

MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
May 13, 2020, 8:30 a.m.

Due to the spread of COVID-19 and as authorized by the Governor's Executive Order, MWDOC will be holding all upcoming Board and Committee meetings by Zoom Webinar and will be available by either computer or telephone audio as follows:

Computer Audio: You can join the Zoom meeting by clicking on the following link:
<https://zoom.us/j/8828665300>

Telephone Audio: (669) 900 9128 fees may apply
(877) 853 5247 Toll-free
Webinar ID: 882 866 5300#

A&F Committee:

Director Thomas, Chair
Director Finnegan
Director Dick

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

Ex Officio Member: Director Tamaribuchi

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 – April 2020
 - b. Disbursement Approval Report for the month of May 2020
 - c. Disbursement Ratification Report for the month of April 2020
 - d. GM Approved Disbursement Report for the month of April 2020
 - e. Water Use Efficiency Projects Cash Flow – April 30, 2020
 - f. Consolidated Summary of Cash and Investment – March 2020
 - g. OPEB and Pension Trust Fund monthly statement
2. FINANCIAL REPORT
 - a. Combined Financial Statements and Budget Comparative for the Period ending March 31, 2020
 - b. Quarterly Budget Review

DISCUSSION ITEM

3. DISCUSSION RE POSSIBLE AMENDMENTS TO ADMINISTRATIVE CODE AS RECOMMENDED BY DIRECTOR BARBRE

ACTION ITEM

4. ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY AND GUIDELINES
5. FY 2020-21 FOURTH DRAFT BUDGET – 2ND REVIEW
6. PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2020-21
7. ADOPTION OF MWDOC ORDINANCE TO ESTABLISH CLASSES OF WATER SERVICE AND TERMS AND CONDITIONS OF WATER SERVICE WITHIN THE DISTRICT

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.)

8. STATUS UPDATE RE OFFICE CONSTRUCTION/REHAB/SEISMIC RETROFIT
9. DEPARTMENT ACTIVITIES REPORTS
 - a. Administration
 - b. Finance and Information Technology
10. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION

OTHER ITEMS

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

ADJOURNMENT

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

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

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
April 2020

WATER REVENUES

Date	From	Description	Amount
04/01/20	Serrano Water District	February 2020 Water deliveries	11,361.73
04/03/20	City of La Palma	February 2020 Water deliveries	3,611.48
04/03/20	City of Huntington Beach	February 2020 Water deliveries	306,837.56
04/06/20	El Toro Water District	February 2020 Water deliveries	484,787.51
04/06/20	City of Seal Beach	February 2020 Water deliveries	7,746.85
04/06/20	South Coast Water District	February 2020 Water deliveries	348,770.55
04/10/20	Laguna Beach County Water District	February 2020 Water deliveries	138,086.67
04/10/20	City of San Clemente	February 2020 Water deliveries	475,203.39
04/10/20	City of Garden Grove	February 2020 Water deliveries	948,625.78
04/13/20	East Orange County Water District	February 2020 Water deliveries	273,678.29
04/14/20	City of San Juan Capistrano	February 2020 Water deliveries	273,027.34
04/14/20	City of Orange	February 2020 Water deliveries	134,451.50
04/15/20	Santa Margarita Water District	February 2020 Water deliveries	1,629,201.05
04/15/20	Orange County Water District	February 2020 Water deliveries	411,669.69
04/15/20	City of Buena Park	February 2020 Water deliveries	21,740.00
04/15/20	Moulton Niguel Water District	February 2020 Water deliveries	1,693,176.87
04/15/20	Yorba Linda Water District	February 2020 Water deliveries	1,133,295.22
04/15/20	Golden State Water Company	February 2020 Water deliveries	223,263.26
04/15/20	Irvine Ranch Water District	February 2020 Water deliveries	764,555.94
04/27/20	City of Fountain Valley	March 2020 Water deliveries	12,260.96
04/27/20	City of Newport Beach	March 2020 Water deliveries	112,839.88
04/27/20	Serrano Water District	March 2020 Water deliveries	11,361.73
04/30/20	City of Westminster	March 2020 Water deliveries	344,972.99

TOTAL WATER REVENUES **\$ 9,764,526.24**

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
April 2020

MISCELLANEOUS REVENUES

Date	From	Description	Amount
04/30/20	Paypal	5/29/20 OC Water Summit registrations	433.13
04/30/20	Paypal	Girl Scouts Patch Clinic refund	(200.74)
04/03/20	Cathy Harris	March 2020 COBRA for Marissa Harris	901.97
04/30/20	Cathy Harris	April 2020 COBRA for Marissa Harris	901.97
04/21/20	Judy Pfister	Apr-Jun 2020 Retiree Health insurance	117.99
04/10/20	Pat Meszaros	May 2020 Retiree Health insurance	39.33
04/27/20	Stan Sprague	May 2020 Retiree Health insurance	241.22
04/30/20	Keith Lyon	May 2020 Retiree Health insurance	253.60
04/30/20	US Bank	Monthly Interest	5.30
04/03/20	City of Fountain Valley	Late payment penalty for Jan 2020 Water deliveries	122.61
04/24/20	City of San Clemente	January 2020 Smartimer rebate program	54.99
04/21/20	Laguna Beach County Water District	February 2020 So Cal Watersmart rebate program	195.00
04/24/20	City of San Clemente	January 2020 So Cal Watersmart rebate program	375.00
04/24/20	City of San Clemente	February 2020 So Cal Watersmart rebate program	1,125.00
04/27/20	City of Newport Beach	Water Loss Control Shared Services FY 19-20	15,000.00
04/01/20	Serrano Water District	FY 20-21 Choice School program paid early - refunded	1,405.60
04/13/20	East Orange County Water District	FY 18-19 O & M Costs of the EOCF #2	61,849.09
04/21/20	Santa Margarita Water District	FY 18-19 O & M Costs of the EOCF #2	85,631.58

TOTAL MISCELLANEOUS REVENUES \$ **168,452.64**

TOTAL REVENUES \$ **9,932,978.88**

Robert J. Hunter, General Manager

Hilary Chumpitazi, Treasurer

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2020**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Core Expenditures:		
	<i>ABSG Consulting Inc.</i>	
5106366	March 2020 Owner's Representative services for MWDOC office remodel	27,288.50
5106367	March 2020 Owner's Representative plan check and bidding services MWDOC office remodel	920.00
	*** Total ***	28,208.50
	<i>Richard C. Ackerman</i>	
1278	April 2020 Consulting on legal and regulatory matters	1,750.00
	*** Total ***	1,750.00
	<i>Aleshire & Wynder LLP</i>	
56489	March 2020 Legal services	472.50
	*** Total ***	472.50
	<i>Barker Leavitt, PLLC</i>	
105-0420	April 2020 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	<i>Best Best and Krieger LLP</i>	
874410	March 2020 State legislative advocacy services	8,000.00
55401-MAR20	March 2020 Legal services	18,212.06
	*** Total ***	26,212.06
	<i>California Newspapers Partnership</i>	
0000478417	OC Register advertisement on COVID-19 Water Safety	7,000.00
	*** Total ***	7,000.00
	<i>Cornerstone OnDemand</i>	
106474	Video training for MWDOC staff	3,000.00
	*** Total ***	3,000.00
	<i>CPS HR Consulting</i>	
SOP51160	Pre-employment testing services	110.00
	*** Total ***	110.00
	<i>CSU Fullerton ASC</i>	
AR170201	FY19/20 4th Quarter Center for Demographic Research support	12,538.95
	*** Total ***	12,538.95
	<i>Dudek</i>	
202001959	2/29/20-3/27/20 Planning level reliability for South County Interconnection	14,907.50
	*** Total ***	14,907.50
	<i>Elevated Health, Inc.</i>	
MARCH2020	3/3/20 Pre-employment exam	115.00
	*** Total ***	115.00

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2020**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>Finley & Cook PLLC</i>	
SI0038169	6/5/20-6/4/21 Jet Reports annual maintenance and enhancements	1,397.00
	*** Total ***	1,397.00
	<i>Hashtag Pinpoint Corporation</i>	
1235	April 2020 Strategic digital communications consulting services	7,917.00
	*** Total ***	7,917.00
	<i>Herndon Solutions Group LLC</i>	
100008	March 2020 Services to assist with America's Water Infrastructure Act compliance	4,827.67
	*** Total ***	4,827.67
	<i>Lawnscape Systems, Inc.</i>	
410216	4/23/20 Landscape maintenance for atrium	295.00
	*** Total ***	295.00
	<i>Lewis Consulting Group</i>	
2020-121	April 2020 Consulting services	3,062.50
	*** Total ***	3,062.50
	<i>Phil Letrong</i>	
JAN-MAR2020	January-March 2020 Retiree medical premium	433.80
	*** Total ***	433.80
	<i>Edward G. Means III</i>	
MWDOC-1082	April 2020 Consulting on MET issues and guidance to Engineering staff	562.50
	*** Total ***	562.50
	<i>Municipal Resource Group, LLC</i>	
03-20-187	March-April 2020 Services for Coaching and Leadership Development	1,462.50
	*** Total ***	1,462.50
	<i>NDS</i>	
722221	4/3/20 & 4/10/20 Delivery charges for Board packets	284.22
722284	4/16/20 Delivery charges for Board packets	172.01
	*** Total ***	456.23
	<i>Office Depot, Inc.</i>	
469268900001	4/1/20 Office supplies	74.17
477787802001	4/16/20 Office supplies	63.51
	*** Total ***	137.68
	<i>Office Solutions</i>	
I-01744360	4/15/20 10 Boxes alcohol wipes for COVID-19 prevention	58.73
	*** Total ***	58.73

Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2020

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	Orange County Water District	
21509	March 2020 50% share of WACO expense	193.75
21538	March 2020 Postage, shared office and maintenance expense	7,822.82
	*** Total ***	8,016.57
	Pacific Environmental Company	
7949	April 2020 Asbestos and Lead Inspection services for MWDOC office remodel	4,700.00
	*** Total ***	4,700.00
	Patricia Kennedy Inc.	
32625	May 2020 Plant maintenance	214.00
	*** Total ***	214.00
	Petty Cash	
DEC19-APR20	December 2019-April 2020 Petty Cash reimbursement	172.90
	*** Total ***	172.90
	Raftelis Financial Consultants, Inc.	
14740	February-March 2020 Five year monitoring for Budget Based Tiered Rate grant	2,100.00
	*** Total ***	2,100.00
	Joey C. Soto	
MWDOC#024	April 2020 Grant Research & Acquisition assistance	3,000.00
	*** Total ***	3,000.00
	SPS Data Communications	
00032007	March 2020 Service to install data jack and cable for Water Use Efficiency new hire	351.00
	*** Total ***	351.00
	WageWorks, Inc.	
INV2062453	April 2020 Cafeteria plan administration	201.48
	*** Total ***	201.48
	Dr. Wallace Walrod	
042920	March-April 2020 Services for the Value of Reliability Economic Research	15,000.00
	*** Total ***	15,000.00
	Water Systems Optimization, Inc.	
1736	April 2020 Water Loss Control program	1,160.00
	*** Total ***	1,160.00
	Zoho Corporation	
2258855	5/31/20-5/30/21 Subscription for server monitoring software	1,831.50
	*** Total ***	1,831.50
	Total Core Expenditures	159,672.57

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2020**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Choice Expenditures:		
	<i>Bolsa Chica Conservancy</i>	
040320	March 2020 Water Education High School program	16,000.00
	*** Total ***	16,000.00
	<i>Discovery Science Center</i>	
1353	February 2020 Missed billing for 296 Elementary school program for grades 3-6	1,400.08
	*** Total ***	1,400.08
	<i>Grainger</i>	
9518084810	4/29/20 Supplies for Water Loss Control Shared Services	33.50
9523455104	5/5/20 Supplies for Water Loss Control Shared Services	3.05
	*** Total ***	36.55
	<i>Orange County Water District</i>	
21538	March 2020 Postage for Water Use Efficiency rebate programs	18.76
	*** Total ***	18.76
	<i>Petty Cash</i>	
DEC19-APR20	December 2019-April 2020 Petty Cash reimbursement	10.86
	*** Total ***	10.86
	<i>US Bank Voyager Fleet Systems</i>	
8694343993017	3/25/20-4/24/20 Fuel and wash for Water Loss Control Shared Services vehicles	225.16
	*** Total ***	225.16
	Total Choice Expenditures	17,691.41

Other Funds Expenditures:

	<i>EcoTech Services, Inc.</i>	
1686	April 2020 Services for Landscape Design and Maintenance program	9,775.00
	*** Total ***	9,775.00
	<i>Ferguson Enterprises, LLC</i>	
8732320	400 Water pressure gauges for Pressure Regulating Valve program	7,155.75
	*** Total ***	7,155.75
	<i>Herndon Solutions Group LLC</i>	
100008	March 2020 Services to assist with America's Water Infrastructure Act compliance	90,068.08
	*** Total ***	90,068.08
	<i>The Plant Nerd</i>	
5968	March 2020 Services for Landscape Design and Maintenance program	12,800.00
5979	April 2020 Services for Landscape Design and Maintenance program	26,820.00
	*** Total ***	39,620.00

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of May 2020**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	Petty Cash	
DEC19-APR20	December 2019-April 2020 Petty Cash reimbursement	42.09
	*** Total ***	42.09
	TerraWorks Studio	
MW0004	March 2020 Landscape Design and Maintenance Assistance program	1,490.00
MW0005	April 2020 Landscape Design and Maintenance Assistance program	1,620.00
	*** Total ***	3,110.00
	Water Systems Optimization, Inc.	
1736	April 2020 Water Loss Control program	3,190.00
	*** Total ***	3,190.00
	Total Other Funds Expenditures	<hr/> 152,960.92
	Total Expenditures	<hr/> <hr/> 330,324.90

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2020**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
Core Disbursements:				
139606	4/9/20	SPECTB	Spectrum Business	
		0375210040120	April 2020 Telephone and internet expense	1,461.36
			***Total ***	1,461.36
139608	4/9/20	VERIZO	Verizon Wireless	
		9851137460	March 2020 4G Mobile broadband unlimited service	114.03
			***Total ***	114.03
139615	4/15/20	CORTBU	Cort Business Services Corp.	
		7196262	April 2020 Furniture lease for 5 temporary workstations	561.50
			***Total ***	561.50
139627	4/15/20	SPECTB	Spectrum Business	
		0343564041020	April 2020 Telephone expense for 3 analog fax lines	108.42
			***Total ***	108.42
139628	4/15/20	STALVE	Jeff Stalvey	
		030920	March 2020 Business expense	21.56
			***Total ***	21.56
ACH004687	4/15/20	BUSSLI	Charles Busslinger	
		033120	March 2020 Business expense	22.05
			***Total ***	22.05
ACH004690	4/15/20	DICKEK	Larry Dick	
		033120	March 2020 Business expense	60.39
			***Total ***	60.39
ACH004692	4/15/20	HALEY	Melissa Baum Haley	
		033120	March 2020 Business expense	154.75
			***Total ***	154.75
ACH004698	4/15/20	MCVICK	Robert McVicker	
		033210	March 2020 Business expense	11.52
			***Total ***	11.52
ACH004717	4/15/20	THOMAS	Jeffery Thomas	
		022920	February 2020 Business expense	248.95
			***Total ***	248.95
ACH004720	4/15/20	WAITER	Rachel Waite	
		033120	March 2020 Business expense	92.77
			***Total ***	92.77

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2020

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
139630	4/20/20	BUTIER 2020OCSUMMIT	Butier Engineering, Inc. Refund for 2020 OC Water Summit Session sponsorship ***Total ***	 2,500.00 2,500.00
139631	4/20/20	IRWD 2020OCSUMMIT	Irvine Ranch Water District Refund for 2020 OC Water Summit Program and Table sponsorships ***Total ***	 7,600.00 7,600.00
139632	4/20/20	SANCLE 2020OCSUMMIT	City of San Clemente Refund for 2020 OC Water Summit registration for J. Schmidt ***Total ***	 130.00 130.00
139655	4/30/20	USBANK 0403/0208/7659-MAR20	U.S. Bank 2/25/20-3/23/20 Cal Card charges ***Total *** (See attached sheet for details)	 15,353.47 15,353.47
ACH004722	4/30/20	ACKEEX 033120	Linda Ackerman March 2020 Business expense ***Total ***	 80.50 80.50
ACH004723	4/30/20	BAEZHE 033120	Heather Baez March 2020 Business expense ***Total ***	 156.43 156.43
ACH004726	4/30/20	DINHPA 043020	Patrick Dinh April 2020 Business expense ***Total ***	 34.50 34.50
ACH004731	4/30/20	FAHLBE 033120	Beth Fahl March 2020 Business expense ***Total ***	 75.31 75.31
ACH004732	4/30/20	FINNEG 033120	Joan Finnegan March 2020 Business expense ***Total ***	 64.15 64.15
ACH004733	4/30/20	FRAZIE 033120	Leah Frazier March 2020 Business expense ***Total ***	 16.98 16.98

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2020

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
ACH004738	4/30/20	SCHNEI 033120	Megan Yoo Schneider March 2020 Business expense ***Total ***	154.27 154.27
Total Core Disbursements				<hr/> 29,022.91
Choice Disbursements:				
139629	4/15/20	THORSE 032420	Jason Thorsell March 2020 Business expense ***Total ***	36.61 36.61
139653	4/30/20	SERRAN CK11840	Serrano Water District Refund Check No. 11840 for FY2020/21 Choice School program paid in wrong fiscal year ***Total ***	1,405.60 1,405.60
139655	4/30/20	USBANK 7659-MAR20	U.S. Bank 2/25/20-3/23/20 Cal Card charges ***Total *** (See attached sheet for details)	392.49 392.49
Total Choice Disbursements				<hr/> 1,834.70
Other Funds Disbursements:				
139607	4/9/20	TURFRP TR13-R-MNT-38736-37638	Turf Removal Program H. Wang (Re-issued) ***Total ***	3,114.00 3,114.00
139608	4/9/20	VERIZO 9851137460	Verizon Wireless March 2020 4G Mobile broadband unlimited service ***Total ***	76.02 76.02
139611	4/15/20	ATTUVEOC 1812-APR20	AT&T April 2020 U-verse internet service for WEROC N. EOC ***Total ***	53.50 53.50
139614	4/15/20	ATTCALN 000014525924 000014525925	AT&T March 2020 Telephone expense for WEROC N. & S. EOC March 2020 Telephone expense for WEROC N. EOC ***Total ***	318.79 109.42 428.21

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2020

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
ACH004699	4/15/20	MESAWA 10115	Mesa Water District February 2020 Credit for Local Resources Program ***Total ***	 35,650.44 35,650.44
ACH004715	4/15/20	SCHWENE 033120	Leslie Schwene March 2020 Business expense ***Total ***	 86.67 86.67
		DRIPPR	Spray to Drip Program	
139633	4/29/20	S2D3-R-MESA-39006-17433	M. Houk	546.37
139634	4/29/20	S2D3-R-IRWD-39018-17434	B. Sehatzadeh	437.49
139635	4/29/20	S2D3-R-IRWD-38739-17494	L. Lao	237.92
139636	4/29/20	S2D3-R-IRWD-39363-17551	L. Chen ***Total ***	615.60 1,837.38
		TURFRP	Turf Removal Program	
139637	4/29/20	TR13-R-IRWD-38739-37640	L. Lao	872.70
139638	4/29/20	TR13-C-ETWD-38627-37676	Third Laguna Hills Mutual (Laguna Woods)	8,058.00
139639	4/29/20	TR13-R-IRWD-38831-37735	I. Chaudhari	376.00
139640	4/29/20	TR13-C-SOCO-38850-37752	Monarch Beach Golf Links (Dana Point)	150,000.00
139641	4/29/20	TR13-R-TUST-38925-37817	C. Phillips	3,996.00
139642	4/29/20	TR13-R-MESA-39006-37885	M. Houk	4,524.00
139643	4/29/20	TR13-C-MNT-39052-37937	Aliso Viejo Community Association (Aliso Viejo)	53,207.00
139644	4/29/20	TR13-R-ETWD-39145-38017	C. Haun	1,530.00
139645	4/29/20	TR13-R-MNT-39304-38170	G. Kostyal	1,707.00
139646	4/29/20	TR13-C-IRWD-4463-38183	Northwood II Community Assoc. (Foothill Ranch)	57,592.27
139647	4/29/20	TR13-R-SM-39154-38211	S. Zhang ***Total ***	717.00 282,579.97
139649	4/30/20	HARRISD 033120	Daniel Harrison March 2020 Business expense ***Total ***	 359.13 359.13
139652	4/30/20	SANTI1 FEB2020	Santiago Aqueduct Commission February 2020 SAC Pipeline Operation surcharge ***Total ***	 2,872.76 2,872.76
139655	4/30/20	USBANK 7659-MAR20	U.S. Bank 2/25/20-3/23/20 Cal Card charges ***Total *** (See attached sheet for details)	 1,835.61 1,835.61
		WSIP	Water Savings Incentive Program	
139656	4/30/20	WSP4693	Westminster Memorial Park & Mortuary	15,000.00
139657	4/30/20	WSP4718	Garden Valley Homeowner's Assoc. (Garden Grove) ***Total ***	12,670.00 27,670.00

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of April 2020**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
ACH004734	4/30/20	MESAWA 10142	Mesa Water District March 2020 Credit for Local Resources Program ***Total ***	28,427.84 28,427.84
ACH004739	4/30/20	SANTAM 031220	Santa Margarita Water District February 2020 SCP Pipeline Operation surcharge ***Total ***	19,935.66 19,935.66
WIRE-200430	4/30/20	METWAT 10001	Metropolitan Water District February 2020 Water deliveries ***Total ***	10,597,516.01 10,597,516.01
Total Other Funds Disbursements				11,002,443.20
Total Disbursements				11,033,300.81


Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: March 23, 2020
Payment Date: April 30, 2020

Date	Description	Amount
<u>Public Affairs Card</u>		
2/24/2020	California Association of Public Information Officials EPIC Award entry for MWDOC social media campaign	140.00
2/24/2020	California Association of Public Information Officials EPIC Award entry for MWDOC Poster Contest	140.00
2/24/2020	4 Apple iPad minis for Poster Contest winners	1,778.92
3/4/2020	Sample mug for Poster Contest winners	5.82
3/5/2020	40 Boxed art sets for Poster Contest winners	1,477.20
3/12/2020	40 Collapsible buckets for Poster Contest winners	602.80
3/13/2020	Public Relations Society of America award entries for Online Videos for MWDOC Girl Scouts Water Resources and Conservation Patch program and Feature Stories for MWDOC Article: CAELI From a Regional Municipality Perspective	450.00
3/15/2020	Retirement gift for Marc Marcantonio of Yorba Linda Water District	69.49
3/16/2020	3/16/20-4/15/20 Monthly subscription for Zoom Video Communications	224.97
3/20/2020	Monthly subscription for 10 image downloads from Shutterstock	49.00
Total		<u>\$ 4,938.20</u>

Cal Card Charges
Statement Date: March 23, 2020
Payment Date: April 30, 2020

Date	Description	Amount
<u>K. Seckel Card</u>		
2/20/2020	Association of California Cities - Orange County Sacramento Advocacy trip in Sacramento, CA from Jan. 26-28, 2020 - Accommodations deposit refund for Director Yoo Schneider	(555.91)
2/24/2020	1/24/20-2/23/20 Web hosting service for MWDOC website	15.65
2/24/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Meal for R. Hunter and M. Baum Haley	51.18
2/24/2020	Supplies for desk safety kits	223.03
2/25/2020	Toner cartridge for check printer	164.00
2/26/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Transportation for M. Baum Haley	13.79
2/26/2020	Legislative Activities in Washington, DC from Mar. 25-27, 2020 - Airfare for Director Barbre	690.19 [1]
2/27/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Transportation for M. Baum Haley	19.15
2/27/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Parking for M. Baum Haley	80.00
2/28/2020	Breakfast for Qualified Water Efficient Landscaper exam	162.00
2/28/2020	Public Relations Society of America International conference in Nashville, TN from Oct. 25-27, 2020 - Registration for T. Baca	1,195.00 [2]
2/28/2020	Public Relations Society of America International conference in Nashville, TN from Oct. 25-27, 2020 - Registration for S. Wilson	1,195.00 [2]
2/28/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Accommodations for R. Hunter and meal for Director Yoo Schneider, Director Ackerman, R. Hunter and M. Baum Haley	245.71
3/1/2020	Supplies for Water Loss Control Shared Services	130.55
3/2/2020	Supplies for Water Loss Control Shared Services	14.50
3/2/2020	UPS Delivery charges for Board packet on Feb. 26, 2020	60.79
3/3/2020	ACWA Spring conference in Monterey, CA from Jul. 28-30, 2020 - Registration refund for K. Seckel	(650.00)
3/4/2020	Workpants for Water Loss Control Shared Services employee	30.44
3/4/2020	ACWA Legislative Symposium in Sacramento, CA on Mar. 12, 2020 - Airfare for M. Baum Haley	452.96
3/5/2020	Legislative Activities in Sacramento, CA from Mar. 15-17, 2020 - Accommodations deposit for Director Barbre	612.91 [3]
3/9/2020	Initial lease and installation for 2 work stations in Water Use Efficiency office	530.53
3/9/2020	UPS Delivery charges for Board packet on Feb. 28, 2020	61.73
3/10/2020	Carpet cleaning for MWDOC office	450.00
3/11/2020	Breakfast for Qualified Water Efficient Landscaper exam	217.00
3/11/2020	ACWA Legislative Symposium in Sacramento, CA on Mar. 12, 2020 - Meal for M. Baum Haley and H. Baez	59.51
3/12/2020	Office supplies from Costco	438.80
3/12/2020	ACWA Legislative Symposium in Sacramento, CA on Mar. 12, 2020 - Accommodations for Director Barbre	381.92 [4]

Cal Card Charges
Statement Date: March 23, 2020
Payment Date: April 30, 2020

Date	Description	Amount
K. Seckel Card (Continued)		
3/13/2020	ACWA Legislative Symposium in Sacramento, CA on Mar. 12, 2020 and Legislative Activities in Sacramento, CA on Mar. 13, 2020 - Accommodations for H. Baez and M. Baum Haley	596.04 [5]
3/13/2020	Food for Staff Development meeting	58.04
3/16/2020	UPS Delivery charges for Board packet and FEMA on Mar. 6, 2020	52.54
3/16/2020	FEMA National Emergency Management Advanced Academy training from Mar. 15-20, 2020 - Accommodations deposit for D. Harrison	135.83 [6]
3/17/2020	Personal protection supplies for member agency shortages	765.89
3/17/2020	Personal protection supplies for member agency shortages	269.99
3/17/2020	Personal protection supplies for member agency shortages	261.18
3/18/2020	California Water Environment Association Annual conference in Reno, NV from Oct. 27-30, 2020 - Accommodations deposit refunded for Director Yoo Schneider	(151.42)
3/18/2020	Computer supplies	115.41
3/18/2020	Personal protection supplies for member agency shortages	84.92
3/18/2020	Personal protection supplies for member agency shortages	243.04
3/19/2020	Lunch for Accufund demonstration meeting	91.28
3/20/2020	Personal protection supplies for member agency shortages	74.76
Total		\$ 8,887.93

- [1] Trip was canceled due to COVID-19, Director Barbre reimbursed MWDOC \$490.19
- [2] Conference registrations have been canceled, refunds have been requested
- [3] Trip was canceled due to COVID-19, Sheraton Hotel refunded deposit on 3/25/20
- [4] Trip was canceled, the Citizen Hotel refunded deposit on 4/22/20
- [5] Sawyer Hotel overcharge of \$14.14 refunded on 4/22/20
- [6] Trip was canceled due to COVID-19, the Holiday Inn Express refunded deposit on 4/22/20

Cal Card Charges
Statement Date: March 23, 2020
Payment Date: April 30, 2020

Date	Description	Amount
<u>R. Hunter Card</u>		
2/25/20-3/23/20	Meals for R. Hunter's meetings	\$ 95.74
2/24/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Transportation for R. Hunter	23.36
2/25/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Meal for R. Hunter	31.35
2/26/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Transportation for R. Hunter	13.28
2/26/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Dinner for Director Yoo Schneider, Director McKenney, Director Ackerman , R. Hunter, M. Baum Haley and 16 guests	2,825.48
2/27/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Parking for R. Hunter	80.00
2/27/2020	ACWA DC conference in Washington, DC from Feb. 24-27, 2020 - Meal for Director Yoo Schneider, R. Hunter and M. Baum Haley	84.83
3/4/2020	Orange County Business Council Chairman's Leadership Breakfast in Costa Mesa, CA on Mar. 31,2020 - Registration for L. Dick	85.00 ¹
3/9/2020	Association of Metropolitan Water Agencies Water Policy conference in Washington, DC from Mar. 29-Apr. 2, 2020 - Airfare for R. Hunter	516.40 ²
Total		\$ 3,755.44

- ¹ OCBC event was canceled due to COVID-19, refunded on 4/22/20
- ² AMWA event was canceled due to COVID-19, funds available for future travel

Municipal Water District of Orange County
GM Approved Disbursement Report ⁽¹⁾
For the month of April 2020

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
Core Disbursements:				
ACH004736	4/30/20	ULTIMS 13875994	Roth Staffing Companies, LP 3/23/20-3/29/20 Temporary administration staff	995.01
			***Total ***	995.01
ACH004737	4/30/20	ULTIMS 13878342	Roth Staffing Companies, LP 3/30/20-4/5/20 Temporary administration staff	989.40
			***Total ***	989.40
Total Core Disbursements				<u>1,984.41</u>
Choice Disbursements:				
Total Choice Disbursements				<u>-</u>
Other Funds Disbursements:				
139609	4/9/20	VUTHAO M040620_1	Thao N. Vu 100 Cloth masks for MWDOC staff for COVID-19 prevention	650.00
			***Total ***	650.00
Total Other Funds Disbursements				<u>650.00</u>
Total Disbursements				<u><u>2,634.41</u></u>



Robert J. Hunter, General Manager



Hilary Chumpitazi, Treasurer

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

**Municipal Water District of Orange County
WATER USE EFFICIENCY PROJECTS
Cash Flow as of 4/30/20**

	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)	\$ (568,531.76)	\$ (703,896.86)	\$ (726,406.19)	\$ (823,747.11)	\$ (803,141.09)	\$ (918,686.32)	\$ (227,991.80)	\$ (551,632.06)	\$ (551,632.06)	
REVENUES:													
BUREC			49,393.62					333.00					\$ 49,393.62
City of Brea	111.00	150.00			291.00				222.00				333.00
City of Buena Park	111.00		114.00			333.00			444.00				774.00
City of Fountain Valley													1,002.00
City of Fullerton													-
City of Garden Grove													-
City of Huntington Beach													-
City of La Habra		222.00			222.00		444.00	111.00	444.00				1,665.00
City of San Clemente	515.00	444.99	455.00	553.73	791.30	838.98	750.00	500.00	1,554.99				6,403.99
City of San Juan Capistrano													-
City of Santa Ana													-
City of Tustin													-
City of Newport Beach							222.00						222.00
City of Orange		333.00	111.00			333.00	333.00		222.00				1,332.00
City of Westminster				111.00			111.00						333.00
County of Orange								21,732.80					51,937.16
Department of Water Resources		30,204.36											-
East Orange County Water District													-
El Toro Water District	2,614.00	1,924.00	924.00	384.19		635.00	865.00	1,025.00	3,076.99				11,448.18
Irvine Ranch Water District	6,632.11	18,446.65	6,790.00	11,748.75	3,111.37	2,445.07	14,176.63	2,365.95	68.00				65,784.53
Laguna Beach County Water District					308.00	65.00	3,119.20	92.55	115.38	195.00			3,895.13
Mesa Water District		306.45	207.24	166.48	198.00		210.00						1,088.17
Metropolitan Water District	17,249.94	878.64	115,504.83		100,463.03	124,715.69	34,804.87	48,087.10	24,148.40				466,852.50
Moulton Niguel Water District	36,055.78	25,127.90	13,476.61	62,561.25	22,124.86	33,014.96	25,893.00	3,200.00	48,872.19				270,326.55
Orange County Water District									778,936.68				778,936.68
Santa Margarita Water District													-
Trabuco Canyon Water District	537.90	273.96		675.00	377.99								1,864.85
Yorba Linda Water District		111.00				111.00							222.00
Miscellaneous Revenues													
Miscellaneous													-
Interest Revenue													-
Total Revenues	63,826.73	78,311.95	187,087.30	76,200.40	127,887.55	162,713.70	80,928.70	77,558.40	832,401.24	25,893.39	-	-	\$ 1,712,814.36
EXPENDITURES:													
Budget Based Tiered Rates, Ratepayers					9,580.00					3,924.87			13,504.87
Ecotech							1,980.00	3,425.00		6,415.00			9,840.00
IRWD				19,500.00									1,980.00
GardenSoft Corp													19,500.00
Golden State Water Company													-
City of Huntington Beach													-
Laguna Beach CWD													-
Large Plumbing					2,385.00	4,060.00		2,020.00	1,660.00	4,425.00			-
Metropolitan Water District				21,663.40					2,597.15				14,560.00
Mission RCD	6,476.15	8,985.40		810.35	8,664.23	6,766.30		14,788.22	12,538.65	9,236.43			24,260.55
Multi Family/HET Direct			110,600.00		81,000.00	38,300.00	6,500.00						68,265.73
Plant Nerd							11,640.00	19,440.00		13,450.00			236,400.00
South Coast Water District													44,530.00
Spray to Drip program		1,031.68	324.60	220.40	1,045.71		356.80	133.72	4,042.65	1,837.38			8,992.94
SMWD						20.00							20.00
TerraWorks Studio							520.00	1,490.00	2,140.00				20.00
Turf Removal													4,150.00
Water Savings Incentive Program	25,029.55	101,394.48	38,571.48	159,487.56	46,351.94	188,702.32	35,028.68	147,256.69	106,266.57	282,579.97			1,133,649.24
Water Systems Optimization		5,382.00								27,670.00			33,052.00
Miscellaneous Expenses				5,218.62		20,761.00		3,614.00					29,593.62
Miscellaneous	1,720.00												1,720.00
Interest Expense	2,413.74			3,495.17			3,872.20						9,781.11
Salary & Benefit	850.00	2,125.00	765.00	1,190.00	1,360.00	1,445.00	425.00	935.00	9,462.70				18,567.70
Total Expenditures	36,489.44	118,918.56	150,261.08	211,565.50	150,396.88	260,054.62	60,322.68	193,102.63	141,707.72	349,538.65	-	-	\$ 1,672,367.76
Cash - Ending Balance	\$ (564,751.37)	\$ (605,357.98)	\$ (568,531.76)	\$ (703,896.86)	\$ (726,406.19)	\$ (823,747.11)	\$ (803,141.09)	\$ (918,686.32)	\$ (227,991.80)	\$ (551,632.06)	\$ (551,632.06)	\$ (551,632.06)	



Municipal Water District of Orange County
Consolidated Summary of Cash and Investment
 March 31, 2020

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

Sat Tamaribuchi
 President

Joan C. Finnegan
 Vice President

Brett R. Barbre
 Director

Larry D. Dick
 Director

Bob McVicker, P.E., D.WRE
 Director

Megan Yoo Schneider, P.E.
 Director

Jeffery M. Thomas
 Director

Robert J. Hunter
 General Manager

MEMBER AGENCIES

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

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

Fund	Book Value	% of Portfolio
Designated Reserves		
General Operations	\$3,830,240	21.85%
Grant & Project Cash Flow	1,500,000	8.56%
Election Expense	696,000	3.97%
Building Repair	444,186	2.53%
OPEB	297,147	1.70%
Total Designated Reserves	6,767,573	38.61%
General Fund	6,903,356	39.39%
Water Fund	2,424,124	13.83%
Conservation Fund	(227,992)	(1.30%)
WEROC Fund	1,629,263	9.30%
Trustee Activities	29,768	0.17%
Total	\$17,526,092	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	6.83%	\$1,197,146	\$1,197,146
Short-term investment			
• LAIF	47.47%	\$8,320,520	\$8,320,520
• OCIP	28.00%	4,907,493	4,907,493
Long-term investment			
• Corporate Bond	6.57%	1,150,933	1,136,552
• Certificates of Deposit	11.13%	1,950,000	2,005,975
Total	100.00%	\$17,526,092	\$17,567,686

The average number of days to maturity/call as of March 31, 2020 equaled 140 and the average yield to maturity is 1.896%. During the month, the District's average daily balance was \$21,697,423.96. Funds were invested in Federal Agency Issues, Certificates of Deposit, Negotiable CD's, Miscellaneous Securities, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of March 2020.

The \$41,594 difference between the book value and the market value on March 31, 2020 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

March 31, 2020

3/31/2020	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,950,000.00	2,005,975.00	1,950,000.00	11.94	938	2.519
Corporate Bond	1,150,000.00	1,136,552.50	1,150,933.30	7.04	379	2.341
Local Agency Investment Funds	8,320,519.96	8,320,519.96	8,320,519.96	50.96	1	1.780
Orange County Investment Pool	4,907,493.23	4,907,493.23	4,907,493.23	30.06	1	1.741
Total Investments	16,328,013.19	16,370,540.69	16,328,946.49	100.00	140	1.896
Cash						
Cash	1,197,145.79	1,197,145.79	1,197,145.79		1	0.00
Total Cash and Investments	17,525,158.98	17,567,686.48	17,526,092.28		140	1.896

Total Earnings	Month Ending March	Fiscal Year to Date
Current Year	37,671.90	403,083.99
Average Daily Balance	21,697,423.96	
Effective Rate of Return	1.896%	

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

5-7-2020


Hilary Chumplitazi, Treasurer

Date

05/07/2020

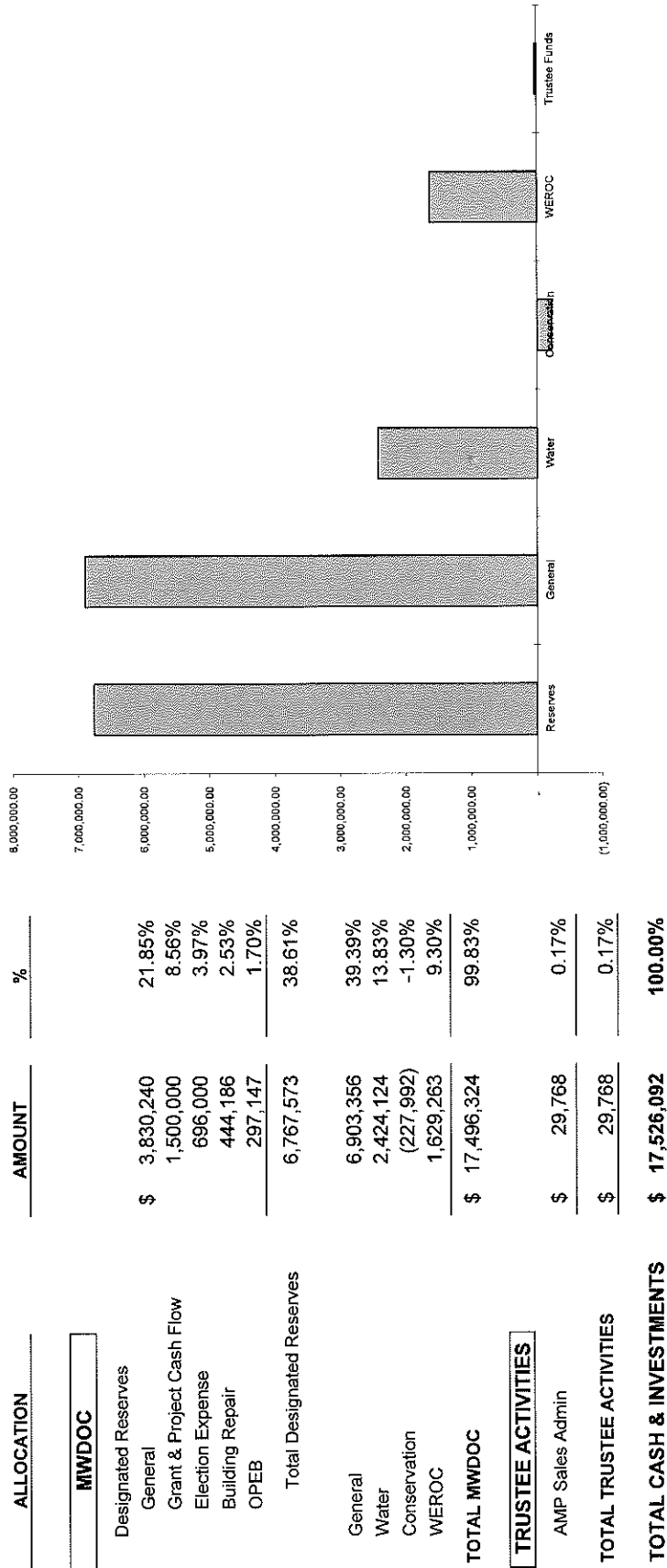
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
March 31, 2020

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	255,207.50	250,000.00	2.250	2.250	910	9/27/2022
Capital One Bank	14042TBQ9	8/7/2019	250,000.00	257,692.50	250,000.00	2.250	2.250	1,590	8/7/2024
Capital One NA	14042RMJ7	7/24/2019	250,000.00	257,125.00	250,000.00	2.200	2.200	1,576	7/24/2024
Citibank	17294XUN4	7/31/2019	250,000.00	251,112.50	250,000.00	2.200	2.200	122	7/31/2024
Comenity Capital	20033AUX2	7/25/2017	200,000.00	201,850.00	200,000.00	2.000	2.000	472	7/16/2021
Discover Bank	254673RV0	7/25/2018	250,000.00	264,812.50	250,000.00	3.300	3.300	1,211	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	265,372.50	250,000.00	3.350	3.350	1,225	8/8/2023
Morgan Stanley Bank	61747MJ36	2/1/2018	250,000.00	252,802.50	250,000.00	2.500	2.500	307	2/1/2021
Sub Total			1,950,000.00	2,005,975.00	1,950,000.00	2.519	2.519	938	
Corporate Bond									
JP Morgan Chase	48130JSU0	12/23/2019	500,000.00	490,385.00	499,769.37	2.100	2.268	84	6/23/2023
National Rural Util Coop	63743FE51	7/27/2017	200,000.00	195,472.00	200,000.00	2.500	2.500	836	7/15/2022
Wells Fargo	94874BGR5	1/13/2016	250,000.00	250,597.50	250,226.11	2.550	2.409	251	12/7/2020
Westpac Banking Corp	961214DQ3	7/25/2017	200,000.00	200,098.00	200,937.82	2.500	2.278	819	6/28/2022
Sub Total			1,150,000.00	1,136,552.50	1,150,933.30	2.337	2.341	379	
Total Investments			3,100,000.00	3,142,527.50	3,100,933.30	2.452	2.453	731	
Total Earnings									
Current Year			6,504.63		58,979.32				

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
March 31, 2020

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	8,320,519.96	8,320,519.96	8,320,519.96	1.780	1.780	1	N/A
Sub Total			8,320,519.96	8,320,519.96	8,320,519.96	1.780	1.780	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	4,907,493.23	4,907,493.23	4,907,493.23	1.741	1.741	1	N/A
Sub Total			4,907,493.23	4,907,493.23	4,907,493.23	1.741	1.741	1	
Total Investments			13,228,013.19	13,228,013.19	13,228,013.19	1.766	1.766		
Cash									
Petty 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	1,196,645.79	1,196,645.79	1,196,645.79	0.000	0.000	1	N/A
Total Cash			1,197,145.79	1,197,145.79	1,197,145.79	0.000	0.000	1	
Total Cash and Investments			14,425,158.98	14,425,158.98	14,425,158.98	1.766	1.766	1	
Total Earnings									
Current Year			31,167.27		Fiscal Year To Date				
					344,104.67				

**Municipal Water District of Orange County
Cash and Investments at March 31, 2020**



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

Account Report for the Period
3/1/2020 to 3/31/2020

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

Account Summary

Source	Balance as of 3/1/2020	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 3/31/2020
OPEB	\$2,255,893.87	\$0.00	-\$224,995.29	\$1,140.07	\$0.00	\$0.00	\$2,029,758.51
PENSION	\$432,645.46	\$0.00	-\$43,150.61	\$218.64	\$0.00	\$0.00	\$389,276.21
Totals	\$2,688,539.33	\$0.00	-\$268,145.90	\$1,358.71	\$0.00	\$0.00	\$2,419,034.72

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

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	-9.97%	-12.63%	-4.97%	2.55%	3.06%	-	10/26/2011
PENSION	-9.97%	-12.63%	-4.90%	-	-	-	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

PARS DIVERSIFIED PORTFOLIOS MODERATE

Q1 2020

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

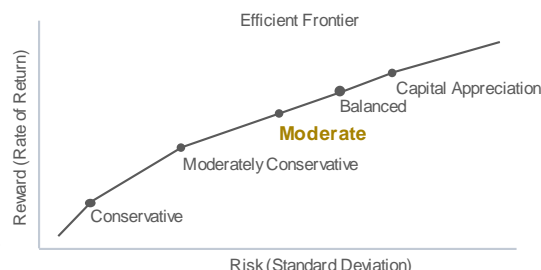
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	47%
Fixed Income	40 - 60%	45%	48%
Cash	0 - 20%	5%	5%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus Composite (Active)

Current Quarter*	-12.47%
Blended Benchmark*, **	-10.90%
Year To Date*	-12.47%
Blended Benchmark*, **	-10.90%
1 Year	-4.81%
Blended Benchmark**	-2.88%
3 Year	2.57%
Blended Benchmark**	3.10%
5 Year	3.11%
Blended Benchmark**	3.55%
10 Year	5.63%
Blended Benchmark**	5.93%

Index Plus Composite (Passive)

Current Quarter*	-10.69%
Blended Benchmark*, **	-10.90%
Year To Date*	-10.69%
Blended Benchmark*, **	-10.90%
1 Year	-2.96%
Blended Benchmark**	-2.88%
3 Year	2.93%
Blended Benchmark**	3.10%
5 Year	3.29%
Blended Benchmark**	3.55%
10 Year	5.77%
Blended Benchmark**	5.93%

* Returns less than one year are not annualized. ** Breakdown for Blended Benchmark: From 10/1/2012 – Present: 26.5% S&P 500, 5% Russell Mid Cap, 7.5% Russell 2000, 32.5% MSCI EM (net), 6% MSCI EAFE (net), 33.50% BBG Barclays US Agg, 10% ICE BofA 1-3 Yr US Corp/Govt, 1.50% ICE BofA US High Yield Master II, 1.75% Wishfire REIT, and 5% FTSE 1 Mth T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 43% S&P 500, 2% Russell 2000, 5% MSCI EAFE (net), 15% ICE BofA 1-3 Yr Corp/Govt, 30% BBG Barclays US Agg, 5% FTSE 1 Mth T-Bill. Prior to April 2007: the blended benchmark was 50% S&P 500, 15% ICE BofA 1-3 Yr Corp/Govt, 30% BBG Barclays US Agg, and 5% FTSE 1 Mth T-Bill.

ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus Composite (Active)

2008	-22.88%
2009	21.47%
2010	12.42%
2011	0.55%
2012	12.25%
2013	13.06%
2014	4.84%
2015	0.14%
2016	6.45%
2017	13.19%
2018	-4.03%
2019	17.71%

Index Plus Composite (Passive)

2008	-18.14%
2009	16.05%
2010	11.77%
2011	2.29%
2012	10.91%
2013	12.79%
2014	5.72%
2015	-0.52%
2016	7.23%
2017	11.59%
2018	-4.03%
2019	17.52%

PORTFOLIO FACTS

HighMark Plus (Active)

Composite Inception Date	10/2004
No of Holdings in Portfolio	19

Index Plus (Passive)

Composite Inception Date	05/2006
No of Holdings in Portfolio	12

HOLDINGS

HighMark Plus (Active)

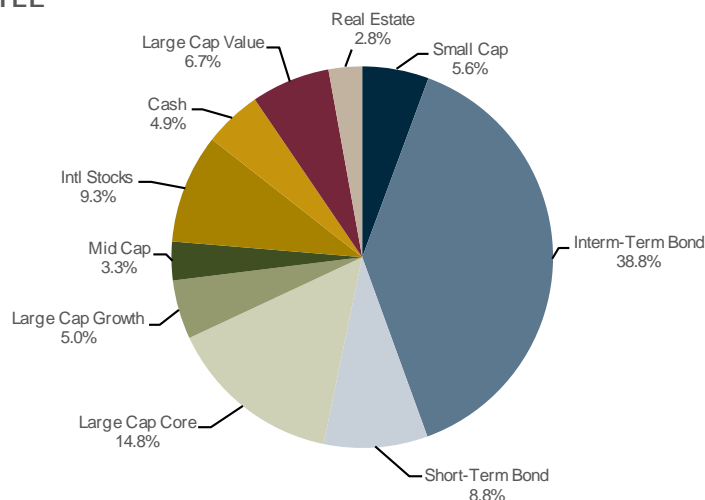
Columbia Contrarian Core I3
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
iShares S&P 500 Value ETF
Harbor Capital Appreciation - Retirement
T. Rowe Price Growth Stock - I
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
Undiscovered Managers Behavioral Value-R6
Victory RS Small Cap Growth - R6
DFA Large Cap International Portfolio
Dodge & Cox International Stock
MFS International Growth - R6
Hartford Schroders Emerging Markets Eq
Vanguard Short-Term Invest-Grade Adm
PIMCO Total Return Fund - Inst
PGIM Total Return Bond - R6
DoubleLine Core Fixed Income - I
First American Government Obligations Z

Index Plus (Passive)

iShares Core S&P 500 ETF
iShares S&P 500 Value ETF
iShares S&P 500 Growth ETF
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
iShares Russell 2000 Value ETF
iShares Russell 2000 Growth ETF
iShares MSCI EAFE ETF
Vanguard FTSE Emerging Markets ETF
Vanguard Short-Term Invest-Grade Adm
iShares Core U.S. Aggregate
First American Government Obligations Z

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark Capital Advisors (HCA) with full investment authority according to the PARS Moderate active and passive objectives.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

HIGHMARK CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800-582-4734

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has nearly 100 years (including predecessor organizations) of institutional money management experience with \$8.5 billion in assets under management and \$7.7 billion in assets under advisement*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Randy Yurchak, CFA®

Senior Portfolio Manager
Investment Experience: since 2002
HighMark Tenure: since 2017
Education: MBA, Arizona State University; BS, University of Washington

Asset Allocation Committee

Number of Members: 17
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Group

Number of Members: 7
Average Years of Experience: 17
Average Tenure (Years): 8

*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
COMBINED FINANCIAL STATEMENTS
AND
BUDGET COMPARATIVE
JULY 1, 2019 THRU MARCH 31, 2020

**Municipal Water District of Orange County
Combined Balance Sheet
As of March 31, 2020**

<u>ASSETS</u>	Amount
Cash in Bank	1,197,145.79
Investments	16,227,490.14
Accounts Receivable	19,582,384.94
Accounts Receivable - Other	170,700.84
Accrued Interest Receivable	217,258.07
Prepays/Deposits	303,369.56
Leasehold Improvements	3,833,004.08
Furniture, Fixtures & Equipment	573,533.87
Less: Accum Depreciation	<u>(3,149,401.01)</u>
TOTAL ASSETS	<u>\$38,955,486.28</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts Payable	20,389,093.49
Accounts Payable - Other	1,117.92
Accrued Salaries and Benefits Payable	395,138.76
Other Liabilities	1,767,690.24
Unearned Revenue	<u>799,950.80</u>
Total Liabilities	<u>23,352,991.21</u>
 Fund Balances	
Restricted Fund Balances	
Water Fund - T2C	<u>1,022,725.36</u>
Total Restricted Fund Balances	<u>1,022,725.36</u>
Designated Reserves	
General Operations	3,830,240.00
Grant & Project Cash Flow	1,500,000.00
Election Expense	696,000.00
Building Repair	444,186.00
OPEB	<u>297,147.00</u>
Total Designated Reserves	<u>6,767,573.00</u>
General Fund	3,478,748.06
General Fund Capital	682,542.68
WEROC Capital	115,298.58
WEROC	<u>225,385.05</u>
Total Unrestricted Fund Balances	<u>11,269,547.37</u>
Excess Revenue over Expenditures	
Operating Fund	3,306,803.09
Other Funds	<u>3,419.25</u>
Total Fund Balance	<u>15,602,495.07</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>38,955,486.28</u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July 2019 thru March 2020

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>REVENUES</u>						
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	36,171.75	396,474.81	580,000.00	68.36%	0.00	183,525.19
Subtotal	36,171.75	8,883,652.41	9,067,178.00	97.98%	0.00	183,525.59
Choice Programs	1,579.10	1,236,597.99	1,472,622.00	83.97%	0.00	236,024.01
MWD Revenue - Shared Services	22,601.40	31,844.90	0.00	0.00%	0.00	(31,844.90)
Miscellaneous Income	24,789.84	36,514.93	3,000.00	1217.16%	0.00	(33,514.93)
Revenue Other	0.00	1,775.44	0.00	0.00%	0.00	(1,775.44)
School Contracts	4,499.88	46,810.97	118,213.00	39.60%	0.00	71,402.03
Delinquent Payment Penalty	122.61	2,571.97	0.00	0.00%	0.00	(2,571.97)
Transfer-In From Reserve	0.00	0.00	(42,870.00)	0.00%	0.00	(42,870.00)
Subtotal	53,592.83	1,356,116.20	1,550,965.00	87.44%	0.00	194,848.80
TOTAL REVENUES	89,764.58	10,239,768.61	10,618,143.00	96.44%	0.00	378,374.39

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July 2019 thru March 2020

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>EXPENSES</u>						
Salaries & Wages	323,000.60	2,835,823.30	4,052,038.00	69.99%	0.00	1,216,214.70
Salaries & Wages - Grant Recovery	(7,132.11)	(7,132.11)	(5,500.00)	129.67%	0.00	1,632.11
Salaries & Wages - Recovery	(642.60)	(8,282.40)	0.00	0.00%	0.00	8,282.40
Director's Compensation	20,300.66	176,345.14	268,132.00	65.77%	0.00	91,786.86
MWD Representation	10,805.19	98,042.28	153,218.00	63.99%	0.00	55,175.72
Employee Benefits	95,306.55	879,885.06	1,261,651.00	69.74%	0.00	381,765.94
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Employee Benefits - Grant Recovery	(1,565.59)	(1,565.59)	0.00	0.00%	0.00	1,565.59
Employee Benefits - Recovery	(122.40)	(1,577.60)	0.00	0.00%	0.00	1,577.60
Director's Benefits	10,432.72	99,470.76	93,947.00	105.88%	0.00	(5,523.76)
Health Insurance for Retirees	7,411.22	48,238.50	70,287.00	68.63%	0.00	22,048.50
Training Expense	0.00	24,541.76	32,000.00	76.69%	10,484.45	(3,026.21)
Tuition Reimbursement	0.00	2,552.62	5,000.00	51.05%	0.00	2,447.38
Temporary Help Expense	4,000.80	23,062.00	5,000.00	461.24%	1,087.80	(19,149.80)
Personnel Expenses	461,795.04	4,376,403.72	6,142,773.00	71.24%	11,572.25	1,754,797.03
Engineering Expense	11,615.63	198,464.15	435,000.00	45.62%	133,315.15	103,220.70
Legal Expense	18,212.06	205,143.93	200,000.00	102.57%	53,756.07	(58,900.00)
Audit Expense	0.00	19,767.00	29,240.00	67.60%	0.00	9,473.00
Professional Services	102,108.84	721,120.53	1,487,330.00	48.48%	587,823.22	178,386.25
Professional Fees	131,936.53	1,144,495.61	2,151,570.00	53.19%	774,894.44	232,179.95
Conference-Staff	0.00	19,573.00	40,535.00	48.29%	0.00	20,962.00
Conference-Directors	(1,785.00)	8,900.00	28,440.00	31.29%	0.00	19,540.00
Travel & Accom.-Staff	3,486.81	43,483.67	89,131.00	48.79%	0.00	45,647.33
Travel & Accom.-Directors	458.11	22,167.40	46,625.00	47.54%	0.00	24,457.60
Travel & Conference	2,159.92	94,124.07	204,731.00	45.97%	0.00	110,606.93
Membership/Sponsorship	0.00	138,985.01	114,966.00	120.89%	0.00	(24,019.01)
CDR Support	0.00	37,616.85	50,156.00	75.00%	12,538.95	0.20
Dues & Memberships	0.00	176,601.86	165,122.00	106.95%	12,538.95	(24,018.81)
Business Expense	95.74	2,508.86	5,200.00	48.25%	0.00	2,691.14
Maintenance Office	8,614.91	73,390.50	138,527.00	52.98%	63,469.46	1,667.04
Building Repair & Maintenance	801.28	8,178.90	20,000.00	40.89%	1,821.10	10,000.00
Storage Rental & Equipment Lease	0.00	3,907.11	3,616.00	108.05%	0.00	(291.11)
Office Supplies	2,544.11	25,750.12	36,000.00	71.53%	1,079.27	9,170.61
Supplies - Water Loss Control	212.10	5,676.27	2,033.00	279.21%	0.00	(3,643.27)
Postage/Mail Delivery	526.46	6,491.10	9,400.00	69.05%	882.79	2,026.11
Subscriptions & Books	0.00	380.60	1,500.00	25.37%	27.86	1,091.54
Reproduction Expense	3,864.74	31,894.40	61,000.00	52.29%	(2,111.78)	31,217.38
Maintenance-Computers	541.68	3,828.52	8,000.00	47.86%	1,948.40	2,223.08
Software Purchase	224.97	18,391.78	34,500.00	53.31%	(224.97)	16,333.19
Software Support	2,750.02	35,370.05	59,134.00	59.81%	600.00	23,163.95
Computers and Equipment	805.31	29,427.11	49,450.00	59.51%	0.00	20,022.89
Automotive Expense	767.35	15,025.14	19,300.00	77.85%	0.00	4,274.86
Vehicle Expense	358.87	2,777.61	13,160.00	21.11%	0.00	10,382.39
Toll Road Charges	58.24	996.83	2,400.00	41.53%	0.00	1,403.17
Insurance Expense	10,943.10	95,590.37	140,000.00	68.28%	0.00	44,409.63
Utilities - Telephone	2,070.74	18,214.51	25,773.00	70.67%	344.73	7,213.76
Bank Fees	0.00	88.33	1,200.00	7.36%	0.00	1,111.67
Miscellaneous Expense	2,123.89	59,483.05	108,100.00	55.03%	(118.49)	48,735.44
MWDOC's Contrb. to WEROC	19,081.50	171,733.50	273,367.00	62.82%	0.00	101,633.50
Depreciation Expense	3,043.96	22,135.52	0.00	0.00%	0.00	(22,135.52)
Other Expenses	59,428.97	631,240.18	1,011,660.00	62.40%	67,718.37	312,701.45
Building Expense	29,300.53	423,632.74	835,831.00	50.68%	357,476.18	54,722.08
Capital Acquisition	805.00	86,467.34	106,456.00	81.22%	0.00	19,988.66
TOTAL EXPENSES	685,425.99	6,932,965.52	10,618,143.00	65.29%	1,224,200.19	2,460,977.29
NET INCOME (LOSS)	(595,661.41)	3,306,803.09	0.00			

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
From July 2019 thru March 2020

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<u>WATER REVENUES</u>					
Water Sales	7,877,150.40	109,637,219.20	232,376,274.00	47.18%	122,739,054.80
Readiness to Serve Charge	965,277.18	7,929,068.34	10,071,282.00	78.73%	2,142,213.66
Capacity Charge CCF	324,353.33	2,773,040.01	3,615,440.00	76.70%	842,399.99
SCP/SAC Pipeline Surcharge	23,174.64	253,747.85	350,000.00	72.50%	96,252.15
Interest	1,836.29	16,345.80	20,000.00	81.73%	3,654.20
TOTAL WATER REVENUES	9,191,791.84	120,609,421.20	246,432,996.00	48.94%	125,823,574.80
<u>WATER PURCHASES</u>					
Water Sales	7,877,150.40	109,637,219.20	232,376,274.00	47.18%	122,739,054.80
Readiness to Serve Charge	965,277.18	7,929,068.34	10,071,282.00	78.73%	2,142,213.66
Capacity Charge CCF	324,353.33	2,773,040.01	3,615,440.00	76.70%	842,399.99
SCP/SAC Pipeline Surcharge	23,174.64	253,747.85	350,000.00	72.50%	96,252.15
TOTAL WATER PURCHASES	9,189,955.55	120,593,075.40	246,412,996.00	48.94%	125,819,920.60
EXCESS OF REVENUE OVER EXPENDITURES	1,836.29	16,345.80	20,000.00		

Municipal Water District of Orange County
WUE Revenues and Expenditures (Actuals vs Budget)
From July 2019 thru March 2020

	Year to Date Actual	Annual Budget	% Used
Spray To Drip Conversion			
Revenues	8,362.16	110,562.00	7.56%
Expenses	<u>9,717.47</u>	<u>110,562.00</u>	8.79%
Excess of Revenues over Expenditures	(1,355.31)	0.00	
Member Agency Administered Passthru			
Revenues	255,900.00	616,000.00	41.54%
Expenses	<u>244,400.00</u>	<u>616,000.00</u>	39.68%
Excess of Revenues over Expenditures	11,500.00	0.00	
ULFT Rebate Program			
Revenues	4,198.01	27,500.00	15.27%
Expenses	<u>4,133.51</u>	<u>27,500.00</u>	15.03%
Excess of Revenues over Expenditures	64.50	0.00	
HECW Rebate Program			
Revenues	66,772.34	300,000.00	22.26%
Expenses	<u>66,549.98</u>	<u>300,000.00</u>	22.18%
Excess of Revenues over Expenditures	222.36	0.00	
CII Rebate Program			
Revenues	0.00	305,000.00	0.00%
Expenses	<u>(270.00)</u>	<u>305,000.00</u>	-0.09%
Excess of Revenues over Expenditures	270.00	0.00	
Turf Removal Program			
Revenues	820,619.32	835,776.00	98.19%
Expenses	<u>881,088.18</u>	<u>835,776.00</u>	105.42%
Excess of Revenues over Expenditures	(60,468.86)	0.00	
Comprehensive Landscape (CLWUE)			
Revenues	111,134.73	110,558.00	100.52%
Expenses	<u>136,656.61</u>	<u>116,450.00</u>	117.35%
Excess of Revenues over Expenditures	(25,521.88)	(5,892.00)	
Recycled Water Program			
Revenues	0.00	19,750.00	0.00%
Expenses	<u>0.00</u>	<u>19,750.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
WSIP - Industrial Program			
Revenues	0.00	45,000.00	0.00%
Expenses	<u>0.00</u>	<u>45,000.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
WUE Projects			
Revenues	1,266,986.56	2,370,146.00	53.46%
Expenses	<u>1,342,275.75</u>	<u>2,376,038.00</u>	56.49%
Excess of Revenues over Expenditures	(75,289.19)	(5,892.00)	
WEROC			
Revenues	400,711.50	652,564.00	61.41%
Expenses	<u>296,943.04</u>	<u>624,478.00</u>	47.55%
Excess of Revenues over Expenditures	103,768.46	28,086.00	



Memorandum

DATE: May 13, 2020

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

FROM: Robert Hunter

SUBJECT: Quarter ending March 2020 Fiscal YTD Financials Actual versus Budget

The following reports are attached:

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

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget Summary Report
Fiscal Year to Date ending March 2020 (Unaudited)
(\$000 Omitted)
General Fund and Reserve Fund

GENERAL FUND

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
<u>REVENUES</u>			
Water Rate revenues:			
Retail Connection Charge	7,889	7,889	100.00%
Ground Water Customer Charge	598	598	100.00%
Subtotal	<u>8,487</u>	<u>8,487</u>	<u>100.00%</u>
Other Revenues:			
Interest Income	396	580	68.27%
Choice Programs ⁽¹⁾	1,268	1,473	86.14%
School Contracts ⁽²⁾	47	118	39.60%
Other Income ⁽³⁾	41	3	1362.07%
Transfer in from Reserve ⁽⁴⁾	0	(43)	0.00%
Subtotal	<u>1,752</u>	<u>2,131</u>	<u>82.22%</u>
TOTAL REVENUES	<u><u>10,239</u></u>	<u><u>10,618</u></u>	<u><u>96.43%</u></u>
<u>EXPENSES</u>			
Personnel Expenses (incl. Dir.)	4,376	6,143	71.24%
Professional Services ⁽⁵⁾	741	1,517	48.85%
Outside Engineering ⁽⁶⁾	198	435	45.62%
Legal Expense ⁽⁷⁾	205	200	102.57%
Travel & Conference ⁽⁸⁾	94	205	45.97%
Dues and Memberships ⁽⁹⁾	177	165	106.95%
General & Admin Expense	631	1,012	62.40%
Building Repair & Expense ⁽¹⁰⁾	424	836	50.68%
Capital Acquisition (not including building repairs)	86	106	81.22%
TOTAL EXPENSES	<u><u>6,932</u></u>	<u><u>10,618</u></u>	<u><u>65.29%</u></u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>3,307</u></u>		

RESERVE FUND

Beginning Balance	6,132
Nov 2019 - excess from FY2018-19 General Fund	635
TOTAL RESERVE FUND	<u><u>6,767</u></u>

- (1) Choice Programs are paid in the beginning of the fiscal year
(2) School Contracts began in September thru the middle of March
(3) Other Income - Refund of unspent technical assistance research from Doheny (8 years ago) and delinquent water payments
(4) Transfer in from Reserves is moved at year-end
(5) Professional Services - Projects in process
(6) Outside Engineering - Projects in process
(7) Legal Expense includes unanticipated events
(8) Travel & Conference suspended the middle of March due to COVID-19
(9) Dues and Memberships are over due to additional memberships approved after budget
(10) Work is in progress for Building Repair & Expense

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending March 2020 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
REVENUES			
Retail Connection Charge	7,888,930	7,888,930	100.00%
Ground Water Customer Charge	598,248	598,248	100.00%
Water Rate Revenues	8,487,178	8,487,178	100.00%
Choice Programs	1,236,598	1,472,622	83.97%
MWD Revenue - Shared Services	31,845	0	0.00%
Interest Revenue	396,475	580,000	68.36%
Miscellaneous Income	40,862	3,000	1362.07%
School Contracts	46,811	118,213	39.60%
Gain on Sale of Investment	0	0	0.00%
Transfer in from Reserve	0	(42,870)	0.00%
Other Revenues	1,752,591	2,130,965	82.24%
TOTAL REVENUES	10,239,769	10,618,143	96.44%

OPERATING EXPENSES			
Salaries & Wages	2,835,823	4,052,038	69.99%
less Recovery's	(15,415)	(5,500)	280.27%
Directors' Compensation	176,345	268,132	65.77%
MWD Representation	98,042	153,218	63.99%
Employee Benefits	879,885	1,261,651	69.74%
less Recovery's	(3,143)	0	0.00%
CALPERS Unfunded Liability Contribution	207,000	207,000	100.00%
Directors Benefits	99,471	93,947	105.88%
Health Insurances for Retirees	48,239	70,287	68.63%
Training Expense	24,542	32,000	76.69%
Tuition Reimbursement	2,553	5,000	51.06%
Temporary Help Expense	23,062	5,000	461.24%
Personnel Expenses	4,376,404	6,142,773	71.24%
Engineering Expense	198,464	435,000	45.62%
Legal Expense	205,144	200,000	102.57%
Audit Expense	19,767	29,240	67.60%
Professional Services	721,121	1,487,330	48.48%
Professional Fees	1,144,496	2,151,570	53.19%
Conference-Staff	19,573	40,535	48.29%
Conference-Directors	8,900	28,440	31.29%
Travel & Accom.-Staff	43,484	89,131	48.79%
Travel & Accom.-Directors	22,167	46,625	47.54%
Travel & Conference	94,124	204,731	45.97%
Membership/Sponsorship	138,985	114,966	120.89%
CDR Support	37,617	50,156	75.00%
Dues & Memberships	176,602	165,122	106.95%

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending March 2020 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
Business Expense	2,509	5,200	48.25%
Maintenance Office	73,390	138,527	52.98%
Building Repair & Maintenance	8,179	20,000	40.90%
Storage Rental & Equipment Lease	3,907	3,616	108.05%
Office Supplies	25,750	36,000	71.53%
Supplies - Water Loss Control	5,676	2,033	279.19%
Postage/Mail Delivery	6,491	9,400	69.05%
Subscriptions & Books	381	1,500	25.40%
Reproduction Expense	31,894	61,000	52.29%
Maintenance-Computers	3,829	8,000	47.86%
Software Purchase	18,392	34,500	53.31%
Software Support	35,370	59,134	59.81%
Computers and Equipment	29,427	49,450	59.51%
Automotive Expense	15,025	19,300	77.85%
Vehicle Expense	2,778	13,160	21.11%
Toll Road Charges	997	2,400	41.54%
Insurance Expense	95,590	140,000	68.28%
Utilities - Telephone	18,215	25,773	70.67%
Bank Fees	88	1,200	7.33%
Miscellaneous Expense	59,483	108,100	55.03%
MWDOC's Contribution to WEROC	171,733	273,367	62.82%
Depreciation Expense	22,136	0	0.00%
MWDOC Building Expense	423,633	835,831	50.68%
Capital Acquisition	86,467	106,456	81.22%
Other Expenses	1,141,340	1,953,947	58.41%
TOTAL EXPENSES	6,932,966	10,618,143	65.29%
EXCESS OF REVENUES OVER EXPENSES	3,306,803	0	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Revenues and Expenditures
Fiscal Year to Date ending March 2020 (Unaudited)
Water Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>Water Revenues</u>			
Water Sales	109,637,219	232,376,274	(122,739,055)
Readiness to Serve Charge	7,929,068	10,071,282	(2,142,214)
Capacity Charge CCF	2,773,040	3,615,440	(842,400)
SCP/SAC Pipeline Surcharge	253,748	350,000	(96,252)
Interest	16,346	20,000	(3,654)
Total Water Revenues	<u>120,609,421</u>	<u>246,432,996</u>	<u>(125,823,575)</u>
 <u>Water Purchases</u>			
Water Sales	109,637,219	232,376,274	(122,739,055)
Ready to Serve Charge	7,929,068	10,071,282	(2,142,214)
Capacity Charge	2,773,040	3,615,440	(842,400)
SCP/SAC Pipeline Surcharge	253,748	350,000	(96,252)
Total Water Purchases	<u>120,593,075</u>	<u>246,412,996</u>	<u>(125,819,921)</u>
 EXCESS OF REVENUES OVER EXPENDITURES	<u>16,346</u>	<u>20,000</u>	<u>(3,654)</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending March 2020 (Unaudited)
Other Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>WEROC</u>			
Revenues	400,712	652,564	(251,853)
Expenditures	296,943	624,478	(327,535)
Excess of Revenues over Expenditures	<u>103,768</u>	<u>28,086</u>	<u>75,682</u>

WUE Projects (details on next page)

Revenues	1,266,986	2,370,146	(1,103,160)
Expenditures	1,342,276	2,376,038	(1,033,762)
Excess of Revenues over Expenditures	<u>(75,290)</u>	<u>(5,892)</u>	<u>(69,398)</u>

Footnote:

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

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending March 2020 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %</u>	<u>Fiscal Year Budget</u>	<u>% of Budget</u>	<u>Projected Final FY Budget</u>
<u>Spray to Drip Conversion</u>					
Revenues	8,362		110,562	7.56%	110,562
Expenditures	9,717		110,562	8.79%	110,562
Excess of Revenues over Expenditures	(1,355)	-16%			

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

Budget Variance: This will be less than the target amount at year's end. Expenditures will be closer to \$30,000. Grant funding to increase participation was slow to materialize and participation rates were not as high as expected.

Member Agency Administered Pass thru

Revenues	255,900		616,000	41.54%	616,000
Expenditures	244,400		616,000	39.68%	616,000
Excess of Revenues over Expenditures	11,500	4%			

Actual Variance: Posted revenues out ahead of expenditures. Revenue comes from reporting to Metropolitan on program activity. All reporting current.

Budget Variance: With 75% of the year over the projected final budget will be closer to \$450,000. Several projects (like the development of our videos) that were at the beginning of their implementation stage were shelved due to Covid 19.

ULFT Rebate Program

Revenues	4,198		27,500	15.27%	27,500
Expenditures	4,134		27,500	15.03%	27,500
Excess of Revenues over Expenditures	64	2%			

Actual Variance: This tracks MWD OC member agencies activities to provide supplemental funding to increase activity in their service territories.

Budget Variance: Projected budget will come in at \$5,000 at year's end. Agencies did not develop programs as they intended.

HECW Rebate Program

Revenues	66,772		300,000	22.26%	300,000
Expenditures	66,550		300,000	22.18%	300,000
Excess of Revenues over Expenditures	222	0%			

Actual Variance: This tracks MWD OC member agencies activities to provide supplemental funding to increase activity in their service territories.

Budget Variance: Projected budget will come in at \$100,000 at year's end. Agencies did not develop programs as they intended.

CII Rebate Program

Revenues	-		305,000	0.00%	305,000
Expenditures	(270)		305,000	-0.09%	305,000
Excess of Revenues over Expenditures	270	0%			

Actual Variance: This tracks MWD OC member agencies activities to provide supplemental funding to increase activity in their service territory

Budget Variance: Currently a handful of agencies who indicated they would provide funding have yet to start, and several more agencies have indicated after the start of the fiscal year they no longer would provide supplemental funding. This program is a non-starter.

Notes:

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

[2] Fiscal year budget versus Actual

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

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending March 2020 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %</u>	<u>Fiscal Year Budget</u>	<u>% of Budget</u>	<u>Projected Final FY Budget</u>
<u>Turf Removal Program</u>					
Revenues	820,619		835,776	98.19%	835,776
Expenditures	881,088		835,776	105.42%	835,776
Excess of Revenues over Expenditures	(60,469)	-7%			

Actual Variance: On target. All reporting current.

Budget Variance: Ahead of schedule. Should come in ahead of projections.

<u>Comprehensive Landscape (CLWUE)</u>					
Revenues	111,135		110,558	100.52%	110,558
Expenditures	136,657		116,450	117.35%	116,450
Excess of Revenues over Expenditures	(25,522)	-23%	(5,892)		

Actual Variance: Grant funded program. Granting agencies are slow to provide their funding. All reporting is current.

Budget Variance: Ahead of schedule. Should come in ahead of projections.

<u>Recycled Water Program</u>					
Revenues	-		19,750	0.00%	19,750
Expenditures	-		19,750	0.00%	19,750
Excess of Revenues over Expenditures	-	0%			

Actual Variance: N/A

Budget Variance: Payments going out from Grant funds in the April/May 2020 time period. Projected amounts will be realized by year's end.

<u>WSIP - Industrial Program</u>					
Revenues	-		45,000	0.00%	45,000
Expenditures	-		45,000	0.00%	45,000
Excess of Revenues over Expenditures	-	0%			

Actual Variance: N/A

Budget Variance: Payments going out from Grant funds in the April/May 2020 time period. Projected amounts will be realized by year's end

Notes:

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

[2] Fiscal year budget versus Actual

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



DISCUSSION ITEM

May 13, 2020

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

FROM: Robert Hunter, General Manager

**SUBJECT: DISCUSSION RE POSSIBLE AMENDMENTS TO ADMINISTRATIVE CODE
AS RECOMMENDED BY DIRECTOR BARBRE**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee: Review and discuss the information presented by Director Barbre.

COMMITTEE RECOMMENDATION

At the April meeting, the Committee recommended legal counsel prepare an analysis of the proposed changes and report to the Committee in May. The analysis from Legal Counsel Byrne is attached.

DETAILED REPORT

Director Barbre requested the attached language be included in the Administrative Code, and it was presented to the Committee in April for discussion. Pursuant to the Committee's request, Legal Counsel Byrne prepared an analysis of the proposed changes (attached).

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

MWDOC ADMINISTRATIVE CODE AMENDMENTS

AMENDMENT ONE

§ 1500(A)(4) is added to read:

4. MWDOC MWD Director

When a MWDOC MWD Director leaves the MWDOC Board, they shall forfeit their position as an MWD Director.

AMENDMENT TWO

§ 1307(a)(8) is deleted.

~~8) remove or prohibit an item that has passed through a Committee from being presented to the full Board (only with the concurrence of the Committee Chair);~~

AMENDMENT THREE

§ 1307(a)(9) is amended to read:

~~98~~) Board retains to itself, sole authority to accept and convey, on behalf of MWDOC, real property or real property rights, and water and capacity rights.

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Irvine
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Manhattan Beach
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Memorandum

To: MWDOC Board of Directors
From: Joseph P. Byrne, General Counsel
Date: May 5, 2020
Re: Proposed Amendments to Administrative Code

The Board has asked me to analyze Director Barbre's two proposed amendments to the administrative code (see attached). In short, the first proposed amendment indicates that a MWDOC Director who also serves as a MWDOC MET Director would automatically forfeit his or her MWDOC MET Director position if he or she leaves the MWDOC Board. The second proposed amendment would remove the General Manager's authority to remove items that have passed through Committee from being presented to the full Board with the concurrence of the Committee Chair. Below is the language of the proposed amendments, the relevant text of the administrative code, and an analysis of each.

Proposed Amendment #1

Add Section 1500(4) to the Administrative Code to read:

"4. When a MWDOC MWD Director leaves the MWDOC Board, they shall forfeit their position as a MWDOC MWD Director."

Existing Administrative Code Language

Section 1500 APPOINTMENT OF MET DIRECTORS

A. APPOINTMENT PROCESS

The President of the MWDOC Board, with the consent and approval of the Board, shall appoint MET Directors to serve at the pleasure of the Board.

1. REVIEW OF CANDIDATES

The President of the Board will receive names and qualifications or proposed candidates submitted by MWDOC Directors for two (2) of the four (4) seats retained by the MWDOC

Board. In addition, for the other two (2) seats, the President of the Board shall request the Member Agencies to nominate in writing a candidate or candidates of their choosing. The request for nominations shall alternate between the North County agencies and the South County agencies, in the absence of agreement to some other process. The nomination by the Member Agencies shall be determined by “one agency, one vote” process. Once filled, the seats will be designated as the “South County Seat” and the nomination for the designated seat shall be from that region.

2. SELECTION

To assist in the selection of a candidate, the President of the Board may appoint a Special Committee of the Board to interview and/or discuss the list of potential candidates. The committee shall submit its recommendation to the President and the Board. The MWDOC Board shall retain a minimum of two (2) of the four (4) available MWDOC seats on the MET Board.

3. TERM OF OFFICE

The MWDOC Board shall appoint its MET Directors to serve at the pleasure of the Board.

Analysis:

As you can see from the language above, under Section 1500 of the existing Administrative Code, at least two of the four MWDOC MET Directors must also be MWDOC Directors. They are selected by the President with the approval of the Board. In addition, there is a candidate nomination process for the other two seats, where the Member Agencies propose candidates, with one candidate for the north county and one for the south county. All MWDOC MET Directors serve at the pleasure of the Board and may be removed and appointed in compliance with the process above at any time.

Given the requirement that two of the MWDOC MET Directors must also be MWDOC Directors, if a MWDOC Director who is also a MWDOC MET Director were to leave the MWDOC Board, the MWDOC Board would then need to take action to appoint another MWDOC Director as a MWDOC MET Director. However, as indicated above, the Board has discretion as to how to make this happen.

For example, the Board could remove the former MWDOC Director from the MET Board and appoint a current MWDOC Director to take his or her place. The Board also could, in addition to appointing a MWDOC Director as a MWDOC MET Director, remove one of the existing MWDOC MET Directors who is not a MWDOC Director, and replace him or her with the former MWDOC Board member, assuming they are from the same region (north or south county) and input is received from the Member Agencies. Again, the MWDOC MET Directors

serve at the pleasure of the Board and new MWDOC MET Directors may be removed by the Board at their pleasure, or appointed by the Board with input from Member Agencies.

Proposed Amendment

The proposed amendment would essentially remove discretion from the Board and in effect result in the automatic removal of a MWDOC MET Director upon his or her resignation from the MWDOC Board. As drafted, it is not clear that the former MWDOC Director could fill one of the non-MWDOC MET Director seats, even if the Board decided it wanted that person to fill that seat after receiving input from Member Agencies. If the intent is to allow the former MWDOC Director to fill one of the non-MWDOC MET Director positions, that should be made clear.

Board Authority to Amend the Admin Code

Lastly, the Board always has the discretion to amend the Administrative Code and change the above process, similar to what is being requested here. There is nothing in the Municipal Water District Act or the MET Act or Administrative Code that requires the Board to nominate MET Directors in this fashion.

Proposed Amendment #2

Delete section 1307(a)(8), which states that the Board delegates to the General Manager the authority to:

“remove or prohibit an item that has passed through a Committee from being presented to the full Board (only with the concurrence of the Committee Chair).”

Analysis:

At present, the General Manager has the authority to remove items from the Board meeting agenda that have passed through Committee with the approval of the Committee Chair. The proposed amendment would remove this authority. As a result, any item that passes through Committee to the full board may not be removed from the Board agenda absent the approval by a majority of the Board of Directors. If there is a situation where something comes up and makes it impractical or unnecessary for an item that has passed out of Committee to go to the full Board, majority action of the Board would be the only way to remove it.

As a practical matter, since MWDOC Committees meet as joint meetings of the Board of Directors, the Board could take action at one of those meetings to remove an item from the regular Board meeting agenda assuming the timing works. Another alternative if there is a desire for flexibility would be to amend Section 1307(a)(8) to add a requirement that the Board President must also consent to the removal of the item. These are of course many other possible options.



ACTION ITEM

May 20, 2020

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Hilary Chumpitazi

SUBJECT: **Annual Review of District Investment Policy and Guidelines**

STAFF RECOMMENDATION

It is recommended that the Board of Directors review the District's Investment Policy and Guidelines, and receive and file as presented.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

MWDOC's Administrative Code requires an annual review of the District's Investment Policy and Guidelines (Resolution No. 2084 adopted May 15, 2019, attached). The 2020 Local Agency Investment Guidelines had three statutory changes that do not affect our investment policy and the County of Orange did not have any changes.

Staff does not recommend any changes at this time.

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

**RESOLUTION NO. 2084
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
INVESTMENT POLICY AND GUIDELINES**

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**RESOLUTION NO. 2084
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
INVESTMENT POLICY AND GUIDELINES
2019**

BE IT RESOLVED by the Board of Director of the Municipal Water District of Orange County that the following is the policy and guidelines of the District for investment of funds and rescinds prior Resolution No. 2084, dated August 16, 2017.

SECTION 2100 - PURPOSE

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

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

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

SECTION 2101 - STATUTORY AND DELEGATED AUTHORITY

Authority to manage the investment of surplus funds is derived from California Government Code Sections 53601, et seq. In accordance with Section 53607 of the Government Code of the State of California, the authority of the Board of Directors to invest public funds may be delegated to the Treasurer for a one-year period, which may be renewed annually.

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

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

The delegations in Resolution Nos. 1277 and 1434 are renewed on the adoption of this Policy. The Treasurer shall be responsible for all transactions undertaken and shall establish procedures and a system of internal controls to regulate the activities of subordinate officials.

SECTION 2101.5 – COMPLIANCE EXCEPTIONS REPORTING

Any compliance exceptions with the Investment Policy and Guidelines (IPG) will be reported within 72 hours to the General Manager, Board President, and the Chair of the Administration & Finance Committee. At the time of reporting, a recommended resolution to the matter shall be included. Notification shall also be included in the monthly Treasurer's Report to the Board of Directors with the resolution noted.

SECTION 2102 - ORGANIZATION

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

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

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

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

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

SECTION 2103- INVESTMENT PHILOSOPHY

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

like character and with like aims to safeguard the principal and maintain the liquidity needs of the agency.

This Standard shall be applied in the context of managing the overall investment portfolio. The investment officer, acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

SECTION 2104 - SCOPE

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

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

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

SECTION 2105- INVESTMENT OBJECTIVES

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

Safety of Principal.

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

backer. Interest rate risk is the risk that the market value of the MWDOC's portfolio will change due to an increase/decrease in general interest rates.

1) Credit risk will be mitigated by:

- (a) Limiting investments to only the most creditworthy types of permissible investments as described in Section 2106;
- (b) By pre-qualifying the financial institutions with which the Agency will do business; and
- (c) By diversifying the investment portfolio so that the potential failure of any one issue or issuer will not place an undue financial burden on the District.

2) Interest rate risk will be mitigated by:

- (a) Structuring the portfolio so that securities mature to meet the District's cash requirements for ongoing obligations, thereby reducing the possible need to sell securities on the open market at a loss prior to their maturity to meet those requirements; and
- (b) Investing primarily in shorter term securities.

Liquidity

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

Rates of Return

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

SECTION 2106- INVESTMENT POLICY GUIDELINES

MWDOC authorized investment types, amounts, maturities, and other characteristics are stated in the Government Code Section 53601 (as periodically amended), and with the following exceptions as noted below.

- Collective Investment Pools - Assets of any of the funds may be invested in collective investment pools run and managed by other public bodies and banks that are approved by the Board of Directors. However, no such investment shall be made in a pool where the investment objectives differ from the investment objectives listed in Section 2105 of this investment policy, nor should any investment be made in a fund that engages in market timing or anticipating interest rate changes or that uses derivatives or other securities other than as a hedge against interest rate risk. The investment shall not exceed 20% of portfolio in effect immediately after such investment and no more than 10% in one pool.

- Money Market Mutual Funds - Investment in shares of money market mutual funds may be made if the investments meet the same restrictions as those of collective investment pools. In addition, purchase of these funds must not result in payment of a purchase premium or commission. These mutual funds must attain the highest ranking of two nationally recognized ratings services and the investment adviser must be registered with the Securities and Exchange Commission (SEC) as an investment adviser with not less than five years' experience managing market mutual funds with investment portfolios of greater than \$500 million. An investment shall not exceed 20% of portfolio in effect immediately after such investment.
- Cash Holdings - The portfolio will hold sufficient cash equivalent investments to ensure availability of sufficient funds to meet known obligations for the next three months. Idle cash will be invested to the fullest extent practicable in interest-bearing investments.
- Other permissible investments for the Operating and Fiduciary funds are:
 - Bank checking accounts, time deposits or certificates of deposit not to exceed the current Federal Deposit Insurance Corporation (FDIC) limit without being collateralized.
 - Negotiable Certificates of Deposit shall not exceed 30% of portfolio in effect immediately after such investment and no more than 5% in one issuer.
 - U.S. Treasury obligations.
 - U.S. Government Agency obligations and, U.S. Government Instrumentality obligations. May not invest more than 50% of portfolio from one issuer.
 - Prime Commercial Paper rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch. May not exceed 25% of portfolio in effect immediately after such investment and may purchase no more than 5% of the outstanding commercial paper of any single issuer. The maximum maturity for Commercial Paper is 270 days.
 - Prime Banker's Acceptances rated A-1/P-1/F-1 by Moody's, Standard and Poor's or Fitch shall not exceed 40% of portfolio in effect immediately after such investment and no more than 5% may be of any one commercial bank. The maximum maturity is 180 days.
 - Corporate Securities (Medium-Term Notes) with a rating of "A" or better by at least two nationally recognized rating services. Shall not exceed 30% of portfolio in effect immediately after such investment with no more than 5% in one issuer.
 - Loans with an agreement for the collateral to be repurchased by the borrower (Repurchase Agreements); the amount of such instruments will not exceed 20% of the market value of the portfolio with no more than 10% from one issuer. Maximum maturity is 1 year. U.S. Treasury and Agency securities are acceptable collateral with a market value of at least 102% of the value of the Repurchase Agreement. Prior to investment, a Master Repurchase Agreement will be signed with the qualified counterparty.
- Permissible investments for Reserve Funds are:
 - All investments permitted for the Operating and Fiduciary funds, except maturities may not exceed five years without Board approval prior to investment.
- Prohibited Investments and Investment Practices - The following are prohibited:

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

SECTION 2107 - EXECUTION

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

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

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

SECTION 2108 - PERSONAL CONDUCT

The Board of Directors of Municipal Water District of Orange County is acutely aware of the responsibilities the staff has in administering the investment assets of MWDOC.

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

All persons responsible for investment decisions or who are involved in the management of MWDOC assets shall be governed in their personal investment activities by the codes of conduct established by the applicable state statutes, the Financial Industry Regulatory Authority (FINRA), the Securities and Exchange Commission, and the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research.

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

SECTION 2109 - REPORTING

The Treasurer shall prepare an investment report monthly, including a management summary that provides the status of the current investment portfolio and transactions made over the last month. The Report shall be submitted within forty-five (45) days following the month ended. The report should be provided to and reviewed by the General Manager, the Administration & Finance Committee and provided to the Board of Directors. The report will include the following:

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

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

SECTION 2110 - GLOSSARY

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

ASKED: The price at which securities are offered.

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

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

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

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

BROKER-DEALER: A person or firm acting as a principal in securities transaction as either a broker or a dealer depending on the transaction. Technically, a broker is only an agent who executes orders on behalf of clients, whereas a dealer acts as a principal and trades from the

firm's own account. Transaction confirmations must disclose this information. Because most brokerage firms act as both brokers and principals, the term broker-dealer is commonly used to describe them.

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

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity that usually pays interest. Also referred to as Negotiable CD's, they are insured by FDIC up to \$250,000, but they are not collateralized beyond that amount.

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

COMMERICAL PAPER: Short-term unsecured promissory note issued by corporations or municipalities with maturities ranging from 2 to 270 days.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 3,543 commercial banks that are members of the system.

FITCH, INC.: (See Nationally Recognized Statistical Rating Organization)

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Residential mortgage-backed security (MBS) instruments influencing the volume of bank credit guaranteed by GNMA and issued by geographically diverse mortgage companies, commercial banks, and thrifts of all sizes, as well as state housing finance agencies.. Security holder is protected by full

faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term “pass-throughs” is often used to describe Ginnie Maes.

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

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

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

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

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

MEDIUM TERM NOTES: Debt securities issued by a corporation or depository institution with a maturity of five years or less. This can also include debt securities originally issued for maturities longer than five years, but which have now fallen within the five year maturity range. If issued by a bank they are also referred to as “bank notes”.

MOODY’S INVESTORS SERVICES, INC.: (See Nationally Recognized Statistical Rating Organization)

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

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION: Firms that review the creditworthiness of the issuers of debt securities and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.). The primary rating agencies are the following Standard & Poor’s Corporation, Moody’s Investor Services, Inc., and Fitch, Inc.

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

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

OPTIONS: A contract that gives the buyer the right to buy or sell an obligation at a specified price for a specified time.

PORTFOLIO: Collection of securities held by an investor.

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

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

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

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

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

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

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

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

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

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

STANDARD & POOR'S CORPORATION: (See Nationally Recognized Statistical Rating Organization)

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

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

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

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

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

TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

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

U.S. GOVERNMENT AGENCY SECURITIES: Debt securities issued by U.S. Government sponsored enterprises and federally related institutions (FHLB, Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), FNMA).

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

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

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

AYES: Directors Barbre, Dick, Yoo Schneider, Tamaribuchi &
Thomas
NOES: None
ABSENT: Director Finnegan and Director/Division 3 (Vacant)
ABSTAIN: None

I certify the foregoing is a true, full and correct copy of Resolution No. 2084 adopted by the Board of Director of Municipal Water District of Orange County at its Regular meeting held on May 15, 2019.

Maribeth Goldsby, District Secretary
Municipal Water District of Orange County



Item No. 5

ACTION ITEM

May 20, 2020

TO: Board of Directors

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

**Robert Hunter
General Manager**

Staff Contact: Hilary Chumpitazi

SUBJECT: FY 2020-21 Fourth Draft Budget – 2nd Review

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee, MWDOC Board of Directors, Member Agencies, and the public review, discuss and provide input and comments on the fourth draft of MWDOC's budget for FY 2020-21. The fourth draft budget was returned to the A&F Committee for further review and discussion. Presumably, this meeting is the last opportunity for comments before the budget goes to the Board of Directors on May 20, 2020 for final approval. Staff recommends approval of the fourth draft budget as final.

No changes have been made to the fourth draft budget as the Board direction was to simply return it to committee. Member Agency comments over the last two months have covered a wide range; from generic requests to reduce revenue needs in light of the current economic situation to specific and detailed comment letters (included). Three, multi-hour meetings have been held with the MWDOC Member Agency Managers since the April 15th Board of Directors meeting. Major points of discussion are included in this write-up.

COMMITTEE RECOMMENDATION

Committee recommends:

CHANGES FROM THE PRIOR DRAFT TO CURRENT DOCUMENT

The A&F Committee recommended the following changes to the third draft budget at their April 8th meeting and these changes were incorporated into the fourth draft budget that went to the Board on April 15th:

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

- The proposed increase in the MWDOC and Metropolitan Director per diem compensation of 5% was reduced to 0% (i.e., eliminated) resulting in a decrease of \$10,666 in core expenses;
- The proposed addition for \$20,000 for a part-time employee for the California Water Energy Education Alliance (WEEA) program.

There was also a correction to the Directors' Benefits line item that resulted in an expense reduction of \$8,531.

The net result of these items is:

- The net change in Core Expenses is an increase of \$803;
- The proposed decrease in the Meter Rate remains at \$0.05;
- The proposed Groundwater Customer Charge increases by \$5;
- The planned draw on reserves increases by \$798 to \$96,205.

SUMMARY OF CHANGES DURING THE BUDGET PROCESS

During the budget process the largest changes were made to the third draft budget with only very minor changes in the fourth. Therefore, the attachments include the detailed, fourth draft budget as well as the committee write-up for the third draft budget. The following table summarizes the changes between the second and fourth draft budgets as well as the changes between those versions and the current budget for FY 2019-20.

MWDOC FY 20-21 BUDGET CHANGES			
	Second Draft	Fourth Draft	Change (2nd to 4th)
Retail Meter Rate	\$12.75	\$12.35	(-) \$0.40
<i>Change from Current</i>	\$0.35	(-) \$0.05	
Groundwater Customer Charge	\$604,936	\$599,115	(-) \$5,820
<i>Change from Current</i>	\$6,688	\$868	
Total Core Expenses	\$9,239,486	\$9,090,480	(-) \$149,006
<i>Change from Current</i>	\$212,178	\$63,172	
Total Core Revenue	\$9,257,071	\$8,994,275	(-) \$262,796
<i>Change from Current</i>	\$186,894	(-) \$75,902	

Staff proposed these changes in response to the COVID-19 pandemic, the associated modification to normal business practices and the major economic disruptions which will continue into FY 2020-21. These actual and anticipated changes are reflected in a smaller proposed budget and revenue requirement. MWDOC is the only water agency we are aware of which is proposing a reduction of existing rates.

