MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
October 9, 2019, 8:30 a.m.
Conference Room 101

A&F Committee:
J. Thomas, Chair
J. Finnegan
R. McVicker

Staff: R. Hunter, K. Seckel, J. Berg, H. De La Torre, K. Davanaugh, C. Harris, H. Chumpitazi

Ex Officio Member: Director Barbre

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

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

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

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

PROPOSED BOARD CONSENT CALENDAR ITEMS

1. TREASURER'S REPORT
   a. Revenue/Cash Receipt Report – September 2019
   b. Disbursement Approval Report for the month of October 2019
   c. Disbursement Ratification Report for the month of September 2019
   d. GM Approved Disbursement Report for the month of September 2019
   e. Water Use Efficiency Projects Cash Flow – September 30, 2019
   f. Consolidated Summary of Cash and Investment – August 2019
   g. OPEB and Pension Trust Fund monthly statement

2. FINANCIAL REPORT
   a. Combined Financial Statements and Budget Comparative for the Period ending August 31, 2019

ACTION ITEMS

3. HEALTH SAVINGS ACCOUNT ELECTIONS FOR 2020

4. SDRMA RESOLUTION

5. APPROVE FUEL CARD FOR SHARED SERVICES

6. APPROVAL OF REVISED PERSONNEL MANUAL

7. ELECTRICAL SYSTEM REHABILITATION PROJECT – AVRAM CONTRACT - CHANGE ORDERS 4 & 5

8. AUTHORIZE ATTENDANCE AT THE PUBLIC POLICY INSTITUTE'S "PREPARING CALIFORNIA'S WATER SYSTEM FOR CLIMATE EXTREMES" SYMPOSIUM, NOVEMBER 5, 2019, SACRAMENTO

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

9. HEALTH BENEFIT RATES FOR 2020

10. DISPOSAL OF FIXED ASSETS

11. CALPERS ANNUAL VALUATION REPORT AS OF JUNE 30, 2018

12. DEPARTMENT ACTIVITIES REPORTS
    a. Administration
    b. Finance and Information Technology

13. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION

OTHER ITEMS

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

CLOSED SESSION ITEMS

15. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
    Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: One case

ADJOURNMENT

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

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

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
September 2019

WATER REVENUES

Date	From	Description	Amount
09/03/19	City of La Palma	July 2019 Water deliveries	3,298.97
09/04/19	Laguna Beach County Water District	July 2019 Water deliveries	115,689.22
09/05/19	Serrano Water District	July 2019 Water deliveries	9,478.63
09/05/19	Trabuco Canyon Water District	July 2019 Water deliveries	15,359.77
09/06/19	City of La Habra	July 2019 Water deliveries	4,510.14
09/06/19	City of Brea	July 2019 Water deliveries	14,223.32
09/09/19	City of Seal Beach	July 2019 Water deliveries	272,300.97
09/09/19	City of Buena Park	July 2019 Water deliveries	677,021.65
09/09/19	Santa Margarita Water District	July 2019 Water deliveries	2,092,792.89
09/11/19	El Toro Water District	July 2019 Water deliveries	513,193.02
09/11/19	City of Westminster	July 2019 Water deliveries	249,071.05
09/11/19	Mesa Water	July 2019 Water deliveries	79,566.61
09/12/19	City of Orange	July 2019 Water deliveries	762,150.22
09/12/19	City of San Juan Capistrano	July 2019 Water deliveries	571,088.70
09/12/19	City of Garden Grove	July 2019 Water deliveries	851,966.65
09/12/19	South Coast Water District	July 2019 Water deliveries	488,840.34
09/13/19	East Orange County Water District	July 2019 Water deliveries	386,777.55
09/13/19	Orange County Water District	July 2019 Water deliveries	363,914.80
09/13/19	Moulton Niguel Water District	July 2019 Water deliveries	2,177,182.93
09/13/19	Golden State Water Company	July 2019 Water deliveries	373,236.28
09/13/19	Irvine Ranch Water District	July 2019 Water deliveries	473,465.30
09/13/19	Yorba Linda Water District	July 2019 Water deliveries	1,000,197.55
09/26/19	Serrano Water District	August 2019 Water deliveries	9,478.63
09/27/19	City of Brea	August 2019 Water deliveries	14,223.32
09/27/19	City of Huntington Beach	August 2019 Water deliveries	1,356,619.38
09/27/19	City of San Clemente	August 2019 Water deliveries	806,992.62
09/30/19	City of Fountain Valley	August 2019 Water deliveries	10,860.08
		TOTAL REVENUES	**$ 13,693,500.59**

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
September 2019

MISCELLANEOUS REVENUES

Date	From	Description	Amount
09/03/19	SMWD	9/5/19 Water Policy dinner	850.00
09/06/19	3 Checks	9/5/19 Water Policy dinner	270.00
09/13/19	Metropolitan Water District	9/5/19 Water Policy dinner	850.00
09/16/19	Cucamonga Valley WD	9/5/19 Water Policy dinner	90.00
09/09/19	Paypal	9/5/19 Water Policy dinner registrations	661.27
09/12/19	Paypal	9/5/19 Water Policy dinner registrations	9,113.90
09/26/19	Marriott International	Refund for 9/5/19 Water Policy dinner	722.17
09/06/19	Stan Sprague	September 2019 Retiree Health insurance	244.77
09/11/19	Pat Meszaros	Sep-Nov 2019 Retiree Health insurance	121.44
09/30/19	US Bank	Monthly interest	38.30
09/20/19	Cathy Harris	Movie tickets	79.00
09/03/19	US Bank	CAL Card rebate check	421.66
09/13/19	SDRMA	Refund from Workers Compensation payroll reconciliation	67.57
09/13/19	Damon Micalizzi	Reimbursement for personal portion of Urban Water Institute Conference hotel	206.54
09/09/19	Mesa Water	July 2019 Smartimer rebate program	207.24
09/27/19	City of San Clemente	July 2019 Smartimer rebate program	80.00
09/30/19	Irvine Ranch Water District	July 2019 Smartimer rebate program	795.00
09/13/19	City of Fountain Valley	July 2019 Turf Removal rebate program	114.00
09/20/19	City of Orange	July 2019 Turf Removal rebate program	111.00
09/27/19	Yorba Linda Water District	July 2019 Turf Removal rebate program	111.00
09/16/19	Moulton Niguel Water District	July 2019 Smartimer and Turf Removal rebate program	11,676.61
09/13/19	El Toro Water District	July 2019 Smartimer and Turf Removal rebate program	694.00
09/13/19	El Toro Water District	July 2019 So Cal Watersmart rebate program	230.00
09/23/19	Moulton Niguel Water District	July 2019 So Cal Watersmart rebate program	1,800.00
09/25/19	Irvine Ranch Water District	July 2019 So Cal Watersmart rebate program	5,995.00
09/27/19	City of San Clemente	July 2019 So Cal Watersmart rebate program	375.00
09/26/19	South Coast Water District	Leak Detection Shared Services Elections for FY 19-20	2,096.00
09/19/19	Bureau of Reclamation	Apr-Sep 2019 Leak Detection Equipment Lending Library	49,393.62
09/27/19	City of Anaheim	Water Loss Control technical assistance - WSO, Inc	1,000.00
09/27/19	City of Anaheim	Jan-Jun 2019 School Billing	11,758.71
09/13/19	El Toro Water District	FY 2019-2020 Choice Programs Billing Invoice	37,989.75
09/16/19	Moulton Niguel Water District	FY 2019-2020 Choice Programs Billing Invoice	155,524.65
09/19/19	City of Westminster	FY 2019-2020 Choice Programs Billing Invoice	16,365.45
09/19/19	Mesa Water	FY 2019-2020 Choice Programs Billing Invoice	46,370.66
09/20/19	City of Brea	FY 2019-2020 Choice Programs Billing Invoice	31,759.34
09/20/19	City of Fountain Valley	FY 2019-2020 Choice Programs Billing Invoice	31,608.66
09/20/19	Trabuco Canyon Water District	FY 2019-2020 Choice Programs Billing Invoice	2,673.10
09/23/19	City of Newport Beach	FY 2019-2020 Choice Programs Billing Invoice	8,278.50
09/23/19	East Orange County Water District	FY 2019-2020 Choice Programs Billing Invoice	1,783.84
09/25/19	Irvine Ranch Water District	FY 2019-2020 Choice Programs Billing Invoice	220,293.71
09/25/19	Serrano Water District	FY 2019-2020 Choice Programs Billing Invoice	1,485.61
09/27/19	City of Garden Grove	FY 2019-2020 Choice Programs Billing Invoice	19,773.82
09/27/19	City of La Habra	FY 2019-2020 Choice Programs Billing Invoice	5,930.90
09/30/19	City of San Juan Capistrano	FY 2019-2020 Choice Programs Billing Invoice	30,431.35
09/30/19	City of Seal Beach	FY 2019-2020 Choice Programs Billing Invoice	2,701.19
09/03/19	City of La Habra	AWIA Scope of Services Selection Phase 1 Crosswalk	15,205.00
09/03/19	City of Santa Ana	AWIA Scope of Services Selection Phase 1 Crosswalk	15,205.00
09/05/19	City of Westminster	AWIA Scope of Services Selection Phase 1 Crosswalk	15,205.00
09/27/19	City of San Clemente	AWIA Scope of Services Selection Phase 1 Crosswalk	15,205.00

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
September 2019

MISCELLANEOUS REVENUES

Date	From	Description	Amount
09/03/19	SOCWA	WEROC Funding for FY 19-20	17,402.00
09/06/19	Orange County Sanitation District	WEROC Funding for FY 19-20	44,880.00
		TOTAL MISCELLANEOUS REVENUES	**$ 836,246.33**
		TOTAL REVENUES	**$ 14,529,746.92**

Robert J. Hunter, General Manager

Hilary Chumpitazi, Treasurer

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2019

Invoice#	*Vendor / Description*	*Amount to Pay*
Core Expenditures:		
	Above All Catering, Inc.	
C33925	9/19/19 Lunch for Manager's meeting	439.35
	*** Total ***	439.35
	Richard C. Ackerman	
1252	September 2019 Consulting on legal and regulatory matters	1,375.00
	*** Total ***	1,375.00
	Aleshire & Wynder LLP	
53077	August 2019 Legal services	925.56
53488	September 2019 Legal services	608.50
	*** Total ***	1,534.06
	Alta FoodCraft	
11551	Credit for 1 case of half & half with expired dates	(18.17)
51918460	9/18/19 Coffee & tea supplies	212.41
	*** Total ***	194.24
	Best Best and Krieger LLP	
857667	August 2019 State legislative advocacy services	8,506.47
55401-AUG19	August 2019 Legal services	23,756.68
	*** Total ***	32,263.15
	CDM Smith	
90082289	7/28/19-8/31/19 Water Resource Planning services	7,130.00
	*** Total ***	7,130.00
	G/M Business Interiors	
0254862-IN	Ergonomic quick stand workstation	510.10
	*** Total ***	510.10
	Government Tax Seminars, LLC	
121219	2019 Government Tax Seminar registration for L. Gunawan	430.00
	*** Total ***	430.00
	HashtagPinpoint Corporation	
1202	August 2019 Social media consultation and services	7,917.00
	*** Total ***	7,917.00
	HealthFax, Inc.	
1107	Speaker fee for staff development meeting on nutrition funded by wellness grant	500.00
	*** Total ***	500.00
	Herndon Group LLC	
100001	August 2019 Services to assist with America's Water Infrastructure Act compliance	1,228.00
	*** Total ***	1,228.00

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2019

Invoice#	*Vendor / Description*	*Amount to Pay*
	IDS Group	
17S020.02-2	3/1/18-8/19/19 Architectural and structural services for WEROC S.EOC seismic support and bracing	1,525.00
17X114.02-3	August-September 2019 Interior design for MWDOC office remodel	1,500.00
17X114.03-2	August-September 2019 Interior design for MWDOC office remodel to include Phase 2 & 3	8,400.00
18X093.00-3	2/19/19-9/30/19 Seismic retrofit design and project support for MWDOC office remodel and WEROC S. EOC	7,880.83
	*** Total ***	19,305.83
	James C. Barker, P.C.	
105-0919	September 2019 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	Jill Promotions	
10651	10 Polo shirts with MWDOC logo for staff	221.01
10650	3 Magnetic name badges for new staff members	41.01
	*** Total ***	262.02
	L.A. Design Studio	
5142	July-September 2019 MWDOC Website support and enhancement	600.00
	*** Total ***	600.00
	Lewis Consulting Group	
2019-150	September 2019 Consulting services	2,687.50
	*** Total ***	2,687.50
	Keith Lyon	
JUL-SEP2019	July-September 2019 Retiree medical premium	406.50
	*** Total ***	406.50
	Edward G. Means III	
MWDOC-1075	September 2019 Consulting on MET issues and guidance to Engineering staff	1,637.76
	*** Total ***	1,637.76
	Office Depot, Inc.	
371607062001	8/30/19 Office supplies	59.94
	*** Total ***	59.94
	Office Solutions	
I-01641680	9/18/19 Office supplies	25.11
	*** Total ***	25.11
	OMB Electrical Engineers, Inc.	
79661	August 2019 Electrical Engineering services for MWDOC office electrical upgrade	810.00
79662	August 2019 Electrical Engineering services for MWDOC office electrical upgrade	1,072.50
	*** Total ***	1,882.50

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2019

Invoice#	*Vendor / Description*	*Amount to Pay*
	Orange County Business Council	
0009700-IN	2019 Annual membership renewal	5,000.00
	*** Total ***	5,000.00
	Orange County Water District	
20814	August 2019 50% share of WACO expense	248.20
20791	August 2019 Postage, shared office and maintenance expense	7,902.89
	*** Total ***	8,151.09
	Amy J. Osborne	
146	August 2019 Legal services	240.50
	*** Total ***	240.50
	Patricia Kennedy Inc.	
11073	October 2019 Plant maintenance	214.00
	*** Total ***	214.00
	Judy Pfister	
JUL-SEP2019	July-September 2019 Retiree medical premium	400.50
	*** Total ***	400.50
	Joey C. Soto	
MWDOC#016	August 2019 Grant Research and Acquisition assistance	2,998.75
	*** Total ***	2,998.75
	Top Hat Productions	
95532	9/26/19 Lunch for Delta Stewardship Council meeting	1,066.19
	*** Total ***	1,066.19
	USAFact, Inc.	
9093114	Pre-employment background checks	171.73
	*** Total ***	171.73
	Vasquez & Company LLP	
2190881-IN	August-September 2019 Services for FY 18-19 Financial audit	8,000.00
	*** Total ***	8,000.00
	WageWorks, Inc.	
INV1657019	September 2019 Cafeteria plan administration	196.07
	*** Total ***	196.07
	Water Systems Optimization, Inc.	
1627	August-September 2019 Services to develop a Water Loss Control Business Plan	5,825.00
1654	September 2019 Water Loss Control program	6,911.76
1655	September 2019 Water Loss Audit Validation Research	32,000.00
	*** Total ***	44,736.76

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2019

Invoice#	Vendor / Description	Amount to Pay
	Pauline D. Wennerstrom	
OCT-DEC2019	October-December 2019 Retiree medical premium	367.50
	*** Total ***	367.50
	Total Core Expenditures	159,931.15

Choice Expenditures:

Invoice#	Vendor / Description	Amount to Pay
	Building Block Entertainment Inc.	
3327-4	August-September 2019 Elementary school program for grades K-2	4,900.00
	*** Total ***	4,900.00
	Discovery Science Center	
1045	September 2019 Elementary school program for grades 3-6	7,695.71
	*** Total ***	7,695.71
	Enterprise Information System Inc.	
#MWDOC-22013	July-September 2019 Website support for California Sprinkler Adjustment Notification System program	3,000.00
	*** Total ***	3,000.00
	Grainger	
9307540907	9/27/19 Supplies for Water Loss Control Shared Services	83.92
	*** Total ***	83.92
	Jill Promotions	
10651	10 Polo shirts for Water Loss Control Shared Services staff	309.73
	*** Total ***	309.73
	Laguna Beach County Water District	
16303B	Net due for FY 19-20 Choice Programs and refund for FY 18-19 Choice Programs	219.70
	*** Total ***	219.70
	Mission RCD	
2738	August 2019 Field verifications for Water Use Efficiency rebate programs	8,453.40
	*** Total ***	8,453.40
	Orange County Water District	
20791	August 2019 Postage for Water Use Efficiency rebate programs	26.85
	*** Total ***	26.85
	Pollardwater	
0144986	26 Traffic cones for Water Loss Control Shared Services	558.43
0147157	8/26/19 Supplies for Water Loss Control Shared Services	868.50
0147157-1	8/28/19 Supplies for Water Loss Control Shared Services	125.75
0147159	8/26/19 Supplies for Water Loss Control Shared Services	73.14
	*** Total ***	1,625.82

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2019

Invoice#	*Vendor / Description*	*Amount to Pay*
	Top Hat Productions	
95468	9/10/19 Lunch for Water Loss Control Workgroup meeting	500.39
	*** Total ***	500.39
	Total Choice Expenditures	26,815.52

Other Funds Expenditures:

	GardenSoft Corp	
5556	Services to develop a Water Smart Gardening website	19,500.00
	*** Total ***	19,500.00
	Herndon Group LLC	
100001	August 2019 Services to assist with America's Water Infrastructure Act compliance	40,019.50
	*** Total ***	40,019.50
	Michael Baker International, Inc.	
1058954	August 2019 OC Regional Water/Wastewater Multijurisdictional Hazardous Mitigation Plan update	1,358.80
	*** Total ***	1,358.80
	Mission RCD	
2738	August 2019 Field verifications for Water Use Efficiency rebate programs	810.35
	*** Total ***	810.35
	Orange County Fast Print, Inc.	
58356	Business cards for J. Schunk	58.88
	*** Total ***	58.88
	Water Systems Optimization, Inc.	
1654	September 2019 Water Loss Control program	11,660.00
	*** Total ***	11,660.00
	Lane M. Matsuno (Westerly Meter Service Co.)	
16246	September 2019 Meter Accuracy Testing for Trabuco Canyon Water District	1,995.00
16260	September 2019 Meter Accuracy Testing for Trabuco Canyon Water District	525.00
	*** Total ***	2,520.00

Municipal Water District of Orange County
Disbursement Approval Report
For the month of October 2019

Invoice#	Vendor / Description	Amount to Pay
	Yorba Linda Water District	
082119	Refund for Water Loss Control Service Year IV Water Audit Validation fee	2,500.00
	*** Total ***	2,500.00
	Total Other Funds Expenditures	78,427.53
	Total Expenditures	265,174.20

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of September 2019

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
Core Disbursements:				
139135	*9/11/19*	***SPECTB***	***Spectrum Business***	
		0375210090119	September 2019 Telephone and internet expense	1,099.18
			***Total ***	1,099.18
139136	*9/11/19*	***VERIZO***	***Verizon Wireless***	
		9836721173	August 2019 4G Mobile broadband unlimited service	114.03
			***Total ***	114.03
139150	*9/13/19*	***IRONMO***	***Iron Mountain***	
		BYHG393	September 2019 Archived document storage fees	258.26
			***Total ***	258.26
ACH004208	*9/13/19*	***ACKEEX***	***Linda Ackerman***	
		083119	August 2019 Business expense	48.72
			***Total ***	48.72
		BACATI	***Tiffany Baca***	
ACH004211	*9/13/19*	073119	July 2019 Business expense	102.27
ACH004212	*9/13/19*	083119	August 2019 Business expense	45.35
			***Total ***	147.62
ACH004213	*9/13/19*	***BARBRE***	***Brett Barbre***	
		083119	August 2019 Business expense	227.94
			***Total ***	227.94
ACH004217	*9/13/19*	***BUIJEA***	***Jeannie Bui***	
		073119	July 2019 Business expense	16.13
			***Total ***	16.13
ACH004219	*9/13/19*	***DICKEX***	***Larry Dick***	
		083119	August 2019 Business expense	125.28
			***Total ***	125.28
ACH004221	*9/13/19*	***FAHLBE***	***Beth Fahl***	
		073119	July 2019 Business expense	89.39
			***Total ***	89.39
		HALEY	***Melissa Baum Haley***	
ACH004226	*9/13/19*	073119	July 2019 Business expense	459.53
ACH004227	*9/13/19*	083119	August 2019 Business expense	336.98
			***Total ***	796.51
		HARRIS	***Cathleen M. Harris***	
ACH004228	*9/13/19*	073119	July 2019 Business expense	168.43
ACH004229	*9/13/19*	083119	August 2019 Business expense	50.00
			***Total ***	218.43

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of September 2019

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
ACH004230	***9/13/19***	***HOSTER***	***Kevin Hostert***	
		083119	August 2019 Business expense	58.00
			***Total ***	58.00
ACH004231	***9/13/19***	***HUNTER***	***Robert J. Hunter***	
		082219	July 2019 Business expense	54.51
			***Total ***	54.51
ACH004233	***9/13/19***	***RICOHMA***	***Ricoh USA, Inc.***	
		5057462546	June-August 2019 Reproduction costs	1,534.38
			***Total ***	1,534.38
ACH004240	***9/13/19***	***MCVICK***	***Robert McVicker***	
		083119	August 2019 Business expense	117.16
			***Total ***	117.16
ACH004241	***9/13/19***	***ROBERT***	***Bryce Roberto***	
		083119	August 2019 Business expense	54.23
			***Total ***	54.23
ACH004242	***9/13/19***	***SCHNEI***	***Megan Yoo Schneider***	
		083119	August 2019 Business expense	568.91
			***Total ***	568.91
		SECKEL	***Karl Seckel***	
ACH004243	***9/13/19***	073119	July 2019 Business expense	165.74
ACH004244	***9/13/19***	083119	August 2019 Business expense	16.86
			***Total ***	182.60
ACH004246	***9/13/19***	***THOMAS***	***Jeffery Thomas***	
		083119	August 2019 Business expense	256.94
			***Total ***	256.94
ACH004248	***9/13/19***	***WAITER***	***Rachel Waite***	
		083119	August 2019 Business expense	72.15
			***Total ***	72.15
139168	***9/18/19***	***SPECTB***	***Spectrum Business***	
		0343564091119	September 2019 Telephone expense for 3 analog fax lines	108.46
			***Total ***	108.46
139199	***9/30/19***	***USBANK***	***U.S. Bank***	
		0403/0640/5443-AUG2019	7/23/19-8/22/19 Cal Card charges	19,952.02
			***Total ***	19,952.02
			(See attached sheet for details)	

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of September 2019

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
ACH004251	9/30/19	BAEZHE	Heather Baez	
		083119	August 2019 Business expense	236.91
			***Total ***	236.91
ACH004253	9/30/19	DELATO	Harvey De La Torre	
		091219	September 2019 Business expense	95.31
			***Total ***	95.31
ACH004256	9/30/19	FRANCI	Pari Francisco	
		093019	September 2019 Business expense	34.80
			***Total ***	34.80
ACH004265	9/30/19	TAMARI	Satoru Tamaribuchi	
		083119	August 2019 Business expense	210.54
			***Total ***	210.54
			Total Core Disbursements	26,678.41

Choice Disbursements:

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
139149	9/13/19	HOMED1	Home Depot Credit Services	
		7785-AUG19	8/23/19 Supplies for Water Loss Control Shared Services	590.46
			***Total ***	590.46
139166	9/13/19	THORSE	Jason Thorsell	
		090319	September 2019 Business expense	18.48
			***Total ***	18.48
139193	9/26/19	KELLYK	Kevin Kelly	
		083119	August 2019 Business expense	52.54
		092519	Reimbursement for uniform pants and boots	(250.48)
		092519	September 2019 Business expense	234.90
			***Total ***	36.96
139199	9/30/19	USBANK	U.S. Bank	
		0640-AUG19	7/23/19-8/22/19 Cal Card charges	157.59
			***Total ***	157.59
			(See attached sheet for details)	
			Total Choice Disbursements	803.49

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of September 2019

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount

Other Funds Disbursements:

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
139134	***9/9/19***	***TURFRP***	***Turf Removal Program***	
		TR12-R-IRWD-35319-35244	V. Arya (Re-issue)	289.00
			***Total ***	289.00
139136	***9/11/19***	***VERIZO***	***Verizon Wireless***	
		9836721173	August 2019 4G Mobile broadband unlimited service	76.02
			***Total ***	76.02
139137	***9/13/19***	***ATTUVEOC***	***AT&T***	
		1812-SEP19	September 2019 U-verse internet service for WEROC N. EOC	50.00
			***Total ***	50.00
139139	***9/13/19***	***ATTCALN***	***AT&T***	
		000013529609	August 2019 Telephone expense for WEROC N. EOC and S. EOC	308.23
		000013529610	August 2019 Telephone expense for WEROC N. EOC	108.03
			***Total ***	416.26
139146	***9/13/19***	***HARRISD***	***Daniel Harrison***	
		083119	August 2019 Business expense	82.39
			***Total ***	82.39
139155	***9/13/19***	***MFHETD***	***Multi Family HET Direct***	
		083019HSA	HSA, L.P. (Tustin)	31,800.00
			***Total ***	31,800.00
139156	***9/13/19***	***MFHETD***	***Multi Family HET Direct***	
		083019HERITAGE	Heritage Plaza Apartment (Brea)	14,600.00
			***Total ***	14,600.00
139157	***9/13/19***	***MFHETD***	***Multi Family HET Direct***	
		83019TREA	TREA Calle Del Cerrro LLC (San Clemente)	64,200.00
			***Total ***	64,200.00
139163	***9/13/19***	***SCHUNK***	***Janine Schunk***	
		083019	August 2019 Business expense	43.50
			***Total ***	43.50
139164	***9/13/19***	***SCHWENE***	***Leslie Schwene***	
		083019	August 2019 Business expense	34.92
			***Total ***	34.92
139169	***9/26/19***	***DRIPPR***	***Spray to Drip Program***	
		S2D2-R-IRWD-35272-17333	M. Bui	324.60
			***Total ***	324.60

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of September 2019

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
		TURFRP	***Turf Removal Program***	
139170	*9/26/19*	TR12-R-IRWD-35272-35284	M. Bui	738.00
139171	*9/26/19*	TR12-R-FV-37415-36333	L. DiCorpo	1,468.00
139172	*9/26/19*	TR12-R-SC-38467-37381	K. Place	653.47
139173	*9/26/19*	TR12-R-TUST-38518-37425	S. Donahue	1,800.01
139174	*9/26/19*	TR12-R-MESA-38558-37461	J. Piovesan	2,194.00
139175	*9/26/19*	TR12-R-IRWD-38577-37483	P. Matheis	1,148.00
139176	*9/26/19*	TR12-R-MNT-38608-37512	S. Kelley	2,214.00
139177	*9/26/19*	TR12-R-MNT-38609-37513	W. Brunner	72.00
139178	*9/26/19*	TR12-R-MESA-38617-37523	J. Cowhey	1,338.00
139179	*9/26/19*	TR12-R-SM-38622-37528	M. Chenaur	1,425.00
139180	*9/26/19*	TR12-R-HB-38645-37552	R. Durand	4,316.00
139181	*9/26/19*	TR12-R-TUST-38477-37581	E. Smith	6,018.00
139182	*9/26/19*	TR12-R-SM-6298-37600	D. Basson	666.00
139183	*9/26/19*	TR12-R-IRWD-4563-37607	T. Fletcher	1,852.00
139184	*9/26/19*	TR12-R-MNT-38714-37614	I. Robertson	606.00
139185	*9/26/19*	TR12-R-MNT-38670-37621	H. Sampat	2,292.00
139186	*9/26/19*	TR13-R-MNT-38726-37626	J. Lin	1,431.00
139187	*9/26/19*	TR13-R-MNT-38733-37635	C. Caldwell	2,082.00
139188	*9/26/19*	TR13-R-MNT-17777-37641	F. Khadem	1,197.00
139189	*9/26/19*	TR13-R-IRWD-38753-37657	R. Morey	906.00
139190	*9/26/19*	TR13-R-MNT-38759-37662	F. Luketich	804.00
139191	*9/26/19*	TR13-R-MNT-38777-37680	C. Liao	2,547.00
139192	*9/26/19*	TR13-R-IRWD-38790-37692	K. Morihisa	804.00
			***Total ***	38,571.48
139199	*9/30/19*	**USBANK**	***U.S. Bank***	
		0640-AUG19A	7/23/19-8/22/19 Cal Card charges	1,490.05
			***Total ***	1,490.05
			(See attached sheet for details)	
ACH004263	*9/30/19*	**SANTAM**	***Santa Margarita Water District***	
		JUL2019	July 2019 SCP Pipeline Operation surcharge	32,267.77
			***Total ***	32,267.77
WIRE-190930	*9/30/19*	**METWAT**	***Metropolitan Water District***	
		9798	July 2019 Water deliveries	13,404,594.04
			***Total ***	13,404,594.04
			Total Other Funds Disbursements	13,588,840.03
			Total Disbursements	13,616,321.93

Robert J. Hunter, General Manager

Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: August 22, 2019
Payment Date: September 30, 2019

Date	Description		Amount
Public Affairs Card			
7/22/2019	Parchment paper for printing certificates	$	32.18
7/26/2019	Travel tripod kit for cameras		214.24
7/29/2019	Public Relations Society of America Orange County PROTOS Awards dinner in Tustin, CA on Sep. 26, 2019 - Registration for D. Micalizzi		139.21
7/29/2019	Public Relations Society of America Orange County PROTOS Awards dinner in Tustin, CA on Sep. 26, 2019 - Registration for T. Baca		139.21
7/29/2019	Public Relations Society of America Orange County PROTOS Awards dinner in Tustin, CA on Sep. 26, 2019 - Registration for S. Wilson		139.21
7/29/2019	7/29/19-7/31/20 Public Relations Society of America Orange County membership for S. Wilson		325.00
8/16/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations for D. Micalizzi		699.86 [1]
	Total	**$**	**1,688.91**

[1] D. Micalizzi reimbursed MWDOC $206.54

Cal Card Charges
Statement Date: August 22, 2019
Payment Date: September 30, 2019

K. Seckel Card

Date	Description	Amount	
7/23/2019	Governmentjobs employment post for Senior Engineer position	$ 125.00	
7/24/2019	Lunch for Qualified Water Efficient Landscaper training class and America's Water Infrastructure Act meeting	156.53	
7/24/2019	6/24/19-7/23/19 Web hosting service for MWDOC website	15.65	
7/24/2019	Toilet replacement for WEROC S. EOC	327.52	
7/29/2019	OC Register annual subscription renewal	160.61	
7/30/2019	Food for Administration staff development meeting	21.54	
7/30/2019	Carpet cleaning for MWDOC office	450.00	
7/31/2019	15 Thomas Guide map books for WEROC EOCS and employee purchase	357.55	1
8/2/2019	8/1/19-8/31/19 E-mail service for California Sprinkler Adjustment Notification system	14.95	
8/4/2019	FedEx delivery charges for ACCO Engineered Systems on Jul. 31, 2019	19.04	
8/5/2019	Lunch for quarterly WEROC meeting	398.51	
8/5/2019	Lunch for Energy Coalition Funding and Leak Repair meeting	64.37	
8/5/2019	Get well flowers for MWDOC staff member	48.49	
8/6/2019	Pre-employment exams for three prospective employees	485.00	
8/6/2019	California Society of Municipal Finance Officers Chapter meeting in Orange, CA on Aug. 22, 2019 - Registration for H. Chumpitazi	25.00	
8/7/2019	American Water Works Association Utility Risk and Resilience Certificate Program online class registration for D. Harrison	252.00	
8/7/2019	Lunch for staff development meeting	717.35	
8/7/2019	Key safe and locks for MWDOC generator	210.63	
8/8/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations refund for D. Micalizzi	(236.88)	
8/9/2019	American Water Works Association Utility Risk and Resilience Certificate Program online class registration for L. Schwene	252.00	
8/9/2019	Domain name renewal for Rickiraindrop.com	90.85	
8/12/2019	Supplies for MWDOC generator	36.72	
8/13/2019	Trailer hitch and coupler lock for MWDOC generator	334.39	
8/13/2019	Fire extinguisher rack for MWDOC generator	56.88	
8/13/2019	Computer supplies	27.98	
8/13/2019	Halon fire extinguisher for MWDOC generator	396.02	
8/14/2019	Food for staff development meeting	30.49	
8/14/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Accommodations for H. De La Torre	149.66	
8/18/2019	5 Computers and 5 monitors to upgrade staff computers	6,781.22	
8/19/2019	UPS Delivery charges for Board packets on Aug. 12 & 16, 2019	35.04	
8/21/2019	Lunch for Traffic Cone training	152.40	
	Total	**$ 11,956.51**	

1 Employees to reimburse MWDOC $275.55

Cal Card Charges
Statement Date: August 22, 2019
Payment Date: September 30, 2019

Date	Description	Amount
R. Hunter Card		
7/23/19-8/22/19	Meals for R. Hunter's meetings	$ 130.63
7/22/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Registration for Director McVicker	425.00
7/22/2019	The Toll Roads FasTrak deposit for R. Hunter	100.00
7/22/2019	Lunch for MET Directors' meeting	79.11
7/23/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations deposit for Director McVicker	236.67
7/24/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations deposit for Director Yoo Schneider	236.67
7/25/2019	Lunch for OC MET Managers' meeting	226.28
7/26/2019	California Council for Environmental and Economic Balance Summer Issues seminar in Squaw Valley, CA from Jul. 24-26, 2019 - Parking for R. Hunter	54.00
7/26/2019	California Council for Environmental and Economic Balance Summer Issues seminar in Squaw Valley, CA from Jul. 24-26, 2019 - Accommodations balance for R. Hunter	100.17
7/26/2019	California Council for Environmental and Economic Balance Summer Issues seminar in Squaw Valley, CA from Jul. 24-26, 2019 - Accommodations balance for Director Yoo Schneider	100.17
7/27/2019	California Environmental Dialogue Plenary meeting in La Jolla, CA from Jul. 30-31, 2019 - Accommodations for Director Yoo Schneider	289.35
7/27/2019	California Environmental Dialogue Plenary meeting in La Jolla, CA from Jul. 30-31, 2019 - Accommodations for Director Tamaribuchi	289.35
7/31/2019	ACWA Fall conference in San Diego, CA from Dec. 3-6, 2019 - Registration for Director McVicker	725.00
8/7/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Registration for Director Barbre	475.00
8/8/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Registration for Director Yoo Schneider	425.00
8/8/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Registration for R. Hunter	425.00
8/13/2019	Orange County Water Association membership renewal for Director Barbre	70.00
8/14/2019	Orange County Water Association Industry Insight presentation in Irvine, CA on Aug. 21, 2019 - Registration for Director Barbre	30.00
8/14/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Registration and membership renewal for Director Thomas	505.00
8/14/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Registration and membership renewal for H. De La Torre	505.00
8/14/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Accommodations deposit for Director Thomas	149.66
8/14/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Dinner for Director McVicker, Director Tamaribuchi, R. Hunter, M. Baum Haley and 3 guests	335.33

Cal Card Charges
Statement Date: August 22, 2019
Payment Date: September 30, 2019

Date	Description	Amount
R. Hunter Card (Continued)		
8/16/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Dinner for Director Dick, Director McVicker, Director Tamaribuchi, Director Thomas, Director Yoo Schneider, R. Hunter, M. Baum Haley, D. Micalizzi and 2 guests	528.84
8/16/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations balance for Director Tamaribuchi	236.65
8/16/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations balance for Director Thomas	264.26
8/16/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations balance for Director Yoo Schneider	256.65
8/16/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations balance for R. Hunter	256.65
8/16/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations balance for M. Baum Haley	236.65
8/16/2019	Urban Water Institute Water conference in San Diego, CA from Aug. 14-16, 2019 - Accommodations balance for Director McVicker	262.15
	Total	**$ 7,954.24**

Municipal Water District of Orange County
GM Approved Disbursement Report (1)
For the month of September 2019

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
Core Disbursements:				
139133	9/3/19	WESTIN	The Westin South Coast Plaza	
		M-HA5NH78-A	Estimated final payment for 9/5/19 Water Policy Dinner	9,968.69
			***Total ***	9,968.69
EFT-190911B	9/11/19	CALPER	CALPERS	
		100000015779918	Fees for FY 18/19 GASB-68 reports and schedules	700.00
			***Total ***	700.00
139200	9/27/19	MISCEL	Miscellaneous	
		092719	Reimbursement of broken glasses	69.99
			***Total ***	69.99
ACH004249	9/30/19	ACWAJP	ACWA Joint Powers	
		O-0000006031	7/1/19-7/1/20 Annual Excess Crime Program renewal	1,900.00
			***Total ***	1,900.00
			Total Core Disbursements	12,638.68
Choice Disbursements:				
			Total Choice Disbursements	-
Other Funds Disbursements:				
			Total Other Funds Disbursements	-
			Total Disbursements	12,638.68

Robert J. Hunter, General Manager

Hilary Chumpitazi, Treasurer

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

Municipal Water District of Orange County
WATER USE EFFICIENCY PROJECTS
Cash Flow as of 09/30/19

	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	TOTALS
Cash - Beginning Balance	$ (592,088.66)	$ (564,751.37)	$ (605,357.98)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	
REVENUES:													
BUREC			49,393.62										$ 49,393.62
City of Brea													-
City of Buena Park	111.00	150.00											261.00
City of Fountain Valley	111.00		114.00										225.00
City of Fullerton													-
City of Garden Grove													-
City of Huntington Beach													-
City of La Habra		222.00											222.00
City of San Clemente	515.00	444.99	455.00										1,414.99
City of San Juan Capistrano													-
City of Santa Ana													-
City of Tustin													-
City of Newport Beach													-
City of Orange		333.00	111.00										444.00
City of Westminster													-
County of Orange													-
Department of Water Resources		30,204.36											30,204.36
East Orange County Water District													-
El Toro Water District	2,614.00	1,924.00	924.00										5,462.00
Irvine Ranch Water District	6,632.11	18,446.65	6,790.00										31,868.76
Laguna Beach County Water District													-
Mesa Water District		306.45	207.24										513.69
Metropolitan Water District	17,249.94	878.64	115,504.83										133,633.41
Moulton Niguel Water District	36,055.78	25,127.90	13,476.61										74,660.29
Orange County Water District													-
Santa Margarita Water District													-
Trabuco Canyon Water District	537.90	273.96											811.86
Yorba Linda Water District			111.00										111.00
Miscellaneous Revenues													
Miscellaneous													-
Interest Revenue													-
Total Revenues	63,826.73	78,311.95	187,087.30	-	-	-	-	-	-	-	-	-	$ 329,225.98
EXPENDITURES:													
Budget Based Tiered Rates, Raftelis													-
Droplet													-
IRWD													-
Golden State Water Company													-
City of Huntington Beach													-
Laguna Beach CWD													-
Metropolitan Water District													-
Mission RCD	6,476.15	8,985.40											15,461.55
Multi Family HET Direct			110,600.00										110,600.00
Pollard Water													-
Recycled Water On Site Retrofit program													-
South Coast Water District													-
Spray to Drip program		1,031.68	324.60										1,356.28
SMWD													-
Turf Removal	25,029.55	101,394.48	38,571.48										164,995.51
Water Savings Incentive Program		5,382.00											5,382.00
Miscellaneous Expenses													
Miscellaneous	1,720.00												1,720.00
Interest Expense	2,413.74												2,413.74
Salary & Benefit	850.00	2,125.00											2,975.00
Total Expenditures	36,489.44	118,918.56	149,496.08	-	-	-	-	-	-	-	-	-	$ 304,904.08
Cash - Ending Balance	$ (564,751.37)	$ (605,357.98)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	$ (567,766.76)	

MWDOC

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

Municipal Water District of Orange County
Consolidated Summary of Cash and Investment
August 31, 2019

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

Fund	Book Value	% of Portfolio
Designated Reserves		
General Operations	$3,341,910	16.39%
Grant & Project Cash Flow	1,500,000	7.36%
Election Expense	608,000	2.98%
Building Repair	385,408	1.89%
OPEB	297,147	1.46%
Total Designated Reserves	6,132,465	30.08%
General Fund	11,119,975	54.54%
Water Fund	3,063,420	15.03%
Conservation Fund	(605,358)	(2.97%)
WEROC Fund	648,152	3.18%
Trustee Activities	29,433	0.14%
Total	**$20,388,087**	**100.00%**

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	4.69%	$956,195	$956,195
Short-term investment			
• LAIF	60.37%	$12,308,027	$12,308,027
• OCIP	19.73%	4,022,080	4,022,080
Long-term investment			
• Corporate Bond	5.65%	1,151,785	1,154,926
• Certificates of Deposit	9.56%	1,950,000	1,990,485
Total	**100.00%**	**$20,388,087**	**$20,431,713**

The average number of days to maturity/call as of August 31, 2019 equaled 147 and the average yield to maturity is 2.327%. During the month, the District's average daily balance was $24,510,483.59 . 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 August 2019.

