **Fraudulent or improper journal entries were posted during the year**
  - Tested through use of IDEA to ensure that entries were not posted on weekends, there were no gaps in sequence and that entries with round numbers were proper and had support validating the entry.
- ❑ **Implementation of New Accounting Standards (GASB 75)**
  - Tested census data and reasonableness of assumptions used in the valuation
- ❑ **Disclosure of net pension liability and OPEB obligations**
  - Agreed to reports provided by third party actuaries and underlying data provided by MWDOC

## IDEA Analysis

- ☐ We performed data analytics to test disbursements and general ledger transactions for unusual events, such as:
  - *Gaps in check sequence*
  - *Transactions posting outside of business hours*
  - *Transactions/payments with even dollar amounts*
  - *Unusually large dollar payments*
- ☐ All potential issues were investigated and resolved satisfactorily

## SUMMARY OF AUDIT RESULTS

## Report of Independent Auditors

### UNMODIFIED OPINION

- ☐ Audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*
- ☐ The financial statements fairly present, in all material respects, Municipal Water District of Orange County's:
  - *Financial position*
  - *Results of operations*
  - *Changes in net assets*
  - *Cash flows*
- ☐ Report on Internal Control over Financial Reporting and on Compliance - No material weaknesses, significant deficiencies, and material noncompliance noted



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## SAS 114 – AUDITORS' REQUIRED COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE



## Required Communications

- ☐ Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
- ☐ We are not aware of any consultations by management with other accountants about accounting or auditing matters.
- ☐ We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Administration and Finance Committee and the Board.
- ☐ We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements.
- ☐ MWDOC's significant accounting policies are appropriate and management has applied its policies consistently with prior periods in all material respects.
- ☐ No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.

## Required Communications (continued)

- ☐ There were no material audit adjustments made during the year.
- ☐ No significant issues were discussed, or subject to correspondence, with management prior to retention.
- ☐ No significant deficiencies or material weaknesses in internal controls were identified.
- ☐ No irregularities, fraud or illegal acts or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.
- ☐ MWDOC will provide us with a signed copy of the management representation letter at the end of the audit and prior to our issuance of the financial statements.

## Independence

There are no relationships between any of our representatives and MWDOC that in our professional judgment may reasonably be thought to bear on independence.

We confirm that we are independent of MWDOC within the meaning of the independence, integrity and objectivity rules, regulations, interpretations, and rulings of the AICPA, Government Auditing Standards (Yellow Book), the State of California Board of Accountancy, and other regulatory agencies.



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## Noted Best Practices

- ☐ No written capitalization policy for fixed assets (Current capitalization threshold: \$5,000)
- ☐ Detailed monthly closing checklist should be included in the written accounting policies and procedures manual
- ☐ Required Vacation – Recommended from prior year audit and Implemented in FY2018
  - MWDOC should require that accounting personnel take vacation of five consecutive days and/or during key transaction cycle periods, such as distribution of accounts payable and payroll checks, so as to ensure that MWDOC has proper backup and training of personnel as well as to prevent possible fraud.



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## NEW ACCOUNTING PRONOUNCEMENTS



## New Accounting Pronouncements – Effective This Year

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2018, that have effective dates that impact current financial presentations. Implementation of the following had no impact on the financial statements of the District.

**GASB 81** – Irrevocable Split-Interest Agreements. Effective for periods beginning after December 15, 2016.

**GASB 85** – Omnibus 2017. Effective for periods beginning after June 15, 2017.

**GASB 86** – Certain Debt Extinguishment Issues. Effective for periods beginning after June 15, 2017.



## New Accounting Pronouncements – Effective in Future Years

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2018, that have effective dates that impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the District.

**GASB 83** – Certain Asset Retirement Obligations. Effective for periods beginning after June 15, 2018.

**GASB 84** – Fiduciary Activities. Effective for periods beginning after December 15, 2018.

**GASB 87** – Leases. Effective for periods beginning after December 15, 2019.

**GASB 88** – Certain Disclosures Related to Debt (Including Direct Borrowings and Direct Placements) December 31, 2020 (for entities with December 31 year end)

**GASB 89** – Accounting for Interest cost Incurred Before the End of a Construction Period

## PLANS FOR NEXT YEAR

## Plans for Next Year

- ☐ Keep the audit fresh by adding unpredictability to our procedures.
- ☐ Maintain high quality auditing standards.
- ☐ Identify areas of improvement and review our comments to management in order to determine and document whether they have been implemented.
- ☐ Provide updates on recent developments affecting your organization.
- ☐ Work with management on timing of audit of financial statements, as well as the Single Audit, if required.

## DISCUSSION AND QUESTIONS



**THANK YOU FOR YOUR TIME AND  
ATTENTION**



## Contact Information

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**CONSENT CALENDAR ITEM**

November 21, 2018

**TO:** Board of Directors

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

Robert Hunter, General Manager

Staff Contact: Karl Seckel

**SUBJECT: Water System Operations and Integration of New Supplies**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors approve the Phase 1 work which includes completion of White Papers on the integration of new local water supplies into the OC water distribution system. The cost to complete White Papers on the topics listed below to help us develop an assessment of additional work needed is estimated at \$90,000. The White Papers will focus on the following topics:

- Doheny desalinated water integration,
- Poseidon Huntington Beach desalinated water integration, and
- Local water (groundwater and/or desalinated water) integration into the East OC Feeder #2 pipeline.

Upon completion of the White Papers, staff will return to the Board with refined costs and schedules for completion of the recommended work activities.

**COMMITTEE RECOMMENDATION**

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Committee concurred with staff recommendation.

<b>Budgeted (Y/N): Y</b>	Budgeted amount: \$90,000	Core X	Choice ____
<b>Action item amount:</b>		Cost Center: 23, Line item: 7010	
<b>Fiscal Impact (explain if unbudgeted):</b>			

## SUMMARY

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Multiple water supply projects are currently under consideration in Orange County which include desalinated water and percolation of treated recycled water, and captured stormwater into groundwater basins for subsequent pumping and treatment. The possible integration of multiple treated water sources into the OC water distribution system at various points could result in unintended consequences. Staff and consultants have begun a process to identify key issues and develop strategic pathways toward solutions for successful integration of these supply sources. A scoping workshop on water supply integration issues was held on August 31 where input was developed from consultants Black & Veatch, Hazen & Sawyer and Means Consulting, along with input from Metropolitan staff.

Staff will continue working with consultants Black & Veatch and Hazen & Sawyer to develop the information as recommended above. This initial work will consist of a literature review and determination of additional work that will need to be conducted for the specific instances in Orange County. Staff will then return to the Board with defined scopes of work and schedules to complete the identified work.

## DETAILED REPORT

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On May 16, 2018 the Board authorized the General Manager to enter into contracts with consultants Black & Veatch and Hazen Sawyer for their participation in a scoping workshop on water integration issues.

On August 31, 2018 MWDOC held a Water System Operations and Integration Workshop which was attended by both consulting firms, technical staff from multiple OC water agencies, MET technical staff and other water quality/water operations experts. Attachment A is a summary of the discussions and results coming out of the August Workshop.

The collaborative discussion identified a number of potential issues that could arise within the OC water system resulting from the simultaneous introduction of multiple sources of water. Potential issues include:

- The impact of potentially low volumes (flows) of imported water deliveries in portions of pipelines at certain times of the year leading to low chloramine residuals and water quality deterioration (e.g. nitrification). Chloramine loss due to reactions with low levels of bromide in seawater permeate could exacerbate this issue.
- Mixing of desalinated seawater with other sources of water of varying quality including:
  - MET water blend of Colorado River and State Water Project water
  - Groundwater from the OCWD basin
  - The above water sources flowing south in the Joint Transmission Main (JTM) and blending with desalinated Doheny source water flowing north in the same pipeline
  - Agencies receiving water blends which may be further blended with local water supplies from their systems.

The pH, alkalinity, TOC, bromide, chloramine residual, and other water quality characteristics may vary among these water sources on daily, monthly and seasonal bases. Planning needs to account for the water quality and operational considerations. Our goal is to understand the breadth and depth of these issues prior to any of these projects going on-line.

- Understanding and developing approaches for avoiding consequences to home plumbing systems
- Working out an acceptable resolution with MET for the water quality issues in the EOCF#2 pipeline
- Potential impacts on MET Diemer Plant operations or stranding of assets, especially under conditions of unexpected outages of local supply systems
- Control of hydraulic transients (pressure surges) during loss of power

### **Workshop Recommendations**

The outcome of the workshop was the identification of a number of potential follow-up items and recommendations:

1. Develop White Papers to cover the following topics:

- Doheny desalinated water integration,
- Poseidon Huntington Beach desalinated water integration, and
- Local water (groundwater and/or desalinated water) integration into the East OC Feeder #2 pipeline.

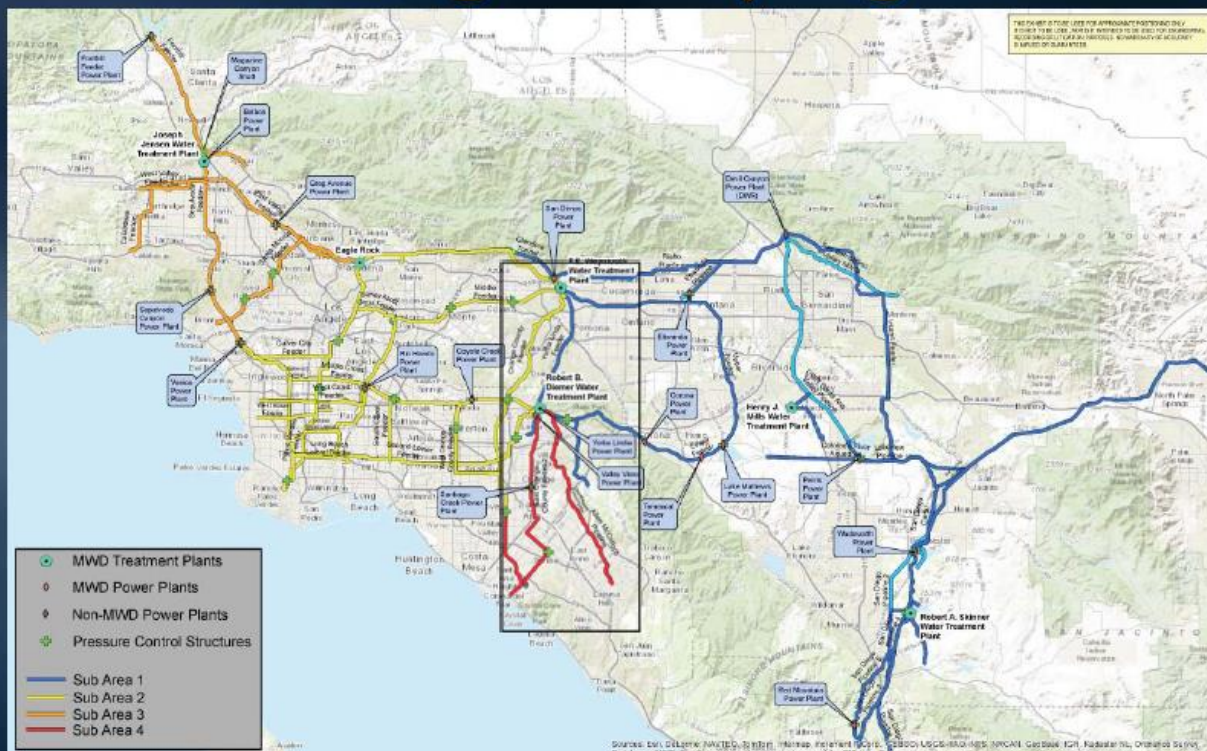
The White Papers will consider local water source blending implications through:

- A. Existing literature review and reconciliation of any differences between the literature and each of the three specific situations;
- B. Analysis of the potential impacts of pipeline flow reversal. The majority of the OC distribution system is designed for water coming from the north and flowing generally to the south. New local supplies would potentially reverse flows in several pipelines that result in water flow reversals in pipelines throughout the year;
- C. Evaluation of local supplies blending with various blends of State Water Project and Colorado River water and providing recommendations on the need for pipe loop studies for corrosion and related issues;
- D. Development of a regulatory strategy for water integration that will meet all state and federal requirements; and
- E. Development of mitigation strategies for resolving pipeline low flow water quality issues as demands vary throughout the year and local supplies provide larger portions of OC water demands.

2. Evaluate hydraulic and transient (pressure surge) management strategies, including a benefit/cost analysis of the possible use of blending tanks for hydraulic transient control.
3. Evaluate water quality benefits of using storage tanks for hydraulic and transient management approaches.
4. Develop critical control points/plans for managing distribution operations year-round.
5. Develop a water quality blending model that could be used to aid ongoing operations.
6. Leverage the existing MET hydraulic model and add portions of the non-MET OC distribution system to the existing MET model to better understand the implications of different operating strategies. Also incorporate a water quality module into the OC hydraulic model for analysis of water constituents, water age, and chloramine residual.
7. Analyze the economic impacts of local water introduction on existing MET operations (i.e. Diemer operations).

On October 18, 2018 MWDOC staff met with MET Facility Planning staff to discuss MET's experiences with, and the capabilities of, MET's hydraulic model. MWDOC staff also began a discussion about the possibilities of leveraging existing MET model data for inclusion into an OC water distribution model. MET staff was generally favorable to the idea of sharing information, and are currently evaluating a number of possible alternatives that will be discussed with MET executive management. A slide of the MET distribution system is provided below.

# MWD – Orange County Region



A meeting is being scheduled to view a demonstration of a water quality blending model developed by Black & Veatch for the Tampa Bay Water system that was highlighted during the August Workshop. Tampa Bay currently blends groundwater, surface water from local rivers and an off-stream reservoir, and desalinated seawater into their system.

Staff has also been providing assistance to one of our consultant's in pursuing a Water Research Foundation research grant which will look at similar issues. Potential grant funds could help with Phase 2 work items. We also anticipate that we will include MET in Phase 2 work, but will embark on Phase 1 work using our consultants.

## Next Steps

Staff and our consultant are currently working through the workshop recommendations; and with the Board's approval, will proceed with the White Papers on new supply integration. Staff will also coordinate an inventory of the size, material makeup and age of the OC pipelines and the distribution systems in South Orange County. This work will constitute Phase 1.

Following completion of the Phase 1 White Papers, staff and the selected consultant(s) will present a refined plan with cost estimates for completing the balance of the related

integration planning and analysis work. This effort will include multiple participants including project proponents and those potentially impacted by these projects.

At a high level the work can be summarized as:

Phase 1 Work Items	Timeframe	Cost Estimate
<b>1. Selection of consultant(s) and completion of White Papers</b>	3-6 mo.	\$90,000
<b>2. Inventory</b> existing OC pipelines (size, age and material)	3-6 mo.	MWDOC staff will collect
Phase 1 Estimate		\$90,000

Following completion of the White Papers, staff will be coming back to the Committee with refined schedules and costs. The current Rough Order of Magnitude (ROM) estimates for the remaining work include:

Phase 2 Work Items	Timeframe	ROM Cost Estimate
<b>3. Identification of potential Project Partners</b> including project proponents, MET and affected agencies; <b>and hiring of consultants</b>	3-6 mo.	TBD
<b>4. Development of refined Scopes of Work</b> including development of regulatory and mitigation strategies, determination of the need and level of effort for loop studies and transient [pressure surge] analyses required	3-6 mo.	TBD
<b>5. Hydraulic &amp; Water Quality Modeling</b>	6 mo.	\$150,00 - \$250,000
<b>6. Transient Analysis</b> (if needed)	TBD	TBD
<b>7. Loop Studies</b> (if needed)	6 -9 mo.	\$250,000 - 300,000
<b>8. Follow-up Work</b>	2-3 mo.	\$30,000 - \$50,000
<b>9. 3<sup>rd</sup> Party Review</b> (if required)	2-3 mo.	\$20,000

## ATTACHMENT A

Date: September 22, 2018  
To: Karl Seckel, Municipal Water District of Orange County  
From: Ed Means, Means Consulting LLC  
Subject: Summary of Local Water Introduction Workshop Lines of Investigation

The following represents consultant participant observations regarding potential studies (highlighted in black).