Like the majority of other organizations, MWDOC has many employees working from home and not traveling. This has changed the nature of our activities for the fourth quarter of the current fiscal year (FY 2019-20) and for the first quarter of the next (FY 2020-21). MWDOC began assessing associated budget modifications in mid-March. This has resulted in significant changes between the second and fourth draft budgets. Specifically:

- The reduction in expenses in the current fiscal year result in a larger projected year-end contribution to reserves and a projected over-funding of reserves. This flips the budget goal for FY 2020-21 from an intended surplus of \$19,669 in the second draft budget to an intended draw of \$93,333 in the fourth draft budget. This change reduces the revenue requirement for FY 2020-21 by \$113,002.
- Total Core expenses have been reduced \$149,006; largely through travel and program modifications.
- The combined total of the flip to a reserve draw and the reduced Core expenses totals \$262,811.
- The final result is a reduction in the retail meter charge from the current \$12.40 per meter to \$12.35 per meter (-0.4%) and an increase in the Ground Water Customer charge of \$868 (+0.1%) to \$599,115.

Specific modifications between the third and fourth draft budgets include:

- Reductions in Staff and Board travel and registrations of \$71,002 in FY 2019-20 and \$70,005 for FY 2020-21.
- Reduction in Staff training of \$25,000 in FY 2019-20 and \$30,000 in FY 2020-21.
- Reduced the Public Affairs budget by \$17,000 in FY 2019-20 and \$32,000 in FY 2020-21, primarily for events.
- Reduction in Directors Salary of \$16,370 in anticipation of a five-month vacancy.

SUMMARY OF MAJOR MEMBER AGENCY MANAGERS BUDGET COMMENTS

Subsequent to the April 15, 2020 Board meeting, three MWDOC Member Agency Managers meetings have been held. These meetings focused on three items before MWDOC committees:

- (1) Economic Benefit Studies (P&O Committee)
- (2) MWDOC FY 2020-21 Budget (A&F Committee)
- (3) Rate Ordinance & Resolution (A&F Committee)

Most of the third meeting was dedicated to the discussion of larger issues including written proposals on:

- (1) Draft Communications Framework for MWDOC & the Member Agencies
- (2) Charter for the Use of Working Groups
- (3) Steps to Move Ahead on Budgets & Projects

Out of these discussions a consensus was developed that the group wanted to address major, stand-alone issues in a series of separate meetings including in order of priority (1) MWDOC's Role, (2) Core/Choice designations, policy & procedures, and (3) MWDOC's intentions with Doheny. While these discussions are ongoing, opinions of some of the Member Agencies on these larger issues include:

- Neither MWDOC staff nor the MWDOC Board listen to its Member Agencies. There needs to be an inclusive and interactive process between the MWDOC Board and the Member Agency Managers.
- MWDOC is not an authority, where each agency gets a seat on the board, but is funded like one (i.e., the Member Agencies pay the bills). MWDOC is spending Member Agency money and some deference should be given to the opinions of the agencies writing the checks.

- A process should be established whereby MWDOC discusses projects and large studies with Member Agencies first. If the MAs approve then it should proceed as a Core project; if not, then it should be Choice.
- Any work associated with the Doheny project should be Choice.
- MWDOC should use an alternative revenue source (i.e., grants, property taxes, GO bonds) for projects.

Relative to the budget, Member Agency comments include:

- In general, the budget should be reduced.
The COVID-19 impacts to many retail ratepayers will be significant; as will the financial impacts to Member Agencies from projected lower water use and the inability to pay by retail customers. Some utilities are better positioned than others to buffer these impacts with reserves. While the impact of MWDOC's operating budget is small to retail customers and the Member Agencies, efforts should be made to reduce expenses.
- The Hydraulic Model Project should (a) be cancelled, (b) be delayed as a Choice project or (c) at least have a cost recovery provision.
- MWDOC reserves are too high and should be used to reduce this year's rates by drawing on reserves for an additional \$500,000 to \$1,000,000.
- Travel & Conference Expenses should be reduced (expenses in the current version of the budget have already been reduced by \$71,002 in FY 2019-20 and \$70,000 in FY 2020-21).
- Public Affairs & Social Media expenses should be reduced (expenses in the current budget have already been reduced by \$17,000 in FY 2019-20 and \$23,000 in FY 2020-21).
- Some Organization Memberships should be cancelled including CCEEB, AMWA and new memberships.
- Staff Technical Training & Leadership Development expenses should be reduced (these have already been reduced in the current budget by \$25,000 in FY 2019-20 and \$30,000 in FY 2020-21)

PERTINENT ASPECTS OF THE FOURTH DRAFT BUDGET:

1. The fourth draft budget includes a proposed decrease of \$0.05 (0.4%) to the retail service charge reducing the retail rate to \$12.35 per retail meter. This is a \$0.40 per meter swing (3.2%) between the second and fourth draft budgets.
2. The groundwater customer charge to OCWD increases by \$868 (0.1%) to \$599,116. This is a 1.0% reduction between the second and fourth draft budgets.
3. The fourth draft has a budget total of \$236,609,438 (revenue) including Core & Choice, water sales, outside funding, and WEROC. This is a decrease of approximately 9% almost exclusively attributable to the decrease in water sales. This does not factor in the proposed Metropolitan rate increase of a multi-category average of 3% for the last six-months of the fiscal year.

4. The consolidated general fund budget is \$10,568,375 (revenue) with a decrease of \$92,638 (-0.86%).
5. The total revenue amount for the Core budget is \$8,994,275; a decrease of \$75,903 or 0.84% below the current year's budget. This includes a \$122,000 (21%) reduction in interest revenue.
6. The proposed fourth draft budget includes a planned reserves draw of \$96,205 and essentially fully funds the reserves to the target levels.
7. The unfunded CALPERS liability annual payment of \$207,000 is proposed. This will be the third year of the ten-year funding program.
8. The proposed salary contribution pool is at 5.68% of salaries and wages and reflects the rate of inflation (CPI = 3.07%) and merit considerations. No COLA (Cost of Living Adjustment) is being proposed.
9. The Full-time Employee staffing level decreases by 0.12 FTEs to 33.00. There is a 1.38 FTE increase in intern and Part-time MWDOC and WEROC employees. The intern position is for the Water Loss Program and the WEROC position is a project position for the AWIA program.
10. There was a major adjustment to the Election Reserve in FY 2019-20 with an additional, unbudgeted contribution of \$637,000. This was based on a new cost estimate from the Orange County Registrar of Voters of up to \$333,185 per division.
11. Building Improvement and Capital Acquisition expenses both have significant carryovers from the current fiscal year budget. The project is currently in the third review cycle and hopefully final plan review with the City of Fountain Valley. Verbal notice of plan approval has been received. The majority of the project will be completed in FY 2020-21
12. The proposed budget includes two periodic studies. The triennial Benchmark Study which compares MWDOC's job classifications and salaries to the market (\$36,000). The budget also includes a rate study (\$82,500) on the 5-year cycle.
13. The proposed budget also includes a new accounting software package (\$80,000) as previously discussed in committee.
14. There is a substantial increase in the staff development/technical leadership training (\$32,500) which is offset by the elimination of the Business Continuity Consultant (\$40,000) that was required this year for the AWIA Program.
15. Outside funding for Water Use Efficiency (WUE) from rebates and grants is budgeted at \$1,579,934; a decrease of \$790,213 over this year's budget.
16. Annual Local Resource Project (LRP) funding will decrease 10.7% as approximately 3,000 acre feet of local project water production completes its funding cycle.
17. Total outside funding (WUE & Local Resource Project (LRP) sources) is budgeted to be approximately \$6,426,193.
18. As last year, the schedule for the budget process impacts the timing of Choice budget elections by Member Agencies. Therefore, the Choice budget estimates in the third draft budget should be considered preliminary.

A reminder that memberships outlined in the Budget (Exhibit D) are approved by the Board with approval of the budget and therefore, each membership will not be brought

back to the Board for approval on an individual basis. However, any new memberships not included in the budget will be brought to the Board for consideration.

Similar to memberships, budget approval for conferences includes Board and Staff approval for attendance at “standard conferences”. Standard conferences are those listed on Exhibits E and F and approval includes staff travel/attendance at any out of state conferences listed on Exhibits E and F. Subsequent to the budget adoption, any new, out of state conferences will be brought to the Board for consideration.

MAJOR YEAR-TO-YEAR CHANGES IN THE CURRENT BUDGET

The year-to-year (Y-T-Y) changes in the total Core expenses between FY2019-20 and FY2020-21 produce an increase of \$63,172 (0.7%).

- The largest Y-T-Y Core expense increase (\$180,486) is in the cost categories for Employee, MWDOC Director and MWD Director salaries, wages and benefits. This represents a 3.5% increase in these categories. However, these expense categories represent almost 58% of the total Core expenses.
- The other large increases in descending order are Professional Fees (\$75,757 – Benchmark and Rate studies), Membership/Sponsorship (\$59,367), Training Expense (\$32,500 - staff development/technical training/leadership training) and Outside Printing (\$22,200)
- Significant Y-T-Y Core expense decreases include Engineering Expense (\$95,000), Overhead Reimbursement (\$76,615), WEROC Capital Improvements (\$44,389), and Insurance Expense (\$30,000).

Choice Y-T-Y expenses are largely unchanged at this point in the budget process and COVID-19 issues are impacting the Schools Program with schools being closed. The application of credits from this year will impact the budget details for next year. The year-to-year changes in the total Choice expenses between FY2019-20 and FY2020-21 are down \$16,736 (1.1%) primarily associated with Capital Acquisition and Professional Fees.

WATER RATES & CHARGES

MWDOC’s revenue funding for its Core Budget derives from the Retail Meter Service Charge and the Groundwater Customer Charge. The rate structure was developed as part of the May 2016 rate study and was implemented by the MWDOC Board of Directors for FY2016-17. A new rate study will be conducted in FY2020-21 and any changes will be initiated for FY2021-22.

Based on the Proposed Budget:

For FY 2020-21 the proposed Retail Meter Service Charge is \$12.35 per meter.
For FY 2020-21 the proposed Groundwater Customer Charge is \$599,116.

All other charges cover the cost of water supply including MET water purchases and MET associated charges (i.e. Readiness-to-Serve (RTS) and Capacity Charge). The proposed Total Water Purchases for FY 2020-21 are budgeted at \$213,288,586.

Attachments:

Attached hereto are the following items:

- the detailed budget for FY 2020-21 (fourth draft)
- the third draft budget write-up from the April 8, 2020 A&F Committee Meeting;
- Comment letters on the second, third and fourth draft budgets.



Annual Budget for Fiscal Year 2020-21

Fourth Draft

MWDOC's mission is:

To provide reliable, high-quality supplies from MWD and other sources to meet present and future needs, at an equitable and economical cost, and to promote water use efficiency for all of Orange County

Exhibit A2
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CORE FUND

	FY 2019-2020 ADOPTED BUDGET	FY 2019-2020 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2020-2021 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2019-2020 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 3,516,650	\$ 3,364,258	\$ (152,392)	\$ 3,609,691	\$ 245,433	\$ 93,041
Employee Benefits	1,097,992	1,066,592	(31,401)	1,182,786	116,194	84,794
Director Compensation	268,133	205,000	(63,133)	258,909	53,909	(9,224)
Director Benefits	93,947	123,093	29,146	101,971	(21,123)	8,023
MWD Representation	153,218	112,000	(41,218)	157,070	45,070	3,852
CALPERS Unfunded Liability Contribution	207,000	207,000	-	207,000	-	-
Overhead Reimbursement	(223,992)	(231,947)	(7,955)	(300,607)	(68,660)	(76,615)
Health Insurance Coverage for Retirees	70,287	61,376	(8,911)	87,449	26,073	17,162
Audit Expense	29,240	19,767	(9,473)	29,725	9,958	485
Automotive & Toll Road Expenses	20,200	22,038	1,838	21,300	(738)	1,100
Conference Expense - Staff	40,535	24,995	(15,540)	33,825	8,830	(6,710)
Conference Expense - Directors	28,440	22,225	(6,215)	23,965	1,740	(4,475)
Engineering Expense	435,000	277,600	(157,400)	340,000	62,400	(95,000)
Insurance Expense	140,000	105,000	(35,000)	110,000	5,000	(30,000)
Legal Expense - General	200,000	260,800	60,800	210,500	(50,300)	10,500
Maintenance Expense	138,527	110,345	(28,182)	131,420	21,075	(7,107)
Membership / Sponsorship	114,966	149,059	34,093	174,333	25,274	59,367
CDR Participation	50,156	50,156	-	53,158	3,002	3,002
Miscellaneous Expense	97,300	72,054	(25,246)	103,000	30,946	5,700
Postage / Mail Delivery	9,000	8,650	(350)	8,900	250	(100)
Professional Fees	920,445	770,546	(149,899)	996,202	225,656	75,757
Rents & Leases	3,616	2,800	(816)	1,750	(1,050)	(1,866)
Outside Printing, Subscription & Books	62,500	63,300	800	84,700	21,400	22,200
Office Supplies	36,000	30,500	(5,500)	39,000	8,500	3,000
Building Repair & Maintenance	20,000	12,845	(7,155)	15,000	2,155	(5,000)
Computer Maintenance	8,000	6,000	(2,000)	8,000	2,000	-
Business Expense	5,200	3,500	(1,700)	4,500	1,000	(700)
Software Support & Expense	93,634	91,000	(2,634)	89,640	(1,360)	(3,994)
Computers and Equipment	45,750	40,000	(5,750)	31,550	(8,450)	(14,200)
Telecommunications Expense	24,333	28,704	4,371	29,650	946	5,317
Temporary Help Expense	5,000	14,000	9,000	5,000	(9,000)	-
Training Expense	30,000	42,937	12,937	62,500	19,563	32,500
Tuition Reimbursement	5,000	5,000	-	5,000	-	-

(1)

(2)

Exhibit A2
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CORE FUND

	FY 2019-2020 ADOPTED BUDGET	FY 2019-2020 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2020-2021 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2019-2020 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	89,131	48,887	(40,244)	86,670	37,783	(2,461)
Travel & Accommodations - Directors	46,625	24,591	(22,034)	39,600	15,009	(7,025)
MWDOC's Contribution to WEROC: Operations	228,978	228,978	-	241,241	12,263	12,263
and to WEROC Capital Improvements	44,389	44,389	-	-	(44,389)	(44,389)
Capital Acquisition (excluding building)	366,900	20,000	(346,900)	154,200	134,200	(212,700)
Capital Acquisition to Carryover		346,900	346,900	271,900	(75,000)	271,900
Capital Acq Prior Year Carryover Credit	(330,624)	(330,624)	-	(346,900)	(16,276)	(16,276)
NORMAL OPERATING EXPENSES	\$ 8,191,477	\$ 7,524,315	\$ (667,162)	\$ 8,363,597	\$ 839,282	\$ 172,120
MWDOC's Building Expense	\$ 1,259,057	\$ 410,410	\$ (848,647)	\$ 1,870,000	\$ 1,459,590	\$ 610,943
Building Expense to Carryover		\$ 848,647	\$ 848,647	\$ -	\$ (848,647)	\$ -
Building Expense Prior Year Carryover Credit	\$ (423,226)	\$ (423,226)	\$ -	\$ (1,143,117)	\$ (719,891)	\$ (719,891)
Contribution to Election Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Projected Additional Election Reserve Contribution		\$ 637,000	\$ 637,000		\$ (637,000)	\$ -
Portion to be Funded by General Operating Fund		(208,416)	(208,416)		208,416	-
TOTAL EXPENSES	\$ 9,027,308	\$ 8,788,730	\$ (238,578)	\$ 9,090,480	\$ 301,750	\$ 63,172

REVENUES:						
Retail Meter Charge	\$ 7,888,930	\$ 7,888,930	\$ -	\$ 7,934,159	\$ 45,229	\$ 45,229
Ground Water Customer Charge	598,248	598,248	-	599,116	868	868
Interest Revenue	580,000	489,000	(91,000)	458,000	(31,000)	(122,000)
Miscellaneous Income	3,000	15,600	12,600	3,000	(12,600)	-
TOTAL REVENUES	\$ 9,070,177	\$ 8,991,778	\$ (78,400)	\$ 8,994,275	\$ 2,497	\$ (75,903)

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 42,870	\$ 203,048	\$ 160,178	\$ (96,205)	\$ (299,253)	\$ (139,075)

- (1) Total FY2020-2021 Salaries & Wages includes \$15,840 for intern support
- (2) Total FY2020-2021 Benefits includes \$1,636 for intern support. Total Benefits also includes a Calpers contribution for full time employees of 11.031% for Classic employees and 7.732% for PEPRA employees. A further assumption is that medical, dental and vision insurance rates will increase by 3% for calendar year 2021.
- (3) Carryover is for work and capital purchases on the building that were budgeted for but not completed and will be carried over to the next year as a carryover credit
- (4) Carryover credit is the cumulative dollars from prior years that was unspent and that will be applied toward work projected to be completed in future years.
- (5) Based on correspondence with the O.C. Registrar of Voters on October 30, 2019 concerning election expense increases where costs per election will range from \$261,788 to \$333,185. The portion to be funded by the general operating fund is shown on the line below.
- (6) MWDOC FY2020-2021 designated reserve target is unfunded in the amount of \$109,715 with \$203,048 projected to be added to reserves from FY2019-2020 operations. Therefore the target needed draw from reserves for FY2020-2021 operations is \$109,715-\$203,048 = (\$93,333).

Exhibit A3
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CHOICE FUNDS

	FY 2019-2020 ADOPTED BUDGET	FY 2019-2020 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2020-2021 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2019-2020 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 535,389	\$ 508,015	\$ (27,374)	\$ 541,914	\$ 33,899	\$ 6,525
less for Recovery from Grants	(5,500)	-	5,500	-	-	5,500
Employee Benefits	163,657	135,856	(27,801)	152,329	16,473	(11,328)
Director Compensation	-	-	-	-	-	-
Director Benefits	-	-	-	-	-	-
MWD Representation	-	-	-	-	-	-
Overhead Reimbursement	223,992	231,947	7,955	300,607	68,660	76,615
Health Insurance Coverage for Retirees	-	-	-	-	-	-
Audit Expense	-	-	-	-	-	-
Automotive & Toll Road Expenses	1,500	500	(1,000)	1,000	500	(500)
Vehicle Expense	13,160	5,246	(7,914)	6,350	1,104	(6,810)
Conference Expense - Staff	-	-	-	-	-	-
Conference Expense - Directors	-	-	-	-	-	-
Engineering Expense	-	-	-	-	-	-
Insurance Expense	-	-	-	-	-	-
Legal Expense - General	-	-	-	-	-	-
Maintenance Expense	-	-	-	-	-	-
Membership / Sponsorship	-	-	-	-	-	-
Miscellaneous Expense	12,000	12,000	-	12,000	-	-
Postage / Mail Delivery	400	300	(100)	400	100	-
Professional Fees	566,885	543,235	(23,650)	529,301	(13,934)	(37,584)
Rents & Leases	-	-	-	-	-	-
Outside Printing, Subscription & Books	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-
Supplies - Water Loss Control	2,033	6,200	4,167	10,000	3,800	7,967
Computer Maintenance	-	-	-	-	-	-
Software Support & Expense	-	-	-	15,000	15,000	15,000
Telecommunications Expense	1,440	1,200	(240)	1,200	-	(240)
Computers and Equipment	3,700	2,400	(1,300)	2,000	(400)	(1,700)
Temporary Help Expense	-	-	-	-	-	-
Training Expense	2,000	2,000	-	2,000	-	-
Tuition Reimbursement	-	-	-	-	-	-

(1)

(2)

Exhibit A3
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CHOICE FUNDS

	FY 2019-2020 ADOPTED BUDGET	FY 2019-2020 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2020-2021 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2019-2020 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	-	-	-	-	-	-
Travel & Accommodations - Directors	-	-	-	-	-	-
Capital Acquisition	70,180	76,519		-	(76,519)	(70,180)
Subtotal Expenses	\$ 1,590,836	\$ 1,525,417	\$ (71,758)	\$ 1,574,100	\$ 48,683	3.19%
TOTAL EXPENSES	\$ 1,590,836	\$ 1,525,417	\$ (65,419)	\$ 1,574,100	\$ 48,683	\$ (16,736)

REVENUES:						
Choice Revenue	\$ 1,590,836	\$ 1,525,417	\$ (65,419)	\$ 1,574,100	\$ 48,683	\$ (16,736)
TOTAL REVENUES	\$ 1,590,836	\$ 1,525,417	\$ (65,419)	\$ 1,574,100	\$ 48,683	\$ (16,736)

- (1) Total FY2020-2021 Salaries & Wages includes \$61,179 for intern support
- (2) Total FY2020-2021 Benefits includes \$6,547 for intern support. Total Benefits also includes a Calpers contribution for full time employees of 11.031% for Classic employees and 7.732% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 3% for calendar year 2021.

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2019-2020 ADOPTED BUDGET	FY 2019-2020 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2020-2021 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2019-2020 BUDGET	
OPERATING EXPENSES:							
Salaries & Wages	\$ 4,052,039	\$ 3,872,273	\$ (179,766)	\$ 4,151,605	\$ 279,332	\$ 99,566	(1)
less for Recovery from Grants	(5,500)	-	5,500	-	-	5,500	(2)
Employee Benefits	1,261,649	1,202,448	(59,201)	1,335,115	132,667	73,466	
Director Compensation	268,133	205,000	(63,133)	258,909	53,909	(9,224)	
Director Benefits	93,947	123,093	29,146	101,971	(21,123)	8,023	
MWD Representation	153,218	112,000	(41,218)	157,070	45,070	3,852	
CALPERS Unfunded Liability Contribution	207,000	207,000	-	207,000	-	-	
Overhead Reimbursement	-	-	-	-	-	-	
Health Insurance Coverage for Retirees	70,287	61,376	(8,911)	87,449	26,073	17,162	
Audit Expense	29,240	19,767	(9,473)	29,725	9,958	485	
Automotive & Toll Road Expenses	21,700	22,538	838	22,300	(238)	600	
Vehicle Expense - Water Loss Control	13,160	5,246	(7,914)	6,350	1,104	(6,810)	
Conference Expense - Staff	40,535	24,995	(15,540)	33,825	8,830	(6,710)	
Conference Expense - Directors	28,440	22,225	(6,215)	23,965	1,740	(4,475)	
Engineering Expense	435,000	277,600	(157,400)	340,000	62,400	(95,000)	
Insurance Expense	140,000	105,000	(35,000)	110,000	5,000	(30,000)	
Legal Expense - General	200,000	260,800	60,800	210,500	(50,300)	10,500	
Maintenance Expense	138,527	110,345	(28,182)	131,420	21,075	(7,107)	
Membership / Sponsorship	114,966	149,059	34,093	174,333	25,274	59,367	
CDR Participation	50,156	50,156	-	53,158	3,002	3,002	
Miscellaneous Expense	109,300	84,054	(25,246)	115,000	30,946	5,700	
Postage / Mail Delivery	9,400	8,950	(450)	9,300	350	(100)	
Professional Fees	1,487,330	1,313,781	(173,549)	1,525,503	211,722	38,173	
Rents & Leases	3,616	2,800	(816)	1,750	(1,050)	(1,866)	
Outside Printing, Subscription & Books	62,500	63,300	800	84,700	21,400	22,200	
Office Supplies	36,000	30,500	(5,500)	39,000	8,500	3,000	
Supplies - Water Loss Control	2,033	6,200	4,167	10,000	3,800	7,967	
Building Repair & Maintenance	20,000	12,845	(7,155)	15,000	2,155	(5,000)	
Computer Maintenance	8,000	6,000	(2,000)	8,000	2,000	-	
Business Expense	5,200	3,500	(1,700)	4,500	1,000	(700)	
Software Support & Expense	93,634	91,000	(2,634)	104,640	13,640	11,006	
Computers and Equipment	49,450	42,400	(7,050)	33,550	(8,850)	(15,900)	
Telecommunications Expense	25,773	29,904	4,131	30,850	946	5,077	
Temporary Help Expense	5,000	14,000	9,000	5,000	(9,000)	-	
Training Expense	32,000	44,937	12,937	64,500	19,563	32,500	
Tuition Reimbursement	5,000	5,000	-	5,000	-	-	

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2019-2020 ADOPTED BUDGET	FY 2019-2020 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2020-2021 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2019-2020 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	89,131	48,887	(40,244)	86,670	37,783	(2,461)
Travel & Accommodations - Directors	46,625	24,591	(22,034)	39,600	15,009	(7,025)
MWDOC's Contribution to WEROC: Operations	228,978	228,978	-	241,241	12,263	12,263
and to WEROC Capital Improvements	44,389	44,389	-	-	(44,389)	(44,389)
Capital Acquisition (excluding building)	437,080	96,519	(340,561)	154,200	57,681	(282,880)
Capital Acquisition to Carryover		346,900	346,900	271,900	(75,000)	271,900
Capital Acq Prior Year Carryover Credit	(330,624)	(330,624)	-	(346,900)	(16,276)	(16,276)
NORMAL OPERATING EXPENSES	\$ 9,782,312	\$ 9,049,732	\$ (732,580)	\$ 9,937,697	\$ 887,965	\$ 155,385
MWDOC's Building Expense	\$ 1,259,057	\$ 410,410	\$ (848,647)	\$ 1,870,000	\$ 1,459,590	\$ 610,943
Building Expense to Carryover		\$ 848,647	\$ 848,647	\$ -	\$ (848,647)	\$ -
Building Expense Prior Year Carryover Credit	\$ (423,226)	\$ (423,226)	\$ -	\$ (1,143,117)	\$ (719,891)	\$ (719,891)
Contribution to Election Reserve		\$ -	\$ -	\$ -	\$ -	\$ -
Proj Additional Election Rsrv Contribution		\$ 637,000	\$ 637,000	\$ -	\$ (637,000)	\$ -
Portion to be Funded by General Oper Fund		(208,416)	(208,416)	-	208,416	-
TOTAL EXPENSES	\$ 10,618,143	\$ 10,314,147	\$ (303,996)	\$ 10,664,580	\$ 350,433	\$ 46,437

REVENUES:						
Retail Meter Charge	\$ 7,888,930	\$ 7,888,930	\$ 0	\$ 7,934,159	\$ 45,229	\$ 45,229
Ground Water Customer Charge	598,248	598,248	0	599,116	868	868
Interest Revenue	580,000	489,000	(91,000)	458,000	(31,000)	(122,000)
Miscellaneous Income	3,000	15,600	12,600	3,000	(12,600)	-
Choice Revenue	1,590,836	1,525,417	(65,419)	1,574,100	48,683	(16,736)
TOTAL REVENUES	\$ 10,661,013	\$ 10,517,195	\$ (143,818)	\$ 10,568,375	\$ 51,180	\$ (92,638)

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 42,870	\$ 203,048	\$ 160,178	\$ (96,205)	\$ (299,253)	\$ (139,075)

- (1) Total FY2020-2021 Salaries & Wages includes \$77,019 for intern support
- (2) Total FY2020-2021 Benefits includes \$8,232 for intern support. Total Benefits also includes a Calpers contribution for full time employees of 11.031% for Classic employees and 7.732% for PEPRA employees. A further assumption is that medical, dental and vision insurance rates will increase by 3% for calendar year 2021.
- (3) Carryover is for work and capital purchases on the building that were budgeted for but not completed and will be carried over to the next year as a carryover credit
- (4) Carryover credit is the cumulative dollars from prior years that was unspent and that will be applied toward work projected to be completed in future years.
- (5) Based on correspondence with the O.C. Registrar of Voters on October 30, 2019 concerning election expense increases where costs per election will range from \$261,788 to \$333,185. The portion to be funded by the general operating fund is shown on the line below.
- (6) MWDOC FY2020-2021 designated reserve target is unfunded in the amount of \$109,715 with \$203,048 projected to be added to reserves from FY2019-2020 operations. Therefore the target needed draw from reserves for FY2020-2021 operations is \$109,715-\$203,048 = (\$93,333).

Exhibit A5
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
WATER FUND

	FY 2019-2020 ADOPTED BUDGET	FY 2019-2020 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2020-2021 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2019-2020 BUDGET
Water Revenues			(1)			(2)
Water Sales	\$ 237,841,537	\$ 174,871,979	\$ (62,969,558)	\$ 213,288,586	\$ 38,416,607	\$ (24,552,951)
Local Resource Program Incentives	(5,465,263)	(5,449,864)	15,399	(4,881,259)	568,605	584,004
Readiness-To-Serve Charge	10,071,282	10,566,985	495,703	11,583,326	1,016,341	1,512,044
Capacity Charge	3,615,440	3,746,098	130,658	3,892,240	146,142	276,800
Interest Revenue - Tier 2 Cont.	20,000	21,000	1,000	22,000	1,000	2,000
SCP/SAC Pipeline Surcharge	350,000	312,432	(37,568)	315,000	2,568	(35,000)
TOTAL WATER REVENUES	\$ 246,432,996	\$ 184,068,630	\$ (62,364,367)	\$ 224,219,893	\$ 40,151,263	\$ (22,213,103)
Water Expenses						
Water Purchases	\$ 237,841,537	\$ 174,871,979	\$ (62,969,558)	\$ 213,288,586	\$ 38,416,607	\$ (24,552,951)
Local Resource Program Incentives	(5,465,263)	(5,449,864)	15,399	(4,881,259)	568,605	584,004
Readiness-To-Serve Charge	10,071,282	10,566,985	495,703	11,583,326	1,016,341	1,512,044
Capacity Charge	3,615,440	3,746,098	130,658	3,892,240	146,142	276,800
SCP/SAC Pipeline Surcharge	350,000	312,432	(37,568)	315,000	2,568	(35,000)
TOTAL WATER EXPENSES	\$ 246,412,996	\$ 184,047,630	\$ (62,365,367)	\$ 224,197,893	\$ 40,150,263	\$ (22,215,103)
Changes to Fund Balance:						
Tier 2 Contingency	\$ 20,000	\$ 21,000	\$ 1,000	\$ 22,000	\$ 1,000	\$ 2,000

(1) The large variance between FY19-20 Adopted Budget and Project Actuals is due to the below average water demands of MWDOC's retail agencies, but it is mostly the result of OCWD's decision not to purchase any replenishment water due to the anticipated PFAS regulations. Although there was 26,500 AF of total Cyclic water purchased from OCWD between September and December 2019 it did not replace the total budget estimate of 65,000 AF of replenishment water.

(2) Proposed Budget sales for FY2020-21 are estimated to be below last year's Adopted Budget as a result of OCWD's decision not to purchase 65,000 AF of replenishment water due to the PFAS regulations reducing groundwater production. Although PFAS will increase treated imported water purchases among a number of groundwater producers, total imported water purchases are still estimated to be below historical averages.

Exhibit A6
SUMMARY OF FUNDING AND EXPENSES
For All Water Use Efficiency Programs

	FY 2019-2020 ADOPTED BUDGET	FY 2019-2020 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2020-2021 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2019-2020 BUDGET
Funding						
Metropolitan Water District	\$ 1,067,130	\$ 1,011,036	\$ (56,094)	\$ 788,114	\$ (222,922)	\$ (279,016)
USBR	77,850	140,291	62,441	137,354	(2,937)	59,504
DWR	150,162	972,345	822,183	465,836	(506,509)	315,674
Member Agencies	1,040,004	365,216	(674,788)	153,630	(211,586)	(886,374)
MWDOC	35,000	35,000	(0)	35,000	-	(0)
TOTAL OUTSIDE FUNDING	\$ 2,370,147	\$ 2,523,887	\$ 153,741	\$ 1,579,934	\$ (943,954)	\$ (790,213)
Program Expenses Funded from Outside Sources						
Project Administration - Staff Time	\$ 5,500	\$ -	\$ (5,500)	\$ -	\$ -	\$ (5,500)
Monitoring and Evaluation	-	-	-	-	-	-
Installation Verification	50,000	65,044	15,044	59,000	(6,045)	9,000
Rebate Incentives	2,320,539	2,458,843	138,304	1,520,934	(937,909)	(799,605)
Databasing	-	-	-	-	-	-
TOTAL PROGRAMS EXPENSES	\$ 2,376,039	\$ 2,523,887	\$ 147,849	\$ 1,579,934	\$ (943,954)	\$ (796,105)

Exhibit B
Expenditures by Program

Cost Center	PROGRAM	FY 2019-2020 BUDGET FTE	FY 2020-2021 BUDGET FTE	FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
11	Administrative - Board	1.80	1.67	\$ 1,184,631	\$ 1,053,554	\$ 1,193,200
12	Administrative - General	3.54	3.75	638,939	692,049	773,998
13	Personnel / Staff Development	1.52	1.56	328,436	376,227	427,047
19	Overhead	4.27	4.43	1,154,272	1,088,648	1,068,555
21	Reliability Planning and Engineering	4.15	3.62	1,139,854	937,588	941,736
23	Metropolitan Issues and Water Policy	3.96	3.76	804,601	654,647	777,165
31	Governmental Affairs	0.94	0.97	495,902	469,764	514,960
35	Water Use Efficiency (Core)	0.97	1.04	485,759	373,724	461,443
32	Public Affairs	3.81	4.45	796,908	785,728	910,703
41	Finance	3.17	3.55	582,299	518,979	673,518
45	Information Technology	0.99	1.01	306,509	300,040	380,031
25	MWDOC's Contribution to WEROC	2.53	3.20	273,367	273,367	241,241
CORE TOTAL		31.67	33.01	\$ 8,191,477	\$ 7,524,315	\$ 8,363,597
62	Water Use Efficiency Program	5.07	4.85	874,517	815,635	900,920
63	School Programs	0.10	0.06	437,561	440,659	412,513
70	Water Loss Control	1.46	1.83	278,757	269,123	260,668
CHOICE TOTAL		6.62	6.73	\$ 1,590,836	\$ 1,525,417	\$ 1,574,100
CORE & CHOICE TOTAL		38.29	39.74	\$ 9,782,312	\$ 9,049,732	\$ 9,937,697
Includes:	Full-time employees	33.12	33.00	(2)		
	Part-time employees	0.74	1.15			
	Interns	1.90	2.39	(3)		
	WEROC Full-time employees	2.53	2.72			
	WEROC Part-time employees	0.00	0.48	(3)		

(1)

(1) Total Operational Costs of WEROC is allocated among MWDOC, OCWD, OCSD, Anaheim, Santa Ana, Fullerton and South Orange County Wastewater Authority. Capital Expenditures are provided by MWDOC. Dollars shown are MWDOC's share only.

(2) FTE's for 2019-2020 are calculated based on 2096 hours of work for the year. FTE's for 2020-2021 are calculated based on 2088 hours worked for the year. This corresponds to the actual working days for the fiscal year which varies year to year. MWDOC and WEROC combined are budgeted to have a total of 36 full-time employees, 1 part-time employee and 5 interns. MWDOC and WEROC share one of the full-time employees. Several full-time employees are budgeted to work less than 40 hours a week which explains the fractions of an FTE for full-time employees. Another reason for the fractions of an FTE are that employees are budgeted to work in multiple cost centers. This includes budgeting their vacation, sick and holiday hours to cost center 19 (overhead).

(3) The increase of one FTE overall is due to WEROC hiring one temporary part-time employee for the AWIA program and Water Loss Control hiring one part-time intern.

Municipal Water District of Orange County
2020-2021 FISCAL MASTER PLAN PROJECTIONS

(in thousands)

	Projected ACTUALS FY19-20	BUDGET FY20-21	FY21-22	FISCAL MASTER PLAN PROJECTIONS FY22-23	FY23-24	FY24-25	FY25-26
Beginning Designated Reserve Balance - MWDOC	\$6,768	\$ 6,763	\$ 6,666	\$ 6,637	\$ 6,961	\$ 7,787	\$ 8,774
OPEB Reserve	297	297	297	297	297	297	297
Adjusted Reserve Balance	6,471	6,466	6,369	6,340	6,664	7,490	8,477
Revenues							
Water Rate Revenues:							
Retail Meter Agency Charge	7,889	7,934	8,312	8,686	8,965	9,251	9,540
Ground Water Customer Charge	598	599	611	623	636	649	661
Subtotal	8,487	8,533	8,923	9,309	9,601	9,900	10,201
Other Revenues:							
Choice Revenues	1,525	1,574	1,606	1,638	1,670	1,704	1,738
Interest Earnings	489	458	597	604	625	663	708
Misc./Reimbursements	16	3	3	3	3	3	3
Subtotal	2,030	2,035	2,206	2,245	2,299	2,370	2,449
Total Revenues	10,517	10,568	11,129	11,554	11,900	12,270	12,650
Expenses							
Core Expenses	7,488	8,284	8,450	8,619	8,791	8,967	9,147
Choice Expenses	1,525	1,574	1,606	1,638	1,670	1,704	1,738
Capital Acquisitions (not including building)	36	79	20	20	20	20	20
Total Expenses w/o Building & Election	9,050	9,938	10,076	10,277	10,482	10,691	10,905
Revenue Over Expenses w/o Building & Election	1,467	631	1,053	1,278	1,418	1,579	1,746
ELECTION Reserve Beginning Balance	696	1,333	-	582	164	746	-
Annual Election Reserve Contribution	637	-	582	582	582	582	582
Annual Election Expense	-	1,333	-	1,000	-	1,333	-
Election Reserve Ending Balance	1,333	-	582	164	746	-	582
BUILDING Reserve Beginning Balance	444	444	444	72	434	433	433
Annual Building Reserve Contribution	836	727	500	372	9	10	10
Annual Building Expense	836	727	873	10	10	10	10
and to WEROC Capital Improvements	444	444	72	434	433	433	433
CASH FLOW Reserve Beginning Balance	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Annual Cash Flow Reserve Contribution	-	-	-	-	-	-	-
Cash Flow Reserve Ending Balance	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Adjustments to the General Fund Reserve	-	-	-	-	-	-	-
Ending General Fund & Cash Flow Reserves	\$ 4,689	\$ 5,925	\$ 5,687	\$ 6,066	\$ 6,311	\$ 8,044	\$ 8,615

Document does not reflect MWDOC's irrevocable trust towards OPEB liability

MWDOC Water Rates

Total Retail Customer Meters	636,204	642,442	644,366	648,211	652,010	656,101	660,200
OCWD BPP %	75%	75%	75%	75%	75%	75%	75%
Increment Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Charge	\$ 12.40	\$ 12.35	\$ 12.90	\$ 13.40	\$ 13.75	\$ 14.10	\$ 14.45
Fixed Charge %		100%	100%	100%	100%	100%	100%
Rate Increase Proposal:							
Increment Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Charge	\$ (0.05)	\$ 0.55	\$ 0.50	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35

1 Assumptions for FMP:

Inflation factor:

2.00% per year

Rate of return on Investment of portfolio:

3.21% per year

Working Capital and Interest Revenue Projections

	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Working Capital:					
Designated Reserve Fund	6,666	6,637	6,961	7,787	8,774
General Fund Float	8,000	8,000	8,000	8,000	8,000
WUE use of fund	(200)	(200)	(200)	(200)	(200)
Water Payment Float	3,850	3,875	3,900	3,925	3,950
Average Working Capital	18,316	18,312	18,661	19,512	20,524
Interest rate	3.26%	3.30%	3.35%	3.40%	3.45%
Interest Revenue Projections:					
Interest income - General	597	604	625	663	708
Total Interest Revenue Projections	597	604	625	663	708

Total Core Expenses

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	3,516,650	3,364,258	3,609,691
6090	Directors Compensation - MWDOC	268,133	205,000	258,909
6095	Directors Compensation - MWD	153,218	112,000	157,070
6105	Benefits - Admin	1,097,993	1,066,592	1,182,786
	CALPERS Unfunded Liability Contribution	207,000	207,000	207,000
	Overhead Reimbursement	(223,992)	(231,947)	(300,607)
6115	Benefits - Directors	93,947	123,093	101,971
6120	Health Insurance Coverage for Retirees	70,287	61,376	87,449
6205	Training	30,000	42,937	62,500
6210	Tuition Reimbursement	5,000	5,000	5,000
6220	Temporary Help	5,000	14,000	5,000
7010	Engineering - Outside Services	435,000	277,600	340,000
7020	Legal - General	200,000	260,800	210,500
7030	Audit	29,240	19,767	29,725
7040	Other Professional Fees	920,445	770,546	996,202
7110	Conference - Employee	40,535	24,995	33,825
7115	Conference - Directors	28,440	22,225	23,965
7150	Travel & Accommodations - Employee	89,131	48,887	86,670
7155	Travel & Accommodations - Director	46,625	24,591	39,600
7210	Membership / Sponsorship	114,966	149,059	174,333
7250	CDR Participation	50,156	50,156	53,158
7305	Business Expense	5,200	3,500	4,500
7310	Office Maintenance	138,527	110,345	125,420
7315	Building Repair & Maintenance	20,000	12,845	15,000
7320	Rents & Leases	3,616	2,800	1,750
7330	and to WEROC Capital Improvements	36,000	30,500	39,000
7340	Postal / Mail Delivery	9,000	8,650	8,900
7350	Subscriptions / Books	1,500	600	1,000
7360	Reproduction Expense	61,000	62,700	83,700
7410	Computer & Peripherals Maint	8,000	6,000	8,000
7430	Software Purchase	34,500	32,000	42,000
7440	Software Support	59,134	59,000	47,640
7540	Computers and Equipment	45,750	40,000	31,550
7580	Maintenance Expense	-	-	6,000
7610	Automotive / Mileage	19,300	20,818	20,000
7615	Toll Road Charges	900	1,220	1,300
7620	Insurance Expense	140,000	105,000	110,000
7640	Utilities - Telephone	24,333	28,704	29,650
7650	Bank Fees	1,200	900	1,200
7670	Miscellaneous Expenses	96,100	71,154	101,800
8810	Capital Acquisition	366,900	20,000	154,200
	Total Expenditure	8,248,735	7,234,672	8,197,356
MWDOC's Contribution:				
	to WEROC Capital improvements	44,389	44,389	-
	to WEROC Operations	228,978	228,978	241,241
MWDOC's Contribution to Election Rsrv				
	Proj Additional Election Rsrv Contribution	-	637,000	-
	Portion to be Funded by Gen Oper Fund	-	(208,416)	-
Capital Acquisition to Carryover (8810)				
	Capitol Acq Prior Year Carryover Credit	(330,624)	(330,624)	(346,900)
MWDOC's Building Expense (8811)				
	Building Expense to Carryover	-	848,647	-
	Building Prior Year Carryover Credit	(423,226)	(423,226)	(1,143,117)
		<u>9,027,309</u>	<u>8,788,730</u>	<u>9,090,480</u>

Total Choice Revenue and Expense

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
	Choice Revenue	1,289,894	1,289,893	1,574,100
4205	School Contracts	118,213	118,213	-
4705	Prior Year Carry Over	182,729	182,729	-
		-	-	-
	Choice billing over/under	-	(65,418)	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
	Total Revenue	1,590,836	1,525,417	1,574,100

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	535,389	508,015	541,914
	S & B Reimb. DSC or Recov from Grants	(5,500)	-	-
6090	Directors Compensation - MWDOC	-	-	-
6095	Directors Compensation - MWD	-	-	-
6105	Benefits - Admin	163,657	135,856	152,329
	Overhead Reimbursement	223,992	231,947	300,607
6115	Benefits - Directors	-	-	-
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training	2,000	2,000	2,000
6210	Tuition Reimbursement	-	-	-
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	-	-	-
7020	Legal - General	-	-	-
7030	Audit	-	-	-
7040	Other Professional Fees	141,972	118,322	127,572
	Other Professional Fees - School Programs	424,913	424,913	401,729
7110	Conference - Employee	-	-	-
7115	Conference - Directors	-	-	-
7150	Travel & Accommodations - Employee	-	-	-
7155	Travel & Accommodations - Director	-	-	-
7210	Membership / Sponsorship	-	-	-
7250	CDR Participation	-	-	-
7310	Office Maintenance	-	-	-
7320	Rents & Leases	-	-	-
7330	Office Supplies	-	-	-
7332	Supplies - Water Loss Control	2,033	6,200	10,000
7340	Postal / Mail Delivery	400	300	400
7350	and to WEROC Capital Improvements	-	-	-
7360	Reproduction Expense	-	-	-
7410	Computer & Peripherals Maint	-	-	-
7430	Software Purchase	-	-	15,000
7440	Software Support	-	-	-
7540	Computers and Equipment	3,700	2,400	2,000
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	-	-	-
7612	Vehicle Expense	13,160	5,246	6,350
7615	Toll Road Charges	1,500	500	1,000
7620	Insurance Expense	-	-	-
7640	Utilities - Telephone	1,440	1,200	1,200
7650	Bank Fees	-	-	-
7670	Miscellaneous Expenses	12,000	12,000	12,000
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8710	Election Expenses	-	-	-
8810	Capital Acquisition	70,180	76,519	-
	Total Expenditure	1,590,836	1,525,417	1,574,100

Total Core and Choice Expenses

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	4,052,039	3,872,273	4,151,605
	S & B Reimb. DSC or Recov from Grants	(5,500)	-	-
6090	Directors Compensation - MWDOC	268,133	205,000	258,909
6095	Directors Compensation - MWD	153,218	112,000	157,070
6105	Benefits - Admin	1,261,650	1,202,448	1,335,115
	CALPERS Unfunded Liability Contribution	207,000	207,000	207,000
	Overhead Reimbursement	(0)	-	-
6115	Benefits - Directors	93,947	123,093	101,971
6120	Health Insurance Coverage for Retirees	70,287	61,376	87,449
6205	Training	32,000	44,937	64,500
6210	Tuition Reimbursement	5,000	5,000	5,000
6220	Temporary Help	5,000	14,000	5,000
7010	Engineering - Outside Services	435,000	277,600	340,000
7020	Legal - General	200,000	260,800	210,500
7030	Audit	29,240	19,767	29,725
7040	Other Professional Fees	1,062,417	888,868	1,123,774
	Other Professional Fees - School Programs	424,913	424,913	401,729
7110	Conference - Employee	40,535	24,995	33,825
7115	Conference - Directors	28,440	22,225	23,965
7150	Travel & Accommodations - Employee	89,131	48,887	86,670
7155	Travel & Accommodations - Director	46,625	24,591	39,600
7210	Membership / Sponsorship	114,966	149,059	174,333
7250	CDR Participation	50,156	50,156	53,158
7305	Business Expense	5,200	3,500	4,500
7310	Office Maintenance	138,527	110,345	125,420
7315	Building Repair & Maintenance	20,000	12,845	15,000
7320	and to WEROC Capital Improvements	3,616	2,800	1,750
7330	Office Supplies	36,000	30,500	39,000
7332	Supplies - Water Loss Control	2,033	6,200	10,000
7340	Postal / Mail Delivery	9,400	8,950	9,300
7350	Subscriptions / Books	1,500	600	1,000
7360	Reproduction Expense	61,000	62,700	83,700
7410	Computer & Peripherals Maint	8,000	6,000	8,000
7430	Software Purchase	34,500	32,000	57,000
7440	Software Support	59,134	59,000	47,640
7540	Computers and Equipment	49,450	42,400	33,550
7580	Maintenance Expense	-	-	6,000
7610	Automotive / Mileage	19,300	20,818	20,000
7612	Vehicle Expense	13,160	5,246	6,350
7615	Toll Road Charges	2,400	1,720	2,300
7620	Insurance Expense	140,000	105,000	110,000
7640	Utilities - Telephone	25,773	29,904	30,850
7650	Bank Fees	1,200	900	1,200
7670	Miscellaneous Expenses	108,100	83,154	113,800
8810	Capital Acquisition	437,080	96,519	154,200
	Total Expenditure	9,839,570	8,760,089	9,771,457

MWDOC's Contribution:

to WEROC Capital improvements	44,389	44,389	-
to WEROC Operations	228,978	228,978	241,241
MWDOC's Contribution to Election Rsv	-	-	-
Proj Additional Election Rsv Contribution	-	637,000	-
Portion to be Funded by Gen Oper Fund	-	(208,416)	-
Capital Acquisition to Carryover (8810)	-	346,900	271,900
Capitol Acq Prior Year Carryover Credit	(330,624)	(330,624)	(346,900)
MWDOC's Building Expense (8811)	1,259,057	410,410	1,870,000
Building Expense to Carryover	-	848,647	-
Building Prior Year Carryover Credit	(423,226)	(423,226)	(1,143,117)
	10,618,144	10,314,147	10,664,580

Administrative - Board
11

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	259,456	222,391	259,074
6090	Directors Compensation - MWDOC	268,133	205,000	258,909
6095	Directors Compensation - MWD	153,218	112,000	157,070
6105	Benefits - Admin	81,347	76,457	82,141
6115	Benefits - Directors	93,947	123,093	101,971
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	195,000	210,800	200,500
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors	28,440	22,225	23,965
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director	46,625	24,591	39,600
7210	Membership / Sponsorship	28,072	27,333	38,771
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery	4,500	4,000	4,500
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	and to WEROC Capital Improvements			
7430	Software Purchase			
7440	Software Support			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage	12,500	12,318	12,500
7615	Toll Road Charges	500	745	800
7620	Insurance Expense			
7640	Utilities - Telephone	893	600	700
7650	Bank Fees			
7670	Miscellaneous Expenses	12,000	12,000	12,700
8410	Overhead Reimbursement			
8810	Capital Acquisition			
Total Expenditure		1,184,631	1,053,554	1,193,200

1	• Best, Best & Krieger	\$ 195,800
	• Aleshire & Wynder	\$ 15,000
		\$ 210,800
2	• Best, Best & Krieger	\$ 185,500
	• Aleshire & Wynder	\$ 15,000
		\$ 200,500
3	• See Exhibit F.	
4	• See Exhibit D.	
5	• Misc board expenses (supplies)	

MWDOC's Contribution to Election Rsrv	
Proj Additional Election Rsrv Contribution	637,000
Portion to be Funded by Gen Oper Fund	(208,416)
	<u>1,184,631</u>
	<u>1,482,138</u>
	<u>1,193,200</u>

Administrative - General
12

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	269,650	296,698	317,748
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	103,684	119,012	124,835
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help	5,000	14,000	5,000
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	2,500	1,500	1,200
7110	Conference - Employee	40,535	24,995	33,825
7115	Conference - Directors			
7150	Travel & Accommodations - Employee	89,131	48,887	86,670
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	86,894	121,726	135,562
7250	CDR Participation	50,156	50,156	53,158
7305	Business Expense	5,200	3,500	4,500
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books	1,500	600	1,000
7360	and to WEROC Capital Improvements			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage	6,800	8,500	7,500
7615	Toll Road Charges	400	475	500
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	2,600	2,000	2,500
8810	Capital Acquisition			
	Total Expenditure	638,939	692,049	773,998

1 • See Exhibit J.