The $43,626 difference between the book value and the market value on August 31, 2019 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

August 31, 2019

8/31/2019	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,950,000.00	1,990,484.50	1,950,000.00	10.04	1,151	2.519
Corporate Bond	1,150,000.00	1,154,926.00	1,151,784.37	5.92	512	2.290
Local Agency Investment Funds	12,308,027.15	12,308,027.15	12,308,027.15	63.34	1	2.333
Orange County Investment Pool	4,022,079.79	4,022,079.79	4,022,079.79	20.70	1	2.224
Total Investments	**19,430,106.94**	**19,475,517.44**	**19,431,891.31**	**100.00**	**147**	**2.327**
Cash						
Cash	956,195.30	956,195.30	956,195.30		1	0.00
Total Cash and Investments	**20,386,302.24**	**20,431,712.74**	**20,388,086.61**		**147**	**2.327**

Total Earnings	Month Ending August	Fiscal Year to Date
Current Year	**49,279.04**	**87,816.38**
Average Daily Balance	**19,976,914.54**	
Effective Rate of Return	**2.327%**	

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: 10-3-19

Hilary Chumpitazi, Treasurer — Date: 10/3/2019

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
August 31, 2019

Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Negotiable Certificate Of Deposit									
Barclays Bank	06740KKY2	9/27/2017	250,000.00	252,950.00	250,000.00	2.250	2.250	1,123	9/27/2022
Capital One Bank	14042TBQ9	8/7/2019	250,000.00	253,625.00	250,000.00	2.250	2.250	1,803	8/7/2024
Capital One NA	14042RMJ7	7/24/2019	250,000.00	253,007.50	250,000.00	2.200	2.200	1,789	7/24/2024
Citibank	17294XUN4	7/31/2019	250,000.00	251,565.00	250,000.00	2.200	2.200	335	7/31/2024
Comenity Capital	20033AUX2	7/25/2017	200,000.00	200,792.00	200,000.00	2.000	2.000	685	7/16/2021
Discover Bank	254673RV0	7/25/2018	250,000.00	262,695.00	250,000.00	3.300	3.300	1,424	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	263,247.50	250,000.00	3.350	3.350	1,438	8/8/2023
Morgan Stanley Bank	61747MJ36	2/1/2018	250,000.00	252,602.50	250,000.00	2.500	2.500	520	2/1/2021
Sub Total			**1,950,000.00**	**1,990,484.50**	**1,950,000.00**	**2.519**	**2.519**	**1,151**	
Corporate Bond									
JP Morgan Chase	46625HKA7	11/2/2015	500,000.00	500,170.00	500,184.66	2.250	2.152	114	1/23/2020
National Rural Util Coop	63743FE51	7/27/2017	200,000.00	200,040.00	200,000.00	2.500	2.500	1,049	7/15/2022
Wells Fargo	94974BGR5	1/13/2016	250,000.00	251,400.00	250,417.99	2.550	2.409	464	12/7/2020
Westpac Banking Corp	961214DQ3	7/25/2017	200,000.00	203,316.00	201,181.72	2.500	2.278	1,032	6/28/2022
Sub Total			**1,150,000.00**	**1,154,926.00**	**1,151,784.37**	**2.402**	**2.290**	**512**	
Total Investments			**3,100,000.00**	**3,145,410.50**	**3,101,784.37**	**2.476**	**2.434**	**914**	

Total Earnings	Month Ending August	Fiscal Year To Date
Current Year	8,534.86	14,909.85

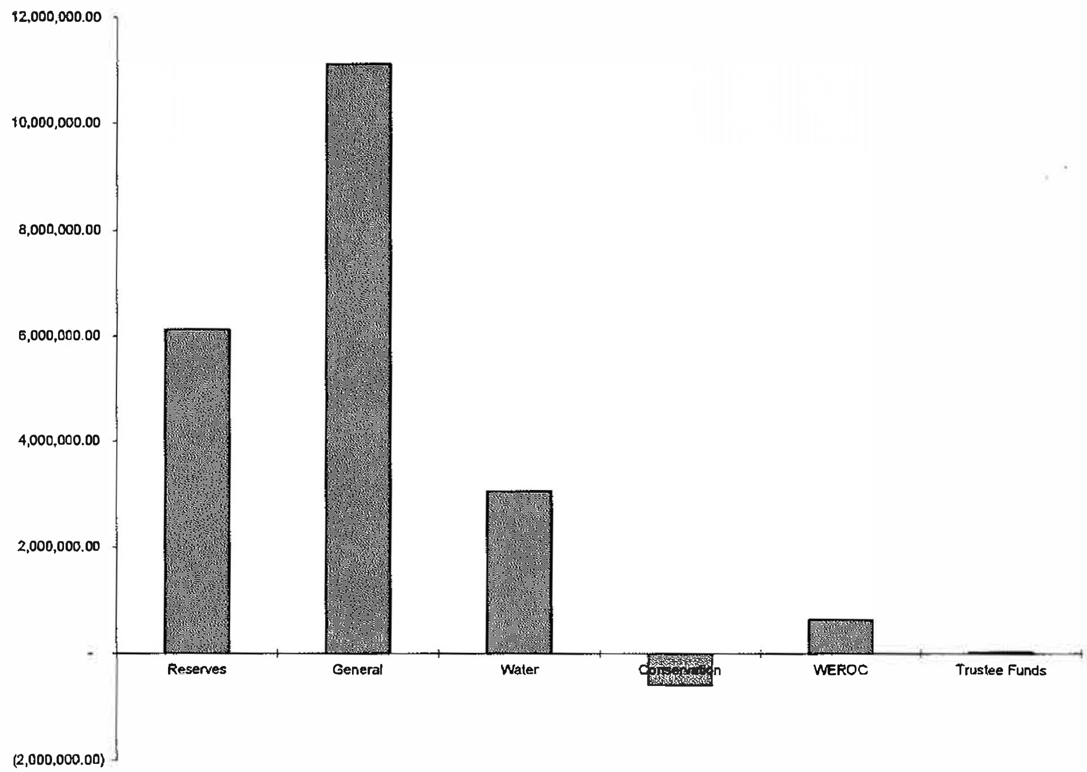
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
August 31, 2019

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Local Agency Investment Funds									
LAIF LGIP	LAIF	6/30/2010	12,308,027.15	12,308,027.15	12,308,027.15	2.333	2.333	1	N/A
Sub Total			**12,308,027.15**	**12,308,027.15**	**12,308,027.15**	**2.333**	**2.333**	**1**	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	4,022,079.79	4,022,079.79	4,022,079.79	2.224	2.224	1	N/A
Sub Total			**4,022,079.79**	**4,022,079.79**	**4,022,079.79**	**2.224**	**2.224**	**1**	
Total Investments			**16,330,106.94**	**16,330,106.94**	**16,330,106.94**	**2.306**	**2.306**		
Cash									
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	955,695.30	955,695.30	955,695.30	0.000	0.000	1	N/A
Total Cash			**956,195.30**	**956,195.30**	**956,195.30**	**0.000**	**0.000**	**1**	
Total Cash and Investments			**17,286,302.24**	**17,286,302.24**	**17,286,302.24**	**2.306**	**2.306**	**1**	

Total Earnings	Month Ending August	Fiscal Year To Date
Current Year	40,744.18	72,906.53

Municipal Water District of Orange County
Cash and Investments at August 31, 2019

ALLOCATION	AMOUNT	%
MWDOC		
Designated Reserves		
General	$ 3,341,910	16.39%
Grant & Project Cash Flow	1,500,000	7.36%
Election Expense	608,000	2.98%
Building Repair	385,408	1.89%
OPEB	297,147	1.46%
Total Designated Reserves	6,132,465	30.08%
General	11,119,975	54.54%
Water	3,063,420	15.03%
Conservation	(605,358)	-2.97%
WEROC	648,152	3.18%
TOTAL MWDOC	$ 20,358,654	99.86%
TRUSTEE ACTIVITIES		
AMP Sales Admin	$ 29,433	0.14%
TOTAL TRUSTEE ACTIVITIES	$ 29,433	0.14%
TOTAL CASH & INVESTMENTS	**$ 20,388,087**	**100.00%**



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PUBLIC AGENCY RETIREMENT SERVICES PARS

MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS Post-Employment Benefits Trust

Account Report for the Period
8/1/2019 to 8/31/2019

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

Account Summary

Source	Beginning Balance as of 8/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 8/31/2019
OPEB	$2,223,185.58	$0.00	-$9,037.53	$463.16	$0.00	$0.00	$2,213,684.89
PENSION	$218,490.39	$207,000.00	-$950.91	$45.52	$0.00	$0.00	$424,493.96
Totals	**$2,441,675.97**	**$207,000.00**	**-$9,988.44**	**$508.68**	**$0.00**	**$0.00**	**$2,638,178.85**

Investment Selection

Source	
OPEB	**Moderate HighMark PLUS**
PENSION	**Moderate HighMark PLUS**

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

				Annualized Return			
Source	**1-Month**	**3-Months**	**1-Year**	**3-Years**	**5-Years**	**10-Years**	**Plan's Inception Date**
OPEB	-0.40%	3.86%	5.61%	7.47%	5.61%	-	10/26/2011
PENSION	-0.33%	3.94%	5.68%	-	-	-	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

COMBINED FINANCIAL STATEMENTS

AND

BUDGET COMPARATIVE

JULY 1, 2019 THRU AUGUST 31, 2019

Municipal Water District of Orange County
Combined Balance Sheet
As of August 31, 2019

ASSETS	**Amount**
Cash in Bank	956,195.30
Investments	19,431,891.31
Accounts Receivable	29,138,064.83
Accounts Receivable - Other	200,728.97
Accrued Interest Receivable	96,421.13
Prepaids/Deposits	357,378.72
Leasehold Improvements	3,833,004.08
Furniture, Fixtures & Equipment	573,533.87
Less: Accum Depreciation	(3,125,024.94)
TOTAL ASSETS	$51,462,193.27
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	29,198,405.08
Accounts Payable - Other	107.99
Accrued Salaries and Benefits Payable	374,694.56
Other Liabilities	663,208.87
Unearned Revenue	799,950.80
Total Liabilities	31,036,367.30
Fund Balances	
Restricted Fund Balances	
Water Fund - T2C	1,010,404.10
Total Restricted Fund Balances	1,010,404.10
Designated Reserves	
General Operations	3,341,910.36
Grant & Project Cash Flow	1,500,000.00
Election Expense	608,000.00
Building Repair	385,407.45
OPEB	297,147.00
Total Designated Reserves	6,132,464.81
General Fund	4,246,251.93
General Fund Capital	525,009.00
WEROC Capital	114,948.58
WEROC	250,873.05
Total Unrestricted Fund Balances	11,269,547.37
Excess Revenue over Expenditures	
Operating Fund	8,015,410.96
Other Funds	130,463.54
Total Fund Balance	20,425,825.97
TOTAL LIABILITIES AND FUND BALANCES	51,462,193.27

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July thru August 2019

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
REVENUES						
Retail Connection Charge	0.00	7,888,929.60	7,888,930.00	100.00%	0.00	0.40
Ground Water Customer Charge	0.00	598,248.00	598,248.00	100.00%	0.00	0.00
Water rate revenues	0.00	8,487,177.60	8,487,178.00	100.00%	0.00	0.40
Interest Revenue	48,303.42	85,908.63	580,000.00	14.81%	0.00	494,091.37
Subtotal	48,303.42	8,573,086.23	9,067,178.00	94.55%	0.00	494,091.77
Choice Programs	1,193,865.52	1,193,865.52	1,782,433.00	66.98%	0.00	588,567.48
Miscellaneous Income	9,137.12	12,361.16	3,000.00	412.04%	0.00	(9,361.16)
Revenue Other	0.00	1,088.00	0.00		0.00	(1,088.00)
Transfer-In From Reserve	0.00	0.00	(44,068.00)	0.00%	0.00	(44,068.00)
Subtotal	1,203,002.64	1,207,314.68	1,741,365.00	69.33%	0.00	534,050.32
TOTAL REVENUES	1,251,306.06	9,780,400.91	10,808,543.00	90.49%	0.00	1,028,142.09

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July thru August 2019

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
EXPENSES						
Salaries & Wages	313,573.44	638,671.37	4,055,836.00	15.75%	0.00	3,417,164.63
Salaries & Wages - Grant Recovery	0.00	0.00	(5,500.00)	0.00%	0.00	(5,500.00)
Salaries & Wages - Recovery	(2,075.64)	(2,789.64)	0.00	0.00%	0.00	2,789.64
Director's Compensation	22,244.61	40,955.01	268,132.00	15.27%	0.00	227,176.99
MWD Representation	12,963.65	23,566.21	153,218.00	15.38%	0.00	129,651.79
Employee Benefits	106,437.53	195,127.01	1,263,176.00	15.45%	0.00	1,068,048.99
CalPers Unfunded Liability Contribution	207,000.00	207,000.00	207,000.00	100.00%	0.00	0.00
Employee Benefits - Recovery	(395.36)	(531.36)	0.00	0.00%	0.00	531.36
Director's Benefits	11,472.02	19,536.60	93,947.00	20.80%	0.00	74,410.40
Health Insurance for Retirees	4,048.74	8,464.98	70,287.00	12.04%	0.00	61,822.02
Training Expense	0.00	1,310.50	32,000.00	4.10%	18,000.00	12,689.50
Tuition Reimbursement	2,552.62	2,552.62	5,000.00	51.05%	0.00	2,447.38
Temporary Help Expense	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Personnel Expenses	677,821.61	1,133,863.30	6,148,096.00	18.44%	18,000.00	4,996,232.70
Engineering Expense	36,781.33	72,046.81	435,000.00	16.56%	237,532.40	125,420.79
Legal Expense	48,832.19	52,422.19	200,000.00	26.21%	162,577.81	(15,000.00)
Audit Expense	0.00	7,500.00	29,240.00	25.65%	12,267.00	9,473.00
Professional Services	66,556.06	120,854.23	1,672,407.00	7.23%	881,390.35	670,162.42
Professional Fees	152,169.58	252,823.23	2,336,647.00	10.82%	1,293,767.56	790,056.21
Conference-Staff	1,350.00	6,500.00	40,535.00	16.04%	0.00	34,035.00
Conference-Directors	2,980.00	6,025.00	28,440.00	21.18%	0.00	22,415.00
Travel & Accom.-Staff	2,008.67	4,105.06	89,131.00	4.61%	0.00	85,025.94
Travel & Accom.-Directors	3,095.26	4,805.69	46,625.00	10.31%	0.00	41,819.31
Travel & Conference	9,433.93	21,435.75	204,731.00	10.47%	0.00	183,295.25
Membership/Sponsorship	4,695.00	61,428.33	114,966.00	53.43%	0.00	53,537.67
CDR Support	0.00	12,538.95	50,156.00	25.00%	37,616.85	0.20
Dues & Memberships	4,695.00	73,967.28	165,122.00	44.80%	37,616.85	53,537.87
Business Expense	382.22	518.99	5,200.00	9.98%	0.00	4,681.01
Maintenance Office	7,980.25	19,152.68	138,527.00	13.83%	115,224.32	4,150.00
Building Repair & Maintenance	725.33	1,604.26	20,000.00	8.02%	8,395.74	10,000.00
Storage Rental & Equipment Lease	258.26	501.27	3,616.00	13.86%	2,114.73	1,000.00
Office Supplies	3,805.67	5,680.06	36,000.00	15.78%	2,840.05	27,479.89
Supplies - Water Loss Control	3,135.31	3,135.31	2,033.00	154.22%	83.92	(1,186.23)
Postage/Mail Delivery	454.05	767.34	9,400.00	8.16%	2,177.88	6,454.78
Subscriptions & Books	160.61	160.61	1,500.00	10.71%	0.00	1,339.39
Reproduction Expense	1,534.38	1,534.38	61,000.00	2.52%	2,965.62	56,500.00
Maintenance-Computers	604.11	576.74	8,000.00	7.21%	1,948.40	5,474.86
Software Purchase	9,507.36	9,507.36	34,500.00	27.56%	0.00	24,992.64
Software Support	8,565.75	12,853.36	59,134.00	21.74%	2,400.00	43,880.64
Computers and Equipment	19,929.14	19,929.14	49,450.00	40.30%	0.00	29,520.86
Automotive Expense	2,508.65	3,911.23	19,300.00	20.27%	0.00	15,388.77
Vehicle Expense	26.44	26.44	13,160.00	0.20%	0.00	13,133.56
Toll Road Charges	158.82	241.77	2,400.00	10.07%	0.00	2,158.23
Insurance Expense	10,240.13	20,163.52	140,000.00	14.40%	0.00	119,836.48
Utilities - Telephone	1,906.36	3,847.58	25,773.00	14.93%	1,142.94	20,782.48
Bank Fees	(14.00)	88.33	1,200.00	7.36%	0.00	1,111.67
Miscellaneous Expense	7,729.81	10,202.00	108,100.00	9.44%	0.00	97,898.00
MWDOC's Contrb. to WEROC	19,081.50	38,163.00	273,367.00	13.96%	0.00	235,204.00
Depreciation Expense	3,482.29	6,964.59	0.00	0.00%	0.00	(6,964.59)
Other Expenses	102,162.44	159,529.96	1,011,660.00	15.77%	139,293.60	712,836.44
Building Expense	24,692.50	122,975.54	835,831.00	14.71%	272,341.64	440,513.82
Capital Acquisition	394.89	394.89	106,456.00	0.37%	0.00	106,061.11
TOTAL EXPENSES	971,369.95	1,764,989.95	10,808,543.00	16.33%	1,761,019.65	7,282,533.40
NET INCOME (LOSS)	279,936.11	8,015,410.96	0.00			

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
From July thru August 2019

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
WATER REVENUES					
Water Sales	14,063,383.20	26,444,612.60	232,376,274.00	11.38%	205,931,661.40
Readiness to Serve Charge	838,872.80	1,677,745.60	10,071,282.00	16.66%	8,393,536.40
Capacity Charge CCF	299,996.67	599,993.34	3,615,440.00	16.60%	3,015,446.66
SCP/SAC Pipeline Surcharge	35,794.27	68,062.04	350,000.00	19.45%	281,937.96
Interest	2,014.08	4,024.54	20,000.00	20.12%	15,975.46
TOTAL WATER REVENUES	15,240,061.02	28,794,438.12	246,432,996.00	11.68%	217,638,557.88
WATER PURCHASES					
Water Sales	14,063,383.20	26,444,612.60	232,376,274.00	11.38%	205,931,661.40
Readiness to Serve Charge	838,872.80	1,677,745.60	10,071,282.00	16.66%	8,393,536.40
Capacity Charge CCF	299,996.67	599,993.34	3,615,440.00	16.60%	3,015,446.66
SCP/SAC Pipeline Surcharge	35,794.27	68,062.04	350,000.00	19.45%	281,937.96
TOTAL WATER PURCHASES	15,238,046.94	28,790,413.58	246,412,996.00	11.68%	217,622,582.42
EXCESS OF REVENUE OVER EXPENDITURES	2,014.08	4,024.54	20,000.00		

Municipal Water District of Orange County
WUE Revenues and Expenditures (Actuals vs Budget)
From July thru August 2019

	Year to Date Actual	Annual Budget	% Used
Spray To Drip Conversion			
Revenues	464.80	110,562.00	0.42%
Expenses	1,199.57	110,562.00	1.08%
Excess of Revenues over Expenditures	(734.77)	0.00	
Member Agency Administered Passthru			
Revenues	110,600.00	616,000.00	17.95%
Expenses	110,600.00	616,000.00	17.95%
Excess of Revenues over Expenditures	0.00	0.00	
ULFT Rebate Program			
Revenues	1,210.00	27,500.00	4.40%
Expenses	3,402.81	27,500.00	12.37%
Excess of Revenues over Expenditures	(2,192.81)	0.00	
HECW Rebate Program			
Revenues	14,017.45	300,000.00	4.67%
Expenses	21,766.60	300,000.00	7.26%
Excess of Revenues over Expenditures	(7,749.15)	0.00	
CII Rebate Program			
Revenues	0.00	305,000.00	0.00%
Expenses	0.00	305,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Turf Removal Program			
Revenues	95,904.55	835,776.00	11.47%
Expenses	132,828.75	835,776.00	15.89%
Excess of Revenues over Expenditures	(36,924.20)	0.00	
Comprehensive Landscape (CLWUE)			
Revenues	7,939.44	110,558.00	7.18%
Expenses	7,805.74	116,450.00	6.70%
Excess of Revenues over Expenditures	133.70	(5,892.00)	
Recycled Water Program			
Revenues	0.00	19,750.00	0.00%
Expenses	0.00	19,750.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
WSIP - Industrial Program			
Revenues	0.00	45,000.00	0.00%
Expenses	0.00	45,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
WUE Projects			
Revenues	230,136.24	2,370,146.00	9.71%
Expenses	277,603.47	2,376,038.00	11.68%
Excess of Revenues over Expenditures	(47,467.23)	(5,892.00)	
WEROC			
Revenues	267,141.00	652,564.00	40.94%
Expenses	80,888.75	624,478.00	12.95%
Excess of Revenues over Expenditures	186,252.25	28,086.00	

MWDOC

Item No. 3

ACTION ITEM
October 16, 2019

TO: **Board of Directors**

FROM: **Administration & Finance Committee**

Robert Hunter, General Manager

Staff Contacts: Cathy Harris, Administrative Services Manager
Katie Davanaugh, Sr. Executive Assistant

SUBJECT: **HEALTH SAVINGS ACCOUNT (HSA) ELECTIONS FOR 2020**

STAFF RECOMMENDATION

It is recommended that the Board of Directors approve annual Health Savings Account (HSA) contributions to the Consumer Driven Health Plans (CDHP) in accordance with JPIA recommended guidelines, Option 1.

Recommended District Health Savings Account contributions for 2020 are anticipated to be the same as 2019, as follows:

	Plan	EE	EE+1	FAM
2019 District Contribution limits by plan				
	Kaiser	1500	3000	3000
	Anthem	1300	2600	2400

COMMITTEE RECOMMENDATION

Committee recommends (to be determined at Committee meeting)

DETAILED REPORT

Background:

2020 will be the 5th year that the District has offered and participated in the Anthem PPO and Kaiser Consumer Driven Health Plans (CDHP).

Budgeted (Y/N): Y	Budgeted amount: $719,783	Core X	Choice
Action item amount: varies by actual plan enrollment	Line item:		
Fiscal Impact (explain if unbudgeted):			

To continue to encourage participation in these plans, MWDOC staff coordinates with JPIA staff to review, analyze and formulate suggested contribution amounts to participant's HSA's to incentivize participation in the high deductible plans with the goal of cost savings to the District.

During 2019, two employees participated in the PPO Consumer Driven Health Plan, with a 3rd participant enrolling in October as a new employee. Enrollment in the CDHP is anticipated to remain unchanged in 2020.

The Board requested that this item be returned for review of annual contribution amounts and frequency of the distribution. JPIA recommends the District make the contribution amounts at the beginning of the plan year to encourage participation and to minimize exposure to the participant. The District currently makes full contributions on the 1st of the year for employees enrolled effective January 1st, and contributions for subsequent enrollment is made on a monthly, pro-rated basis.

BOARD OPTIONS

Option #1

- Authorize contributions to the HSA Accounts per JPIA's recommendation, to remain the same as 2019 contribution limits.

Business Analysis: Providing contributions encourages participation in the Plans and may reduce/increase costs to the District depending on plan enrollment.

Option #2

- Do not authorize contributions to the HSA.

Business Analysis: If not approved, this may discourage enrollment and/or cost savings.

STAFF RECOMMENDATION

Option #1

Item No. 4

ACTION ITEM
October 16, 2019

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Cathleen Harris, Director of Human Resources

SUBJECT: **ADOPT RESOLUTION APPROVING AMENDED MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN MWDOC AND THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA) RE THE HEALTH BENEFITS PROGRAM**

STAFF RECOMMENDATION

It is recommended that the Board of Directors adopt a resolution approving the amendments to the MOU as presented and authorize the General Manager to execute the MOU, Option 1.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

In January 2013, The District adopted a Resolution and entered into an MOU with the SDRMA in order to participate in the dental plan through its Health Benefits Program.

The District received notification that the SDRMA Board of Directors amended its MOU to comply with IRS guidelines, the Affordable Care Act and California State Association of Counties (CSAC)-Excess Insurance Authority (EIA) pool guidelines. CSAC-EIA is the organization that provides coverage for the Health Benefits Program.

At this time, SDRMA is requesting all entities that participate in its health benefits program, to adopt a Resolution approving the amendments to the MOU and to execute the MOU. Attached is the MOU and Resolution for the Board's consideration. District Counsel has reviewed the current MOU and Resolution and concurs with proposed documents as presented.

Budgeted (Y/N): Y	Budgeted amount: $45,459.74	Core _X_	Choice __
Action item amount: 0	Line item:		
Fiscal Impact (explain if unbudgeted): Not applicable			

BOARD OPTIONS

Option #1

- Adopt a Resolution approving the amendments to the MOU as presented and authorize the General Manager to execute the MOU.

Fiscal Impact: None

Business Analysis: If approved, the District's current dental benefits will continue to remain active.

Option #2

- Do not approve this item as presented.

Fiscal Impact: Unknown at this time.

Business Analysis: If not approved, the District's current dental benefits will terminate effective January 1, 2020.

STAFF RECOMMENDATION

Option #_1__

RESOLUTION NO._____

**A RESOLUTION OF THE OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A
MEMORANDUM OF UNDERSTANDING AND AUTHORIZING
PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY'S HEALTH BENEFITS PROGRAM**

WHEREAS, Municipal Water District of Orange County, a public agency duly organized .and existing under and by virtue of the laws of the State of California (the "ENTITY"), has determined that it is in the best interest and to the advantage of the ENTITY to participate in the Health Benefits Program offered by Special District Risk Management Authority (the "Authority"); and

WHEREAS, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.,* for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

WHEREAS, participation in Authority programs requires the ENTITY to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for the Health Benefits Program; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the ENTITY is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE ENTITY AS FOLLOWS:

Section 1. Findings. The ENTITY's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the ENTITY.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the ENTITY and the Authority, in the form presented at this meeting and on file with the ENTITY's Secretary, is hereby approved. The ENTITY's Governing Body and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the ENTITY, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The ENTITY's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.

Section 4. Other Actions. The Authorized Officers of the ENTITY are each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

I hereby certify the foregoing is a full, true and correct copy of Resolution No. _____ adopted by the Board of Directors of Municipal Water District of Orange County at its meeting held on October 16, 2019. Said Resolution No. _______ was adopted by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Maribeth Goldsby, Secretary
Municipal Water District of Orange County

SDRMA

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER "MEMORANDUM") IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER "SDRMA") AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER "ENTITY") WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA was appointed administrator for the purpose of enrolling small public entities into the CSAC - Excess Insurance Authority Health's ("CSAC-EIA Health") Small Group Health Benefits Program (hereinafter "PROGRAM"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by CSAC-EIA Health Committee for the PROGRAM (the "COMMITTEE") and not SDRMA; and.

WHEREAS, ENTITY desires to enroll and participate in the PROGRAM.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. PURPOSE. ENTITY is signatory to this MEMORANDUM for the express purpose of enrolling in the PROGRAM.

2. ENTRY INTO PROGRAM. ENTITY shall enroll in the PROGRAM by making application through SDRMA which shall be subject to approval by the PROGRAM's Underwriter and governing documents and in accordance with applicable eligibility guidelines.

3. MAINTENANCE OF EFFORT. PROGRAM is designed to provide an alternative health benefit solution to all participants of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional). ENTITY public officials may participate in the PROGRAM only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements

4. PREMIUMS. ENTITY understands that premiums and rates for the PROGRAM are set by the COMMITTEE. ENTITY will remit monthly premiums based upon rates established for each category of participants and the census of covered employees, public officials, dependents and retirees.

   Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an administrative fee to premiums and rates for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.

SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties up to and including termination from the PROGRAM. Premiums are based on a full month, and there are no partial months or prorated premiums. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

5. BENEFITS. Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the PROGRAM and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to PROGRAM underwriter for approval.

6. COVERAGE DOCUMENTS. Except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM and will be provided by SDRMA to each ENTITY. SDRMA will provide each ENTITY with additional documentation, defined as the SDRMA Program Administrative Guidelines which provide further details on administration of the PROGRAM.

7. PROGRAM FUNDING. It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.

8. ASSESSMENTS. Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments which are deemed necessary to ensure approved funding levels shall be made upon the determination and approval of the COMMITTEE in accordance with the following:

   a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.

   b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premiums paid for the preceding 3 years. An ENTITY must

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www.sdrma.org

be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.

c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.

d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.

9. WITHDRAWAL. ENTITY may withdraw subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY may rescind its notice of intent to withdraw. Once ENTITY withdraws from the PROGRAM, there is a 3-year waiting period to come back into the PROGRAM, and the ENTITY will be subject to underwriting approval again.

10. LIAISON WITH SDRMA. Each ENTITY shall maintain staff to act as liaison with SDRMA and between the ENTITY and SDRMA's designated PROGRAM representative.

11. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.

12. VENUE. Venue for any dispute or enforcement shall be in Sacramento, California.

13. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.

14. COMPLETE AGREEMENT. This MEMORANDUM together with the related PROGRAM documents constitutes the full and complete agreement of the ENTITY.

15. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.

16. AMENDMENT OF MEMORANDUM. This MEMORANDUM may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's designated representative, or alternate, who shall have authority to execute this MEMORANDUM. Any ENTITY who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date.

17. EFFECTIVE DATE. This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA.

18. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: August 1, 2019 By: Laura S. Gill

Special District Risk
Management Authority

Dated: ____________ By: ____________

Municipal Water District of Orange County

RESOLUTION NO. ______

A RESOLUTION OF THE OF THE (GOVERNING BODY) OF Municipal Water District of Orange County APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS PROGRAM

WHEREAS, Municipal Water District of Orange County, a public agency duly organized and existing under and by virtue of the laws of the State of California (the "ENTITY"), has determined that it is in the best interest and to the advantage of the ENTITY to participate in the Health Benefits Program offered by Special District Risk Management Authority (the "Authority"); and

WHEREAS, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.,* for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

WHEREAS, participation in Authority programs requires the ENTITY to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for the Health Benefits Program; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the ENTITY is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE ENTITY AS FOLLOWS:

Section 1. Findings. The ENTITY's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the ENTITY.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the ENTITY and the Authority, in the form presented at this meeting and on file with the ENTITY's Secretary, is hereby approved. The ENTITY's Governing Body and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the ENTITY, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The ENTITY's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.

Section 4. Other Actions. The Authorized Officers of the ENTITY are each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this _____ day of __________________, 20_____ by the following vote:

AYES: ____________________

NOES: ____________________

ABSENT: ____________________

____
Name

____
Title

____
ENTITY Secretary

Item No. 5

ACTION ITEM
October 16, 2019

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Hilary Chumpitazi

SUBJECT: AUTHORIZE NEW CREDIT FOR US BANK VOYAGER FLEET FUEL CARDS

STAFF RECOMMENDATION

It is recommended that the Board of Directors authorize staff to secure a US Bank Voyager Fleet fuel credit card account for the Shared Services Water Loss Control program with a credit limit of $5,000.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

MWDOC will have one account with two credit cards (one for each vehicle) to purchase gas, car washes and annual maintenance. The Voyager Fleet card program allows pin based transactions to identify who's making the purchase and for fraud prevention. It offers industry-leading reporting tools for mileage tracking and line item detail into every purchase. Under this account we will also receive an automatic exemption from the state excise tax.