### Ed Means:

- **Develop individual White Papers on Doheny, HB, and EOCF#2 specific pump-back issues** (consider local blending implications) considering:
  - Summarize literature and reconcile any differences
  - Pipeline flow reversal
  - Local supply blending and evaluation of need for pipe loop studies
  - Regulatory strategy
  - Develop mitigation strategies for resolving pipeline low flow (use of the OCWD basin/pumping, boosters, etc.)
- **Evaluate hydraulic and transient management strategy** for Doheny, HB, and EOCF#2 (benefits and life-cycle cost of blending tank for hydraulic and transient control; consider energy recover opportunities)
- **Evaluate water quality benefits of the optimum hydraulic and transient management study** (chloramine decay management, cost, siting, etc. vs. residual boosting strategy)
- **Develop critical control points/plan (ISO 22000) for managing operations** (consider grid manager concept used for South East Queensland, including Brisbane, Gold Coast, Sunshine Coast; an equally complex and larger area than OC)
  - Identify contingency operating strategies to resolve low flow situations (today and with proposed projects).
- **Develop a Water Quality Blending Model** (ala Tampa) including all three projects
- **Modify the MWD model to include water age/chloramine residual/blend**

In addition,

- DBPs – appear to not be an issue although there was some discussion about individual species
- MWD policy principles on pumpback are probably in need of refreshing



- Idling of capacity at Diemer and how that is handled by MWD will be an important component of determining the cost viability of HB. Doheny is a different set of circumstances.

### **Black and Veatch:**

- MWD is focused on assuring there is no impact on existing infrastructure (liners, materials in contact with water) due to differences in water quality or flow direction. **Consider white paper on studies already in “the literature” to determine if additional studies are needed.**
- MWD indicated that they want chloramine residual and alkalinity of new supplies to be similar to those in the existing water supply in order to avoid chemical reactions where two sources intersect. Steve Dishon at SCWD remarked that they did this successfully at their brackish groundwater desalter.
- MWD remarked that CCPP issue is vitally important. They like the addition of sodium bicarbonate for managing CCPP. They want several water quality parameters to be tracked – LSI, pH, CCPP.
- MWD has completed a hydraulic model of their entire system. That model does not include water age/water quality analyses.
- **DDW is likely to require an “influence model” to show where new water supplies will go in the existing system. A model such as the one B&V prepared in Tampa can provide numerous analyses:**
  - Water age
  - Water quality
  - Influence model – DDW likely to require.
  - Operational control modeling as well as predictive modeling to help inform member agencies to help them manage their systems as different blends of supplies are delivered to them.
- OCWD added CCPP tracking as part of the initial expansion of GWRS. Lime stabilization, better plant control through flow equalization (also added with initial expansion) helped arrest impacts on pipeline liners. OCWD is now relining sections with epoxy that were damaged before these improvements.
- Per OCWD, cost of epoxy repair is \$5 million for about 20,000 feet of 60-inch and 78-inch pipe.
- IDE provides second pass RO at Carlsbad; it is expected Huntington Beach would also provide second pass RO. Second pass RO improves B/Br control.
- MWD believes that a blending tank is needed. We’d need **an analysis to demonstrate whether a blending tank is or isn’t based on their criteria described in these notes. See recommendation about modeling below.**
- Per B&V’s prior integration concept studies for Huntington Beach, blending tank would have to be located much farther east to match HGL of MWD pipelines, increasing pipeline and pumping costs. If located closer to the MWD pipelines near point of introduction of new water supplies, additional pump facilities would be needed. In either case, chloramine boosting would likely be required.

- MWD would also focus on re-dissolution of salts and other constituents into the water from deposits on pipe walls. This would impact water quality regulatory compliance, customer satisfaction with taste and odor and color.
- MWD is concerned about partially stranding of Diemer if 65 MGD of new supply is brought online. MWD pointed out that MWDOC and its member agencies are already paying for Diemer, so these costs would carry forward on top of costs for new supply sources. Could be inadvertently hurting itself in a way. **Develop a financial framework to address potential stranded costs at Diemer.**
- Economic considerations were raised: it is customary to think about keeping desal water online at full capacity as a baseload, and supplementing system with imported water. This is opposite of what might be most economically effective – base loading the system using the cheapest water available (MWD water ostensibly), then supplementing with expensive water (desal). MWDOC will continue to have to pay for Diemer costs, including stand-by costs (a premium to maintain reliability). **MWDOC should consider the best strategy that balances these issues.**
- Issue of maintaining water quality in transmission system was raised. MWD criteria calls for maximum retention time in their system of 3 days. In South County, they are able to adjust the pressure control structures feeding the area to vary flow from each source, such that water changes direction periodically and turns over to avoid water quality issues. A concept was discussed where groundwater producers in OC could turn off wells periodically to force more flow in MWD system to accomplish similar goals.
- When considering whether to allow introduction of a water supply into the MWD system, MWD considers water quality parameters. If any constituents are above the MCL, that is a “deal killer” that won’t be allowed. If constituents are below MCLs but above their historical averages in the MWD system, then MWD gives consideration to how the new supply benefits the system or if it creates a betterment of other parameters.
- **Prepare a White Paper literature review to summarize results of studies that have already been done on these issues. Could lead to conclusion that no further work is needed; could show what additional study should be conducted for these projects.**
- **Prepare a hydraulic model like Tampa’s, and more detailed conceptual design building on study previously performed to more precisely analyze flow directions, predict water quality and mixing, define infrastructure modification needs, etc.**
- **Consider performing loop studies for these exact supply sources. Since the Doheny pilot is decommissioned, could start this process with a paper study. DDW may force performance of actual studies.**
- Key things for MWD:
  - MWD needs transparency to be able to see what is coming into their system and have control to cut it off. **Figure out facilities needed and how to give MWD monitoring and control they’d accept.**

- **Develop contractual and institutional agreements to allow for MWD transparency and control needs. Consider outlining an approach to this.**
- There are two experimental items that come to mind based on our discussion depending on if MWDOC wants to pursue this kind of work, perhaps in a tailored collaboration with MWD. It is possible both of these experiments have been performed in the period where I was off doing other things, so the lit review should labor to obtain the status of research:
  1. **Determine the fate of bromide in the various methods of boosting chlorine when residual decay is observed.** Previous studies have looked at the behavior of the residual, but did not determine the chemistry or the fate of bromide.
  2. **Assess the impact of bromide on nitrosamine formation.** Ed asked this question, and it seemed like MWD and Stuart Krasner either raised the issue or have looked into it.

Upon reflection, there is some merit to thinking that bromide will catalyze nitrosamine formation. Nitrosamine formation requires the presence of the organic nitrogen portion of the compound (for instance “dimethyl” or “diethyl”), but it also requires a “nitrosating agent”, which can be the result of oxidizing ammonia. It is well known that the “breakpoint” reaction of chlorine and ammonia is fundamentally the oxidation of ammonia, and will occur faster in the presence of bromide.

There is also some research that could be formulated around better and different sampling of existing desal plants. For instance, at Carlsbad, you could sample:

- chlorinated permeate
- chloraminated finished water at the plant
- chloraminated finished water at Vallecitos
- chloraminated finished water prior to blending at Twin Oaks
- chloraminated finished water after boosting at Twin Oaks
- chloraminated finished water after blending at Twin Oaks

## Participants

- **Develop Ocean Desal Product Water Quality Criteria** – Some further examination is required where no blending with source water would occur. Also, seasonal and diurnal variations in downstream WQ after point of introduction of local water should be evaluated.
- Rapid shutdown of local supply source impact on Diemer WTP operation, WQ and pipelines/appurtenances from hydraulic surges – **evaluate need for back-up power for some partial flow, adequate surge control protection at**

**source water plants and storage to prevent Diemer WTP operational and WQ problems.**

- **Pipe Loop Distribution System Integrity Testing** – I don't see a need for Poseidon as long as the work from West Basin and Long Beach is considered good work as the ocean water doesn't vary much. The bigger problem is reversing flows in pipelines that may have exposed metal surfaces and accumulation of corrosion products within tuberculated areas – classic cause of red water problems where unlined cast iron pipes are present. This is only a possible issue with older water systems installed before 1950.
- **Protection of vulnerable system pipelines from higher pressure** from pumping into gravity flow lines – possible need for slip lining where pressure may need to be higher than pipe design and accelerated fatigue type failures (lining failures, leaks, breaks)
- Will reduced production from Diemer WTP impact its product water quality? Unsure of this issue raised by Sun Liang.
- **Disinfection residual and water age issues during low demand periods** – since ocean desal projects want to operate as base loaded supplies, at the fringe of MET's distribution system lower flows will result in longer transient times and reduced residuals that could adversely impact both MET and local system disinfection residuals. **System hydraulic modeling will be required** for low winter month demand periods in first MET's system without the new local sources and with the new local sources to pinpoint vulnerable areas and then local system modeling may have to be conducted if water ages are greater than 2 or 3 days at local turnouts. Determine minimum flow requirements at turnouts. This may require changes in local groundwater production and possibly need for additional wells in the OCWD Basin area and possibly booster chloramination stations for SOC.

#### **Hazen Team**

- MWDOC provided initial questions for discussion during the workshop:
  - How can unintended consequences be avoided (related to mixing and chloramine stability)?
  - What needs to be done to operationally ease transitions of new water supplies?
  - Is seawater desalination integration the most difficult scenario, or are there others?
- Water Quality
  - Results of previous studies were presented and discussed (Carlsbad, West Basin, Long Beach). The question of additional work was raised in light of Doheny planning to go online in 2 years. Additional distribution system materials could be present compared with those tested in previous

work. **The concept of a white paper to summarize corrosion pilot testing results was raised.**

- The need for an inventory of distribution system materials was identified by MET. While good work was performed in previous pilot loop studies of desalinated water integration, **differences that may necessitate additional pilot testing include (1) different distribution system and household plumbing materials and tuberculation, and (2) different treatment targets or approaches.**
- The question was raised about the importance of mimicking velocities to represent scale disturbance.
- Water quality targets were discussed for water that might enter MET's pipelines:
  - MET would prefer to see less than 0.3 mg/L bromide. It was noted that this is lower than the 0.75 mg/L bromide level in the Carlsbad contract (which is based on the agricultural study performed to ensure that recycled water could meet 1 mg/L)
  - MET will not accept water above any MCLs. If above historical values, MET will consider water quality on a case by case basis.
  - Discussion of whether + LSI/CCPP may be sufficient rather than matching MWD alkalinity and calcium – Sun Liang was not sure if he agrees with this. **A white paper analysis could be performed that evaluates corrosion outcomes for different water qualities similar to those that would result from desalinated water and MWD water.**
  - Additional consideration for potential components in a water source that could be a catalyst for formation of COCs like nitrosamines
- Discussion about modeling capabilities for water age and water quality. SCWD noted that modeling may be necessary for permitting in the case of a positive bacti.
- MET noted the value of piloting to mitigate potential issues, with an example of \$7M in testing conducted by Tampa Bay Water. Hazen can bring in Chris Owen (formerly TBW) to discuss any distribution system issues during and after integration.
- MWDOC noted additional information is needed on options for chloramination including clearwells, booster chlorination, and maintenance of residual into the distribution system. Potential impacts of flow directions during boosting were identified. **Analysis of approaches for chloramination and residual maintenance in several scenarios could be conducted in a desktop study.**
- Hydraulics MET views a tank/reservoir as a safer approach for hydraulics, pipeline integrity, and water quality prior to injecting water into a pipeline.

**Approaches of designing a 5-hour clearwell or a smaller tank with chemical boosting was discussed and could be evaluated further.**

- Two important points need to be balanced: 1. System reliability, 2. Water quality in South Orange County feeders.
- MWD provided information that formal downsizing of Diemer does not make sense because it feeds the central pool and back up to Weymouth. Skinner could be downsized.
- Hydraulic model of system – **To determine the extent of migration of flows from various sources throughout the system, MET and MWDOC systems will need to be incorporated into one working model including demand, flow, and water quality.** It will allow for changes to inputs (time of year demands, sources, etc.) to efficiently assess the effects they will have on the water quality and hydraulics within the system including flow directions, velocities, and residence time. Currently the model is only flow, but water quality could be added.
- Effect of the new flow sources on Diemer production will be a very important issue for MWD. The potential for the sudden need for flow should HD Desal drop off-line is a major consideration considering the time required to bring Diemer up to the required capacity.
- Pipeline pressures and conditions will need to be evaluated to determine if the existing system is capable of handling the pressures associated with the pumpback operations. The possible reconfiguration of existing facilities will need to be considered to accommodate potential reverse flow in pipelines, changes in pressures, etc.
- Will have to meet with MWD personnel to determine hydraulic transient (i.e., pressure surge) criteria that will have to be met when designing the new facilities and connections to their system. Generally, they do not like to see any “significant” pressure surges that are above and beyond what the system already experiences.
- Biofilms, friction losses, and stagnation were discussed, including where and what conditions affect which challenge
- Discussion of current low-flow areas in the MET system – San Juan, EOCF (one location hasn’t taken water for a year), lower pressure structures at the end of EOCF2, CM1/
- Additional considerations
  - MET discussed communications, transparency, and control concerns. MET would want to see the information and have confirmation that the agency partner sending water into the system would have operator integrity, focus on quality rather than the bottom line cost. Policy procedure would need to go to the MET Board, and would not allow degradation of water quality (for example).
  - Troy Walker discussed the grid manager contract for Australia desal, including CCP accreditation and ISO 22000. This concept could be evaluated with specific actions identified for integration of desalination (or

other water sources), working with MET to establish acceptable controls to enable supply integration into MET pipelines. Troy will try to provide a CCP write up to Ed.

- Contracting for the Water - There was a discussion of reliability versus cost of water. **A study of the impact of reliability versus cost of water in rate payer bills could be conducted**, including:
  - Base case
  - Take or pay case
  - Mixed approach to pay for both demand and reliability separate on the bill.
- Interagency agreements may be a primary challenge. Discussion of potential agreements with pumpers to take minimum flows (e.g., EOCWD)

These potential studies should be the topic of a focused meeting with the MWDOC staff to determine which are realistic pursuits and, of those, which stakeholder(s) should take the lead.



Ed Means  
President  
Means Consulting LLC



**CONSENT CALENDAR ITEM**

November 21, 2018

**TO: Public Affairs and Legislation Committee**  
(Directors Dick, Tamaribuchi, and Thomas)

**FROM: Robert Hunter, General Manager**

Staff Contact: Heather Baez

**SUBJECT: TRAVEL TO WASHINGTON D.C. TO COVER FEDERAL ADVOCACY ISSUES**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors review the travel expenses and ratify as reported.

**COMMITTEE RECOMMENDATION**

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The Committee will review this item on November 19, 2018.

**REPORT**

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**DIRECTORS**

For the first quarter (July-September 2018) of fiscal year 2018-2019, zero trips were taken; however, airfare was purchased for an upcoming trip in the second quarter.