2 • See Exhibit E.

3 • See Exhibit D.

4 • Center for Demographic Research at
Cal State University Fullerton

Personnel / Staff Development
13

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	205,749	201,468	217,684
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	61,187	60,822	65,863
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	30,000	42,937	62,500
6210	Tuition Reimbursement	5,000	5,000	5,000
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	5,000	50,000	10,000
7030	Audit			
7040	Other Professional Fees			36,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	and to WEROC Capital Improvements			
7430	Software Purchase			
7440	Software Support			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	21,500	16,000	30,000
8810	Capital Acquisition			
	Total Expenditure	328,436	376,227	427,047

1 • Staff Technical Training & Leadership
Development Training

2 • Best, Best & Krieger

3 • Benchmark Study

4 • Employee Recognition \$ 5,000
• Applicant Background Checks & Physical \$ 2,500
• Team Building, Lunch meetings \$ 1,200
• Holiday Lunch \$ 3,000
• OCWD Health Fair \$ 300
• Employee Flu Shots \$ 200
• Job Ads Recruiting \$ 5,000
• Staff & Executive Assessments \$ 12,800
\$ 30,000

Overhead
19

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	524,930	535,033	552,260	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	158,034	167,972	173,883	
6109	CALPERS Unfunded Liability Contribution	207,000	207,000	207,000	
6111	Overhead Reimbursement from Choice	(223,992)	(231,947)	(300,607)	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees	70,287	61,376	87,449	1
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees	6,812	6,300	6,400	2
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance	138,527	110,345	125,420	3
7315	Building Repair & Maintenance	20,000	12,845	15,000	
7320	Rents & Leases	3,616	2,800	1,750	4
7330	Office Supplies	36,000	30,500	39,000	
7340	Postal / Mail Delivery	4,500	4,650	4,400	
7350	and to WEROC Capital Improvements				
7360	Reproduction Expense	4,500	6,200	7,200	
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7540	Computers and Equipment				
7580	Maintenance Expense			6,000	5
7610	Automotive / Mileage				
7615	Toll Road Charges				
7620	Insurance Expense	140,000	105,000	110,000	
7640	Utilities - Telephone	22,483	27,198	28,000	
7650	Bank Fees	1,200	900	1,200	
7670	Miscellaneous Expenses	4,100	6,200	4,200	6
8810	Capital Acquisition	366,900	20,000	75,000	7
	Total Expenditure	1,484,896	1,072,372	1,143,555	
	Capital Acquisition to Carryover (8810)		346,900	271,900	9
	Capitol Acq Prior Year Carryover Credit	(330,624)	(330,624)	(346,900)	
	MWDOC's Building Expense (8811)	1,259,057	410,410	1,870,000	8
	Building Expense to Carryover		848,647		
	Building Prior Year Carryover Credit	(423,226)	(423,226)	(1,143,117)	9
		<u>1,990,103</u>	<u>1,924,479</u>	<u>1,795,438</u>	

1 Retirees:
• 15 Retirees

2 • Pension Plan administration by
Dissinger Associates \$ 4,000
• Cafeteria Plan Wagerworks \$ 2,400
6,400

3 • Window Cleaning \$ 1,200
• Sewer Flush & Extra Office Cleaning \$ 800
• OCWD \$ 113,080
• Plant Maintenance \$ 2,640
• Landscape/Maintenance Atrium \$ 5,000
• Binding Machine Renewal \$ 800
• Carpet & Extra Office Cleaning \$ 1,900
\$ 125,420

4 • Corradata \$ 750
• El Toro Water District
(South EOC site) 1,000
\$ 1,750

5 Generator Maintenance

6 • Misc equipment repairs, fees etc.

7 • Office Furniture/Audio Visual
See Exhibit H

8 • Bldg Improvements - Eval / Design /
Seismic / Construction

9 • FY19-20 & FY20-21 carryover is for work and capital
purchases on the building that were budgeted for but
will not be completed and will be carried over to the next
year as a carryover credit.
• FY19-20 & FY20-21 carryover credit are the cumulative
dollars from prior years that were unspent and will be
applied toward work projected to be completed in future
years.

Reliability Planning and Engineering
21

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	629,997	532,935	507,799
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	177,357	147,542	160,438
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	325,000	252,000	265,000
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	and to WEROC Capital Improvements			
7430	Software Purchase			
7440	Software Support			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone	500	456	500
7650	Bank Fees			
7670	Miscellaneous Expenses	7,000	4,654	8,000
8810	Capital Acquisition			
	Total Expenditure	1,139,854	937,588	941,736

1 See Exhibit J

1

Metropolitan Issues and Water Policy

23

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	528,844	488,670	530,160
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	165,757	140,377	172,005
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	110,000	25,600	75,000
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7045	Other Professional Fees - MET			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	and to WEROC Capital Improvements			
7430	Software Purchase			
7440	Software Support			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8810	Capital Acquisition			
	Total Expenditure	804,601	654,647	777,165

• See Exhibit J

Government Affairs
31

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	125,148	124,974	137,153
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	44,755	44,790	49,606
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	314,000	292,000	314,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	and to WEROC Capital Improvements			
7430	Software Purchase			
7440	Software Support			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	12,000	8,000	14,200
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	495,902	469,764	514,960

1 • BB&K \$ 96,000
• Barker \$ 96,000
• Travel/Miscellaneous \$ 8,000
• Lewis Consulting \$ 32,000
• Ackerman \$ 24,000
• Grant Research & Acquisition \$ 36,000
\$ 292,000

2 • BB&K \$ 96,000
• Barker \$ 96,000
• Travel/Miscellaneous \$ 8,000
• Lewis Consulting \$ 42,000
• Ackerman \$ 36,000
• Grant Research & Acquisition \$ 36,000
\$ 314,000

3 • Legislative Outreach & Briefings \$ 5,000
• WACO \$ 5,000
• D.C. Luncheon \$ 1,200
• D.C. Dinner \$ 3,000
\$ 14,200

Public Affairs
32

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	358,126	377,387	413,003	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	112,792	121,358	129,198	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees	241,133	216,133	270,352	1
7047	Prof Service-Grant Recovery				
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books				
7360	Reproduction Expense	56,500	56,500	76,500	2
7410	and to WEROC Capital Improvements				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage				
7615	Toll Road Charges				
7620	Insurance Expense				
7640	Utilities - Telephone	457	450	450	
7650	Bank Fees				
7670	Miscellaneous Expenses	27,900	13,900	21,200	3
8810	Capital Acquisition				
	Total Expenditure	796,908	785,728	910,703	

1 Public Affairs Activities:	
• Resolutions/Proclamations	\$ 4,500
• Member Agency Workshops PAW	\$ 4,000
• Consumer Confidence Reports	\$ 41,852
• Event Registration Fees	\$ 12,500
• Delta Conveyance Program Support	\$ 30,000
• Wyland Mayors Challenge	\$ 10,000
• Scouts Program	\$ 7,500
• CA Water, Energy & Education Alliance	\$ 5,000
• Environmental Literacy Initiative	\$ 20,000
Subtotal	\$135,352

Communications Plan Activities:	
• Strategic Digital Outreach	\$ 95,000
• Advertising	\$ 20,000
• Special Events AV Support	\$ 20,000
Subtotal	\$135,000
	<u>\$270,352</u>

2 • Promotional Items, Branded Materials	
• Info Items Handouts, Books, Folders	\$ 30,000
• Poster Slogan Award & Ceremony	6,500
	<u>\$ 76,500</u>

3 • Ricki Maint and Repair	
• Event Display Materials	\$ 4,000
• Legislative Staff Trip Travel Costs	\$ 5,000
• Sponsorship Contingency Fund	\$ 5,000
• Storage Facility	\$ 3,000
• Science Fair Sponsorship	\$ 100
	<u>\$ 21,200</u>

**Water Use Efficiency
(Core)
35**

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	144,986	118,750	153,920
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	44,663	39,724	46,023
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	265,000	209,250	255,500
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	and to WEROC Capital Improvements			
7430	Software Purchase			
7440	Software Support			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	6,000	6,000	6,000
8810	Capital Acquisition			
	Total Expenditure	485,759	373,724	461,443

1 • General Research	\$ 75,000
• Landscape Education	500
• Water Loss Control Work Grp	\$ 55,000
• WLC Business Plan Implement	\$ 25,000
• Aerial Imagery and Landscape Measurement Project	<u>\$100,000</u>
	\$255,500

General Finance
41

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	354,005	347,392	396,085
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	107,054	106,057	133,959
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit	29,240	19,767	29,725
7040	Other Professional Fees	91,000	45,363	112,750
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	and to WEROC Capital Improvements			
7430	Software Purchase			
7440	Software Support			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	400	1,000
8810	Capital Acquisition			
	Total Expenditure	582,299	518,979	673,518

1 • Annual Audit	\$ 20,162
• Single Audit	\$ 4,563
• WUE Grant Review	\$ 5,000
	<u>\$ 29,725</u>

2 • Custodial Bank fees	\$ 6,500
• Financial Consulting	\$ 20,000
• OPEB Actuarial	\$ 3,750
• Rate Study	\$ 82,500
	<u>\$ 112,750</u>

Information Technology
45

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	115,761	118,561	124,804	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	41,365	42,478	44,837	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees				1 • Misc repairs, maint & components
7110	Conference - Employee				
7115	Conference - Directors				2 • Misc software upgrades and license
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				3 • Laserfiche WORM Storage Cloud Backup \$ 1,000
7210	Membership / Sponsorship				• Exchange and AD Monitoring Software \$ 2,000
7250	CDR Participation				• MWDOC Website Support & Enhancements \$ 15,000
7310	Office Maintenance				• Investment software usage cost \$ 2,340
7320	Rents & Leases				• Accufund Annual Support \$ 9,600
7330	Office Supplies				• Wireless Aps and Router \$ 4,500
7340	Postal / Mail Delivery				• ACT Annual Support \$ 2,000
7350	Subscriptions / Books				• ECS Laserfiche Annual Support \$ 5,000
7360	Reproduction Expense				• Arcserv UDP License Renewal (2) \$ 2,000
7410	and to WEROC Capital Improvements	8,000	6,000	8,000	1 • HR Insight Software Annual Maintenance \$ 5,000
7430	Software Purchase	34,500	32,000	42,000	2 \$ 48,440
7440	Software Support	59,134	59,000	47,640	3
7540	Computers and Equipment	45,750	40,000	31,550	4
7580	Maintenance Expense				4 • Cisco Core Switch Replacement \$ 6,000
7610	Automotive / Mileage				• 6 Desktop Computers w/ Monitors \$ 8,000
7615	Toll Road Charges				• RICOH Color Printer Support \$ 350
7620	Insurance Expense				• Message Archiver for E-mail (5 yrs) \$ 7,000
7640	Utilities - Telephone				• Four Hard Drives for Data Server \$ 1,600
7650	Bank Fees				• Maintenance for Plotter \$ 600
7670	Miscellaneous Expenses	2,000	2,000	2,000	• Firewall for Wireless Network \$ 4,500
8810	Capital Acquisition			79,200	• 2 Laptop Computers \$ 3,500
	Total Expenditure	306,509	300,040	380,031	\$ 31,550

**Water Use Efficiency
(choice)
62**

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
4215	Choice Revenue	754,860	754,860	900,920
4705	Prior Year Carry over	119,657	119,657	
	Choice billing over/under		(58,882)	
	Total Revenue	874,517	815,635	900,920

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2020 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2019-2020 PROPOSED BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	424,388	400,820	415,748
6012	Salaries & Benefits - Recovery from Grants	(5,500)		
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	118,725	108,878	119,456
	Overhead Reimbursement	188,532	181,315	231,743
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	141,972	118,322	127,572
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery	400	300	400
7350	Subscriptions / Books			
7360	and to WEROC Capital Improvements			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	6,000	6,000	6,000
8810	Capital Acquisition			
	Total Expenditure	874,517	815,635	900,920

1 • Recovery from WUE Grants for some Salaries and Benefits:

2 • Marketing of WUE programs \$ 40,000
 • Residential Installation Verification Inspec \$ 35,000
 • Turf Rebate Processing Platform - Droplet \$ 39,072
 • Drip Rebate Processing Platform - Droplet \$ 6,000
 • E-Signature Rebate Processing \$ 7,500
 \$ 127,572

**School Program
(choice)
63**

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
4215	Choice Revenue	256,276	256,276	412,513
4205	School Contracts	118,213	118,213	
4705	Prior Year Carry over	63,072	63,072	
	Choice billing over/under		3,098	
	Total Revenue	437,561	440,659	412,513

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2020 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2019-2020 PROPOSED BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	7,321	9,133	5,645
6105	Benefits - Admin	1,976	3,033	1,881
	Overhead Reimbursement	3,351	3,579	3,259
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7040	Other Professional Fees - School Programs	424,913	424,913	401,729
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	and to WEROC Capital Improvements			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8810	Capital Acquisition			
	Total Expenditure	437,561	440,659	412,513

1 • High Schools	\$ 65,600
• Elementary Schools	\$ 290,264
• Middle Schools	45,865
	<u>\$ 401,729</u>

**Water Loss Control
(choice)
70**

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
4215	Choice Revenue	278,757	278,757	260,668
4705	Prior Year Carry over			
	Choice billing over/under		(9,634)	
	Total Revenue	278,757	269,123	260,668

Revenues and expenses do not include pass-through costs to agencies for outside services performed for Meter Accuracy Testing and Distribution System Flushing

		FY 2019-2020 PROPOSED BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	103,680	98,061	120,521
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	42,955	23,944	30,992
	Overhead Reimbursement	32,109	47,052	65,605
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	2,000	2,000	2,000
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7332	Supplies - Water Loss Control	2,033	6,200	10,000
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			15,000
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment	3,700	2,400	2,000
7580	Maintenance Expense			
7610	Automotive / Mileage			
7612	Vehicle Expense	13,160	5,246	6,350
7615	Toll Road Charges	1,500	500	1,000
7620	Insurance Expense			
7640	Utilities - Telephone	1,440	1,200	1,200
7650	Bank Fees			
7670	Miscellaneous Expenses	6,000	6,000	6,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition	70,180	76,519	
	Total Expenditure	278,757	269,123	260,668

1 • Water Balance Validation Cert.

2 • Gloves, Hats, Uniforms, Uniform Cleaning, etc.

3 • CMMS System

4 • Vehicle Fuel & Oil	\$ 5,000
• GPS Vehicle Tracking	\$ 1,000
• Auto Insurance	\$ 350
	<u>\$ 6,350</u>

5 • 2 Cell Phones

6 • See Exhibit H

WEROC
25

		FY 2019-2020 BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
4320	MWDOC Contribution to Operations	228,978	228,978	241,236
4210	WEROC Contracts	228,978	228,978	241,236
4205				
4230	Reimbursements			
4240				
4410				
4805				
	Operational Revenue	457,956	457,956	482,472
	Operational Reserves to Capital			
	Capital Projects Carryover	150,219	150,219	
	MWDOC Contribution to Capital Improvements	44,389	44,389	
	TOTAL WEROC Revenue	652,564	652,564	482,472

1 • OCSD \$ 47,282
 • SOCWA \$ 18,334
 • OCWD \$ 120,618
 • 3 Cities -- \$18,334 ea \$ 55,002
\$ 241,236

3 • WEROC Reserves
 4 • See Exhibit H

		FY 2019-2020 PROPOSED BUDGET	FY 2019-2020 PROJECTED ACTUALS	FY 2020-2021 PROPOSED BUDGET
6010	Salaries & Wages - Admin	267,463	268,101	318,348
	Salaries & Benefits - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	82,520	78,056	105,792
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	1,150	1,375	8,226
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	30,000	44,120	-
7110	Conference - Employee	2,800	2,800	3,800
7115	Conference - Directors			
7150	Travel & Accommodations - Employee	8,380	5,182	4,750
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	1,105	1,105	1,105
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office & Radio Supplies	1,000	1,397	1,800
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	1,000	1,000	1,000
7410	Computer & Peripherals Maint	5,060	5,060	5,060
7430	Software Purchase			
7440	Software Support	7,441	7,088	9,491
7510	Site Maintenance	900	947	900
7540	Computers and Equipment			
7580	Maintenance - Generators	2,000	500	1,000
7581	Maintenance - Radios	1,838	1,838	2,000
7582	Maintenance - EOC's	2,000	2,056	2,000
7610	Automotive / Mileage	1,000	2,187	3,000
7615	Toll Road Charges	213	204	200
7620	Insurance Expense			
7640	Utilities - Telephone	10,000	13,106	10,000
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	1,005	1,000
7671	Miscellaneous Training	3,000	3,322	3,000
8810	Capital Acquisition			
	Operations Expenditure	429,870	440,450	482,472
	Contribution to Operating Reserves	28,086	-	
	Total Operations Budget	457,956	440,450	482,472
	Capital Expenditures	194,608	38,753	
	TOTAL Expenditures	652,564	479,203	482,472

5 • See Exhibit J

6 • See Exhibit E

7 • See Exhibit D

8 • See Exhibit H

Exhibit D

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Proposed District Participation Costs
Fiscal Year 2020-2021**

	Budget	Projected	Budget	Approval included in
	FY 2019-2020	FY 2019-2020	FY 2020-2021	Budget Approval
		Actuals		
Required Participation or Service				
LAFCO	\$ 28,000	\$ 27,233	\$ 38,431	√
Subtotal Cost Center 11	\$ 28,000	\$ 27,233	\$ 38,431	
Association of Calif. Water Agencies (ACWA)	\$ 19,736	\$ 21,610	\$ 22,691	√
South OC Watershed Management Area Dues	\$ 10,500	\$ 10,500	\$ 10,800	√
Subtotal Cost Center 12	\$ 30,236	\$ 32,110	\$ 33,491	
Subtotal - Required Participation or Service	\$ 58,236	\$ 59,343	\$ 71,922	
Elective Participation				
Colorado River Water Users Assn. (CRWUA 2-Directors)	\$ 72	\$ 30	\$ 60	√
Orange County Water Association (OCWA 4 Directors)	\$ -	\$ 70	\$ 280	√
Subtotal Cost Center 11	\$ 72	\$ 100	\$ 340	
Association of California Cities- Orange County (ACCOC)	\$ 5,279	\$ 5,279	\$ 5,500	√
American Water Works Association (AWWA)	\$ 1,720	\$ 1,729	\$ 1,800	√
Association of Metropolitan Water Agencies (AMWA)	\$ -	\$ 20,426	\$ 21,447	√
CA Chamber of Commerce (HR California)	\$ 481	\$ 541	\$ 568	√
CALDESAL	\$ 5,125	\$ 5,000	\$ 5,150	√
California Association of Public Information Officers (CAPIO)	\$ 765	\$ 225	\$ 825	√
California Council for Environmental & Economic Balance (CCEEB)	\$ -	\$ 24,500	\$ 25,725	√
California Environmental Literacy Initiative		\$ 2,500	\$ 2,500	√
California Municipal Treasurers Association (CMTA)	\$ 160	\$ 160	\$ 170	√
California Municipal Utilities Association (CMUA)	\$ 8,000	\$ 4,240	\$ 4,450	√
California Society of Municipal Finance Officers (CSMFO)	\$ 130	\$ 110	\$ 120	√
California Special Districts Assn. (CSDA)	\$ 7,433	\$ 7,615	\$ 7,996	√
CA Water Efficiency Partnership (formerly CA Urban Water Cnsv Cncl)	\$ 12,775	\$ 6,100	\$ 6,100	√
California Water, Energy and Education Alliance (CWEEA)	\$ -	\$ 2,500	\$ 2,500	√
Colorado River Water Users Assn. (CRWUA 3-staff)	\$ 108	\$ 90	\$ 90	√
Department of Water Resources Education Committee		\$ 2,500	\$ 2,500	√
Government Finance Officers Association (GFOA)	\$ 170	\$ 160	\$ 170	√
Indep. Special Districts of Or. Co. (ISDOC)	\$ 50	\$ 50	\$ 55	√
International Association of Business Communicators (IABC)	\$ 350	\$ 350	\$ 370	√
International Personnel Management Association (IPMA)	\$ 50	\$ 50	\$ 55	√
National Endangered Species Act Reform Coalition (NESARC)	\$ 1,000	\$ 1,000	\$ -	√
National Water Resources Assn., Mun. Caucus	\$ 510	\$ 510	\$ 535	√
OC Chapter-Calif. Landscape Contractors Assoc.	\$ 1,835	\$ 1,835	\$ 1,835	√
Orange County Business Council (OC Chamber)	\$ 5,125	\$ 5,000	\$ 5,150	√
Orange County Public Affairs Association (OCPAA)	\$ 205	\$ 205	\$ 615	√
Orange County Water Association (OCWA)	\$ 105	\$ 105	\$ 110	√
Public Relations Society of America/O.C. (PRSA)	\$ 728	\$ 1,020	\$ 1,600	√
Society of Human Resources Management (SHRM)	\$ 214	\$ 209	\$ 220	√
Southern California Personnel Management Assoc. (SCPMA)	\$ 55	\$ 55	\$ 60	√
South Orange County Economic Coalition (SOCEC)	\$ 1,530	\$ 1,530	\$ 1,600	√
Southern California Water Committee (SCWC)	\$ 865	\$ 865	\$ 900	√
Urban Water Institute	\$ 1,250	\$ 1,250	\$ 1,300	√
Water Environment Federation	\$ 50	\$ 50	\$ 55	√
Water Education Foundation	\$ 590	\$ -	\$ -	
Subtotal Cost Center 12	\$ 56,658	\$ 97,759	\$ 102,071	
Subtotal - Elective Participation	\$ 56,730	\$ 97,859	\$ 102,411	
International Association of Emergency Managers	\$ 380	\$ 380	\$ 380	√
California Emergency Services Association	\$ 225	\$ 225	\$ 225	√
California Utilities Emergency Association	\$ 500	\$ 500	\$ 500	√
WEROC Program Total	1,105	1,105	1,105	
GRAND TOTAL - General Fund	\$ 114,966	\$ 157,202	\$ 174,333	

Exhibit E

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Summary of Proposed Staff Registration & Travel Budget ⁽¹⁾ Fiscal Year 2020-2021

Fall Conference, Indian Wells, December 1-4, 2020 (6 staff)

Approval included in

Conference / Meeting	Location/Date/Staff	Registration	Travel ⁽¹⁾	Budget Approval
Association of California Water Agencies (ACWA)	DC Conference, TBD (4 staff)	\$ 2,980	\$ 7,200	✓
	Fall Conference, Indian Wells, December 1-4, 2020 (6 staff)	4,500	5,400	✓
	Spring Conference, May 4-7, 2021, Monterey, Ca (3 staff)	2,250	3,000	✓
	Region 10, TBD (1 trips)	80	-	
	Legislative Symposium, TBD (2 staff)	570	2,400	✓
Association of Metropolitan Water Agencies(AMWA)	Misc. Conference TBD (1 Staff)	950	1,800	✓
	Water Policy Conference TBD (1 Staff)	950	1,800	✓
American Water Works Association (AWWA)	National Water Infrastructure Conference, Nov 2-5, 2020, Philadelphia, PA (2 Staff)	1,150	2,000	✓
	Cal Nevada Spring Conference, TBD, (4 staff)	2,300	6,400	✓
	ACE Annual Conference , San Diego, Ca, June 13-16,2021 (2 staff)	1,150	1,800	✓
	Sustainable Water Management 2021, TBD (2 Staff)	1,150	3,200	✓
AWWA/Water Environment Federation	Utility Management Conference TBD (1 staff)	725	1,200	✓
California Association of Public Information Officials (CAPIO)	Northern California, TBD, (3 staff)	1,875	1,870	✓
California Council for Environmental & Economic Balance (CEEB)/CED	Meetings, TBD (5 Trips)	-	6,000	✓
California Environmental Literacy Initiative	Sacramento Ca, (3 trips)		1,500	✓
California Employees Public Retirement System(CalPERS)	Annual Employer Education Forum, Anaheim, Ca September 30, October 2, 2020 (2 Staff)	800	-	✓
California Municipal Utilities Association (CMUA) Capitol Days	Sacramento, TBD (1 staff)	195	800	✓
California Municipal Utilities Association (CMUA) Annual Conference	April 11-13, 2021, San Diego, Ca (2 staff)	1,800	1,000	✓
Colorado River Water Users Association (CRWUA)	Las Vegas - December 14-16, 2020 (4 staff)	2,000	4,000	✓
California Special Districts Association (CSDA)	Legislative Days, TBD, Sacramento (2 staff)	400	2,000	✓
California Water Efficiency Partnership (CalWEP) Membership (formerly CUWCC)	Membership Meetings, 1=No. Cal & 2=So. Cal (3 trips)		600	✓
	Board Meetings, 2=No. Cal & 2=So. Cal (4 trips)		1,200	✓
	Peer to Peer, TBD, (5 staff)	1,400	3,500	✓
Department of Water Resources Education Committee	Sacramento, (2 trips) (2 staff)		3,000	✓
Department of Water Resources (DWR)/State Water Resources Control Board (SWRCB)	Urban Advisory Group Meetings, Sacramento (6 trips)		3,000	✓
Legislative Advocacy	Sacramento, (20 trips)		10,000	✓
	Washington DC (3 trips)	-	5,400	✓
Liebert, Cassidy Whimore	Annual Public Sector Conference, TBD	800	600	✓
Urban Water Institute	Spring Conference, TBD(4 Staff)	2,300	2,000	✓
Miscellaneous*		3,500	4,000	✓
General Fund Total **		\$ 33,825	\$ 86,670	
Conferences/Meetings/Trainings				
International Assoc. of Emergency Managers	Long Beach, Ca November 13-18, 2020 (3 staff)	\$ 2,400	\$ 350	✓
California Emergency Services Association (Fall)	Fish Camp, Ca, October 5-8, 2020, (2 staff)	1,400	3,200	✓
TEEX Mgt346/Mgt 314 (College Station)	College Station, TX, September 14-18, 2020 (1 Staff)	-	1,200	✓
WEROC Program Total		\$ 3,800	\$ 4,750	

PROPOSED GENERAL FUND BUDGET

\$ 33,825 \$ 86,670

* Includes OCWA lunch meetings, ISDOC, OCBC, SCWC, League of Cities, Misc. Assoc/Committee meetings and related business meeting expenses.

** Excludes automotive mileage.

(1) Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

Exhibit F

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Summary of Proposed Board Registration & Travel Budget ⁽¹⁾
Fiscal Year 2020-2021**

Conference	Location/Date/Directors	Registration	Travel ⁽¹⁾	Approval included in Budget Approval
Association of California Water Agencies (ACWA)	DC Conference, TBD (2 Directors)	\$ 1,490	\$ 4,000	√
	Fall Conference, Indian Wells, December 1-4, 2020, (2 Directors)	\$ 1,500	\$ 1,800	√
	Spring Conference, May 4-7, 2021, Monterey, Ca (3 Directors)	\$ 2,250	\$ 4,800	√
	Region 10, TBD (2 Directors)	\$ 150	\$ -	√
(ACCOC)	Sacramento, TBD (2 Directors)	\$ 1,600	\$ 1,000	
	Washington DC, TBD (3 Directors)	\$ 3,825	\$ 2,400	√
American Water Works Association/Water Environment Federation (AWWA/WEF)	Utility Management Conference, TBD (1 Director)	\$ 725	\$ 1,200	√
Bond Buyers	Conference, TBD (2 Directors)	\$ 550	\$ 400	√
California Council for Environmental & Economic Balance (CEEBC)	Meetings, TBD (5 Trips)	\$ -	\$ 6,000	√
California Special Districts Association (CSDA)	Legislative Days, Sacramento (1 Director)	\$ 200	\$ 1,000	√
Colorado River Water Users Association(CRWUA)	Las Vegas, December 14-16, 2020 (2 Directors)	\$ 1,000	\$ 2,000	√
Orange County Business Council (OCBC)	Advocacy Trip, Sacramento, (3 Directors)	\$ 2,850	\$ 1,500	√
	Advocacy Trip-DC (2 Directors)	\$ 3,600	\$ 1,600	√
Legislative Advocacy	Sacramento (4 Trips)	\$ -	\$ 2,000	√
Legislative Advocacy	Washington DC (3 trips)	\$ -	\$ 5,400	√
Urban Water Institute	Spring Conference, (3 Directors)	\$ 1,725	\$ 1,500	√
Miscellaneous*		\$ 2,500	\$ 3,000	√
TOTAL**		\$ 23,965	\$ 39,600	

PROPOSED GENERAL FUND BUDGET

\$ 23,965	\$ 39,600
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* Includes OCWA lunch meetings, ISDOC, OCBC, SCWC, League of Cities, Misc. Assoc/Committee meetings and related business meeting expenses.

** Excludes automotive mileage.

(1) Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

Exhibit G

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Proposed Total Membership that Includes Registration & Travel Costs ⁽¹⁾ Fiscal Year 2020-2021

Conference / Meeting	Membership	Registration	Travel	Total
American Water Works Association (AWWA)	\$ 1,800	\$ 7,200	\$ 15,800	\$ 24,800
Association of California Cities- Orange County (ACCOC)	5,500	5,425	3,400	14,325
Association of Calif. Water Agencies (ACWA)	22,691	15,770	28,600	67,061
Association of Metropolitan Water Agencies (AMWA)	21,447	1,900	3,600	26,947
California Association of Public Information Officers (CAPIO)	825	1,875	1,870	4,570
California Council for Environmental & Economic Balance	25,725		12,000	37,725
California Environmental Literacy Initiative	2,500		1,500	4,000
California Municipal Utilities Association (CMUA)	4,450	1,995	1,800	8,245
California Special Districts Assn. (CSDA)	7,996	600	3,000	11,596
California Water Efficiency Partnership	6,100	1,400	5,300	12,800
Colorado River Water Users Assn. (CRWUA)	90	3,000	6,000	9,090
Department of Water Resources Education Committee	2,500		3,000	5,500
Orange County Business Counsel (OC Chamber)	5,150	6,450	3,100	14,700
Urban Water Institute	1,300	4,025	3,500	8,825
Grand Total for Memberships with Conferences/Travel:	\$ 108,074	\$ 49,640	\$ 92,470	\$250,184

(1) Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

Exhibit H

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Schedule of Capital Expenditures Fiscal Year 2020-2021

	Proposed Budget	Approval included in <u>Budget Approval</u>
Finance - 45-8810:		
Accufund ERP Software and Implementation	\$ 79,200	√
Subtotal Cost Center 45	\$ 79,200	
Furniture and Fixtures- 19-8810:		
MWDOC Office Improvements (Audio-Visual Equipment/ Workstations/Furnishings)	\$ 1,870,000	√
* Prior Year Projects Carryover from FY2017 through FY2021	<u>\$ (1,143,117)</u>	√
Subtotal 8810 Improvements	\$ 726,883	
Building Improvements- 19-8811:		
Eval / Design / Roof / Seismic / Construction	\$ 346,900	√
* Prior Year Projects Carryover from FY2017 through FY2021	<u>(346,900)</u>	√
Subtotal 8811 Improvements	-	
New Realized Costs - Cost Center 19	\$ 726,883	

* Prior year projects carryover is the cumulative dollars from prior years that will be applied toward work projected to be completed in FY20-21.

Exhibit J
Professional / Special Services Authorized
Core Fund

Department	Consultant	Service	Budget FY 19-20	Budget FY 20-21	* Approval included in Budget Approval
Engineering Expenses					
Planning & Operation (21)	(To be determined)	Hydraulic Model	151,000	165,000	
	(To be determined)	Other Engineering Efforts	174,000	100,000	
Total Planning & Operations Expenses			325,000	265,000	
Met Issues & Special Projects (23)	Ed Means Consulting	Consulting on MET issues	45,000	25,000	√
	(To be determined)	MET and Reliability Planning	65,000	50,000	
Total MET Issues & Special Projects Expenses			110,000	75,000	
Total Engineering Expenses			435,000	340,000	
Legal Expenses					
Administration (11 & 13)	Best, Best & Krieger	General Legal Counsel Services	182,500	185,500	√
	Aleshire & Wynder	Legal Counsel Services Regarding San Diego CWA	12,500	15,000	√
	Best, Best & Krieger	Labor Counsel Services	5,000	10,000	√
Total Legal Expenses			200,000	210,500	
Audit Expenses					
Finance (41)	Vasquez & Company LLP	Annual Financial Audit and Federal Single Audit	29,240	29,725	√
Training					
Administration (13)	TBD/Cal State University Fullerton/Municipal Resources Group/Center for Organization Effectiveness/CPS HR Consulting	Staff Development/Technical Training/Leadership Training	30,000	62,500	√
Professional Fees					
Administration (12 & 13 & 19)	Dissinger Associates	Pension Plan Administration	4,500	4,000	√
	Wage Works	Cafeteria Plan Administration	2,312	2,400	√
	Ralph Anderson & Associates	Benchmark Study		36,000	√
	Gladwell Services	Records Management Consulting	2,500	1,200	√
Governmental Affairs (31)	BBK Legislation	State Legislative Advocate	96,000	96,000	√
	James C. Barker	Federal Legislative Advocate	96,000	96,000	√
	Lewis Consulting	County Issues Consulting	42,000	42,000	√
	Soto Services	Grant Research and Acquisition Assistance	36,000	36,000	√
	Ackerman	Legal and Regulatory	36,000	36,000	√
	(To be determined)	Miscellaneous	8,000	8,000	
Public Affairs (32)	Stetson Engineers	Consumer Confidence Report (CCR) Technical Water Quality Advisor	40,633	41,852	√
	So Cal Water Coalition	Delta Conveyance Program Support	30,000	30,000	√
	(To be determined)	Collateral materials update and resolutions/proclamations	4,500	4,500	
	(To be determined)	Event Registration Fees	4,500	12,500	
	Hashtag Pinpoint	Strategic Digital Outreach Contract	95,000	95,000	√
	(To be determined)	CA Water, Energy & Education Alliance		5,000	
	(To be determined)	Client Agency Workshops for PAW	6,500	4,000	
	(To be determined)	Wyland Mayors Challenge	10,000	10,000	
	PSAV	Special Events AV Support	15,000	20,000	√
	(To be determined)	Advertising	20,000	20,000	
WUE - Core (35)	(To be determined)	General WUE Research	75,000	75,000	
	Blue Watchdog Conservation, Inc	Landscape Education - QWEL License	5,000	500	√
	Water Systems Optimization	Water Loss Control Work Grp (WLC)	55,000	55,000	√
	Water Systems Optimization	WLC Business Plan Implementation	30,000	25,000	√
	SAWPA	Aerial Imagery and Landscape Measurement Project	100,000	100,000	√
Finance & IT (41 & 45)	U.S. Bank	Custodial Bank fees	6,500	6,500	√
	(To be determined)	Business Continuity Consultant	40,000		
	Davis Farr	Financial Consulting	40,000	20,000	√
	Demsey Filliger & Assoc., LLC	OPEB Actuarial	4,500	3,750	√
	(To be determined)	Rate Study		82,500	
Total Professional Fees			920,445	996,202	

WEROC

Department	Consultant	Service	Budget FY 19-20	Budget FY 20-21	* Approval included in Budget Approval
Professional Fees					
WEROC	(To be determined)	Consultant for Security Act Implementation	30,000		
Total Professional Fees			30,000	-	

* Approval of the budget constitutes authorization for spending within the policy guidelines set out in Chapter 8, Contracts section of the Administrative code including authorization limitations. A check mark indicates final board approval of the expenditure.

Exhibit J1
Professional / Special Services Authorized
Choice Funds

Department	Consultant	Service	Budget FY 19-20	Budget FY 20-21	* Approval included in Budget Approval
Training					
Water Loss Control (70)	(To be determined)	Water Balance Validation Certification	2,000	2,000	
Professional Fees					
Water Use Efficiency (62)	Various Printers	Printing of marketing materials for all WUE programs	40,000	40,000	√
	Enterprise Information Systems	CSANS Webhosting & Annual Maintenance	14,400		√
	Droplet	Web Based Rebate Processing Platform (Turf & Drip)	45,072	45,072	√
	Droplet	E-Signature Rebate Processing	7,500	7,500	√
	Mission Resource Cnsvr District	Residential Installation Verification Inspections	35,000	35,000	√
School Program (63)	Discovery Cube/Shows That	Assemblies (Elementary School)	305,651	311,277	√
	Bolsa Chica Conservancy	Assemblies (High School)	60,000	61,500	√
	Discovery Cube	Assemblies (Middle School)	59,262	61,017	√
Total Professional Fees			566,885	561,366	

* Approval of the budget constitutes authorization for spending within the policy guidelines set out in Chapter 8, Contracts section of the Administrative code including authorization limitations. A check mark indicates final board approval of the expenditure.

**Municipal Water District of Orange County
Fiscal Year 2019-2020 Consolidated Budget Summary**

	Core & Choice	Water Fund	WUE Grants and Outside Funding	WEROC	AMP Proceeds Agreement Administration	Total with Inter-Fund Transfers ⁽¹⁾	Less Inter-Fund Transfers ⁽¹⁾	Consolidated Budget Total
Revenues:								
Water Sales		\$ 251,878,259				\$ 251,878,259		\$ 251,878,259
Local Resource Program Incentives		(5,465,263)				(5,465,263)		(5,465,263)
Retail Meter Charge	7,888,930					7,888,930		7,888,930
Ground Water Customer Charge	598,248					598,248		598,248
Water Increment Charge	-					-		-
Interest Revenue	580,000	20,000				600,000		600,000
MWDOC's Contribution	-			273,367		273,367	(273,367)	-
Outside Fundings	-		2,370,147	228,978	-	2,599,125		2,599,125
Carryover Funds	-			150,219		150,219		150,219
Choice Revenue	1,782,434					1,782,434		1,782,434
Miscellaneous Income	3,000					3,000		3,000
Total Revenues	10,852,611	246,432,996	2,370,147	652,564	-	260,308,318	(273,367)	260,034,951
Expenses:								
Water Purchases		246,412,996				246,412,996		246,412,996
Salaries & Wages	4,055,637			267,463		4,323,100		4,323,100
less S & W Reimb. DSC or Recov from Grants	(5,500)					(5,500)		(5,500)
Employee Benefits	1,470,174			82,520		1,552,694		1,552,694
Engineering Expense	435,000					435,000		435,000
Professional Fees	1,672,407			30,000		4,072,554		4,072,554
Contribution to Election Reserve	-		2,370,147			-		-
Legal Expense - General	200,000					200,000		200,000
Maintenance Expense	158,527			4,738		163,265		163,265
Insurance Expense	140,000			-		140,000		140,000
Membership / Sponsorship	114,966					116,071		116,071
Director Compensation	268,133			1,105		268,133		268,133
MWDOC Contribution to WEROC Operations	228,978					228,978	(228,978)	-
MWDOC Contribution to WEROC Capital Improv	44,389					44,389	(44,389)	-
Others:								
MWD Representation	153,218					153,218		153,218
Director Benefits	93,947					93,947		93,947
Health Insurance Coverage for Retirees	70,287					70,287		70,287
Audit Expense	29,240					29,240		29,240
Automotive & Toll Road Expenses	34,860			1,213		36,073		36,073
Conference Expense - Staff	40,535			2,800		43,335		43,335
Conference Expense - Directors	28,440					28,440		28,440
CDR Participation	50,156					50,156		50,156
Business Expense	5,200					5,200		5,200
Miscellaneous Expense	109,300			6,000		115,300		115,300
Postage / Mail Delivery	9,400					9,400		9,400
Rents & Leases	3,616					3,616		3,616
Outside Printing, Subscription & Books	62,500			1,000		63,500		63,500
Office Supplies	38,033			1,000		39,033		39,033
Computer Maintenance	8,000			5,060		13,060		13,060
Software Support & Expense	93,634			7,441		101,075		101,075
Computers and Equipment	49,450					49,450		49,450
Telecommunications Expense	25,773			10,000		35,773		35,773
Temporary Help Expense	5,000					5,000		5,000
Training Expense	32,000			1,150		33,150		33,150
Tuition Reimbursement	5,000					5,000		5,000
Travel & Accommodations - Staff	89,131			8,380		97,511		97,511
Travel & Accommodations - Directors	46,625					46,625		46,625
Depreciation Expense (annualized)	-					-		-
Overhead Expenses billed to AMP and WFC	-					-		-
Overhead Reimbursement	-					-		-
MWDOC Building Expense	835,831					835,831		835,831
Contribution to Operating Reserves	-			28,086		28,086		28,086
Capital Acquisition	106,456			194,608		301,064		301,064
All Other Expenses	2,025,632			266,738		2,292,370		2,292,370
Total Expenses	10,808,543	246,412,996	2,370,147	652,564	-	260,244,250	(273,367)	259,970,883
EFFECT ON RESERVES / FUND BALANCE	\$ 44,068	\$ 20,000	(2)	\$ -	\$ -	\$ 64,068	\$ -	\$ 64,068

1 Adjustment for MWDOC's contributions to other funds.
2 Net change to restricted reserves for interest revenue.

Municipal Water District of Orange County
Fiscal Year 2020-2021 Consolidated Budget Summary

	Core & Choice	Water Fund	WUE Grants and Outside Funding	WEROC	AMP Proceeds Agreement Administration	Total with Inter-Fund Transfers	Less Inter-Fund Transfers ⁽¹⁾	Consolidated Budget Total
Revenues:								
Water Sales		\$ 229,079,152				\$ 229,079,152		\$ 229,079,152
Local Resource Program Incentives		(4,861,259)				(4,861,259)		(4,861,259)
Retail Meter Charge	7,934,159					7,934,159		7,934,159
Ground Water Customer Charge	599,116					599,116		599,116
Water Increment Charge	-					-		-
Interest Revenue	458,000	22,000				480,000		480,000
MWDOC's Contribution	-		1,579,934	241,241	-	241,241	(241,241)	-
Outside Fundings	-			241,236	-	1,821,170		1,821,170
Carryover Funds	1,574,100					1,574,100		1,574,100
Choice Revenue	3,000					3,000		3,000
Miscellaneous Income								
Total Revenues	10,568,375	224,219,893	1,579,934	482,477	-	236,850,678	(241,241)	236,609,438
Expenses:								
Water Purchases		224,197,893				224,197,893		224,197,893
Salaries & Wages	4,151,605			318,357	-	4,469,962		4,469,962
less S & W Reimb. DSC or Recov from Grants	-					-		-
Employee Benefits	1,542,115			105,792	-	1,647,907		1,647,907
Engineering Expense	340,000					340,000		340,000
Professional Fees	1,525,503					3,105,437		3,105,437
Contribution to Election Reserve	-		1,579,934			-		-
Legal Expense - General	210,500					210,500		210,500
Maintenance Expense	146,420			3,900		150,320		150,320
Insurance Expense	110,000					110,000		110,000
Membership / Sponsorship	174,333					174,333		174,333
Director Compensation	258,909			1,105		258,909		258,909
MWDOC Contribution to WEROC Operations	241,241					241,241	(241,241)	-
MWDOC Contribution to WEROC Capital Improv	-					-		-
Others:								
MWD Representation	157,070					157,070		157,070
Director Benefits	101,971					101,971		101,971
Health Insurance Coverage for Retirees	87,449					87,449		87,449
Audit Expense	29,725					29,725		29,725
Automotive & Toll Road Expenses	28,850			3,200		31,850		31,850
Conference Expense - Staff	33,825			3,800		37,625		37,625
Conference Expense - Directors	23,965					23,965		23,965
CDR Participation	53,158					53,158		53,158
Business Expense	4,500					4,500		4,500
Miscellaneous Expense	115,000			6,000		121,000		121,000
Postage / Mail Delivery	9,300					9,300		9,300
Rents & Leases	1,750					1,750		1,750
Outside Printing, Subscription & Books	84,700			1,000		85,700		85,700
Office Supplies	49,000			1,800		50,800		50,800
Computer Maintenance	8,000			5,060		13,060		13,060
Software Support & Expense	104,640			9,491		114,131		114,131
Computers and Equipment	33,550					33,550		33,550
Telecommunications Expense	30,850			10,000		40,850		40,850
Temporary Help Expense	5,000					5,000		5,000
Training Expense	64,500			8,226		72,726		72,726
Tuition Reimbursement	5,000					5,000		5,000
Travel & Accommodations - Staff	86,670			4,750		91,420		91,420
Travel & Accommodations - Directors	39,600					39,600		39,600
Depreciation Expense (annualized)	-					-		-
Overhead Expenses billed to AMP and WFC	-					-		-
Overhead Reimbursement	-					-		-
MWDOC Building Expense	726,883					726,883		726,883
Contribution to Operating Reserves								
Capital Acquisition	79,200					79,200		79,200
All Other Expenses	1,963,956			53,327		2,017,283		2,017,283
Total Expenses	10,664,580	224,197,893	1,579,934	482,481	-	236,924,888	(241,241)	236,683,648
EFFECT ON RESERVES / FUND BALANCE	\$ (96,205)	\$ 22,000	(2)	\$ (4)	\$ -	\$ (74,210)	\$ -	\$ (74,211)

1 Adjustment for MWDOC's contributions to other funds.
2 Net change to restricted reserves for interest revenue.



THIS WRITE UP WAS PRESENTED TO THE A&F COMMITTEE ON 4/8/20

DISCUSSION ITEM

April 8, 2020

TO: Board of Directors

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

**Robert Hunter
General Manager**

Staff Contact: Hilary Chumpitazi

SUBJECT: Third Draft of the FY 2020-21 Budget

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee, MWDOC Board of Directors, Member Agencies, and the public review, discuss and provide input and comments on the third draft of MWDOC's budget for FY2020-21. This meeting is the last opportunity for comments before the budget goes to the Board of Directors on April 15, 2020 for final approval. Staff recommends approval of the third draft budget as final.