BOARD OPTIONS

Option #1

- Authorize staff to secure a US Bank Voyager Fleet fuel credit card account.

Fiscal Impact: $5,760
Business Analysis: More efficient to have a separate fuel card that allows tracking of mileage and the user; eliminates paperwork; saves time; automatic exemption given on state excise tax so we don't have to file for a reimbursement every year.

Budgeted (Y/N): Yes	Budgeted amount: $5,760	Core __	Choice _X_
Action item amount: $5,000	Line item: 70-7612		
Fiscal Impact (explain if unbudgeted): Not applicable			

Option #2

- The employees will need to purchase gas, maintenance and car washes with their own credit card and complete a Business Expense form to be reimbursed. Accounting will need to keep track of all receipts and file for state excise tax reimbursement each year.

Fiscal Impact: $5,760
Business Analysis: Less efficient, more work, less security, no automated tracking.

STAFF RECOMMENDATION

Option #__1_

Item No. 6

ACTION ITEM
October 16, 2019

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

FROM: Robert J. Hunter, General Manager
Staff Contact: Cathy Harris, Director of Human Resources and Admin.

SUBJECT: **APPROVAL OF REVISED PERSONNEL MANUAL**

STAFF RECOMMENDATION

Staff recommends that the Administration & Finance Committee approve the changes and additions to the Personnel Manual and advance the item to the Board of Directors for action at the October 16, 2019 meeting (Option 1)

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

This is the fourth month that the Administration & Finance (A&F) Committee will consider revisions and additions to the MWDOC Personnel Manual.

Proposed changes were discussed at the July 10, 2019 Administration & Finance (A&F) Committee meeting and the item was carried over for further discussion at the August 14, 2019 A&F meeting. MWDOC staff had requested that the Committee discuss the proposed revisions, agree on what revisions they recommend for final Board approval, and then carry the item over to the September A&F Committee meeting so that staff could incorporate Committee changes and reformat the document for clarity and ease of use. The item was advanced from the September A&F meeting to the September 18, 2019 Board of Directors meeting. The motion for Approval resulted in a 3-3 vote and the item was returned to the A&F Committee for further deliberation.

The only significant change from last month is that Staff requests that, if approved, the revised Personnel Manual have an effective date of either December 1, 2019 or January 1, 2020 in order to facilitate employee training.

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

If the Committee and Board approve the revised Personnel Manual, Staff will bring to the A&F Committee in November a proposed revision to Chapter 7 of the Administrative Code to sync it with the approved provisions of the Personnel Manual. These proposed changes would primarily relate to the grievance process.

BOARD OPTIONS

Option #1

- Approve revisions and additions to the Personnel Manual and advance the item to the Board of Directors for action at the October 16, 2019 Board meeting.

Option #2

- Identify additional modifications to the Personnel Manual for Staff to include in the item for consideration and discussion at the November 20, 2019 Board meeting.

Option #3

- Do not approve revisions to the Personnel Manual as recommended by staff and Legal Counsel. Advise staff as to further action.

STAFF RECOMMENDATION

Option # 1

SEPTEMBER 11, 2019 A&F COMMITTEE MEETING MATERIAL

SUMMARY

This is the third month that the Administration & Finance (A&F) Committee will consider revisions and additions to the MWDOC Personnel Manual.

Proposed changes were discussed at the July 10, 2019 Administration & Finance (A&F) Committee meeting and the item was carried over for further discussion at the August 14, 2019 A&F meeting. MWDOC staff had requested that the Committee discuss the proposed revisions, agree on what revisions they recommend for final Board approval, and then carry the item over to the September A&F Committee meeting so that staff could incorporate Committee changes and reformat the document for clarity and ease of use. The attached revised Personnel Manual is the product of this process.

The primary changes from the August document include:

1. Substantial reorganization and section numbering
2. Integration and streamlining of the grievance procedure
3. Clarification of the grievance and disciplinary procedures and authority related to Staff, General Manager and Directors
4. Clarification of the applicability of benefits to Staff and Directors
5. Clarification of the Civility Policy
6. Expansion of the Introductory Section
7. Addition of a section listing potential corrective or disciplinary actions.

If the Committee and Board approve the revised Personnel Manual, Staff will bring to the A&F Committee in October a proposed revision to Chapter 7 of the Administrative Code to sync it with the approved provisions of the Personnel Manual. These proposed changes would primarily relate to the grievance process.

DETAILED REPORT

At the August A&F meeting the Committee thoroughly discussed the proposed revisions to the MWDOC Personnel Manual. Major points of discussions and conclusions included:

a) Revisions should be made to clarify the coverage and applicability to Staff and Directors
b) The document should be revised to state the Board of Directors retains full authority for corrective or disciplinary actions of Directors
c) The Grievance Process needs to be clarified and integrated into one process
d) Grievances against a Director or the GM should be made directly to either the Executive Committee or the full Board of Directors
e) Any appeal of grievance decisions to the Board of Directors must complete the Grievance Process before appeal
f) The Civility Policy should be included in the Personnel Manual

Staff has responded and a revised and reformatted version of the MWDOC Personnel Manual is attached. The major revisions include:

1. Substantial reorganization and section numbering
   A major effort was made to increase the clarity and utility of the manual by regrouping and numbering sections into like topics and expanding the Introductory Section. The manual now contains five major sections:
   Section 1000 – Introduction
   Section 2000 - Rules & Definitions
   Section 3000 – Benefits
   Section 4000 – Policies, Protections & Process
   Section 5000 - Behavior & Consequences

2. Integration and streamlining of the grievance procedure
   The revised manual unifies the grievance procedure from different sections into one internal process. This process maintains the ability to resolve issues informally and the escalation into a more formal, written process. The appeals to the Board is the final step in the process, which must be completed sequentially. If the Personnel Manual is approved by the Board, changes to the Administrative Code will be required in the Ethics Section (Chapter 7) to align the Personnel Manual and Administrative Code. In particular, the reporting of grievances against a Director or the General Manager to the Executive Committee or the full Board instead of to the President or the full Board. The Board could also decide to maximize flexibility and discretion by including all three options (President, Executive Committee or Full Board) in both the Personnel Manual and the Administrative Code. However, the procedure should align between the two documents.

3. Clarification of the grievance and disciplinary procedures and authority related to Staff, General Manager and Directors
   The revised Personnel Manual clearly outlines the grievance and disciplinary processes for Staff, General Manager and Directors. It also explicitly states that the Board of Directors retains full authority for the grievance and disciplinary process related to Directors.

4. Clarification of the applicability of benefits to Staff and Directors
   The Benefits Section first level subdivision is into Employee Benefits and Director Benefits. The Director Benefits section is then bifurcated into MWDOC Directors and MWDOC-MET Directors.

5. Clarification of the Civility Policy
   The Civility Policy is included in this version of the Personnel Manual, has been slightly streamlined, and includes the input from legal counsel on the definition of incivility. The section was also modified to integrate with the unified grievance process.

6. Expansion of the Introductory Section
   The Personnel Manual is an important document for Staff, the GM and the Directors. The Introductory Section was expanded to give a general oversight of the purpose and organization of the manual. This section also discusses the applicability to Staff

and Directors as well as identifying the Administrative Code and Contracts Manual as the other components of the MWDOC administrative trilogy.

7. Addition of a section listing potential corrective or disciplinary actions
   A new section was added that lists potential corrective or disciplinary actions applicable to Staff and the General Manager. Potential corrective actions for Directors are not included in the Personnel Manual but are listed in the Administrative Code. It is anticipated that if any modification to that list is desired by the Board that the Board would make those changes as part of the update of the Ethics Section of the Administrative Code.

BOARD OPTIONS

Option #1

- Approve revisions and additions to the Personnel Manual and advance the item to the Board of Directors for action at the September 18, 2019 Board meeting.

Option #2

- Identify additional modifications to the Personnel Manual for Staff to include in the item for consideration and discussion at the September 18, 2019 Board meeting.

Option #3

- Do not approve revisions to the Personnel Manual as recommended by staff and Legal Counsel. Advise staff as to further action.

STAFF RECOMMENDATION

Option # 1

AUGUST 14, 2019 A&F COMMITTEE MEETING MATERIAL

SUMMARY

The Personnel Manual revisions were discussed at the July 10, 2019 Administration & Finance (A&F) Committee meeting. The item was carried over for further discussion at the August 14, 2019 A&F meeting. MWDOC staff has requested that the Committee discuss the proposed revisions, agree on what revisions they recommend for final Board approval, and then carry the item over to the September A&F Committee meeting (September 11, 2019). Staff will use the month to incorporate any Committee changes, reformat the document for clarity and ease of use, and prepare training for the revised Personnel Manual. The intention would be to have staff training on the newly approved document shortly after approval by the Board.

The primary items discussed at the July A&F Committee meeting were:

1. Selection of Employees - Oath of Allegiance (5)
2. Code of Conduct – Firearms or Weapons (62)
3. Civility Policy (62-64)
4. Applicability of Personnel Manual to Directors
5. Complaint and Grievance Procedures

DETAILED REPORT

The July A&F Committee discussion focused on five main topics:

1. Selection of Employees - Oath of Allegiance (pg. 5)

A question was raised as to whether or not MWDOC was using the correct Oath of Allegiance pursuant to State law. MWDOC is using the correct form of the oath. This issue has been addressed in two previous memos from BB&K, portions of which are included below.

California Constitution Article 20, Section 3 states that “[m]embers of the Legislature, and all public officers and employees, executive, legislative, and judicial, except such inferior officers and employees as may be by law exempted, shall, before they enter upon the duties of their respective offices, take and subscribe the following oath or affirmation.” The oath states, in part, that the officer or employee will support and defend the federal and state constitution. “Public officer and employee” is defined in Article 20, Section 3 as including every officer and employee of the state, county, city, district, or authority. All MWDOC employees and Directors are required to take or sign the oath.

The full oath of office is set forth in Section 3, Article 20 of the California Constitution. The second paragraph of the oath was ruled as an invalid precondition to public employment by the California Supreme Court in 1967. (*Vogel v. County of Los Angeles* (1967) 68 Cal.2d 18.) Though the text of the second paragraph remains in current publications of the California Constitution, the Supreme Court has held that the second paragraph is overly broad because it proscribes more than the specific intent to advocate overthrow of the government. The Supreme Court held that persons who join an organization but do not share in its unlawful activities pose no threat, and a law which applies to membership without the specific intent to further the illegal aims of the organization infringes rests on the doctrine of guilt by association, which is incompatible with the U.S. Constitution. Therefore, employees and Directors cannot be required to swear or affirm the second paragraph of Article 20, Section 3, and the oath should be limited to the first paragraph of Section 3, Article XX of the California Constitution, as reflected below and in the form attached to this memorandum:

> "I, _________________________, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter."

In accordance with the 1967 California Supreme Court, MWDOC is using the correct form of the oath.

2. Code of Conduct – Firearms or Weapons (pg. 62)

The "Standards of Conduct" provisions of the MWDOC Personnel Manual originated in 2004 and includes a list of examples "to provide some guidance concerning unacceptable behavior". The 2004 version included a prohibition or firearms, weapons and explosives and was shortened in 2014 to the current language: #27 - Possessing or bringing firearms or weapons onto District Property. There was a proposal in 2014 to explicitly state that firearms in private vehicles were prohibited but it was deemed an unnecessary modification and was not approved. No changes in weapons policy has been made since 2014.

MWDOC legal counsel has responded that they believe the current language does prohibit firearms and weapons in private vehicles in the district's parking lot as part of "District Property". The parking lot is defined as common property under the April 15, 1987 agreement and lease between MWDOC and OCWD. MWDOC was responsible for 27% of the parking lot construction and MWDOC is responsible for our allocated share of parking lot resurfacing maintenance. MWDOC has undivided, uncontrolled, shared use of the parking and landscape areas of the Common Facilities. As a comparison, OCWD's equivalent policy specifically prohibits firearms and weapons on district property, in district vehicles and in private vehicles in district property.

3. Civility Policy (pgs. 62-64)

The Civility Policy is a new addition to Personnel Manual and is distinct from the discrimination and harassment sections of the manual (pgs. 7-10). The question was asked in committee as to whether the Civility Policy increased the district's potential liability. Staff was directed to ask our attorneys. The response is that the Civility Policy does not increase and likely decreases the district's potential liability.

4. Applicability of Personnel Manual to Directors

The question was asked in committee as to whether the Personnel Manual applied to MWDOC Directors. IRS has defined Directors as employees. The Personnel Manual does apply to Directors except where Directors are disqualified from a section (e.g., holiday time or paid sick leave) or where there is a specific, alternate provision for a Director (e.g., Civility Policy Complaint Procedure (provision e, pg. 64)).

5. Complaint and Grievance Procedures

There were a series of questions about complaint or grievance procedures raised at the committee meeting. If the Civility Policy is adopted, there will be four distinct areas where these procedures come into play. In the Personnel Manual there is an Internal Complaint Procedure under the Discrimination and Harassment Section (pg. 8), there is the Grievance Procedure Section (pg. 11), and there is the Civility Policy Complaint Procedure (pg. 63). In addition the Ethics Policy (Section 7000) of the MWDOC Administrative Code includes two sections dealing with investigation and consideration of appropriate actions for violation of policy by Staff and Staff Officers (7109) and Directors (7110). In some cases distinct procedures are required by statute and in all cases the provisions have been developed with district legal counsel. If the Civility Policy is recommended by the A&F Committee and the recommendation is to carry the Personnel Manual over to the September committee meeting, then it is recommended that Staff and Legal Counsel review these four procedures for possible consolidation.

BOARD OPTIONS

Option #1

- Approve revisions to the Personnel Manual and carry the item over for the September A&F Committee.

Option #2

- Do not approve revisions to the Personnel Manual as recommended by staff and Legal Counsel. Advise staff as to further action.

STAFF RECOMMENDATION

Option # 1

JULY 10, 2019 A&F COMMITTEE MEETING MATERIAL

SUMMARY

Proposed revisions to the Personnel Manual are being presented for review and consideration. The Personnel Manual is reviewed by the General Manager, Director of Human Resources and Legal Counsel and presented to the Administration and Finance Committee for review and consideration.

DETAILED REPORT

The following outlines the revisions made to the manual:

- **Page 4 & 5** **Introduction**
  - Revised language to be consistent with website language.
  - Legal Counsel recommended new disclaimer language be added to the Introduction.
- **Page 4** **Selection of Employees**
  - Legal Counsel revised language for clarity.
- **Page 5** **Equal Opportunity Employment**
  - Legal Counsel updated section to expand list of protected categories.
- **Page 6** **Reasonable Accommodation For Applicants with Disabilities**
  - Legal Counsel deleted section and combined with EOE section on page 5.
- **Page 7** **Prohibitions Against Discrimination and Harassment**
  - Legal Counsel updated section to expand list of protected categories.
- **Page 9** **Internal Complaint Procedure**
  - Added word for clarity.
- **Page 9** **Penalties for Violation**
  - Legal Counsel deleted section since it is addressed under Corrective Action section.
- **Page 9** **Corrective Action**
  - Legal Counsel added language.
- **Page 10** **Confidential Nature of Medical Diagnoses**
  - Revised wording for clarity.
- **Page 11** **The Interactive Process**
  - Deleted word
- **Page 14** **Pre-Employment Testing**
  - Deleted language to be consistent with current practice. District positions do not require a Commercial Driver's license.
- **Page 14** **Post-Accident Testing**
  - Legal Counsel revised language.
- **Page 14** **Regular and Random Testing**

- Legal Counsel deleted section.

- **Page 14 & 15** **Return to Duty Testing**
  - Legal Counsel added language for clarity.
- **Page 15** **Compliance with State or Federal Law**
  - Revised wording for clarity.
- **Page 16** **Drug and Alcohol Rehabilitation Programs**
  - Legal Counsel revised language.
- **Page 16 & 17** **Regular Full-Time Employees**
  - Revised language for clarity.
- **Page 17** **Temporary Employees**
  - Moved the language to Page 18.
- **Page 17** **Limited-Term Employees**
  - Revised language for clarification.
- **Page 17** **Interns**
  - Revised language for clarification.
- **Page 18** **Added Paragraph**
  - Added paragraph from section under Temporary Employees and included language to be consistent with current practice.
- **Page 18** **Workweeks**
  - Revised language to be consistent with current practice.
- **Page 18** **Rest Periods and Lunch Periods**
  - Created separate headings for rest and lunch period. Added a sentence to lunch periods in compliance with Federal Labor Standards Act (FLSA).
- **Page 18** **Record of Work Hours**
  - Revised language to comply with current District practice.
- **Page 19** **Overtime**
  - Revised language for clarification.
- **Page 19** **Payment Of Overtime In Event of Separation**
  - Added new heading for clarification and moved paragraph from Overtime to the new heading.
- **Page 19 & 20** **Category I and II Non-Exempt and Exempt**
  - Deleted Category references and changed to Non-exempt and Exempt and added language to reflect current practice regarding overtime and Compensatory Time Off accruals.
- **Page 20** **Make-Up Time**
  - Revise language for clarity.
- **Page 20** **Absences From Work – Paid Sick Leave**
  - Changed title from General Paid Sick Leave to Paid Sick Leave.
  - Legal Counsel revised language requiring a request for leave and/or a medical certification for absences of five days or more and a doctor's release upon return to work.
  - Revised language for clarification.
- **Page 21** **Maximum Accrual**

  - Added language for clarification.
- **Page 21** **Partial Day Absences**
  - Revised language to clarify partial day absences for Exempt and Non-Exempt employees.
- **Page 21 & 22** **Mandatory Paid Sick Leave**
  - Legal Counsel revised language.
- **Page 22** **Bereavement Leave**
  - Added word for clarity.
- **Page 23** **Employee Benefits While on Disability Leave**
  - Add sentence for clarification on leave accruals.
- **Page 26** **District Determination and Notification**
  - Word deleted.
- **Page 29-31** **Pregnancy Disability Leave**
  - Revised position title.
  - Legal Counsel revised and added a more comprehensive policy.
- **Page 31 & 32** **New Parent Leave**
  - Legal Counsel added New Parent Leave Section
- **Page 32 & 33** **Benefit Accruals While On Paid Leave**
  - Added language to clarify that Military leave is an exception and can accrue benefits while on leave.
  - Added language referencing the applicable codes for compliance with Military Leave.
- **Page 33** **Whistleblower Protections**
  - Revision to position title.
- **Page 34** **Jury or Witness Duty Leave**
  - Added language for clarification on how time is to be allocated if Jury Duty extends beyond 30 days.
- **Page 35** **Discretionary Executive Leave**
  - Added the word "Executive" to title and throughout policy for clarification as to who is eligible for the leave and consistent with the intent of the policy.
  - Added language for clarification.
  - Revised to calendar year to be consistent with current practice.
- **Page 35 & 36** **Catastrophic Leave Program**
  - Added CTO to be consistent with reference throughout document.
- **Page 37** **Performance Criteria And Definitions**
  - Deleted bullet five- not consistent with current rating form.
- **Page 37 & 38** **Merit Increase Procedures**
  - Deleted extra letter in first sentence.
  - Revised word for consistency.
- **Page 38** **Paydays**
  - Revised word.
- **Page 39** **Payroll Deductions**

  - Revised wording for clarity.
- **Page 39** **Accrual Rate**
  - Added language for clarification.
  - Added language authorizing the General Manager to approve partial payout of accrued vacation amounts that reach the maximum accrual rate.
- **Page 40** **Holidays**
  - Deleted sentence not applicable.
- **Page 40** **Holidays Occurring on a Date Scheduled Off**
  - Revised to reflect current practice.
  - Added sentence clarifying how the floating holiday will be applied if not used within the calendar year.
- **Page 40 & 41** **Worker's Compensation**
  - Added wording to title for clarification.
  - Made revisions to language for clarification.
- **Page 42** **Medical Insurance**
  - Revised language for clarification.
- **Page 42** **Medical and Elective Health and Welfare Coverage Upon Retirement**
  - This section moved to Page 46 before the Retirement Programs Section.
- **Page 44** **Dental Insurance**
  - Added language for clarification.
- **Page 44** **Vision Insurance**
  - Added language for clarification.
- **Page 46** **Life Insurance**
  - Added language for clarification.
- **Page 46** **Retiree Health and Welfare Benefits Upon Retirement**
  - Changed title for clarification
  - Deleted and added word for clarification.
  - Added language clarifying that in order to be eligible there shall be no lapse in service consistent with Joint Powers Insurance Authority (JPIA) guidelines.
- **Page 46 & 47** **10 Years of Service**
  - Added language regarding Health Savings Accounts (HAS's) in compliance with JPIA policy.
  - Added language for clarification regarding Medicare eligibility in compliance with JPIA.
  - Added language clarifying what plans are eligible for reimbursement.
  - Added language regarding re-enrollment and open enrollment consistent with JPIA policy.
  - Added language clarifying the type of plans that qualify for the $1,800 reimbursement.

  - Added language stating the District will not reimburse retiree for late enrollment in Medicare Part B.
- **Page 48 & 49** **25 Years of Service**
  - Added language regarding HSA's in compliance with JPIA policy.
  - Added language for clarification regarding Medicare eligibility in compliance with JPIA.
  - Added language regarding retirees and spouses in compliance with JPIA policy.
  - Revised language to be consistent with the 10 year policy on reimbursement requests and re-enrollment and annual open enrollment.
  - Added language per JPIA's request that the retiree policy is subject to their approval in addition to Board approval.
- **Page 49** **Retirement Programs**
  - Added language stating type of plan.
  - Revised to identify eligible participants.
  - Deleted language for simplification purposes and referencing Plan Document.
- **Page 49-51** **CalPERS**
  - Revised language to be consistent with current practice.
- **Page 51** **Flexible Benefits Spending Plan/Health Savings Account (HSA)**
  - Revised language and added paragraph describing Health Savings Account benefit.
- **Page 52** **Employee Assistance Program**
  - Revised last sentence.
- **Page 52** **Service Awards**
  - Revised language to state if the compensation days are not used within the 12 month period they will be allocated to CTO or vacation accrual instead of cashed out.
- **Page 52** **Employee/Team Excellence**
  - Revised title to include Team
  - Revise language to include teamwork
  - Revised word for clarity.
- **Page 52 to 57** **Vehicle Policy**
  - Sections of this policy were deleted and reorganized for clarity.
  - Section was added on Use of District Vehicles in preparation for field staff.
  - Separate heading titled Auto Allowances was added and all appropriate sections were moved under this section.
- **Page 59 & 60** **Uniforms/Tools –Field Personnel**
  - This section was added in preparation for field staff.
- **Page 60** **Office Equipment**
  - Revised word.
  - Revised position title.

- **Page 60** **Passwords & Securities**
    - Revised language to comply with current practice.
- **Page 61** **Intellectual Property Rights**
    - Revised language to comply with current practice.
- **Page 62** **Standards of Conduct**
    - Revised word
- **Page 63 to 64** **Civility Policy**
    - Legal Counsel added new section.
- **Page 65** **At-Will Agreement**
    - Revision to District title.
- **Page 66 & 67** **Appendix A**
    - Revised with current District Exempt and Non-Exempt titles.
- **Pay Structure and Organizational Chart**
    - These sections were removed and a statement has been added at the end of the document stating the District pay structure and Organizational Chart can be found on the website.

BOARD OPTIONS

Option #1

- Approve the proposed revisions to the Personnel Manual.

Option #2

- Do not approve the proposed revisions to the Personnel Manual as recommended by staff and Legal Counsel.

STAFF RECOMMENDATION

Option #_1

PERSONNEL MANUAL

Effective date: January 1, 2020

Table of Contents

1000 INTRODUCTION	1000 - 1600

1100 PURPOSE & MWDOC WORKPLACE GOALS

This Personnel Manual is intended to provide important information, guidance and insight into the work culture of MWDOC and the policies, benefits and behavioral expectations of the organization. It may not be your most exciting read of the year but the guidance is essential for you and MWDOC to improve and excel. And that is at the heart of MWDOC's workplace goals. In order to maximize value to Orange County, Southern California, our Staff and Directors, the workplace needs to support the professional growth and personal development of everyone in our organization. This requires the commitment of all involved and an emphasis on continuous improvement. It also requires that we respect each other and adhere to fundamental rules of behavior.

1200 PERSONNEL MANUAL ORGANIZATION

There is a very diverse set of information, policies and procedures in this manual. They have been organized into four main sections beyond this introductory piece.

- Rules & Definitions (Section 2000)
- Benefits (Section 3000)
- Policies, Protections & Process (Section 4000)
- Behavior & Consequences (Section 5000)

1300 EMPLOYEES AND DIRECTORS

Different portions of this manual apply to Employees, Directors, the General Manager and our associated partners including consultants, contractors and vendors. We have attempted to make the distinctions clear where they exist. For example, the benefits available to MWDOC Directors are distinctly different from those available to MWDOC Employees. In addition, the grievance and corrective action process is different for Employees, the General Manager and Directors. Specifically, grievances against the GM or a Director are made to the President of the Board, Executive Committee or the entire Board of Directors. The Board always retains the authority to discipline itself.

The MWDOC Board of Directors (Board of Directors, Board, Directors Board Members) and the MWDOC Metropolitan Water District Directors (MWDOC-MET Directors) are considered employees and therefore Director compensation is subject to Social Security taxation.

Directors are eligible to participate in a qualifying public retirement system in accordance with IRS guidelines and are eligible for benefits in accordance with applicable statutes and District policies. In addition, Directors are subject to sections in the Personnel Manual related to conduct and decorum. In all other aspects, Directors shall be subject to the laws and regulations as applicable to such officials.

1400 ADMINISTRATIVE CODE & CONTRACTS MANUAL

The Personnel Manual is one of three documents that primarily establishes the rules for MWDOC personnel (outside of local, state, and federal law).

The Administrative Code is the codification of the organization and operation of MWDOC. At its most basic level, the Administrative Code identifies the Board of Directors as the policy setting body which also hires the General Manager. The General Manager is responsible for the Employees and operation of the organization. Particularly relevant to the Personnel Manual are the Administrative Code sections covering Ethics (Chapter 7). There is significant interplay between Ethics in the Administrative Code and some of the provisions in Sections 4000 and 5000 of the Personnel Manual (i.e., Section 5100 Standard of Conduct, Section 4102 Prohibition Against Discrimination and Harassment, Section 4200 Grievance Procedure, Section 5101 Corrective Actions).

The MWDOC Contracts Manual outlines specific policies and procedures the Board of Directors has adopted relative to contracts and procurements. Those policies and procedures are outlined in the Administrative Code (Sections 8000 through 8004).

1500 LEGAL DISCLAIMERS

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

MWDOC reserves the right to make changes to this Personnel Manual and to any employment policy, practice, work rule, or benefit, at any time without prior notice. Except as otherwise provided in this Personnel Manual, no one has the authority to make any promise or commitment contrary to what is in this Personnel Manual. Employees are responsible for knowing about and understanding those changes once they have been disseminated. MWDOC also reserves the right to interpret the provisions of this Manual. For this reason, employees should check with the Human Resources to obtain information regarding specific employment guidelines, practices, policies, or procedures.

In addition, this Personnel Manual is not intended to cover all possible situations that may arise in your employment relationship with MWDOC. This Personnel Manual is the property of MWDOC, and it is intended for the personal use and reference by employees of MWDOC.

This Personnel Manual is designed to help employees get acquainted with MWDOC. It describes some of the basic terms and conditions of employment with MWDOC.

Employees should sign the acknowledgement form at the back of this Personnel Manual, tear it out, and return it to Human Resources. This will provide MWDOC with a record that each employee has received this Personnel Manual.

1600 THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)

The Municipal Water District of Orange County (MWDOC) was formed by Orange County voters in 1951 under the Municipal Water District Act of 1911. Today, MWDOC is Metropolitan Water District of Southern California's (MET's) third largest member agency, providing and managing the imported water supplies used by over 2-million residents in Orange County.

The Municipal Water District of Orange County (MWDOC) is an independent public water agency that serves Orange County's regional imported water wholesaler. Our efforts focus on sound planning and appropriate investments in water supply development, water reliability, water resources management, and water use efficiency, public information, legislative advocacy, water education, and emergency preparedness. MWDOC's service area covers all of Orange County, with the exception of the cities of Anaheim, Fullerton and Santa Ana. We serve Orange County through 28 member agencies who in turn provide water to the public.

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

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

2000 RULES & DEFINITIONS	2100-2310

2100 EMPLOYMENT

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

2101 SELECTION OF EMPLOYEES

All persons considered for employment with the Municipal Water District of Orange County must be qualified to perform the duties of the position for which they are employed. Employees in certain classifications, after receiving a conditional offer of employment, will be required to complete a pre-employment job-related medical examination consistent with business necessity and, based on the safety sensitive nature of their job duties, a pre-employment drug screening before reporting for work. All employees shall be required to affirm Section 3, Article 20, first paragraph of the Oath of Allegiance pursuant to State law.

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

2102 INTRODUCTORY PERIOD

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

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

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

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

2103 REGULAR FULL-TIME EMPLOYEES

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

Regular full-time employees who have worked less-than 40 hours per week (i.e. 32 to 39 hours per week) on a regular basis accrue paid leaves predicated on the number of hours worked and are eligible for holiday pay on a pro-rated basis, only if the holiday falls on a regularly scheduled workday.

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

2104 REGULAR PART-TIME EMPLOYEES

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

2105 TEMPORARY EMPLOYEES

An employee serving in a position in which the requirements of the services performed are of a temporary nature shall be classified as a temporary employee for a period not to exceed twelve months. This classification includes, but is not limited to, personnel employed for seasonal peak workloads, emergency extra workloads, necessary vacation or leave of absence relief, or special investigative study workloads. Temporary employees are not eligible for any benefits other than those mandated by law.

2106 LIMITED-TERM EMPLOYEES

A limited-term employee is an individual who is temporarily employed by entering into an employment contract for a specified period of time as approved by the Board of Directors. Limited-term employees are eligible for benefits as provided for in the employment contract. All limited-term employment contracts and renewals require Board approval.

2107 INTERNS

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

For employees that transition from Part-Time, Temporary, Limited-Term or Intern status to Full-Time, the actual date of hire to Full-Time status will be the anniversary date for computation of leave accruals. Benefits will go into effect in accordance with the policies of the Benefits Administrator.

2200 WORK HOURS, WORKWEEK AND OVERTIME

2201 WORKWEEK

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

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

2202 REST PERIODS

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

2203 LUNCH PERIODS

Lunch periods are unpaid and shall be staggered to permit the office to remain open during the lunch period. Any employee who works for at least five (5) hours in a work day is required to take a thirty (30) minute lunch within the first five (5) hours of work, and employees who work more than ten (10) hours in one day are eligible for a second meal period. An employee who works less than six (6) total hours in a day may waive such unpaid meal period. All other employees must take a thirty (30) minute lunch break within the first five (5) hours of the workday. Meal periods shall be duty-free with no restrictions placed on such periods.

2204 RECORD OF WORK HOURS

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

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

2205 OVERTIME

As a governmental agency, the District is obligated to be in compliance with the requirements of the federal Fair Labor Standards Act (FLSA), and it shall be applied to all employees as defined as Exempt and Non-Exempt (See Appendix "A"). The FLSA does not require overtime to be paid for hours worked over eight in a day. FLSA overtime is required only when the work actually performed exceeds 40 hours in the legal workweek – defined as a consecutive 168 hour period. For employees working a 9/80 work schedule, their workweek shall begin exactly four hours into their eight hour shift on the day of the week which constitutes their alternating regular day off. Contact Human Resources if you have questions regarding the calculation of overtime. Non-Exempt employees can accrue a maximum of 40 hours of compensatory time. Overtime must be approved by the Supervisor prior to working. However, all overtime hours in excess of the allowable maximum will be paid, regardless of prior approval.

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

2205.1 Non-exempt employee

Any employee may be directed to work in excess of the regular workday by the General Manager or their supervisor. The District will pay all Non-Exempt employees at the rate of one and a half times the regular rate of pay for all hours physically worked in excess of 40 in a workweek. Because paid leave hours (vacation, holiday, sick leave, bereavement leave, jury duty, etc.) do not constitute hours actually worked, they will not be included when assessing overall hours in a workweek in the overtime calculation. Non-exempt employees shall receive cash reimbursement or Compensatory Time Off (CTO) accrual. Maximum total accrued for any eligible employee shall not exceed forty hours.

2205.2 Exempt employee

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

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

2206 PAYMENT OF OVERTIME IN EVENT OF SEPARATION

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

2207 MAKE-UP TIME

If a Non-Exempt employee needs to take time off for personal reasons and desires to make up the time rather than be docked or have the time charged to the appropriate accumulated leave balance, said employee may make up the time, with the approval of the employee's supervisor, provided said time is made up within the workweek in which the time off was taken and provided that making up such time does not cause the employee to exceed 40 hours in a workweek.

2208 HOLIDAY TIME

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

2209 TELECOMMUTING

Employees are required to perform their job responsibilities at the District office unless their job duties require them to perform work at a location outside of the District office. An employee requesting to work from home or another location to perform their normal work duties must seek final approval from the General Manager.

2300 PAY PRACTICES

2301 PAYDAYS

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

2302 PAYROLL DEDUCTIONS

Payroll deductions are taken from the pay of all employees in compliance with all mandated state and federal laws based on employee's earnings, marital status, and number of exemptions claimed. Payroll deductions also include required pension and health and welfare benefits and employee voluntary contributions. Garnishments will be applied only as required by law. Employees hired after April 1, 1986 are required to contribute to Medicare and payroll deductions are made accordingly.

2303 COMPENSATION AND BENEFITS SURVEYS AND PAY STRUCTURE ADJUSTMENTS

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

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

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

2304 ANNUAL MERIT INCREASES

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

2305 MERIT GUIDELINES

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

2306 PERFORMANCE APPRAISAL

The purposes of the performance appraisal process is to provide employees with an understanding of personal goals, reasonable standards of performance and timely feedback to facilitate professional improvement. The emphasis is on growth and improvement with coaching to modify behavior instead of corrective or disciplinary actions. This is a two-way communication process between the employee and supervisor and a collaborative engagement based on past performance but focused on future actions. The performance appraisal can result in the development of Performance Improvement Plans.

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

2307 PERFORMANCE CRITERIA AND DEFINITIONS

Performance criteria should be tied to specific employee goals and serve to provide ongoing feedback throughout the fiscal year. While the District reserves the right to modify the performance criteria, an example criteria framework includes:

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

2308 MERIT INCREASE PROCEDURES

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

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

2309 PROMOTIONS

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

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

2310 POSITION RECLASSIFICATION

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

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

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

3000 BENEFITS	3000 - 3706

3100 EMPLOYEE BENEFITS

3101 VACATION

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

3101.1 Accrual Rate

Regular full-time employees working 40 hours per week shall earn vacation time off with pay in accordance with the following schedule. Employees working less than 40 hours a week but more than 32 hours per week, shall accrue vacation on a prorated basis. Part-time employees who later convert to full-time employees will begin to accrue vacation time beginning on the date of their full-time status. No vacation credit will be earned during any pay period an employee is absent without pay. Regular full-time employees who are temporarily working part-time may accrue vacation leave on a prorated basis, at the District's discretion. When an approved holiday falls within a vacation period, an employee, on vacation shall be entitled to the holiday and will not be required to use vacation hours that day.

Years of Service	Hours Earned Biweekly	Yearly Equivalent
Beginning with 1st Year	3.08	80 Hours
Beginning with 4th Year	4.62	120 Hours
Beginning with 11th Year	5.23	136 Hours
Beginning with 15th Year	6.15	160 hours
Beginning with 20th Year	6.46	168 hours

3101.2 Accrual Cap

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

3102 HOLIDAYS

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

New Year's Day	January 1
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Veteran's Day	November 11
Thanksgiving	4th Thursday in November
Day after Thanksgiving	4th Friday in November
Christmas Eve	December 24
Christmas Day	December 25
One Floating Holiday	Designated by the employee each year

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

3103 HOLIDAYS OCCURRING ON A DATE SCHEDULED OFF

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

If the floating holiday is not used within the calendar year it will be credited to the employee's CTO or vacation accrual.

3104 EMPLOYEE ASSISTANCE PROGRAM (EAP)

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

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

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

Please contact Human Resources for additional information.