The following is budgeted for fiscal year 2018/2019 for **directors**:

Washington D.C. Legislative Budget Travel - \$10,800, 6 trips

- Total cost for this quarter: \$343.40
- Year-to-date spent: \$343.40

<b>Budgeted (Y/N): Y</b>	Budgeted amount: Directors - \$10,800 Staff - \$10,800	Core X	Choice ____
<b>Action item amount: None</b>	Line item: 11-7155 12-7150		
<b>Fiscal Impact (explain if unbudgeted):</b>			



- Budget remaining: \$10,456.60

Projecting for the second quarter of fiscal year 2018-2019, one trip has been scheduled.

- November 14-16: Director Barbre

### STAFF

For the first quarter (July-September 2018) of fiscal year 2018-2019, zero trips were taken.

The following is budgeted for fiscal year 2017/2018 for **staff**:

Washington D.C. Legislative Travel - \$10,800, 6 trips

- Total cost for this quarter: \$0
- Year-to-date spent: \$0
- Budget remaining: \$10,800

Projecting for the second quarter of fiscal year 2018-2019, one trip has been scheduled.

- Nov. 14-16: Damon Micalizzi (for Heather Baez)

The focus of the trips this coming fiscal year will be on the importance of the CA WaterFix (federal permits and funding), Colorado River Drought Contingency Plans, funding opportunities for local and regional projects, long term conservation and tax parity water rebate issues (turf removal program, et al.), and visits to representative's offices to update them on issues of importance to MWDOC and its member agencies.



**CONSENT CALENDAR ITEM**

November 21, 2018

**TO: Public Affairs and Legislation Committee**  
(Directors Dick, Tamaribuchi and Thomas)

**FROM: Robert Hunter, General Manager**

Staff Contact: Heather Baez

**SUBJECT: TRAVEL TO SACRAMENTO TO COVER STATE ADVOCACY ISSUES**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors review the travel expenses and ratify as reported.

**COMMITTEE RECOMMENDATION**

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Committee will review this item on November 19, 2018.

**REPORT**

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**DIRECTORS**

For the first quarter (July-September 2018) of fiscal year 2018-2019, zero trips were taken.

The following is budgeted for fiscal year 2018/2019 for **directors**:

Sacramento Legislative Budget Travel - \$4,600, 8 trips

- Total cost for this quarter: \$0
- Year-to-date spent: \$0
- Budget remaining: \$4,600

<b>Budgeted (Y/N):</b> Yes	Budgeted amount: \$4,600 – Directors \$10,500 – Staff	Core X	Choice ____
<b>Action item amount:</b> None	Line item: 11-7155 12-7150		
<b>Fiscal Impact (explain if unbudgeted):</b>			

Projecting for the second quarter of fiscal year 2018-2019, no trips are scheduled.

### STAFF

For the first quarter (July-September 2018) of fiscal year 2018-2019, four trips were taken.

- August 6 – Heather Baez
- August 10 – Heather Baez
- August 15 – Heather Baez
- September 5 – Heather Baez

The following is budgeted for fiscal year 2017/2018 for **staff**:

Sacramento Legislative Travel - \$10,500, 18 trips

- Total cost for this quarter: \$2,017.15
- Year-to-date spent: \$2,017.15
- Budget remaining: \$7,482.85

Projecting out for the second quarter of fiscal year 2018-2019, 3 trips have been taken/scheduled.

- October 9 – Heather Baez
- October 26 – Heather Baez
- November 14 – Heather Baez

The focus of the trips are safe and affordable drinking water (i.e. “water tax” and AB 401 implementation), conservation legislation implementation, California Water Plan, California WaterFix and EcoRestore oversight, and State Water Resources Control Board meetings.



**ACTION ITEM**  
November 21, 2018

**TO:** Board of Directors

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

Robert Hunter, General Manager

Staff Contact: Karl Seckel  
Charles Busslinger

**SUBJECT: Adoption of the 2018 South OC Integrated Regional Water Management Plan**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors adopt the attached resolution adopting the 2018 South OC Integrated Regional Water Management Plan (2018 IRWM Plan), the Integrated Regional Water Management Plan for watersheds in South Orange County which include; Aliso Creek, Dana Point Coastal Streams, Laguna Coastal Streams, San Clemente Coastal Streams, San Juan Creek, and San Mateo Creek. Adoption of the plan is required to allow grant funding to flow from Proposition 1 to MWD OC and other agencies.

**COMMITTEE RECOMMENDATION**

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Committee concurred with staff recommendation.

**SUMMARY**

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In accordance with Proposition 1 Guidelines and IRWM Plan Standards, agencies who have or will receive grant funding must also adopt the 2018 IRWM Plan. MWD OC is one of the key regional Orange County agencies providing guidance in this process. In addition, MWD OC has been one of the agencies working together cooperatively through the Tri-County Funding Area Coordinating Committee (TCFACC) with respect to IRWMP funding from DWR through the San Diego Funding area. Adoption of the Plan by MWD OC is a key step in helping to bring grant funds into South Orange County. Since formation of the SOC IRWMP, approximately \$36 million in grant funds have been secured.

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

## DETAILED REPORT

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Water is a key element for sustaining the economy that allows our region to thrive. Significant investments in water, sewer, flood control infrastructure, and habitat restoration have been made over the past several years to bolster local water reliability and promote sustainability. Planning and investments to carry the region through the next several decades are critical to preserving the quality of life in South Orange County. Integrated Regional Water Management (IRWM) planning seeks to meet these water needs through integration and collaboration.

MWDOC is a member of the South Orange County Watershed Management Area (SOCWMA), which was formed with the cities, the County of Orange, and the water/sewer districts located within the SOCWMA. The SOCWMA was formally accepted through the State of California's Regional Acceptance Process within the San Diego Regional Water Quality Control Board's jurisdictional boundary. OC Public Works serves as the IRWM Group's lead.

The original 2005 South Orange County Integrated Regional Watershed Management Plan (IRWM Plan) was developed pursuant to Senate Bill 1672 (SB 1672) of the State of California, known as the Integrated Regional Water Management Planning Act of 2002. The IRWM Plan was subsequently adopted by the Watershed Management Area (WMA) members and other stakeholders<sup>1</sup> including MWDOC. The 2005 IRWM Plan was formally adopted by the MWDOC Board on June 15, 2005 (Resolution 1768).

California voters passed the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 [Proposition 50] (California Water Code Sections 79560-79565) to fund competitive IRWM grants for projects consistent with an adopted IRWM Plan; the 2005 IRWM Plan met eligibility requirements to garner funds for projects in South Orange County through this grant program.

California voters also passed the Safe Drinking Water, Water Quality, and Supply, Flood Control, River and Coastal Protection Bond Act [Proposition 84] (Public Resources Code Sections 75001-75130) in November 2006, which required that IRWM Plans be updated to meet new guidelines and plan standards in order to be eligible for Proposition 84 grant funding. The IRWM Plan was updated in 2013 to comply with Proposition 84 plan guidelines and standards issued by the Department of Water Resources. Adoption of the 2013 IRWM Plan was required for IRWM Grant programs. The 2013 IRWM Plan was adopted July 18, 2013 by unanimous vote of the WMA Executive Committee. The MWDOC Board approved a resolution adopting the 2013 IRWM Plan at the October 15, 2014 meeting (Resolution 1997).

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<sup>1</sup> Members include the County, the cities of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, Mission Viejo, Ranch Santa Margarita, San Clemente, and San Juan Capistrano, as well as Municipal Water District of Orange County, South Orange County Wastewater Authority, El Toro Water District, Irvine Ranch Water District, Santa Margarita Water District, South Coast Water District, Moulton Niguel Water District, and Trabuco Canyon Water District.

Passage of Assembly Bill 1471, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 [Proposition 1] in November 2014 similarly required that IRWM Plans be updated to be eligible for Proposition 1 IRWM grant funding. At its May 3, 2018 meeting the WMA Executive Committee voted to adopt the 2018 IRWM Plan after an extensive Member Agency and stakeholder update process, which included several meetings and workshops. The Orange County Board of Supervisors adopted the 2018 IRWM Plan on September 11, 2018.

In accordance with Proposition 1 Guidelines and Plan Standards, agencies who have or will receive grant funding must also adopt the 2018 IRWM Plan; as a result, adoption resolutions are being presented to the governing boards of all 22 Member Agencies. Following approval and adoption of the 2018 IRWM Plan, County of Orange staff will work with SOCWMA Member Agencies and stakeholders to develop a slate of projects for submittal to the State Department of Water Resources for Proposition 1 IRWM Grant funding.

MWDOC staff recommendation is to adopt the 2018 IRWM Plan in continued coordination with the SOCWMA IRWM Group as a Member Agency and to qualify MWDOC for Proposition 1 IRWM grant funds. MWDOC currently has the 'South Orange County Irrigation and Indoor Efficiency, Runoff Reduction, and Pollution Prevention Program' on the SOCWMA IRWM List of current projects.

Compliance with CEQA: This action is not a project within the meaning of CEQA Guidelines Section 15378 and is therefore exempt from CEQA since this is solely the adoption of a Resolution to approve the updated South Orange County Integrated Regional Watershed Management Plan.

#### MWDOC Proposal

In January 2018, the County of Orange announced the South Orange County Watershed Management Area Call for Projects to be included in the 2018 IRWM Plan. In February 2018, MWDOC submitted a proposal for the implementation of a comprehensive and holistic regional water use efficiency improvement Program targeting public agencies, residential, commercial, industrial, and institutional (CII) properties. Through a consumer based rebate format, the Program will encourage the replacement of high water using devices such as non-functional turf, antiquated irrigation timers, high-volume conventional spray irrigation heads, rain barrels and cisterns. In addition, the Program will provide free landscape design assistance, implementation of efficient indoor industrial processes, conversions from potable to recycled water, and plumbing retrofits. Together, these water efficient measures will increase water supply, reliability and efficiency, and are estimated to save South Orange County approximately 1,500 AFY. MWDOC's Program is considered a potential regional project by the County of Orange, and ranked fourth out of thirty two projects submitted across the South Orange County Watershed Management Area.

The entire 2018 IRWM Plan is available at: <http://arcg.is/1WWTmb>

[Attached is a summary presentation regarding the South Orange County IRWMP organization.](#)

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MUNICIPAL  
WATER DISTRICT OF ORANGE COUNTY, ADOPTING THE  
2018 SOUTH ORANGE COUNTY INTEGRATED REGIONAL WATER  
MANAGEMENT PLAN**

**WHEREAS**, the Municipal Water District of Orange County has participated in the development of the South Orange County Integrated Regional Water Management (IRWM) Plan pursuant to Senate Bill 1672 (SB 1672) of the State of California, known as the Integrated Regional Water Management Planning Act of 2002, approved by the Governor on September 20, 2002 to encourage local agencies to work cooperatively to manage local and imported water supplies to improve the quality, quantity, and reliability of regional water resources; and

**WHEREAS**, in November 2002 California voters passed Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (CWC Section 79560-79565) to fund competitive IRWM grants for projects consistent with an adopted IRWM Plan; and

**WHEREAS**, the Municipal Water District of Orange County is a member of the South Orange County Watershed Management Area (SOCWMA), which was formed with cities, County, and water/sewer districts located within the SOCWMA, accepted through the state's Regional Acceptance Process, within the San Diego Regional Water Quality Control Board boundary in Orange County, with OC Public Works serving as the IRWM Group's lead; and

**WHEREAS**, in 2005, the SOCWMA IRWM Group developed an IRWM Plan for the South Orange County Area, and SB 1672 provides for the acceptance of said IRWM Plan by participants in the SOCWMA that have authority to implement the Plan; and

**WHEREAS**, the Orange County Board of Supervisors reviewed and accepted the 2005 IRWM Plan at its regular Board meeting on June 7, 2005, and the BOARD OF DIRECTORS adopted the 2005 IRWM Plan by Resolution **1768** on June 15, 2005; and

**WHEREAS**, in November 2006 California voters passed Proposition 84, the Safe Drinking Water, Water Quality, and Supply, Flood Control, River and Coastal Protection Bond Act (PRC Section 75001-75130) which required that IRWM Plans be updated to new guidelines in order to be eligible for Proposition 84 grant funding; and

**WHEREAS**, the Municipal Water District of Orange County worked collaboratively with OC Public Works to make significant changes to the IRWM Plan in 2013 to

meet Proposition 84 guidelines, requiring formal approval by the Board of Directors at the October 15, 2014 meeting, representing Resolution 1997; and

**WHEREAS**, in November 2014 California voters passed Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Assembly Bill 1471) which requires that IRWM Plans be updated to be eligible for Proposition 1 IRWM grant funding; and

**WHEREAS**, the Municipal Water District of Orange County has collaborated with OC Public Works to complete the 2018 update of the IRWM Plan to meet Proposition 1 guidelines; and at its May 3, 2018 meeting the SOCWMA Executive Committee voted to adopt the 2018 IRWM.

NOW, THEREFORE, BE IT RESOLVED that the Municipal Water District of Orange County does hereby adopt the updated 2018 South Orange County Integrated Regional Water Management Plan in continued coordination with the SOCWMA IRWM Group.

Adopted at the regular meeting of the Board of Directors held November 21, 2018.

AYES:

NOES:

ABSENT:

ABSTAIN:

I hereby certify that the foregoing is a 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 November 21, 2018.

Municipal Water District of Orange County

By: \_\_\_\_\_  
Maribeth Goldsby, Secretary



# South Orange County Watershed Management Area 2018 IRWM Plan Adoption



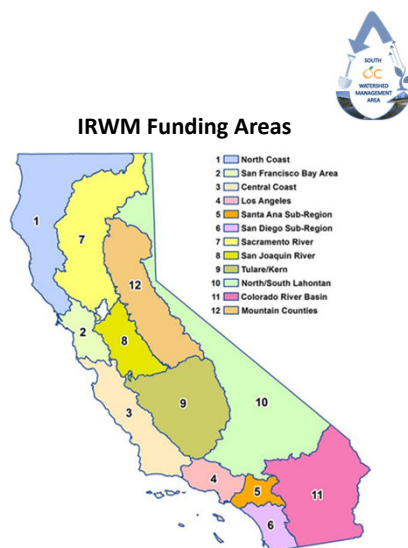
Charles Busslinger  
November 21, 2018

## IRWM Background

*Integrated Regional Water Management (IRWM) is a collaborative effort to manage all aspects of water resources in a region.*

**IRWM:**

- *crosses jurisdictional, watershed, and political boundaries;*
- *involves multiple agencies, stakeholders, individuals, and groups; and*
- *attempts to address issues and differing perspectives of all involved through mutually beneficial solutions.*



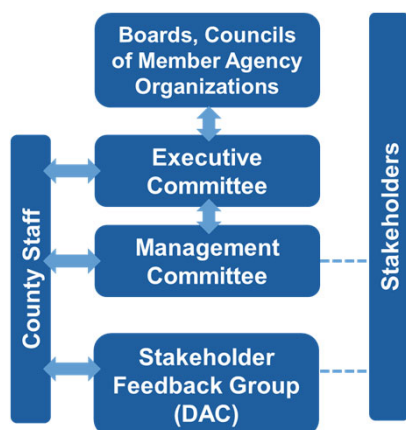
## IRWM Plans & State Funding



**Why do we have an IRWM Plan for South Orange County and why does the 2018 IRWM Plan need to be adopted/approved by SOCWA?**

- State Department of Water Resources (DWR) manages the IRWM program and allocates grant funds to each Funding Area (e.g. Proposition 1) – *South OC is in the San Diego Funding Area*
- Approved IRWM Regions (like SOCWMA) are eligible for IRWM Grant funds, as long as they:
  - Develop an IRWM Plan that meets DWR Plan Standards for each State Bond
  - Record adoption/approval of the IRWM Plan by IRWM Group agencies and any other groups seeking IRWM Grant funding through the IRWM Plan
  - Prioritize water resource projects based upon water needs of the Region
- Plan must be updated for Proposition 1 in order to qualify for funding

## South OC IRWM Governance



The South OC Watershed Management Area (WMA) governance structure includes:

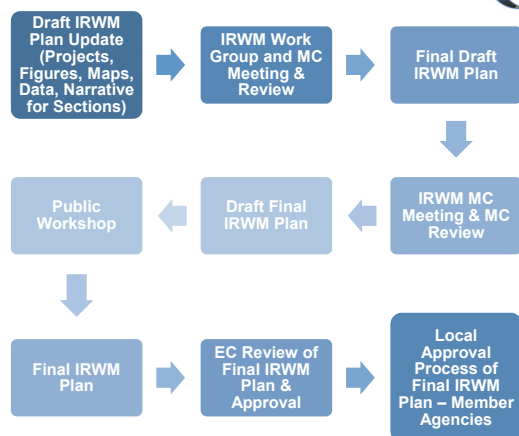
- Stakeholders,
- Management Committee comprising staff representation from member agencies, and
- Executive Committee comprising elected officials from the member agencies.