While we typically try to avoid making significant changes to the proposed budget this late in the process, the COVID-19 pandemic has curtailed specific activities in both the current and next fiscal year. These actual and anticipated changes are reflected in a smaller proposed budget and revenue requirement.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

CHANGES FROM THE PRIOR DRAFT TO CURRENT DOCUMENT

The regional Consumer Price Index for last year was 3.07%. The proposed Core increases for the second draft budget for expenses and revenue were 2.4% and 1.4% respectively. The increase for the retail meter charge was 2.8% and the groundwater charge was 1.1%.

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

In a normal year, expense and rate growth below the CPI is commendable. The onset of COVID-19 in the last month changed this to an abnormal year. The A&F Committee meeting of March 11, 2020 was the last in-person public meeting at MWDOC. All subsequent meetings have been held via Zoom in order to facilitate physical distancing safeguards. Like the majority of other organizations, MWDOC has many employees working from home and not traveling. This has changed the nature of our activities for the fourth quarter of the current fiscal year (FY 2019-20) and for the first quarter of the next (FY 2020-21). MWDOC began assessing associated budget modifications in mid-March. This has resulted in significant changes between the second and third draft budgets. Specifically:

- The reduction in expenses in the current fiscal year result in a larger projected year-end contribution to reserves. This flips the budget goal for FY 2020-21 from an intended surplus of \$19,669 to an intended draw of \$93,333. This change reduces the revenue requirement for FY 2020-21 by \$113,002.
- Total Core expenses have been reduced \$149,809; largely through travel and program modifications.
- The combined total of the flip to a reserve draw and the reduced Core expenses totals \$262,811.
- The final result is a reduction in the retail meter charge from the current \$12.40 per meter to \$12.35 per meter (-0.4%) and an increase in the Ground Water Customer charge of \$863 (+0.1%) to \$599,111.

Specific modifications include:

- Reductions in Staff and Board travel and registrations of \$71,002 in FY 2019-20 and \$70,005 for FY 2020-21.
- Reduction in Staff training of \$25,000 in FY 2019-20 and \$30,000 in FY 2020-21.
- Reduced the Public Affairs budget by \$17,000 in FY 2019-20 and \$32,000 in FY 2020-21, primarily for events.
- Reduction in Directors Salary of \$16,370 in anticipation of a five month vacancy.

Pertinent aspects of the third draft budget include:

1. The third draft budget includes a proposed decrease of \$0.05 (0.4%) to the retail service charge reducing the retail rate to \$12.35 per retail meter. This is a \$0.40 per meter swing (3.2%) between the second and third draft budgets.
2. The groundwater customer charge to OCWD increases by \$863 (0.1%) to \$599,111. This is a 1.0% reduction between the second and third draft budgets.
3. The third draft has a budget total of \$236,641,613 (revenue) including Core & Choice, water sales, outside funding, and WEROC. This is a decrease of approximately 9% almost exclusively attributable to the decrease in water sales. This does not factor in the proposed Metropolitan rate increase that will likely be a multi-category average of 4- 5% for the last six-months of the fiscal year.
4. The consolidated general fund budget is \$10,600,550 (revenue) with a decrease of \$60,463 (-0.57%).
5. The total revenue amount for the Core budget is \$8,994,270; a decrease of \$75,907 or 0.84% below the current year's budget. This includes a \$122,000 (21%) reduction in interest revenue.

6. The proposed third draft budget includes a planned reserves draw of \$95,407 and essentially fully funds the reserves to the target levels.
7. The unfunded CALPERS liability annual payment of \$207,000 is proposed. This will be the third year of the ten-year funding program.
8. The proposed salary contribution pool is at 5.68% of salaries and wages and reflects the rate of inflation (CPI = 3.07%) and merit considerations. No COLA (Cost of Living Adjustment) is being proposed.
9. There is no proposed increase in the Full-time Employee staffing level (33.00 FTE). There is a 0.97 FTE increase in intern and Part-time WEROC employees. The intern position is for the Water Loss Program and the WEROC position is a project position for the AWIA program.
10. There was a major adjustment to the Election Reserve in FY 2019-20 with an additional, unbudgeted contribution of \$637,000. This was based on a new cost estimate from the O.C. Registrar of Voters of up to \$333,185 per division.
11. Building Improvement and Capital Acquisition expenses both have significant carryovers from the current fiscal year budget. The project is currently in the third review cycle and hopefully final plan review with the City of Fountain Valley. Verbal notice of plan approval has been received. The majority of the project will be completed in FY 2020-21
12. The proposed budget includes two periodic studies. The triennial Benchmark Study which compares MWDOC's job classifications and salaries to the market (\$36,000). The budget also includes a rate study (\$82,500) on the 5-year cycle.
13. The proposed budget also includes a new accounting software package (\$80,000) as previously discussed in committee.
14. There is a substantial increase in the staff development/technical leadership training (\$32,500) which is offset by the elimination of the Business Continuity Consultant (\$40,000) that was required this year for the AWIA Program.
15. Outside funding for Water Use Efficiency (WUE) from rebates and grants is budgeted at \$1,579,934; a decrease of \$790,213 over this year's budget.
16. Annual Local Resource Project (LRP) funding will decrease 10.7% as approximately 3,000 acre feet of local project water production completes its funding cycle.
17. Total outside funding (WUE & Local Resource Project (LRP) sources) is budgeted to be approximately \$6,426,193.
18. As last year, the schedule for the budget process impacts the timing of Choice budget elections by Member Agencies. Therefore, the Choice budget estimates in the third draft budget should be considered preliminary.

A reminder that memberships outlined in the Budget (Exhibit D) are approved by the Board with approval of the budget and therefore, each membership will not be brought back to the Board for approval on an individual basis. However, any new memberships not included in the budget will be brought to the Board for consideration.

Similar to memberships, budget approval for conferences includes Board and Staff approval for attendance at "standard conferences". Standard conferences are those listed

on Exhibits E and F and approval includes staff travel/attendance at any out of state conferences listed on Exhibits E and F. Subsequent to the budget adoption, any new, out of state conferences will be brought to the Board for consideration.

MAJOR YEAR-TO-YEAR CHANGES IN THE CURRENT BUDGET

The year-to-year (Y-T-Y) changes in the total Core expenses between FY2019-20 and FY2020-21 produce an increase of \$171,317 (2.9%).

- The largest Y-T-Y Core expense increase (\$171,844) is in the cost categories for Employee, MWDOC Director and MWD Director salaries, wages and benefits. This represents a 3.35% increase in these categories. However these expense categories represent almost 58% of the total Core expenses.
- The other large increases in descending order are Professional Fees (\$75,757 – Benchmark and Rate studies), Software Support & Expense (\$76,006 – Accounting Software), Training Expense (\$32,500 - staff development/technical training/leadership training) and Membership/Sponsorship (\$59,367).
- Significant Y-T-Y Core expense decreases include Engineering Expense (\$95,000), WEROC Capital Improvements (\$44,389), and Insurance Expense (\$30,000).

Choice Y-T-Y expenses are largely unchanged at this point in the budget process and COVID-19 issues are impacting the Schools Program with schools being closed. The application of credits from this year will impact the budget details for next year. The year-to-year changes in the total Choice expenses between FY2019-20 and FY2020-21 are up \$15,444 (0.1%) primarily associated with overhead reimbursement.

DETAILED REPORT

The FY2020-21 MWDOC Budget is developed through a transparent and iterative process. Key topics discussed below include:

1. MWDOC Budget Process & Schedule
2. Budget Principles
3. Reserves
4. Compensation Pool Guidelines
5. Budget Input from Member Agencies
6. Key Priorities & Initiatives for FY 2020-2021
7. Choice Programs
8. Water Rates and Charges
9. Proposed New Items Not Included Pending Committee Discussion

A short discussion on each item follows:

1. MWDOC Budget Process & Schedule

MWDOC's budget schedule is designed to accommodate the budget and rate schedules of our Member Agencies. MWDOC's schedule also moves in sync with that of Metropolitan.

Under this schedule, the Year-End Projections and Conceptual Budget were discussed at the January 8th Administration & Finance (A&F) Committee and the first draft budget was presented at the February 12th A&F Committee meeting. The second draft budget was presented at the March 11th A&F meeting. This is the third draft budget (April 8th). The final budget is scheduled for approval by the MWDOC Board of Directors at the April 15, 2020 Board meeting.

Similar to last year, the Choice budget elections and commitments will lag behind this proposed schedule; and staff will bring back to the Board a revised Final Choice Budget in September 2020 to reflect the reconciliations and final program commitments of our Member Agencies. Changes in Choice programs do not impact the rates and charges passed in April for Core activities.

2. MWDOC Budget Principles for FY2020-21

Staff continues to utilize the following Budget Principles to develop the budget:

- **Principle #1: Budget Investments Align with MWDOC's Priorities & Values**
The Budget should reflect the mission and goals of MWDOC and align proposed activities with the valued benefits of the Board and our stakeholders. The budget process should be transparent and readily facilitate public review and input.
- **Principle #2: Activities Based on a County-wide Perspective**
MWDOC's service area extends to Orange County's borders and the budgeted activities must comprehensively address issues, needs, and benefits for the entire service area and our regional involvement in the service area and operations of the Metropolitan Water District of Southern California (MET).
- **Principle #3: Efficient Program Design & Performance**
The budgeted programs must consider complementary and cooperative designs to maximize benefits from other regional and local water resource programs to maximize value.
- **Principle #4: Full Cost Recovery**
The budget will be developed so as to support full cost recovery of all expenses via the rates and charges without the unplanned use of reserves.
- **Principle #5: Compliance with Administrative Code**
The proposed budget and budget process should fully comply with applicable sections of the MWDOC Administrative Code.

3. Projected Year-End Estimates & Reserve Fund Balances

Projected Year-End Estimates for FY 2019-20

Expense projections have been prepared for the remaining months of the current fiscal year in order to calculate the FY 2019-20 Year-End estimates. The projects that were made at the end of 2019 have been updated and become more accurate during the budget process. The FY 2019-20 projections in the third draft budget reflect the impacts of the COVID-19 pandemic on MWDOC operations. This has resulted in some significant changes in total estimated expenses and the anticipated contribution to reserves.

Variance estimates for the FY2019-20 core budget include:

1. The total variance for the Core Budget is projected to be \$160,178 (1.8%) under budget including revenues being \$78,400 under budget and expenses being \$238,578 under budget. The budgeted contribution to reserves was \$42,870 and the projected contribution to reserves is \$203,048 (a change of \$113,002 from the second draft budget). Of much greater significance than this budget variance was the required change to the election reserve necessitated by the October 30, 2019 correspondence from the Orange County Registrar of Voters which indicated the new projected election cost would be in the range of approximately \$262,000 to just over \$333,000 per division. This brings the estimated maximum cost for four division elections to \$1,332,740. An additional election reserve contribution of \$637,000 is included in the projected expenses for FY 2019-20.
2. On the revenue side, interest revenue is projected to be \$91,000 less than budgeted but miscellaneous income will be approximately \$12,600 greater than budgeted. Overall revenue variance is expected to be 0.9% below budget.
3. On the expense side and including the significant shift in election reserve contributions, expenses are projected to be 2.6% below budget. Major below budget expense categories include Engineering Expenses (\$157,400), Salaries & Wages (\$152,392), and Professional Fees (\$149,899).
4. The MWDOC building project is progressing but has been delayed by several necessary system improvements to the electrical and HVAC systems. The renovation plans are now in the third review cycle with the City of Fountain Valley Permitting Department and MWDOC has received verbal notice that they have been approved. The bulk of the construction work will occur in both the current but mostly next fiscal year. Therefore, \$848,647 in Building Expense has been carried over into the FY 2020-21 budget. Similarly, \$346,900 is being carried over under Capital Acquisition (excluding building).

Projected Reserve Fund Balances

One goal of the budget process is the early identification of Reserve Fund impacts. The stated goal of the Board of Directors is to have reserves fully funded and that the budget should be balanced relative to meeting those reserve targets. In other words, if the combination of the previous fiscal year's audited reserve balances and the current fiscal year year-end projections indicate that the reserve target will be exceeded then the proposed budget should include a draw from the reserve balance down to the target. Conversely, if the projected total will drop the reserve balance below the target then the

proposed budget should increase the budgeted contribution to bring the reserves back up to the target.

The COVID-19 impacts on activities and expenditures has a significant effect on the financial reserves.

The MWDOC designated reserve targets for FY2020-21 and the projected reserve balances for FY2019-20 (financial audit balances + election reserve projected funding) are summarized in the table below. The total unfunded balance is \$109,715 (i.e., Total Target of \$7,514,028 (-) Total Planned Balance of \$7,404,313). As indicated in section 3.1 (above) a total of \$203,048 is now projected to be available for contribution to reserves from the FY2019-20 operations. These funds are allocated to the General Operations and the Building Reserves as indicated in the table column "FY2019-20 Projected Year End Reclass to Reserves". The second draft budget reported a shortfall in the total reserve balance of \$19,669. The revised figures in the third draft budget result in an overfunding of the total reserve balance by \$93,333.

While the second draft budget established a rate setting goal for the FY2020-21 budget to have a budget surplus of \$19,669 to fully fund the reserves, the third draft budget now has a rate setting goal of a draw of \$93,333 from reserves.

	# Days Cash	FY 2020-21 Reserve Target	FY2019-20 Projected Reserve Balance	FY 2019-20 Projected Year End Reclass to Reserves	FY 2019-20 Projected Reserve Balance
General Operations	90-180	\$ 3,931,515	\$ 3,830,240	\$194,608	\$ 4,024,848
Grant & Project Cash Flow		1,500,000	1,500,000	-	1,500,000
Building Reserve	10-15	452,626	444,186	8,440	452,626
Election Reserve	N/A	1,332,740	1,332,740	-	1,332,740
OPEB Reserve est.9/2018	N/A	297,147	297,147	-	297,147
TOTALS		\$ 7,514,028	\$ 7,404,313	\$203,048	\$ 7,607,361

The third draft budget has a draw on reserves of \$94,407; indicating a deficit relative to full reserve funding of \$1,074 (i.e., essentially fully funded).

4. Compensation Pool Guidelines

MWDOC's compensation system includes both job classification specific salary ranges and person-specific salaries. Annual modifications to both are implemented under different but inter-related practices. A common goal of both practices is to maintain competitive and appropriate salaries and benefits within the Southern California market.

Job Classification Salary Ranges.

MWDOC annually adjusts our salary ranges by the local Consumer Price Index (CPI) for the previous calendar year. The 2019 CPI for the LA/Long Beach/Anaheim area was 3.07%. This is 0.73% lower than the 2018 index but over 49% above the ten year average of 2.06%. Every three years MWDOC contracts for a Comprehensive Baseline Survey that reviews our job classifications with similar agencies and job functions. This Benchmark Survey is included in the FY20-21 budget. In general, MWDOC has found limited range corrections to be necessary. Therefore, we will continue the CPI adjustment for FY2020-21.

Employee-Specific Salaries

MWDOC does not have Cost Of Living Adjustments (COLA) and a COLA is not included or proposed in this budget. As part of the budget process, MWDOC establishes a Compensation Pool that facilitates employee salary increases allocated solely on merit. Most of the water agencies in our annual direct labor market survey have both defined merit and COLA components to their annual salary increases. The functional difference is that while both approaches cover both merit and inflation, other agencies will guarantee a COLA pay increase to all employees, while MWDOC employees are at risk of no salary increase depending upon their performance.

There is an objective comparison as to how well MWDOC's salary system has been performing relative to the market. As noted above, MWDOC's salary ranges have been generally tracking the labor market conditions. In addition, MWDOC salaries have largely maintained a mid-range position with predominately only long-tenured employees bumping up against the range ceiling for their position. There are two complicating factors to this comparison. There has been significant movement between job classifications (i.e., promotions) that help maintain the mid-range salary positions. The mid-range position has also been subsidized by the previous seven years of 1% salary increases implemented to offset the annual 1% transfer of benefit costs to employees.

MWDOC also conducts an annual survey of water utilities as a comparison of proposed salary increases. This information was updated after the second draft budget with ten of the 21 agencies responding. As summarized in the table, the average combination of COLA and maximum merit increases is now estimated at an average of 5.82%. An increase of 0.15% from the previous report. None of the ten agencies who responded to the update request indicated they planned to change their compensation plans based on the COVID-19 situation.

Comparative Salary Increase Table

Name	2020/21	2020/21	Total
Agency	COLA %	Merit Max%	
City of Brea	NC	3.00%	3.00%
Central Basin MWD*	NC	3.75%	3.75%
Eastern Municipal WD	2.90%	5.00%	7.90%
El Toro*	3.20%	3.00%	6.20%
City of Fountain Valley	TBD	3.00%	3.00%
Inland Empire Utilities Agency	3.00%	4.50%	7.50%
IRWD	April CPI -TBD	3.00%	3.00%
Laguna Beach County WD	TBD	3.00%	3.00%
Las Virgenes MWD	3.20%	5.00%	8.20%
Mesa Water	2.50%	5.00%	7.50%
Moulton Niguel WD	2.00%	5.00%	7.00%
Orange County Sanitation District	3.00%	5.00%	8.00%
San Clemente	TBD	5.00%	5.00%
San Diego County Water Authority	TBD	4.00%	4.00%
Santa Margarita WD	2.50%	5.00%	7.50%
South Coast Water District	3.40%	3.50%	6.90%
Three Valleys Municipal WD	2.75%	5.00%	8.17%
City of Tustin	2.50%	3.00%	5.50%
Walnut Valley WD	1.00%	4.00%	5.00%
Western Municipal Water District	3.00%	3.00%	6.00%
Yorba Linda Water District	1.00%	5.00%	6.00%
Average	2.60%	4.08%	5.82%

TBD = Waiting to make determination on amount

NC = No Cola

Given that MWDOC's compensation pool covers both inflation and merit and that it has kept salaries competitive and within ranges over several years, a review of 5-year and 10-year compensation increases and CPI data was conducted to quantify the past practice. The CPI range was a positive 3.80% (2018) to negative 0.78% (2009). Overall the compensation pool can be described as consisting of an inflation component of the CPI plus a merit component of 85% of the CPI. The total 1.85xCPI function appears to be a reasonable calculation for the mid-inflation range (CPI 2.4% to 4.7%) but breaks down at the more extreme ranges of CPI. For example, 0% CPI would calculate as a 0% compensation pool increase and would obviously not reward merit as intended. At the other end of the range, other problems arise. For example in 1980 the CPI was 13.5% and this would calculate to the unlikely compensation pool of 25%.

The 2019 CPI is 3.07% for the region which is firmly in the 2.4% to 4.7% effective range. Applying the 1.85xCPI formula to the 3.07% CPI yields a compensation pool of 5.68% which was used to calculate the employee salary expense increase in the third draft budget.

The Director per diem adjustment is determined by the lesser of the employee increase or 5.0%. This budget has used the 5.0% rate.

5. Budget Input from Member Agencies

In November 2019, MWDOC sent a letter to all of its member agencies informing them of the start of the MWDOC FY2020-21 Budget Process, and invited their formal participation in the process which can include suggestion of activities and general comments. The FY2019-20 budget year-end projections and the conceptual FY2020-21 budget were discussed at the January 8, 2020 Administration & Finance (A&F) Committee meeting as well as the January 23, 2020 MWDOC Agencies Managers (AM) Meeting. The first draft budget was discussed at the February 12, 2020 A&F meeting and the February 20th MWDOC AM Meeting. The second draft budget was discussed at the March 11, 2020 A&F meeting and the March 19, 2020 MWDOC AM Meeting.

Subsequently, comment letters have been received from the General Managers of three MWDOC Member Agencies: Orange County Water District (OCWD), the Irvine Ranch Water District (IRWD), and Santa Margarita Water District (SMWD).

OCWD Comments

GM Markus detailed seven comments for consideration by the MWDOC Board of Directors:

- a) Make the Hydraulic Model activity a Choice budget item;
- b) Any MWDOC endeavor regarding the Doheny Desalination Project should be a Choice item;
- c) Explain how the 5.68% compensation pool is spread to the Cost Center budgets;
- d) Explain how many staff were trained this year and how many are proposed to be trained next year (re: \$67,937 cost);
- e) There should be no increase in the Public Affairs budget and the social media activity should be internalized;
- f) MWDOC should drop membership in the Association of Metropolitan Water Agencies (AMWA) and the California Council for Environmental & Economic Balance (CCEEB); and
- g) Six specific suggestions regarding the proposed travel budget including reductions in:
 - a. Staff legislative advocacy trips to Washington D.C.
 - b. Staff legislative trips to Sacramento
 - c. Travel to AWWA conferences
 - d. The number of staff attending the ACWA Fall Conference
 - e. Eliminate the WEFTEC conference for both staff and Director
 - f. Eliminate the Congressional Luncheon, dinner and reduce the number of staff attending the ACWA DC conference.

IRWD Comments

GM Cook made specific recommendations on three topics that largely paralleled OCWD's comments:

- a) Hydraulic Model should be Choice budget item;
- b) Reduce staff and director travel as well as legislative trips to Washington DC and Sacramento; and
- c) Review the need for and cost of the Public Affairs expenses for professional fees and reproduction costs.

SMWD Comments

GM Ferons reiterates the three points from the IRWD letter. In fact, several of the sentences are word for word reproductions.

6. Key Priorities & Initiatives for FY 2019-20

MWDOC's MISSION

To provide reliable, high quality supplies from MWD and other sources to meet present and future needs, at an equitable and economical cost and to promote water use efficiency for all of Orange County

MWDOC was formed in 1951 to serve the majority of Orange County as its MET member agency representative and make imported water available within Orange County. In 2020, this remains MWDOC's primary purpose. Although this purpose has taken various forms and has evolved over the decades, the emphasis continues to be MET representation and advocacy on behalf of the retail water districts, to provide water reliability, and to provide value to the residents and ratepayers in Orange County.

MWDOC's key priorities and initiatives are discussed for the following major departments and cost centers:

- Reliability Planning & Engineering (Cost Center 21)
- Metropolitan (MET) Issues & Water Policy (Cost Center 23)
- Water Use Efficiency (WUE) (Cost Centers 35, 62 & 70)
- Water Emergency Response (WEROC)(Cost Center 25)
- Communication/Public Affairs (Cost Centers 32 & 63)
- Public Affairs Department (Cost Center 31)
- Administration Department (Cost Centers 11, 12, 13, & 19)
- Finance & Information Technology (Cost Centers 41 & 45)

While MWDOC is organized into several functional departments or cost centers, operationally there is significant internal support and cooperation on the different tasks of our mission. For example, a critical issue like the Delta Conveyance Project will involve Reliability Planning & Engineering, MET Issues, Government Affairs, Public Affairs, the Board of Directors and Administrative Support.

It should be clear from the following discussion that many of the issues are not addressed in departmental silos but are shared responsibilities under various departments in carrying out MWDOC's overarching mission.

Reliability Planning & Engineering (Cost Center 21)

The Reliability Planning & Engineering (Engineering) Department efforts are varied and aimed at helping our member agencies navigate and understand the implications of long term water emergency and supply planning. There are numerous intricacies involved with MET in providing imported water (e.g., service connections, metering of water, pipeline operations, etc.). Other activities include:

- shutdown planning,
- MET Repairs & Replacements (especially the AMP),
- pump-in to the EOCF#2,
- operational issues related to PFAS
- work on the Regional South Orange County (SOC) Emergency Services Program and SOC Interconnection, and
- Integration aspects of local projects including:
 - Poseidon,
 - Doheny,
 - San Juan Watershed Projects

The department also provides internal support to other departments including Administration and WEROC especially on our office building improvements. In addition, Engineering works closely with the MET Issues & Water Policy Department, as many MET issues overlap between the two departments in covering what issues transpire at MET and the resulting implications to local member agencies. Conversely, local issues raised by our agencies can also be supported by the MET Issues & Water Policy group by raising these issues at MET when MET is in a position to help our agencies. MWDOC also coordinates MET operations with OCWD in examination of opportunities to refill the groundwater basin. This past year, and for the next couple of years, an important consideration will be the additional demands placed on MET due to groundwater wells being taken out of service due to PFAS issues. Areas of overlap with the MET Issues group include evaluating the reliability improvements from; the Carson Regional Recycling Project, the Strand Ranch Project, MET's Integrated Resources Plan, MET's need for emergency storage, MET's Water Supply Allocation Plan, MET rates, MET's Local Resources Program, and water quality issues. With respect to water quality, the Engineering department has begun to track the longstanding salinity issues on the Colorado River supplies more closely to better understand the issues for lower TDS water and salinity loading within Orange County.

Regional Water Reliability and Follow-up from the 2018 OC Water Reliability Study

MWDOC staff continues to look for opportunities to pursue follow-up activities from the 2018 OC Water Reliability Study, which include:

- South OC area is short of emergency supplies today by 20.0 to 27.5 MGD. This need can be met through a combination of local projects and emergency projects such as the South Orange County (SOC) Emergency Interconnection and the pump-in to the EOCF#2. In 2019-20, MWDOC worked with IRWD to examine the costs of using the IRWD system or the EOCF#2 to develop and convey additional local supplies to SOC. The conceptual cost of treatment and cost allocation concepts utilized to share the cost of treatment for future IRWD wells increased the project cost considerably. IRWD is undertaking more detailed studies on the potential costs of treatment, which may allow this issue to be revisited. One issue supported by

SOC is conversion of several of the IRWD Zone 1 pumps to Variable Frequency Drives (VFD) to improve flexibility of operations and allow for more variable flows of emergency water to SOC. MWDOC will be following up with the SOC agencies on this project.

- The need for additional water supplies for the OC Basin area is small, meaning the OC Basin performs well under both the minimal and significant climate impact scenarios evaluated. Without new investments, the OC Basin may utilize demand curtailment at the level of 10 percent about once every 20 years to meet supply gaps. Alternatively, several potential projects, currently under consideration by OCWD, could meet supply shortfalls. One project OCWD is currently working on is the Moulton Niguel Water District (MNWD) Groundwater Storage concept. There is the potential for this project to include the storage of water for SOC and the OCWD work may lead to a potential project.
- The San Juan Watershed Project and the Doheny Projects were both evaluated to provide cost-effective annual supplies and emergency supplies. It was recommended that these two projects make up the core reliability improvement strategy for SOC, and should be augmented by other projects evaluated in this study, such as the emergency use of groundwater for system outages, Cadiz water banking and extraordinary supplies. Follow-up will continue, especially given the update/reformulation of the San Juan Watershed Project, to examine the timing and sizing of the various phases of these projects and how these projects might be integrated into SOC water operations.
- Local Supply Integration and Reliability – This item examines what is needed to successfully integrate multiple, new local supplies into the OC distribution system; and includes the development and use of hydraulic modeling to improve our understanding of seasonal water flows and various scenarios even without new local supplies. The distribution system water quality issues that may arise with the integration of multiple water sources is an important consideration we need to better understand. The primary goal is to achieve sufficient supplies to meet demands by our member agencies for up to 60 days without the MET system being available while avoiding unintended consequences. Pursuit of this key priority is planned to continue through FY 2020-21 with the development of a hydraulic model, to be developed and housed by MWDOC, for use by our member agencies as proponents of local projects or to be used to study the flow of imported or local water in the OC system under low and high demands; including shutdown operations or during periods of nitrification.
- Demand Forecast – Improve our understanding of demand drivers and trends for OC and Southern California over the next 10-20 years. Results may determine the timing of the next OC Reliability Study update. Directors have requested for staff to see if we can expedite this effort to be better prepared for MET's IRP update. The Water Use Efficiency group is also being consulted on this effort.
- Emergency Use of East Orange County Feeder #2 (EOCF#2) – Work with MET and others to implement the ability to use EOCF#2 to convey local water supplies to SOC during emergencies. MET has adopted a framework to allow emergency use of their transmission system under certain conditions. MWDOC has volunteered to be the initial trial case to make this framework implementable. Some agencies may want to use EOCF#2 for base-loaded operations instead of simply emergency

operations. The use of EOCF#2 for base-loaded operations is more complex and will require a significant and sustained effort. This effort has met with new challenges due to the PFAS issue and is making others more cautious about pumping groundwater into facilities. It was noted that OCWD has asked for our help in achieving this and it could prove useful for the MNWD storage effort with OCWD.

- Poseidon Huntington Beach Desalination Project – The Poseidon Project has currently been issued a draft permit from the Regional Water Quality Control Board. It is highly probable that the project will be in front of the Coastal Commission for a significant part of FY2020-21. As this project slowly moves towards possible implementation, MWDOC will remain involved in the analysis and assessment of various aspects including water quality impacts in the transmission system, Local Resource Program (LRP) funding and impact to regional assets such as the Diemer Treatment Plant production.
- Doheny Desalination Project – The Doheny project will be in active permitting in FY2020-21 and, like Poseidon, is expected to require staff time. South Coast Water District (SCWD) has called for Phase 1 (5 MGD) project partners. Should partners not materialize, SCWD may build a smaller, local project (as small as 2 MGD) without any oversizing of the project for future cost-effective expansion to a full 15 MGD regional facility. The regional water supply and reliability potential of this project could be lost to the detriment of the entire county. MWDOC will analyze opportunities to help bridge the gap to a 5 MGD initial size, preserve future expansion options and enhance regional supply and system (emergency) reliability. MWDOC staff was directed by the Planning & Operations Committee to investigate Doheny project developments and the South Coast request for project partners and to report back at the April 2020 committee meeting.
- Carson IPR Project - MWDOC and OCWD should work together to fully evaluate the opportunities the Carson Project provides to the OC Basin because the Carson IPR project by MET may be the next least-cost supply available to the OC Basin, pending the final terms and conditions.
- Santa Ana River Conservation and Conjunctive Use Project (SARCCUP) - MWDOC and OCWD are working together to execute a project agreement with MET and an operational agreement between the MET Member Agencies and Operating Utility Group. The implementation of the project will also require a formal agreement between MWDOC and OCWD. The two parties should work together if the extraordinary supply yield to OCWD is not fully needed by the OC Basin. The utilization of these supplies could provide significant benefits in the form of extraordinary supplies (drought protection) for the OC Basin and/or others in Orange County.
- Strand Ranch – The drought protection program was evaluated as a seven-year pilot program in the study. Further work has proceeded between IRWD and MWDOC to develop terms and conditions for a potentially expanded program with Strand Ranch. Additional work to align the goals of the two agencies will likely continue. There may be other extraordinary supply programs (e.g., SARCCUP) that can be developed as additional drought protection until the completion of the Delta Conveyance Project.
- While the 2016 and 2018 OC Reliability Study results indicated minimal emergency supply needs for the OC Basin and Brea/La Habra areas, MWDOC recommends

that all retail agencies review their needs for backup generators for emergency response throughout Orange County and include refueling plans coordinated through WEROC.

Staffing to the department will remain increased by one FTE until such time as the retirement of the Assistant General Manager occurs, expected in the December 2020 timeframe.

Metropolitan (MET) Issues and Water Policy (Cost Center 23)

The Metropolitan (MET) Issues and Water Policy Department leads the District on MET issues & policy as well as water supply and demand program coordination and analysis. Over the years, this department has also become the primary clearinghouse on local, regional, state, and federal water policy issues. It ensures all key policy issues are analyzed and thoroughly evaluated for the MWDOC Board of Directors, our MWDOC-MET Delegation and our member agencies. As it relates to MET issues, the Department represents and advocates for Orange County on local resource projects and programs, water costs and rates, regional storage, water supply reliability management, demand management programs, water use efficiency programs, and water policy implementation. The Department also provides analysis and advocacy for Orange County on water policy issues that extend beyond the scope of MET. Broader water policy issues covered include the State-wide water conservation regulations (such as the “stress-test”), progress and development of the Delta Conveyance Project, the development of additional regional and local resource projects, and effects of Colorado River demand management measures.

With a Department comprised of four FTE, our routine functions include:

- Support for the MWDOC-MET Delegation in promoting Orange County objectives
- To act as the District’s liaison for MET information and water policy issues
- Collaboration with MET staff on the development and management of programs and policies
- Collaboration with other fellow MET member agencies on MET water policy issues
- Support and advocate on behalf of our member agencies for issues such as Local Resources Program (LRP) applications and certifications, shutdown coordination, and MET water use programs (e.g., Coastal Pumping and Transfer Program)
- Coordination and monitoring of water supply management projects and programs such as replenishment deliveries (e.g., Conjunctive Use Program (CUP) and In-lieu programs) and MET & MWDOC’s Water Supply Allocation Plan for times of drought
- Development of countywide water supply and demand projections

- Development of Water Reliability Studies and Reports (e.g., Urban Water Management Plan and water shortage contingency “Stress-Tests”)
- Assessment and calculation of MWDOC’s annual water rates and charges (e.g., Readiness to Serve, Capacity Charge, and Groundwater Service Charge)

In addition, the Department also provides internal support to other departments, such as water policy and water management review on legislative matters, water use efficiency rules and regulations, and public outreach efforts. The Department also provides critical involvement with WEROC in relation to MET and MWDOC member agency’s emergency planning and operations. The Department plays an essential role at both the WEROC Emergency Operation Center (EOC) and as liaisons at the County’s Operational Area (OA) emergency operation center to aid in County water and wastewater representation during a disaster.

Beyond the regular functions of the Department listed above, there are particular issues and/or key initiatives that we identify as priorities for the near and mid-term:

Near Term Priorities (1-2 years)

- MET Budget & Rates - Engage in MET’s FY 2020-21 & 2021-22 biennial budget and rate structure review including consideration of recovery of future demand management costs.
- MET Integrated Resource Plan Update - Actively participate in MET’s 2020 Integrated Water Resources Plan (IRP) Update including IRP gap analysis, demand projections, and assessment of uncertainties. This update is likely to address serious questions relating to MET’s mission and business model.
- Urban Water Management Plans - Update to the 2020 Urban Water Management Plans (MWDOC, Member Agencies, and MET), as well as develop DWR’s water supply and demand assessments (“Stress-Tests”). Such efforts will dovetail with IRP and MET policy efforts.
- Regional Resource Project Assessment - Assess development and cost benefits of new local and regional resource projects.
- Imported Supply Activities - Monitor activities relating to imported supplies, including California Water Resilience Portfolio; Delta Conveyance next steps and analysis of cost estimates; and startup of Colorado River Lower Basin’s new interim guidelines.

Mid-Term Priorities (3-5 years):

- Reliability Goals - Advocate for regional projects and programs that enhance the water reliability for Orange County and Southern California while seeking to ensure MWDOC’s investments are cost effective and meet Orange County’s objectives.
- IRP Implementation - Ensure efficacy of implementation strategies to achieve MET’s 2020 IRP Update reliability goals (for example, the Local Resources Program evaluation criteria).

- Drought Resilience - Seek areas of improvements in MET's Water Supply Allocation Plan that will result in drought resiliency for Orange County.

Water Use Efficiency (WUE) Department (Cost Centers 35, 62 & 70)

The Water Use Efficiency Department consists of both Core and Choice budgets and focuses primarily on two programs: Water Use Efficiency Program & Water Loss Control Shared Services Program. Both programs benefit from the Metropolitan Water District of Southern California's Conservation Credits Program; a program that provides financial incentives to member agencies to implement water use efficiency programs. Indications from Metropolitan for the coming year is that this program will be funded at a reduced amount since the Water Stewardship Rate has been discontinued for two years. This will require staff to prioritize programs that benefit from this funding. This prioritization will focus on programs that provide the broadest benefits throughout the service area and enhance developing long-term programs such as water loss control.

Water Use Efficiency Program

Water use efficiency mandates continue to evolve from the 20% by 2020 framework adopted in 2009 to the new efficiency standards based approach scheduled to begin on July 1, 2021. Providing the technical and policy expertise and program support along with securing funds for water use efficiency efforts is a priority for MWDOC. MWDOC has been providing this function since 1991.

In partnership with our member agencies, MWDOC and MET will continue to implement a comprehensive portfolio of water use efficiency programs that include incentives and educational programs to all customer sectors. Emphasis will be on landscape water saving opportunities as irrigation accounts for approximately 50% of urban water use in Orange County. MWDOC will maximize access to Conservation Credits Program funding from MET and grant funding from the California Department of Water Resources (DWR) and US Bureau of Reclamation (BOR).

Areas of focus include:

- Aerial Imagery, Landscape Area Measurements and Data Warehousing Project - Originally planned to be initiated in FY 2019-20, this effort has made significant progress but will not be initiated until FY 2020-21. In preparation for member agency compliance with new Water Use Efficiency Standards contained in Senate Bill 606 and Assembly Bill 1668, staff is planning to implement an Aerial Imagery, Landscape Area Measurements and Data Warehousing Project in partnership with the Santa Ana River Watershed Project Authority and Southern California Association of Governments. This effort will include all of Orange County. The project will provide irrigated area measurements for all parcels in the county to allow agencies to calculate their new Landscape Standard called for in the legislation. This data will be warehoused by way of a centralized aerial image and data management tool for access by individual retail agencies. Agencies can pull this information into their in-house GIS or billing systems or access it as needed from the SAWPA administered data warehouse. This information can be used in a variety of ways including:
 - Water Use Efficiency Standards Compliance
 - Tracking urban landscaping trends
 - Water demand tracking and forecasting
 - Implementation of individualize customer efficiency targets
 - Implementation of Budget Based Tiered Rates

Orange County's cost share of this broader effort is \$283,000. After Proposition 1 funding is applied, MWDOC's share is budgeted for \$200,000 which will be funded over two years.

- Staff will continue to provide legislative and regulatory process leadership. The States' new Long Term Water Use efficiency framework will require significant research to better understand and inform stakeholders and policy makers as the final standard setting occurs. This research may be focused locally or through partnerships beyond Orange County such as the California Water Efficiency Partnership and Alliance for Water Efficiency. Also, it is anticipated that new legislative proposals will be introduced. Staff will actively work to shape proposals in a way that benefits our member agencies.
- Metropolitan WUE policy development will be a main focus for the department especially in helping to prepare agencies for compliance with new state mandates. Staff will advocate for Program refinements at MET that ensure Orange County program needs are met and continue to evolve.
- Participate in the update or establishment of device, appliance or fixture water use standards contained in the Cal Green Plumbing Code, Public Utilities Commission, and EPA WaterSense Program.
- MWDOC will continue to promote the Water Savings Incentive and Recycled Water Retrofit Programs including the addition of supplemental grant funding whenever available.
- MWDOC will continue to use the Droplet rebate administration platform for both Turf Removal and Spray-to-Drip rebate processing including electronic signatures.
- Landscape Design and Maintenance Assistance for rebate program participants.

- Staff will provide leadership for the California Water Efficiency Partnership Board and committees.
- Secure program funding from outside sources.

Water Loss Control Shared Services

Since 2016, MWDOC has been coordinating a water loss control program for many of our Member Agencies. This program has moved beyond water loss technical assistance such as audits into shared services field activities including meter testing and water leak detection. Orange County is now a state leader in terms of experience and data. This has allowed MWDOC to provide hard data to state regulatory agencies to influence developing regulations. MWDOC's expertise has also been beneficial in workgroups addressing the numerous water use efficiency legislative and regulatory proposals.

Implementation of Water Loss Control Shared Services per the business plan adopted by the Board in December 2018 will enter its second year. These services will be provided through a combination of Core services currently funded by MWDOC and Choice services funded by participating agencies. Core services that are currently funded by MWDOC include Water Balance Validation, Leak Detection Equipment lending, and state-wide water loss policy monitoring and development.

The Choice Shared Services will include Meter Accuracy Testing, Distribution System Leak Detection, Distribution System Pressure Surveys and Distribution System Flushing. These Choice services will be provided by 2.0 existing FTE MWDOC staff members. Areas of focus include:

- Implement Water Loss Control Shared Services Business Plan
- Continue to convene the Water Loss Control Work Group
- Phase V of the Water Loss Control Technical Assistance will continue in partnership with member agencies and Water Systems Optimization and initiate a request for proposals process to consider technical assistance opportunities beyond our fifth year of implementation.
- Engagement in the State Water Resources Control Board rule making process to establish a volumetric water loss standard called for in SB 555.

Looking toward the next 3 – 5 years, staff anticipates continued focus on three main areas. These include Member Agency compliance assistance with the new water use efficiency mandates, implementation of water loss control shared services and technical assistance programs, and legislative and regulatory process leadership.

Water Emergency Response (WEROC) (Cost Center 25)

MWDOC provides the administrative umbrella for the Water Emergency Response Organization of Orange County (WEROC). The services and support provided by WEROC are intended to be an extension of Member Agency staffing in their preparedness efforts, and a resource during emergencies to ensure representation and recovery. WEROC staff

continues to develop and provide the resources, tools, trainings and grant funding targeted at enhancing Member Agency preparedness and resilience. This year regulations and compliance deadlines were implemented for the federal America's Water Infrastructure Act of 2018 (AWIA) and California's dam safety planning. WEROC staff continues to support member agencies with reaching important milestones for each project. Additionally, essential work continues on advocacy for the water and wastewater sector, especially for our member agencies. Advocacy representation this year has included: the Operational Area (OA) Agreement revision process; a significant number of County and Operational Area emergency response plan reviews; and the CalOES Southern California Catastrophic Earthquake Plan. Advocacy and imperative outreach to Edison, SDG&E and the California Public Utilities Commission on the Public Safety Power Shutoff (PSPS) program continues. This includes input and communications on potential legislative actions specific to PSPS events. Another focal point this year has been on terrorism threats and cyber security. WEROC partnered with the Orange County Intelligence Assessment Center on the countywide initiative "See something, say something," and following the cyber incidents to agencies in the winter months, established a specific communications coordination group.

Key initiatives for WEROC in FY2020-21 include:

- WEROC staff continues to assist members with accomplishing the plan and milestone requirements associated with the America's Water Infrastructure Act of 2018.
- Continue to build upon the lessons learned from various training, exercises and real events.
- Develop a long term Exercise and Training Program Plan integrating new requirements including AWIA and Dam Safety programs, and public assistance recovery training.
- Expand on power and fuel planning efforts with member agencies. This includes finalizing the previous fuel analysis, identification of field locations, equipment types, fuels burn rates, fleet needs, and establishing collaborative agreements with local fuel vendors.
- Development of a WEROC Strategic Assessment Plan. It is important to periodically set time aside, bring in some experts and review what we do, how we do it, what it costs, what the future holds and to consider any changes or improvements in the way we do business. This coming year is an opportune time to tee up a Strategic Assessment with the changing of the guard from Kelly Hubbard to Vicki Osborn.
- Staff will continue to work with MWDOC staff to implement non-structural seismic and safety improvements at the South EOC and at the MWDOC Administration building to continue to provide two EOCs.

Communication - Public Affairs Department (Cost Centers 32 & 63)

The key responsibilities of the MWDOC Public Affairs Department (Department) are to elevate public awareness about critical water issues, to showcase the District's activities and programs that address those issues, and to continue to provide opportunities and resources that offer significant value to the region. While the purpose of this is multifold, the first priority is District transparency. Over the past several years, there has been a significant shift in the way people receive information, and regardless of accuracy, content is dispatched at lightning speed. Today, every person, no matter their experience or expertise, has the power and authority to disseminate information to other members of the public, and make assessments based on the materials they have available. Largely because of this, water providers are under pressure to prove themselves proficient, professional, knowledgeable, and trustworthy. This is accomplished by communicating value to stakeholders using a wider variety of tools and channels to meet them where they are – online, at community events, in schools, using social media, and through an array of partnership opportunities.

The priorities of establishing credibility and creating confidence in the District's decisions, expertise, and offerings continue to be built and solidified through MWDOC's branding efforts. Additional support comes from award-winning recognition by reputable local and international organizations for outstanding programs and communications activities. Creating a memorable, meaningful impression with stakeholders and other members of the public establishes the trust and credibility needed to place MWDOC in a visible leadership position as the go-to voice for Orange County water.

Key Initiatives FY2020-21

Communications Tools

Over the past few years, the Department has invested significant time, talent, and resources building the MWDOC brand. Through these efforts, a reputable online presence has been established and supported through the District's website and social media platforms. The Department will continue to evaluate the various essential tools, materials, and communications channels that are currently used, and identify gaps or areas for improvement. The annual social media audit, new website auditing tool results, Search Engine Optimization (SEO) effort, upcoming Americans with Disabilities Act (ADA) requirements, along with recommendations provided by current contractors, will drive the enhancements or shifts needed in these areas.

Partnerships

Partnerships have allowed the Department to grow its resources, substantially extend its reach, and create new water and MWDOC brand ambassadors. Because of this, the Department will continue to offer the Scouts merit badge and patch programs; and, through work that supports the California Environmental Literacy Initiative, the Department will evaluate and refine the materials and activities presented in these programs.

Additionally, MWDOC will continue to offer an incentive for participation in the Wyland National Mayor's Challenge for Water Conservation. However, to provide additional reinforcement for the new direction of the MWDOC education programs, the incentive will

shift from community city park to school project opportunity. An example of this would be to build an on-site garden where students can study natural phenomena, examine the interconnectivity between humans and nature, and develop real-world solutions to challenges that arise by observing the problems and changes that occur.

Finally, the Department will continue to identify opportunities through these partnerships and others that not only support and advance the goals and mission of the District, but also provide value to the region.

Additional Member Agency Support

Over the past fiscal year, the Department has spent time evaluating, testing, and revising materials and training opportunities offered to MWDOC Member Agency communications colleagues. The purpose of these efforts is to ensure that MWDOC provides accurate, trustworthy content and messaging that is used countywide, increasing message visibility, and further establishing credibility among Orange County residents. This has led to the successful in-house creation and distribution of media/toolkits that come complete with a subject overview, sample social media posts, newsletter articles, news releases, letters of support, flyers, and additional content as needed. The Department plans to continue these efforts, expanding upon the materials and resources provided in previous kits such as *Emergency Response and Disaster Recovery*, and developing and distributing new kits like *Promoting MWDOC School Programs in Your Service Area* and *Delta Conveyance Project: Why it's Critical to Southern California*.