3105 EMPLOYEE RECOGNITION PROGRAMS

3105.1 Service Awards

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

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

3105.2 Employee/Team Excellence

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

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

3200 LEAVE PROVISIONS

3201 PAID SICK LEAVE

Paid sick leave is granted as a benefit to eligible regular, full-time employees to be used for illness or injury. It is not to be used as vacation or an earned right to time off from work. Eligible employees are entitled to use this sick leave following completion of thirty days of employment. Employees on sick leave will be paid from their accumulated sick leave hours. For absences of five working days or more, a request for leave and/or a medical certification, stating expected date of return, must be submitted to Human Resources. Upon return to work, a written doctor's release must be submitted to Human Resources. Sick leave may also be used to attend to the illness or injury, or due to medical and dental office appointments, of an employee's immediate family member. For purposes of this section, immediate family member shall mean the employee's spouse, child, parent, registered domestic partner or any family member with whom the employee resides, biological or foster children, stepchildren and stepparents, legal wards and guardians, children of domestic partners, siblings, parent-in-law, and grandparents.

3201.1 Method of Accrual

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

3201.2 Maximum Accrual

A maximum of 488 hours of sick leave may be accumulated. Any non-exempt employee accumulating sick leave in excess of 488 hours will be cashed out for those excess sick leave hours on the first check of each September at the rate expressed in the chart below; thereafter, the employee's leave accrual will be reduced down to the 488 hour maximum. Exempt employees, on the other hand, will have their sick leave accrual capped at 488 hours, and will cease to be eligible for sick leave accrual until such time as their sick leave accrual drops back below 488 hours. Employees will not be paid for any accrued but unused sick leave upon termination of employment.

Hours of sick leave used in preceding 12 months excess from July 1 to June 30	Cash out of hours in of 488
0 hours sick leave	50%
8 hours of sick leave	33.33%
9-32 hours of sick leave	25%
33-64 hours of sick leave	8.33%
65 or more hours of sick leave	0%

3201.3 Partial Day Absence

Exempt employees shall be required to use sick leave to cover any absence of four hours or greater on a regular work day. Non-Exempt employees shall use sick leave to cover any absence in in one-half hour increments.

Upon request, the employee may utilize paid vacation time in lieu of sick leave, at the discretionary approval of the District.

3202 MANDATORY PAID SICK LEAVE

Employees who are not otherwise provided paid sick leave are entitled to sick leave as required by the Healthy Workplaces/Healthy Families Act of 2014 Paid Sick Leave. Any non-exempt employee not otherwise provided paid sick leave pursuant to the District's policy or practice shall be entitled to paid sick leave pursuant to this policy, as follows

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

Leave may be used for any purpose where sick leave is otherwise typically used at the District, including but not limited to the diagnosis, care, or treatment of an existing health condition of, or preventive care for the employee or the employee's family member. An employee who is a victim of domestic violence, sexual assault, or stalking, may also use this leave to: (1) attempt to obtain any relief, including, but not limited to, a temporary restraining order, restraining order, or other injunctive relief, to help ensure the health, safety, or welfare of the victim or his or her child; (2) seek medical attention for injuries caused by domestic violence, sexual assault, or stalking; (3) obtain services from a domestic violence shelter, program, or rape crisis center as a result of domestic violence, sexual assault, or stalking; (4) obtain psychological counseling related to an experience of domestic violence, sexual assault, or stalking; or (5) participate in safety planning and take other actions to increase safety from future domestic violence, sexual assault, or stalking, including temporary or permanent relocation.

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

3203 BEREAVEMENT LEAVE

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

3204 SERIOUS FAMILY ILLNESS LEAVE

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

3205 JURY OR WITNESS DUTY LEAVE

Jury Duty is considered an excused absence. Any regular, full-time employee of the District who is called or required to serve as a trial juror or witness will be excused from work during the period of such service or while present in court as a result of such a call. Eligible full-time employees required to serve as jurors are granted jury duty leave with pay, less any fees paid to them by the court, except mileage up to a maximum period of thirty (30) working days. Employees serving on a jury exceeding the thirty (30) day period shall do so without pay. This benefit is effective immediately upon employment. An employee serving jury duty must obtain an attendance slip from the court and submit it to the accounting department in order to be eligible for pay for those hours. Employees are to allocate the number of hours to Jury Duty Leave accordingly on their electronic time sheet. Any employee relieved from jury duty after less than 3 hours shall report to work unless impracticable because of travel time. If the employee is unable to return to work, time will be taken as unpaid, or vacation or compensatory time.

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

3206 DISABILITY LEAVE

3206.1 Short-Term Disability Leave

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

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

3206.2 Long-Term Disability leave

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

3206.3 Employee Filing Requirements

It is the employee's responsibility to file for disability insurance benefits as soon as possible in order to eliminate undue delay in the receipt of their disability pay. See Human Resources on where to obtain the appropriate forms.

3206.4 Verification of Disability

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

3206.5 Employee Benefits While on Disability Leave

Employees on an authorized medical leave of absence without pay may continue disability, health, and life coverage for a period in which the leave is protected by law, during which time the employee will continue to pay his or her portion of the benefits premium. Where the leave is not protected by law, the employee may continue such coverage upon the District's approval for a period of no more than four months, during which time the employee will continue to pay his or her portion of the benefits premium.

The employee's failure to pay his or her portion of the benefit premium may subject the employee to loss of coverage. Upon return to work, the employee will become eligible to have coverage reinstated in accordance with the terms of agreement with the carriers then in effect.

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

3207 FAMILY/MEDICAL LEAVE OF ABSENCE (FMLA/CFRA) CALIFORNIA & FEDERAL FAMILY MEDICAL LEAVE

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

3207.1 Purpose of the Leave

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

- The birth or adoption of a child by the employee or placement of a child in foster care with the employee (all family leave taken for one of these purposes must be concluded within one year of the event);
- To care for a child, parent, spouse or registered domestic partner of the employee who has a serious health condition;
- For an employee's own serious health condition which makes the employee unable to perform the essential functions of the employee's position; or
- For the care of a covered family member's injuries or exigencies stemming from qualifying service in the Armed Forces as provided for under the Service member FMLA's provisions.

3207.2 Eligibility

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

- The employee must have at least 12 months (not necessarily consecutive months) of service with the District;
- The employee must have worked at least 1,250 hours during the 12 months immediately prior to the period of FMLA, Service member FMLA or CFRA leave; and

- As of the date of the employee's leave request, the District employs at least 50 full- or part-time employees at the employee's worksite or within 75 road miles of the employee's worksite.

3207.3 Special Rules for Pregnancy Disability Leave

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

In light of the above, the District may require that pregnancy disability and FMLA leave run concurrently (hereinafter "pregnancy disability/FMLA leave"), but CFRA leave can never run concurrently with a pregnancy disability leave. This means that, at the end of the employee's period(s) of pregnancy disability or pregnancy disability/FMLA leave, whichever occurs first, a CFRA eligible employee may take up to 12 workweeks of CFRA leave due to the birth of her child or for other family leave purposes.

Where an employee has exhausted her entitlement to pregnancy disability/FMLA leave prior to the birth of her child, and her health care provider certifies that continued leave is medically necessary, the District may, but is not required to, allow the employee to utilize CFRA leave prior to the birth of her child.

The maximum combined leave entitlement for pregnancy disability, FMLA and CFRA leave for the birth of a child is four months and 12 workweeks. This assumes that the employee has exhausted all four months of pregnancy disability leave; she exhausted her entitlement to up to 12 weeks of FMLA leave during the period of pregnancy disability leave; and the employee requested and was eligible for a 12 week CFRA leave following the birth of her child.

For more information regarding rights to pregnancy disability leave contact the Human Resources Department.

3207.4 Special Rules Regarding Employment of Spouses

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

3207.5 Calculating the 12-month Period

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

3207.6 Notice Requirements

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

Employees must provide at least 30 calendar days advance notice before leave is to begin if the need for leave is foreseeable, or notice as soon as practicable under the circumstances.

The employee must consult with his or her supervisor regarding the need for a leave and must make a reasonable effort to schedule any planned medical treatment or supervision so as to minimize disruption of District operations. Actual scheduling is, however, subject to the approval of the patient's health care provider.

Failure to comply with these notice requirements is grounds for, and may result in, deferral of the requested leave until the employee complies with these provisions. However, the District shall not deny a leave, the need for which is an emergency or is otherwise unforeseeable, on the basis that the employee did not provide advance notice of the need for the leave.

Where leave is requested on the basis of a serious health condition affecting an employee's family member, the District may require evidence of the family relationship.

3207.7 District Determination and Notification

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

In the event that the District determines that a leave of absence is for a FMLA/CFRA family leave purpose, the District shall, within two business days, if feasible, notify the employee in writing of its determination that the leave constitutes FMLA or CFRA leave.

Where CFRA leave is running separate and apart from FMLA leave (such as following a pregnancy disability/FMLA leave), the District shall respond to the leave request as soon as possible and, in any event, no later than 10 calendar days after receiving the request. Once given, approval of CFRA leave shall be deemed retroactive to the first day of the leave.

The District's written notice to the employee shall, among other things:

- Specify the obligations of the employee while on family leave and explain the consequences of a failure to meet these obligations;

- Provide notice to the employee in the event that a period of paid leave is to be counted as family leave;
- Provide notice to the employee in the event that the District requires paid leave to be substituted for unpaid leave.

Where the employee fails to provide sufficient information until after the leave commenced, the District may make a preliminary determination that the employee's absence is for a family leave purpose, subject to later confirmation by medical certification.

If either the District or the employee designate an absence as family leave after the leave of absence has begun, such as when an employee advises the District during the leave of absence or after his/her return to work that the entire leave of absence or any part of it was for a family leave purpose, that portion of the leave period which was for a family leave purpose may be retroactively counted as family leave.

If the employee fails to advise the District that a leave of absence was for a family leave purpose either before, during or within two days after he/she returns to work, the employee will not be able to assert the protections of the family leave laws for the leave of absence.

Any dispute between the District and an employee as to whether paid leave qualifies as family leave should be resolved through discussions between the employee and Human Resources.

3207.8 Medical Certification

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

For leave to care for the employee's child, parent, or spouse, this certification need not identify the serious health condition involved, but shall contain.

- The date, if known, on which the serious health condition commenced;
- The probable duration of the condition;
- An estimate of the amount of time which the health care provider believes the employee needs to care for the child, parent or spouse; and
- A statement that the serious health condition warrants the participation of the employee to provide care during a period of treatment or supervision of the child, parent or spouse.

For leave to care for the employee's own serious health condition, this certification need not, but may, at the employee's option, identify the serious health condition involved. It shall contain:

- The date, if known, on which the serious health condition commenced;
- The probable duration of the condition; and

- A statement that, due to the serious health condition, the employee is unable to work at all or is unable to perform any one or more of the essential functions of his or her position.

This type of medical certification is not required where leave is requested for the birth, adoption or placement of a child in foster care with the employee. (However, the District may request written verification of family relationship for the birth, adoption or placement of a child in foster care with the employee).

Medical certification must be provided within 15 calendar days of the District's request and generally prior to the commencement of a foreseeable leave of absence, unless it is not practicable to do so despite the employee's diligent, good faith efforts to do so.

With regard to leave due to the employee's own serious health condition:

- Where the District has reason to doubt the validity of the employee's medical certification, the District may require, at the District's expense, that the employee obtain a second medical opinion from a health care provider designated by the District and who is not regularly used by the District; and
- Where the second opinion differs from the first, the District may require that the employee obtain a third and binding medical opinion, again at the District's expense, from a health care provider designated or approved jointly by the District and the employee.

The District may require recertification only where additional leave is requested.

The District may also require certification at the time the employee seeks reinstatement from family leave due to the employee's own serious health condition that the employee is fit for duty and able to return to work.

3207.9 Minimum Period of Leave

Leave may be taken in one or more periods and does not have to cover a continuous period of time.

Where leave is taken due to the serious health condition of the employee or his/her parent, child or spouse, the minimum leave increment shall be the shortest period of time the District's payroll system uses to account for absences or use of leave.

Where CFRA leave is running separate and apart from FMLA leave (such as CFRA leave following pregnancy disability/FMLA leave), the minimum duration for leave taken in connection with the birth, adoption or foster care placement of a child is two weeks, except that the District shall grant a request for CFRA leave of less than two weeks on any two occasions during the one year period following the birth or placement of the child with the employee.

3207.10 Substitution of Leave

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

3207.11 Reinstatement

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

3207.12 Denial of Reinstatement

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

The District may also deny reinstatement to:

- An employee who gives notice that he or she no longer desires to return to employment with the District;
- An employee who fails to provide certification that he or she is fit for duty and able to return to work after taking family leave based on the employee's own serious health condition; or
- A salaried "key employee" who is among the highest-paid 10% of employees employed within 75 road miles of the employee's worksite, if:
- It is necessary to prevent substantial grievous economic injury to the operations of the District,

- Notice is given to the employee at the time of the leave request that the District will grant the leave request, but that the District may deny reinstatement, and
- The employee is given a reasonable opportunity to return to employment after receiving such notice, but elects not to return, or
- After the leave expires, the employee requests reinstatement, and the District makes a determination at the time of the reinstatement request and notifies the employee of its determination that reinstatement would cause substantial grievous economic injury to the operations of the District.

3208 SERVICEMEMBER FAMILY & MEDICAL LEAVE

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

3208.1 Entitlement to Service member FMLA

Service member FMLA provides eligible employees unpaid leave for any one, or combination, of the following reasons:

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

3208.2 Duration of Service member FMLA

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

3208.3 Notice of Intent to take Service member FMLA

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

3209 PREGNANCY DISABILITY LEAVE

Any employee who is disabled by pregnancy, childbirth, or related conditions may take a Pregnancy-Related Disability leave for the period of actual disability of up to four months, in addition to any family care or medical leave to which the employee may be entitled. Pregnancy-Related Disability Leaves may be taken intermittently, or on a reduced-hours schedule, as medically necessary.

Moreover, an employee is entitled to a reasonable accommodation for pregnancy, childbirth, or related medical conditions if she so requests and provides the District with medical certification from her health care provider. In addition to other forms of reasonable accommodation, a pregnant employee is entitled to transfer temporarily to a less strenuous or hazardous position or to less hazardous or strenuous duties if she so requests, the transfer request is supported by proper medical certification, and the transfer can be reasonably accommodated.

3209.1 Substitution of Paid Leave for Pregnancy-Related Disability Leave

An employee taking Pregnancy-Related Disability Leave must substitute any available sick pay for her leave and may, at her option, substitute any accrued vacation time for her leave. The substitution of paid leave for Pregnancy-Related Disability Leave does not extend the total duration of the leave to which an employee is entitled.

3209.2 Leave’s Effect on Benefits

During a Pregnancy-Related Disability Leave, the District will continue to pay for the employee’s participation in the District’s group health plans, to the same extent and under the same terms and conditions as would apply had the employee continued in employment continuously for the leave period.

Thus, the employee must continue to pay his or her share of the health plan premiums during the leave. If paid sick leave is substituted for any portion of the leave that is unpaid leave, such payments will be deducted from the employee’s pay through the regular payroll deductions. Otherwise, the employee must make arrangements with the District for the payment of such premiums.

The District may recover from the employee the premiums that the District paid to maintain coverage for the employee under the group health plan if the employee fails to return from leave after the period of leave has expired and the employee’s failure to return is for a reason other than: (i) the employee is taking (i.e., has transitioned over to) leave under the California Family Rights Act, unless the employee chooses not to return after the CFRA leave, in which case the District can recover such premiums; (ii) the continuation, recurrence, or onset of a health condition that entitles the employee to Pregnancy-Related Disability Leave, unless the employee chooses not to return after the Pregnancy-Related Disability Leave, in which case the District can recover such premiums; (iii) non-pregnancy related medical conditions requiring further leave, unless the employee chooses not to return to work following the leave, in which case the

District can recover such premiums, or (iv) other circumstances beyond the employee's control.

It is the District's policy that, similar to other unpaid leaves, during any unpaid portion of a Pregnancy-Disability Leave, employees will accrue employment benefits, such as sick leave and vacation leave, only when paid leave is being substituted for unpaid leave and only if the employee would otherwise be entitled to such accrual.

Employee benefits may be continued during the unpaid portion of the Pregnancy-Disability Leave according to the provisions of the District's various employee benefit plans.

3209.3 Return to Work Certification

Consistent with the District's practice for other employees returning from a disability leave for reasons other than pregnancy, the District requires that an employee returning from Pregnancy-Related Disability Leave provide a release to return to work from her healthcare provider stating she is able to resume her original job or duties.

3209.4 Leave's Effect on Reinstatement

Employees returning from Pregnancy-Related Disability Leave generally are entitled to be reinstated in the same position, subject to certain conditions, and consistent with applicable law.

3210 NEW PARENT LEAVE

Eligible employees who are not subject to both the federal FMLA and California CFRA may take new parent leave under California's New Parent Leave Act to bond with a new child within one year of the child's birth, adoption, or foster care placement, under the circumstances set forth below. Employees should direct any questions to Human Resources.

3210.1 Eligibility

To be eligible for New Parent Leave, employees must (1) have more than 12 months of service with the District during the 12-month period prior to the date on which the leave is to commence; (2) have at least 1,250 hours of service with the District during the previous 12-month period; and (3) work at a worksite in which the District employs at least 20 employees within 75 miles.

3210.2 Leave's Effect on Pay and Benefits

Leave under the New Parent Leave Act is unpaid, although employees are entitled to utilize accrued vacation pay, paid sick time, or other paid or unpaid time off negotiated with the District, during such leave. Also, employees may be eligible for Paid Family Leave wage replacement/insurance benefits administered as part of the California State Disability Insurance program during a New Parent Leave.

During New Parent Leaves, the District will continue to pay for employees' participation (if applicable) in the District's group health plan for the duration of the leave but not to exceed 12 weeks over the course of a 12-month period, commencing on the date that the parental leave commenced, at the level and under the conditions that would have been provided if the employee had continued to work in his or her position for the duration of the leave. Thus, the employee must continue to pay his or her share of any group health plan premiums during the leave. If an employee has other voluntary plans and/or dependent medical insurance coverage, he/she also will be required to pay the regular contributions for those benefits while on leave.

The District may recover the premiums that it paid for maintaining coverage for the employee under any group health plans, if (1) the employee fails to return from leave after the expiration of the period of leave to which he/she is entitled, and (2) such failure to return is for a reason other than the continuation, recurrence, or onset of a serious health condition or other circumstances beyond the employee's control.

3210.3 Guaranteed Reinstatement

Eligible employees who take New Parent Leave should note that they are guaranteed employment in the same or a comparable position upon termination of such leave, subject to any exceptions provided by law.

3210.4 Both Parents as Employees

If the District employs both parents who are entitled to New Parent Leave, the District is not required to grant leave in an amount beyond that available to one eligible parent.

3210.5 No Discrimination or Interference with Rights

The District will not discriminate in any way against, an individual because he or she exercised New Parent Leave rights or gave information or testimony as to the employee's or another person's New Parent Leave, and it will not interfere or limit in any way the exercise or attempted exercise of any such rights.

3211 BENEFIT ACCRUALS WHILE ON UNPAID LEAVE

Employees on family leave, pregnancy disability leave or any other leave, with the exception of Military Leave, do not accrue vacation, sick leave, or other seniority based benefits during any portion of the leave that is unpaid. Upon completion of family leave, pregnancy disability leave or any other leave, any entitlement to benefits shall be governed by the applicable leave policy. Benefit accruals while on Military Leave are provided in accordance with USERRA and the California Military and Veterans Code, Section 395,et seq.

3212 NO RETALIATION & WHISTLEBLOWER PROTECTIONS

3212.1 No Retaliation

The District's policy and state and federal laws forbid retaliation against employees because they have exercised their rights under law, protested any violation of law, or participated in any proceeding under law. The U.S. Department of Labor and the California Department of Fair Employment and Housing are authorized to investigate and resolve complaints of any violation of the PDL, FMLA, CFRA, and other laws. Employees also have the right to bring a civil action for violations of the PDL, FMLA, CFRA, and other laws.

3212.2 Whistleblower Protections

The District is committed to operating in compliance with all applicable laws, rules and regulations, including those concerning accounting and auditing, and prohibits fraudulent practices by any of its Board of Directors, officers, employees, agents, or volunteers. This policy outlines a procedure for employees to report actions that an employee reasonably believes violate a law, or regulation or that constitutes fraudulent accounting or other practices. This policy applies to any matter which is related to District business and does not relate to private acts of an individual not connected to District business.

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

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

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

3213 MILITARY LEAVE

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

3213.1 Active Service

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

3213.2 Inactive Service

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

3214 PERSONAL LEAVE OF ABSENCE WITHOUT PAY

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

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

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

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

3215 UNAUTHORIZED ABSENCE

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

3216 DISCRETIONARY EXECUTIVE LEAVE

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

3217 CATASTROPHIC LEAVE

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

3218 WORKER'S COMPENSATION (WORK-RELATED ILLNESS OR INJURY)

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

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

Workers' Compensation benefits begin with the fourth full consecutive calendar day of missed work (including weekends); however, if the absence continues beyond fourteen (14) days, Workers' Compensation will then pay the applicable benefits for the first three (3) days of missed work. When this occurs, the employee will be docked for the first three (3) days the District previously paid him/her in an amount equal to the Workers' Compensation benefits received.

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

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

3219 RETURN TO WORK (RTW) FROM INDUSTRIAL INJURY OR ILLNESS

The decision to return an employee to work or place an employee back on the job, with or without modified work, shall be made by the District, independent of any decision made in the Workers' Compensation process, as follows:

- The employee shall submit to a fitness-for-duty assessment.
- Where there is an indication of continued physical or mental limitations, the employee and the District shall engage in the interactive process to determine whether reasonable accommodations to the limitations exist.

- If there is no permanent disability, no work restrictions, and the absence has not been longer than thirty days, the employee shall be returned to work.
- If there is no permanent disability, but temporary work restrictions, or there has been an absence of thirty days or more, a review of the employee's medical records from the Workers' Compensation case and RTW medical evaluation may be conducted. An employee shall be returned to work if the work restrictions are compatible with job demands or modified job demands, if available pursuant to reasonable accommodations.
- If there is a permanent disability, placement of the employee in the position last held by the employee will be considered following a RTW medical evaluation and complete assessment of potential reasonable accommodations.

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

3300 INSURANCE PROGRAMS

3301 MEDICAL INSURANCE

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

3302 DENTAL INSURANCE

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

3303 VISION INSURANCE

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

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

3304 FLEXIBLE BENEFITS SPENDING PLAN

The Flexible Benefits Spending Plan is a voluntary program and is available to all full-time employees. The plan allows eligible participants the opportunity to defer a portion of their compensation to pay for certain health-related and dependent care expenses on a pre-tax basis. The plan also allows for employee contributions for District group health insurance premiums to be deducted from earnings on a pre-tax basis.

3305 HEALTH SAVINGS ACCOUNT (HSA)

A Health Savings Account (HSA) is available to employees who are enrolled in a Consumer Driven Health Plan (CDHP). An employee must be enrolled in a CDHP in order to participate in an HSA. Contributions to the HSA account are tax-free as long as the withdrawals from the account are used for eligible medical expenses. The District makes a contribution to eligible HSA accounts, as determined by the Board of Directors and in compliance with IRS guidelines. Contact Human Resources for additional Information about this plan together with enrollment forms. The plan is administered by an outside consultant.

These benefits are available on the first of the month following 30 days of employment.

3306 LIFE INSURANCE

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

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

3307 RETIREE MEDICAL BENEFITS

Retiree health and welfare benefits upon retirement (Applies to Regular Full-Time employees hired prior to July 1, 2012)

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

In order to be eligible for retiree medical benefits, there shall be no lapse in service. Employee must transfer directly from active status directly to retired status.

3307.1 10 Years of Service

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

- Retirees are not eligible for District paid dental and vision benefits.
- Retiree will have the option to continue participation in dental and vision coverage at their own cost in accordance with the Consolidated Omnibus Reconciliation Act (COBRA).
- The District shall pay health coverage premiums for retiree only or couples coverage on the same basis as active employees.
- The District does not make contributions to Health Savings Accounts (HSAs) on behalf of retirees.
- Once the retiree becomes Medicare eligible, coverage will cease for the retiree and any enrolled dependents. COBRA enrollment will be offered at that time.
- Upon becoming Medicare eligible, the retiree must enroll in Medicare in order to obtain reimbursement from the District. The District will not reimburse the retiree for any penalties associated with deferred enrollment in Medicare.
- District will reimburse the retiree, up to $1,800 per calendar year, for a Medicare Advantage Plan, a supplemental Medigap insurance policy, Medicare Prescription Drug Insurance (Part D) or Medicare Part B coverage covering the retiree only.
- Reimbursement will be made to the retiree on a quarterly basis upon submission of proof of payment.
- In the event a spouse or registered domestic partner survives a retiree before the District-paid group coverage would normally end, the District will continue paying the premium for the surviving spouse or registered domestic partner for retiree only coverage until the earliest to occur of the following: remarriage or enrollment under another plan, or becoming eligible for Medicare.
- If retiree discontinues enrollment in a retiree medical care plan, re-enrollment is not permitted.
- Annual open enrollment is not offered to retirees.

3307.2 25 Years of Service

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

- The District shall pay health coverage premiums for retiree only or couples coverage on the same basis as active employees.
- The District does not make contributions to Health Savings Accounts (HSAs) on behalf of retirees.
- Retirees and spouses or registered domestic partners are eligible to participate in the District's Dental and Vision Insurance Plan as follows:
- Dental
- Retiree Only Coverage: The District shall pay the monthly insurance premiums on the same basis as active employees.
- Couples Coverage: The District shall pay 80% of the monthly premium for retiree plus spouse or registered domestic partner.
- Vision
- Retiree Only Coverage: The District shall pay the monthly insurance premiums on the same basis as active employees.
- Couples Coverage: The District shall pay 80% of the monthly insurance premiums.
- Retirees and their spouses are required to enroll in Medicare parts A and B upon eligibility. This must occur when both criteria are met, Medicare eligible and retired. The District will not reimburse the retiree for any penalties associated with deferred enrollment in Medicare.
- The District will reimburse for Medicare Part B for both retiree and his/her eligible spouse or registered domestic partner after submitting verification to the District of official enrollment in Medicare Part B. This results in a reduced premium cost to the District.
- Reimbursement will be made to retiree on a quarterly basis upon submission of proof of payment
- In the event a spouse or domestic partner survives a retiree, the District will continue paying the premium for the surviving spouse or registered domestic partner for retiree only coverage until the earliest to occur of the following: remarriage or enrollment in another group medical plan.
- If a retiree discontinues enrollment in a retiree medical care plan, re-enrollment is not permitted.
- Annual Open Enrollment is not offered to retirees.

Retiree Health and Welfare contribution amounts are established in accordance with benefit administrator's plan Guidelines then in effect and as approved by the MWDOC Board.

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

Any variance from these benefits and requirements requires approval by the MWDOC Board of Directors and is subject to approval by benefits administrator in compliance with its policy guidelines.

3308 CONTINUED MEDICAL, DENTAL AND VISION COVERAGE

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

3308.1 Qualifying Events

For the employee: Termination of employment (other than for gross misconduct) or reduction of hours worked so as to render the employee ineligible for coverage. (2) For dependents: (a) Death of the employee; (b) Divorce or legal separation; (c) Loss of coverage due to the employee becoming entitled for Medicare, or (d) For a dependent child, ceasing to qualify as a dependent under the plan.

3308.2 Period of Coverage

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

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

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

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

3308.3 Cost of Coverage

The monthly premiums are subject to change whenever the premiums are changed for active employees.

3308.4 Notification of Election to Continue Coverage

Employees are required to notify Human Resources of a qualifying event for themselves or dependents. The District will then begin the appropriate notification procedure. The eligible COBRA participant must provide an election notice and premium payment to the District within 60 days of notification of their right to continue coverage.

3400 RETIREMENT PROGRAMS

3401 MEDICARE COVERAGE

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

3402 DEFINED CONTRIBUTION PENSION PLAN (401A – MONEY PURCHASE PENSION PLAN)

Effective March 3, 2003, this plan is no longer offered to District employees. The only eligible participants in this Plan are MWDOC Board of Directors, MWDOC/MET Board of Directors and the General Manager.

For details of the plan contact Human Resources.

3403 CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)

3403.1 CalPERS Applicability

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

3403.2 Persons Eligible

Regular full-time employees, and part-time employees reaching the minimum requirement of 1,000 hours in a fiscal year (July 1 to June 30).

3403.3 Waiting Period

Eligible from the first day of employment.

3403.4 Employee/Member Contribution

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

Per the Public Employees' Pension Reform act of 2012 (PEPRA), "classic members" currently employed in a reciprocal public agency are enrolled in a 2% at 55 CalPERS pension plan with a 7% employee contribution. "New members", either new to the public sector, or whose date of separation was more than 6 months before the start date with the District, are enrolled in a 2% at 62 CalPERS pension plan and fall under the Public Employees Pension Reform Act (PEPRA) with a required employee and employer contribution of approximately 50% of the "normal cost".

Employees working 1,000 or more hours during the plan year (July 1 to June 30) are eligible to participate.

Qualifying employees are eligible immediately upon hire by the District.

3403.5 Vesting Provisions

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

3403.6 Benefits Provided

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

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

For additional information regarding CalPERS Options for the 2%@55 and 2%@62 Contracts, please see Human Resources or the calpers.org website.

3404 DEFERRED COMPENSATION PLAN (457 Plan)

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

3500 ADDITIONAL BENEFITS

3501 EDUCATION REIMBURSEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

3502 COMPUTER LOAN PROGRAM

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

3503 CELL PHONE ALLOWANCE

MWDOC has identified a business need for eligible employees to use cell phones for certain business communications while away from the office, for emergency operations and after-hours communications. To meet this business need, MWDOC will provide a cell phone allowance to eligible employees. The policy is intended to define eligibility requirements for assignments of a cell phone allowance based on business necessity, define allowance levels and amounts, terms for usage and responsibility, and accommodate changes and advances in mobile technology. As used in the policy, a cell phone is a smart phone capable of cellular phone calls and data communication. The policy does not cover tablets, such as iPads or surfaces or air cards. No further reimbursement for cell phone costs is available to employees who receive such an allowance. Contact Human Resources for Policy details.

3504 UNIFORMS/TOOLS – FIELD PERSONNEL

The District provides uniforms to employees who are required to wear uniforms as a condition of their employment. The uniforms are provided as a ready substitute for the personal attire employees would otherwise have to acquire and maintain.

- Employees are responsible for laundering the uniforms and are to maintain them so that they are clean, neat and professional when employees are representing the District.
- Employees are responsible for the safekeeping of all uniforms they are furnished.
- Non-District issued shirts, pants, shorts, hats, etc. are not permitted.
- Normal wear and tear is expected; however, abuse or loss of a garment may result in replacement cost to employees and/or may be subject to discipline.
- Upon termination, such furnished clothing and equipment provided to employees must be turned in to the District or the depreciated cost thereof will be deducted from employee's final paycheck or otherwise charged to employees.
- District issued uniforms, tools, equipment, etc. are only for District business related use and may not be used for personal use at any time.
- Employees will be reimbursed per fiscal year for one pair of shoes/boots of each type required based on job requirements. If employees spend less than the amount eligible for reimbursement for each type required, the remaining amount will not be carried forward or accumulated for reimbursement toward future purchases.
- If employees purchase shoes from a store designated by the District, they must first confirm that the shoes meet the job and safety requirements by reviewing with their immediate Supervisor. After obtaining approval from Supervisor, employee must complete a business expense report and submit for reimbursement.
- If for some reason the shoes are worn out due to working conditions before the fiscal year end, the District will consider a request for replacement on an exception basis.
- Employees may submit a request for reimbursement of expenses incurred for the purchase of tools necessary to perform the essential functions of the job duties as pre-approved by the immediate Supervisor.

3505 VEHICLE POLICY

Employees whose job duties require them to drive their own vehicle or are required to drive a District owned vehicle for District business will be required to follow the guidelines as outlined. The employee maintains a duty to notify the District of any license restriction or lapse of adequate insurance coverage. The District requires strict adherence to state and federal laws law regarding the operation of motor vehicles. The District participates in a system that regularly checks state Department of Motor Vehicles (DMV) records of all employees who are required to drive as part of their job.

3505.1 Driver Responsibility

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

All employees are to possess and maintain a valid California driver's license, as well as automobile insurance.

It is the responsibility of all employees who drive vehicles on District business to practice safe and defensive driving and follow all traffic laws.

All employees who drive vehicles on District business are to attend, at District cost, a defensive driver training course every four years or more often if driving record so dictates.

Employees may not use cellular devices while driving, in accordance with the law. It is against the law to drive while reading, writing, or sending a text message.

Employees are responsible for any driving infractions or fines as a result of their driving. Seatbelts must be used by the driver and all passengers. Violation of these or any vehicle code or traffic law is grounds for discipline.

3506 USE OF DISTRICT VEHICLES

Employees that are required to operate a District vehicle to fulfill the responsibilities of their job must comply with all applicable state and federal laws, insurance requirements and District guidelines.

Employees involved in a vehicle accident while operating a District vehicle will report such accident to their immediate Supervisor and the Human Resources Department before leaving the scene of the accident. The District employee-driver is required to provide pertinent information to other non-District drivers involved in the accident.

Employees are forbidden to use District-owned vehicles for personal use at any time.

District vehicles are subject to remote monitoring. Remote monitoring is intended to provide the District with the ability to account for vehicles at all times. Remote monitoring includes, but is not limited to, the ability to monitor vehicle location, vehicle starts and stops and vehicle speed.

3507 MILEAGE REIMBURSEMENT

Employees may be reimbursed for mileage when using their private automobile while on official District business. Mileage will be reimbursed at the standard rate established by the IRS. Cost of gasoline or oil purchases, vehicle repairs or maintenance and vehicle insurance are incorporated into the mileage reimbursement rate. No employee who receives an automobile allowance shall receive mileage reimbursement. A business expense report must be completed and submitted in a timely manner in order to be reimbursed for mileage. Mileage should ordinarily be computed between the employee's worksite and the destination. Reimbursable mileage is calculated based on the lesser amount of miles driven from home to event or office to event.

3508 AUTOMOBILE ALLOWANCES

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

3508.1 Exceptions

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

3508.2 Implementation

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

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

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

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

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

    a) On-call availability;

    b) Frequent attendance at conferences, seminars, meetings, and community affairs (after normal working hours);

    c) Frequent participation in public affairs activities, such speaking engagements (after normal working hours);

    d) Regular and frequent travel during working hours.

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

3508.3 Operating Rules for Automobile Allowance

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

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

3. Employees receiving an Automobile Allowance must maintain insurance to cover their normal private use of the vehicle (pursuant to Insurance Requirements outlined in this section).

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

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

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

3508.4 Insurance requirements

Employees who are paid an automobile allowance or mileage reimbursement for use of privately-owned automobile for District business, shall possess and maintain insurance on such automobile with liability coverage acceptable to the District. Each employee shall provide private automobile insurance information, which shall be maintained by the Human Resources Department and shall be reviewed and updated annually. The record maintained shall contain the following current information: Name of employee, insurance company, policy number, description of coverage, and license number and expiration date.

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

3600 MWDOC DIRECTOR BENEFITS

3601 DISABILITY LEAVE

3601.1 Short-Term Disability Leave

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

The weekly and maximum benefit amounts are based on the wages paid during a specific 12-month base period, which is determined based on the date the claim begins. The program is administered by the EDD, and Directors should seek clarification as to eligibility and scope of benefits from the EDD. EDD guidelines and rulings supersede any statement made herein.

3602 WORKER'S COMPENSATION (WORK-RELATED ILLNESS OR INJURY)

Whenever a Director sustains an injury or disability arising out of, and in the course of, District employment and requires medical care, the Director shall obtain treatment according to the provisions of the California Labor Code, sections 4600 et seq.. **Directors are required to immediately report a work-related injury/incident to Human Resources. Human Resources shall ensure that the report is made.**

This Program is administered by the Plan Administrator and Directors should seek clarification as to eligibility and scope of Worker's Compensation benefits. Administrator guidelines and rules supersede any statements made herein.