The Executive Committee has the authority to approve the IRWM Plan and any significant updates per a Cooperative Agreement between the 22 member agencies – MWDOC is a member agency.

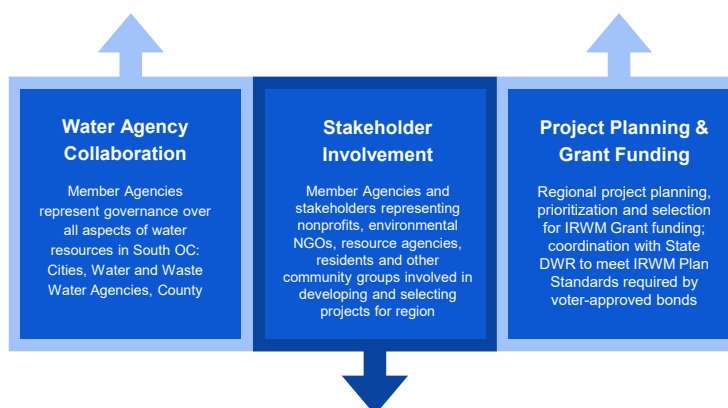
## IRWM Plan Update Process

The 2018 IRWM Plan update process was extensive to ensure that all of the State Plan Standards and updated technical information applicable to South OC water resources were incorporated.

After Executive Committee & public review/comment, the 2018 IRWM Plan was approved by the Executive Committee at their May 3, 2018 meeting.



## South OC IRWM Group Overview

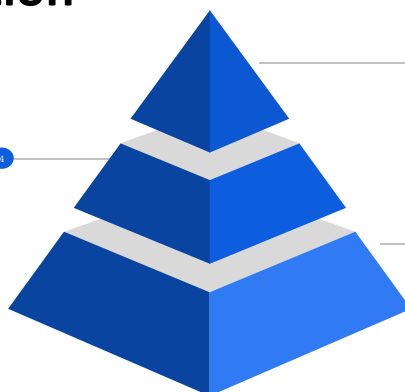


## IRWM Plan Implementation: Project Prioritization



### Objectives

Quantifiable realization of the IRWM Goals as they apply to real-world projects; measurable



### Strategies

Measurable; applicable to project metrics & utilized in project ranking and design

### Goals

Represent the bedrock of the IRWM Plan and overarching priorities of the WMA; drive project prioritization to meet multiple benefits

## IRWM Plan Goals for Projects



### Natural Resources

Benefit aquatic and riparian ecosystems with consideration for climate change on water availability; benefit terrestrial ecosystems; benefit air, climate and energy resources with consideration for reducing GHG emissions; research, evaluation, monitoring, planning, recreation and education

### Water Quality

Control anthropogenic pollutants over developed area of WMA; control anthropogenic dry weather flows; control wet weather flows to meet NPDES MS4 Permit criteria, with consideration for climate change impacts to flow regimes; improve water quality regulatory framework, knowledge and/or awareness of issues

### Water Supply Reliability & Efficiency

Increase potable and non-potable supplies; improve reliability of supplies with consideration for climate change on local and external sources; reduce consumption from outdoor/indoor uses and through water utility operations; research, evaluation, planning & education

### Flood Risk Mgmt

Improvement of conveyance, remove property from FEMA 100-yr floodplain, consider climate change on flow regimes; reduce scour and erosion; preserve or return floodplains as open space; planning, studies and research to acquire data for planning and identification of potential climate change impacts

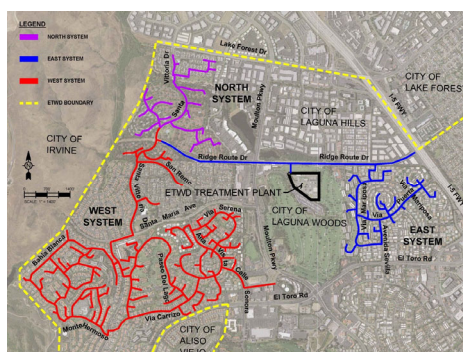
### Integrated Water Resource Management & Project Priorities to Maximize Benefits

## Grant Funding for IRWM Projects



IRWM Grant Program	Total Grant Award	Local Match Amount	Total Local Investment
Proposition 50	\$25,000,000	\$44,981,994	\$69,981,994
Proposition 84 - Planning	\$457,416	\$447,244	\$904,660
Proposition 84 - Round 1	\$2,316,780	\$2,833,560	\$5,150,340
Proposition 84 - Round 2	\$1,708,647	\$106,206,903	\$107,915,550
Proposition 84 - Drought	\$1,500,000	\$5,725,000	\$7,225,000
2015 Proposition 84	\$4,949,368	\$19,584,138	\$24,533,506
<b>GRAND TOTALS</b>	<b>\$35,932,211</b>	<b>\$179,778,839</b>	<b>\$215,711,050</b>

## EXAMPLE: Water Supply Project



### Water District Recycled Water Expansion Project:

El Toro Water District project included installation of a recycled water distribution system and tertiary treatment plant to accomplish the following:

- Increase supply reliability and reclamation on a service-area wide level
- Produce and deliver an estimated 980 acre-feet per year of tertiary treated recycled water
- Conversion of over 200 dedicated landscape irrigation meters from potable to recycled water

### Financing (Total cost: \$34,400,000):

- **Prop 50 IRWM: \$4,624,915**
- SRF Loan: \$26,700,000
- Metropolitan Water District Rebates: \$900,000
- ETWD Reserves: \$2,200,000

## EXAMPLE: Water Quality Project



### Dairy Fork Wetland:

Identified need to address a high concentration of pollutants in urban runoff from 1,500 acre catchment & invasive *Arundo donax*; project accomplished:

- Wetland system designed to reduce pollutant load by up to 99% (bacteria, metals, nutrients, oil) from 1,500 acres
- Removal of *Arundo* and replacement with native plants
- Aids in preserving beneficial uses of Aliso Creek by reducing pollutant loading

### Financing (Total cost: \$1,374,000):

- OCTA, M2 Tier 2: \$568,100
- **2015 Prop 84 IRWM: \$500,000 (\$100k habitat)**
- Match from Cities: \$305,900
- 20-year O&M: \$200,000

## Next Steps for IRWM



### IRWM Plan Update

IRWM Plan update process to meet 2016 IRWM Plan Standards included a public comment period in March and was approved by the Executive Committee May 3rd. The updated plan will be submitted to the State Department of Water Resources (DWR) in Fall 2018.

### Water Needs Assessment

San Diego Funding Area Tri-FACC started process in late 2017, will continue through 2018. Goals are to identify the most critical issues for disadvantaged communities (DACs) and other stakeholders, conduct outreach to determine the highest priority water-related issues.

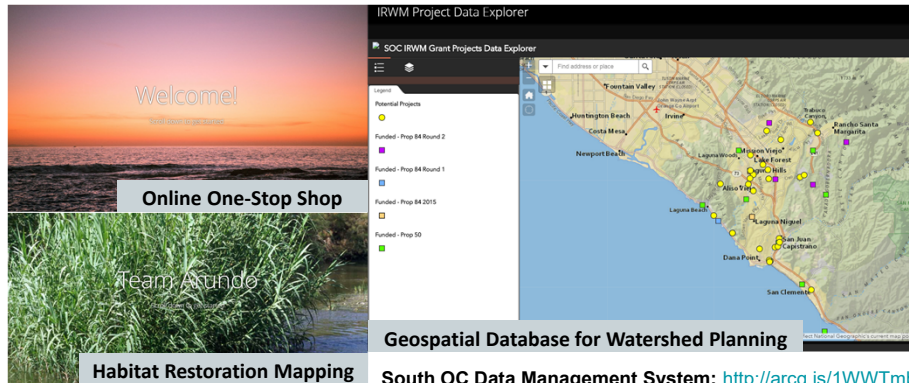
### Project Planning & Data Management

Continue to build the Data Management System (DMS)/website to best fulfill regional planning needs; provide data for regional project development and collaborate with stakeholders to determine which projects best meet the goals of the WMA.

### Proposition 1 IRWM Grant

Conduct a call for projects in the Fall 2018 to develop a slate for DWR consideration; conduct workshops and prepare presentation of projects to DWR and stakeholders. Anticipate grant application process to start in early 2019, ending in mid 2019.

## Collaboration Tools: Website & Data



**South OC Data Management System:** <http://arcg.is/1WWTmb>

## Questions?

**Contact:**  
**Charles Busslinger**  
**cbusslinger@MWDOC.com**





**ACTION ITEM**  
November 21, 2018

**TO:** **Public Affairs and Legislation Committee**  
(Directors Dick, Tamaribuchi and Thomas)

**FROM:** **Robert Hunter, General Manager**

Staff Contact: Heather Baez

**SUBJECT: MWDOC LEGISLATIVE AND REGULATORY POLICY PRINCIPLES  
ANNUAL UPDATE**

**STAFF RECOMMENDATION**

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Staff recommends the committee review and adopt the updated legislative policy principles for 2019.

**COMMITTEE RECOMMENDATION**

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Committee will review this item on November 19, 2018 and make a recommendation to the Board.

**BACKGROUND**

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At the September Public Affairs and Legislation (PAL) meeting, staff presented this item for discussion and requested feedback. Staff also began soliciting input from senior staff and the member agencies through the general managers and other participating city staff via the MWDOC Member Agencies Managers and Legislative Coordinators group meetings.

At the October PAL meeting, the committee reviewed the updated policy principles and voted to strike out three of the four recommended additions suggested by MWDOC member agencies. The Board of Directors took no action on the document at the October Board meeting, sending the item back to the PAL Committee for further discussion.

All feedback received to date has been incorporated in the attached document.

<b>Budgeted (Y/N): N/A</b>	Budgeted amount: N/A	Core X	Choice __
<b>Action item amount: None</b>	Line item:		
<b>Fiscal Impact (explain if unbudgeted):</b>			



## REPORT

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MWDOC maintains a set of legislative policy principles that serve as guidelines for staff and our legislative advocates on issues that are of importance to the District. The policy principles attached are a culmination of current policies and initial changes recommended by staff and member agencies.

These principles assist District staff and its legislative advocates in the evaluation of legislation that may impact the District, its member agencies, the interests of Orange County, the Metropolitan Water District of Southern California and/ or its member agencies. Having such principles in place allow the District to respond to certain types of legislation in a timely manner; however in cases where issues are not clear or have complicated implications will be presented to the Board for further guidance.

The goal for this item today is to have the Committee accept or reject the recommended changes to MWDOC's Legislative and Regulatory Policy Principles and provide further changes if necessary for the Board's approval. This will allow and provide direction to staff to draft legislative priorities for 2019 for the Board's consideration.

Changes to the 2019 Policy Principles are as follows:

### NEW FOR 2019

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- Local Water Resources

Added additional text to two policy principles

- Water Use Efficiency

Expanded the section on regionally appropriate statewide landscape water use efficiency standards and regulations

Added two policies (one support, one oppose) related to emergency drought declarations and regulations

- Water Infrastructure Financing

Reworded a section to include all types of projects including infrastructure

Expanded section on types of financing to also include Title XVI

- Energy

Add "cost effective" to one section

- Fiscal Policy

Expanded the section related to a "public goods charge" to also include user fees

- Emergency Response

Added four new policies (two support, two oppose)

- Member Agency Recommended Additions

New policies recommended by MWDOC's member agencies are listed below.

*1) When legislation impacts member agencies, MWDOC will solicit input on bill positions from member agencies and will remain neutral on legislation if member agencies are in opposition to MWDOC's position. (OCWD) – **Removed by the PAL Committee, October 2018***

*2) When working with elected officials, staff to elected officials, and with media and/or developing educational materials, MWDOC will not portray itself as representing all of Orange County. (OCWD) – **Removed by the PAL Committee, October 2018***

*3) Promotes the voluntary development of and recognize the importance of protecting extraordinary/emergency water supplies for use by local water agencies during times of drought or water shortages. (IRWD) - Staff note: This fits under the Local Water Resources section. – **Removed by the PAL Committee, October 2018***

*4) Allows member agencies to offer localized Water Rate Assistance Programs that comply with Proposition 218 of California's Constitution and/or are funded either voluntarily or via non-restricted/non-water-rates revenues. (Mesa Water) – Staff note: This fits under the Fiscal Policy section.*

**Attachment: Municipal Water District of Orange County Legislative and Regulatory Policy Principles**

Additions are *italicized*

Deletions are ~~crossed through~~

Source of the recommended change is listed at the end of each policy principle

## **Municipal Water District of Orange County** **Legislative and Regulatory Policy Principles**

### **IMPORTED WATER SUPPLY**

**It is MWDOC's policy to support legislation and regulation that:**

- 1) Balances California's competing water needs and results in a reliable supply of high-quality water for Orange County.
- 2) Facilitates the implementation of the California WaterFix and EcoRestore, the co-equal goals of reliable water supply and ecosystem restoration, and related policies that provide long term, comprehensive solutions for the San Francisco Bay/Sacramento-San Joaquin River Delta that:
  - a) Provides reliable water supplies to meet California's short- and long- term needs;
  - b) Improves the ability to transport water through the Delta either for, or supplemental to, State Water Project deliveries;
  - c) Improves the quality of water delivered ~~from~~ *through* the Delta; (Staff)
  - d) Enhances the Bay-Delta's ecological health in a balanced manner;
  - e) Employs sound scientific research and evaluation to advance the co-equal goals of improved water supply and ecosystem sustainability.
  - f) Expedites the California WaterFix and EcoRestore.
- 3) Funds a comprehensive Bay-Delta solution in a manner that equitably apportions costs to all beneficiaries.
- 4) Provides conveyance and storage facilities that are cost-effective for MWDOC and its member agencies, while improving the reliability and quality of the water supply.
- 5) Authorizes and appropriates the federal share of funding for the California WaterFix and EcoRestore.
- 6) Authorizes and appropriates the ongoing state share of funding for the California WaterFix and EcoRestore.
- 7) Provides funding for Colorado River water quality and supply management efforts.

- 8) Promotes continued federal funding and coordination between states for the Colorado River Basin Salinity Control Program under the departments of Agriculture and Interior.
- 9) Protects and preserves Metropolitan's interest in binational water conservation programs.

**It is MWDOC's policy to oppose legislation or regulation that:**

- 1) Would make urban water supplies less reliable, or would substantially increase the cost of imported water without also improving the reliability and/or quality of such water.
- 2) Imposes water user fees to fund non-water supply improvements in the Delta region or user fees that are not proportional to the benefits received from a Delta region water supply improvement.
- 3) Delays or impedes implementation of the California WaterFix and EcoRestore.