Additionally, over the past year, Department members have increased participation in industry memberships, trainings, and certifications, developing stronger skills, experience and acumen in the day-to-day responsibilities and demands of the job. Because of this, MWDOC has provided professional training opportunities to Member Agency communicators at the bimonthly Public Affairs Workgroup (PAW) meetings to ensure we are all better equipped to effectively communicate regional messages to the public, and to various stakeholders. Whether it be communicating a conservation message, responding to a specific water-related piece of legislation, or while in an Emergency Operations Center (EOC) during a disaster, these skills are critically important.

Education

In FY2019-20, the MWDOC Water Education School Programs were reorganized adding Kindergarten to the elementary school program and introducing a middle school program into the mix. This simple addition helped close the learning gaps, and now provides Orange County students with a continuous stream of water education through their primary and secondary years. Additionally, two (2) new program contractors were brought on to introduce lessons that shifted the focus from solely the California WaterFix to water supply, reliability, water sources, causes and effects of good water stewardship, and how local ecosystem challenges compare to issues faced in the northern part of the state. This program change was in response to feedback received from Orange County teachers who were refusing the program because the WaterFix element did not fit into their curriculum and lesson plans.

For the 20/21 FY, the biggest changes in Department activities will be seen in education. While the K-12 programs fall into the Choice budget category, the implementation of

environmental literacy – an education strategy that uses the local environment as context for learning - will affect all District outreach programs including the Scouts programs, community events, partnerships, and post-secondary education efforts. The MWDOC/Orange County Department of Education environmental literacy rollout, which includes formal instruction for MWDOC school program contractors and select teachers and administrators, will be used as a model for the State, potentially resulting in increased time, talent, and resources applied to the effort.

Finally, MWDOC's participation as a member/sponsor of the Water Energy Education Alliance will require additional effort in FY 2020/21 to identify Member Agency needs and assets that can be applied in the development of Career Technical Education programs for high school students.

Governmental Affairs Department (Cost Center 31)

Governmental Affairs continues to work at the local, state and national levels with our Member Agencies, regional partners (three cities, Inland Empire) organizations, delegations, regulatory agencies and bureaus to advance Orange County's agenda. Central to this effort are policy, legislative and regulatory developments and opportunities. The department will rely on our local, state, and federal advocates to track, monitor and assist in education outreach on these issues. In addition, our Grants Program continues to be an asset for our member agencies and provide helpful information and tools for them, along with MWDOC to obtain funding for various programs and infrastructure. At the state level, 2019 saw significant wins in defeating the water tax and the creation of a permanent program to address the critical issue of disadvantage and non-compliant small water systems, as well as defeating legislation aimed at halting or delaying the Delta Conveyance Project. While the wild fires, and related legislation, and power shutoffs dominated much this year, the implications to water districts emerged later in the session. These issues will likely take center stage in FY2020-21 along with Governor Newsom's Water Resiliency Portfolio. Now that the water tax has been resolved, the Low Income Rate Assistance program is expected to receive some long delayed attention late this year. The administration's proposal is expected early in 2020. The administration has also formed a workgroup to implement the Safe and Affordable Drinking Water program (SB 200). The workgroup is expected to begin meeting in the first quarter of 2020.

Priorities for FY2020-21

- Actively engage on issues, legislative and regulatory, that will affect the Delta Conveyance Project.
- Actively engage and advocate for federal funding for the Army Corps of Engineers, the Bureau of Reclamation, the EPA, and WIFIA Programs.
- Work to ensure the \$8.3 Million grant funds for the South Coast Water District Doheny Beach Desal Project are released in timely fashion by the Bureau of Reclamation. This also involve coordinating with the SCWD.
- Advocate for the passage of the federal reauthorization of the 2016 WIIN Act and federal funding for the State Revolving Fund loan program.
- Advocate for changes in the IRS Code with respect to turf removal programs.

- Advocate for cost effective reliability and local resources projects that benefit Orange County.
- Actively engage on legislation related to wildfires and Public Safety Power Shutoffs (PSPS) that impact water districts;
- Actively engage on legislation and regulatory proceedings related to Constituents of Emerging Concern (CECs).
- Actively engage on regulations implementing the Low Income Rate Assistance, or “LIRA”, program.
- Actively engage on SB 200 (disadvantaged and noncompliant water systems) implementation.
- Continue our outreach efforts with Orange County’s delegation on the federal, state and local level.

Action Items to Help Achieve These Priorities

- Actively engage on legislation and regulations that will affect the Delta Conveyance Project.
 - Now that WaterFix has become the Delta Conveyance Project, we will need to retrace most of the steps taken to educate the Orange County delegation about the need for the project and the implications to water security when determining the size of the tunnel.
- Actively engage on legislation related to wildfires and Public Safety Power Shutoffs (PSPS) that impact water district.
 - Legislation related to wildfire liability may prove to be the dominant issue in 2020.
 - The water industry itself will be sponsoring at least two pieces of legislation on costs imposed by PSPS and backup emergency generators.
 - In 2019, grant funds to mitigate the impacts of PSPS were not available to water districts. Getting water districts access to future funding is a major priority for 2020. Action items may include lobbying the budget subcommittees and staff.
- Actively engage on regulations and regulatory proceedings related to Constituents of Emerging Concern (CECs).
 - Efforts to educate administrative staff, SWRCB board members, and legislators, were the main activities in the final months of this year.
 - Action items for 2020 include engaging on legislation to put requirements on the regulatory process to establish response levels, legislation to establish and maintain a statewide CEC program to identify and evaluate CECs in drinking water sources.
 - Further action items include educating the Orange County delegation about the need for a science-driven process to set response and Maximum Contaminate Levels, or MCLs, for CECs.

- Actively engage on regulations implementing the Low Income Rate Assistance, or “LIRA”, program.
 - A final draft proposal for the LIRA program is said to be under review by the Governor.
 - The main concern on the part of water districts is the preservation of existing programs.
 - Action items include submitting written comments, and testifying should there be further public hearings once the report is released, and possible outreach to key legislators if needed to influence the administration. It is unknown at this time if the report will seek new legislation.
- Actively engage on SB 200 (disadvantaged and noncompliant water systems) implementation.
 - Engage with the working group that has been formed to implement the Safe and Affordable Drinking Water Program.
 - Action items include appearing before the workgroup; participate in membership association workgroups, and submitting written material to ensure the grant funds are spent effectively and efficiently.
- Continue our outreach efforts with Orange County’s delegation on the federal, state and local level.
 - Focus on issue education and advocacy.
 - Action items include meeting with the key members of the Orange County delegation and staff, key committee members and staff.

Administration Department (Cost Centers 11, 12, 13, &19)

The Administrative Department is comprised of Board Administration, General Administration, Personnel and Overhead. The Administration Department provides support to the entire District to ensure operations run smoothly and efficiently. Fundamental activities include:

- Staff attendance, preparation and compilation of Board and Committee Agendas and minutes;
- Ensure compliance with the District Administrative Code, Contracts Manual and publication of required legal notices and coordination of all Public Records requests;
- The oversight and maintenance of the Electronic Records Management System for the District; ensure that all required documents are retained in accordance with the retention schedule and legal requirements as well as train staff on policies related to accessing, storing and transmitting electronic records;
- The oversight and maintenance of the District’s Database Management System in an effort to provide a centralized database for staff in improving efficiencies;

- Personnel activities include recruitment, screening, selection, employee orientation, benefits and compensation administration, employee documentation, performance management, research and surveys, employee training and development;
- Oversight of the Safety and Risk Management and the District's Workers Compensation, Liability and Property Insurance Programs;
- Oversight of all items related to building facilities management.

Key initiatives in the coming year include:

- Implement District wide staff training
- Implement Individual staff training and development
- Implementation and training of Performance Evaluation System
- Implementation and completion of Benchmark Compensation Study
- Succession Planning for upcoming retirements
- Oversee building remodel improvements

MWDOC Building Improvements

Administration, Engineering, and WEROC staff are working together to coordinate multiple improvement projects at the MWDOC Administration Building. Staff previously budgeted for seismic retrofit and remodel of the administration building. This fiscal year there have been various issues that have come up resulting in three project areas that support the renovation efforts: seismic safety improvements, upgrading the existing electrical system to meet current and future demands, and replacing the IT server room air conditioning unit. In evaluating all of the various components, it was determined that it would be more cost effective and efficient to coordinate all of these projects more closely to allow the improvements to move forward in a more seamless manner. This is especially important considering the building permitting process, which will require the District to comply with Title 24 (Building Energy Efficiency Standards), Life Safety Compliance, as well as American with Disabilities Act (ADA) code compliance. Completing the electrical system work was a critical step before moving forward with the office remodel. Plans are currently in the final review stages at the City of Fountain Valley. It is anticipated the District will receive approval soon. Staff is seeking Board approval to enter into a contract for Owner's Representative services to assist with the various aspects of seismic retrofitting and remodeling of existing buildings. It is anticipated construction efforts will begin in fall of 2020. The capital budget reflects previously approved budgeted costs, carryover of unspent capital funds and new realized costs for the previously identified projects due to unforeseen costs, inflation and building code compliance.

Finance & Information Technology (Cost Centers 41 & 45)

The Finance department includes Accounting and Information Technology (IT). The Department provides support to MWDOC through payroll, accounts payable/receivable, fixed assets, investments, grant funding, reconciliations and technology. Staff provides support to WEROC for disaster recovery at both the District office and the Emergency Operation Center. Finance and IT's priorities are Financial Stewardship, Auditing and

Controls, which is demonstrated by receiving an unmodified opinion from our annual audit process.

Finance also provides monthly accounting to our Member Agencies through monthly billing of water deliveries, in-lieu credits, LRP payments, conservation rebate and choice programs.

IT provides uninterrupted service for our phones and computers with the highest level of firewall protection to prevent threats, viruses and hackers from penetrating our system. As well as, properly working office equipment.

Key Initiatives in the coming year include:

- Maintain functional operations and support throughout the upcoming building renovations at MWDOC
- Room 101 remodel to update screens, white boards and sound system
- Supporting the succession planning for upcoming retirements
- Continue with IT's PC/Printer refresh program and security updates which, exchanges out equipment after it's useful life to prevent the loss of any data
- Purchase new accounting software to eliminate manual entries and improve efficiency (current system no longer supported)
- Continue with ongoing professional training
- IT system security and back up testing
- Continue to assist at Public Affairs events
- Support the District with any future financing needs

7. Choice Programs for FY2020-21

As noted above, the Choice Programs for FY2020-21 are offered in both the Public Affairs and Water Use Efficiency Departments. The programs include:

- School Program - As discussed above the School Program represents a continuum of options from kindergarten through high school. Substantial efforts are underway to with Orange County teachers and State organizations to integrate critical water messages within the required curriculum structure with the goal of increasing the utility and acceptance of our programs.
- Water Use Efficiency - Will continue to access MET WUE funding and grants from other sources for implementation programs for OC.
- Water Loss Control Shared Services – This new program was developed in conjunction with our Member Agencies and will enter its second year of field operation.

COVID-19 has disrupted some of MWDOC's Choice Programs and particularly the School Programs. Since schools have been closed, many participating Member Agencies will have program credits to carry over into the FY 2020-21 program. This is delaying the program commitments and final program budget.

8. Water Rates and Charges

MWDOC's revenue funding for its Core Budget derives from the Retail Meter Service Charge and the Groundwater Customer Charge. The rate structure was developed as part of the May 2016 rate study and was implemented by the MWDOC Board of Directors for FY2016-17. A new rate study will be conducted in FY2020-21 and any changes will be initiated for FY2021-22.

Based on the Proposed Budget:

For FY 2020-21 the proposed Retail Meter Service Charge is \$12.35 per meter.

For FY 2020-21 the proposed Groundwater Customer Charge is \$599,111.

All other charges cover the cost of water supply including MET water purchases and MET associated charges (i.e. Readiness-to-Serve (RTS) and Capacity Charge). The proposed Total Water Purchases for FY 2020-21 are budgeted at \$213,288,586.

9. Proposed New Items Not Included Pending Committee Discussion

By convention, proposed new items are not incorporated in the budget until concurrence is reached at the committee level. All pending items were resolved at the A&F Committee meeting of March 11, 2020.

Attachments:

Attached hereto is the detailed budget for this coming fiscal year.



March 26, 2020

Mr. Robert Hunter
General Manager
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley, CA 92708

Re: Comments on Proposed MWDOC Fiscal Year 2020-21 Budget

Rob:

On April 8, 2020, MWDOC staff will review a third draft of the MWDOC Fiscal Year (FY) 2020-21 budget with the Administration and Finance Committee. The purpose of this letter is to provide written recommendations to you and the MWDOC Board to assist in finalizing the budget to meet the needs of both MWDOC and its member agencies while being sensitive to the ongoing financial hardships being experienced across Orange County communities. Following are specific recommendations related to the development of a county-wide hydraulic model, travel related expenses, and the cost of public affairs programs that would result in a reduction in MWDOC's retail meter charge.

Hydraulic Model:

The proposed FY 2020-21 budget includes funding for professional services associated with the development of a hydraulic model for use by member agencies as proponents of local projects. While the model might also be used to study shutdown operations or periods of nitrification, it is clear that the primary purpose would be to evaluate local projects. IRWD recommends that the development and calibration of the model be established as a "Choice Program" to be paid for by those directly benefiting from the projects. Information presented to the MWDOC Board on March 18 indicated that shifting the cost of the development and calibration of the model to a "Choice Program" would reduce the "Core" budget by as much as \$130,000 and make available up to \$75,000 in carry over funds from FY 2019-20.

Travel Expenses:

The proposed FY 2020-21 budget includes \$156,570 for staff and director travel and accommodations that would be allocated to the "Core" budget. This represents a 23% increase over FY 2019-20 projected actuals of \$126,900. IRWD recommends that MWDOC not increase its budget for travel and accommodations but instead look for opportunities to reduce staff and director attendance at conferences as well as legislative trips to Washington D.C. and

Mr. Robert Hunter, General Manager
Municipal Water District of Orange County
March 26, 2020
Page Two

Sacramento. MWDOC's efforts in Washington D.C. and Sacramento should focus on supporting the ongoing advocacy efforts of its member agencies.

Public Affairs:

MWDOC's proposed budget also includes a 15% increase over projected actual costs for FY 2019-20 for its Public Affairs programs. The \$123,000 increase is affected by higher professional fees and reproduction costs. IRWD recommends that MWDOC scrutinize the need for these increases and accordingly reduce its budget.

IRWD estimates that if MWDOC were to accommodate the above recommended revisions to its FY 2020-21 budget, it could reduce its per retail meter charge from FY 2019-20 levels. Taking action to reduce the retail meter charge, rather than to increase it by \$0.35 as currently proposed by MWDOC, would help take pressure off the retail water agencies to increase rates while mitigating the ongoing financial hardships being experienced by all communities in MWDOC's service area.

Thank you for the opportunity to review the proposed MWDOC FY 2020-21 Budget, and if you have any questions related to the comments provided, please contact me at (949) 453-5590.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul A. Cook".

Paul A. Cook, P.E.
General Manager

cc: MWDOC Board of Directors

DIRECTORS

DENIS R. BILODEAU, P.E.
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DINA L. NGUYEN, ESQ.
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TRI TA
ROGER C. YOH, P.E.
AHMAD ZAHRA



ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

OFFICERS

President
VICENTE SARMIENTO, ESQ.

First Vice President
CATHY GREEN

Second Vice President
STEPHEN R. SHELDON

General Manager
MICHAEL R. MARKUS, P.E., D.WRE

March 25, 2020

Mr. Robert Hunter
General Manager
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley CA 92708

SUBJECT: Fiscal Year 2020-21 Budget Preparation

Dear Mr. Hunter:

The Municipal Water District of Orange County (MWDOC) is in the process of preparing its FY2020-21 rates and budget and has been describing this work to its member agencies over the past couple months. The Orange County Water District (OCWD; the District) would like to provide the following comments for your Board's consideration at this time:

1. Under the discussion for the Reliability Planning & Engineering (Cost Center 21) regarding the Local Supply Integration and Reliability paragraph, you state that the primary goal of the hydraulic model is to achieve self sufficient supplies to meet demands by member agencies for up to 60 days without the MET system being available while avoiding unintended consequences. Since this primary goal pertains mainly to South County needs and has no benefit for north or central Orange County, OCWD asks that this activity be a Choice Item.
2. OCWD wants to make it clear that any activity or future MWDOC endeavor regarding the Doheny Desalination Project be handled as a Choice Item.
3. Please explain how the 5.68% compensation pool is spread to the Cost Center budgets? As an example, the Salary & Wages of Cost Center 12 (Administrative-General) increases 17.8%, Cost Center 32 (Public Affairs) increases 11.3% while Cost Center (23) Metropolitan Issues and Water Policy increases by only 0.3%. If the head count remains the same this implies each employee in those departments will receive that percentage wage increase.

4. This current fiscal year MWDOC is projecting to spend \$67,937 on Staff Technical Training & Leadership Development Training which is 226% over the current year budget and proposes to increase the budget to \$92,500 for next year. OCWD would like an explanation as how many staff were trained this current year and how many are proposed to be trained next year.
5. The proposed increase to the Public Affairs budget shows an increase of 16.1% (\$128,744) overall even though this years' actual costs are only 0.7% over budget. OCWD would suggest that there be no increase to the departments budget, which would result in an approximately \$120,000 savings. We would also suggest that the department handle its social media with internal staff, which would result in an additional cost savings of \$95,000.
6. In reviewing the memberships in the budget OCWD suggests that MWDOC drop its membership in the Association of Metropolitan Water Agencies (AMWA) and the California Council for Environmental & Economic Balance (CCEEB). The dues for these two groups are \$47,172 and the associated travel to conferences/meetings is \$24,250. If these two memberships were eliminated from the budget it would result in a savings of \$71,422.
7. In reviewing the travel budget OCWD has the following suggestions:
 - a. That MWDOC reduce the staff legislative advocacy trips to Washington D.C. from 8 (6 MWDOC, 1 ACCOC and 1 OCBC) to 4 for a total savings of \$7,200.
 - b. That MWDOC reduce the staff legislative advocacy trips to Sacramento from 28 (24 MWDOC, 1 ACCOC, 1 OCBC and 2 ACWA Symposiums) to 14 for a total savings of \$8,750.
 - c. That MWDOC reduce travel to the 4 AWWA conferences by 50%, which would result in a total savings of \$8,475.
 - d. That MWDOC reduce the number of staff attending the ACWA Fall Conference from 7 to 4 for a total savings of \$4,950.
 - e. That MWDOC eliminate travel to the Water Environment Federation's Technical Exhibition & Conference (WEFTEC) for the 1 staff and 1 director since this conference is mainly for wastewater agencies. This would result in a savings of \$4,800.
 - f. That MWDOC eliminate the Congressional Luncheon that is held during the winter ACWA DC Conference. Congressional attendance to this luncheon has dwindled over the years to the point where only 3 Congressional members from the entire Santa Ana Watershed attended this last year and did not even stay to hear the agency presentations. If this were done MWDOC could save \$11,835; by reducing the number of staff from attending the conference from 4 to 1 (\$7,635), and eliminating the luncheon (\$1,200) and dinner (\$3,000).

It is our belief that these changes can be easily accomplished without affecting MWDOC's core mission. If all these changes were incorporated into the current proposed budget it would result in a savings of \$332,432 which would further result in a \$0.55 decrease to the proposed \$12.75 per retail meter charge. The new retail meter charge would be \$12.20 which would be a reduction of \$0.20 or 1.7% decrease to the current meter rate.

Thank you for your consideration of these comments.

Sincerely,



Michael R. Markus, P.E., D.WRE, BCEE, F.ASCE
General Manager

Bcc: OCWD Board of Directors
MWDOC Board of Directors

BOARD OF DIRECTORS

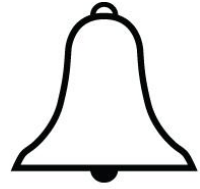
BETTY H. OLSON, PH.D

CHARLES T. GIBSON

SAUNDRA F. JACOBS

JUSTIN McCUSKER

FRANK URY

DANIEL R. FERONS
GENERAL MANAGER**Santa Margarita Water District**

Mr. Robert Hunter
General Manager
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley, CA 92108

Re: Comments on Proposed MWDOC Fiscal Year 2020-21 Budget

Dear Mr. Hunter:

The purpose of this letter is to provide written comments and recommendations to you and the MWDOC Board as you go about finalizing the budget to meet the needs of both MWDOC and its member agencies while being sensitive to the ongoing and potential future financial hardships across Orange County agencies and communities. I understand that we are providing these later than your deadline and hope you find them useful. Essentially, adoption of a budget that includes our recommendations would result in what we believe is an appropriate reduction in MWDOC's retail meter charge for the coming fiscal year.

Our recommendations are related to the development of a county-wide hydraulic model, additional costs of public affairs programs, and travel related expenses.

Hydraulic Model:

The proposed FY 2020-21 budget includes funding for professional services associated with the development of a hydraulic model for use by member agencies as proponents of local projects. As one of the supporters of the development of the model, we recognize the model might also be used to study shutdown operations or periods of nitrification, however the primary purpose would be to evaluate local projects.

SMWD recommends that the development and calibration of the model be established as a "Choice Program" to be paid for by those directly benefiting from the projects. Information presented to the MWDOC Board on March 18 indicated that shifting the cost of the development and calibration of the model to a "Choice Program" would reduce the "Core" budget by as much as \$130,000 and make available up to \$75,000 in carry over funds from FY 2019-20.

Public Affairs:

MWDOC's proposed budget also includes a 15% increase over projected actual costs for FY 2019-20 for its Public Affairs programs. A portion of this increase is focused on the development of a survey for member agencies relative to explore and creating CTE programs. Many member agencies are already engaged with their local high schools and community colleges in order to meet future staffing needs. MWDOC may consider using existing staff and resources to determine

what needs member agencies have identified, how they are planning to meet those needs, and whether centralized resources are needed.

SMWD recommends that MWDOC scrutinize these increases and work to reduce the additional costs accordingly.

Travel Expenses:

The proposed FY 2020-21 budget includes \$156,570 for staff and director travel and accommodations that would be allocated to the "Core" budget. This represents a 23% increase over FY 2019-2020 projected actuals of \$126,900. SMWD recommends that MWDOC *not* increase its budget for travel and accommodations but instead prioritize travel and conference attendance. Additionally, inasmuch as MWDOC and the member agencies are well represented in Washington, D.C. by Jim Barker and his associates, MWDOC may reconsider the number of costly trips to Washington, at least for this budget period.

There are also a number of new organizations in which MWDOC is proposing to participate without a clear definition of how the organizations support MWDOC's mission. We believe it would be good to hold those new costs in abeyance entirely or limit travel to meetings and conferences to a bare minimum.

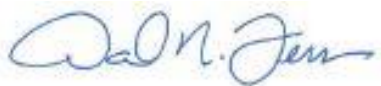
Summary:

SMWD estimates that if MWDOC were to accommodate the above recommended revisions to its FY 2020-21 budget, it could reduce its per retail meter charge from FY 2019-20 levels. Taking action to reduce the retail meter charge, rather than to increase it by \$0.35 as currently proposed by MWDOC, would help take pressure off the retail water agencies to increase rates while mitigating the ongoing financial hardships being experienced by all communities in MWDOC's service area.

Thank you for the opportunity to review the proposed MWDOC FY 2020-21 Budget.

Very Truly Yours

SANTA MARGARITA WATER DISTRICT

A handwritten signature in blue ink, appearing to read "D. R. Feron".

Daniel R. Feron
General Manager

April 7, 2020

Mr. Robert Hunter
General Manager
Municipal Water District of Orange County (MWDOC)
18700 Ward Street
Fountain Valley, CA 92708

Dear General Manager Hunter:

Given the uncertainty that the Coronavirus public health crisis is creating in our state and country, including unknown financial implications for public agencies, our Moulton Niguel Water District respectfully requests that MWDOC advise its appointees to the Metropolitan Water District of Southern California (Metropolitan) to advocate that Metropolitan reconsider its proposed water rate adjustment and 2020-21 fiscal year budget. Since there will likely be continued volatility in the economy over the next few months, we would also suggest a mid-year budget review in the Fall to update the Metropolitan Board of Directors and member agencies.

First and foremost, our District acknowledges that as a public utility, ensuring water supply reliability and drinking water quality should remain top priorities for Metropolitan. However, to the extent that the proposed rate adjustment can be reduced or deferred for a future date, that would be appreciated. I know public agencies are still preparing their budgets for the next fiscal year, and any reduced costs would help their member agencies and ultimately our residential and business customers. As MWDOC continues to work on its own 2020-21 fiscal year budget, I would also ask that the same diligent review be conducted to reduce cost pressures for its customers. The proposed changes in the first paragraph of the Rate Resolution, that would modify MWDOC's organizational scope, should also be deferred until there is more discussion among the agency managers at a future meeting.

Additionally, we should encourage Metropolitan to have its federal and state advocates aggressively seek FEMA reimbursements, grants and possibly legislative remedies to address unmet financial or policy needs. We would be pleased to have our District and staff work with Metropolitan on advocacy efforts.

We look forward to continuing to work with MWDOC and are confident that you'll help ensure Metropolitan keeps pursuing its core mission "to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way." If you have any questions, please feel free to contact me or Joone Lopez, our General Manager, at (949) 831-2500.

Sincerely,



Brian S. Probolsky
Board President

c: Board of Directors, Moulton Niguel Water District
Joone Lopez, Moulton Niguel Water District
Jeff Kightlinger, General Manager, Metropolitan Water District of Southern California

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PRESIDENT



ACTION ITEM

May 20, 2020

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contacts: Harvey De La Torre

SUBJECT: **Proposed MWDOC Water Rate Resolution for Fiscal Year 2020-21**

STAFF RECOMMENDATION

It is recommended that the Board of Directors:

1. **Decrease** the MWDOC Retail Meter Charge from \$12.40 to \$12.35 per meter, and increase the Groundwater Customer Charge from \$598,248 to \$599,116, effective July 1, 2020; and
2. Adopt the Water Rate Resolution setting forth rates and charges to be effective July 1, 2020 and January 1, 2021 as identified in the Water Rate Resolution for Fiscal Year 2020-21.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

Last month, staff presented the MWDOC Water Rate Resolution for Fiscal Year 2020-21. Due to concerns raised by the MWDOC member agencies regarding language changes in our proposed Resolution and Ordinance as well as the Board's action to defer adoption of the Budget, the Rate Resolution was moved to May for further review and consideration.

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

Since the April 8 A&F Committee, staff meet with the member agency managers on three occasion (April 16, 23 & 30) where the MWDOC Budget, Rate Resolution and Ordinance was agendized. Staff discussed with the managers each of the proposed key language changes and the intent staff was trying to achieve with each revision. In these discussions, staff developed a better understanding what the manager's concerns were and made further revisions to the Rate Resolution that hopefully achieves consensus.

Below is a summary of the proposed Rates and Charges for FY2020-21. These include the recent Metropolitan adopted rates from their April 14, 2020 Board meeting:

Proposed Rates & Charges	Proposed Rates July 1, 2020	Proposed Rates January 1, 2021
MWDOC Retail Meter Charge	\$12.35/meter	\$12.35/meter
MWDOC Groundwater Customer Charge*	\$ 599,116	\$ 599,116
System Access Rate	\$346	\$373
System Power Rate	\$136	\$161
Water Stewardship Rate**	\$65	-
MWDOC Melded Supply Rate	\$208	\$243
Treatment Surcharge	\$323	\$327
Treated Full Service Rate	\$1,078/AF	\$1,104/AF
Untreated Full Service Rate	\$755/AF	\$777/AF

[*] This is an annual charge to OCWD

[**] Metropolitan is not incorporating the Water Stewardship Rate this Biennial period (2021 & 2022) pursuant to the direction of the Metropolitan Board.

Based on the finalization of the MWDOC Budget, staff recommending adopting the proposed Water Resolution for FY 2020-21.

Attachment A – Proposed MWDOC Water Rate Resolution for Fiscal Year 2020-21 (Redline)

Attachment B – Proposed MWDOC Water Rate Resolution for Fiscal Year 2020-21 (clean version with Exhibits)

RESOLUTION NO.
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ESTABLISHING WATER RATES

WHEREAS, pursuant to Water Code sections 71610, 71614 and 71616, the Municipal Water District of Orange County ("MWDOC") is authorized to establish water rates and charges for water which will result in revenues sufficient to meet the operating expenses of the District; ~~to, acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water, including sewage and storm waters, for the beneficial use or uses of the District, its inhabitants, or the owners of rights to water in the District;~~ to provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with bonded debt; and,

WHEREAS, ~~the District currently imports water from~~ the Metropolitan Water District of Southern California ("Metropolitan"); ~~Metropolitan,~~ adopted rates for water service consisting of a two-tiered water supply rate, and separate unbundled rates for system access, water stewardship, system power, water treatment, and fixed charges for the Capacity Charge and Readiness-to-Serve, which are imposed on MWDOC as a condition of receiving water deliveries from Metropolitan; and,

WHEREAS, pursuant to Section 1117 of the MWDOC Administrative Code, the MWDOC Board of Directors adopted Ordinance No. ~~543~~ establishing classes of water service, and terms and conditions of such service, and intends to adopt this Resolution fixing the rates and charges for said classes of water service (including Choice services in Section 6); and,

WHEREAS, the Board of Directors has reviewed the cost of water, including its current

water supply costs and other charges imposed on MWDOC by Metropolitan, and with respect to the projected MWDOC operating expenses and financial needs, and has determined that it is necessary and appropriate to establish new rates and charges for water service and programs provided by MWDOC; and,

WHEREAS, the Board of Directors has reviewed the water supply, water demand and replenishment conditions in the Orange County Water District (OCWD) Basin and the impact these conditions will have on MWDOC's imported water purchases from Metropolitan; and,

WHEREAS, MWDOC's Administration and Finance Committee and Board reviewed the issue of tiered or melded water rates for Tier-1 and Tier-2 purchases from Metropolitan in November 2004, and retained the establishment of a melded rate, with a provision for further review should the OCWD's basin pumping percentage fall below 60% in the future; and,

WHEREAS, Metropolitan continues to levy its Standby Charge within the MWDOC service area, which will be credited against Metropolitan's Readiness-to-Serve Charge and will provide an equivalent offset on the Metropolitan charges imposed on MWDOC; and,

WHEREAS, Metropolitan assesses a Capacity Charge to MWDOC based on MWDOC's highest cumulative peak day delivery rate in cubic feet per second (CFS) between May 1 and September 30 in the three preceding calendar years, ending on the year prior to the year of the charge being imposed; and,

WHEREAS, MWDOC engaged Raftelis Financial Consultants, Inc. to prepare a cost of service and rate study (Rate Study) for MWDOC's rates and charges; and,

WHEREAS, the Rate Study was completed in 2016 and affirmed MWDOC's Retail Meter Charge, and added a new Groundwater Customer Charge effective with the fiscal year 2016-17 rates and charges; and,

WHEREAS, beginning with the budget year commencing July 1, 2011 through June 30, 2012, the MWDOC Board approved changing the format of the budget and how certain

“Choice” services are to be funded by those MWDOC member agencies and the cities of Anaheim, Fullerton and Santa Ana (3 Cities) electing to receive such services; and,

WHEREAS, the MWDOC Board has approved the “Choice” services, the associated budgets, and the methods for allocating such costs to the member agencies and 3 Cities, and has directed staff to bill for those costs pursuant to Section 10 of this Resolution as part of MWDOC’s water rates and charges; and,

WHEREAS, there is a need to charge for costs associated with the transfer or wheeling of water into the MWDOC service area by any member agency as is provided for in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Municipal Water District of Orange County that, subject to the terms and conditions set forth herein, the rates and charges for the classes of water service provided by MWDOC to MWDOC’s member agencies shall be as follows:

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SECTION 1. RATES FOR CLASSES OF WATER SERVICE.

The rates per acre-foot of ~~Metropolitan~~ water sold or delivered by MWDOC to its member agencies shall be as follows:

- (a) For Full Service, including water delivered for domestic, municipal, and agricultural purposes, including seawater barrier and groundwater replenishment ~~purposes and for agricultural purposes.~~

Rate Component	July 1 through December 31, 2020 19	Beginning January 1, 202 19
Untreated Full Service	\$7 55 34.00	\$7 77 8055.00
Treated Full Service	\$1,0 78 50.00	\$1, 104 31078.00
Unbundled Rate By Component:		
System Access Rate	\$3 46 26.00	\$3 73 446.00
System Power Rate	\$1 36 27.00	\$1 61 036.00
Water Stewardship Rate*	\$6 59 .00	-\$65.00
MWDOC Melded Supply Rate*	\$20 89 .00	\$2 436.00 08.00
Tiered Supply Rate (Tier 1/Tier 2)*	N/A	N/A
	\$7 55 34.00	\$7 77 8055.00
Subtotal Untreated Full Service:	\$3 23 49.00	\$3 27 5123.00
Treatment Surcharge	\$1,0 78 50.00	\$1, 104 31078.00
Total Treated Full Service:		

* Any unused revenue will be applied to the Tier 2 Contingency Fund as described in MWDOC's Administrative Code.

As a result of MWDOC not applying the Tier 2 Contingency Fund rate, the MWDOC Melded Supply Rate is equal to MET's Tier-1 Supply Rate at this time.

* Metropolitan is not incorporating the Water Stewardship Rate in its Full Service Rate this Biennial period (2021 & 2022) pursuant to the direction of the Metropolitan Board in 2019.

(b) MWDOC Drought Allocation Surcharge

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Rates for a Drought Allocation Surcharge are established by Board action in accordance with the MWDOC Water Supply Allocation Plan (WSAP), as required.

(c) MWDOC Melded Supply Rate

The MWDOC Melded Supply Rate is established by Board action to recovery Metropolitan's Tier 1 supply rate plus any additional water costs, fees, charges, and rates that benefit the District's service area, such as funding the MWDOC Tier 2 Contingency Fund. At this time, the MWDOC Melded Supply Rate is equal to MET's Tier 1 Supply Rate.

SECTION 2. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for fiscal year 20~~2019~~-2~~10~~ Metropolitan estimates that the amount of Metropolitan's Readiness-to-Serve ("RTS") Charge applicable to MWDOC, which exceeds the standby charges collected in MWDOC's service area ("Net RTS") is ~~\$10,824,900~~\$11,777,105~~\$11,354,581~~. The Net RTS Charge will be allocated among the MWDOC member agencies, as provided herein and invoiced as a fixed charge to each MWDOC member agency. Metropolitan will bill MWDOC for the Net RTS Charge on a monthly installment basis. The MWDOC Net RTS Charge will be invoiced to each MWDOC member agencies on a monthly basis.

(b) Apportionment of Net Metropolitan RTS Charge to MWDOC's Member Agencies

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The MWDOC method of apportioning the Net Metropolitan RTS Charge to the MWDOC member agencies uses the most recently completed four-year rolling average of fiscal year full service purchases of water ending one year prior to the year of the charge being imposed (i.e., for fiscal year 20~~2019~~-2~~10~~ charges, the four-year average shall be based on fiscal years 201~~54-1645~~ through 201~~87-198~~). The Net Metropolitan RTS Charge to MWDOC shall be apportioned to the MWDOC member agencies based on the four-year average of full service sales, which would include all cyclic, wheeled and transferred water.

(c) Fiscal Year 20~~2019~~-2~~10~~ MWDOC RTS Charge

For fiscal year 20~~2019~~-2~~10~~, MWDOC will charge the MWDOC member agencies total Net RTS Charges of ~~\$11,354,581~~~~\$11,777,105~~~~\$10,824,900~~. The amount of the Net RTS Charge to be apportioned to each of the MWDOC member agencies is set forth in **Exhibit A**, attached hereto and by this reference incorporated herein made an operative part hereof.

(d) Adjustment of RTS Charge

Metropolitan determines its Net RTS Charge to each member agency based on the estimated revenue derived from the Metropolitan Standby Charge within each member agency (less delinquencies and administrative costs). The projected Net Standby Charge revenue for MWDOC in fiscal year 20~~2019~~-2~~10~~ is set forth in **Exhibit A**. Once the actual Net Standby Charge revenue is known, Metropolitan may adjust the amount of the Net RTS Charge for the prior year through an additional charge or credit. Any adjustment necessary to reconcile the estimated Net RTS Charge with the actual Net RTS Charge will be charged or credited to each MWDOC member agency in the next regularly scheduled water billing following the preparation of the reconciliation report by Metropolitan.

SECTION 3. MWDOC CAPACITY CHARGE

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year 202~~19~~, the amount of the Metropolitan Capacity Charge to be imposed on MWDOC will be

~~\$4,732,610~~~~\$4,953,760~~~~\$3,892,240~~. The Metropolitan Capacity Charge will be allocated among the MWDOC member agencies as provided herein and invoiced as a fixed charge to each member agency. Metropolitan will bill MWDOC for the Capacity Charge on a monthly installment basis. The MWDOC Capacity Charge will be invoiced to the MWDOC member agencies on a monthly basis.

(b) Apportionment of Metropolitan's Capacity Charge to MWDOC's Member Agencies

The MWDOC method of apportioning the Capacity Charge to the MWDOC member agencies uses each member agency's highest peak day flow for delivery of full service water, which includes wheeled and transferred water, during the period of May 1 through September 30 of each year for the three-year period ending one year prior to the year of the charge being imposed (i.e., for calendar year 202~~19~~ charges, the highest peak day flow shall be based on May 1 through September 30, 201~~7~~~~6~~, 201~~8~~~~7~~ and 201~~9~~~~8~~). The peak day flow for each MWDOC member agency is used to apportion the Capacity Charge based upon the ratio of each agency's highest peak day flow to the sum of all member agencies' highest peak day flows. The amount of the 202~~19~~ Capacity Charge apportioned to each member agency is set forth in **Exhibit B**, attached hereto and by this reference incorporated herein and made an operative part hereof.

SECTION 4. MWDOC'S RETAIL METER CHARGE.

The annual charge to be imposed by MWDOC on each member agency for each retail water meter served by a MWDOC member agency which is in service as of January 1 of each year ("MWDOC's Retail Meter Charge") shall be \$12.~~35~~~~40~~. MWDOC's Retail Meter Charge shall be collected in accordance with Section 10 of this Resolution. Annually, or at

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such time as determined to be necessary, MWDOC will request supporting documentation from each member agency to verify the number of retail meters within their service area, and such documentation shall be signed by a representative of the member agency. MWDOC is also authorized to conduct random on-site visits with the member agencies to verify the data on the number of retail meters.

SECTION 5. MWDOC GROUNDWATER CUSTOMER CHARGE

The annual charge to be imposed on Orange County Water District (OCWD) for Core services provided by MWDOC for fiscal year 20~~2019-210~~ shall be \$~~599,116,1598,248~~. MWDOC's Groundwater Customer Charge to be imposed on OCWD shall be collected in accordance with Section 10 of this Resolution.

The Groundwater Customer Charge is calculated based on OCWD's portion of MWDOC's Cost Centers #21 (Planning and Resource Development) and #23 (MET Issues and Special Projects), plus one-twenty-sixth of the remaining MWDOC cost centers of MWDOC's fiscal year 20~~2019-210~~ general fund core budget, but not including the WEROC cost item. OCWD's portion of Cost Centers #21 and #23 is based on OCWD's most recent 10-year historical full service water purchases as a percentage of the sum of the MWDOC member agencies' 10-year historical water purchases.

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SECTION 6. CHOICE SERVICES TO THE MWDOC MEMBER AGENCIES 20~~2019-210~~

The Choice services to the member agencies shall be provided and charged for as follows for -Fiscal Year 20~~2019-210~~:

- (a) Water Use Efficiency Program – The cost of MWDOC's Water Use Efficiency

Program shall be allocated to those agencies electing to participate in the program. The costs shall be apportioned to the participants in proportion to the benefits received from Metropolitan and/or any other outside sources of funding in calendar year 201~~98~~⁹⁹. There may be other costs allocated over and above these costs for participation in certain water use efficiency program efforts in various parts of Orange County that are separate from this basic program. Anything beyond the basic program will be implemented separately by agreement or memorandum of understanding with each participating agency. The costs to be charged shall reflect any carry-over or deficit funds from the preceding fiscal year.

- (b) The MWDOC Elementary School Program provides comprehensive water education for Orange County elementary school students in Grades K-6. Through this program, each participating agency may set a target number of students to reach in their service area. In grades K-2, the MWDOC Elementary School Program charges participating agencies per school assembly, at a cost based on the size of the school assembly. In grades 3-6, the MWDOC Elementary School Program charges each participating agency at a cost per student based on the actual number of students to which the program is provided.
- (c) The MWDOC Middle School Program provides comprehensive water education for Orange County middle school students in Grades 7-8. Through this program, each participating agency may set a target number of students to reach in their service area. The MWDOC Middle School Program charges each participating agency at a cost per student based on the actual number of students to which the program is provided.

- (d) The MWDOC High School Program provides comprehensive water education for Orange County high school students in Grades 9-12. Through this program, each participating agency may set a target number of high schools to reach in their service area. The MWDOC High School Program charges each participating agency at a cost per high school to which the program is provided.
- (e) Blank
- (f) The Water Loss Control Program provides professional services with Water Systems Optimization, Inc. for water loss control technical assistance to retail agencies in Orange County, as well as technical services with McCall's Meters, Inc. and with Westerly Meter Service Company to provide meter accuracy testing services. The costs for the program varies per agency according to the level of professional and technical service selected by each participating agency. The costs to be charged shall reflect any carry-over or deficit funds from the preceding fiscal year.

The details on these Choice options and charges to each agency are included in Section 10 and are set forth in **Exhibit C**, attached hereto and by this reference incorporated herein and made an operative part hereof .

SECTION 7. RATES AND CHARGES FOR WHEELED, EXCHANGED OR TRANSFERRED

WATER

Unless otherwise specified by written agreement with MWDOC, MWDOC shall charge the member agencies for water wheeled, exchanged or transferred through exchanges with Metropolitan into the MWDOC service area in accordance with the provisions below. Wheeled, exchanged or transferred water will also be assessed, unless otherwise specified by written agreement, at the then-applicable rates for wheeling services set by Metropolitan's Board of Directors from time to time pursuant to its Administrative Code for the use of Metropolitan's facilities to transport water not owned or controlled by Metropolitan to Metropolitan's member agencies. Metropolitan's rates for "wheeling service" are defined in the Metropolitan Administrative Code. Metropolitan's rate for wheeling service does not include power utilized for delivery, which the wheeling party must provide or pay directly at its own cost (if power can be scheduled by Metropolitan) or pay to Metropolitan at Metropolitan's actual (not system average) cost.

In addition to these charges, MWDOC shall assess the following charges related to costs, pursuant to applicable law:

- (a) A one-time administrative charge, based on actual time spent to account for the staff time and legal counsel time required for preparation of an agreement or agreements to establish the legal and administrative framework for water to be wheeled or transferred through exchanges with Metropolitan.
- (b) Unless otherwise specified by written agreement with MWDOC, an annual charge will be assessed, based on actual time spent in any year

in which water is wheeled or transferred through exchanges with Metropolitan, to cover staff time to account for and bill for the water.

- (c) Other charges established by written agreement between MWDOC and a Member Agency.

SECTION 8. MWDOC WATER SUPPLY ALLOCATION PLAN (WSAP)

In the event that a regional water shortage is declared, the MWDOC Board can implement, adjust, or adopt an updated Water Supply Allocation Plan ("Plan"). This Plan, as adopted in 2009, updated in 2014 and 2016, and as amended from time to time, established procedures allowing MWDOC to assess an allocation surcharge to its member agencies in the event MWDOC is assessed an allocation surcharge under Metropolitan's own "Water Supply Allocation Plan." Under MWDOC's Plan, surcharges may be assessed according to a particular member agency's prorated share of its over usage relative to the MWDOC surcharge amount assessed by Metropolitan. However, the rates set forth in this Resolution do not include or otherwise account for potential surcharges that may be assessed by MWDOC under its Water Supply Allocation Plan.

SECTION 9. EFFECTIVE DATE.

The rates set forth in this Resolution shall become effective as of July 1, 20~~2019~~²⁰⁴⁹ or thereafter as specified and shall remain in effect until changed by subsequent Resolution of the Board of Directors.

SECTION 10. BILLING AND PAYMENT.

Billing Schedule. MWDOC member agencies shall be billed for water delivered and

for other charges as follows:

- (a) MWDOC's cost of acquisition of the water shall be billed in the month following delivery of the water;
- (b) MWDOC's Retail Meter Charge shall be billed once annually on or after July 1st of each year, for each retail water service meter within each member agency's service area;
- (c) the MWDOC Readiness-to-Serve Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit A**, the MWDOC Capacity Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit B**; and
- (d) the MWDOC Choice services shall be billed once annually on or after July 1st of each year or as otherwise during the fiscal year in accordance with **Exhibit C** and/or as may be adjusted during the fiscal year in discussions with and as agreed to by the Choice Program participants.
- (e) The fixed annual Groundwater Customer Charge to OCWD, as set forth in MWDOC's Water Rate Ordinance No. 5~~43~~ and referred to in Section 5 hereof, shall be billed to OCWD annually at the beginning of the fiscal year on July 1. All such billings shall be due on receipt by the member agency and shall be delinquent if payment is not received by MWDOC by the 15th day of the month following the mailing of the billing or within 30 days of mailing of such billing, whichever date is later.

SECTION 11. EXEMPTION FROM CEQA.

The Board of Directors finds that the adoption of the rates and charges as set forth in this Resolution are exempt from the California Environmental Quality Act under Section

21080(b)(8) of the Public Resources Code in that the water rates established herein are for the purpose of meeting operating expenses of MWD OC, including employee wages and fringe benefits, purchasing or leasing of supplies, equipment and materials, meeting financial reserve needs and requirements and obtaining funds for capital projects necessary to maintain service within existing service areas.

SECTION 12. REASONABLE COST.

The Board of Directors finds that the water rates established herein are in accordance with the adopted fiscal year 20~~2019~~-2~~019~~ budget, and that said rates do not exceed the reasonable cost of providing water service and other services and regulatory functions for which they are charged.

SECTION 13. SUPERSEDES PRIOR RESOLUTIONS.

All resolutions, ordinance or administrative actions by the Board or parts thereof that are inconsistent with any provision of this Resolution are hereby superseded only to the extent of such inconsistency.

SECTION 14. RATES SUBJECT TO ORDINANCE.

The rates for water service established herein are subject to Ordinance No. 5~~43~~ as it may be amended from time to time.

SECTION 15. IMPLEMENTATION.

The General Manager is directed to establish procedures to implement this Resolution.

BE IT FURTHER RESOLVED that a copy of this Resolution be sent to each of MWD OC's member agencies.