3603 RETURN TO WORK (RTW) FROM INDUSTRIAL INJURY OR ILLNESS

The decision to return a Director to work or place a Director back on the job, with or without modified work, shall be made by the District, independent of any decision made in the Workers' Compensation process.

The Director must obtain a release to work or be properly discharged from the medical provider utilized by the District prior to returning to his or her job.

3604 MEDICAL INSURANCE

Group medical insurance is provided to eligible Directors or where otherwise required by law (including the Affordable Care Act or the state paid sick leave laws). Coverage is also offered to spouses, dependents and registered domestic partners of eligible Directors in accordance with the terms of the plan documents. The District pays a portion toward the monthly premiums based on Director and dependent status for medical coverage as approved by the Board and in accordance with the District Benefit Administrators policy guidelines. Directors are required to contribute toward their monthly medical insurance premiums. This benefit goes into effect on the first day of the month following 30 days of service.

3605 DENTAL INSURANCE

Group dental insurance is provided for Directors and their dependents by the District as specified in the dental insurance policies. The District will pay a portion toward the cost of the monthly premiums based on the amounts approved by the Board and in accordance with the District's Benefit Administrators policy guidelines. Directors are required to contribute a portion toward their monthly dental insurance premiums. This benefit goes into effect on the first day of the month following 30 days of service.

3606 VISION INSURANCE

Group vision insurance is provided for Directors and their dependents by the District as specified in the vision insurance policy. The District will pay a portion towards the cost of the monthly premiums based on the amounts approved by the Board and in accordance with the benefit administrator's policy guidelines. This benefit goes into effect on the first day of the month following 30 days of service.

Directors on an authorized medical leave of absence without pay may continue medical, dental, and vision coverage for the duration of any protected leave or, discretionary leave up to four months, with the District paying its share of the premiums and the Directors paying their respective portions of the premiums. Thereafter, coverage is terminated under the District's group plans unless continuation coverage is elected as explained below. Upon return to work, Directors become eligible for re-enrollment in accordance with the benefit administrator's policy guidelines.

3607 FLEXIBLE BENEFITS SPENDING PLAN

The Flexible Benefits Spending Plan is a voluntary program and is available to Directors. The plan allows eligible participants the opportunity to defer a portion of their compensation to pay for certain health-related and dependent care expenses on a pre-tax basis. The plan also allows for Director contributions for District group health insurance premiums to be deducted from earnings on a pre-tax basis.

3608 HEALTH SAVINGS ACCOUNT (HSA)

A Health Savings Account (HSA) is available to Directors who are enrolled in a Consumer Driven Health Plan (CDHP). A Directors must be enrolled in a CDHP in order to participate in an HSA. Contributions to the HSA account are tax-free as long as the withdrawals from the account are used for eligible medical expenses. The District makes a contribution to eligible HSA accounts, as determined by the Board of Directors and in compliance with IRS guidelines. Contact Human Resources for additional Information about this plan together with enrollment forms. The plan is administered by an outside consultant.

These benefits are available on the first of the month following 30 days of employment.

3609 LIFE INSURANCE

Group life insurance, which may include death and dismemberment benefits, is provided to eligible Directors. The District will pay a portion toward the cost of the monthly premiums based on the amounts approved by the Board and in accordance with the benefit administrator's policy guidelines. This benefit becomes effective on the first day of the month following 30 days of service. The current coverage the maximum is up to $25,000, subject to reductions. See benefit administrator's policy guidelines for details on benefits and restrictions.

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

3610 CONTINUED MEDICAL, DENTAL AND VISION COVERAGE

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

3610.1 Qualifying Events

For the Director: Termination of employment (other than for gross misconduct) or reduction of hours worked so as to render the Director ineligible for coverage. (2) For dependents: (a) Death of the Director; (b) Divorce or legal separation; (c) Loss of coverage due to the Director becoming entitled for Medicare, or (d) For a dependent child, ceasing to qualify as a dependent under the plan.

3610.2 Period of Coverage

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

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

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

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

3610.3 Cost of Coverage

The monthly premiums are subject to change whenever the premiums are changed for active Directors.

3610.4 Notification of Election to Continue Coverage

Directors are required to notify Human Resources of a qualifying event for themselves or dependents. The District will then begin the appropriate notification procedure. The eligible COBRA participant must provide an election notice and premium payment to the District within 60 days of notification of their right to continue coverage.

3611 MEDICARE COVERAGE

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

3612 DEFINED CONTRIBUTION PENSION PLAN (401A – MONEY PURCHASE PENSION PLAN)

The only eligible participants in this Plan are MWDOC Board of Directors, MWDOC/MET Board of Directors and the General Manager.

Details of the plan are outlined in the Plan Document and Summary Plan Description. Contact Human Resources for additional information.

3613 DEFERRED COMPENSATION PLAN (457 Plan)

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

3614 COMPUTER LOAN PROGRAM

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

3700 MWDOC-MET DIRECTOR BENEFITS

3701 DISABILITY LEAVE

3701.1 Short-Term Disability Leave

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

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

3702 WORKER'S COMPENSATION (WORK-RELATED ILLNESS OR INJURY)

Whenever a Director sustains an injury or disability arising out of, and in the course of, District employment and requires medical care, the Director shall obtain treatment according to the provisions of the California Labor Code, sections 4600 et seq. **Directors are required to immediately report a work-related injury/incident to Human Resources. Human Resources shall ensure that the report is made.**

This Program is administered by the Plan Administrator and Directors should seek clarification as to eligibility and scope of Worker’s Compensation benefits. Administrator guidelines and rules supersede any statements made herein.

3703 RETURN TO WORK (RTW) FROM INDUSTRIAL INJURY OR ILLNESS

The decision to return a Director to work or place a Director back on the job, with or without modified work, shall be made by the District, independent of any decision made in the Workers’ Compensation process.

The Director must obtain a release to work or be properly discharged from the medical provider utilized by the District prior to returning to his or her job.

3704 MEDICARE COVERAGE

All hires after April 1, 1986 are required by the passage of the Consolidated Omnibus Budget Reconciliation Act (COBRA), to contribute to the Medicare portion of the Social Security Program. Directors shall contribute 1.45% of their salary with the District matching the fund by contributing 1.45% of the Director’s salary, unless changed by federal law.

3705 DEFINED CONTRIBUTION PENSION PLAN (401A – MONEY PURCHASE PENSION PLAN)

The only eligible participants in this Plan are MWDOC Board of Directors, MWDOC/MET Board of Directors and the General Manager.

Details of the plan are outlined in the Plan Document and Summary Plan Description. Contact Human Resources for additional information.

3706 DEFERRED COMPENSATION PLAN (457 Plan)

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

4000 POLICIES, PROTECTIONS & PROCESSES	4000 - 4202

4100 EQUAL OPPORTUNITY EMPLOYMENT

It is the District's policy to provide equal employment opportunity for all applicants and employees. The District does not unlawfully discriminate on the basis of race, color, religion, religious creed (including religious dress and religious grooming practices), sex (including pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity (including transgender identity), gender expression (including transgender expression), because an individual has transitioned (to live as the gender with which they identify), is transitioning, or is perceived to be transitioning), sex stereotyping, national origin, ancestry, citizenship, age (40 years and over), mental disability and physical disability (including HIV and AIDS), legally protected medical condition or information (including genetic information), protected medical leaves (requesting or approved for leave under the Family and Medical Leave Act or the California Family Rights Act), military and/or veteran status, service, or obligation, reserve status, national guard status, marital status, domestic partner status, sexual orientation, status as a victim of domestic violence, sexual assault or stalking, enrollment in a public assistance program, engaging in protected communications regarding employee wages or otherwise exercising rights protected under the California Fair Pay Act, requesting a reasonable accommodation on the basis of disability or bona fide religious belief or practice, or any other basis protected by local, state, or federal laws.

Consistent with the law, the District also makes reasonable accommodations for disabled applicants and employees; for pregnant employees who request an accommodation [with the advice of their health care providers] for pregnancy, childbirth, or related medical conditions; for employees who are victims of domestic violence, sexual assault, or stalking; and for applicants and employees based on their religious beliefs and practices.

The District prohibits sexual harassment and the harassment of any individual on any of the other bases listed above. The District also prohibits retaliation against a person who reports or assists in reporting suspected violations of this policy, cooperates in investigations or proceedings arising from a violation of this policy, or engages in other activities protected under this policy.

This policy applies to all areas of employment including recruitment, hiring, training, promotion, compensation, benefits, transfer, disciplinary action, and social and recreational programs. It is the responsibility of every manager and employee to conscientiously follow this policy. Any employee having any questions regarding this policy should discuss them with Human Resources.

4101 REASONABLE ACCOMMODATION OF DISABILITIES

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

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

4101.1 Confidential Nature of Medical Diagnoses

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

4101.2 The Interactive Process

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

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

4102 PROHIBITION AGAINST DISCRIMINATION AND HARASSMENT

The District strictly prohibits and has "zero tolerance" for discrimination and harassment in any phase of the employment and will investigate and take action as appropriate, including but not limited to recruitment, testing, hiring, upgrading, promotion/demotion, transfer, layoff, termination, rates of pay, benefits, and selection for training. This includes sexual harassment (which includes harassment based on sex, pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), as well as harassment, discrimination, and retaliation based on such factors as race, color, religion, religious creed (including religious dress and religious grooming practices), sex, national origin, ancestry, citizenship, age (40 years and older), mental disability and physical disability (including HIV and AIDS), legally-protected medical condition or information (including genetic information), protected medical leaves (requesting or approved for leave under the Family and Medical Leave Act or the California Family Rights Act), military and/or veteran status, service, or obligation, reserve status, national guard status, marital status, domestic partner status, gender, gender identity (including transgender identity), gender expression (including transgender expression), because an individual has transitioned (to live as the gender with which they identify), is transitioning, or is perceived to be transitioning), sex stereotyping, sexual orientation, status as a victim of domestic violence, sexual assault or stalking, enrollment in a public assistance program, engaging in protected communications regarding employee wages or otherwise exercising rights protected under the California Fair Pay Act, requesting a reasonable accommodation on the basis of disability or bona fide religious belief or practice, or any other basis protected by federal, state, or local laws.

The District strongly disapproves of and will not tolerate harassment, discrimination, or retaliation against applicants, employees, interns, or volunteers by managers, supervisors, co-workers or third parties with whom employees come into contact, consistent with applicable law. Similarly, the District will not tolerate harassment, discrimination, or retaliation by its employees directed toward non-employees with whom the District's employees have a business, service, or professional relationship (such as independent contractors, vendors, clients, volunteers, or interns).

4103 TYPES OF HARASSMENT

4103.1 Harassment includes, but is not limited to, the following:

- Verbal Forms of Harassment
  Epithets, derogatory comments or slurs, propositions based upon a person's protected status.

- Physical Forms of Harassment
  Assault, impeding or blocking movement, grabbing, patting, leering, mimicking, taunting or any physical interference with normal work or movement when directed at an individual on the basis of their protected status.

- Visual Forms of Harassment
  Derogatory posters, cartoons or drawings or emails based on a person's protected status.

- Sexual Harassment
  includes, but is not limited to, unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when (1) submission to such conduct includes either an explicit or implicit condition of employment; (2) submission to or rejection of such conduct is used as the basis for an employment decision affecting the harassed employee; or (3) the harassment substantially interferes with an employee's work performance or creates an intimidating, hostile or offensive work environment. Examples include unwelcome sexual propositions, hugging, kissing, or other offensive physical contact of a sexual nature; lewd gestures, remarks or innuendoes, unwelcome discussions of sexual practices or anatomy, and sexually offensive posters, photographs, drawings, cartoons, jokes, stories, nicknames, or comments about appearance.

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

  - Making unsolicited sexual advances written, verbal, physical, or visual contact with sexual overtones. (Written examples: suggestive or obscene letters, notes, invitations. Verbal examples: derogatory comments, slurs, jokes, epithets. Physical examples: touching, assault blocking or impeding access, leering gestures, display of sexually suggestive objects or pictures, cartoons or posters.)
  - Continuing to express sexual interest after being informed that the interest is unwelcome. (Reciprocal attraction is not considered sexual harassment.)

- Making reprisals, threats of reprisal, or implied threats of reprisal following a negative response. (For example, implying or actually withholding support for an appointment, promotion, or change of assignment; suggesting a poor performance report will be prepared; or suggesting probation will be failed.)
- Engaging in implicit or explicit coercive sexual behavior which is used to control, influence, or affect the career, salary, or work environment of another employee.
- Offering favors or employment benefits, such as promotions, favorable performance evaluations, favorable assigned duties or shifts, recommendations, reclassifications, etc., in exchange for sexual favors. (Similar conduct when applied to other protected classes including but not limited to race, color, creed, national origin, age, disability, medical condition, religion, sexual orientation, or marital status may constitute harassment and a violation of this policy. For example, racial jokes or degrading comments about age or ethnic background can constitute harassment under this policy). Accordingly, in order to avoid the risk of discipline, such acts should be avoided in all circumstances.

4103.2 Internal Complaint Procedure

Any applicant or employee who believes that he or she has been the victim of sexual or other prohibited discrimination or harassment by co-workers, supervisors, clients or customers, visitors, vendors, Board Members or others must immediately notify his or her supervisor, or depending on which individual the employee feels most comfortable contacting and the Director of Human Resources of the alleged conduct. In the event the complaint is against the Director of Human Resources, then the employee may report the incident to the General Manager or in the event the complaint is against the General Manager, the employee may report the incident to the Board President, Executive Committee or the full Board of Directors. Complaints will be investigated by Human Resources or, where appropriate, a designated neutral party, and the complainant will be advised of the general outcome of the investigation. In each case, the employee reporting the problem will receive an oral or written reply from management on the general results of the investigation and that remedial action has been taken, if any.

4103.3 Option to Report to Outside Administrative Agencies

Applicants, officials, contractors and employees may file complaints about harassment or other employment discrimination with any of the local offices of the U.S. Equal Employment Opportunity Commission (EEOC) or the California Department of Fair Employment and Housing (DFEH), whose addresses may be found in the local telephone directory.

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

4103.4 Corrective Action

If any violation of this policy is found to have occurred, the District will take appropriate corrective action which may include discipline against the individual(s) involved. Violations of this policy will likely result in immediate termination. See Section 5101 for further discussion of corrective actions.

If an employee is not satisfied with the reply presented by the Director of Human Resources, they may file a grievance pursuant to the steps outlined in the Grievance Procedures, Section 4200.

4103.5 Cooperation

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

4103.6 Confidentiality

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

4103.7 No Retaliation

No employee will be subject to any form of retaliation for reporting any violation or participating in any investigation under this policy truthfully and in good faith. Employees who believe they have been retaliated against in violation of this policy should utilize the same complaint procedure described in Sections 4103.2 or 4200.

4103.8 Contractors, Consultants, Vendors, Customers and Other Third Parties

This policy applies to leased employees and individuals providing service to the District under contract such as consultants and other independent contractors. This policy also applies to vendors, customers and other third parties who are present in any workplace where District employees are performing duties (depending on degree of control that the District has over such individual).

4104 CIVILITY POLICY

This procedure shall serve as the mechanism for ensuring that the Employees and Board Members of the District are provided a healthy environment in which to work and are treated with respect and courtesy in the workplace. This procedure shall establish a process for addressing harmful conduct that is inconsistent with the legitimate business interests of the District.

4104.1 Definitions

Incivility means the harmful conduct of an employer or employee in the workplace that a reasonable person would find hostile and offensive considering the severity, nature and frequency of the conduct. Incivility generally is taken to mean a pervasive behavior or series of inappropriate events but in some circumstances, where the incivility is sufficiently severe and egregious, may be proved by a single act. Incivility includes, but is not limited to the following:

- Repeated infliction of verbal/written abuse such as the use of derogatory remarks, insults and epithets; or
- Targeting individuals or groups of individuals for negative attention by yelling, screaming, or public displays of temper; or
- Verbal or physical conduct that a reasonable person would find threatening, intimidating, demeaning, or humiliating; or
- The gratuitous sabotage or undermining of a person's work performance.

4104.2 Internal Complaint Procedure

Any employee or Board Member who believes he/she has been subjected to incivility may notify his or her supervisor, or depending on which individual the employee feels most comfortable contacting and the Director of Human Resources of the alleged conduct. In the event the complaint is against the Director of Human Resources, then the employee may report the incident to the General Manager or in the event the complaint is against the General Manager or a Board Member, the employee may report the incident to the Board President, the Executive Committee or the full Board of Directors and the Director of Human Resources. Complaints will be investigated by Human Resources or, where appropriate, a designated neutral party, and the complainant will be advised of the general outcome of the investigation and the determination as to whether incivility occurred to the appropriate persons, including the complainant, the alleged perpetrator(s) and the department head. Employees are expected to report workplace incivility as soon as possible after the occurrence. Immediate reporting of the issue facilitates early resolution and can prevent further complications.

If it is demonstrated that the complainant acted maliciously in making the complaint, disciplinary action may be initiated.

4104.3 Corrective Action

If workplace incivility, or any other inappropriate behavior that violates this policy, is found to have occurred, the District will take prompt and effective remedial action against the perpetrator(s). The action will be commensurate with the severity of the offense. Reasonable steps will be taken to protect the complainant from further harassment and any retaliation as a result of communicating the complaint. See Section 5101 for further discussion of corrective actions.

If an employee is not satisfied with the reply presented by the Director of Human Resources, they may file a grievance pursuant to the steps outlined in the Grievance Policy.

No person shall retaliate in any manner against an employee because such employee has made a complaint under this procedure that he/she has been subjected to incivility in the workplace or has been the victim of workplace incivility, or has testified, assisted, or participated in any manner in an investigation under this procedure, except for malicious complaints, as noted on previous page.

4200 GRIEVANCE PROCEDURE

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

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

4201 GRIEVANCE STEPS

The following are the "steps" utilized in grievance reporting. Grievances concerning the Director of Human Resources will be immediately reported to the General Manager. In in the event the grievance is against the General Manager or a Board Member, the employee may report the incident to the Board President, the Executive Committee or the full Board of Directors and the Director of Human Resources, pursuant to Step 4 as stated in this policy.

Step 1

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

Step 2

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

Step 3

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

Step 4

In order to submit an appeal to either the Board President, the Executive Committee or full Board of Directors, an employee must first go through Steps 1 through 3. If the employee believes the decision of General Manager does not adequately resolve the issue, the employee may request reconsideration. The written request must be submitted within ten (10) calendar days of the General Manager's decision. The Board President, Executive Committee or full Board of Directors will be furnished with the then-existing written record. The Executive Committee or full Board of Directors will meet as soon as practicable to consider the grievance. The Executive Committee or full Board of Directors may, in its discretion, rely on the existing record or conduct a hearing in whatever way deemed appropriate under the circumstances. The Committee or full Board of Directors may call any witnesses or parties, if it deems such testimony necessary. If the employee desires, he or she may be represented. The decision of the Executive Committee or full Board of Directors shall attempt to provide its decision in writing within ten (10) calendar days of the close of the hearing. The action of the Executive Committee or full Board of Directors is final and binding.

4202 PERSONNEL FILES

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

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

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

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

5000 BEHAVIOR & CONSEQUENCES	5000 - 5309

5100 STANDARDS OF CONDUCT

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

1. Actions contrary to the rules and policies of the District, including but not limited to the safety rules set forth in the District's Illness Injury Prevention Program (IIPP).
2. Inefficiency, incompetence, inattention to or dereliction of duty, failure to perform assigned duties in a satisfactory manner.
3. Insubordination or failure to comply with District rules and policies.
4. Accepting gratuities or tips.
5. Dishonesty.
6. Theft or unauthorized use of District property.
7. Fighting, threat of injury, or horse play while on duty or on District premises.
8. Frequent or habitual tardiness, unexcused absences or unsatisfactory attendance.
9. Conducting non-District business activities during working hours.
10. Harassment or discrimination in any form.
11. Consumption of alcoholic beverages or drugs while on duty or on District premises.
12. Being under the influence of alcohol or drugs while on duty.
13. Use of, possession of, or transfer or sale of, non-prescribed drugs or narcotics while on duty or on District premises.
14. Disorderly, indecent or immoral conduct while on duty or while in District uniform.
15. Discourteous treatment of the public or other District employees.
16. Issuance of defaming or derogatory remarks, unrelated to performance issues, regarding a co-worker's character or personal life.
17. Conviction of any felony or of a misdemeanor involving moral turpitude, dishonesty or immoral conduct.
18. Unauthorized absence from work or excessive absences and tardiness.
19. Neglect of duty.
20. Actions incompatible with or offensive to the image or the goals of the District.
21. Failure to follow safe working practices.
22. Failure to report an injury or accident promptly.
23. Failure to report significant unsafe working practices to supervisor.
24. Misrepresentations in obtaining employment with or promotion within the District.
25. Misuse of District money or resources.
26. Falsification of forms, records, or reports; including, but not limited to, time sheets, employment applications and District documents.

27. Possessing or bringing firearms or weapons onto District property.
28. Destroying or willfully damaging District or employee property, records, or other materials.
29. Unauthorized opening or tampering with locks in desks, doors, cabinets, etc., or unauthorized use or duplication of keys.
30. Failure to immediately report the loss of driving privileges due to suspension, withdrawal, forfeiture, or confiscation by any authorized party, including court of law or the California Department of Motor Vehicles, by employees who must maintain such a license as a condition of employment.
31. Failure to maintain license or certification required for position. An employee will be subject to discipline, up to and including termination without progressive discipline, for the failure to maintain a license or certification required for that employee's job duties.
32. Violation of any established District rule, policy, or procedure.

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

5101 CORRECTIVE ACTIONS

A range of corrective or disciplinary actions are available to the General Manager and the Board of Directors for application to employee cases based on administrative investigation and processes. These include but are not limited to:

- Formal Counseling
- Mandatory Training
- Verbal Warning/Reprimand
- Written Warning/Reprimand
- Formal Improvement Plan
- Suspension with Pay
- Suspension without Pay
- Reassignment
- Demotion
- Dismissal

The focus of the corrective action program is to make a positive improvement on behavior where possible but to impose consequences when necessary. The goal is to maintain a professional, respectful, safe, productive, and equitable work environment for everyone at MWDOC.

5200 DRUG AND ALCOHOL FREE WORKPLACE

5201 GENERAL PROHIBITION AGAINST USE OR POSSESSION

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

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

5202 PRESCRIPTION DRUGS

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

5203 DRUG & ALCOHOL TESTING

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

5203.1 Prohibitions

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

- Using or possessing alcohol or any illegal drug (including marijuana, whether or not the employee maintains a prescription for the same) while on duty;
- Reporting for duty or remaining on duty when the employee used alcohol or controlled substance, except if the use is pursuant to the instructions of a physician who has advised the employee that the substance (other than medical marijuana) does not adversely affect the employee's ability to safely operate a vehicle or otherwise perform the employee's job;
- Reporting for duty or remaining on duty if the employee tests as having a blood alcohol concentration of 0.04 or greater (or a blood alcohol concentration of 0.02 if the employee's duties require him or her to possess a valid Class A driver's license or otherwise be subject to the 0.02 limitation);
- Reporting for duty or remaining on duty if the employee tests positive for controlled substances (including marijuana, whether or not the employee maintains a prescription for the same);
- Refusing to submit to any alcohol or controlled substances test required by this Policy. An employee who refuses to submit to a required drug/alcohol test will be treated in the same manner as an employee who failed a blood alcohol test or tested positively for a controlled substances test. A "refusal to submit" to an alcohol or controlled substances test required by this Policy includes, but is not limited to:
- An explicit or implied refusal to provide a urine sample for a drug test;
- An inability to provide a urine sample without a valid medical explanation;
- A refusal to complete and sign the breath alcohol testing form, or otherwise to cooperate with the testing process in a way that prevents the completion of the test;
- An inability to provide breath or to provide an adequate amount of breath without a valid medical explanation;
- Tampering with or attempting to adulterate the urine specimen or collection procedure;
- Not reporting to the collection site in the time allotted by the supervisor or manager who directs the employee to be tested; or
- Leaving the scene of an accident without a valid authorization.

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

5204 PRE-EMPLOYMENT TESTING

Applicants for positions designated as “safety sensitive” will be required to submit to pre-employment drug and/or alcohol testing.

5205 REASONABLE SUSPICION TESTING

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

5206 POST-ACCIDENT TESTING

Employees will be required to undergo alcohol or controlled substance testing if they are involved in an on-duty accident and the District has reasonable suspicion to believe the employee is under the influence of alcohol or controlled substances.

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

5207 RETURN TO DUTY TESTING

All employees who have failed an alcohol test or tested positive for controlled substances, if retained, are unable and unfit to report to work until it can be verified that they are not under the influence of alcohol or controlled substances. Employees must be certified as being fit for duty and evaluated and released to duty by the Substance Abuse Professional (SAP) before being allowed to return to duty.

5207.1 Consequences of Failing an Alcohol or Drug Test

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

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

5207.2 Compliance with State or Federal Law

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

5207.3 Procedures for Drug Testing

The District will refer the applicant or employee to an independent, National Institute on Drug Abuse (NIDA)-certified medical clinic or laboratory, which will administer the test. The District will pay the cost of the test and reasonable transportation costs to the testing facility. The employee will have the opportunity to alert the clinic or laboratory personnel to any prescription or non-prescription drugs that he or she has taken that may affect the outcome of the test. All drug testing will be performed by urinalysis. Initial screening will be done by EMIT II. Positive results will be confirmed by gas chromatography/mass spectrometry. The clinic or laboratory will inform the District as to whether the applicant passed or failed the drug test. If an employee fails the test, he or she will be considered to be in violation of this Policy and will be subject to discipline accordingly.

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

5208 DRUG AND ALCOHOL REHABILITATION PROGRAMS

Employees may not avoid discipline or termination for violation of the District's Drug and Alcohol Free Workplace Policy by seeking leave to attend rehabilitation after a violation has occurred. However, prior to any violation, employees may contact Human Resources for information about the District's Employee Assistance Program.

5300 OFFICE EQUIPMENT POLICY

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

5301 BUSINESS USE ONLY

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

5302 DISTRICT'S RIGHT OF ACCESS AND EMPLOYEE PRIVACY

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

5303 PASSWORDS AND SECURITY MEASURES

The District requires employees to use passwords or other security measures on its office equipment in order to channel communications to the proper persons. Unless authorized by Human Resources pursuant to District business, employees are expected to honor passwords and other security measures, and are not to access information unless it was intended for them. The District retains the right to override passwords and other security measures in order to assure full access to all office equipment. Employees must comply with all District requests for access to District-owned equipment, communications, or data.

5304 UNLAWFUL HARASSMENT OR DISCRIMINATION

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

5305 OTHER MISCONDUCT

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

5306 CONFIDENTIAL INFORMATION

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

5307 GOOD JUDGMENT

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

5308 INTELLECTUAL PROPERTY RIGHTS

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

5309 PENALTIES

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

AT-WILL AGREEMENT

Acknowledgment of Personnel Manual Receipt and Compliance

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

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

____
Employee Signature

____
Printed Name

____
Date

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

APPENDIX "A" - EMPLOYEE DESIGNATIONS MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

The designations of employees into the following categories shall be in accordance with the FLSA and with the approval of the General Manager. The General Manager shall revise the designations as necessary in compliance with the FLSA and District policy.

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

Accountant
Accounting Technician
Administrative Assistant
Assoc. Water Resources Analyst
Database Coordinator
Executive Assistant
Office Assistant
Public Affairs Assistant
Public Affairs Specialist
Public Affairs Coordinator
Student Intern
Records Coordinator
Senior Accountant
Senior Administrative Assistant
Senior Executive Assistant
Sr. WUE Analyst
WEROC Emergency Coordinator
WEROC Specialist
Water Loss Control Prog
Technician
WUE Analyst I
WUE Analyst II

APPENDIX "A" - EMPLOYEE DESIGNATIONS – MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

The designations of employees into the following categories shall be in acco rdance with the FLSA and with the approval of the General Manager. The General Manager shall revise the designations as necessary in compliance with the FLSA and District policy.

(EXEMPT; Not eligible for overtime)
Accounting Manager
Accounting Supervisor
Administrative Services Manager
Assistant General Manager
Associate General Manager
Director of Emergency Management
Director of Finance/IS
Director of Human Resources/Administration
Director of Public Affairs
Director of Water Use Efficiency
Financial Analyst/Database Analyst
General Manager
Governmental Affairs Manager
Network Systems Engineer
Principal Engineer
Principal Water Resources Analyst

(EXEMPT; Not eligible for overtime)
Public Affairs Manager
Public Affairs Supervisor
Senior Engineer
Sr. Executive Assistant to the Board
Sr. Financial Analyst/Database Analyst
Sr. Water Resources Analyst
WEROC Programs Manager
Water Loss Control Programs Supervisor
Water Resources Analyst
WUE Program Manager
WUE Program Supervisor

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

These documents can be found on the Districts website or contact Human Resources.

APPENDIX "C" – DISTRICT ORGANIZATIONAL CHART MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

These documents can be found on the Districts website or contact Human Resources.

Item No. 7

ACTION ITEM
October 16, 2019

TO: Board of Directors

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

Robert Hunter, General Manager — Staff Contact: Cathy Harris, Charles Busslinger

SUBJECT: **Electrical System Rehabilitation Project – Avram Contract - Change Orders 4 & 5**

STAFF RECOMMENDATION

Staff recommends the Board of Directors approve two change orders to the Avram contract for the Electrical System Rehabilitation Project which are outside of the original scope of work in the amount of $11,760.00.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Staff is seeking Board authorization to proceed with the following building improvements as part of the Electrical System Rehabilitation Project:

- C.O. #4 – Extend the sidewalk around the new electrical equipment on the west side of the building
- C.O. #5 – Electrical and data wiring work to support creation of 5 additional workstations in the former library

Budgeted (Y/N): Y	Budgeted amount: $240,000 (FY 2019-20)	Core X	Choice __
Action item amount:	Line item: 19-8811		
Fiscal Impact (explain if unbudgeted): Remaining $4,580 from building reserves			

DETAILED REPORT

On June 19, 2019, the Board approved entering into an agreement with Avram Electric for improvements to the MWDOC administration building electrical system in the amount of $213,883.00. During the course of the project the following changes to the scope of work and associated Change Orders (C.O.) were approved:

Approved Change Orders within General Manager Authority:

C.O.	Description	Cost
1	Install access hatch into the building soffit to allow electrical conduit/cable to be installed above the ceiling	$996.00
2	Install 125 Amp breaker and 2-inch conduit in electrical room to facilitate future building remodel work	$2,465.00
3	Relocate generator connection box to the northeast corner of building to facilitate emergency generator operations.	$15,476.00
	Total	**$18,937.00**

Additional Requested Change Orders:

C.O.	Description	Cost
4	Extend western sidewalk around the outside electrical equipment and relocate existing sprinklers	$5,800.00
5	Electrical work to support 5 new workstations in the former library	$5,960.00
	Total	**$11,760.00**

BOARD OPTIONS

Option #1

- Approve the Change Orders

Fiscal Impact: $11,760.00

Business Analysis: MWDOC is currently short of workstations and employees are spending time coordinating the sharing of workstations when people are out of the office (vacations, absences, etc…) leading to some inefficiencies. If not approved, the work could be included at a later date with other pending remodeling work.

Option #2

- Do not approve the Change Orders at this time. However, the work needs to be completed at some point in time. It is likely less expensive to include this work at this time.

Fiscal Impact:

Business Analysis: A delay results in some continuing inefficiencies with workstation availability in the office.

STAFF RECOMMENDATION

Option #1

Item No. 8

ACTION ITEM
October 16, 2019

TO: Board of Directors

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

Robert J. Hunter, General Manager

SUBJECT: **AUTHORIZE ATTENDANCE AT THE PUBLIC POLICY INSTITUTE'S "PREPARING CALIFORNIA'S WATER SYSTEM FOR CLIMATE EXTREMES" SYMPOSIUM, NOVEMBER 5, 2019, SACRAMENTO**

STAFF RECOMMENDATION

It is recommended that the Board of Directors: Consider authorizing attendance at the "Preparing California's Water System for Climate Extremes" symposium on November 5, 2019 in Sacramento.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

The Public Policy Institute of California (PPIC) is a nonprofit, nonpartisan group dedicated to informing and improving public policy in California through independent, objective, nonpartisan research. As a result of the warmer temperatures, shrinking snowpack, shorter and more intense wet seasons, more volatile precipitation, and rising seas, water management in California is stressed. Leaders across the state are working to respond to the challenges these climate pressures bring, and the Newsom administration is developing a water resilience portfolio to address these issues. The PPIC Water Policy Center and a diverse group of state and local experts will hold a thought-provoking discussion about preparing California's water system for climate extremes.

Director Tamaribuchi has expressed interest in attending this event. Costs associated with attendance will be approximately $700 (hotel/air fare; registration is free).

Budgeted (Y/N): No	Budgeted amount: $0	Core _X_	Choice __
Action item amount: $700+-	Line item:		
Fiscal Impact (explain if unbudgeted): Not applicable			

PPIC PUBLIC POLICY INSTITUTE OF CALIFORNIA

Informing and improving public policy through independent, objective, nonpartisan research

25 YEARS

SEARCH

NOV 05

Preparing California's Water System for Climate Extremes

NOVEMBER 5, 2019

9:00 A.M. TO 12:30 P.M. (Breakfast/registration 8:30 a.m.)

Sheraton Grand Hotel,
Camellia/Gardenia rooms,
1230 J Street
Sacramento, CA
95814

REGISTER TO ATTEND

REGISTER TO WATCH

SHARE

#PPICevents
#WaterPririt'

AGENDA

8:30 a.m. Registration begins and breakfast available

9:00 a.m. Welcome and Presentation
Ellen Hanak, center director and senior fellow, PPIC Water Policy Center

9:20 a.m. Panel 1: Protecting Californians from Floods, Fires, and Droughts
Moderator: Van Butsic, assistant cooperative extension specialist, University of California, Berkeley
Andy Fecko, director of strategic affairs, Placer County Water Agency
Joone Lopez, general manager, Moulton Niguel Water District
Tim Ramirez, member, Central Valley Flood Protection Board
Michael Thompson, assistant general manager, Sonoma Water

10:20 a.m. Panel 2: Providing Safe Drinking Water: Next Steps
Moderator: Jelena Jezdimirovic, research associate, PPIC Water Policy Center
Stephanie Anagnoson, director, Madera County Water and Natural Resource Department
Jan Coppinger, administrator, Lake County Special Districts
Jonathan Nelson, policy director, Community Water Center
Darrin Polhemus, deputy director, Division of Drinking Water, State Water Board

11:15 a.m. Break

11:30 a.m. Panel 3: Priorities for the Water Resilience Portfolio
Moderator: Jeffrey Mount, senior fellow, PPIC Water Policy Center
Louise Bedsworth, executive director, Strategic Growth Council
Wade Crowfoot, secretary, California Natural Resources Agency
Karen Ross, secretary, California Department of Food and Agriculture

12:30 p.m. Adjourn and Informal Networking Lunch

TOPICS

Climate Change/Energy
Fiscal & Governance Reform

Item No. 9

INFORMATION ITEM
October 9, 2019

TO: **Administration & Finance Committee**

FROM: **Robert Hunter, General Manager**

Staff Contacts: Cathy Harris, Administrative Services Manager &
Katie Davanaugh, Sr. Executive Assistant

SUBJECT: **Benefit Rates for 2020**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file information.

COMMITTEE RECOMMENDATION

Committee recommends (to be determined at Committee meeting)

DETAILED REPORT

Open enrollment for 2020 health benefits runs from October 28, 2019 through November 8, 2019. The health plan information will be provided to all eligible participants by October 21st

Overall rate changes as presented from ACWA/JPIA are listed below:

Benefit Plan	**Administrator**	**Carrier**	**% Rate Change**
Medical Insurance	JPIA	Anthem PPOs (Classic and Consumer Driven Health Plan)	An aggregate rate increase of zero*
Medical Insurance	JPIA	Anthem –HMO (CalCare)	8.21% increase (varies by tier)
Medical Insurance	JPIA	Kaiser / Kaiser Consumer Driven Health Plan	2.24% increase
Vision	JPIA	VSP	no change
Dental	SDRMA	Delta Dental	-1.5%
EAP (exp. 12/31/22)	Sourcewell (Alliant)	Sun Life	No change
Life (exp. 12/31/21)	Sourcewell (Alliant)	Sun Life	No change
Long Term Disability (exp. 12/31/22)	Sourcewell (Alliant)	Sun Life	No change

Budgeted (Y/N): Y	Budgeted amount: **$752,146**	Core X	Choice
Action item amount: 0	Line item:		
Fiscal Impact (explain if unbudgeted):			

* Per ACWA's 2020 Employee Benefits Program Renewal information, when balancing to an aggregate increase of zero, if one rate goes down, the rest rise a small amount to balance that out, and vice versa. Hence the variations by plan and tier. These calibrations are typically made during favorable renewal years.