**LOCAL WATER RESOURCES**

**It is MWDOC's policy to support legislation and regulation that:**

- 1) Supports the development of, provides funding for, and authorizes and/or facilitates the expanded use of, *cost effective*, water recycling, potable reuse, conservation, water use efficiency, groundwater recovery and recharge, storage, brackish and ocean water desalination and surface water development projects where *water supply is improved and* the beneficiaries of the project pay for the portions of the project not funded by state or federal funds. (IRWD)
- 2) Recognizes that recycled water for both potable and non-potable reuse is a valuable resource that should be promoted and encouraged, while considering total cost elements, and regulated and permitted in a manner which promotes greater reuse throughout the county and state.
- 3) Reduces and/or streamlines regulatory burdens on augmented or alternative water supply projects, and provides protections for the use of these supplies during water supply shortages, through exemptions or provisions of credit during state mandated reductions.
- 4) Supports ecosystem restoration, increased stormwater capture *where the capture avoids impact to others*, and sediment management activities that are cost-effective and enhance the quality or reliability of water supplies. (IRWD)
- 5) Authorizes, promotes, and/or provides incentives for indirect and direct potable reuse projects and provides protections for the use of local supply projects during water shortages by exempting them from state mandated reductions.

- 6) Recognizes that the reliability and high quality of supplies to the end user is the primary goal of water suppliers.
- 7) Keeps decision-making, with regard to stormwater management and recapture, at the local or regional level.
- 8) Recognizes stormwater management and recapture as important tools in a diversified water portfolio that can help to achieve improved water quality in local surface and groundwater supplies, and can augment surface and groundwater supplies.
- 9) Reduces or removes regulatory hurdles that hinder the use of augmented or alternative water supplies.
- 10) Provides incentives for local or regional use of augmented or alternative water supplies.
- 11) Support the evaluation of reservoirs to provide an enhancement in water supplies.
- 12) Support the inclusion of environmental infrastructure projects the Army Corps of Engineers must consider in its Report to Congress.
- 13) Allows Investor Owned Utilities to invest in redundancy and reliability projects.

**It is MWDOC's policy to oppose legislation or regulation that:**

- 1) Restricts a local governmental agency's ability to develop their local resources in a manner that is cost-effective, environmentally sensitive, and protective of public health.
- 2) Imposes barriers or increases costs to the safe application of recycled water and continues to define recycled water as a waste or resource of lesser value than traditionally defined potable water.
- 3) Would make urban water supplies less reliable, or would substantially increase the cost of imported water without also improving the reliability and/ or quality of such water.
- 4) Restricts or limits a local governmental agency's ability to establish local priorities for water resources planning decisions.
- 5) Reduces a local agency's ability to benefit from local investments in drought-proof or emergency water supplies during water shortages.
- 6) Would impose conservation mandates that do not account for the unique local water-supply circumstances of each water district.

**WATER USE EFFICIENCY**

**It is MWDOC's policy to support legislation and regulation that:**



- 1) Furthers the statewide goal of increasing water use efficiency, as opposed to water conservation throughout the state.
- 2) Would allow flexibility and options for compliance in achieving statewide water reduction goals.
- 3) Seeks to cost-effectively improve water efficiency standards and policies for water-using devices.
- 4) Provides loans and grants to fund incentives for water conserving devices or practices.
- 5) Legislatively set water efficiency standards provided the standards are reasonable, cost effective for Orange County agencies, and consider unintended consequences, such as impacts to wastewater systems, reductions in recycled water supplies, demand hardening, and impacts to regional reliability and drought preparedness.
- 6) Reasonably improves landscape water use efficiency and Commercial, Institutional and Industrial (CII) water use efficiency programs while preserving community choice and the local economy.
- 7) Encourages regionally appropriate statewide landscape water efficiency-standards and regulations that consider land use, *plant material*, *irrigation efficiency* and climate factors.  
(Staff)
- 8) Provides financially appropriate incentives, funding, and other assistance where needed to facilitate market transformation and gain wider implementation of water-efficient indoor and outdoor technologies and practices.
- 9) Provides incentives, funding, and other assistance where needed to facilitate water use efficiency partnerships with the energy efficiency sector.
- 10) Recognizes past investments in water use efficiency measures, especially from the demand hardening perspective.
- 11) Recognizes community growth and development when developing comparative standards for water use efficiency year-over-year.
- 12) Provides tax exemptions for water conservation or efficiency incentives for measures including, but not limited to, turf removal, devices, and other measures to reduce consumption of water or enhance the absorption and infiltration capacity of the landscape.
- 13) *Creates a process for development and implementation of emergency drought declarations and regulations that recognizes variations among communities, regions, and counties with respect to their abilities to withstand the impacts and effects of drought.*  
(Staff)

**It is MWDOC's policy to oppose legislation or regulations that:**

- 1) Fails to ensure balance in the implementation of water efficiency practices *throughout the state* and requirements for both urban and agricultural use. (Staff)
- 2) Would repeal cost-effective efficiency standards for water-using devices.
- 3) Diminishes local agency control or flexibility in implementing water efficiency practices or standards.
- 4) Places unreasonable conservation measures on commercial, industrial and institutional customers that would negatively impact or limit the potential for economic growth.
- 5) Fails to recognize the importance of both water use efficiency and water supply development.
- 6) Fails to recognize augmented or alternative water supplies as an efficient use of water, or that fails to provide an adequate incentive for investments in such water, for potable or non-potable reuse.
- 7) Fails to consider regional and local reliability when establishing any reduction targets during water shortages.
- 8) Requires water efficiency standards or performance measures that are infeasible, not practical or fail to have a positive cost-benefit ratio when comparing the cost of meeting the standard or implementing the performance measure with the value of the volume of water saved.
- 9) *Creates a “one-size-fits-all” approach to emergency drought declarations and regulations that ignores variations among communities, regions, and counties with respect to their ability to withstand the impacts and effects of drought.* (Staff)

## **WATER QUALITY AND ENVIRONMENTAL IMPACTS**

### **It is MWDOC's policy to support:**

- 1) Legislation that protects the quality of surface water and groundwater including the reduction of salt loading to groundwater basins.
- 2) Funding that helps agencies meet state and federal water quality standards.
- 3) The establishment and/ or implementation of standards for water-borne contaminants based on sound science and with consideration for cost-effectiveness.
- 4) Administrative/legislative actions to improve clarity and workability of CEQA, and eliminate other duplicative state processes.
- 5) Streamlining or exempting water, recycled water, wastewater projects, and/or environmental restoration projects, from the California Environmental Quality Act (CEQA). Provides liability protections to public water districts, and related wholesale water providers, seeking to consolidate troubled water systems that cannot consistently demonstrate that they are able to provide safe, clean and reliable water supplies to their customers.

**It is MWDOC's policy to oppose:**

- 1) Legislation that could compromise the quality of surface water and groundwater supplies.
- 2) Legislation that establishes and/ or implements standards for water-borne contaminants without regard for sound science or consideration for cost effectiveness.
- 3) Projects that negatively impact the water quality of existing local supplies.

**METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**It is MWDOC's policy to oppose legislation that:**

- 1) Compromises the existing governance structure and the representation of member agencies on the Metropolitan Water District Board of Directors.
- 2) Would restrict MET's rate-making ability.

**WATER TRANSFERS**

**It is MWDOC's policy to support legislation and regulation that:**

- 1) Encourages and facilitates voluntary water transfers.
- 2) Provides appropriate protection or mitigation for impacts on the environment, aquifers, water-rights holders and third-parties to the transfer including those with interests in the facilities being used.
- 3) Legislation that encourages transfers which augment existing water supplies, especially in dry years.

**It is MWDOC's policy to oppose legislation or regulation that:**

- 1) Undermines the operations and maintenance of the conveyance system conveying the water.
- 2) Interferes with the financial integrity of a water utility or compromises water quality.
- 3) Increases regulatory or procedural barriers to water transfers at the local or state level.

**WATER INFRASTRUCTURE FINANCING AND PROJECT FUNDING**

**It is MWDOC's policy to support legislation and regulation that:**

- 1) Employs a "beneficiary pays" principle that establishes a clear nexus between the costs paid to the direct benefit received. Likewise, those who do not benefit from a particular project or program should not be required to pay for them.
- 2) Establishes grants or other funding opportunities for local and regional water ~~infrastructure~~ projects, *including but not limited to infrastructure projects*. (Staff)
- 3) Considers local investments made in infrastructure, programs, mitigation and restoration in determining appropriate cost shares for water infrastructure, *and project* investments. (Staff)
- 4) Reduces the cost of financing water infrastructure planning and construction, such as tax-credit financing, tax-exempt municipal bonds, Water Resources Development Act (WRDA), Water Infrastructure Finance Innovation Act (WIFIA), the Environmental Infrastructure Accounts, *the Title XVI Water Reclamation and Reuse Project*, and other funding mechanisms. (IRWD)

**It is MWDOC's policy to oppose legislation or regulation that:**

- 1) Establishes a fee or tax that does not result in a clear and proportional benefit to the District, its member agencies, and their customers.
- 2) Would reduce the total available water infrastructure financing measures such as WIFIA, state-revolving funds, and others.

**ENERGY**

**It is MWDOC's policy to support legislation or regulation that:**

- 1) Facilitates the development and expansion of clean, *and cost effective* renewable energy in California, including hydropower. (IRWD)
- 2) Supports water supply reliability as the primary focus of water agencies and energy intensity of water supplies as a secondary factor.
- 3) Recognizes the role and value of the water industry investment in water use efficiency and therefore recognizes WUE efforts towards greenhouse gas reduction, including funding such activities.
- 4) Recognizes hydroelectric power as a clean, renewable energy source and that its generation and use meets the greenhouse gas emission reduction compliance requirements called for in the Global Warming Solutions Act of 2006 (AB 32).
- 5) Facilitates voluntary and cost effective local investments in renewable energy, energy management and storage, and energy efficiency which improve the water-energy nexus and reduce local agency costs.

**FISCAL POLICY**

**It is MWDOC's policy to support legislation or regulation that:**

1) Requires the federal and state governments to provide a subvention to reimburse local governments for all mandated costs or regulatory actions.

**It is MWDOC's policy to oppose legislation or regulation that:**

- 1) Is inconsistent with the District's current investment policies and practices.
- 2) Pre-empt's the District's ability to impose or change water rates, fees, or assessments.
- 3) Impairs the District's ability to maintain levels of reserve funds that it deems necessary and appropriate.
- 4) Impairs the District's ability to provide services to its member agencies and ensure full cost recovery.
- 5) Makes any unilateral reallocation of District revenues, or those of its member agencies, by the state unless the state takes compensatory measures to restore those funds.
- 6) Would impose mandated costs or regulatory constraints on the District or its member agencies without reimbursement.
- 7) Mandates a specific rate structure for water agencies.
- 8) Imposes a "public goods charge" "*water user fee*", or "water tax" on public water agencies or their ratepayers. (Staff)

**GOVERNANCE**

**It is MWDOC's policy to support legislation or regulation that:**

1) Advances good government practices and public transparency measures in a manner that does not take a "one-size fits all" approach, respects local government control, and facilitates technological efficiencies to meet state reporting and disclosure requirements.

**It is MWDOC's policy to oppose legislation or regulation that:**

- 1) Imposes unnecessarily broad burdens upon all local governments.
- 2) Shifts state programs, responsibilities and costs to local governments without first considering funding to support the shift.
- 3) Seeks to limit or rescind local control.
- 4) Reduces or diminishes the authority of the District to govern its affairs.
- 5) Imposes new costs on the District and the ratepayers absent a clear and necessary benefit.



6) Resolves state budget shortfalls through shifts in the allocation of property tax revenue or through fees for which there is no direct nexus to benefits received.

## **PUBLIC EMPLOYEE PENSION REFORM**

**It is MWDOC's policy to support legislation that:**

- 1) Seeks to contain or reform public employee pension and other post-employment benefit (OPEB) cost obligations that are borne by public agencies via taxpayers and ratepayers.

## **EMERGENCY RESPONSE**

**It is MWDOC's policy to support legislation that:**

- 1) Increases coordination on Homeland Security and emergency response efforts among the federal, state, and local governments with clearly defined roles and responsibilities for each.
- 2) Provides continued funding to enhance and maintain local Homeland Security infrastructure, including physical and cyber protection of critical infrastructure.
- 3) Ensures adequate funding for expenditures related to disaster response and all phases of emergency management; including the earthquake early notification system and efforts to enhance water infrastructure resiliency.
- 4) Strengthens intergovernmental planning and preparation coordination for emergency response and drills.
- 5) *Enhances protection of information and cyber security for critical infrastructure through policy and funding for local efforts. (Staff)*
- 6) *Supports water utility capability to notify customers of emergency protective measures through reverse notification systems. (Staff)*

***It is MWDOC's policy to oppose legislation or regulation that:***

- 1) *Reduces a water utility's ability represent itself in any component of the disaster preparedness cycle, especially the response and recovery section staff. (Staff)*
- 1) *Negatively impacts water and wastewater utility's ability to prepare, mitigate or respond to emergencies in order to provide fire suppression, drinking water and wastewater services. (Staff)*

## **MEMBER AGENCY RECOMMENDED ADDITIONS**

- 1) ~~*When legislation impacts member agencies, MWDOC will solicit input on bill positions from member agencies and will remain neutral on legislation if member agencies are in opposition to MWDOC's position. (OCWD)*~~

~~2) When working with elected officials, staff to elected officials, and with media and/or developing educational materials, MWDOC will not portray itself as representing all of Orange County. (OCWD)~~

~~3) Promotes the voluntary development of and recognize the importance of protecting extraordinary/emergency water supplies for use by local water agencies during times of drought or water shortages. (IRWD)~~ - Staff note: This fits under the Local Water Resources section.

4) Allows member agencies to offer localized Water Rate Assistance Programs that comply with Proposition 218 of California's Constitution and/or are funded either voluntarily or via non-restricted/non-water-rates revenues. (Mesa Water) – Staff note: This fits under the Fiscal Policy section.