Said Resolution No. was adopted on May 20, 2020 ~~April 15, 2020~~ by the following
roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County

RESOLUTION NO.
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ESTABLISHING WATER RATES

WHEREAS, pursuant to Water Code sections 71610, 71614 and 71616, the Municipal Water District of Orange County ("MWDOC") is authorized to establish water rates and charges for water which will result in revenues sufficient to meet the operating expenses of the District to provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with bonded debt; and,

WHEREAS, the District currently imports water from the Metropolitan Water District of Southern California ("Metropolitan"). Metropolitan adopted rates for water service consisting of a two-tiered water supply rate, and separate unbundled rates for system access, water stewardship, system power, water treatment, and fixed charges for the Capacity Charge and Readiness-to-Serve, which are imposed on MWDOC as a condition of receiving water deliveries from Metropolitan; and,

WHEREAS, pursuant to Section 1117 of the MWDOC Administrative Code, the MWDOC Board of Directors adopted Ordinance No. 54 establishing classes of water service, and terms and conditions of such service, and intends to adopt this Resolution fixing the rates and charges for said classes of water service (including Choice services in Section 6); and,

WHEREAS, the Board of Directors has reviewed the cost of water, including its current water supply costs and other charges imposed on MWDOC by Metropolitan, and with respect to the projected MWDOC operating expenses and financial needs, and has determined that it is necessary and appropriate to establish new rates and charges for water service and programs provided by MWDOC; and,

WHEREAS, the Board of Directors has reviewed the water supply, water demand and replenishment conditions in the Orange County Water District (OCWD) Basin and the impact these conditions will have on MWDOC's imported water purchases from Metropolitan; and,

WHEREAS, MWDOC's Administration and Finance Committee and Board reviewed the issue of tiered or melded water rates for Tier-1 and Tier-2 purchases from Metropolitan in November 2004, and retained the establishment of a melded rate, with a provision for further review should the OCWD's basin pumping percentage fall below 60% in the future; and,

WHEREAS, Metropolitan continues to levy its Standby Charge within the MWDOC service area, which will be credited against Metropolitan's Readiness-to-Serve Charge and will provide an equivalent offset on the Metropolitan charges imposed on MWDOC; and,

WHEREAS, Metropolitan assesses a Capacity Charge to MWDOC based on MWDOC's highest cumulative peak day delivery rate in cubic feet per second (CFS) between May 1 and September 30 in the three preceding calendar years, ending on the year prior to the year of the charge being imposed; and,

WHEREAS, MWDOC engaged Raftelis Financial Consultants, Inc. to prepare a cost of service and rate study (Rate Study) for MWDOC's rates and charges; and,

WHEREAS, the Rate Study was completed in 2016 and affirmed MWDOC's Retail Meter Charge, and added a new Groundwater Customer Charge effective with the fiscal year 2016-17 rates and charges; and,

WHEREAS, beginning with the budget year commencing July 1, 2011 through June 30, 2012, the MWDOC Board approved changing the format of the budget and how certain "Choice" services are to be funded by those MWDOC member agencies and the cities of Anaheim, Fullerton and Santa Ana (3 Cities) electing to receive such services; and,

WHEREAS, the MWDOC Board has approved the "Choice" services, the associated budgets, and the methods for allocating such costs to the member agencies and 3 Cities, and

has directed staff to bill for those costs pursuant to Section 10 of this Resolution as part of MWDOC's water rates and charges; and,

WHEREAS, there is a need to charge for costs associated with the transfer or wheeling of water into the MWDOC service area by any member agency as is provided for in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Municipal Water District of Orange County that, subject to the terms and conditions set forth herein, the rates and charges for the classes of water service provided by MWDOC to MWDOC's member agencies shall be as follows:

SECTION 1. **RATES FOR CLASSES OF WATER SERVICE.**

The rates per acre-foot of water sold or delivered by MWDOC to its member agencies shall be as follows:

(a) For Full Service, including water delivered for domestic, municipal, and agricultural purposes, including seawater barrier and groundwater replenishment.

Rate Component	July 1 through December 31, 2020	Beginning January 1, 2021
Untreated Full Service	\$755.00	\$777.00
Treated Full Service	\$1,078.00	\$1,104.00
Unbundled Rate By Component:		
System Access Rate	\$346.00	\$373.00
System Power Rate	\$136.00	\$161.00
Water Stewardship Rate*	\$65.00	-
MWDOC Melded Supply Rate	\$208.00	\$243.00
Subtotal Untreated Full Service:	\$755.00	\$777.00
Treatment Surcharge	\$323.00	\$327.00
Total Treated Full Service:	\$1,078.00	\$1,104.00

* Metropolitan is not incorporating the Water Stewardship Rate in its Full Service Rate this Biennial period (2021 & 2022) pursuant to the direction of the Metropolitan Board in 2019.

(b) MWDOC Drought Allocation Surcharge

Rates for a Drought Allocation Surcharge are established by Board action in accordance with the MWDOC Water Supply Allocation Plan (WSAP), as required.

(c) MWDOC Melded Supply Rate

The MWDOC Melded Supply Rate is established by Board action to recover Metropolitan's Tier 1 supply rate plus any additional water costs, fees, charges, and rates that benefit the District's service area, such as funding the MWDOC

Tier 2 Contingency Fund. At this time, the MWDOC Melded Supply Rate is equal to MET's Tier 1 Supply Rate.

SECTION 2. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for fiscal year 2020-21 Metropolitan estimates that the amount of Metropolitan's Readiness-to-Serve ("RTS") Charge applicable to MWDOC, which exceeds the standby charges collected in MWDOC's service area ("Net RTS") is \$11,354,581 . The Net RTS Charge will be allocated among the MWDOC member agencies, as provided herein and invoiced as a fixed charge to each MWDOC member agency. Metropolitan will bill MWDOC for the Net RTS Charge on a monthly installment basis. The MWDOC Net RTS Charge will be invoiced to each MWDOC member agencies on a monthly basis.

(b) Apportionment of Net Metropolitan RTS Charge to MWDOC's Member Agencies

The MWDOC method of apportioning the Net Metropolitan RTS Charge to the MWDOC member agencies uses the most recently completed four-year rolling average of fiscal year full service purchases of water ending one year prior to the year of the charge being imposed (i.e., for fiscal year 2020-21 charges, the four-year average shall be based on fiscal years 2015-16 through 2018-19). The Net Metropolitan RTS Charge to MWDOC shall be apportioned to the MWDOC member agencies based on the four-year average of full service sales, which would include all cyclic, wheeled and transferred water.

(c) Fiscal Year 2020-21 MWDOC RTS Charge

For fiscal year 2020-21, MWDOC will charge the MWDOC member agencies total Net RTS Charges of \$11,354,581. The amount of the Net RTS Charge to be apportioned to each of the MWDOC member agencies is set forth in **Exhibit A**, attached hereto and by this

reference incorporated herein made an operative part hereof.

(d) Adjustment of RTS Charge

Metropolitan determines its Net RTS Charge to each member agency based on the estimated revenue derived from the Metropolitan Standby Charge within each member agency (less delinquencies and administrative costs). The projected Net Standby Charge revenue for MWDOC in fiscal year 2020-21 is set forth in **Exhibit A**. Once the actual Net Standby Charge revenue is known, Metropolitan may adjust the amount of the Net RTS Charge for the prior year through an additional charge or credit. Any adjustment necessary to reconcile the estimated Net RTS Charge with the actual Net RTS Charge will be charged or credited to each MWDOC member agency in the next regularly scheduled water billing following the preparation of the reconciliation report by Metropolitan.

SECTION 3. **MWDOC CAPACITY CHARGE**

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year 2021, the amount of the Metropolitan Capacity Charge to be imposed on MWDOC will be \$4,732,610. The Metropolitan Capacity Charge will be allocated among the MWDOC member agencies as provided herein and invoiced as a fixed charge to each member agency. Metropolitan will bill MWDOC for the Capacity Charge on a monthly installment basis. The MWDOC Capacity Charge will be invoiced to the MWDOC member agencies on a monthly basis.

(b) Apportionment of Metropolitan's Capacity Charge to MWDOC's Member Agencies

The MWDOC method of apportioning the Capacity Charge to the MWDOC member agencies uses each member agency's highest peak day flow for delivery of full service water, which includes wheeled and transferred water, during the period of May 1 through September 30 of each year for the three-year period ending one year prior to the year of the charge being

imposed (i.e., for calendar year 2021 charges, the highest peak day flow shall be based on May 1 through September 30, 2017, 2018 and 2019). The peak day flow for each MWDOC member agency is used to apportion the Capacity Charge based upon the ratio of each agency's highest peak day flow to the sum of all member agencies' highest peak day flows. The amount of the 2021 Capacity Charge apportioned to each member agency is set forth in **Exhibit B**, attached hereto and by this reference incorporated herein and made an operative part hereof.

SECTION 4. MWDOC'S RETAIL METER CHARGE.

The annual charge to be imposed by MWDOC on each member agency for each retail water meter served by a MWDOC member agency which is in service as of January 1 of each year ("MWDOC's Retail Meter Charge") shall be \$12.35. MWDOC's Retail Meter Charge shall be collected in accordance with Section 10 of this Resolution. Annually, or at such time as determined to be necessary, MWDOC will request supporting documentation from each member agency to verify the number of retail meters within their service area, and such documentation shall be signed by a representative of the member agency. MWDOC is also authorized to conduct random on-site visits with the member agencies to verify the data on the number of retail meters.

SECTION 5. MWDOC GROUNDWATER CUSTOMER CHARGE

The annual charge to be imposed on Orange County Water District (OCWD) for Core services provided by MWDOC for fiscal year 2020-21 shall be \$599,116. MWDOC's Groundwater Customer Charge to be imposed on OCWD shall be collected in accordance with Section 10 of this Resolution.

The Groundwater Customer Charge is calculated based on OCWD's portion of

MWDOC's Cost Centers #21 (Planning and Resource Development) and #23 (MET Issues and Special Projects), plus one-twenty-sixth of the remaining MWDOC cost centers of MWDOC's fiscal year 2020-21 general fund core budget, but not including the WEROC cost item. OCWD's portion of Cost Centers #21 and #23 is based on OCWD's most recent 10-year historical full service water purchases as a percentage of the sum of the MWDOC member agencies' 10-year historical water purchases.

SECTION 6. CHOICE SERVICES TO THE MWDOC MEMBER AGENCIES 2020-21

The Choice services to the member agencies shall be provided and charged for as follows for Fiscal Year 2020-21:

- (a) Water Use Efficiency Program – The cost of MWDOC's Water Use Efficiency Program shall be allocated to those agencies electing to participate in the program. The costs shall be apportioned to the participants in proportion to the benefits received from Metropolitan and/or any other outside sources of funding in calendar year 2019. There may be other costs allocated over and above these costs for participation in certain water use efficiency program efforts in various parts of Orange County that are separate from this basic program. Anything beyond the basic program will be implemented separately by agreement or memorandum of understanding with each participating agency. The costs to be charged shall reflect any carry-over or deficit funds from the preceding fiscal year.
- (b) The MWDOC Elementary School Program provides comprehensive water education for Orange County elementary school students in Grades K-6. Through this program, each participating agency may set a target number of students to reach in their service area. In grades K-2, the MWDOC Elementary

School Program charges participating agencies per school assembly, at a cost based on the size of the school assembly. In grades 3-6, the MWDOC Elementary School Program charges each participating agency at a cost per student based on the actual number of students to which the program is provided.

- (c) The MWDOC Middle School Program provides comprehensive water education for Orange County middle school students in Grades 7-8. Through this program, each participating agency may set a target number of students to reach in their service area. The MWDOC Middle School Program charges each participating agency at a cost per student based on the actual number of students to which the program is provided.
- (d) The MWDOC High School Program provides comprehensive water education for Orange County high school students in Grades 9-12. Through this program, each participating agency may set a target number of high schools to reach in their service area. The MWDOC High School Program charges each participating agency at a cost per high school to which the program is provided.
- (e) Blank
- (f) The Water Loss Control Program provides professional services with Water Systems Optimization, Inc. for water loss control technical assistance to retail agencies in Orange County, as well as technical services with McCall's Meters, Inc. and with Westerly Meter Service Company to provide meter accuracy testing services. The costs for the program varies per agency according to the level of professional and technical service selected by each participating agency. The costs to be charged shall reflect any carry-over or deficit funds from the preceding fiscal year.

The details on these Choice options and charges to each agency are included in Section 10 and are set forth in **Exhibit C**, attached hereto and by this reference incorporated herein and made an operative part hereof .

SECTION 7. RATES AND CHARGES FOR WHEELED, EXCHANGED OR TRANSFERRED
WATER

Unless otherwise specified by written agreement with MWDOC, MWDOC shall charge the member agencies for water wheeled, exchanged or transferred through exchanges with Metropolitan into the MWDOC service area in accordance with the provisions below.

Wheeled, exchanged or transferred water will also be assessed, unless otherwise specified by written agreement, at the then-applicable rates for wheeling services set by Metropolitan's Board of Directors from time to time pursuant to its Administrative Code for the use of Metropolitan's facilities to transport water not owned or controlled by Metropolitan to Metropolitan's member agencies. Metropolitan's rates for "wheeling service" are defined in the Metropolitan Administrative Code. Metropolitan's rate for wheeling service does not include power utilized for delivery, which the wheeling party must provide or pay directly at its own cost (if power can be scheduled by Metropolitan) or pay to Metropolitan at Metropolitan's actual (not system average) cost.

In addition to these charges, MWDOC shall assess the following charges related to costs, pursuant to applicable law:

- (a) A one-time administrative charge, based on actual time spent to account for the staff time and legal counsel time required for preparation of an agreement or agreements to establish the legal and administrative framework for water to be wheeled or transferred through exchanges with Metropolitan.

- (b) Unless otherwise specified by written agreement with MWDOC, an annual charge will be assessed, based on actual time spent in any year in which water is wheeled or transferred through exchanges with Metropolitan, to cover staff time to account for and bill for the water.
- (c) Other charges established by written agreement between MWDOC and a Member Agency.

SECTION 8. MWDOC WATER SUPPLY ALLOCATION PLAN (WSAP)

In the event that a regional water shortage is declared, the MWDOC Board can implement, adjust, or adopt an updated Water Supply Allocation Plan ("Plan"). This Plan, as adopted in 2009, updated in 2014 and 2016, and as amended from time to time, established procedures allowing MWDOC to assess an allocation surcharge to its member agencies in the event MWDOC is assessed an allocation surcharge under Metropolitan's own "Water Supply Allocation Plan." Under MWDOC's Plan, surcharges may be assessed according to a particular member agency's prorated share of its over usage relative to the MWDOC surcharge amount assessed by Metropolitan. However, the rates set forth in this Resolution do not include or otherwise account for potential surcharges that may be assessed by MWDOC under its Water Supply Allocation Plan.

SECTION 9. EFFECTIVE DATE.

The rates set forth in this Resolution shall become effective as of July 1, 2020 or thereafter as specified and shall remain in effect until changed by subsequent Resolution of the Board of Directors.

SECTION 10. **BILLING AND PAYMENT.**

Billing Schedule. MWDOC member agencies shall be billed for water delivered and for other charges as follows:

- (a) MWDOC's cost of acquisition of the water shall be billed in the month following delivery of the water;
- (b) MWDOC's Retail Meter Charge shall be billed once annually on or after July 1st of each year, for each retail water service meter within each member agency's service area;
- (c) the MWDOC Readiness-to-Serve Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit A**, the MWDOC Capacity Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit B**; and
- (d) the MWDOC Choice services shall be billed once annually on or after July 1st of each year or as otherwise during the fiscal year in accordance with **Exhibit C** and/or as may be adjusted during the fiscal year in discussions with and as agreed to by the Choice Program participants.
- (e) The fixed annual Groundwater Customer Charge to OCWD, as set forth in MWDOC's Water Rate Ordinance No. 54 and referred to in Section 5 hereof, shall be billed to OCWD annually at the beginning of the fiscal year on July 1. All such billings shall be due on receipt by the member agency and shall be delinquent if payment is not received by MWDOC by the 15th day of the month following the mailing of the billing or within 30 days of mailing of such billing, whichever date is later.

SECTION 11. **EXEMPTION FROM CEQA.**

The Board of Directors finds that the adoption of the rates and charges as set forth in this Resolution are exempt from the California Environmental Quality Act under Section 21080(b)(8) of the Public Resources Code in that the water rates established herein are for the purpose of meeting operating expenses of MWDOC, including employee wages and fringe benefits, purchasing or leasing of supplies, equipment and materials, meeting financial reserve needs and requirements and obtaining funds for capital projects necessary to maintain service within existing service areas.

SECTION 12. **REASONABLE COST.**

The Board of Directors finds that the water rates established herein are in accordance with the adopted fiscal year 2020-21 budget, and that said rates do not exceed the reasonable cost of providing water service and other services and regulatory functions for which they are charged.

SECTION 13. **SUPERSEDES PRIOR RESOLUTIONS.**

All resolutions, ordinance or administrative actions by the Board or parts thereof that are inconsistent with any provision of this Resolution are hereby superseded only to the extent of such inconsistency.

SECTION 14. **RATES SUBJECT TO ORDINANCE.**

The rates for water service established herein are subject to Ordinance No. 54 as it may be amended from time to time.

SECTION 15. **IMPLEMENTATION.**

The General Manager is directed to establish procedures to implement this Resolution.

BE IT FURTHER RESOLVED that a copy of this Resolution be sent to each of MWDOC's member agencies.

Said Resolution No. was adopted on May 20, 2020 50 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MARIBETH GOLDSBY, District Secretary

Municipal Water District of Orange County

EXHIBIT A

Readiness-to-serve Charge for MWDOC Client Agencies for FY 2020-21

Metropolitan Readiness-to-Serve (RTS) Charge to MWDOC for FY 2020/21 = \$ 18,521,591			
Expected Standby Revenue Less Metropolitan Administrative Charge Plus Delinquencies & Uncollectables FY 2020/21 = \$ (7,167,010)			
Net MWD RTS Charge = \$ 11,354,581			

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As of 04/7/2020

Agency	AF Share				Net RTS	2020		2021	
	2015-16	2016-17	2017-18	2018-19		4-Yr Ave	Monthly Charge July - December	Monthly Charge January - June	
Brea	1,553	1,160	1,889	878	\$	1,370	\$ 6,616	\$ 6,373	
Buena Park	716	3,229	3,251	3,470	\$	2,666	\$ 12,875	\$ 12,403	
East Orange County Water District	1,726	1,372	1,131	1,575	\$	1,451	\$ 7,006	\$ 6,749	
El Toro Water District	6,967	6,639	7,783	6,789	\$	7,045	\$ 34,019	\$ 32,771	
Fountain Valley	1,985	2,112	2,112	1,885	\$	2,023	\$ 9,772	\$ 9,413	
Garden Grove	3,301	6,135	6,286	5,434	\$	5,289	\$ 25,541	\$ 24,604	
Golden State Water Company	3,395	5,664	5,823	5,421	\$	5,076	\$ 24,511	\$ 23,611	
Huntington Beach	6,060	6,084	6,914	5,276	\$	6,083	\$ 29,377	\$ 28,299	
Irvine Ranch Water District	11,732	18,595	15,345	13,921	\$	14,898	\$ 71,945	\$ 69,305	
La Habra	10	76	114	75	\$	69	\$ 333	\$ 321	
La Palma	491	651	1	426	\$	392	\$ 1,893	\$ 1,824	
Laguna Beach County Water District	3,310	1,663	1,636	1,462	\$	2,018	\$ 9,744	\$ 9,386	
Mesa Water District	202	0	0	-	\$	51	\$ 244	\$ 235	
Moulton Niguel Water District	23,429	22,866	25,630	23,443	\$	23,842	\$ 115,136	\$ 110,911	
Newport Beach	3,167	3,317	3,679	3,229	\$	3,348	\$ 16,168	\$ 15,574	
Orange	4,103	5,786	5,139	5,187	\$	5,054	\$ 24,404	\$ 23,509	
Orange County Water District	54,661	42,879	121,717	56,198	\$	68,863	\$ 332,548	\$ 320,345	
San Clemente	6,512	6,543	7,016	6,521	\$	6,648	\$ 32,103	\$ 30,925	
San Juan Capistrano	4,998	5,556	5,080	5,108	\$	5,186	\$ 25,042	\$ 24,123	
Santa Margarita Water District	21,892	21,847	23,432	20,179	\$	21,838	\$ 105,456	\$ 101,586	
Seal Beach	1,033	1,000	847	928	\$	952	\$ 4,597	\$ 4,428	
Serrano Water District	216	2,199	1,300	1,072	\$	1,196	\$ 5,778	\$ 5,566	
South Coast Water District	4,910	4,907	4,865	5,039	\$	4,930	\$ 23,809	\$ 22,935	
Trabuco Canyon Water District	2,198	2,000	2,941	2,177	\$	2,329	\$ 11,248	\$ 10,835	
Westminster	459	2,602	2,780	2,454	\$	2,074	\$ 10,014	\$ 9,647	
Yorba Linda Water District	3,375	5,370	6,117	4,787	\$	4,912	\$ 23,721	\$ 22,851	
Sum of MWDOC Agencies	172,400	180,249	262,827	182,934	\$	199,602	\$ 963,901	\$ 928,529	

EXHIBIT B
DRAFT Capacity Charge for MWDOC Member Agencies for CY 2021

DRAFT 4/7/20

	2017	2018	2019	Peak
MWDOC's Peak to MWD (cfs)	418.6	442.3	263.2	442.3
Date	7/7/2017	8/7/2018	8/5/2019	8/7/2018

Metropolitan Capacity Charge to MWDOC for CY 2021 **\$ 4,732,610***

Agency	Capacity Charge Eligible Flows (CFS)			CFS Share (%)	Annual Capacity Charge	Monthly Capacity Charge
	2017	2018	2019			
City of Brea	11.4	12.9	0.0	2.21%	\$ 104,462	\$ 8,705
City of Buena Park	7.7	4.7	11.8	2.02%	\$ 95,814	7,984
East Orange County Water District	9.0	10.8	14.9	2.55%	\$ 120,484	10,040
El Toro Water District	16.8	18.3	18.3	3.13%	\$ 148,342	12,362
City of Fountain Valley	3.7	2.8	0.0	0.63%	\$ 29,914	2,493
City of Garden Grove	13.6	17.0	22.0	3.76%	\$ 178,135	14,845
Golden State Water Company	11.3	12.9	9.2	2.20%	\$ 104,246	8,687
City of Huntington Beach	17.5	24.7	26.3	4.50%	\$ 212,894	17,741
Irvine Ranch Water District	36.2	51.7	41.1	8.84%	\$ 418,218	34,852
City of La Habra	7.3	7.8	8.6	1.48%	\$ 69,851	5,821
City of La Palma	1.2	0.0	0.0	0.20%	\$ 9,604	800
Laguna Beach County Water District	5.4	4.9	2.5	0.92%	\$ 43,391	3,616
Mesa Water District	0.0	0.0	0.0	0.00%	\$ -	-
Moulton Niguel Water District	48.9	49.5	48.5	8.48%	\$ 401,089	33,424
City of Newport Beach	11.6	10.8	7.9	1.99%	\$ 93,977	7,831
Orange County Water District	143.0	146.4	0.0	25.04%	\$ 1,185,129	98,761
City of Orange	15.8	20.4	14.5	3.49%	\$ 165,393	13,783
City of San Clemente	19.9	21.5	17.5	3.68%	\$ 173,969	14,497
City of San Juan Capistrano	14.2	15.1	14.7	2.58%	\$ 122,240	10,187
Santa Margarita Water District	52.2	54.0	66.9	11.45%	\$ 541,973	45,164
City of Seal Beach	5.9	5.3	6.0	1.03%	\$ 48,623	4,052
Serrano Water District	0.0	3.0	0.0	0.51%	\$ 24,286	2,024
South Coast Water District	7.5	7.9	7.3	1.35%	\$ 63,791	5,316
Trabuco Canyon Water District	8.1	6.3	5.0	1.39%	\$ 65,723	5,477
City of Westminster	4.6	4.8	4.4	0.82%	\$ 38,668	3,222
Yorba Linda Water District	16.3	15.9	33.6	5.76%	\$ 272,394	22,699
Total				100%	\$ 4,732,610	\$ 394,384
MWDOC Capacity Charge Per CFS:					\$	8.095

* Based on MWDOC's aggregate peak flow of 442.3 cfs on 8/7/2018 charge at MET's 2021 rate of \$10,700 per cfs

Exhibit C

MWDOC Member Agency Choice Services Program Summary
Cost Allocations by Agencies for FY 2020-21

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As of 4/1/2020

Retail Agency	Water Use Efficiency [1]	School Education (K-2)[2]	School Education (3-6)[2]	School Education (Middle School)[2]	School Education (High School)[2]	Water Loss Control Program [3]	Total Choice Allocation
Brea	\$ 41,036	\$ 3,502	\$ 6,064	\$ 12,657	\$ 4,223		\$ 67,482
Buena Park	\$ 12,007	\$ -	\$ -	\$ -	\$ -	Pending	\$ 12,007
East Orange County WD	\$ 247	\$ -	\$ -	\$ -	\$ 2,112		\$ 2,359
El Toro WD	\$ 8,326	\$ 4,378	\$ 4,026	\$ 10,983	\$ 4,223	Pending	\$ 31,936
Fountain Valley	\$ 7,623	\$ -	\$ 6,024	\$ 4,083	\$ -		\$ 17,730
Garden Grove	\$ 10,539	\$ 7,880	\$ 10,150	\$ -	\$ -	Pending	\$ 28,569
Golden State Water Company	\$ 46,091	\$ -	\$ -	\$ -	\$ -		\$ 46,091
Huntington Beach	\$ 65,206	\$ 13,133	\$ 15,557	\$ -	\$ 8,446	Pending	\$ 102,342
Irvine Ranch WD	\$ 182,279	\$ -	\$ -	\$ -	\$ -		\$ 182,279
La Habra	\$ 7,113	\$ 1,751	\$ 5,020	\$ -	\$ -	Pending	\$ 13,884
La Palma	\$ 666	\$ 876	\$ 1,355	\$ -	\$ -		\$ 2,897
Laguna Beach County WD	\$ 3,158	\$ 1,751	\$ 3,012	\$ -	\$ -	Pending	\$ 7,921
Mesa Water	\$ 10,993	\$ -	\$ 3,936	\$ -	\$ -		\$ 14,929
Moulton Niguel WD	\$ 110,363	\$ 10,506	\$ 11,757	\$ -	\$ -	Pending	\$ 132,626
Newport Beach	\$ 79,813	\$ -	\$ -	\$ -	\$ -		\$ 79,813
Orange	\$ 15,622	\$ 5,253	\$ 7,691	\$ -	\$ -	Pending	\$ 28,566
Orange County WD	\$ -						\$ -
San Clemente	\$ 31,479	\$ 1,751	\$ 1,757	\$ 3,811	\$ 4,223	Pending	\$ 43,020
San Juan Capistrano	\$ 8,070	\$ 2,627	\$ 3,148	\$ 6,805	\$ 12,669		\$ 33,318
Santa Margarita WD	\$ 80,701	\$ 7,880	\$ 7,164	\$ -	\$ -	Pending	\$ 95,744
Seal Beach	\$ 28,464	\$ 876	\$ 2,008	\$ -	\$ -		\$ 31,348
Serrano WD	\$ 409	\$ -	\$ 1,406	\$ -	\$ -	Pending	\$ 1,815
South Coast WD	\$ 3,218	\$ -	\$ -	\$ -	\$ -		\$ 3,218
Trabuco Canyon WD	\$ 10,375	\$ 1,751	\$ 1,235	\$ -	\$ -	Pending	\$ 13,361
Tustin	\$ 48,658	\$ 7,880	\$ 9,423	\$ 7,486	\$ 6,335		\$ 79,780
Westminster	\$ 20,822	\$ 5,253	\$ 9,086	\$ 1,429	\$ 16,892	Pending	\$ 53,482
Yorba Linda WD	\$ 28,592	\$ -	\$ -	\$ -	\$ -		\$ 28,592
Anaheim	\$ 30	\$ 11,382	\$ 26,681	\$ -	\$ -	Pending	\$ 38,093
Fullerton	\$ -	\$ 1,751	\$ 10,040	\$ -	\$ -		\$ 11,791
Santa Ana	\$ -	\$ 22,763	\$ 39,638	\$ -	\$ 8,446	Pending	\$ 70,847
Orange County Total	\$ 861,900	\$ 112,940	\$ 186,177	\$ 47,254	\$ 67,568	\$ -	\$ 1,275,838

**** These numbers are draft and subject to change**

[1] Preliminary Cost Allocation for the Choice Water Use Efficiency Program for FY 2020-21

[2] Costs dependent upon selection of vendor and each agency's level of service

[3] For FY 2020-21 the Water Loss Control Program includes Technical Assistance Phases IV & V and the new Water Loss Control Shared Services. Agency costs will vary based on the selection of technical & professional services. The final cost by agency are not expected to be determined until Fall 2020.

DIRECTORS

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ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

OFFICERS

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VICENTE SARMIENTO, ESQ.
First Vice President
CATHY GREEN
Second Vice President
STEPHEN R. SHELDON
General Manager
MICHAEL R. MARKUS, P.E., D.WRE

April 7, 2020

Mr. Robert Hunter
General Manager
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley, CA 92708

SUBJECT: Adoption of MWDOC Ordinance to Establish Classes of Water Service and Terms and Conditions of Water Services within the District (Item 7, Administration and Finance Committee)

Dear Mr. Hunter:

Orange County Water District (OCWD) is concerned about a significant policy decision the Municipal Water District of Orange County (MWDOC) appears to be undertaking that could have significant financial implications to your member agencies.

Your April 8, 2020 Administration Finance Committee has an agenda item that proposes changes to the MWDOC water service ordinance. The staff report for this item suggests the changes to the water service ordinance are purely administrative in nature, however, these changes appear to expand MWDOC's ability to incur water supply cost beyond purchasing water supplies from the Metropolitan Water District and passing those costs on to your member agencies. The following changes are most concerning to OCWD:

- The first two new paragraphs in the proposed Ordinance seem to highlight MWDOC wanting to expand its role beyond being MWD's representative in Orange County and a planning agency.
- The seventh "Whereas" changes the word "impact" to "benefit". This allows MWDOC to participate in a project that benefits one part of the County and be able to spread the costs across all MWDOC member agencies.
- The change in Section 2.10 changes the definition of treated water from just MWD water to any type of treated water implying that MWDOC plans on pursuing other treated water projects.
- The change in Section 3(a) would allow MWDOC the ability to include any costs associated with a project it deems to contribute to the reliability of water into the MWDOC water rate.

These issues have not been discussed at any prior MWDOC meeting. At the very least, MWDOC should have informed your member agencies that the MWDOC Committees would be discussing such significant issues along with providing a reason for the water service ordinance changes.

OCWD is very concerned about the significant policy shifts that these changes could produce, and the fundamental changes proposed to the water service ordinance without any explanation. We respectfully request that no action be taken on the water service ordinance at your Administration Finance Committee tomorrow. The MWDOC member agencies deserve to be fully informed of MWDOC's intentions and be given an opportunity to thoroughly discuss the merits of the proposed action.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Markus', with a stylized flourish extending to the right.

Michael R. Markus, P.E., D.WRE, BCEE, F.ASCE
General Manager

cc. OCWD Board of Directors
MWDOC Board of Directors
OCWD Groundwater Producers



April 3, 2020

Mr. Robert Hunter
General Manager
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley, CA 92708

Re: Upcoming MWDOC Committee Meetings

Rob:

There are two items on the upcoming MWDOC Committee meetings that are deeply concerning to IRWD: Items 4, 6 and 7 on the agenda for the April 6, 2020, MWDOC Planning and Operations Committee meeting and Item 6 on the agenda for the April 8, 2020, MWDOC Administration & Finance Committee meeting. Both of these items come as a surprise to IRWD (and I believe most retail water agency managers) since they were not discussed at the monthly managers meetings, and we recommend deferring these items to a later date.

Regarding the P&O item, MWDOC inserting itself into another agency's project is quite unique. To be clear, IRWD is not opposed to the Doheny Desal Project. We do have a very clear and long-standing policy that states the beneficiaries of a water supply or reliability project should pay for the benefits received, and that the agencies that do not wish to receive benefits should not pay. It is surprising that this item was placed on the agenda for action without any discussion among the broader group of retail agencies; it is also problematic that it appears to be categorized as a "core" project for which IRWD and other non-benefiting agencies would be financially obligated by MWDOC. IRWD requests that this project be categorized as a "choice" project and that the discussion be deferred until it has been discussed among the agencies' managers.

Regarding the A&F item, it appears that MWDOC is codifying a drastic expansion of its scope in the proposed Rate Resolutions (first paragraph). While the Municipal Water Code grants certain abilities to municipal water districts, the language added into the proposed Rate Resolutions is alarming in how it could fundamentally change MWDOC. Like the P&O item mentioned above, there was no mention of this change in any of the managers' meetings. The need for this language is not explained, so it is a mystery as to why MWDOC feels the need to add this language at this time. We understand MWDOC needs to move forward with the Rate Resolutions, but we recommend doing so without the language inserted into the first paragraph.

The lack of transparency with the retail water agencies on both of these issues is stunning, mostly because many of us were under the impression that substantial issues being contemplated at MWDOC would be discussed in some forum with the retail agencies; that has not happened.

Rob Hunter
Municipal Water District of Orange County
April 3, 2020
Page 2

Beyond the lack of transparency with its “member agencies” on these two topics, I find it profoundly unsettling that during this time of grave difficulty and tumult, MWDOC would even contemplate taking actions like these. MWDOC’s assistance to the retail agencies during this pandemic (e.g., the unified public service announcement, WEROC’s support of our efforts) illustrate how we benefit from a strong collaborative relationship; placing important topics that could impact all agencies on committee meeting agendas with no discussion among the retail agencies has the opposite effect.

I, and I’m sure many other agencies, would appreciate an explanation on why MWDOC is taking this approach at this time. Until then, please consider these recommendations.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul A. Cook".

Paul A. Cook, P.E.
General Manager

cc: MWDOC Board of Directors

From: "Grisso, Michael" <MGrisso@tustinca.org>
Date: April 7, 2020 at 4:53:26 PM PDT
To: Robert Hunter <RHunter@mwdoc.com>
Cc: Harvey De La Torre <HDeLaTorre@mwdoc.com>, Karl Seckel <kseckel@mwdoc.com>, "Stack, Doug" <DStack@tustinca.org>
Subject: March 8, 2020 - A&F Agenda, Item No. 7

Good afternoon Rob,

The City of Tustin shares similar concerns with OCWD and IRWD in regards to the Adoption of MWDOC Ordinance to Establish Classes of Water Service and Terms and Conditions of Water Services within the District (Item 7), scheduled for discussion during tomorrow's A&F Committee Meeting.

As the reasons for the proposed changes were not discussed at the Member Agency level, and on the surface it appears that MWDOC is proposing language that could drastically expand the current scope and regional role of the District, the City of Tustin respectfully requests that no action be taken on the water service ordinance at the A&F Committee Meeting tomorrow.

I understand MWDOC must move forward with the Rate Resolutions, but I would request you do so without the changes proposed in the first two WHEREAS statements of the Ordinance. This would allow time for MWDOC and all of its Member Agencies to hold a more robust discussion regarding this topic.

Thank you,
Michael Grisso
Water Services Manager
City of Tustin

From: Robert Hunter <RHunter@mwdoc.com>
Sent: Monday, April 6, 2020 6:34 PM
To: Mike Dunbar <mdunbar@ebservicedistrict.com>
Subject: Re: EMERALD BAY SERVICE DISTRICT - MWDOC RATE RESOLUTION

Thanks. I'll call you tomorrow to discuss.

Sent from my iPhone

On Apr 6, 2020, at 12:03 PM, Mike Dunbar <MDunbar@ebservicedistrict.com> wrote:

Good morning Rob,

Hope you are staying safe.

I would ask that you share my comments with your Finance Committee/Board at its next meeting as I may not be able to participate.

It is my understanding that MWDOC is proposing changes to its Rate Resolution that would allow MWDOC to expand its scope of the services that it provides. Although I have not attended all of the Manager's meetings, I do not believe that this issue was ever agendized or discussed. I would ask that MWDOC NOT proceed at this time with the proposed changes in the Rate Resolution.

In addition, I would also ask that MWDOC consider the Doheny Desal Project to be "CHOICE" project and not a "CORE" project in which all of the costs will be passed onto the entire MWDOC family. In my discussions with representatives from South Coast Water District, they comfortable with the costs of the Doheny Desal Project being borne by the beneficiaries of the project and not all of the MWDOC family.

Thanks for your consideration and stay safe.

Mike Dunbar, P.E.
General Manager
Emerald Bay Service District



ACTION ITEM

May 20, 2020

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Harvey De La Torre

SUBJECT: Adoption of MWDOC Ordinance to Establish Classes of Water Service, Terms, and Conditions of Water Service within the District

STAFF RECOMMENDATION

Staff recommends the Board of Directors adopt the attached Ordinance No. 54 to Establish Classes of Water Service, Terms, and Conditions of Water Service within the District. (MWDOC Administrative Code Section 1117 states that MWDOC shall provide at least ten days written notice that the Board will consider the adoption of a water service Ordinance and/or rates Resolution. Staff has met this requirement by emailing the Board letter and proposed Ordinance and Resolution to the member agencies on May 7, 2020.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

Last month MWDOC staff presented a revised Ordinance for the Board's review and consideration. Because it was last revised in 2016, staff proposed a number of updates and revisions to the Ordinance in consultation with District legal counsel Best, Best & Krieger to better reflect the existing actions and authority of the District.

Due to a number of concerns raised by the MWDOC member agencies on the proposed language changes, the Committee suggested staff work with the member agencies to review the Ordinance in more detail and develop compromising language.

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

Since the April 8 A&F Committee, staff meet with the member agency managers on three occasion (April 16, 23 & 30) where the MWDOC Budget, Rate Resolution and Ordinance was agendized. Staff discussed with the managers each of the proposed key language changes and the intent staff was trying to achieve with each revision. In these discussions, staff developed a better understanding what the manager's concerns were and made further revisions to the Ordinance that hopefully achieves consensus.

Therefore, staff is recommending changes to Ordinance No. 53 (redline version attached), which would become Ordinance No. 54 (clean version attached), and would supersede Ordinance No. 53.

Attachments:

Adopted Ordinance No. 53 (redlined version)

Proposed Ordinance No. 54 (clean version)

ORDINANCE NO. 543

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ESTABLISHING CLASSES OF WATER SERVICE AND
TERMS AND CONDITIONS OF WATER SERVICE
WITHIN THE DISTRICT

WHEREAS, the Municipal Water District of Orange County ("MWDOC") is a municipal water district organized pursuant to the Municipal Water District Act of 1911 (Water Code section 71000 et. seq.); and

WHEREAS, MWDOC is authorized under Water Code section 71610 to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water, including sewage and storm waters, for the beneficial use or uses of MWDOC, its inhabitants, or the owners of rights to water in the district; and

WHEREAS, MWDOC the Municipal Water District of Orange County (hereinafter "MWDOC") is a member agency of the Metropolitan Water District of Southern California (hereinafter "Metropolitan") and the sole purveyor of imported water purchased from Metropolitan to retail water agencies and municipalities within MWDOC's service area; and

WHEREAS, MWDOC is authorized and directed by section 71616 of the Water Code of the State of California to establish water rates and charges for the sale of such water which will result in revenues sufficient to meet the operating expenses of the District, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with the bonded debt; and

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WHEREAS, Metropolitan has established classes of service for water service available to MWDOC consisting of Treated and Untreated Full Service, and rates, charges and conditions of service applicable to each class of water service as set forth in the Metropolitan Water District Administrative Code; and

WHEREAS, MWDOC's 2001 Strategic Plan and the 2010 Update emphasizes MWDOC's role in pursuing a regional approach to providing a reliable water supply to the residents of MWDOC and Orange County; and

WHEREAS, the MWDOC Board views MWDOC's service area (and Orange County) as a single economic unit in which water supply reliability in one area of the County has an economic benefit impact to the entire County; and

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WHEREAS, beginning with the budget year commencing July 1, 2011, the MWDOC Board approved changing the format of the budget and how certain "CHOICE" services are to be funded by those MWDOC member agencies and others (such as the cities of Anaheim, Fullerton and Santa Ana) electing to receive such services; and

WHEREAS, pursuant to section 71614 of the California Water Code MWDOC may establish different rates for different classes of customers, and such rates shall be uniform throughout MWDOC for like classes and conditions of service; and

WHEREAS, the Board of Directors of MWDOC desires to establish classes of water service that will enable MWDOC to fix water rates and charges that will cover MWDOC's cost of water and other operating expenses including financial requirements; and

WHEREAS, the Board of Directors of MWDOC desires to adopt terms and conditions for the provision of the various classes of water service and to establish water

rates and charges for such classes of service to be imposed by resolution periodically;
and

WHEREAS, the MWDOC Rate Study was completed in 2016, which added a new Groundwater Customer Charge effective with the FY2016-17 rates and charges.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors subject to the provisions set forth herein that Ordinance No. 5~~32~~ is hereby repealed and superseded and this Ordinance No.5~~43~~ is adopted and enacted as follows:

SECTION 1. SCOPE:

- 1.1 This Ordinance establishes classes of water service, the terms and conditions for water delivery by MWDOC to Customers of the district, and "CHOICE" services as defined herein. This Ordinance shall apply to Customers of MWDOC after the effective date of the Ordinance.
- 1.2 General definitions are set forth in Section 2. Definitions concerning Rates are set forth in Section 3. Definitions for Charges are set forth in Section 4.

SECTION 2. DEFINITIONS:

- 2.1 Whenever used in this Ordinance, the following terms shall have the meaning indicated herein:
- 2.2 "Board" shall mean the Board of Directors of MWDOC.
- 2.3 "MWDOC" shall mean the Municipal Water District of Orange County.
- 2.4 "MWDOC Member Agency" shall mean any city, county, water district, county water board, mutual water company, investor owned utility or other entity, including a joint powers agency, which receives water from MWDOC, directly or indirectly

(excepting the cities of Anaheim, Fullerton and Santa Ana), the corporate area of which, in whole or in part, is included in MWDOC.

2.4.1 "Retail Water Meter" shall mean a water meter, or water measuring device, through which water, other than replenishment, construction and recycled water, directly or indirectly supplied by MWDOC, is delivered to any consumer within the boundaries of each MWDOC Member Agency or customer. Retail Water Meters are considered to be "in service" if they were used at any time within the preceding calendar year. Meters on dedicated fire lines shall not be considered as being "in service"; retail meters not being utilized due to temporary interruption as a result of a change in service or a past due account shall be considered as being "in service."

2.5 "Customer" shall mean any MWDOC Member Agency or other purchaser of water or services from MWDOC and shall include the cities of Anaheim, Fullerton and Santa Ana.

2.6 "General Manager" shall mean the General Manager of MWDOC.

2.7 "Groundwater Basin" shall mean any managed Groundwater Basin located entirely or partially within the boundaries of MWDOC.

2.8 "State" shall mean the State of California.

2.9 "Metropolitan" shall mean the Metropolitan Water District of Southern California.

2.10 "Treated Water" shall mean water that is treated ~~at any Metropolitan water treatment facility.~~

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2.11 "Untreated Water" shall mean water that is not Treated Water.

2.12 "Imported Water" shall mean water which is acquired by MWDOC from Metropolitan, except for Recycled Water.

2.13 "Surface Water" shall mean water which is not groundwater or Recycled Water.

2.14 "Domestic and Municipal Purposes" shall mean the use of water for all domestic, municipal, commercial, industrial, and recreational purposes commonly, but not exclusively, serviced by the water supply of a city, town, or other similar population group.

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2.16 "Groundwater Replenishment" shall mean the act of spreading or injecting water or causing water to be spread or injected, and utilizing Imported Water in-lieu of producing groundwater for the purpose of replenishing ~~natural~~ Groundwater Basins, without regard to the subsequent use of such water.

2.16.1 "Groundwater Replenishment by Spreading or Injecting" shall mean Groundwater Replenishment that results from the act of spreading or injecting water, and shall not include water used for Seawater Barrier Groundwater Replenishment.

2.16.2 "Seawater Barrier Groundwater Replenishment" shall mean groundwater replenishment by injection of water for the principal purpose of maintaining groundwater barriers designed and intended to avoid the contamination of groundwater storage basins by the intrusion of seawater.

2.16.3 "In-lieu Groundwater Replenishment" shall mean maintenance or replenishment of water supplies in Groundwater Basins by reduction or elimination of

extraction therefrom through the substitution of deliveries of water to customers and their consumers from imported water distribution facilities in-lieu of such extraction.

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2.20 "Full Service" shall mean service of water for domestic or municipal purposes, agricultural purposes and Groundwater Replenishment purposes that is not subject to reduction or interruption except by application of the preferential rights referred to in Section 135 of the Metropolitan Water District Act or by application of the then effective MWDOC Water Supply Allocation Plan ("WSAP") or other shortage allocation plan as adopted by the Board.

2.21 "Emergency Service" shall mean service of water when a determination has been made by the General Manager that serious hardship would result to a MWDOC Member Agency in the event of the MWDOC Member Agency's inability to sustain all or any part of a reduction or interruption in the delivery of water to the extent and for the time mandated by the Board pursuant to Section 6.3 and such inability results from a cause other than an unforeseeable catastrophic event or loss of water supplies from sources other than MWDOC, or due to circumstances determined by the General Manager to be exceptional. If the inability to sustain an interruption is determined by the General Manager to be due to a catastrophic event, loss of water source or exceptional circumstances, then the water service provided to avoid hardship shall be treated as Full Service.

2.22 "Recycled Water," which is sometimes referred to as non-potable water, is water that does not meet criteria established by the State Department of Health Services for domestic use, and shall mean wastewater which has been collected in a sanitary sewer system and treated within a water reclamation plant or is untreated low quality water extracted from Groundwater Basins, both types of water being suitable for selected non-potable uses.

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2.25 "Summer Period" shall mean May 1 through September 30 of a calendar year.

2.26 "Fiscal Year" shall mean the period which commences July 1 of each calendar year and ends June 30 of the following calendar year.

2.27 Blank

2.28 "New AMP Connection" shall mean a service connection to the Allen-McColloch Pipeline requested by a MWDOC Member Agency which is not a party to the Agreement for Allocation of Proceeds of Sale of the Allen-McColloch Pipeline.

2.29 "Metropolitan Readiness-to-Serve Charge" or "Metropolitan RTS Charge" shall mean the total monetary charge imposed by Metropolitan on MWDOC and collected either (1) by Metropolitan as a standby charge on property within MWDOC's [service area](#) boundaries or (2) directly from MWDOC.

2.30 "Net Metropolitan Readiness-to-Serve Charge" or "Net Metropolitan RTS Charge" shall mean that portion of the Metropolitan Readiness-to-Serve Charge which is not collected as a standby charge on property within MWDOC's boundaries, which is

billed by Metropolitan directly to MWDOC, and which, if no standby charge is levied, shall constitute the entire Metropolitan RTS Charge.

2.31 "MWDOC Member Agency Readiness-to-Serve Charge" or "MWDOC Member Agency RTS Charge" shall mean the apportionment of the Net Metropolitan RTS Charge to the MWDOC Member Agencies based upon the rolling average water sales, as may be established from time to time by the MWDOC Board.

2.32 "MWDOC Capacity Charge" or "Capacity Charge" shall mean the allocation of Metropolitan's Capacity Charge to MWDOC's member agencies based on each member agency's highest peak of daily flow for the delivery of full service Metropolitan water between May 1 and September 30 in the three preceding calendar years. blank

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2.37 "MWDOC Water Supply Allocation Plan" or "WSAP" shall mean a plan established by the Board to allocate water among the MWDOC Member Agencies during times of water shortage.

2.38 "CHOICE" services (as distinguished from "Core" services imposed on all Member Agencies) shall mean those services made available by MWDOC to its Customers on an elective basis. Each Customer will make a decision whether and to what extent it will engage the services and participate in the activities (depending on the nature of the services and the manner in which they are charged).