Plan rates for the 2020 are shown below:

Plan	Total Monthly $			Employee Monthly $			District Monthly $		
	Single	2-Party	Family	Single	2-Party	Family	Single	2-Party	Family
Active Employees									
PPO (Classic)	860.63	1,721.25	2,280.66	40.13	344.25	456.13	820.50	1,377.00	1,824.53
HMO (CalCare)	825.35	1,650.70	2,187.18	36.60	330.14	437.44	788.75	1,320.56	1,749.74
Kaiser with chiro	640.65	1,264.30	1,781.93	18.13	252.86	356.39	622.52	1,011.44	1,425.54
Kaiser (CDHP)	459.31	901.62	1,268.74	0.00	180.32	253.75	459.31	721.30	1,014.99
Anthem PPO (CDHP)	688.50	1,377.00	1,824.53	22.92	275.40	364.91	665.58	1,101.60	1,459.62
Retiree with Medicare									
PPO	548.54	1,097.07		34.25	219.41		514.29	877.66	
HMO	579.48	1,158.97		37.34	231.79		542.14	927.18	
Kaiser Sr. Advantage	206.04	395.08		0.00	79.02		206.04	316.06	
Mixed Medicare, PPO		1,467.88			293.58			1,174.30	
Mixed Medicare, HMO		1,463.37			292.67			1,170.70	
Dental	50.80	85.58		5.08	17.12		45.72	68.46	
Vision (tiered)	14.76	23.46		0.00	4.69		14.76	18.77	

- The amount budgeted for FY 2019-20 for medical, dental and vision benefits is $719,783. Based on the plan premium increases for 2020, the projected totals for 2019-20 will be $731,179.

Municipal Water District of Orange County
Obsolete, Nonfunctional Fixed Asset to be Written-off
Date 6/30/19

Asset No.	Group No.	Acquisition Date	Vendor	Asset Description	Cost	Life	Accumulated Depreciation	Book Value	
Leasehold Improvements									
124	100	1/27/1992	Paul Masumato	Atrium Cleanup	250.00	30.00	228.24	21.76	W/O Atrium completely renovated in 2017
				Total Leasehold Improvements	**250.00**		**228.24**	**21.76**	
Furniture & Fixtures									
1047	200	5/31/1984	ORANGE COUNTY OFFICE FURN	2 ALBA SIDE CHAIRS, SAND COLOR	493.96	5.00	493.96	0.00	Donated to Team Amvets on 10/2/18
1060	200	6/30/1986	ORANGE COUNTY OFFICE FURN	ALBA SECRETARY CHAIR, WALNUT	242.74	5.00	242.74	0.00	Disposed of 1/18/18
1084	200	6/2/1989	EOF STORES	4 DRW FIREPROOF FILE CABINET	714.31	5.00	714.31	0.00	Disposed of by EarthWise Hauling on 2/20/18
1096	200	3/30/1990	ORANGE COUNTY OFFICE FURN	BOOKCASE, WALNUT	179.56	5.00	179.56	0.00	Donated to Team Amvets on 10/2/18
1124	200	6/30/1991	ORANGE COUNTY WATER DISTR	1 LATERIAL FILE CABINETS,PUTTY	100.00	5.00	100.00	0.00	Donated to Team Amvets on 10/2/18
1173	200	4/25/1996	DOZAR OFFICE FURNISHINGS	4 DRW LATERIAL FILE W/LCK,GRAY	597.46	5.00	597.46	0.00	Donated to Team Amvets on 10/2/18
1207	200	12/28/2001	McMahan Business Interior	Freedom Ergonomic Chair (Smoke Lt. Green)	590.17	5.00	590.17	0.00	Disposed of by OCWD on 3/22/19
				Total Furniture & Fixtures	**2,918.20**		**2,918.20**	**0.00**	
Equipment									
				Total Equipment	**0.00**		**0.00**	**0.00**	
Computer Equipment									
				Total Computer Equipment	**0.00**		**0.00**	**0.00**	
WEROC Equipment									
6000	600	3/31/1987	MOTOROLA INC	ANTENNAS & REPEATERS	15,486.51	5.00	15,486.51	0.00	Removed and disposed of by ACMERF on 8/27/18
6004	600	7/31/1988	MOTOROLA INC	WEROC ANTENNA ON MWDOC'S ROOF	156.43	4.00	156.43	0.00	Disposed
6005	600	12/31/1989	MACOMCO	INSTALLATION CHARGE	1,800.21	5.00	1,800.21	0.00	Removed and disposed of by ACMERF on 8/29/18
				Total WEROC Equipment	**17,443.15**		**17,443.15**	**0.00**	
				Total Write-offs	**20,611.35**		**20,589.59**	**21.76**	

Approval to write-off

Hilary Chumpitazi
Hilary Chumpitazi, Accounting Manager — Date: 9/3/2019

Robert J. Hunter, General Manager — Date: 9-4-19

MWDOC

Item No. 11

INFORMATION ITEM
October 9, 2019

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

FROM: **Robert Hunter, General Manager** Staff Contact: Hilary Chumpitazi

SUBJECT: **CalPERS Annual Valuation Report as of June 30, 2018**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee: receive and file the CalPERS Annual Valuation Report

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

Attached for your information is the CalPERS Annual Valuation Report as of June 30, 2018. The report includes the following information:

- MWDOC's total PERS obligation for Classic Members effective July 1, 2020 will be 18.031% compared to July 1, 2019 was 17.221%.
- The District's Classic Members contribution amount will be 11.031% for fiscal year 2020-21 with the employee contribution being 7%.
- The District's contribution amount for PEPRA Members effective July 1, 2020, will be 7.732% compared to last year's rate of 6.985%. The employee's contribution of 6.750% is unchanged.
- MWDOC's current plan obligation as of June 30, 2018 for Classic is $12,474,635; 79.0% funded and for PEPRA is $515,011; 91.5% funded.
- MWDOC's unfunded liability for Classic Members (2%@55) as of June 30, 2018 is $2,625,401. PEPRA Members (2%@62) unfunded liability is $43,788.

As of August 2019 MWDOC has contributed $414,000 to our PRSP Trust with PARS with a goal to fully fund our pension liability.

Section 2 of the valuation is available online and can be emailed upon request.

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

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2019

Miscellaneous Plan of the Municipal Water District of Orange County
(CalPERS ID: 6497938438)
Annual Valuation Report as of June 30, 2018

Dear Employer,

Attached to this letter, you will find the June 30, 2018 actuarial valuation report of your CalPERS pension plan. **Provided in this report is the determination of the minimum required employer contributions for Fiscal Year 2020-21**. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2018.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool*" and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2018 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 1, 2019.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions, before any cost sharing, for Fiscal Year 2020-21 along with estimates of the required contributions for Fiscal Year 2021-22. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees**.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability
2020-21	11.031%	$170,837
Projected Results		
2021-22	*11.0%*	*$202,000*

The actual investment return for Fiscal Year 2018-19 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00 percent. ***If the actual investment return for Fiscal Year 2018-19 differs from 7.00 percent, the actual contribution requirements for the projected years will differ from those shown above.*** For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2025-26.

Changes from Previous Year's Valuation

CalPERS continues to strive to provide comprehensive risk assessments regarding plan funding and sustainability consistent with the Board of Administration's pension and investment beliefs. Your report this year includes new metrics on plan maturity in recognition of the fact that most pension plans at CalPERS are maturing as anticipated. As plans mature, they become more sensitive to risks than plans that are less mature. The "Risk Analysis" section of your report will help you understand how your plan is affected by investment return volatility and other economic assumptions. We have included plan sensitivity analysis with respect to longevity and inflation to further that discussion and encourage you to review our most recent Annual Review of Funding Levels and Risks report on our website that takes a holistic view of the system.

Upcoming Change for June 30, 2019 Valuations

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Statement of Actuarial Data, Methods and Assumptions" of the Section 2 report.

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 1 2019 to contact us with actuarial questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (**888-225-7377**).

Sincerely,

SCOTT TERANDO
Chief Actuary

CalPERS

Actuarial Valuation as of June 30, 2018

for the Miscellaneous Plan of the Municipal Water District of Orange County

(CalPERS ID: 6497938438)

Required Contributions for Fiscal Year July 1, 2020 - June 30, 2021

Table of Contents

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the Miscellaneous Plan of the Municipal Water District of Orange County

(CalPERS ID: 6497938438)
(Valuation Rate Plan ID: 4054)

Table of Contents

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2018 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2018 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that Unfunded Accrued Liability amortization bases as of June 30, 2018 and employer contribution as of July 1, 2020, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

KERRY J. WORGAN, MAAA, FSA, FCIA
Supervising Pension Actuary, CalPERS
Plan Actuary

Highlights and Executive Summary

- **Introduction**
- **Purpose of Section 1**
- **Required Employer Contributions**
- **Plan's Funded Status**
- **Projected Employer Contributions**
- **Changes Since the Prior Year's Valuation**
- **Subsequent Events**

Introduction

This report presents the results of the June 30, 2018 actuarial valuation of the Miscellaneous Plan of the Municipal Water District of Orange County of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for Fiscal Year 2020-21.

Purpose of Section 1

This Section 1 report for the Miscellaneous Plan of the Municipal Water District of Orange County of the California Public Employees' Retirement System (CalPERS) was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2018;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2020 through June 30, 2021; and
- Provide actuarial information as of June 30, 2018 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

California Actuarial Advisory Panel Recommendations

This report includes all the basic disclosure elements as described in the *Model Disclosure Elements for Actuarial Valuation Reports* recommended in 2011 by the California Actuarial Advisory Panel (CAAP), with the exception of including the original base amounts of the various components of the unfunded liability in the Schedule of Amortization Bases shown on page 10.

Additionally, this report includes the following "Enhanced Risk Disclosures" also recommended by the CAAP in the Model Disclosure Elements document and consistent with the recommendations of Actuarial Standard of Practice No. 51:

- A "Scenario Test," projecting future results under different investment income scenarios.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0 percent and 8.0 percent.
- A "Sensitivity Analysis," showing the impact on current valuation results using a 1.0 percent plus or minus change in the inflation rate.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming post-retirement rates of mortality are 10 percent lower or 10 percent higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.
- Plan maturity measures which indicate how sensitive a plan may be to the risks noted above.

Required Employer Contributions

		Fiscal Year
Required Employer Contributions		**2020-21**
Employer Normal Cost Rate		**11.031%**
Plus, Either		
1) Monthly Employer Dollar UAL Payment	**$**	**14,236.41**
Or		
2) Annual UAL Prepayment Option*	**$**	**165,154**

*The total minimum required employer contribution is the **sum** of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) **plus** the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).*

** Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**. Any prepayment totaling over $5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.*

In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.

		Fiscal Year 2019-20		Fiscal Year 2020-21
Development of Normal Cost as a Percentage of Payroll[1]				
Base Total Normal Cost for Formula		16.586%		17.392%
Surcharge for Class 1 Benefits[2]				
a) FAC 1		0.541%		0.547%
Phase out of Normal Cost Difference[3]		0.000%		0.000%
Plan's Total Normal Cost		17.127%		17.939%
Formula's Expected Employee Contribution Rate		6.906%		6.908%
Employer Normal Cost Rate		10.221%		11.031%
Projected Payroll for the Contribution Fiscal Year	$	2,555,087	$	2,552,296
Estimated Employer Contributions Based on Projected Payroll				
Plan's Estimated Employer Normal Cost	$	261,155	$	281,544
Plan's Payment on Amortization Bases[4]		144,402		170,837
% of Projected Payroll (illustrative only)		5.652%		6.693%
Estimated Total Employer Contribution	$	405,557	$	452,381
% of Projected Payroll (illustrative only)		15.873%		17.724%

[1] The results shown for Fiscal Year 2019-20 reflect the prior year valuation and may not take into account any lump sum payment, side fund payoff, or rate adjustment made after April 30, 2018.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost difference is phased out over a five-year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

[4] See page 10 for a breakdown of the Amortization Bases.

Plan's Funded Status

		June 30, 2017		June 30, 2018
1. Present Value of Projected Benefits (PVB)	$	14,184,993	$	15,884,766
2. Entry Age Normal Accrued Liability (AL)		10,883,341		12,474,635
3. Plan's Market Value of Assets (MVA)		8,720,332		9,849,234
4. Unfunded Accrued Liability (UAL) [(2) - (3)]		2,163,009		2,625,401
5. Funded Ratio [(3) / (2)]		80.1%		79.0%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows projected employer contributions (before cost sharing) for the next six fiscal years. Projected results reflect the adopted changes to the discount rate described in Appendix A, "Statement of Actuarial Data, Methods and Assumptions" of the Section 2 report. The projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2018-19)				
Fiscal Year	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Normal Cost %	11.031%	11.0%	11.0%	11.0%	11.0%	11.0%
UAL Payment	$170,837	$202,000	$229,000	$244,000	$261,000	$268,000

Changes in the UAL due to actuarial gains or losses as well as changes in actuarial assumptions or methods are amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of Section 2. This method phases in the impact of unanticipated changes in UAL over a 5-year period and attempts to minimize employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years where there is a large increase in UAL the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Changes Since the Prior Year's Valuation

Benefits

None. This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of Section 2 for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

In December of 2016 the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuation. The minimum employer contributions for Fiscal Year 2020-21 determined in this valuation were calculated using a discount rate of 7.00 percent, payroll growth of 2.75 percent and an inflation rate of 2.50 percent. The projected employer contributions on Page 5 are calculated under the assumption that the discount rate remains at 7.00 percent going forward and that furthermore the realized rate of return on assets for Fiscal Year 2018-19 is 7.00 percent.

The decision to reduce the discount rate was primarily based on reduced capital market assumptions provided by external investment consultants and CalPERS investment staff. The specific decision adopted by the Board reflected recommendations from CalPERS staff and additional input from employer and employee stakeholder groups. Based on the investment allocation adopted by the Board and capital market assumptions, the reduced discount rate assumption provides a more realistic assumption for the long-term investment return of the fund.

CalPERS has implemented a new actuarial valuation software system for the June 30, 2018 valuation. With this new system we have refined and improved some of our calculation methodology. Any difference in liability between the old software and new software calculations is captured as a method change line item.

Subsequent Events

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

For inactive employers the new amortization policy imposes a maximum amortization period of 15 years for all unfunded accrued liabilities effective June 30, 2018. Furthermore, the plan actuary has the ability to shorten the amortization period on any valuation date based on the life expectancy of plan members and projected cash flow needs to the plan. The impact of this has been reflected in the current valuation results.

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2018, and may reflect additional discretionary payments made by the employer through April 30, 2019. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase the required contribution, while investment returns above the assumed rate of return will decrease the required contribution.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2019. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- **Breakdown of Entry Age Normal Accrued Liability**
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's Market Value of Assets**
- **Schedule of Plan's Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Employer Contribution History**
- **Funding History**

Breakdown of Entry Age Normal Accrued Liability

Active Members	$	6,230,297
Transferred Members		1,353,733
Terminated Members		1,038,684
Members and Beneficiaries Receiving Payments		3,851,921
Total	$	12,474,635

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$	12,474,635
2.	Projected UAL balance at 6/30/18		2,262,125
3.	Pool's Accrued Liability[1]		17,424,237,070
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/18[1]		3,777,499,883
5.	Pool's 2017/18 Investment & Asset (Gain)/Loss[1]		(135,628,188)
6.	Pool's 2017/18 Other (Gain)/Loss[1]		66,272,613
7.	Plan's Share of Pool's Asset (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)		(101,497)
8.	Plan's Share of Pool's Other (Gain)/Loss: (1) ÷ (3) × (6)		47,447
9.	Plan's New (Gain)/Loss as of 6/30/2018: (7) + (8)		(54,050)
10.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]		453,914,155
11.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (3) × (10)		324,973
12.	Increase in Pool's Accrued Liability due to Change in Method[1]		128,995,852
13.	Plan's Share of Pool's Change in Method: (1) ÷ (3) × (12)		92,353

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

14.	Plan's UAL: (2) + (9) + (11) + (13)	$	2,625,401
15.	Plan's Share of Pool's MVA: (1) - (14)	$	**9,849,234**

Schedule of Plan's Amortization Bases

On the next page is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2018.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: Fiscal Year 2020-21.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Schedule of Plan's Amortization Bases

Reason for Base	Date Established	Ramp Up/Down 2020-21	Escalation Rate	Amortization Period	Balance 6/30/18	Payment 2018-19	Balance 6/30/19	Payment 2019-20	Amounts for Fiscal 2020-21: Balance 6/30/20	Amounts for Fiscal 2020-21: Scheduled Payment for 2020-21
SHARE OF PRE-2013 POOL UAL	06/30/13	No Ramp	2.750%	17	$560,695	$43,384	$555,067	$44,563	$547,825	$45,204
NON-ASSET (GAIN)/LOSS	06/30/13	100% →	2.750%	25	$(9,342)	$(495)	$(9,484)	$(636)	$(9,490)	$(644)
ASSET (GAIN)/LOSS	06/30/13	100% →	2.750%	25	$971,788	$51,528	$986,512	$66,172	$987,119	$66,963
NON-ASSET (GAIN)/LOSS	06/30/14	100% →	2.750%	26	$827	$33	$851	$45	$864	$57
ASSET (GAIN)/LOSS	06/30/14	100% →	2.750%	26	$(781,004)	$(31,134)	$(803,469)	$(42,650)	$(815,594)	$(53,933)
ASSUMPTION CHANGE	06/30/14	100% →	2.750%	16	$485,694	$26,720	$492,053	$36,596	$488,642	$46,465
NON-ASSET (GAIN)/LOSS	06/30/15	80% ↗	2.750%	27	$(37,017)	$(999)	$(38,575)	$(1,539)	$(39,683)	$(2,076)
ASSET (GAIN)/LOSS	06/30/15	80% ↗	2.750%	27	$472,121	$12,740	$491,991	$19,635	$506,120	$26,472
NON-ASSET (GAIN)/LOSS	06/30/16	60% ↗	2.750%	28	$(71,589)	$(993)	$(75,573)	$(2,042)	$(78,751)	$(3,095)
ASSET (GAIN)/LOSS	06/30/16	60% ↗	2.750%	28	$606,905	$8,422	$640,677	$17,308	$667,621	$26,237
ASSUMPTION CHANGE	06/30/16	60% ↗	2.750%	18	$189,998	$3,585	$199,590	$7,367	$205,941	$11,212
NON-ASSET (GAIN)/LOSS	06/30/17	40% ↗	2.750%	29	$(15,626)	$0	$(16,720)	$(232)	$(17,650)	$(469)
ASSET (GAIN)/LOSS	06/30/17	40% ↗	2.750%	29	$(320,549)	$0	$(342,987)	$(4,765)	$(362,067)	$(9,624)
ASSUMPTION CHANGE	06/30/17	40% ↗	2.750%	19	$209,224	$(17,994)	$242,483	$4,580	$254,719	$9,288
NON-ASSET (GAIN)/LOSS	06/30/18	20% ↗	2.750%	30	$47,447	$0	$50,768	$0	$54,322	$742
ASSET (GAIN)/LOSS	06/30/18	20% ↗	2.750%	30	$(101,497)	$0	$(108,602)	$0	$(116,204)	$(1,587)
METHOD CHANGE	06/30/18	20% ↗	2.750%	20	$92,353	$(1,099)	$99,954	$(1,129)	$108,118	$2,016
ASSUMPTION CHANGE	06/30/18	20% ↗	2.750%	20	$324,973	$(16,603)	$364,896	$(17,060)	$408,086	$7,609
TOTAL					**$2,625,401**	**$77,095**	**$2,729,432**	**$126,213**	**$2,789,938**	**$170,837**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized according to Board policy over 30 years with a 5-year ramp-up.

If the total Unfunded Liability is negative (i.e., plan has a surplus), the scheduled payment is $0, because the minimum required contribution under PEPRA must be at least equal to the normal cost.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. As a result, we have provided alternate amortization schedules to help analyze the current amortization schedule and illustrate the advantages of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on: 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternate "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. Note that the payments under each alternate scenario increase by 2.75 percent for each year into the future, except for inactive plans.

The Current Amortization Schedule typically contains individual bases that are both positive and negative. Positive bases result from plan changes, assumption changes or plan experience that result in increases to unfunded liability. Negative bases result from plan changes, assumption changes or plan experience that result in decreases to unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years such as:

- A positive total unfunded liability with a negative total payment,
- A negative total unfunded liability with a positive total payment, or
- Total payments that completely amortize the unfunded liability over a very short period of time

In any year where one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives

			Alternate Schedules			
	Current Amortization Schedule		15 Year Amortization		10 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2020	2,789,937	170,837	2,789,937	251,635	2,789,937	343,998
6/30/2021	2,808,517	202,175	2,724,939	258,555	2,629,398	353,458
6/30/2022	2,795,981	228,669	2,648,234	265,665	2,447,835	363,178
6/30/2023	2,755,163	244,044	2,558,804	272,971	2,243,509	373,166
6/30/2024	2,695,584	260,541	2,455,557	280,477	2,014,549	383,428
6/30/2025	2,614,769	267,706	2,337,318	288,191	1,758,947	393,972
6/30/2026	2,520,886	275,068	2,202,824	296,116	1,474,545	404,806
6/30/2027	2,412,816	282,632	2,050,717	304,259	1,159,029	415,938
6/30/2028	2,289,356	290,404	1,879,539	312,626	809,911	427,377
6/30/2029	2,149,215	298,390	1,687,724	321,223	424,523	439,130
6/30/2030	1,991,002	306,596	1,473,589	330,057		
6/30/2031	1,813,227	315,028	1,235,326	339,134		
6/30/2032	1,614,285	310,822	970,997	348,460		
6/30/2033	1,405,769	306,147	678,517	358,042		
6/30/2034	1,187,491	295,516	355,651	367,889		
6/30/2035	964,931	277,092				
6/30/2036	745,851	242,576				
6/30/2037	547,138	148,998				
6/30/2038	431,312	123,754				
6/30/2039	333,493	103,266				
6/30/2040	250,018	89,547				
6/30/2041	174,891	68,563				
6/30/2042	116,211	65,928				
6/30/2043	56,150	51,713				
6/30/2044	6,588	6,814				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Totals		**5,232,826**		**4,595,298**		**3,898,451**
Interest Paid		**2,442,889**		**1,805,362**		**1,108,515**
Estimated Savings				**637,528**		**1,334,375**

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)
2016 - 17	8.880%	$64,364
2017 - 18	8.921%	$83,180
2018 - 19	9.409%	$112,790
2019 - 20	10.221%	$144,402
2020 - 21	11.031%	$170,837

Funding History

The funding history below shows the plan's actuarial accrued liability, share of the pool's market value of assets, share of the pool's unfunded liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2011	$ 5,636,322	$ 4,612,177	$ 1,024,145	81.8%	$ 2,665,451
06/30/2012	6,273,252	4,841,500	1,431,752	77.2%	2,664,777
06/30/2013	7,189,485	5,842,865	1,346,620	81.3%	2,378,088
06/30/2014	8,295,329	7,150,851	1,144,478	86.2%	2,274,325
06/30/2015	8,587,815	7,077,429	1,510,386	82.4%	2,090,151
06/30/2016	9,638,398	7,445,211	2,193,187	77.2%	2,170,501
06/30/2017	10,883,341	8,720,332	2,163,009	80.1%	2,346,800
06/30/2018	12,474,635	9,849,234	2,625,401	79.0%	2,352,803

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Inflation Rate Sensitivity**
- **Maturity Measures**
- **Hypothetical Termination Liability**

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2018-19, 2019-20, 2020-21 and 2021-22). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2018-19, 2019-20, 2020-21, and 2021-22, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0 percent, 4.0 percent, 7.0 percent, 9.0 percent and 12.0 percent.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2022. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5th, 25th, 50th, 75th, and 95th percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25 percent of them had an average annual return of 4.0 percent or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0 percent or greater than 12.0 percent over this four-year period, the possibility of a single investment return less than 1.0 percent or greater than 12.0 percent in any given year is much greater.

Assumed Annual Return From 2018-19 through 2021-22	**Projected Employer Contributions**			
	2021-22	**2022-23**	**2023-24**	**2024-25**
1.0%				
Normal Cost	11.0%	11.0%	11.0%	11.0%
UAL Contribution	$217,000	$273,000	$333,000	$409,000
4.0%				
Normal Cost	11.0%	11.0%	11.0%	11.0%
UAL Contribution	$210,000	$251,000	$289,000	$337,000
7.0%				
Normal Cost	11.0%	11.0%	11.0%	11.0%
UAL Contribution	$202,000	$229,000	$244,000	$261,000
9.0%				
Normal Cost	11.3%	11.5%	11.7%	11.9%
UAL Contribution	$199,000	$218,000	$223,000	$225,000
12.0%				
Normal Cost	11.3%	11.5%	11.7%	11.9%
UAL Contribution	$191,000	$195,000	$175,000	$142,000

In addition, the projections above reflect the recent changes to the new amortization policy effective with the June 30, 2019 valuation. The projections above incorporate the impact of the CalPERS risk mitigation policy which reduces the discount rate when investment returns are above specified trigger points.

Discount Rate Sensitivity

Shown below are various valuation results as of June 30, 2018 assuming alternate discount rates. Results are shown using the current discount rate of 7.0 percent as well as alternate discount rates of 6.0 percent and 8.0 percent. The rates of 6.0 percent and 8.0 percent were selected since they illustrate the impact of a 1 percent increase or decrease to the 7.0 percent assumption. This analysis shows the potential plan impacts if the PERF were to realize investment returns of 6.0 percent or 8.0 percent over the long-term.

This type of analysis gives the reader a sense of the long-term risk to required contributions. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" at the end of this section.

Sensitivity Analysis

As of June 30, 2018	Plan's Total Normal Cost	Accrued Liability	Unfunded Accrued Liability	Funded Status
7.0% (current discount rate)	17.939%	$12,474,635	$2,625,401	79.0%
6.0%	22.343%	$14,244,452	$4,395,218	69.1%
8.0%	14.561%	$11,021,422	$1,172,188	89.4%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2018 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10 percent lower or 10 percent higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2018	Current Mortality	10% Lower Mortality Rates	10% Higher Mortality Rates
a) Accrued Liability	$12,474,635	$12,759,827	$12,213,826
b) Market Value of Assets	$9,849,234	$9,849,234	$9,849,234
c) Unfunded Liability (Surplus) [(a)-(b)]	$2,625,401	$2,910,593	$2,364,592
d) Funded Status	79.0%	77.2%	80.6%

A 10 percent increase (decrease) in assumed mortality rates over the long-term would result in approximately a 1.6 percent increase (decrease) to the funded ratio.

Inflation Rate Sensitivity

The following analysis looks at the change in the June 30, 2018 plan costs and funded ratio under two different inflation rate scenarios, namely assuming the liability inflation rate is 1 percent lower or 1 percent higher than the current valuation inflation rate assumption of 2.50%, while holding the discount rate fixed at 7.0%. This type of analysis highlights the impact on the plan of increased or decreased inflation of active salaries and retiree COLAs over the long-term.

As of June 30, 2018	Current Inflation Rate	-1% Inflation Rate	+1% Inflation Rate
a) Accrued Liability	$12,474,635	$11,560,804	$13,166,795
b) Market Value of Assets	$9,849,234	$9,849,234	$9,849,234
c) Unfunded Liability (Surplus) [(a)-(b)]	$2,625,401	$1,711,570	$3,317,561
d) Funded Status	79.0%	85.2%	74.8%

A decrease of 1 percent in the liability inflation rate (2.50 percent to 1.50 percent) reduces the Accrued Liability by 7.3 percent. However, a 1 percent increase in the liability inflation rate (2.50 percent to 3.50 percent) increases the Accrued Liability by 5.5 percent.

Maturity Measures

As pension plans mature they become much more sensitive to risks than plans that are less mature. Understanding plan maturity and how it affects the ability of a pension plan to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 0.60 to 0.65. For both CalPERS and other retirement systems in the United States, these ratios have been steadily increasing in recent years.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2017	June 30, 2018
1. Retired Accrued Liability	3,274,449	3,851,921
2. Total Accrued Liability	10,883,341	12,474,635
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.30	0.31

Another way to look at the maturity level of CalPERS and its plans is to look at the ratio of actives to retirees. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2017	June 30, 2018
1. Number of Actives	21	20
2. Number of Retirees	9	10
3. Support Ratio [(1) / (2)]	2.33	2.00

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Contribution Volatility	**June 30, 2017**	**June 30, 2018**
1. Market Value of Assets	$ 8,720,332	$ 9,849,234
2. Payroll	2,346,800	2,352,803
3. Asset Volatility Ratio (AVR) [(1) / (2)]	3.7	4.2
4. Accrued Liability	$ 10,883,341	$ 12,474,635
5. Liability Volatility Ratio (LVR) [(4) / (2)]	4.6	5.3
6. Accrued Liability (7.00% discount rate)	11,187,770	12,474,635
7. Projected Liability Volatility Ratio [(6) / (2)]	4.8	5.3

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2018. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while funding risk is limited. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 2-year period centered around the valuation date.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] @ 2.50%	Funded Status	Unfunded Termination Liability @ 2.50%	Hypothetical Termination Liability[1,2] @ 3.25%	Funded Status	Unfunded Termination Liability @ 3.25%
$9,849,234	$22,534,014	43.7%	$12,684,780	$20,392,237	48.3%	$10,543,003

1 The hypothetical liabilities calculated above include a 5 percent mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

2 The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.91 percent on June 30, 2018, and was 2.83 percent on January 31, 2019.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2017	June 30, 2018
Reported Payroll	$ 2,346,800	$ 2,352,803
Projected Payroll for Contribution Purposes	$ 2,555,087	$ 2,552,296
Number of Members		
Active	21	20
Transferred	12	12
Separated	17	17
Retired	9	10

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- One Year Final Compensation (FAC 1)

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in the following section of this Appendix.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	2% @ 55	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	7.00%	
Final Average Compensation Period	One Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Section 2 may be found on the CalPERS website (www.calpers.ca.gov) in the Forms and Publications section

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 |Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2019

PEPRA Miscellaneous Plan of the Municipal Water District of Orange County
(CalPERS ID: 6497938438)
Annual Valuation Report as of June 30, 2018

Dear Employer,

Attached to this letter, you will find the June 30, 2018 actuarial valuation report of your CalPERS pension plan. **Provided in this report is the determination of the minimum required employer contributions for Fiscal Year 2020-21**. In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2018.

Section 2 can be found on the CalPERS website (www.calpers.ca.gov). From the home page, go to *"Forms & Publications"* and select *"View All"*. In the search box, enter *"Risk Pool"* and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2018 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 1, 2019.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution rates as needed. This valuation is based on an investment return assumption of 7.0% which was adopted by the board in December 2016. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

Required Contribution

The exhibit below displays the minimum employer contributions, before any cost sharing, for Fiscal Year 2020-21 along with estimates of the required contributions for Fiscal Year 2021-22. Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees**.

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Employee Rate
2020-21	7.732%	$6,138	6.750%
Projected Results			
2021-22	*7.7%*	*$6,300*	*TBD*

The actual investment return for Fiscal Year 2018-19 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 7.00 percent. ***If the actual investment return for Fiscal Year 2018-19 differs from 7.00 percent, the actual contribution requirements for the projected years will differ from those shown above.*** For additional details regarding the assumptions and methods used for these projections please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through fiscal year 2025-26.

Changes from Previous Year's Valuation

CalPERS continues to strive to provide comprehensive risk assessments regarding plan funding and sustainability consistent with the Board of Administration's pension and investment beliefs. Your report this year includes new metrics on plan maturity in recognition of the fact that most pension plans at CalPERS are maturing as anticipated. As plans mature, they become more sensitive to risks than plans that are less mature. The "Risk Analysis" section of your report will help you understand how your plan is affected by investment return volatility and other economic assumptions. We have included plan sensitivity analysis with respect to longevity and inflation to further that discussion and encourage you to review our most recent Annual Review of Funding Levels and Risks report on our website that takes a holistic view of the system.

Upcoming Change for June 30, 2019 Valuations

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Statement of Actuarial Data, Methods and Assumptions" of the Section 2 report.

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 1 2019 to contact us with actuarial questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (**888-225-7377**).

Sincerely,

SCOTT TERANDO
Chief Actuary

CalPERS

Actuarial Valuation as of June 30, 2018

for the PEPRA Miscellaneous Plan of the Municipal Water District of Orange County

(CalPERS ID: 6497938438)

Required Contributions for Fiscal Year July 1, 2020 - June 30, 2021

Table of Contents

Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information for the PEPRA Miscellaneous Plan of the Municipal Water District of Orange County

(CalPERS ID: 6497938438)
(Valuation Rate Plan ID: 26684)

Table of Contents

Actuarial Certification

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2018 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2018 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuaries have certified that, in their opinion, the valuation of the risk pool containing your PEPRA Miscellaneous Plan has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that Unfunded Accrued Liability amortization bases as of June 30, 2018 and employer contribution as of July 1, 2020, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

KERRY J. WORGAN, MAAA, FSA, FCIA
Supervising Pension Actuary, CalPERS
Plan Actuary

Highlights and Executive Summary

- **Introduction**
- **Purpose of Section 1**
- **Required Employer Contributions**
- **Plan's Funded Status**
- **Projected Employer Contributions**
- **Changes Since the Prior Year's Valuation**
- **Subsequent Events**

Introduction

This report presents the results of the June 30, 2018 actuarial valuation of the PEPRA Miscellaneous Plan of the Municipal Water District of Orange County of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for Fiscal Year 2020-21.

Purpose of Section 1

This Section 1 report for the PEPRA Miscellaneous Plan of the Municipal Water District of Orange County of the California Public Employees' Retirement System (CalPERS) was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2018;
- Determine the minimum required employer contribution for this plan for the fiscal year July 1, 2020 through June 30, 2021; and
- Provide actuarial information as of June 30, 2018 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law.

California Actuarial Advisory Panel Recommendations

This report includes all the basic disclosure elements as described in the *Model Disclosure Elements for Actuarial Valuation Reports* recommended in 2011 by the California Actuarial Advisory Panel (CAAP), with the exception of including the original base amounts of the various components of the unfunded liability in the Schedule of Amortization Bases shown on page 10.

Additionally, this report includes the following "Enhanced Risk Disclosures" also recommended by the CAAP in the Model Disclosure Elements document and consistent with the recommendations of Actuarial Standard of Practice No. 51:

- A "Scenario Test," projecting future results under different investment income scenarios.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 6.0 percent and 8.0 percent.
- A "Sensitivity Analysis," showing the impact on current valuation results using a 1.0 percent plus or minus change in the inflation rate.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming post-retirement rates of mortality are 10 percent lower or 10 percent higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.
- Plan maturity measures which indicate how sensitive a plan may be to the risks noted above.

Required Employer Contributions

Required Employer Contributions		**Fiscal Year 2020-21**
Employer Normal Cost Rate		**7.732%**
Plus, Either		
1) Monthly Employer Dollar UAL Payment	**$**	**511.50**
Or		
2) Annual UAL Prepayment Option*	**$**	**5,934**

*The total minimum required employer contribution is the **sum** of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) **plus** the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).*

** Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**. Any prepayment totaling over $5 million requires a 72-hour notice email to FCSD_public_agency_wires@calpers.ca.gov. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.*

In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.