DRAFT

# GENERAL MANAGER'S REPORT OF STAFF ACTIVITIES NOVEMBER 2018

<b>MWDOC Agencies Managers Meeting</b>	<p>MWDOC held its Member Agency Managers' meeting at its office in Fountain Valley on October 25, 2018.</p> <p><b>In attendance were:</b> Lisa Ohlund – EOCWD, Mike Dunbar – Emerald Bay SD, Mark Sprague – Fountain Valley, Cel Pasillas – Garden Grove, Ken Vecchiarelli – Golden State WC, Brian Ragland – Huntington Beach, Paul Cook &amp; Paul Weghorst – IRWD, Carlo Nafarette – La Palma, Drew Atwater &amp; Matt Collings – Moulton Niguel WD, Steffen Catron &amp; Mark Vukojevic – Newport Beach, Jose Diaz – Orange, David Spitz – Seal Beach, Jerry Vilander – Serrano WD, Rick Shintaku – South Coast WD, Michael Perea – TCWD, and Rosanne Weston – Yorba Linda WD</p> <p><b>MWDOC Staff:</b> Robert Hunter, Karl Seckel, Harvey De La Torre, Joe Berg, Damon Micalizzi, Kelly Hubbard, Charles Busslinger, Chris Lingad</p> <p><b>Discussion Items:</b></p> <ul style="list-style-type: none"> <li>• OC Water Reliability Study Update</li> <li>• Colorado River Issues</li> <li>• Water Supply Report</li> <li>• Metropolitan Chairwoman Election</li> <li>• March GM Report</li> <li>• Legislative Reports</li> <li>• WEROC Matrix</li> <li>• Grant Funding Opportunities</li> </ul> <p>Next meeting will tentatively be held November 15, 2018</p>
<b>Meetings</b>	<p>Harvey De La Torre and Charles Busslinger attended the MET Evaluation of Regional Storage Workshop on November 1, 2018.</p> <p>Karl Seckel and Charles Busslinger met with MWDOC member agencies from South OC on October 23, 2018 to discuss the potential for Direct Potable Reuse in South Orange County as a result of comments from the 2018 OC Reliability Study.</p> <p>Director Sat Tamaribuchi, Karl Seckel, Charles Busslinger and I met with Dr. Sorooshian, Dr. Gao, and Dr. Hsu from the UCI Center for Hydrometeorology and Remote Sensing (CHRS) on October 23, 2018. Dr. Sorooshian provided an overview of CHRS research currently being conducted using satellites to measure worldwide precipitation. This research has the potential to provide improved precipitation estimates for large portions of the world that can better inform climate modeling.</p> <p>Karl Seckel and Charles Busslinger met with MET Facility Planning staff on October 18, 2018 to discuss MET's experiences with, and the capabilities of, MET's hydraulic model. MWDOC staff believe that MET may be amenable to sharing the details of the model to assist MWDOC with the development of a hydraulic model of</p>

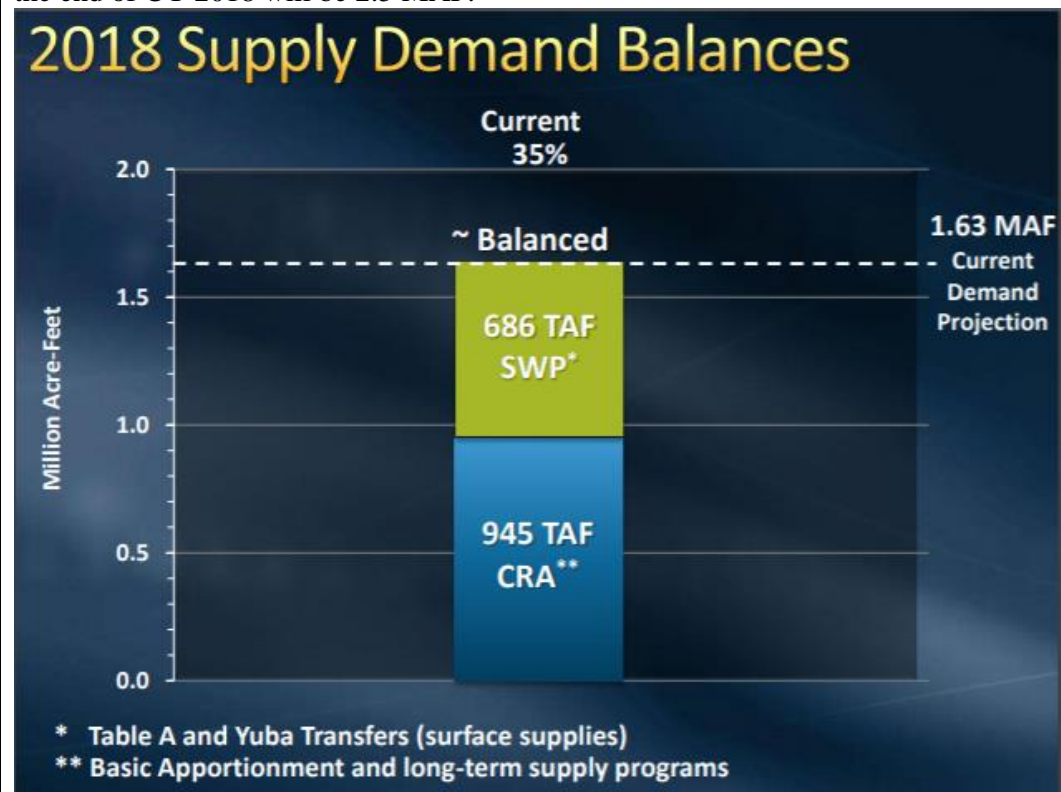
<b>Meetings – continued</b>	<p>the Orange County distribution system. We would have to add pipelines downstream of the MET system to complete the model.</p> <p>Karl Seckel and Charles Busslinger met with Manoj Patel from Sustainable Technology. We will be putting him in contact with MET Water Quality staff as Sustainable Technology has some products that may be able to help with algae control in reservoirs and quagga control.</p> <p>Karl Seckel and Kelly Hubbard participated in a Workshop at Chapman University entitled Future Earthquakes in Southern California and Preparedness Workshop conducted by Dr. Ramesh Singh, Convenor, Professor, School of Life and Environmental Sciences, Schmid College of Science and Technology at Chapman University. The participants included faculty, students and experts in various fields of scientific and seismic research and preparedness response. The seismic experts commented that they do not have the ability to predict earthquakes and suggested that we refrain from describing earthquakes as being “over-due” as it implies we know when they are due. They said it was ok to describe the last 100 years on the San Andreas fault as “quiet”. There is still much we do not know about earthquakes, although our understanding has improved considerably.</p> <p>Karl Seckel met with GM Dan Ferons and SMWD directors Betty Olson and Chuck Gibson. The purpose of the meeting was to discuss the implications of the 2018 OC Water Reliability Study. The discussion was quite wide-ranging. SMWD suggested a quarterly follow-up to track some of the key issues coming out of the study.</p> <p>Presentations regarding the OC Water Reliability Study over the past month or so included:</p> <ul style="list-style-type: none"> <li>• WACO</li> <li>• OCBC Infrastructure Committee</li> <li>• SMWD Board</li> <li>• MWDOC/OCWD Planning Committee</li> <li>• MWDOC Member Agency Manager's</li> <li>• South Coast Water District Board</li> <li>• SOC IRWMP Executive Committee</li> </ul> <p>A more complete report was included in the P&amp;O Committee packet.</p> <p>MWDOC has held several meetings with Mesa Water regarding the shutdown of the Orange County Feeder that will proceed through the summer of 2019. The issues adverse to Mesa's needs were resolved.</p> <p>MWDOC has held several meetings with Golden State Water Company, the City of La Palma and the City of Buena Park, regarding the shutdown of the Second Lower Feeder for installation of a steel liner. The shutdown will eliminate access to MET service connections for Golden State and La Palma and will proceed through the summer of 2019. MWDOC has been advocating at MET for assistance for these agencies to accommodate a summer shutdown of MET. A more complete report was included in the P&amp;O Committee packet.</p> <p>Karl Seckel and MWDOC Director Megan Yoo Schneider met to discuss the OC Water Reliability Study and South Coast's progress on the Doheny Project.</p>
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## MET ITEMS CRITICAL TO ORANGE COUNTY

### MET's Water Supply Conditions

In May, the Department of Water Resources (DWR) increased the State Water Project (SWP) "Table A" allocation to 35%, giving Metropolitan approximately 686 thousand acre-feet (TAF) in SWP deliveries plus Yuba transfers.

The Colorado River Aqueduct apportionment and long-term supply programs is expected to remain at 945 TAF. With estimated total demands and losses of 1.63 million acre-feet (MAF), Metropolitan is projecting that demands will equal supply levels in CY 2018. Based on this, estimated total dry-year storage for Metropolitan at the end of CY 2018 will be 2.5 MAF.



### MET's Finance and Rate Issues

As of September 30, the short-term portfolio balance is \$618.6 million and has returned 0.15%, which is equal to the benchmark. Since inception, the short-term portfolio have yielded of total return of 1.86%, which is an out performance of 0.54% compared to the benchmark.

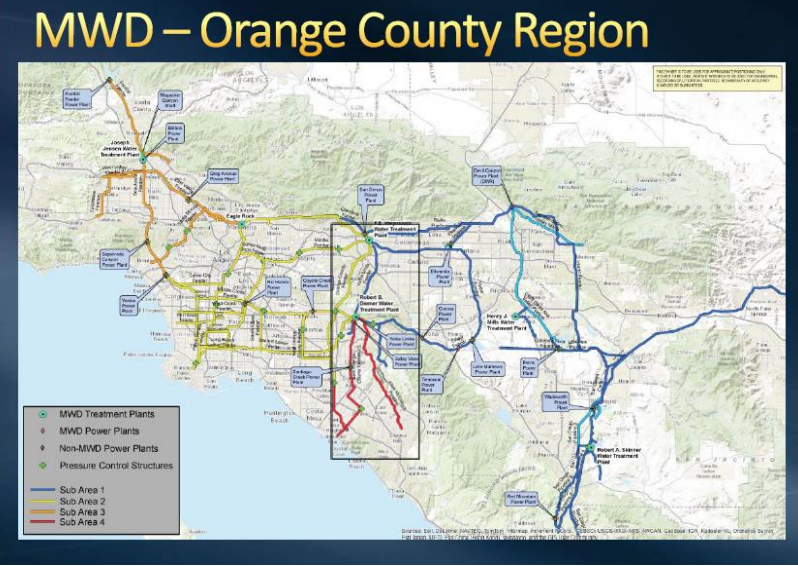
The long-term portfolio balance is \$346.8 million, a \$1.1 million decline from last month, and thus returned -0.22%, however, approximately equal the benchmark. Since inception, the long-term portfolio have yielded of total return of 3.26%, which is an out performance of 0.29% compared to the benchmark.



<b>MET's Finance and Rate Issues - continued</b>	Water transactions through August were 62.5 TAF (12%) lower than budget and 46.7 TAF (11%) higher than the 5-year average. At this early point in the year, Metropolitan is planning to end the year on budget.
<b>Colorado River Issues</b>	<p><b><u>Drought Contingency Plan Development</u></b></p> <p>The Principals of the seven Colorado River Basin States and the Commissioner of the U.S. Bureau of Reclamation (Reclamation) met in Las Vegas on September 17 and 18. The meetings focused on the remaining policy decisions and to finalize the Lower Basin Drought Contingency Plan (DCP) and Upper Basin DCP. Progress was also made in the development of necessary intrastate agreements within California and Arizona.</p> <p>A small drafting group has been tasked with finalizing drafts of the various agreements required to implement the DCP. The small drafting group is also tasked with developing draft legislative language for anticipated Congressional authorization of the DCPs. Work on the package of agreements is being done with a goal to seek approvals from the governing bodies of the respective agencies later this year.</p> <p>At the September 17 and 18 meetings, the parties to the agreements, including Metropolitan, discussed seeking board approvals for the package as early as November of this year.</p> <p><b><u>Colorado River Water Order</u></b></p> <p>In September, Reclamation acknowledged receiving Metropolitan's Colorado River Diversion Request (Water Order) for calendar year 2019. In the Water Order, Metropolitan estimates having a basic available supply of 952,000 acre-feet of Colorado River water and has approval to store up to 299,000 acre-feet of Intentionally Created Surplus (ICS) in Lake Mead in 2019. Metropolitan preserved the option to divert additional water, develop additional water conservation programs, or make interstate storage and release arrangements with Nevada or Arizona agencies if needed as conditions develop throughout the year.</p> <p><b><u>Minute 323 Binational Work Group Meeting</u></b></p> <p>Metropolitan staff, along with staff from the Colorado River Basin States, participated in a field trip with representatives from Mexico to inspect projects in Mexico funded by water agencies in the United States, including Metropolitan. Metropolitan provided \$2.5 million of the \$10 million total provided by the U.S. agencies to fund canal lining projects and other water conservation measures in the Mexicali Valley. These projects, which are in varying stages of completion, will save water in Mexico for many decades. In exchange for its share of funding, Metropolitan received just over 23,000 acre-feet of ICS credits in Lake Mead.</p>
<b>Bay Delta/State Water Project Issues</b>	<p><b><u>Science Activities</u></b></p> <p>Metropolitan staff attended the 10th Biennial Bay-Delta Science Conference held in Sacramento, September 10-12. The conference is sponsored by the Delta Science Program and the U.S. Geological Survey, and it features three days of oral and poster presentations that provide scientific information concerning fish ecology, modeling</p>

<b>Bay Delta/State Water Project Issues - continued</b>	<p>and decision support, habitat restoration, climate change, water quality, and science collaboration and communication.</p> <p>Metropolitan staff chaired a conference session on recent developments in longfin smelt science, which was received constructively. Several scientific studies conducted by Metropolitan staff or supported by Metropolitan were well represented at the conference. The science presentations for Metropolitan supported studies (described below) addressing longfin smelt and Delta smelt biology, analysis of fish survey data and environment-recruitment relationships, factors affecting predation of salmon, and development of a model to analyze incidental take.</p> <ul style="list-style-type: none"> <li>• Corey Phillis (Metropolitan staff): <i>Go West (and South) Young Smelt: Mapping the Habitats Associated with Juvenile Longfin Smelt and their Prey</i></li> <li>• Shawn Acuna (Metropolitan staff): <i>Indicators of Reproductive Health of Delta Smelt</i></li> <li>• James Peterson (Oregon State University): <i>Multistate Occupancy Estimation for Longfin Smelt</i></li> <li>• Lenny Grimaldo (ICF Consultants): <i>Examining Variability in Hatching and Rearing Habitat for Key Forage Fish in the Upper San Francisco Estuary During Wet and Dry Periods from an Unmined IEP Dataset</i></li> <li>• Natascia Tamburello (ESSA consultants): <i>Durability of Environment-Recruitment Relationships in Aquatic Ecosystems: Insights from Long-term Monitoring in a Highly Modified Estuary and Implications for Management</i></li> <li>• Steve Zeug (Cramer Fish Sciences): <i>Experimental Quantification of Piscivore Density and Habitat Effects on Juvenile Chinook Salmon Survival</i></li> <li>• Mike Tillotson (ICF consultants): <i>A Machine Learning Model for Predicting Salmonid Take at the SWP and CVP in Real-Time</i></li> </ul> <p>A scientific paper co-authored by David Fullerton in collaboration with Joe Kirsch, at the U.S. Forest Service, was accepted for publication in the peer-reviewed Journal of Fish and Wildlife Management. The paper presents findings from a study Metropolitan is supporting to evaluate rates of fish misidentification and analyze the rate at which experienced biologists misidentified fish species in a lab setting. The researcher found that rates of misidentification were high enough to distort distribution and abundance conclusions. Misidentification of species could complicate analysis of past fish survey data, particularly during the 1960's – 1980's when quality control was limited.</p> <p>Metropolitan staff continued participating in the Collaborative Science and Adaptive Management Program (CSAMP), including participation on the Collaborative Adaptive Management Team (CAMT). In September, the CSAMP Policy Group approved a set of priorities for 2019-2020 focused on Delta smelt and salmon actions, development of integrated science plans for Delta smelt and salmon and continuing the development of structured decision making tools. The Policy Group also discussed the status of funding for Delta science related activities and the status of Salmon Resiliency Strategy actions. Metropolitan staff participated in the September 18 CAMT meeting, which focused on the Delta Smelt Science Plan and</p>
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<b>Bay Delta/State Water Project Issues - continued</b>	<p>how to incorporate adaptive decision-making into the plan and identify the entities responsible for the decisions.</p> <p><b><u>Delta Flood Emergency Management Plan</u></b></p> <p>The Department of Water Resources (DWR) has assigned additional support staff to their Flood Emergency Office to address agency comments and help finalize the Delta Flood Emergency Management Plan (DFEMP). DWR has stated the DFEMP is expected to be final by late-October 2018.</p> <p>Most relevant to the DFEMP is the inclusion of the emergency freshwater pathway that has been placed in the response category of emergency operations implementation, meaning it will receive immediate action in the initial stages of an emergency of the scale warranting pathway use (for example, a major earthquake in or near the Delta causing levee failures and threats to water supply delivery).</p>
<b>East Orange County Feeder No. 2</b>	<p><b><u>Use of East Orange County Feeder No. 2 for Conveyance of Groundwater and/or Poseidon Water</u></b></p> <p>MWDOC has been meeting with MET staff to discuss various aspects of using the EOCF#2 to convey other sources of local water. This concept can include ocean desalination projects, and/or other local projects such as the groundwater pump-in to the EOCF#2.</p> <p>On August 31, 2018, MWDOC hosted a Water System Operations and Integration Workshop attended by technical staff from: MET's Water Quality team, MWDOC member agencies, and consultants. The workshop focused on the possible integration of multiple treated water sources into the OC water distribution system; particularly in the lower reaches of EOCF#2. The collaborative discussion identified a number of potential issues for follow-up. Staff and our consultant, Ed Means, are working through the workshop recommendations to develop a plan to address these issues.</p> <p>On October 17, 2018 MWDOC staff met with members of MET's Facilities Planning team to discuss the capabilities of and experiences with MET's water distribution system model (which is principally a hydraulic model). MWDOC staff began a discussion about the possibilities of leveraging the existing MET model data for inclusion into an OC water distribution model. The OC model concept is envisioned to include distribution pipelines in OC such as EOCF#2, AMP, Joint Regional Water Supply System (JWRSS), and South County Pipeline. The OC model concept would also include a water quality module to assist with the development of solutions to the issues identified during the Water Systems Operations and Integration Workshop. MET staff was generally favorable to the idea of sharing information, and are currently evaluating a number of possible alternatives that will be discussed with MET executive management.</p>