	Fiscal Year 2019-20	Fiscal Year 2020-21
Development of Normal Cost as a Percentage of Payroll[1]		
Base Total Normal Cost for Formula	13.735%	14.482%
Surcharge for Class 1 Benefits[2]		
None	0.000%	0.000%
Phase out of Normal Cost Difference[3]	0.000%	0.000%
Plan's Total Normal Cost	13.735%	14.482%
Plan's Employee Contribution Rate[4]	6.750%	6.750%
Employer Normal Cost Rate	6.985%	7.732%
Projected Payroll for the Contribution Fiscal Year	$ 962,275	$ 1,019,846
Estimated Employer Contributions Based on Projected Payroll		
Plan's Estimated Employer Normal Cost	$ 67,215	$ 78,855
Plan's Payment on Amortization Bases[5]	2,438	6,138
% of Projected Payroll (illustrative only)	0.253%	0.602%
Estimated Total Employer Contribution	$ 69,653	$ 84,993
% of Projected Payroll (illustrative only)	7.238%	8.334%

[1] The results shown for Fiscal Year 2019-20 reflect the prior year valuation and may not take into account any lump sum payment, side fund payoff, or rate adjustment made after April 30, 2018.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[3] The normal cost difference is phased out over a five-year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

[4] For detail regarding the determination of the required PEPRA employee contribution rate see Section on PEPRA Member Contribution Rates.

[5] See page 10 for a breakdown of the Amortization Bases.

Plan's Funded Status

		June 30, 2017		June 30, 2018
1. Present Value of Projected Benefits (PVB)	$	1,523,715	$	1,804,375
2. Entry Age Normal Accrued Liability (AL)		345,872		515,011
3. Plan's Market Value of Assets (MVA)		327,242		471,223
4. Unfunded Accrued Liability (UAL) [(2) - (3)]		18,630		43,788
5. Funded Ratio [(3) / (2)]		94.6%		91.5%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows projected employer contributions (before cost sharing) for the next six fiscal years. Projected results reflect the adopted changes to the discount rate described in Appendix A, "Statement of Actuarial Data, Methods and Assumptions" of the Section 2 report. The projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period.

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2018-19)				
Fiscal Year	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Normal Cost %	7.732%	7.7%	7.7%	7.7%	7.7%	7.7%
UAL Payment	$6,138	$6,300	$6,500	$6,700	$6,800	$7,000

Changes in the UAL due to actuarial gains or losses as well as changes in actuarial assumptions or methods are amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A of Section 2. This method phases in the impact of unanticipated changes in UAL over a 5-year period and attempts to minimize employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years where there is a large increase in UAL the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section.

Changes Since the Prior Year's Valuation

Benefits

None. This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of Section 2 for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

In December of 2016 the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuation. The minimum employer contributions for Fiscal Year 2020-21 determined in this valuation were calculated using a discount rate of 7.00 percent, payroll growth of 2.75 percent and an inflation rate of 2.50 percent. The projected employer contributions on Page 5 are calculated under the assumption that the discount rate remains at 7.00 percent going forward and that furthermore the realized rate of return on assets for Fiscal Year 2018-19 is 7.00 percent.

The decision to reduce the discount rate was primarily based on reduced capital market assumptions provided by external investment consultants and CalPERS investment staff. The specific decision adopted by the Board reflected recommendations from CalPERS staff and additional input from employer and employee stakeholder groups. Based on the investment allocation adopted by the Board and capital market assumptions, the reduced discount rate assumption provides a more realistic assumption for the long-term investment return of the fund.

CalPERS has implemented a new actuarial valuation software system for the June 30, 2018 valuation. With this new system we have refined and improved some of our calculation methodology. Any difference in liability between the old software and new software calculations is captured as a method change line item.

Subsequent Events

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

For inactive employers the new amortization policy imposes a maximum amortization period of 15 years for all unfunded accrued liabilities effective June 30, 2018. Furthermore, the plan actuary has the ability to shorten the amortization period on any valuation date based on the life expectancy of plan members and projected cash flow needs to the plan. The impact of this has been reflected in the current valuation results.

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2018, and may reflect additional discretionary payments made by the employer through April 30, 2019. Changes in the value of assets subsequent to that date are not reflected. Investment returns below the assumed rate of return will increase the required contribution, while investment returns above the assumed rate of return will decrease the required contribution.

This actuarial valuation report reflects statutory changes, regulatory changes and CalPERS Board actions through January 2019. Any subsequent changes or actions are not reflected.

Assets and Liabilities

- **Breakdown of Entry Age Normal Accrued Liability**
- **Allocation of Plan's Share of Pool's Experience/Assumption Change**
- **Development of Plan's Share of Pool's Market Value of Assets**
- **Schedule of Plan's Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Employer Contribution History**
- **Funding History**

Breakdown of Entry Age Normal Accrued Liability

Active Members	$	464,818
Transferred Members		46,817
Terminated Members		3,376
Members and Beneficiaries Receiving Payments		0
Total	$	515,011

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$	515,011
2.	Projected UAL balance at 6/30/18		29,426
3.	Pool's Accrued Liability[1]		17,424,237,070
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/18[1]		3,777,499,883
5.	Pool's 2017/18 Investment & Asset (Gain)/Loss[1]		(135,628,188)
6.	Pool's 2017/18 Other (Gain)/Loss[1]		66,272,613
7.	Plan's Share of Pool's Asset (Gain)/Loss: [(1) - (2)] ÷ [(3) - (4)] × (5)		(4,826)
8.	Plan's Share of Pool's Other (Gain)/Loss: (1) ÷ (3) × (6)		1,959
9.	Plan's New (Gain)/Loss as of 6/30/2018: (7) + (8)		(2,867)
10.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]		453,914,155
11.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (3) × (10)		13,416
12.	Increase in Pool's Accrued Liability due to Change in Method[1]		128,995,852
13.	Plan's Share of Pool's Change in Method: (1) ÷ (3) × (12)		3,813

[1] Does not include plans that transferred to Pool on the valuation date.

Development of the Plan's Share of Pool's Market Value of Assets

14.	Plan's UAL: (2) + (9) + (11) + (13)	$	43,788
15.	Plan's Share of Pool's MVA: (1) - (14)	$	**471,223**

Schedule of Plan's Amortization Bases

On the next page is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2018.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: Fiscal Year 2020-21.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Schedule of Plan's Amortization Bases

									Amounts for Fiscal 2020-21	
Reason for Base	**Date Established**	**Ramp Up/Down 2020-21**	**Escalation Rate**	**Amortization Period**	**Balance 6/30/18**	**Payment 2018-19**	**Balance 6/30/19**	**Payment 2019-20**	**Balance 6/30/20**	**Scheduled Payment for 2020-21**
FRESH START	06/30/18	No Ramp	2.750%	15	$43,788	$(11,678)	$58,933	$(4,829)	$68,054	$6,138
TOTAL					**$43,788**	**$(11,678)**	**$58,933**	**$(4,829)**	**$68,054**	**$6,138**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in "Allocation of Plan's Share of Pool's Experience/Assumption Change" earlier in this section. These (gain)/loss bases will be amortized according to Board policy over 30 years with a 5-year ramp-up.

If the total Unfunded Liability is negative (i.e., plan has a surplus), the scheduled payment is $0, because the minimum required contribution under PEPRA must be at least equal to the normal cost.

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. As a result, we have provided alternate amortization schedules to help analyze the current amortization schedule and illustrate the advantages of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on: 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternate "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. Note that the payments under each alternate scenario increase by 2.75 percent for each year into the future, except for inactive plans.

The Current Amortization Schedule typically contains individual bases that are both positive and negative. Positive bases result from plan changes, assumption changes or plan experience that result in increases to unfunded liability. Negative bases result from plan changes, assumption changes or plan experience that result in decreases to unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years such as:

- A positive total unfunded liability with a negative total payment,
- A negative total unfunded liability with a positive total payment, or
- Total payments that completely amortize the unfunded liability over a very short period of time

In any year where one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives

	Current Amortization Schedule		Alternate Schedules: 10 Year Amortization		Alternate Schedules: 5 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2020	68,053	6,138	68,053	8,391	68,053	15,243
6/30/2021	66,468	6,307	64,138	8,622	57,050	15,662
6/30/2022	64,597	6,480	59,709	8,859	44,843	16,093
6/30/2023	62,416	6,658	54,725	9,102	31,335	16,535
6/30/2024	59,897	6,842	49,140	9,353	16,425	16,990
6/30/2025	57,013	7,030	42,905	9,610		
6/30/2026	53,732	7,223	35,968	9,874		
6/30/2027	50,022	7,422	28,272	10,146		
6/30/2028	45,847	7,626	19,756	10,425		
6/30/2029	41,168	7,835	10,355	10,711		
6/30/2030	35,944	8,051				
6/30/2031	30,133	8,272				
6/30/2032	23,685	8,500				
6/30/2033	16,551	8,734				
6/30/2034	8,675	8,974				
6/30/2035						
6/30/2036						
6/30/2037						
6/30/2038						
6/30/2039						
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Totals		**112,091**		**95,093**		**80,522**
Interest Paid		**44,037**		**27,040**		**12,469**
Estimated Savings				**16,998**		**31,569**

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)
2016 - 17	6.555%	$149
2017 - 18	6.533%	$230
2018 - 19	6.842%	$2,172
2019 - 20	6.985%	$2,438
2020 - 21	7.732%	$6,138

Funding History

The funding history below shows the plan's actuarial accrued liability, share of the pool's market value of assets, share of the pool's unfunded liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2014	$ 32,950	$ 34,415	$ (1,465)	104.5%	$ 219,432
06/30/2015	95,833	91,620	4,213	95.6%	447,122
06/30/2016	204,458	183,981	20,477	90.0%	601,671
06/30/2017	345,872	327,242	18,630	94.6%	883,832
06/30/2018	515,011	471,223	43,788	91.5%	940,133

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Inflation Rate Sensitivity**
- **Maturity Measures**
- **Hypothetical Termination Liability**

Future Investment Return Scenarios

Analysis was performed to determine the effects of various future investment returns on required employer contributions. The projections below provide a range of results based on five investment return scenarios assumed to occur during the next four fiscal years (2018-19, 2019-20, 2020-21 and 2021-22). The projections also assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

For fiscal years 2018-19, 2019-20, 2020-21, and 2021-22, each scenario assumes an alternate fixed annual return. The fixed return assumptions for the five scenarios are 1.0 percent, 4.0 percent, 7.0 percent, 9.0 percent and 12.0 percent.

These alternate investment returns were chosen based on stochastic analysis of possible future investment returns over the four-year period ending June 30, 2022. Using the expected returns and volatility of the asset classes in which the funds are invested, we produced five thousand stochastic outcomes for this period based on the most recently completed Asset Liability Management process. We then selected annual returns that approximate the 5^{th}, 25^{th}, 50^{th}, 75^{th}, and 95^{th} percentiles for these outcomes. For example, of all the 4-year outcomes generated in the stochastic analysis, approximately 25 percent of them had an average annual return of 4.0 percent or less.

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.0 percent or greater than 12.0 percent over this four-year period, the possibility of a single investment return less than 1.0 percent or greater than 12.0 percent in any given year is much greater.

Assumed Annual Return From 2018-19 through 2021-22	**Projected Employer Contributions**			
	2021-22	**2022-23**	**2023-24**	**2024-25**
1.0%				
Normal Cost	7.7%	7.7%	7.7%	7.7%
UAL Contribution	$7,000	$8,600	$11,000	$14,000
4.0%				
Normal Cost	7.7%	7.7%	7.7%	7.7%
UAL Contribution	$6,700	$7,600	$8,800	$11,000
7.0%				
Normal Cost	7.7%	7.7%	7.7%	7.7%
UAL Contribution	$6,300	$6,500	$6,700	$6,800
9.0%				
Normal Cost	7.9%	7.3%	7.5%	7.7%
UAL Contribution	$6,200	$6,000	$5,700	$5,300
12.0%				
Normal Cost	7.9%	7.3%	7.5%	7.7%
UAL Contribution	$5,800	$4,900	$0	$0

In addition, the projections above reflect the recent changes to the new amortization policy effective with the June 30, 2019 valuation. The projections above incorporate the impact of the CalPERS risk mitigation policy which reduces the discount rate when investment returns are above specified trigger points.

Discount Rate Sensitivity

Shown below are various valuation results as of June 30, 2018 assuming alternate discount rates. Results are shown using the current discount rate of 7.0 percent as well as alternate discount rates of 6.0 percent and 8.0 percent. The rates of 6.0 percent and 8.0 percent were selected since they illustrate the impact of a 1 percent increase or decrease to the 7.0 percent assumption. This analysis shows the potential plan impacts if the PERF were to realize investment returns of 6.0 percent or 8.0 percent over the long-term.

This type of analysis gives the reader a sense of the long-term risk to required contributions. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" at the end of this section.

Sensitivity Analysis				
As of June 30, 2018	**Plan's Total Normal Cost**	**Accrued Liability**	**Unfunded Accrued Liability**	**Funded Status**
7.0% (current discount rate)	14.482%	$515,011	$43,788	91.5%
6.0%	17.929%	$615,581	$144,358	76.5%
8.0%	11.838%	$434,959	$(36,264)	108.3%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2018 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10 percent lower or 10 percent higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2018	**Current Mortality**	**10% Lower Mortality Rates**	**10% Higher Mortality Rates**
a) Accrued Liability	$515,011	$527,376	$503,626
b) Market Value of Assets	$471,223	$471,223	$471,223
c) Unfunded Liability (Surplus) [(a)-(b)]	$43,788	$56,153	$32,403
d) Funded Status	91.5%	89.4%	93.6%

A 10 percent increase (decrease) in assumed mortality rates over the long-term would result in approximately a 2.1 percent increase (decrease) to the funded ratio.

Inflation Rate Sensitivity

The following analysis looks at the change in the June 30, 2018 plan costs and funded ratio under two different inflation rate scenarios, namely assuming the liability inflation rate is 1 percent lower or 1 percent higher than the current valuation inflation rate assumption of 2.50%, while holding the discount rate fixed at 7.0%. This type of analysis highlights the impact on the plan of increased or decreased inflation of active salaries and retiree COLAs over the long-term.

As of June 30, 2018	Current Inflation Rate	-1% Inflation Rate	+1% Inflation Rate
a) Accrued Liability	$515,011	$460,612	$563,244
b) Market Value of Assets	$471,223	$471,223	$471,223
c) Unfunded Liability (Surplus) [(a)-(b)]	$43,788	$(10,611)	$92,021
d) Funded Status	91.5%	102.3%	83.7%

A decrease of 1 percent in the liability inflation rate (2.50 percent to 1.50 percent) reduces the Accrued Liability by 10.6 percent. However, a 1 percent increase in the liability inflation rate (2.50 percent to 3.50 percent) increases the Accrued Liability by 9.4 percent.

Maturity Measures

As pension plans mature they become much more sensitive to risks than plans that are less mature. Understanding plan maturity and how it affects the ability of a pension plan to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio starts increasing. A mature plan will often have a ratio above 0.60 to 0.65. For both CalPERS and other retirement systems in the United States, these ratios have been steadily increasing in recent years.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2017	June 30, 2018
1. Retired Accrued Liability	0	0
2. Total Accrued Liability	345,872	515,011
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.00	0.00

Another way to look at the maturity level of CalPERS and its plans is to look at the ratio of actives to retirees. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio starts declining. A mature plan will often have a ratio near or below one. The average support ratio for CalPERS public agency plans is 1.25.

Support Ratio	June 30, 2017	June 30, 2018
1. Number of Actives	12	13
2. Number of Retirees	0	0
3. Support Ratio [(1) / (2)]	N/A	N/A

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Contribution Volatility	**June 30, 2017**	**June 30, 2018**
1. Market Value of Assets	$ 327,242	$ 471,223
2. Payroll	883,832	940,133
3. Asset Volatility Ratio (AVR) [(1) / (2)]	0.4	0.5
4. Accrued Liability	$ 345,872	$ 515,011
5. Liability Volatility Ratio (LVR) [(4) / (2)]	0.4	0.5
6. Accrued Liability (7.00% discount rate)	357,556	515,011
7. Projected Liability Volatility Ratio [(6) / (2)]	0.4	0.5

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2018. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while funding risk is limited. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 2-year period centered around the valuation date.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] @ 2.50%	Funded Status	Unfunded Termination Liability @ 2.50%	Hypothetical Termination Liability[1,2] @ 3.25%	Funded Status	Unfunded Termination Liability @ 3.25%
$471,223	$904,250	52.1%	$433,027	$795,447	59.2%	$324,224

[1] The hypothetical liabilities calculated above include a 5 percent mortality contingency load in accordance with Board policy. Other actuarial assumptions can be found in Appendix A of the Section 2 report.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.91 percent on June 30, 2018, and was 2.83 percent on January 31, 2019.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2017	June 30, 2018
Reported Payroll	$ 883,832	$ 940,133
Projected Payroll for Contribution Purposes	$ 962,275	$ 1,019,846
Number of Members		
Active	12	13
Transferred	2	4
Separated	1	2
Retired	0	0

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in the following section of this Appendix.

	Benefit Group	
Member Category	Misc	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	6.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	Level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

PEPRA Member Contribution Rates

The table below shows the determination of the PEPRA Member contribution rates based on 50 percent of the Total Normal Cost for each respective plan on June 30, 2018. Assembly Bill (AB) 340 created PEPRA that implemented new benefit formulas and a final compensation period as well as new contribution requirements for new employees. In accordance with Section Code 7522.30(b), "new members … shall have an initial contribution rate of at least 50 percent of the normal cost rate." The normal cost for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the plan particularly the entry age into the plan. Should the total normal cost of the plan change by one percent or more from the base total normal cost established for the plan, the new member rate shall be 50 percent of the new normal cost rounded to the nearest quarter percent.

		Basis for Current Rate		Rates Effective July 1, 2020			
Rate Plan Identifier	**Benefit Group Name**	**Total Normal Cost**	**Member Rate**	**Total Normal Cost**	**Change**	**Change Needed**	**Member Rate**
26684	Miscellaneous PEPRA Level	13.735%	6.750%	14.482%	0.747%	No	6.750%

Section 2

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Section 2 may be found on the CalPERS website (www.calpers.ca.gov) in the Forms and Publications section

Item 12a

Administration Activities Report
September 5, 2019 to October 3, 2019

Activity	Summary
Administration/Board	Staff worked on the following: • Scheduled meetings for Rob Hunter, Karl Seckel and other various meetings of the Board members. • Assisted Rob/Karl with various write-ups and follow-up for the Committees and Board. • Continue to send the Water Supply Reports to the member agencies. • Processed and reviewed agreements for appropriate Board approval and insurance requirements. • Review Insurance documents for all District Agreements. • Continue review of Administrative Code for requirements and potential changes; consulted with Legal Counsel. • Received confirmation that the District will be awarded the Transparency of Excellence and District of Distinction awards through CSDA's Special District Leadership. Foundation; will announce to Board when received and will make arrangements for presentation at Board meeting. • Responded to one Public Records Act Requests. • Continued review of Laserfiche filing system improvements. • Coordinated logistics for Delta Stewardship Council meeting. • Registration and travel arrangements for Government Affairs Travel, D.C. Trips, October CED Meeting, AWWA No. American Water Loss Conf., CESA Conference, ACWA DC 2020, AMWA Water Policy Conference, ACWA 2020 Legislative Symposium, CRWUA Conference, 2020 CSMFO Conference, PRSA Conference, GFOA Seminar • Assisted Engineering with contract processing. • Assisted with formatting the America's Water Infrastructure Act document for WEROC. • Scheduled several conference calls. • Reformatted the Administrative Code document and Personnel Manual. • Cross Training of Administrative Staff. • Developed Executive Assistant desk manual. • Assisted staff with processing of Agreements. • Coordination of visit to Golden State Water Company. • Assisted Engineering with contract processing.
Records Management	• Review and reorganization of electronic documents in Laserfiche continues. • Four new staff members have been trained on Records Management policies.

Administration Activities Report
September 5, 2019 to October 3, 2019

	• Staff met with a rep from Corodata and toured their facility in Corona. References from current customers of Corodata are very positive and their costs are significantly lower. Staff will be evaluating the cost savings and present this information to the Board in the upcoming months.
Recruitment /Departures	• Kevin Kelly, Water Loss Control Supervisor, departed on 9/25. • Recruitment for Water Loss Control Supervisor, and Intern (Leak Detection Assistant) positions are currently underway. • The recruitment for Sr. Engineer position is currently being re-evaluated. • The recruitment process to fill the Director of Emergency Management is continuing and interviews are being held. • Water Use Efficiency is in the process of hiring 2 new interns to fill 1 current vacancy as well as an upcoming departure. • Jonathan Meier, Water Use Efficiency Intern will be leaving his assignments on October 14th.
Other	
Projects and Activities	• Coordination efforts continue with IDS Consultants, and Engineering, regarding building improvements and seismic retrofits. Plans were submitted to the City of Fountain Valley for permitting on September 30th. • Electrical upgrades to the building are near completion and preparation for installation of a new IT Server Air Conditioning unit is underway. • Personnel Manual updates will be returned for consideration in October. • Staff is working with The Municipal Resource Group (MRG) to review and provide input on the District's current Performance Management process. MRG is currently preparing a schedule and a proposal to implement the communication and coaching classes for all staff and management. • All Staff meeting was held on October 2, 2019. • Staff participated in interviews for interns and Director of Emergency Services. • Staff participated in OCWD Safety Meeting.
Health Benefits	• Open enrollment information will be provided during the month of October for all participants. • Flexible spending account information is not anticipated to be available until late November or early December. • The Health Fair and flu shots are scheduled for October 10th.

	• Early detection screening is available from Longevity for heart disease, cancer and stroke prevention. Appointments are available for October 24th. See HR for details

Item No. 12b

INFORMATION ITEM
October 9, 2019

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

FROM: Robert J. Hunter, General Manager   Staff Contact: Jeff Stalvey

SUBJECT: **Finance and IT Pending Items Report**

SUMMARY

The following list details the status of special projects that are in-progress or to be completed during FY 2019-20.

Description	% of Completion	Estimated Completion date	Status
Finance			
Further Implementation of WUE Landscape Programs Databases and Web Site.	On-going	On-going	In Progress
2019 W-9 collection for water rebates. Currently holding 0 rebate checks awaiting W-9 form.	On-going	On-going	In Progress
Year End procedures; Prepare Annual Financials and Final Audit week of 09-16-19.	**50%**	09-20-19	In Progress
Government Compensation in California Report 2019	**0%**	03-30-20	Not Started
State Controller Report preparation FY18-19	**0%**	11-30-19	Not Started
State Tax filing for Water Facilities FY18-19	**100%**	11-30-19	Completed
Preparation of documents for FY20-21 budget process.	**0%**	04-30-20	Not Started

Description	% of Completion	Estimated Completion date	Status
Information Technology			
Network security issues (hackers, viruses and spam emails)	On-going	On-going	Continuous system monitoring
Purchase and upgrade Conference room 101 with Interactive board, sound system and microphones.	**0%**	06-30-20	Not Started
Upgrade WUE Web Server (Software upgrade)	**10%**	06-30-20	In Progress
Upgrade software for Data Server	**10%**	06-30-20	In Progress
Upgrade 5 computers and monitors for Staff	**50%**	12-31-19	In Progress
Disposal of non-functional and obsolete electronic equipment	**0%**	03-31-20	Not Started
Replace network color printer and 2 Department printers	**0%**	03-31-20	Not Started
Upgrade Network Attached Storage device for Backups	**50%**	12-31-19	In Progress

Description	% of Completion	Estimated Completion date	Status
FY 2019-20 Completed Special Tasks Finance			
RFP for Actuarial Services sent out 06-03-19. We have been with Demsey Filliger for 5 years. Pending contract signatures.	**100%**	06-30-19	Completed
Prepare for Interim Audit the week of 07-08-19	**100%**	07-12-19	Completed
Information Technology			
Upgrade Wi-Fi Network equipment	**100%**	09-30-19	Completed

Item No. 13

INFORMATION ITEM
October 9, 2019

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

FROM: **Robert Hunter, General Manager** Staff Contact: Kevin Hostert

SUBJECT: **Monthly Water Usage Data and Water Supply Info.**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file this information.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

The attached figures show the recent trend of water consumption in Orange County (OC), an estimate of Imported Water Sales for MWDOC, and selected water supply information.

- <u>OC Water Usage, Monthly by Supply</u> ***OCWD Groundwater was the main supply in August.***
- <u>OC Water Usage, Monthly, Comparison to Previous Years</u> Water usage in ***August 2019 was above average compared to the last 5 years***. We are projecting a slight increase in overall water usage compared to FY 2018-19. It has been 30 months since all mandatory water restrictions were lifted by the California State Water Resources Control Board.
- <u>Historical OC Water Consumption</u> Orange County M & I water consumption is estimated to be ***526,000 AF in FY 2019-20*** *(this includes ~15 TAF of agricultural usage and non-retail water agency usage).* This is about ***10,000 AF more than FY 2018-19*** and is about ***14,000 AF less than FY 2017-18***. Water usage per person is projected to be slightly higher in ***FY 2018-19 for Orange County at 142 gallons per day*** (This includes recycled water). Although OC population has increased 20% over the past two decades, water usage has not increased, on average. A long-term decrease in per-capita water usage is attributed mostly to Water Use Efficiency

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

(water conservation) efforts. ***O.C. Water Usage for the last four Fiscal Years is the lowest since the 1982-83 Fiscal Year*** (FY 1982-83 was the third wettest year on record).

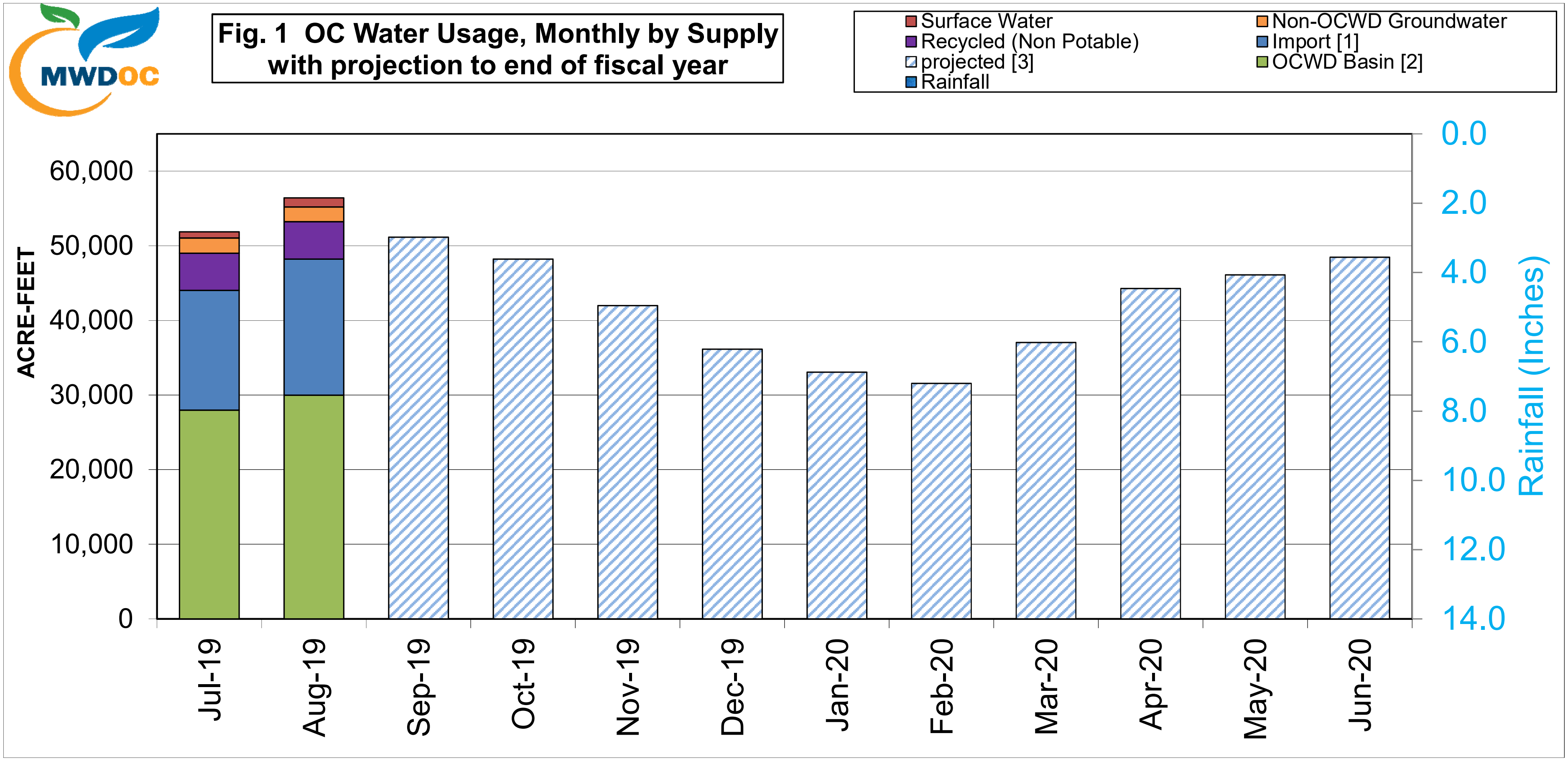
Water Supply Information Includes data on Rainfall in OC; the OCWD Basin overdraft; Northern California and Colorado River Basin hydrologic data; the State Water Project (SWP) Allocation, and regional storage volumes. The data have implications for the magnitude of supplies from the three watersheds that are the principal sources of water for OC. Note that a hydrologic year is Oct. 1st through Sept. 30th.

- Orange County's accumulated rainfall through ***late September*** was above average for this period. Water year to date rainfall in Orange County is ***20.47 inches***, which is ***159% of normal***.

- Northern California accumulated precipitation through ***late September*** was ***141% of normal for this period***. Water Year 2018 was 82% of normal while water year 2017 was 187% of normal. The ***Northern California snowpack*** was ***172% of normal*** as of April 1st. ***As of late September, 2.06%*** of California is experiencing ***moderate drought conditions*** while 10.27% of the state is experiencing abnormally dry conditions. The State Water Project Contractors Table A Allocation was increased to 75% in June 2019.

- Colorado River Basin accumulated precipitation through ***late September was 112% of normal*** for this period. The ***Upper Colorado Basin snowpack was 128% of normal*** as of April 15th***.*** ***Lake Mead and Lake Powell*** combined have about ***65% of their average storage volume*** for this time of year and are at ***46.9% of their total capacity***. If Lake Mead's ***level falls below a "trigger" limit 1,075 ft. at the end of a calendar year***, then a shortage will be declared by the US Bureau of Reclamation (USBR), impacting Colorado River water deliveries to the Lower Basin states. As of late August, Lake Mead levels were ***8.00' above the "trigger" limit***. The USBR predicts that the start of 2019 will not hit the "trigger" level but there is ***a 0% chance that the trigger level will be hit in 2020 and a 4% chance in 2021.***

Fig. 1 OC Water Usage, Monthly by Supply with projection to end of fiscal year



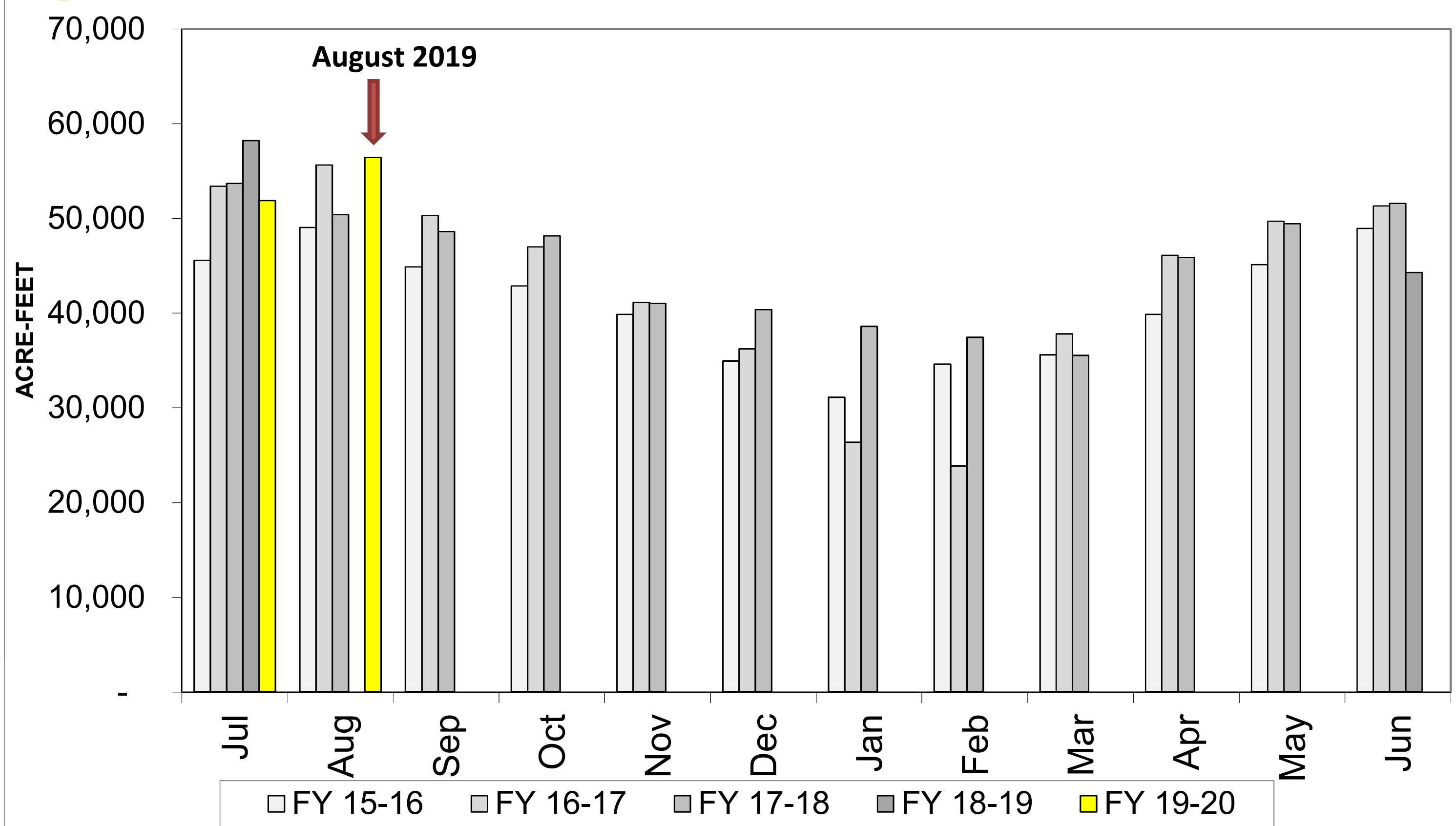
[1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water and deliveries into Irvine Lake.

[2] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '19-20 is 77%.

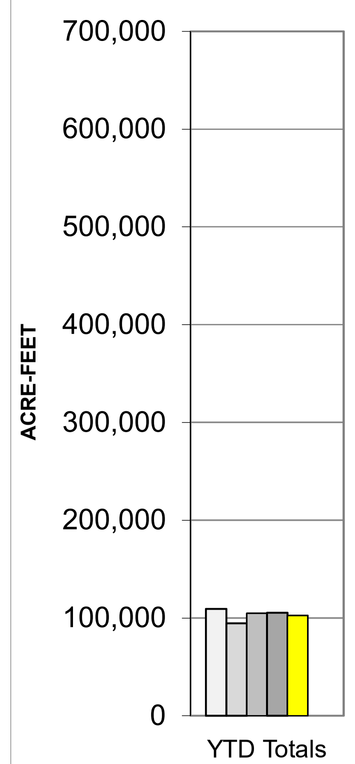
[3] MWDOC's estimate of monthly demand is based on the projected 5 Year historical retail water demand and historical monthly demand patterns.

[4] Total water usage includes IRWD groundwater agricultural use and usage by non-retail water agencies.

Fig. 2 OC Monthly Water Usage [1]: Comparison to Last 4 Fiscal Years



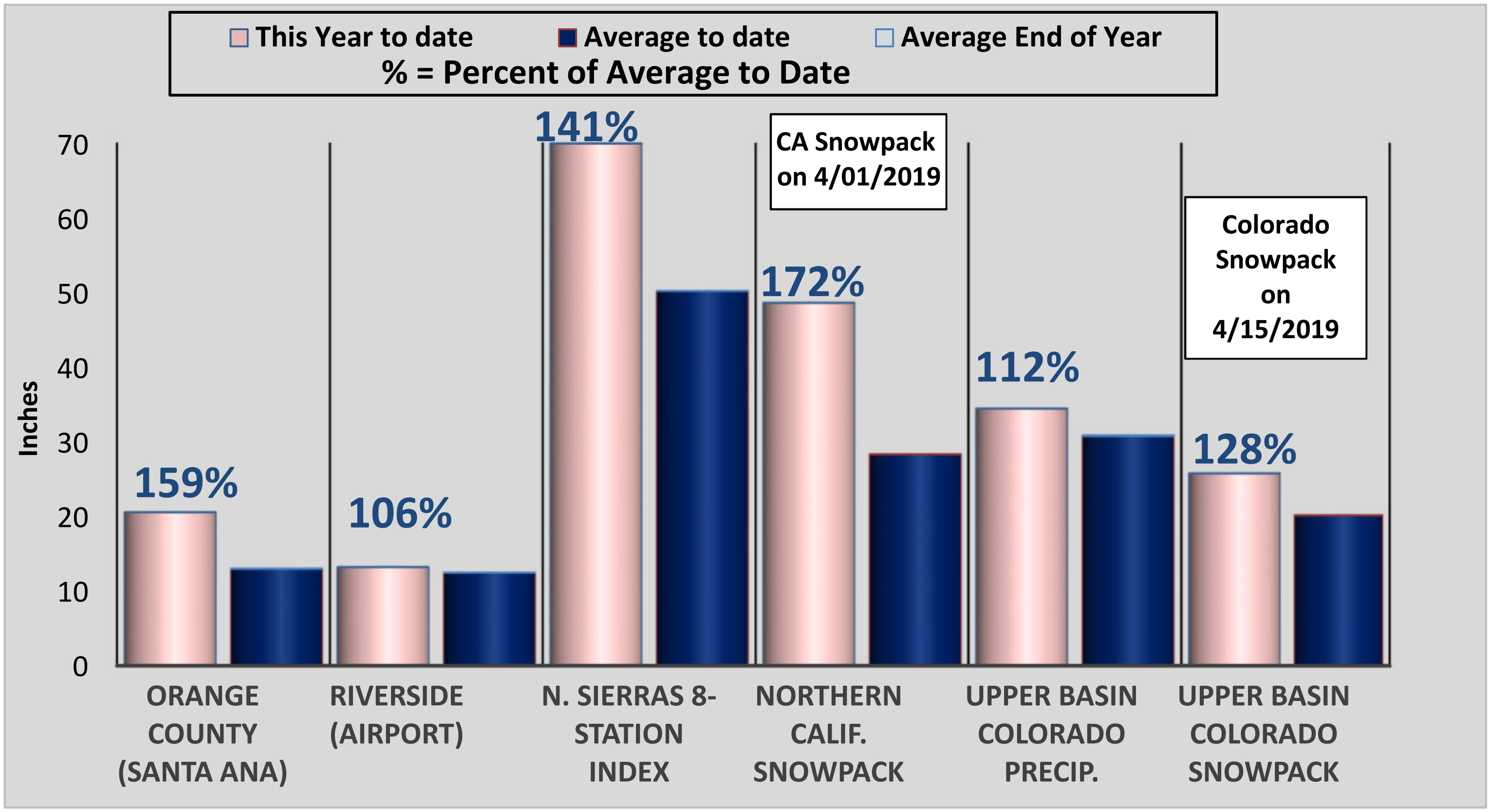
Partial Year Subtotals



[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment "and "Barrier Replenishment") and Local water for consumptive use (includes recycled and non-potable water and excludes GWRS production) Recent months numbers include some estimation.

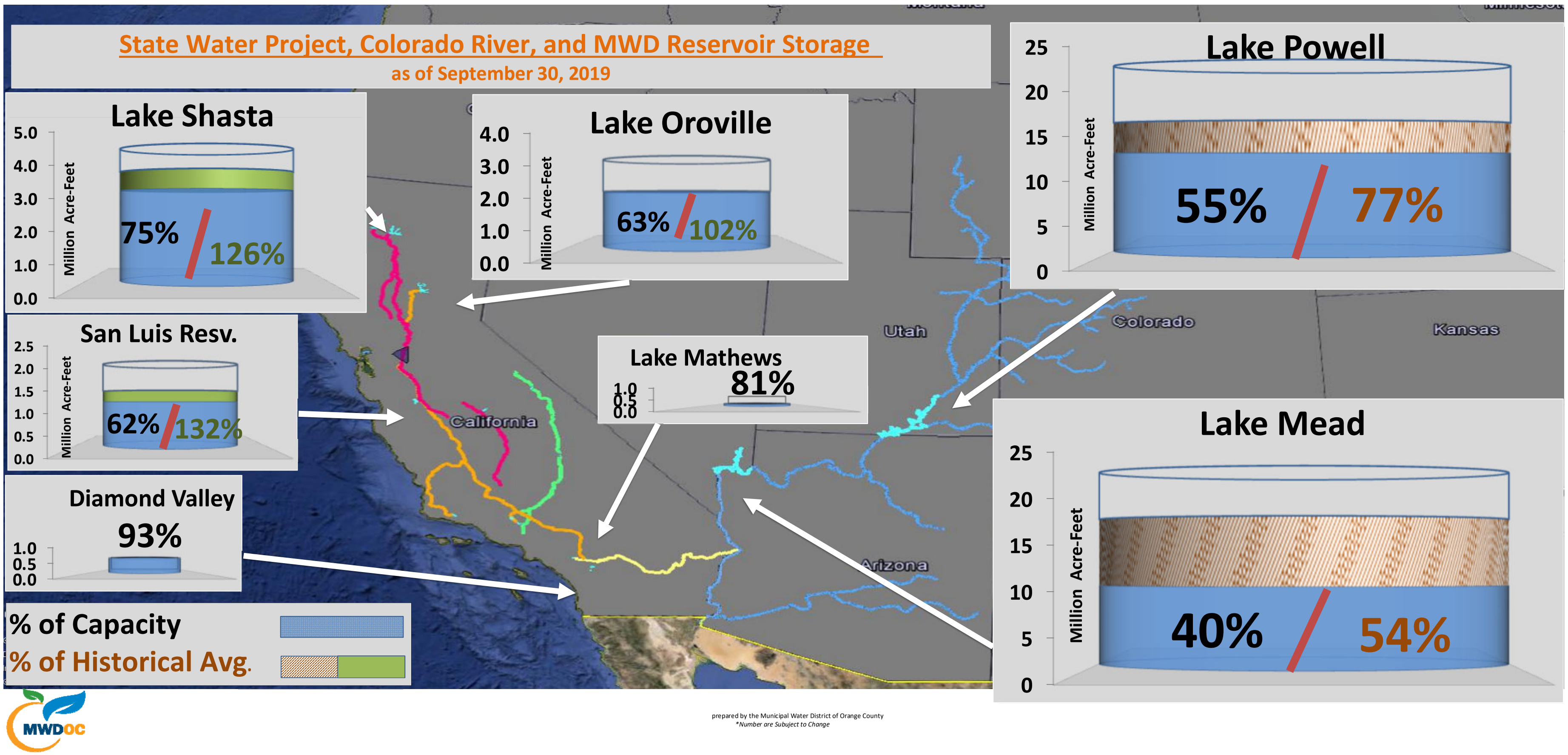
Accumulated Precipitation

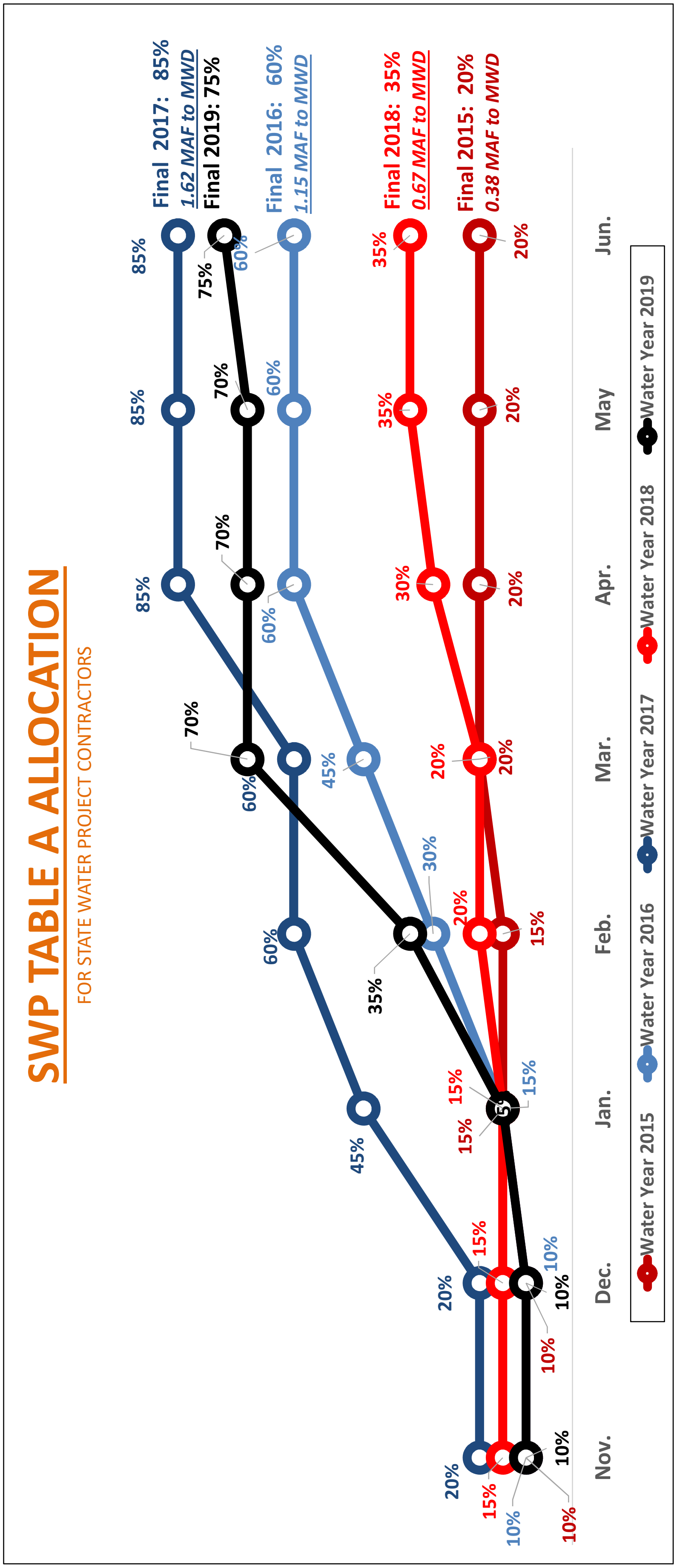
for the *Oct.-Sep.* water year, through Late September 2019



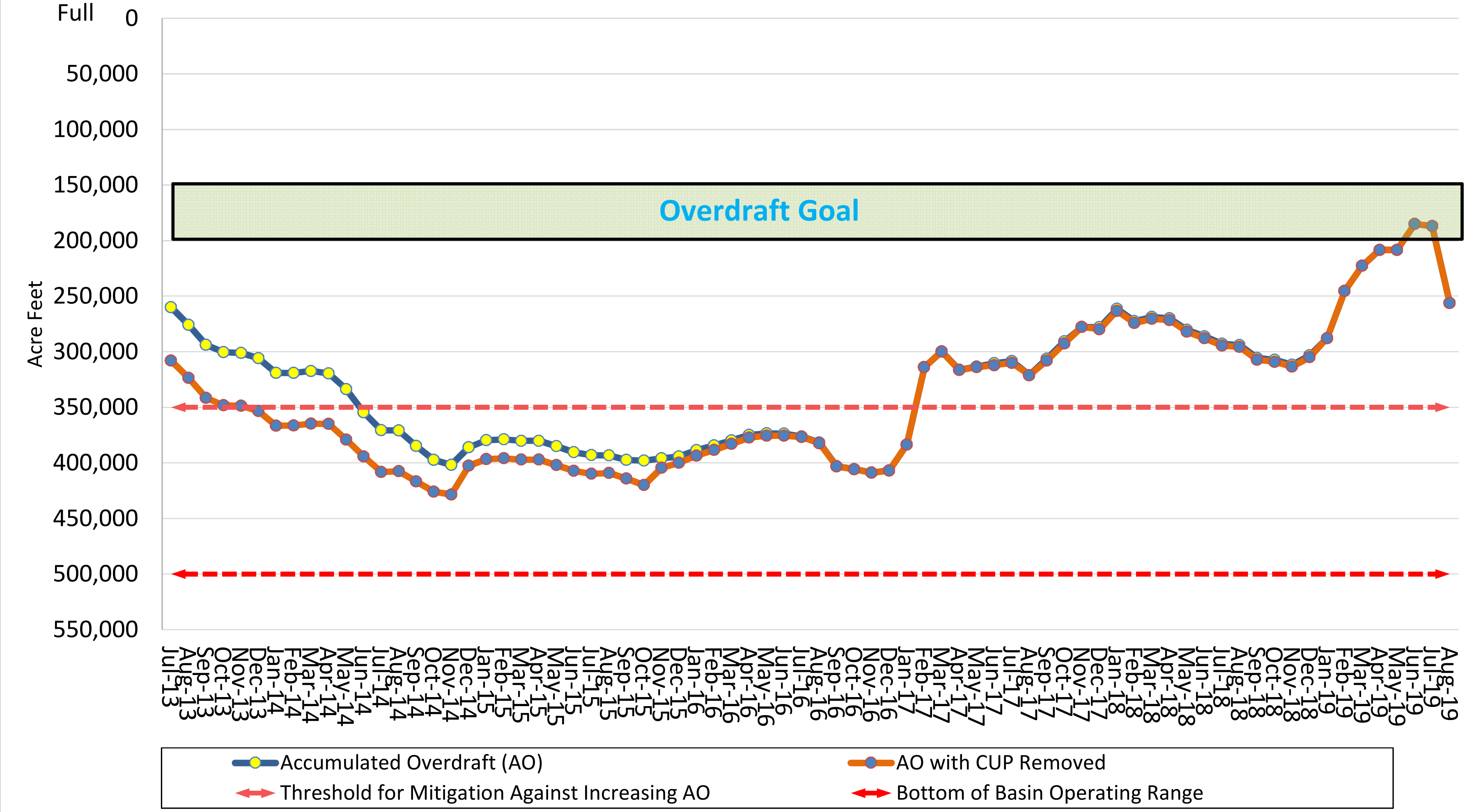
MWDOC

* The date of maximum snowpack accumulation (April 1st in Northern Calif. , April 15th in the Upper Colorado Basin) is used for year to year comparison.


State Water Project, Colorado River, and MWD Reservoir Storage
as of September 30, 2019
Lake Shasta
75%
126%
Lake Oroville
63%
102%
San Luis Resv.
62%
132%
Lake Mathews
81%
Diamond Valley
93%
Lake Powell
55%
77%
Lake Mead
40%
54%
Million Acre-Feet
Utah
Colorado
Kansas
California
Arizona
% of Capacity
% of Historical Avg.
prepared by the Municipal Water District of Orange County
*Number are Subjuect to Change
MWDOC


SWP TABLE A ALLOCATION
FOR STATE WATER PROJECT CONTRACTORS
Final 2017: 85%
1.62 MAF to MWD
Final 2019: 75%
Final 2016: 60%
1.15 MAF to MWD
Final 2018: 35%
0.67 MAF to MWD
Final 2015: 20%
0.38 MAF to MWD
Nov.
Dec.
Jan.
Feb.
Mar.
Apr.
May
Jun.
Water Year 2015
Water Year 2016
Water Year 2017
Water Year 2018
Water Year 2019

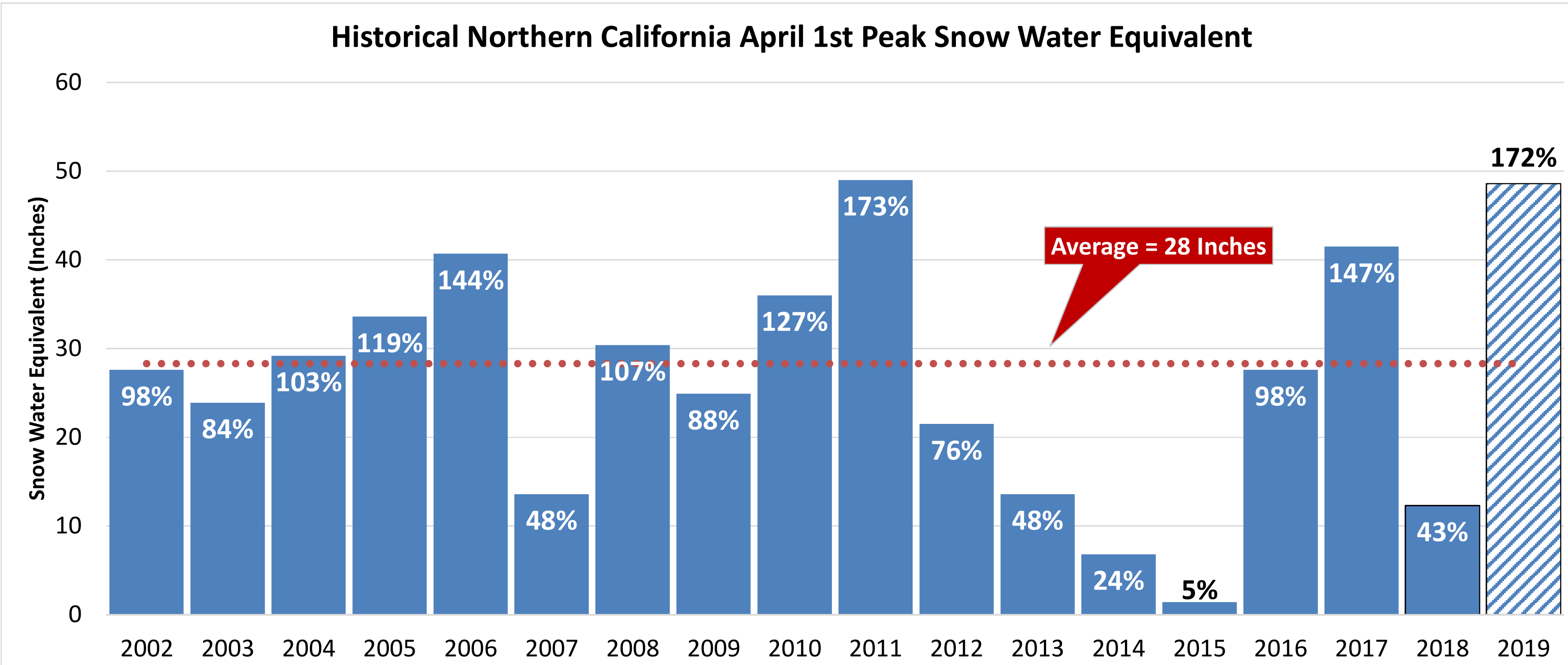
Accumulated Overdraft of the OCWD Groundwater Basin as of August 2019

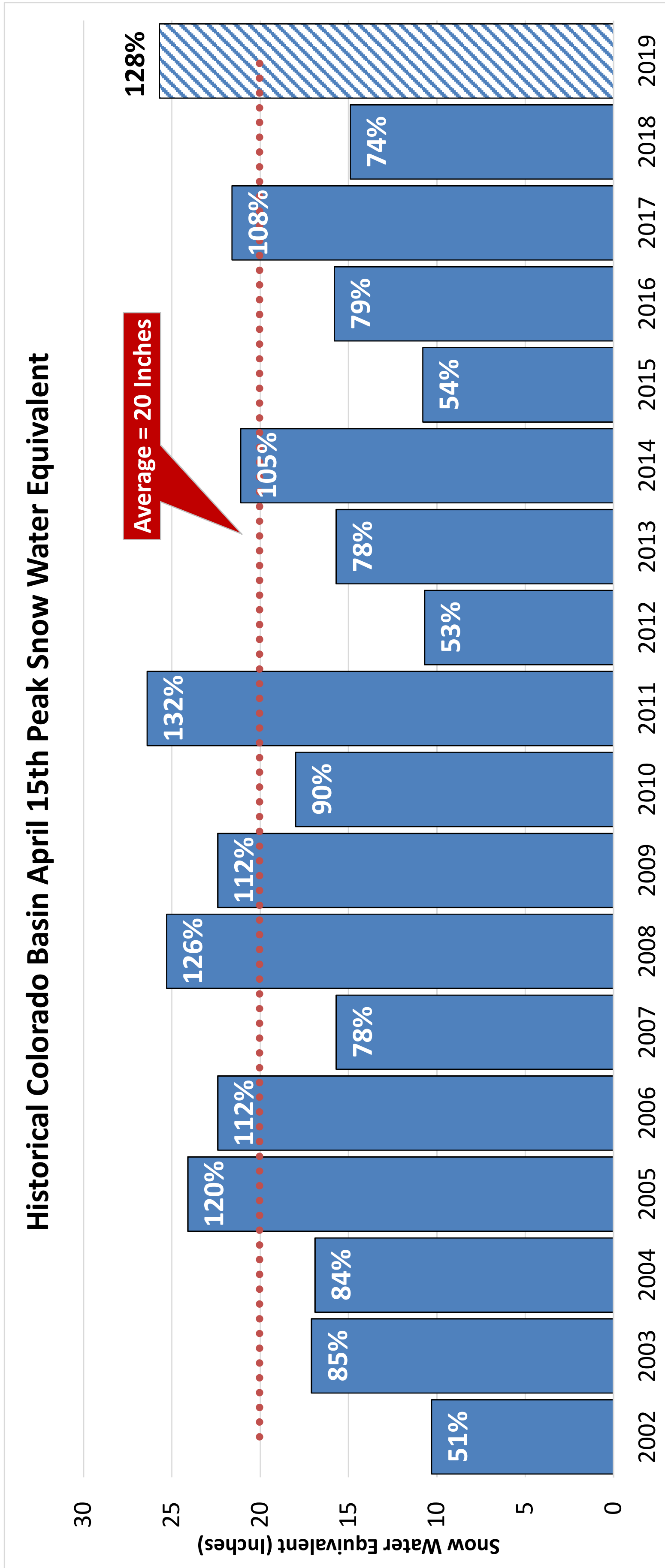


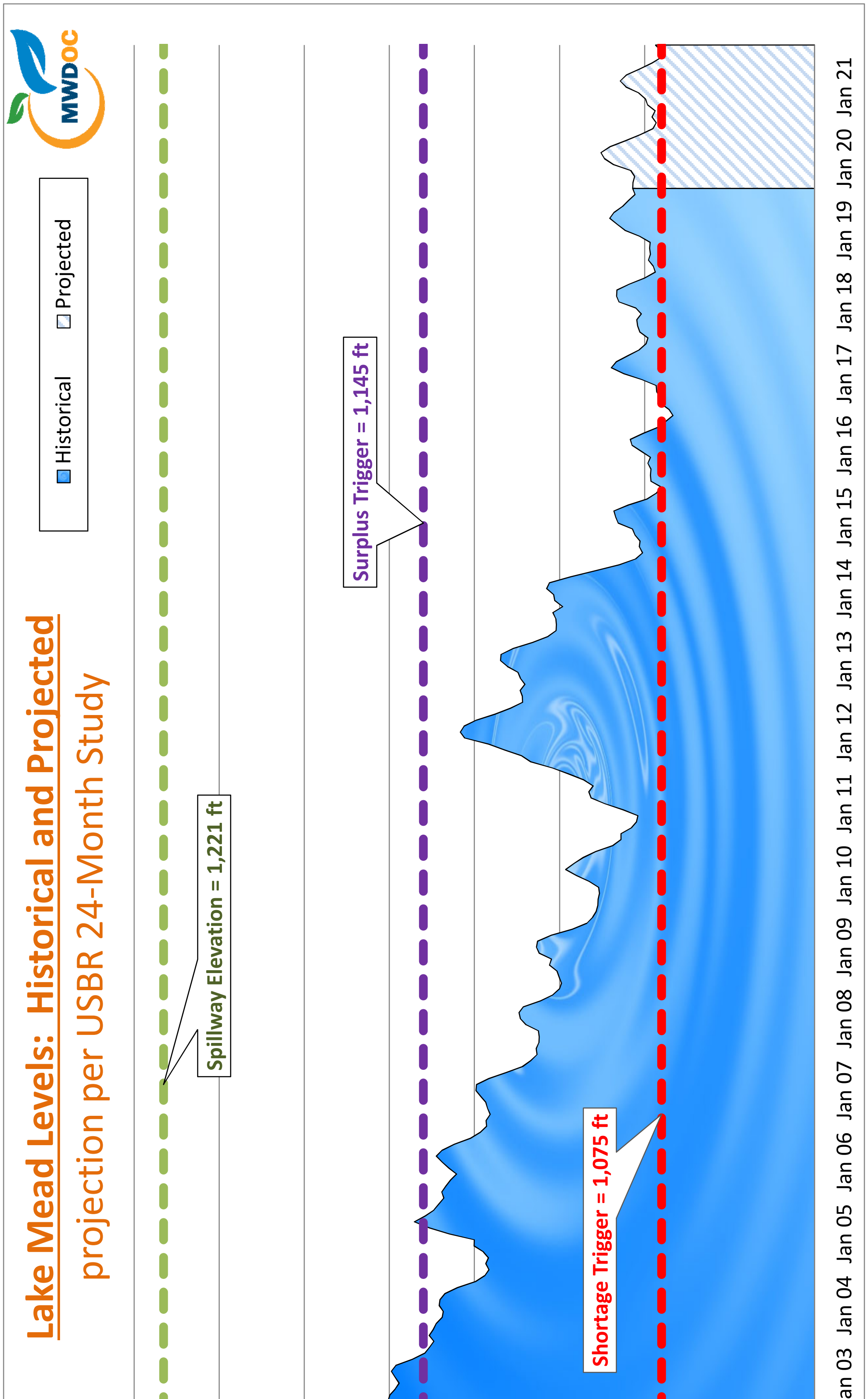
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
AO (AF)	292,869	294,090	305,572	307,374	311,765	303,249	287,800	245,452	222,625	208,424	208,417	185,069
AO w/CUP removed (AF)	294,572	295,790	307,271	309,072	313,460	304,943	287,800	245,452	222,625	208,424	208,417	185,069
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
AO (AF)	187,052	256,231										
AO w/CUP removed (AF)	187,052	256,231										

MWDOC

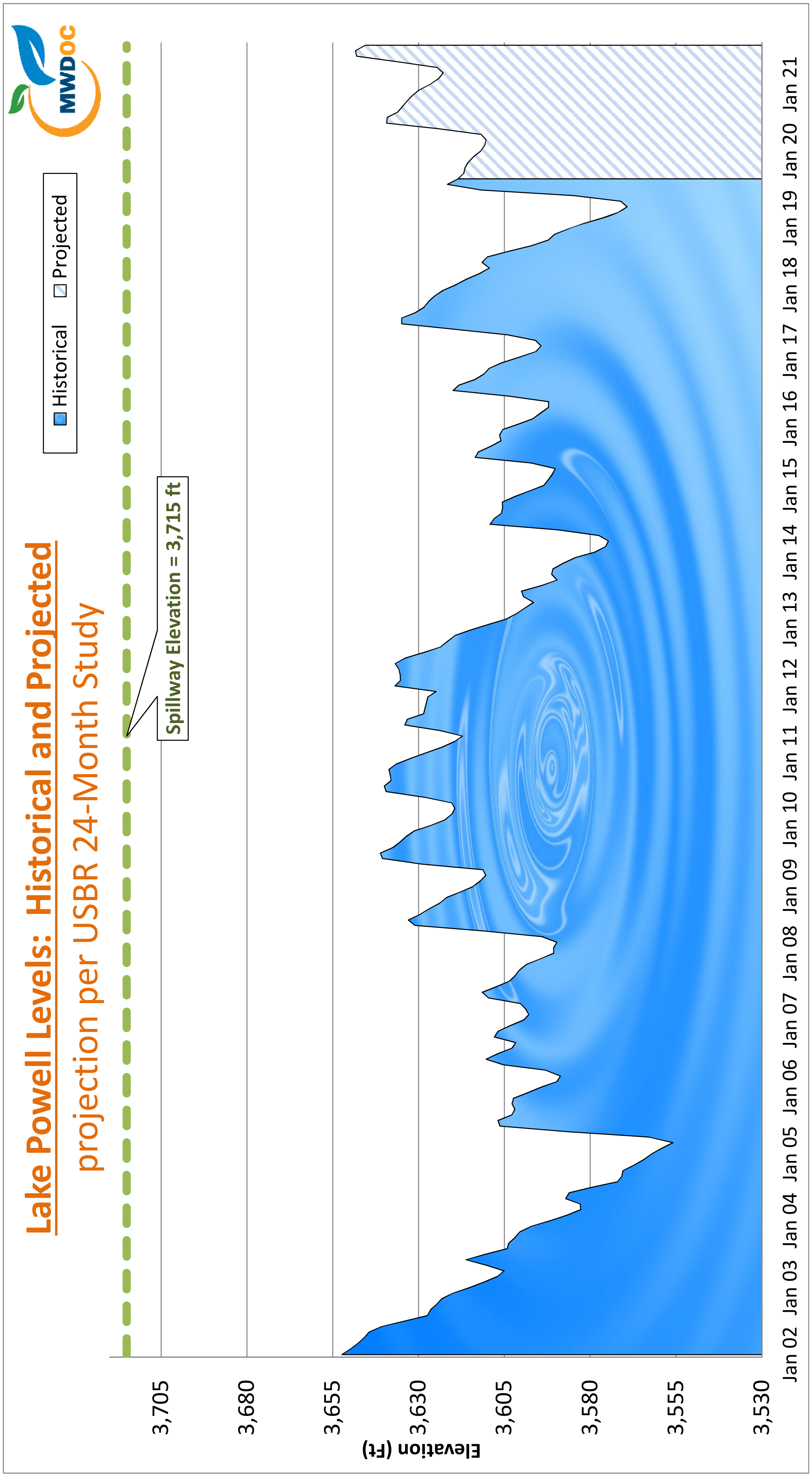
Source of data = OCWD monthly Water Resources Report in Board meeting packet

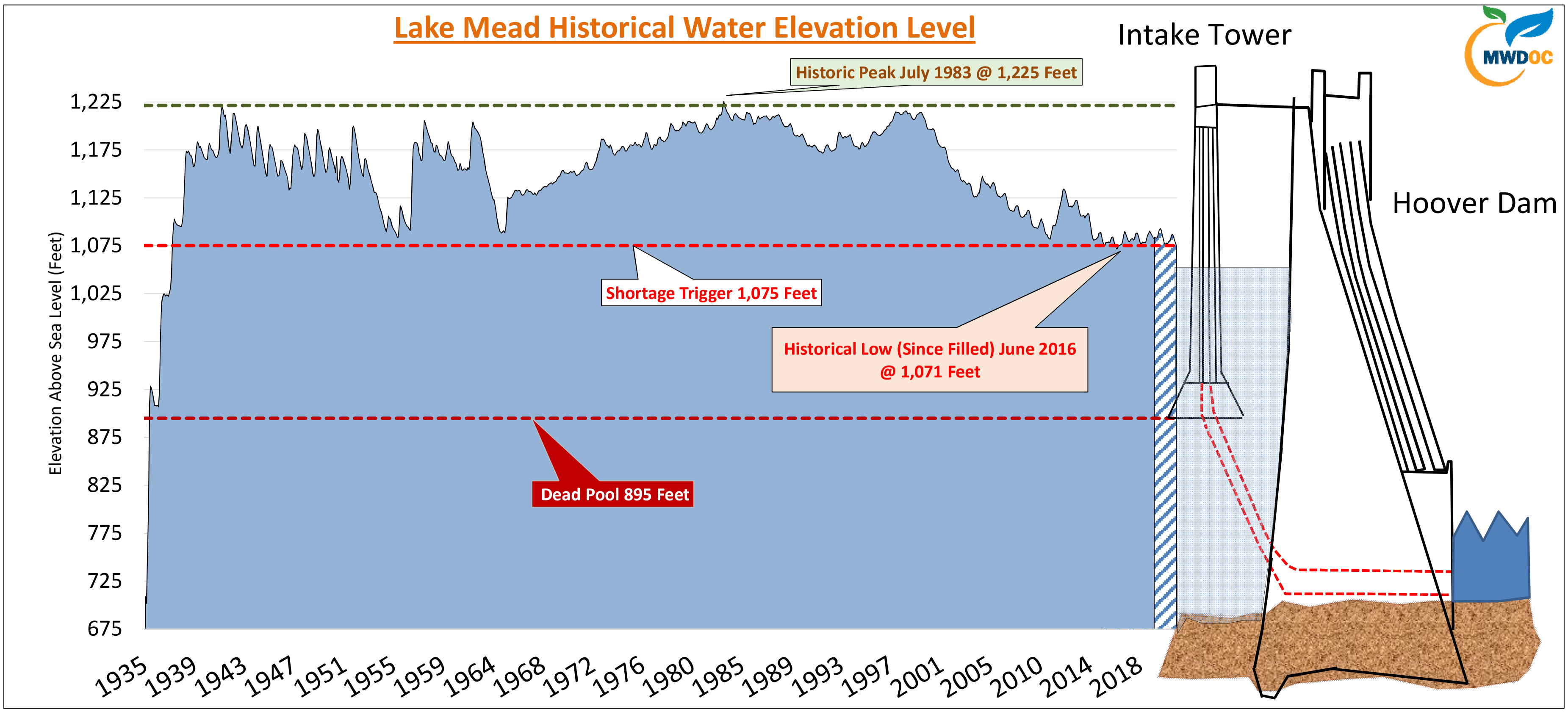

Historical Northern California April 1st Peak Snow Water Equivalent
Snow Water Equivalent (Inches)
60
50
40
30
20
10
0
98%
84%
103%
119%
144%
48%
107%
88%
127%
173%
76%
48%
24%
5%
98%
147%
43%
172%
Average = 28 Inches
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019


Historical Colorado Basin April 15th Peak Snow Water Equivalent
Average = 20 Inches
Snow Water Equivalent (Inches)
0
5
10
15
20
25
30
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
51%
85%
84%
120%
112%
78%
126%
112%
90%
132%
53%
78%
105%
54%
79%
108%
74%
128%



Lake Mead Levels: Historical and Projected
projection per USBR 24-Month Study
MWDOC
Historical
Projected
Spillway Elevation = 1,221 ft
Surplus Trigger = 1,145 ft
Shortage Trigger = 1,075 ft
Elevation (Ft)
1,230
1,205
1,180
1,155
1,130
1,105
1,080
1,055
1,030
Jan 02
Jan 03
Jan 04
Jan 05
Jan 06
Jan 07
Jan 08
Jan 09
Jan 10
Jan 11
Jan 12
Jan 13
Jan 14
Jan 15
Jan 16
Jan 17
Jan 18
Jan 19
Jan 20
Jan 21


Lake Powell Levels: Historical and Projected
projection per USBR 24-Month Study
Historical
Projected
MWDOC
Spillway Elevation = 3,715 ft
Elevation (Ft)
3,705
3,680
3,655
3,630
3,605
3,580
3,555
3,530
Jan 02
Jan 03
Jan 04
Jan 05
Jan 06
Jan 07
Jan 08
Jan 09
Jan 10
Jan 11
Jan 12
Jan 13
Jan 14
Jan 15
Jan 16
Jan 17
Jan 18
Jan 19
Jan 20
Jan 21



Lake Mead Historical Water Elevation Level
Intake Tower
Hoover Dam
MWDOC
Historic Peak July 1983 @ 1,225 Feet
Shortage Trigger 1,075 Feet
Historical Low (Since Filled) June 2016 @ 1,071 Feet
Dead Pool 895 Feet
Elevation Above Sea Level (Feet)
1,225
1,175
1,125
1,075
1,025
975
925
875
825
775
725
675
1935 1939 1943 1947 1951 1955 1959 1964 1968 1972 1976 1980 1985 1989 1993 1997 2001 2005 2010 2014 2018