<b>East Orange County Feeder No. 2 - continued</b>	 <p>The map, titled "MWD – Orange County Region", displays the water infrastructure of the Metropolitan Water District of Southern California in Orange County. It shows a network of water lines, treatment plants, and power plants. A legend in the bottom left corner identifies the following features: MWD Treatment Plants (blue circles), MWD Power Plants (red circles), Non-MWD Power Plants (green circles), Pressure Control Structures (yellow circles), Sub Area 1 (blue line), Sub Area 2 (yellow line), Sub Area 3 (orange line), and Sub Area 4 (red line). The map also shows major roads, rivers, and geographical features like the Santa Ana River and the Pacific Ocean.</p>
<b>South Orange County Projects</b>	<p><b><u>Doheny Desal Project</u></b> – see paragraph under Engineering</p> <p><b><u>SMWD Trampas Canyon Recycled Water Reservoir</u></b></p> <p>This project involves the construction of a 5,000-acre-foot recycled water storage reservoir and the various complementary facilities to support this reservoir. The construction of the Trampas Canyon Recycled Water Seasonal Storage Reservoir consists of three main components:</p> <ol style="list-style-type: none"> <li>1. Trampas Canyon Dam (Dam)</li> <li>2. Conveyance facilities to transport recycled water into and out of the Reservoir (Pipelines)</li> <li>3. Trampas Canyon Pump Station (Pump Station)</li> <li>4. The construction of the facilities is being completed in three phases:</li> <li>5. Preconstruction/Site Preparation for the Dam and Pump Station Construction</li> <li>6. Dam and Pipelines</li> <li>7. Pump Station</li> </ol> <p><b><u>PROJECT STATUS</u></b></p> <p><b><u>Preconstruction/Site Preparation</u></b></p> <p>The work to relocate various facilities integral to the existing mining operation was completed in December 2017. The relocation of the high-tension power lines that feed an existing major communication facility was completed in April 2018. The final relocation of AT&amp;T facilities was completed in May 2018, which was the final remaining activity for this phase.</p> <p><b><u>Dam and Pipelines</u></b></p> <p>The \$81M Construction Contract was awarded in December 2017 and is approximately 25% complete.</p>

<b>South Orange County Projects – continued</b>	<p><b><u>Pump Station</u></b></p> <p>The preliminary design of this facility has been completed. Final design began on May 30, 2018 when the final hydraulic requirements for this facility were finalized. AECOM has recently provided a 30% Design package which the District reviewed. The design process is likely to continue thru the end of this year and we anticipate starting the construction bidding process in January 2019. Completion of the construction is expected to be in January 2020, about 3 months ahead of the Reservoir and Dam completion.</p> <p><b><u>San Juan Watershed Project</u></b></p> <p>No new information to report.</p> <p><b><u>Other Information on South County Projects:</u></b></p> <p>If any agencies would like to have updates included herein on any projects within your service area, please email the updates to Karl Seckel at kseckel@mwdoc.com.</p>
<h2 style="text-align: center;">ENGINEERING &amp; PLANNING</h2>	
<b>Orange County Reliability Study</b>	<p>A more detailed report was included in the P&amp;O Committee packet and includes a summary of all comments received so far on the 2018 Reliability Study. Staff has also summarized a number of key follow-up activities for additional work. Staff anticipates providing the Final Plan for a receive and file action by the Board at the December 19 meeting.</p>
<b>South Orange County Emergency Service Program</b>	<p>Dudek has continued to assist MWDOC and IRWD to determine if the existing IRWD South Orange County Interconnection capacity to provide emergency water to South Orange County can be expanded in capacity or extended beyond its current time horizon of 2030. Modeling and evaluation of a number of options for the IRWD system is required for the study effort.</p> <p>Phase 1 of the study examined the ability of the <b><u>existing IRWD system</u></b> to convey water to SOC during emergency situations. The preliminary results of the Phase 1 evaluation indicates the following:</p> <ul style="list-style-type: none"> <li>• Approximately 21 cfs (ranges from 16 cfs to 35 cfs) is available to send to SOC in 2018, however, most of that capacity goes away by 2022 as demands build in the IRWD system.</li> <li>• With 10% conservation by IRWD, it appears as if additional capacity is available, but it drops to about 9 cfs by 2023 and will continue dropping until IRWD increases groundwater production.</li> </ul> <p>Phase 2 is examining the <b><u>future ability of the IRWD system</u></b> (beyond 2025) to convey water to SOC during emergency situations. Phase 2 also considers additional groundwater production for the IRWD service area of 12,500 AF per year to be developed by 2025. While exploring options for the future groundwater production, the study will also evaluate other options for conveying water to SOC as additional water production is brought on-line by IRWD. The Phase 2 work is nearing</p>



<b>South Orange County Emergency Service Program-continued</b>	<p>completion and a meeting with the South County agencies is expected in December. The final report will be completed in January or February.</p> <p>The total needs of the SOC agencies are estimated to range between 31 and 43 cfs (equivalent to 20 to 27.5 mgd).</p>
<b>Strand Ranch Project</b>	<p>MWDOC is using the modeling from the Orange County Reliability Study to evaluate how “extraordinary supplies” from the Strand Ranch Project can be utilized by the MWDOC agencies to provide drought protection over the next 7 to 11 years or longer. CDM Smith is working on understanding the key terms of the water banking arrangement.</p>
<b>MET Evaluation of Regional Storage Portfolio (ERSP)</b>	<p>MET Evaluation of Regional Storage Portfolio (ERSP).</p> <p>Metropolitan's emergency water storage objective is based on the potential for major earthquake damage to the State Water Project and Colorado River aqueducts that transport imported water supplies to Southern California (following the San Andreas M7.8 'Great ShakeOut' scenario developed by the US Geological Survey).</p> <p>MET has established a Member Agency Workgroup to consider updates to MET's emergency storage objective, including:</p> <ol style="list-style-type: none"> <li>1. Updating emergency criteria,</li> <li>2. Revising the framework for determining emergency storage volume. The new framework would shift from a traditional single equation for determining emergency storage volume, to an updated evaluation that considers various combinations of criteria to determine a storage amount that provides an envelope of alternatives for MET's emergency storage that could provide reliability during the outage period.</li> <li>3. Proposed periodic re-evaluation of emergency storage volume to coincide with completion of each new IRP (every 5 years).</li> </ol> <p>MET released a White Paper on October 29, 2018 to member agencies for their review and feedback. The paper discusses a methodology for review and update of emergency criteria and re-evaluation of Metropolitan's emergency storage.</p> <p>Included in the proposed outage period criteria is:</p> <ol style="list-style-type: none"> <li>A. Recognition that an outage on the SWP could exceed previous estimates of six months (now one to two years), and</li> <li>B. Incorporation of increased operational flexibility of the MET system which was demonstrated during the last drought. Some areas in the MET's service area that normally receive SWP water from the East Branch could be served by delivering DVL water to Mills through the Inland Feeder/Lakeview Pipeline intertie.</li> </ol> <p>These changes modify the Emergency Outage Criteria from a minimum/ maximum outage criteria to an 'effective outage' duration which better represents conditions.</p>

<b>MET Evaluation of Regional Storage Portfolio (ERSP) - continued</b>	<p>MWDOC staff is submitting comments on the White Paper.</p> <p>A third Workgroup meeting was held November 1, 2018 which continued the discussion on updating emergency storage criteria and re-evaluation of Metropolitan's Emergency Storage Requirements.</p> <p>MET staff is planning to present an update to the MET WP&amp;S Committee before the end of the year.</p>
<b>Poseidon Resources</b>	<p>Poseidon continues working with the Santa Ana Regional Water Quality Control Board (SARWQCB) to renew and update its existing National Pollution Discharge Elimination System permit and comply with new regulations (referred to as the Ocean Plan amendments) which were approved by the State Water Resources Control Board in May 2015.</p> <p>On October 1, 2018 SARWQCB notified Poseidon that their application for the revised ocean discharge diffuser design, which was required by the Ocean Plan Amendment, was complete. The Permit Streamlining Act (PSA) requires a responsible agency to approve or disapprove of an application within 180 days. Poseidon maintains that their application is subject to the PSA, while SARWQCB contends that this application is not subject to the PSA.</p> <p>Poseidon expects the SARWQCB to act on its permit in the next 4-6 months. Assuming approval, Poseidon would then seek a permit from the California Coastal Commission in 2019.</p>
<b>SMWD Rubber Dams Project</b>	<p>SMWD continues to work on additional technical studies to complete the response to comments on the Draft Environmental Impact Report (DEIR).</p>
<b>Doheny Ocean Desalination Project</b>	<p>South Coast WD released the Doheny Ocean Desalination Project Draft Environmental Impact Report (EIR) on May 17, 2018. A Public Meeting for the EIR was held on June 26, 2018, and the EIR public comment period closed on August 6, 2018. Consultant GHD is currently working on an updated Coastal Hazard Technical Study to address comments received.</p> <p>A Request for Qualifications (RFQ) for a 3rd party legal firm to assist with Design-Build-Operate (DBO) contract development was released and interviews with 5 respondents were held August 22, 2018. The South Coast WD Board is currently in negotiations and anticipates awarding the contract in the near future.</p> <p>South Coast WD staff also submitted a grant application for up to \$20 million for project construction through Bureau of Reclamation 'Water SMART: Desalination Construction Projects under the WIIN Act'. The Bureau of Reclamation expects to contact potential award recipients and unsuccessful applications toward the end of 2018.</p>
<b>Doheny Ocean Desalination Pilot Study</b>	<p>MWDOC staff is closing out the final equipment issues with the Doheny Desalination Pilot Study; the Indar submersible pump and the Mobile Test Facility (MTF).</p>

<b>Doheny Ocean Desalination Pilot Study - continued</b>	<p>The MTF was to be leased to Michael Baker International for a 1 year pilot study at Camp Pendleton through San Diego County Water Authority. The MTF is no longer needed as SDCWA cancelled the project due to permitting difficulties.</p> <p>Consultant Geoscience made multiple attempts over the past 10 months to sell the pump to agencies that had previously expressed interest, pump contractors, and for salvage value. None of the parties were ultimately interested in the pump, and the pump salvage value is less than the shipping cost to relocate the pump back from the testing facility. Currently the pump is being shipped back to SCWD.</p> <p>Staff also contacted the MTF manufacturer, Intuitech, who in 2016 indicated an interest in buying the MTF. On October 30, 2018 Intuitech indicated they are no longer interested in purchasing the MTF. The MTF has been stored at South Coast WD for the past two years.</p> <p>Staff will be contacting the Project Participants this month to discuss salvage of the remaining equipment and close out of the Project.</p>
<h2 style="text-align: center;">EMERGENCY PREPAREDNESS</h2>	
<b>Coordination with WEROC Member Agencies</b>	<p>WEROC, with Michal Baker as the lead consultant, is facilitating 19 agencies through the process of updating the Orange County Water and Wastewater Multi-Jurisdictional Hazard Mitigation Plan. Update: The plan has been submitted to CalOES &amp; FEMA for approval. The plan will then be returned to each agency for Board approval before being resubmitted to FEMA for final approval.</p> <p>WEROC Radio Replacement Update: Francisco Soto continues to work with member agencies, Motorola, and the Sheriff's Communications staff to implement the OC 800 MHz radio system for WEROC. Update: Currently working with the City of Laguna Beach and the City of Seal Beach to program the WEROC channel into their existing radios. Radio tests will be conducted on the second Wednesday of each month. 34 of the 37 agencies with the WEROC radio participated this month.</p> <p>Kelly Hubbard is working with TCWD and the County on writing the Holy Incident-Post Fire Debris Flow Response Plan. TCWD has a facility within the possible debris flow area and is identifying how to best protect the facility, as well as what the impacts of its loss would be.</p> <p>Francisco Soto presented to the MWDOC Public Affairs Workgroup regarding the completed Water Quality Translations for Member Agencies to use in a disaster. These are the standard water quality notices translated to the 9 most used languages in OC and are required under various circumstances. He provided the public affairs staff background on how to utilize the translations and where to find the full documents.</p>
<b>Training and Programs</b>	<p>Kelly attended FEMA AWR-356 Community Planning for Disaster Recovery to assist in the process of starting on long-term water utility recovery planning.</p> <p>Kelly hosted AlertOC training for Member Agencies and MWDOC staff. AlertOC is the county's reverse notification system for emergencies.</p>

<b>Training and Programs - continued</b>	<p>Francisco provided WEROC EOC Staff with training on the Incident Action Plan process and Situation Summaries by utilizing the documents that were created in the last WEROC exercise.</p> <p>WEROC coordinated two Department of Water Resources (DWR) Flood Fight and Sand Bagging training classes at El Toro Water District. The training focused on flood fighting techniques and hands-on sand bagging tutorials and hillside stabilization.</p> <p>Kelly developed and hosted the first WEROC Cyber and Information Security Forum for Water and Wastewater Utilities. This program addressed how policy and technical concepts intersect for true cyber and information security. The audience included IT staff, Emergency Managers, and Management staff. Special thanks to Nolan King of Moulton Niguel Water District who assisted Kelly with the program.</p> <p>Francisco attended the California Water and Wastewater Agency Response Network (CalWARN) Fall Meeting in Rancho Mirage. Discussion topics included “How the Water Desk can help agencies and Operational Areas with Emergency Professionals”, and the “Edison Public Safety Power Shutoff (PSPS).”</p> <p>Francisco provided “New Employee MWDOC Continuity of Operations Training” to Rachel Davis and the three new WUE interns.</p>
<b>Coordination with the County of Orange</b>	<p>Francisco attended the October Orange County Emergency Management Organization (OCOMO) General Meeting and OCOMO Exercise Design meeting. Delcie Hynes and Diana LaRusso from the Social Services Agency provided a presentation on “Providing Support to Local Jurisdictions: O.C. Kids Connect; Another Option for Unaccompanied Minors.” The Exercise Design meeting continues to plan for the January 2019 county-wide exercise.</p> <p>County and FEMA Recovery Exercise Update: WEROC staff is working with the County and FEMA on a Recovery Exercise on October 18, 2018 that involves responding to a 7.8 earthquake on the San Andreas Fault. The exercise scenario will begin 3 weeks after the earthquake and focus on recovery operations. The exercise is unique in that it is testing long term recovery concepts by focusing in on housing and infrastructure repair. Harvey De La Torre, Melissa Haley, Charles Busslinger, Kelly and Francisco attended the County and FEMA Recovery Exercise on October 18, 2018. All of the noted staff also attended a training prior to the exercise to prepare for the unique discussion concepts a recovery exercise involves.</p> <p>Ongoing: The Operational Area has started its review and update of the County of Orange and Orange County Operational Area Flood, Dam and Reservoir Annex. This update will combine what was two separate plans, as well as address planning requirement updates in Dam Emergency Action Planning that were implemented this year. Kelly attended the October OA Dam planning meeting to participate in reviewing the last section of the plan. CalOES called into the meeting to provide additional guidance to the dam agencies on what their expectations are for coordination with emergency response agencies. There is one more county meeting in November. However, Kelly will continue to work with member agencies to meet the coordination requirement and to provide review of their plans.</p>

<b>EOC Readiness</b>	<p>Janine Schunk successfully participated in the OA and MET Radio Test and WebEOC tests for the month.</p> <p>Janine and Leah Frazier developed and hosted the International Great Shakeout activities for MWDOC staff on October 18. They facilitated a Drop, Cover and Hold On drill, had staff practice proper evacuation procedures for the building and then provided an entertaining presentation on the many uses of heavy duty trash bags following a disaster. Hint: They are good for more than just trash.</p>
<b>Event Coordination – Edison PSPS Events</b>	<p>Southern California Edison (SCE) Public Safety Power Shutoff (PSPS) Plan – Background: SCE will utilize this program to proactively shut off power in high fire risk areas when extreme weather conditions present a clear and imminent threat to Edison power lines. UPDATE: Kelly and Francisco are working with CDR to finalize WEROC Maps that include the Edison PSPS Plan maps. Agencies will use this information to work with Edison on possible impacts, concerns and to update their own Power Outage Plans.</p> <p>On October 13, 2018 Kelly was notified by the County Operational Area that Edison may implement their PSPS program due to predicted Red Flag Warning conditions. Kelly worked with the County staff for several days to continue to receive updates and to share those with the potentially impacted agencies. At the same time, the high winds caused approximately 12,000 outages in OC due to wind damages. Between October 13-15, Edison reports that all outages were due to wind damages and that no outages were proactive shut-downs.</p>
<b>WATER USE EFFICIENCY</b>	
<b>Leak Detection Equipment Training</b>	<p>On October 16 and 17, the City of Anaheim hosted a Leak Detection Equipment Training. A second training was hosted by Yorba Linda Water District on October 31 and November 1. Each training was attended by 32 participants from retail agencies throughout the county, for a total of 64 participants. Steve Hancey from Pollardwater provided both in-classroom and practical, hands-on training for the use of the Subsurface LD-18 Digital Water Leak Detector, the Zcorr Digital Correlating Logger, and the Global Water PL200-H-1 Hydrant Water Pressure Loggers.</p> <p>Two additional trainings will be held in the first quarter of 2019. The dates and locations will be established by the end of November.</p>
<b>Leisure World-Seal Beach Landscape Committee Presentation</b>	<p>On October 19, Joe Berg and Vikki Beatley, Director of Finance at the City of Seal Beach, provided the Leisure World-Seal Beach Landscape Committee a presentation on available water conservation programs. The committee was attended by more than 15 committee members from throughout the community. Members expressed an interest in toilet and landscape rebate programs.</p>



<b>Metropolitan Water District of Southern California (MET) Water Use Efficiency Workgroup</b>	<p>On October 18, Rachel Davis attended Metropolitan's Water Use Efficiency Workgroup meeting. Approximately 30 member agencies participated in the meeting. Agenda items included:</p> <ul style="list-style-type: none"> <li>• October Board Report</li> <li>• Water Smart Innovations Conference Presentations</li> <li>• Conservation in DAC</li> <li>• Customer Survey Results</li> <li>• Member Agency Round-Table/Updates</li> </ul>
<b>Cal-Nev American Water Works Association (AWWA) Annual Fall Conference</b>	<p>On October 24, Joe participated in the Cal-Nev AWWA Annual Fall Conference in Rancho Mirage. Joe presented a description of MWDOC's Water Loss Control Technical Assistance Program and the results of three consecutive years of water balance results. Approximately 40 conference members attended the presentation.</p>
<b>Metropolitan Water District of Southern California (MET) Program Advisory Committee (PAC)</b>	<p>On October 24, Rachel Waite attended Metropolitan's PAC meeting. Approximately 10 member agencies participated in the meeting. Agenda items included:</p> <ul style="list-style-type: none"> <li>• Draft PAC Recommendations <ul style="list-style-type: none"> <li>◦ Spray2Drip as a Regional Program</li> <li>◦ CEE Washer Specs</li> </ul> </li> <li>• Pressure Regulating Spray Heads</li> <li>• MWD Landscape Audits <ul style="list-style-type: none"> <li>◦ Possibility of CII audits</li> </ul> </li> <li>• New Devices/Technologies</li> </ul> <p>The next PAC meeting will be held at Metropolitan on a date to be determined.</p>
<b>Orange County Water Use Efficiency Coordinators Workgroup</b>	<p>On November 1, Steve Hedges, Rachel D., Rachel W., and Jeannie Bui hosted the Orange County Water Use Efficiency Coordinators Workgroup meeting at MWDOC. Approximately 15 agencies participated in the meeting. Highlights on the agenda included:</p> <ul style="list-style-type: none"> <li>• MWDOC Updates</li> <li>• Agency Roundtable/Problem Solving</li> <li>• Public Affairs/Marketing <ul style="list-style-type: none"> <li>◦ Water Policy Dinner Wrap-Up</li> <li>◦ Girl Scouts Program</li> <li>◦ Website Awards</li> <li>◦ Wyland Pocket Park</li> <li>◦ Community Events and Upcoming Meetings</li> </ul> </li> <li>• Presentation: Breaking the Rebate Mold – Shavonne Mays, MNWD</li> <li>• Metropolitan Update</li> </ul>

<b>Orange County Water Use Efficiency Coordinators Workgroup - continued</b>	<ul style="list-style-type: none"> <li>○ Conservation in DAC</li> <li>○ Customer Survey Results</li> <li>○ PAC Recommendations</li> <li>● Water Use Efficiency Programs Update <ul style="list-style-type: none"> <li>○ Landscape Transformation Program</li> <li>○ OC-Qualified Water Efficient Landscaper Training <ul style="list-style-type: none"> <li>▪ Upcoming Classes</li> </ul> </li> </ul> </li> <li>● Future Agenda Items</li> </ul> <p>The next meeting is scheduled for December 6<sup>th</sup> at MWDOC.</p>
<b>Turf Removal Program Database Training</b>	<p>On November 5, Rachel D. and Jonathon Meier visited El Toro Water District to provide District staff with training on Turf Removal inspections and database use.</p>
<b>California Water Efficiency Partnership</b>	<p>On November 7, Joe participated in the quarterly Board of Directors meeting of the California Water Efficiency Partnership. This meeting was hosted by MWDOC. Eighteen Board members and staff attended this meeting, and another six participated by phone. The agenda included:</p> <ul style="list-style-type: none"> <li>● Approve Consent Calendar <ul style="list-style-type: none"> <li>○ September 6, 2018 Board of Directors Minutes</li> <li>○ NGO &amp; Reciprocal Membership Policy</li> <li>○ Conflict of Interest Policy</li> <li>○ Membership Report</li> <li>○ Draft 2019 Meeting Calendar</li> </ul> </li> <li>● Executive Director's Report</li> <li>● AWE Chapter Agreement Schedule and Status</li> <li>● 2018 Q3 Financials</li> <li>● 2019 Budget Preview</li> <li>● Executive Director Contract and Permanent Executive Director Search</li> <li>● 2019 Board and Officer Appointments</li> <li>● Committee Member Recruitment, Structure and Chair Appointments</li> <li>● Approve Advocacy Principles</li> <li>● Partnership Communication</li> <li>● Framework Ideas</li> <li>● Discuss Peer-to-Peer</li> <li>● December 12 Plenary Agenda</li> <li>● Other Business/Adjourn</li> </ul> <p>The next meeting is scheduled for February and will be hosted in northern California.</p>
<b>Orange County Water Loss Control Workgroup</b>	<p>On November 13, Joe hosted the Orange County Water Loss Control Workgroup. Thirty-two participants attended this meeting from 21 agencies. The agenda included:</p> <ul style="list-style-type: none"> <li>● Nickel Institute, Kristina Osterman <ul style="list-style-type: none"> <li>○ Corrugated Stainless Steel Service Lines</li> </ul> </li> <li>● Water Loss Updates</li> </ul>

<b>Orange County Water Loss Control Workgroup - continued</b>	<ul style="list-style-type: none"> <li>• Leak Detection Equipment Lending Library Update               <ul style="list-style-type: none"> <li>○ The equipment is available</li> <li>○ Hosting opportunity for training in early 2019 – who's interested?</li> <li>○ Check-out form</li> </ul> </li> <li>• South Coast Water District Leak Detection Results and Plans</li> <li>• Year Three Water Balance Results for OC Agencies</li> <li>• Water Loss Control Shared Services Business Plan               <ul style="list-style-type: none"> <li>○ Timeline</li> <li>○ Preliminary Recommendations</li> </ul> </li> </ul> <p>The next meeting will be held on January 8<sup>th</sup> and will be hosted by MWDOC.</p>
<h2 style="margin: 0;">PUBLIC/GOVERNMENT AFFAIRS</h2>	
<b>Member Agency Relations</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Hosted a “Crisis Communication Workshop” for member agency PIOs at Public Affairs workshop meeting on October 30</li> <li>• Attended Laguna Beach County Water District's 9<sup>th</sup> annual SmartScape Expo on October 13 (Ricki Raindrop Appearance)</li> <li>• Met with Mesa Water's new Communications Manager to discuss Public Affairs initiatives and plans</li> <li>• Produced bill inserts advertising Water Use Efficiency rebates for 12 member agencies</li> <li>• Provided information to Moulton Niguel Water District on website design and development</li> <li>• Participated as an interview panel member for Mesa Water's Public Affairs Assistant position</li> <li>• Participated in a conference call with Yorba Linda Water District to discuss website development tips, lessons learned, and best practices</li> </ul> <p>Governmental Affairs Staff:</p> <p>Provided a legislative update for the Public Affairs Work Group</p>
<b>Community Relations</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Attended Buena Park Elks Lodge's annual Trunk-or-Treat Safety Carnival on October 27 (Ricki Raindrop Appearance)</li> <li>• Provided water-saving tips developed for California Sprinkler Adjustment Notification System outreach efforts to Inside the Outdoors</li> </ul> <p>Governmental Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Attended the Southern California Water Committee's Annual Meeting and Dinner</li> <li>• Attended OCBC's Election Day Luncheon</li> <li>• Participated in the California Women in Water Conference in Santa Barbara and attended the following workshops:               <ul style="list-style-type: none"> <li>○ Keynote Speech from Bureau of Reclamation Commissioner, Brenda Burman</li> <li>○ Water Recycling and Reuse</li> </ul> </li> </ul>

<b>Community Relations - continued</b>	<ul style="list-style-type: none"> <li>○ SGMA Driven Solutions</li> <li>○ The Business of Water</li> <li>○ Climate Change</li> </ul>
<b>Education</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Sent monthly attendance reports and scheduled visits to participating member agencies for both elementary and high school programs and updated website calendar</li> <li>• Coordinated elementary school visit for El Toro Water District</li> <li>• Coordinated elementary school visit for City of San Juan Capistrano</li> <li>• Coordinated elementary and high school visits for City of Anaheim</li> <li>• Provided promotional materials to City of Brea for local school outreach</li> <li>• Continued administrative support and coordination to fill the remaining Girl Scout Patch Program clinics</li> <li>• Hosted Girl Scouts Water Resources and Conservation Patch Clinic at El Toro Water District's Water Treatment Facility</li> <li>• Participated in planning meeting with Inside the Outdoors for 2018/19 Voice4thePlanet video contest</li> <li>• Created template social media posts approved for member agency use at Girl Scout Program clinics</li> <li>• Secured Nix Nature Center for November 17 Water Resources and Conservation Patch Clinic</li> <li>• Created Water Industry Careers handout for use in Girl Scout Program and High School Program</li> </ul>
<b>Media Relations</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Completed daily social media posts for MWDOC's three primary platforms</li> </ul>
<b>Special Projects</b>	<p>Public Affairs Staff</p> <ul style="list-style-type: none"> <li>• Staffed the following inspection trips: <ul style="list-style-type: none"> <li>○ October 12, Director Barbre SWP/CV Ag</li> <li>○ October 19-20, Director McKenney CRA</li> <li>○ November 9-11, Director McKenney SWP/CV Ag</li> </ul> </li> <li>• Are currently working on itineraries, trip logistics, guest and Director requirements for the following inspection trips: <ul style="list-style-type: none"> <li>○ January 11-12, Director Ackerman CRA</li> <li>○ February 8, Director McKenney Infrastructure</li> <li>○ February 22-23, Director Dick SWP/Ag</li> </ul> </li> <li>• Participated in CAPIO's "Shake It Up: Campaigns, Crises, and Networks" workshop</li> <li>• Attended a 2019 OC Water Summit Committee meeting</li> <li>• Staff participated in the California Association of Public Information's on-camera media interview training with SAE Communications</li> <li>• Staff received the California Association of Public Information's J. Lindsey Wolf PIO Institute Certificate in Public Information for completing all 10 designated Institute courses including media relations, writing, electronic media, public speaking, crisis communications, strategic communications, and branding</li> </ul>

<b>Special Projects - continued</b>	<ul style="list-style-type: none"> <li>• MWDOC Board President, Public Affairs staff, and Wyland Foundation VP, presented the City of Westminster Council with a certificate of recognition for winning the 2018 Wyland National Mayors Challenge, and MWDOC-Wyland breakaway challenge</li> <li>• Prepared, coordinated, and hosted a MWDOC Water Policy Forum &amp; Dinner featuring newly elected Chair, Gloria Gray</li> <li>• Participated in a Water Summit Committee meeting along with President Barbre, and Director Yoo Schneider</li> <li>• Met with Water Use Efficiency to discuss options for refreshing the Droplet website portal to align with MWDOC branding</li> <li>• Met with Water Use Efficiency to discuss marketing plans for current and future programs and devices</li> <li>• Participated on a conference call with Montage Resort Director of Engineering, Chris Russell, to discuss next steps for Laguna Beach Pocket Park project</li> <li>• Prepared and presented a second draft Water 101 booklet to Association of California Cities – Orange County (ACC-OC)</li> <li>• Met with Water Emergency Response Organization of Orange County (WEROC) to discuss emergency informational materials and tools</li> </ul> <p>Governmental Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Attended the OC LAFCO meeting</li> <li>• Participated in the WACO Planning Meeting</li> <li>• Coordinated the speakers for the November WACO meeting on non-compliant water districts</li> <li>• Researched the origin and history of WACO in preparation to update the WACO bylaws</li> <li>• Received the ISDOC election ballots and tallied the results for the Quarterly Luncheon</li> <li>• Drafted updated WACO bylaws for internal review</li> <li>• Emailed templates to member agencies for the 2019 DC Luncheon Briefing Book</li> </ul>
<b>Legislative Affairs</b>	<p>Governmental Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Attended a California Water Plan 2018 Plenary Meeting in Sacramento</li> <li>• Met with the County of Orange's legislative director regarding countywide legislative issues</li> <li>• Met with Jenn Lowe of ACC-OC to discuss ways our two organizations can work together</li> <li>• Attended MET's annual legislative coordinators' planning meeting</li> <li>• Participated in ACWA's annual State Legislative Committee Planning Meeting for 2019</li> </ul>



**INFORMATION CALENDAR**

**MWDOC GENERAL INFORMATION  
ITEMS**

**MWDOC BOARD OF DIRECTORS**

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