2.39 "Water Rate Resolution" shall mean a Resolution adopted by MWDOC periodically at the discretion of the Board that establishes MWDOC's water rates and other charges.

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2.41 "MWDOC's Retail Meter Charge" shall have the meaning set forth in Section 3(b) of this Ordinance No. 53.

2.42 "AMP Surcharge" shall have the meaning set forth in Section 3(d) of this Ordinance No. 53.

2.43 "AMP Connection Charge" shall have the meaning set forth in Section 4.5(a) of this Ordinance No. 53.

2.44 "Groundwater Customer Charge" shall have the meaning set forth in Section 3(c) of this Ordinance No. 53.

SECTION 3. MWDOC's WATER RATE:

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The water rate shall be established in an amount that, in combination with revenues from other charges collected by MWDOC, will result in revenues sufficient for the purposes set forth in section 71616 of the California Water Code. The water rate shall include components for:

(a) The cost of acquiring water or wheeling, [exchanging, or transferring](#) service (i.e., for water acquired from Metropolitan, the cost of acquisition would include, a per acre foot rate based on a melding of Metropolitan's Tier 1 and Tier 2 supply rates, plus Metropolitan's System Access

Charge, Water Stewardship Rate, System Power Rate, and, for Treated Water deliveries, Metropolitan's Treatment Surcharge); including other Metropolitan rates, charges, fees, penalties and other applicable charges to MWDOC, as well as other costs incurred to ensure the reliability and availability of water.

(b) Retail Meter Charge - An annual basic charge for each Retail Water Meter served by a MWDOC Member Agency which is "in service" as of January 1 of each year (hereinafter referred to as "MWDOC's Retail Meter Charge").

MWDOC's Retail Meter Charge shall be set to generate revenue that, in combination with revenues derived from MWDOC's Groundwater Customer Charge, shall cover MWDOC's operating expenses and financial requirements, including reserves.

(c) Groundwater Customer Charge - An annual charge to OCWD for core services provided by MWDOC.

(d) AMP Surcharge. A per acre-foot surcharge on water delivered through the Allen-McColloch Pipeline ("AMP Surcharge") to cover repair, maintenance and operation costs for the Allen-McColloch Pipeline to the extent such costs are not fully assumed and paid by Metropolitan, pursuant to the Agreement for Sale and Purchase of the Allen-McColloch Pipeline.

The Board shall establish said the forgoing rates and charges by resolution and shall adjust the rates and charges by resolution periodically as determined appropriate by the Board in its discretion. Written notice of the proposed establishment or amendment of rates and charges and the amounts and details thereof shall be given to all member

agencies not less than 10 days prior to the meeting at which such resolution will be considered.

SECTION 4. OTHER CHARGES:

In addition to the water rates and charges provided in Section 3, each MWDOC Member Agency shall be assessed charges as follows:

4.1 MWDOC Readiness-to-Serve Charge - an annual charge which shall be assessed to each MWDOC Member Agency and calculated as described in the rate resolution adopted pursuant to this Ordinance.

4.2 MWDOC Capacity Charge –The MWDOC Capacity Charge is assessed to each MWDOC Member Agency on the basis of recent historic peak day capacity usage (including capacity usage for Full Service and wheeling as a fixed charge on each Member Agency calculated on such past peak day usage, as described in the rate resolution adopted pursuant to this Ordinance).

4.3 Blank.

4.4 The MWDOC Readiness-to-Serve Charge and the MWDOC Capacity Charge shall be set by the Board by resolution and shall be established at a level which, in the judgment of the Board, will yield revenues sufficient to cover the charges imposed by Metropolitan upon MWDOC under Metropolitan's rates and charges for water service, provided that MWDOC's charges may provide for collection in advance of expected invoice by Metropolitan and provide for a reasonable excess to cover variations in the amount of Metropolitan's charges that cannot be calculated in advance.

4.5 AMP Connection Charge

(a) As a condition to the approval for any request for a New AMP Connection, the agency requesting the New AMP Connection shall pay, in addition to the cost of constructing the service connection and all costs and fees imposed by Metropolitan, a connection charge ("AMP Connection Charge"). The AMP Connection Charge shall be calculated upon the maximum potential flow through the requested service connection, multiplied by the average unreimbursed 1993 replacement cost, less depreciation of a cubic foot per second (cfs) of capacity at all points along the Allen-McColloch Pipeline, calculated to be \$109,700 per cfs, and that price shall be escalated from 1993 to the year in which the readjustment is made at the annual interest rate of 4.0% and payment shall be made in cash at the time of the readjustment.

(b) The proceeds of AMP Connection Charges collected by MWDOC shall be used to reimburse those MWDOC Member Agencies and those agencies outside MWDOC's service area which acquired leasehold interests in the Allen-McColloch Pipeline, prior to the sale of the Allen-McColloch Pipeline to Metropolitan, for a portion of their acquisition costs, which were not recovered through the sale of the Allen-McColloch Pipeline to Metropolitan, in proportion to their cfs ownership in the Allen-McColloch Pipeline system.

(c) The AMP Connection Charge shall terminate and shall not be applied to any New AMP Connections requested after Metropolitan completes a project which augments the capacity of the Allen-McColloch Pipeline in any amount. Notwithstanding the foregoing, an agency that has requested and obtained a new connection to the Allen-McColloch Pipeline shall not be entitled to

reimbursement of all or any portion of the AMP Connection Charges already paid, by reason of Metropolitan's subsequent augmentation of the Allen-McColloch Pipeline.

(d) The payment of the AMP Connection Charge shall not entitle the agency requesting the New AMP Connection to any rights or benefits under the Agreement for Allocation of Proceeds of Sale of the Allen-McColloch Pipeline, nor to any portion of the payments to be made by Metropolitan in consideration of the sale of the Allen-McColloch Pipeline, nor to any interest in the Allen-McColloch Pipeline facilities.

4.6 Charges for CHOICE services. The categories, budget levels and methodology for allocating the costs to MWDOC's Customers for CHOICE services shall be set each year by the Board in its adoption of the Water Rate Resolution.

SECTION 5. CLASSES OF SERVICE:

The rates per acre-foot for water sold and delivered for each class of service on order of any MWDOC Member Agency for use therein shall be as established from time to time by resolution of the Board. The classes of service for water are as follows:

5.1 Full Service (for Domestic and Municipal Purposes, agricultural service, and for Groundwater Replenishment).

5.2 Emergency Service

5.3 Blank

5.4 Recycled Water (for selected non-potable uses). Such water shall be sold at MWDOC's cost of acquisition for Recycled Water.

5.5 Not Used

5.6 Wheeled, Exchanged or Transfer Water

Unless otherwise specified by written agreement with MWDOC, MWDOC shall charge the MWDOC Member Agencies for water wheeled or transferred into the MWDOC service area in accordance with the Water Rate Resolution

5.7 Deliveries to Which Rates Not Applicable.

The rates for the various classes of service of water established by this Section 5 shall not apply to water sold and delivered by MWDOC to any purchaser other than a MWDOC Member Agency; and said rates shall not apply to water sold and delivered by MWDOC for any use outside MWDOC, or to water sold and delivered by MWDOC for any use within MWDOC in substitution for water used outside MWDOC, regardless of whether or not such water will be purchased by, or delivered pursuant to the order of, any MWDOC Member Agency; but such water shall be sold and delivered pursuant to such contract and upon such terms and conditions as the Board shall authorize and determine for each such transaction.

5.8 Rates Subject to Applicable Law.

All sales and deliveries of water in classes established by Section 5 shall be subject to all applicable statutes and administrative regulations, including the Metropolitan Water District of Southern California Administrative Code, as they may be amended from time to time, and to any current MWDOC policies.

SECTION 6. ESTIMATES OF WATER REQUIREMENTS, SCHEDULES OF
DELIVERIES AND CERTIFICATION:

6.1 General. Each year, or at such time as the General Manager may specify, each MWDOC Member Agency shall furnish MWDOC, in a form provided by MWDOC, a five-year estimate of the amounts of water to be furnished to such MWDOC Member Agency by MWDOC, and an estimate of the quantity of water anticipated to be obtained from local sources to meet the MWDOC Member Agency needs. The estimate shall constitute the MWDOC Member Agency's request for deliveries for the first of the five years covered therein.

6.2 Contents of Estimates and Certification.

6.2.1 Each estimate furnished by a Member Agency pursuant to Section 6.1 shall contain, at a minimum, for each service connection and for each month of the Fiscal Year beginning with the succeeding July 1, and for the entire MWDOC Member Agency for each month of the succeeding four Fiscal Years, the following information:

- (a) The quantity of treated and Untreated Water to be delivered by MWDOC to the MWDOC Member Agency in Full Service.

6.3 Obligations in Event of Shortage.

The Board may provide for a method of allocation of available supplies as the Board may determine necessary, through adoption of a Water Supply Allocation Plan for all classes of service. MWDOC shall provide any notice required by law for implementation of a reduction or interruption of any class or classes of service; however, no additional or special notice shall be required for any particular class of service as a condition of implementing a reduction or interruption of service.

SECTION 7. BILLING AND PAYMENT, CERTIFICATIONS AND REPORTING OF
WATER SALES AND TRANSFERS

7.1 Billing Schedule. The MWDOC Member Agencies shall be billed for water delivered and for other charges as provided by resolution of the Board.

7.2 Delinquent Payment. In the event any MWDOC Member Agency which receives deliveries of water from MWDOC is delinquent in payment of bills for water rates and charges, an additional charge equal to two percent (2%) of such delinquent amount shall be assessed to the MWDOC Member Agency for each month or fraction thereof in which the delinquent amount is not paid. Notwithstanding the above, if the total period of delinquency does not exceed five (5) business days, the additional charge shall be equal to one percent (1%) of such delinquent payment. Invoices for delinquencies, including additional charges, shall be mailed within 5 days of delinquency.

Additional charges provided herein for delinquent payments may be waived by the Board upon written request by the MWDOC Member Agency upon a finding that the delinquency was caused by excusable neglect or circumstances beyond the control of the MWDOC Member Agency, provided that the delinquent Member Agency reimburses MWDOC for all costs and penalties actually incurred by MWDOC as a result of the delinquent payment. In the event that any MWDOC Member Agency which receives deliveries of water from MWDOC shall be delinquent for more than thirty (30) days in the payment of billings for MWDOC's charges, the Board, in its discretion and upon other conditions as it may prescribe, after giving the MWDOC Member Agency a twenty-day (20-day) notice in writing of such delinquency and of the right to request a hearing on the matter, and after such hearing, if requested, may order the termination of water service to

such agency until all delinquent payments, including additional charges, are made to MWDOC, and may authorize such other action as may be appropriate.

7.3 Certification of Retail Meters. On or before the first day of February of each year, each of MWDOC's Member Agencies shall certify the number of retail water service meters that were "in service" (see 2.4.1) within the territory of each agency which is within MWDOC as of January 1st of that year on a form provided by MWDOC. The number of meters specified thereon shall be subject to MWDOC confirmation and shall be used to calculate billings for MWDOC's Retail Meter Charge.

7.4 Disputed Bills. If a MWDOC Member Agency disputes the amount of any billing, the MWDOC Member Agency shall pay the disputed bill. Corrections to the billing, if deemed necessary, shall be made on the succeeding month's water bill without interest.

7.5 Year-End Reconciliation. Billing for all water delivered by MWDOC to a MWDOC Member Agency that requires annual reconciliation (unless otherwise specified by agreement) shall be subject to a reconciliation after the close of each Fiscal Year to determine what quantity of water qualifies for the incentive or penalty. Adjustment will be made to previous billings based upon the reconciliation and the MWDOC Member Agency will be billed or given a credit for the difference.

7.6 Certifications. In the event water is delivered to a MWDOC Member Agency under a classification of delivery of water that requires certification, the MWDOC Member Agency must submit the required certifications, in a format provided by MWDOC, documenting the quantity of water used for such purposes.

7.7 Blank

7.8 Reporting of Water Transfers or Exchanges. Transfers or exchanges of Imported Water between MWDOC Member Agencies affecting the calculation of the Metropolitan RTS Charge or other charges imposed by Metropolitan or MWDOC must be reported by the MWDOC Member Agency to MWDOC within sixty (60) days following the month of delivery, in order to qualify for an adjustment of the Metropolitan RTS Charge or other charges.

SECTION 8. WATER WHEELING, EXCHANGES AND TRANSFERS:

8.1 Water Wheeling, Exchanges and Transfers that will result in water being delivered into MWDOC's service area and that are entered into between two or more MWDOC Member Agencies or entities within the District, or between a MWDOC Member Agency and an entity outside the District, will be subject to MWDOC's consent.

SECTION 9. SUPERCEDES PRIOR RESOLUTIONS.

9.1 All ordinances, resolutions or administrative actions by the Board, or parts thereof that are inconsistent with any provision of this Ordinance are hereby superseded only to the extent of such inconsistency.

SECTION 10. SEVERABILITY:

If any provision of this Ordinance is for any reason held to be unlawful, such decision shall not affect the remaining portions of the Ordinance. The Board of Directors hereby declares that it would have passed each and every section and each and every phrase thereof irrespective of the fact that one or more provisions be declared invalid.

SECTION 11. EFFECTIVE DATE:

This Ordinance shall be effective July 1, 20~~20~~⁴⁶. Said Ordinance No. ~~543~~ was adopted, on roll call, by the following vote:

AYES: ~~Directors Barbro, Finnegan, Hinman, Osborne, Tamaribuchi & Thomas~~
NOES: ~~None~~
ABSENT: ~~Director Dick~~
ABSTAIN: ~~None~~

I certify the foregoing is a true and correct copy of Ordinance No. 543, adopted by the Board of Directors at its meeting held on May 20, 2020 ~~May 18, 2016~~.

Maribeth Goldsby,
District Secretary

ORDINANCE NO. 54

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY ESTABLISHING CLASSES OF WATER SERVICE AND TERMS AND CONDITIONS OF WATER SERVICE WITHIN THE DISTRICT

WHEREAS, the Municipal Water District of Orange County ("MWDOC") is a municipal water district organized pursuant to the Municipal Water District Act of 1911 (Water Code section 71000 et. seq.); and

WHEREAS, MWDOC is a member agency of the Metropolitan Water District of Southern California (hereinafter "Metropolitan") and the sole purveyor of imported water purchased from Metropolitan to retail water agencies and municipalities within MWDOC's service area; and

WHEREAS, MWDOC is authorized and directed by section 71616 of the Water Code of the State of California to establish water rates and charges for the sale of water which will result in revenues sufficient to meet the operating expenses of the District, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with the bonded debt; and

WHEREAS, Metropolitan has established classes of service for water service available to MWDOC consisting of Treated and Untreated Full Service, and rates, charges and conditions of service applicable to each class of water service as set forth in the Metropolitan Water District Administrative Code; and

WHEREAS, MWDOC's 2001 Strategic Plan and the 2010 Update emphasizes MWDOC's role in pursuing a regional approach to providing a reliable water supply to the residents of MWDOC and Orange County; and

WHEREAS, the MWDOC Board views MWDOC's service area (and Orange County) as a single economic unit in which water supply reliability in one area of the County has an economic impact to the entire County; and

WHEREAS, beginning with the budget year commencing July 1, 2011, the MWDOC Board approved changing the format of the budget and how certain "CHOICE" services are to be funded by those MWDOC member agencies and others (such as the cities of Anaheim, Fullerton and Santa Ana) electing to receive such services; and

WHEREAS, pursuant to section 71614 of the California Water Code MWDOC may establish different rates for different classes of customers, and such rates shall be uniform throughout MWDOC for like classes and conditions of service; and

WHEREAS, the Board of Directors of MWDOC desires to establish classes of water service that will enable MWDOC to fix water rates and charges that will cover MWDOC's cost of water and other operating expenses including financial requirements; and

WHEREAS, the Board of Directors of MWDOC desires to adopt terms and conditions for the provision of the various classes of water service and to establish water rates and charges for such classes of service to be imposed by resolution periodically; and

WHEREAS, the MWDOC Rate Study was completed in 2016, which added a new Groundwater Customer Charge effective with the FY2016-17 rates and charges.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors subject to the provisions set forth herein that Ordinance No. 53 is hereby repealed and superseded and this Ordinance No.54 is adopted and enacted as follows:

SECTION 1. SCOPE:

- 1.1 This Ordinance establishes classes of water service, the terms and conditions for water delivery by MWDOC to Customers of the district, and "CHOICE" services as defined herein. This Ordinance shall apply to Customers of MWDOC after the effective date of the Ordinance.
- 1.2 General definitions are set forth in Section 2. Definitions concerning Rates are set forth in Section 3. Definitions for Charges are set forth in Section 4.

SECTION 2. DEFINITIONS:

- 2.1 Whenever used in this Ordinance, the following terms shall have the meaning indicated herein:
 - 2.2 "Board" shall mean the Board of Directors of MWDOC.
 - 2.3 "MWDOC" shall mean the Municipal Water District of Orange County.
 - 2.4 "MWDOC Member Agency" shall mean any city, county, water district, county water board, mutual water company, investor owned utility or other entity, including a joint powers agency, which receives water from MWDOC, directly or indirectly (excepting the cities of Anaheim, Fullerton and Santa Ana), the corporate area of which, in whole or in part, is included in MWDOC.
 - 2.4.1 "Retail Water Meter" shall mean a water meter, or water measuring device, through which water, other than replenishment, construction and recycled

water, directly or indirectly supplied by MWDOC, is delivered to any consumer within the boundaries of each MWDOC Member Agency or customer. Retail Water Meters are considered to be "in service" if they were used at any time within the preceding calendar year. Meters on dedicated fire lines shall not be considered as being "in service"; retail meters not being utilized due to temporary interruption as a result of a change in service or a past due account shall be considered as being "in service."

2.5 "Customer" shall mean any MWDOC Member Agency or other purchaser of water or services from MWDOC and shall include the cities of Anaheim, Fullerton and Santa Ana.

2.6 "General Manager" shall mean the General Manager of MWDOC.

2.7 "Groundwater Basin" shall mean any managed Groundwater Basin located entirely or partially within the boundaries of MWDOC.

2.8 "State" shall mean the State of California.

2.9 "Metropolitan" shall mean the Metropolitan Water District of Southern California.

2.10 "Treated Water" shall mean water that is treated..

2.11 "Untreated Water" shall mean water that is not Treated Water.

2.12 "Imported Water" shall mean water which is acquired by MWDOC from Metropolitan, except for Recycled Water.

2.13 "Surface Water" shall mean water which is not groundwater or Recycled Water.

2.14 "Domestic and Municipal Purposes" shall mean the use of water for all domestic, municipal, commercial, industrial, and recreational purposes commonly, but not exclusively, serviced by the water supply of a city, town, or other similar population group.

2.15 Blank

2.16 "Groundwater Replenishment" shall mean the act of spreading or injecting water or causing water to be spread or injected, and utilizing Imported Water in-lieu of producing groundwater for the purpose of replenishing Groundwater Basins, without regard to the subsequent use of such water.

2.16.1 "Groundwater Replenishment by Spreading or Injecting" shall mean Groundwater Replenishment that results from the act of spreading or injecting water, and shall not include water used for Seawater Barrier Groundwater Replenishment.

2.16.2 "Seawater Barrier Groundwater Replenishment" shall mean groundwater replenishment by injection of water for the principal purpose of maintaining groundwater barriers designed and intended to avoid the contamination of groundwater storage basins by the intrusion of seawater.

2.16.3 "In-lieu Groundwater Replenishment" shall mean maintenance or replenishment of water supplies in Groundwater Basins by reduction or elimination of extraction therefrom through the substitution of deliveries of water to customers and their consumers from imported water distribution facilities in-lieu of such extraction.

2.17 Blank

2.18 Blank

2.19 Blank

2.20 "Full Service" shall mean service of water for domestic or municipal purposes, agricultural purposes and Groundwater Replenishment purposes that is not subject to reduction or interruption except by application of the preferential rights referred to in Section 135 of the Metropolitan Water District Act or by application of the then effective MWDOC Water Supply Allocation Plan ("WSAP") or other shortage allocation plan as adopted by the Board.

2.21 "Emergency Service" shall mean service of water when a determination has been made by the General Manager that serious hardship would result to a MWDOC Member Agency in the event of the MWDOC Member Agency's inability to sustain all or any part of a reduction or interruption in the delivery of water to the extent and for the time mandated by the Board pursuant to Section 6.3 and such inability results from a cause other than an unforeseeable catastrophic event or loss of water supplies from sources other than MWDOC, or due to circumstances determined by the General Manager to be exceptional. If the inability to sustain an interruption is determined by the General Manager to be due to a catastrophic event, loss of water source or exceptional circumstances, then the water service provided to avoid hardship shall be treated as Full Service.

2.22 "Recycled Water," which is sometimes referred to as non-potable water, is water that does not meet criteria established by the State Department of Health Services for domestic use, and shall mean wastewater which has been collected in a sanitary sewer system and treated within a water reclamation plant or is untreated low quality water extracted from Groundwater Basins, both types of water being suitable for selected non-potable uses.

2.23 Blank

2.24 Blank

2.25 "Summer Period" shall mean May 1 through September 30 of a calendar year.

2.26 "Fiscal Year" shall mean the period which commences July 1 of each calendar year and ends June 30 of the following calendar year.

2.27 Blank

2.28 "New AMP Connection" shall mean a service connection to the Allen-McColloch Pipeline requested by a MWDOC Member Agency which is not a party to the Agreement for Allocation of Proceeds of Sale of the Allen-McColloch Pipeline.

2.29 "Metropolitan Readiness-to-Serve Charge" or "Metropolitan RTS Charge" shall mean the total monetary charge imposed by Metropolitan on MWDOC and collected either (1) by Metropolitan as a standby charge on property within MWDOC's service area boundaries or (2) directly from MWDOC.

2.30 "Net Metropolitan Readiness-to-Serve Charge" or "Net Metropolitan RTS Charge" shall mean that portion of the Metropolitan Readiness-to-Serve Charge which is not collected as a standby charge on property within MWDOC's boundaries, which is billed by Metropolitan directly to MWDOC, and which, if no standby charge is levied, shall constitute the entire Metropolitan RTS Charge.

2.31 "MWDOC Member Agency Readiness-to-Serve Charge" or "MWDOC Member Agency RTS Charge" shall mean the apportionment of the Net Metropolitan RTS Charge to the MWDOC Member Agencies based upon the rolling average water sales, as may be established from time to time by the MWDOC Board.

2.32 "MWDOC Capacity Charge" or "Capacity Charge" shall mean the allocation of Metropolitan's Capacity Charge to MWDOC's member agencies based on each member agency's highest peak of daily flow for the delivery of full service Metropolitan water between May 1 and September 30 in the three preceding calendar years.

2.33 blank

2.34 blank

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2.36 blank

2.37 "MWDOC Water Supply Allocation Plan" or "WSAP" shall mean a plan established by the Board to allocate water among the MWDOC Member Agencies during times of water shortage.

2.38 "CHOICE" services (as distinguished from "Core" services imposed on all Member Agencies) shall mean those services made available by MWDOC to its Customers on an elective basis. Each Customer will make a decision whether and to what extent it will engage the services and participate in the activities (depending on the nature of the services and the manner in which they are charged).

2.39 "Water Rate Resolution" shall mean a Resolution adopted by MWDOC periodically at the discretion of the Board that establishes MWDOC's water rates and other charges.

2.40 blank

2.41 "MWDOC's Retail Meter Charge" shall have the meaning set forth in Section 3(b) of this Ordinance No. 54.

2.42 "AMP Surcharge" shall have the meaning set forth in Section 3(d) of this Ordinance No. 54.

2.43 "AMP Connection Charge" shall have the meaning set forth in Section 4.5(a) of this Ordinance No. 54.

2.44 "Groundwater Customer Charge" shall have the meaning set forth in Section 3(c) of this Ordinance No. 54.

SECTION 3. MWDOC's WATER RATE:

The water rate shall be established in an amount that, in combination with revenues from other charges collected by MWDOC, will result in revenues sufficient for the purposes set forth in section 71616 of the California Water Code. The water rate shall include components for:

(a) The cost of acquiring water or wheeling, exchanging, or transferring service (i.e., for water acquired from Metropolitan, the cost of acquisition would include, a per acre foot rate based on a melding of Metropolitan's Tier 1 and Tier 2 supply rates, plus Metropolitan's System Access Charge, Water Stewardship Rate, System Power Rate, and, for Treated Water deliveries, Metropolitan's Treatment Surcharge); including other rates, charges, fees, penalties and other applicable charges to MWDOC.

(b) Retail Meter Charge - An annual basic charge for each Retail Water Meter served by a MWDOC Member Agency which is "in service" as of January 1 of each year (hereinafter referred to as "MWDOC's Retail Meter Charge").

MWDOC's Retail Meter Charge shall be set to generate revenue that, in combination with revenues derived from MWDOC's Groundwater Customer Charge, shall cover MWDOC's operating expenses and financial requirements, including reserves.

(c) Groundwater Customer Charge - An annual charge to OCWD for core services provided by MWDOC.

(d) AMP Surcharge. A per acre-foot surcharge on water delivered through the Allen-McColloch Pipeline ("AMP Surcharge") to cover repair, maintenance and operation costs for the Allen-McColloch Pipeline to the extent such costs are not fully assumed and paid by Metropolitan, pursuant to the Agreement for Sale and Purchase of the Allen-McColloch Pipeline.

The Board shall establish said the forgoing rates and charges by resolution and shall adjust the rates and charges by resolution periodically as determined appropriate by the Board in its discretion. Written notice of the proposed establishment or amendment of rates and charges and the amounts and details thereof shall be given to all member agencies not less than 10 days prior to the meeting at which such resolution will be considered.

SECTION 4. OTHER CHARGES:

In addition to the water rates and charges provided in Section 3, each MWDOC Member Agency shall be assessed charges as follows:

4.1 MWDOC Readiness-to-Serve Charge - an annual charge which shall be assessed to each MWDOC Member Agency and calculated as described in the rate resolution adopted pursuant to this Ordinance.

4.2 MWDOC Capacity Charge –The MWDOC Capacity Charge is assessed to each MWDOC Member Agency on the basis of recent historic peak day capacity usage (including capacity usage for Full Service and wheeling as a fixed charge on each Member Agency calculated on such past peak day usage, as described in the rate resolution adopted pursuant to this Ordinance).

4.3 Blank.

4.4 The MWDOC Readiness-to-Serve Charge and the MWDOC Capacity Charge shall be set by the Board by resolution and shall be established at a level which, in the judgment of the Board, will yield revenues sufficient to cover the charges imposed by Metropolitan upon MWDOC under Metropolitan's rates and charges for water service, provided that MWDOC's charges may provide for collection in advance of expected invoice by Metropolitan and provide for a reasonable excess to cover variations in the amount of Metropolitan's charges that cannot be calculated in advance.

4.5 AMP Connection Charge

(a) As a condition to the approval for any request for a New AMP Connection, the agency requesting the New AMP Connection shall pay, in addition to the cost of constructing the service connection and all costs and fees imposed by Metropolitan, a connection charge ("AMP Connection Charge"). The AMP Connection Charge shall be calculated upon the maximum potential flow through the requested service connection, multiplied by the average unreimbursed 1993 replacement cost, less depreciation of a cubic foot per second (cfs) of capacity at all points along the Allen-McColloch Pipeline, calculated to be \$109,700 per cfs, and that price shall be escalated from 1993 to the year in which the readjustment is

made at the annual interest rate of 4.0% and payment shall be made in cash at the time of the readjustment.

(b) The proceeds of AMP Connection Charges collected by MWDOC shall be used to reimburse those MWDOC Member Agencies and those agencies outside MWDOC's service area which acquired leasehold interests in the Allen-McColloch Pipeline, prior to the sale of the Allen-McColloch Pipeline to Metropolitan, for a portion of their acquisition costs, which were not recovered through the sale of the Allen-McColloch Pipeline to Metropolitan, in proportion to their cfs ownership in the Allen-McColloch Pipeline system.

(c) The AMP Connection Charge shall terminate and shall not be applied to any New AMP Connections requested after Metropolitan completes a project which augments the capacity of the Allen-McColloch Pipeline in any amount. Notwithstanding the foregoing, an agency that has requested and obtained a new connection to the Allen-McColloch Pipeline shall not be entitled to reimbursement of all or any portion of the AMP Connection Charges already paid, by reason of Metropolitan's subsequent augmentation of the Allen-McColloch Pipeline.

(d) The payment of the AMP Connection Charge shall not entitle the agency requesting the New AMP Connection to any rights or benefits under the Agreement for Allocation of Proceeds of Sale of the Allen-McColloch Pipeline, nor to any portion of the payments to be made by Metropolitan in consideration of the sale of the Allen-McColloch Pipeline, nor to any interest in the Allen-McColloch Pipeline facilities.

- 4.6 Charges for CHOICE services. The categories, budget levels and methodology for allocating the costs to MWDOC's Customers for CHOICE services shall be set each year by the Board in its adoption of the Water Rate Resolution.

SECTION 5. CLASSES OF SERVICE:

The rates per acre-foot for water sold and delivered for each class of service on order of any MWDOC Member Agency for use therein shall be as established from time to time by resolution of the Board. The classes of service for water are as follows:

- 5.1 Full Service (for Domestic and Municipal Purposes, agricultural service, and for Groundwater Replenishment).
- 5.2 Emergency Service
- 5.3 Blank
- 5.4 Recycled Water (for selected non-potable uses). Such water shall be sold at MWDOC's cost of acquisition for Recycled Water.
- 5.5 Not Used
- 5.6 Wheeled, Exchanged or Transfer Water

Unless otherwise specified by written agreement with MWDOC, MWDOC shall charge the MWDOC Member Agencies for water wheeled or transferred into the MWDOC service area in accordance with the Water Rate Resolution

- 5.7 Deliveries to Which Rates Not Applicable.

The rates for the various classes of service of water established by this Section 5 shall not apply to water sold and delivered by MWDOC to any purchaser other than a MWDOC Member Agency; and said rates shall not apply to water sold and delivered by

MWDOC for any use outside MWDOC, or to water sold and delivered by MWDOC for any use within MWDOC in substitution for water used outside MWDOC, regardless of whether or not such water will be purchased by, or delivered pursuant to the order of, any MWDOC Member Agency; but such water shall be sold and delivered pursuant to such contract and upon such terms and conditions as the Board shall authorize and determine for each such transaction.

5.8 Rates Subject to Applicable Law.

All sales and deliveries of water in classes established by Section 5 shall be subject to all applicable statutes and administrative regulations, including the Metropolitan Water District of Southern California Administrative Code, as they may be amended from time to time, and to any current MWDOC policies.

SECTION 6. ESTIMATES OF WATER REQUIREMENTS, SCHEDULES OF DELIVERIES AND CERTIFICATION:

6.1 General. Each year, or at such time as the General Manager may specify, each MWDOC Member Agency shall furnish MWDOC, in a form provided by MWDOC, a five-year estimate of the amounts of water to be furnished to such MWDOC Member Agency by MWDOC, and an estimate of the quantity of water anticipated to be obtained from local sources to meet the MWDOC Member Agency needs. The estimate shall constitute the MWDOC Member Agency's request for deliveries for the first of the five years covered therein.

6.2 Contents of Estimates and Certification.

6.2.1 Each estimate furnished by a Member Agency pursuant to Section 6.1 shall contain, at a minimum, for each service connection and for each month of the Fiscal Year beginning with the succeeding July 1, and for the entire MWDOC Member Agency for each month of the succeeding four Fiscal Years, the following information:

(a) The quantity of treated and Untreated Water to be delivered by MWDOC to the MWDOC Member Agency in Full Service.

6.3 Obligations in Event of Shortage.

The Board may provide for a method of allocation of available supplies as the Board may determine necessary, through adoption of a Water Supply Allocation Plan for all classes of service. MWDOC shall provide any notice required by law for implementation of a reduction or interruption of any class or classes of service; however, no additional or special notice shall be required for any particular class of service as a condition of implementing a reduction or interruption of service.

SECTION 7. BILLING AND PAYMENT, CERTIFICATIONS AND REPORTING OF WATER SALES AND TRANSFERS

7.1 Billing Schedule. The MWDOC Member Agencies shall be billed for water delivered and for other charges as provided by resolution of the Board.

7.2 Delinquent Payment. In the event any MWDOC Member Agency which receives deliveries of water from MWDOC is delinquent in payment of bills for water rates and charges, an additional charge equal to two percent (2%) of such delinquent amount shall be assessed to the MWDOC Member Agency for each month or fraction thereof in which the delinquent amount is not paid. Notwithstanding the above, if the total period of

delinquency does not exceed five (5) business days, the additional charge shall be equal to one percent (1%) of such delinquent payment. Invoices for delinquencies, including additional charges, shall be mailed within 5 days of delinquency.

Additional charges provided herein for delinquent payments may be waived by the Board upon written request by the MWDOC Member Agency upon a finding that the delinquency was caused by excusable neglect or circumstances beyond the control of the MWDOC Member Agency, provided that the delinquent Member Agency reimburses MWDOC for all costs and penalties actually incurred by MWDOC as a result of the delinquent payment. In the event that any MWDOC Member Agency which receives deliveries of water from MWDOC shall be delinquent for more than thirty (30) days in the payment of billings for MWDOC's charges, the Board, in its discretion and upon other conditions as it may prescribe, after giving the MWDOC Member Agency a twenty-day (20-day) notice in writing of such delinquency and of the right to request a hearing on the matter, and after such hearing, if requested, may order the termination of water service to such agency until all delinquent payments, including additional charges, are made to MWDOC, and may authorize such other action as may be appropriate.

7.3 Certification of Retail Meters. On or before the first day of February of each year, each of MWDOC's Member Agencies shall certify the number of retail water service meters that were "in service" (see 2.4.1) within the territory of each agency which is within MWDOC as of January 1st of that year on a form provided by MWDOC. The number of meters specified thereon shall be subject to MWDOC confirmation and shall be used to calculate billings for MWDOC's Retail Meter Charge.

7.4 Disputed Bills. If a MWDOC Member Agency disputes the amount of any billing, the MWDOC Member Agency shall pay the disputed bill. Corrections to the billing, if deemed necessary, shall be made on the succeeding month's water bill without interest.

7.5 Year-End Reconciliation. Billing for all water delivered by MWDOC to a MWDOC Member Agency that requires annual reconciliation (unless otherwise specified by agreement) shall be subject to a reconciliation after the close of each Fiscal Year to determine what quantity of water qualifies for the incentive or penalty. Adjustment will be made to previous billings based upon the reconciliation and the MWDOC Member Agency will be billed or given a credit for the difference.

7.6 Certifications. In the event water is delivered to a MWDOC Member Agency under a classification of delivery of water that requires certification, the MWDOC Member Agency must submit the required certifications, in a format provided by MWDOC, documenting the quantity of water used for such purposes.

7.7 Blank

7.8 Reporting of Water Transfers or Exchanges. Transfers or exchanges of Imported Water between MWDOC Member Agencies affecting the calculation of the Metropolitan RTS Charge or other charges imposed by Metropolitan or MWDOC must be reported by the MWDOC Member Agency to MWDOC within sixty (60) days following the month of delivery, in order to qualify for an adjustment of the Metropolitan RTS Charge or other charges.

SECTION 8. WATER WHEELING, EXCHANGES AND TRANSFERS:

8.1 Water Wheeling, Exchanges and Transfers that will result in water being delivered into MWDOC's service area and that are entered into between two or more

MWDOC Member Agencies or entities within the District, or between a MWDOC Member Agency and an entity outside the District, will be subject to MWDOC's consent.

SECTION 9. SUPERCEDES PRIOR RESOLUTIONS.

9.1 All ordinances, resolutions or administrative actions by the Board, or parts thereof that are inconsistent with any provision of this Ordinance are hereby superseded only to the extent of such inconsistency.

SECTION 10. SEVERABILITY:

If any provision of this Ordinance is for any reason held to be unlawful, such decision shall not affect the remaining portions of the Ordinance. The Board of Directors hereby declares that it would have passed each and every section and each and every phrase thereof irrespective of the fact that one or more provisions be declared invalid.

SECTION 11. EFFECTIVE DATE:

This Ordinance shall be effective July 1, 2020. Said Ordinance No. 54 was adopted, on roll call, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify the foregoing is a true and correct copy of Ordinance No. 54, adopted by the Board of Directors at its meeting held on May 20, 2020.

Maribeth Goldsby,
District Secretary



INFORMATION ITEM

May 13, 2020

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

FROM: Robert Hunter, General Manager

Staff Contact: Charles Busslinger,
Cathleen Harris

**SUBJECT: STATUS UPDATE RE OFFICE CONSTRUCTION/REHAB/SEISMIC
RETROFIT**

STAFF RECOMMENDATION

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

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

Staff, A&E consultant IDS Group, and Owner's Representative ABS Consulting have been working to complete the final bid package for the seismic retrofit and remodel of the administration building. Recent activity highlights since the December 2019 status update include:

1. Completion of City plan check review on March 28, 2020;
2. Completion of Value Engineering/Constructability Review by ABS;
3. Completion of Asbestos Testing;
4. Completion of an estimate of likely construction cost by the ABS team.

Staff and consultants are currently cleaning up technical details and obtaining miscellaneous permits (i.e. OCWD permit to place a construction trailer in the OCWD/MWDOC parking lot) prior to finalizing the bid package and issuing an invitation for bids. The value engineering/constructability review proved useful in streamlining the

Budgeted (Y/N):	Budgeted amount:	Core Y	Choice ____
Action item amount: N/A		Line item:	
Fiscal Impact (explain if unbudgeted):			
Funds available in Building Reserve			

construction phasing plan, and flagged a potential bidding issue resulting from a City plan check comment regarding the fire protection system. Staff are currently resolving these two items which should result in more competitive bids.

The April 2020 ABS construction cost estimate was in line with IDS' December 2018 cost estimate of \$2.3 million. The ABS cost estimate accounts for inflation (4% per the California Construction Cost Index) and includes some additional items; the largest item being asbestos mitigation, resulting in an updated total construction cost estimate of \$2.5 million (including contingency).

Anticipated Completion Schedule:	
A&F Committee Recommendation of Bid Award	8/12/2020
Board Consideration of Award of Construction Contract	8/19/2020
Notice to Proceed with Construction	8/28/2020
Mobilize	9/04/2020
Substantial Completion	7/10/2021

Attachment: Revised Construction Phasing Plan



MWD
OC

18700 WARD STREET
FOUNTAIN VALLEY, CA 92708

PROJECT NAME
**MUNICIPAL WATER DISTRICT
OF ORANGE COUNTY**

**ADMINISTRATIVE
BUILDING-SEISMIC
RETROFIT, ADA
COMPLIANCE AND
TENANT IMPROVEMENT**



IDS
GROUP

1 PETERS CANYON ROAD, SUITE 130
IRVINE, CA 92606
TEL: 949.397.6854, FAX: 949.397.6800



ISSUE	REV.	DESCRIPTION	DATE
		90% CD Owner Review	28/162019
		City Plan Check	29/102019
		Plan Check Submission	29/272019
		Plan Check Corrections	1/122019
		Plan Check Corrections	9/182020
		Della A	3/4/202020

KEY PLAN

PROJECT NO. 18X093.00
PRINT DATE
DRAWN BY
CHECKED BY

SHEET TITLE
**PROPOSED
PHASING PLAN**

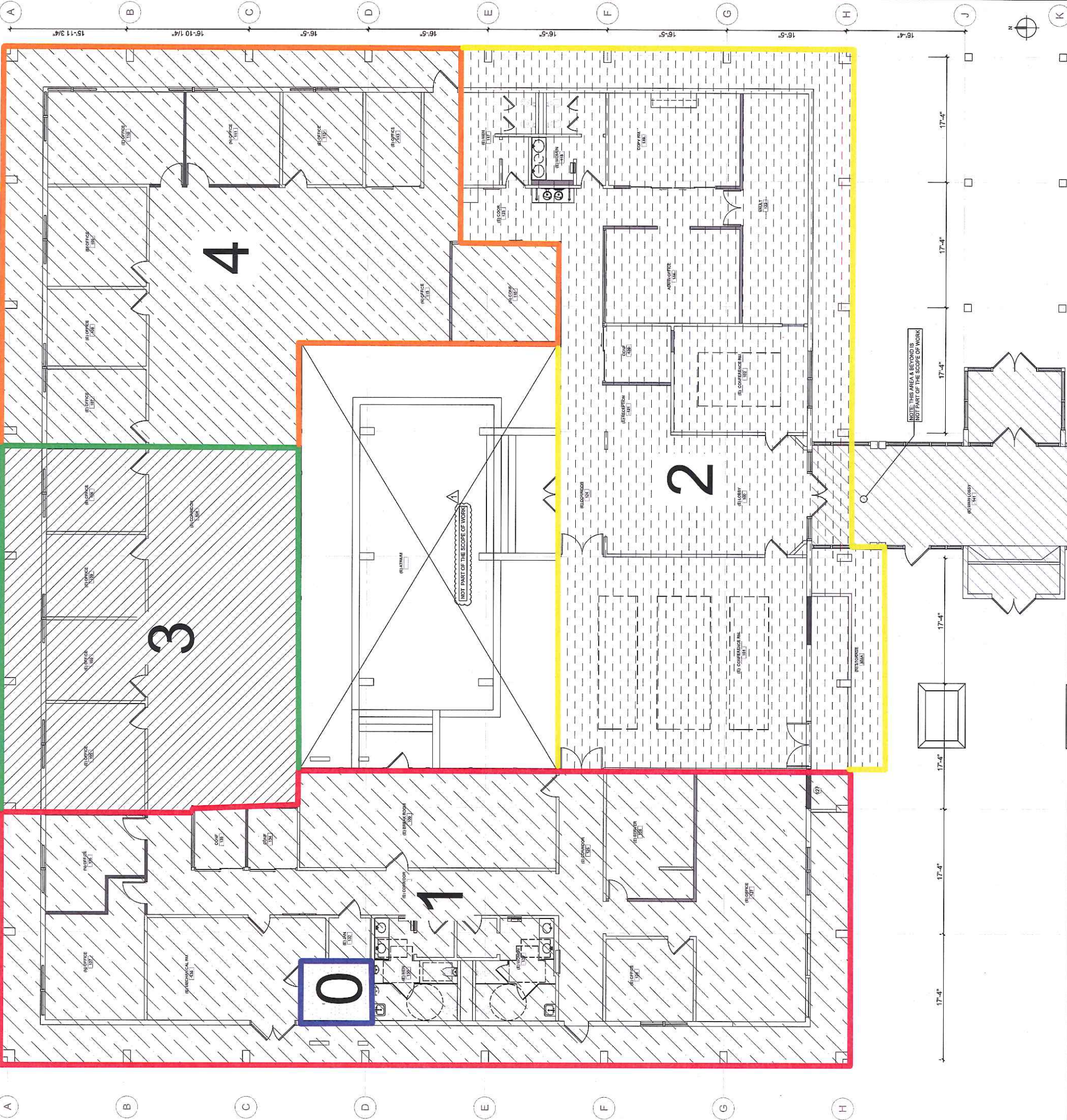
SHEET NUMBER
A-104

- PHASING METHODOLOGY:**
- THE PREMISES WILL BE OCCUPIED DURING CONSTRUCTION.
 - "CONSTRUCTION WORKING HOURS ARE 7AM-9PM, M-F, 9AM-9PM, SATURDAY, NO SUNDAY OR LEGAL HOLIDAYS"
 - THE INTENT OF THE PHASING IS TO ALLOW PARTIAL OCCUPANCY OF THE BUILDING. PHASING SEQUENCING IS INTENDED FOR THE CONTRACTOR TO WORK AT ONE PHASE AT A TIME, ALLOWING STAFF TO OCCUPY THE REST OF THE BUILDING.
 - PHASE 0 - SEISMIC RETROFIT OF THE BUILDING.
 - PHASE 1 - INTENDED FOR PREPARATION OF ELECTRICAL NEEDS DURING EACH PHASE - SEE PLAN (ELECTRICAL ROOM)
 - PHASE 2 - SEE PLAN
 - PHASE 3 - SEE PLAN
 - PHASE 4 - SEE PLAN
 - CONTRACTOR SHALL PROVIDE CONSTRUCTION PHASING (PLAN) ON THIS SHEET & CONSTRUCTION COSTING FOR EACH PHASE.
 - IMMEDIATELY AFTER AWARD, CONTRACTOR SHALL SUBMIT PHASING SCHEDULE IN ACCORDANCE TO THE SEQUENCING PROVIDED ON THIS SHEET FOR MWD OC APPROVAL.
 - CONTRACTOR SHALL ALLOT AREAS OF STAFF RELOCATION FOR EACH PHASE AND SHALL MAINTAIN NECESSARY ACCOMMODATION REQUIRED FOR UNINTERRUPTED DAILY STAFF ROUTINES AND BUSINESS SUCH AS COMPUTERS, PHONE LINES, DATA, PRINTING AND ACCESS TO THE BUILDING.
 - UPON COMPLETION OF EACH PHASE CONTRACTOR SHALL ALLOW TIME FOR STAFF TO VACATE THE NEXT PHASE FOR CONSTRUCTION AND RELOCATE TO THE COMPLETED PHASE AREA.
 - PRESENT ANY ISSUE ON EACH PHASING AND PROVIDE POSSIBLE SOLUTIONS AND RECOMMENDATIONS.

LEGEND

- PHASE 0 - ELECTRICAL
- PHASE 1
- PHASE 2
- PHASE 3
- PHASE 4

NOTE: PHASING PLAN REFLECTS PROPOSED NEW FLOOR LAYOUT AND IMPROVED CONDITIONS.



**Administration Activities Report****April 2, 2020 – May 7, 2020**

Activity	Summary
Administration/Board	<p>Staff worked on the following:</p> <ul style="list-style-type: none">• Scheduled meetings for Rob Hunter, Karl Seckel and 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 as well as execution following approval• Reviewed Insurance documents for all District Agreements.• Responded to one Public Records Act request.• Updated various portions of the website (calendar, minutes, etc.)• Review Admin Code for various issues for Rob Hunter and Legal Counsel• Prepare Election Transmittal material and send to Registrar of Voters• Work with Accounting re approval process for Compensation Vouchers and Expense Reports• Work with MET re MET Expense reports• Coordinate with Public Affairs on School Program issues/write ups/agreements• Conducted research regarding PRA matters and email usage• Worked with Charley Wilson and orchestrated and attended a Zoom meeting for Southern California Water Coalition• Prepare Script for Chair use at Board and Committee meetings re protocol• Various consultations with legal counsel regarding Brown Act, minutes, and Board issues• Orchestrate Ethics Training for Board members• Reviewed Admin Code re water rates

Administration/Board (continued)	<ul style="list-style-type: none"> • Coordinated cancelling and/or rescheduling registration and travel arrangements for Scheduled meetings. • Helping WUE get their contracts/agreements signed and processed • Set Up Zoom Meetings • Assisted Government Affairs with preparing letters • Assisted with coordination of agreements • Training through Cornerstone. • Credit Card reconciliation
Records Management	<ul style="list-style-type: none"> • Review and reorganization of electronic documents in Laserfiche continues. • Day-to-day tasks and ongoing projects are moving along smoothly while telecommuting due to MWDOC office closure. • Staff temporarily extended the email retention to a longer period during COVID situation.
Recruitment/Departures	<ul style="list-style-type: none"> • The Public Affairs intern position has been placed on hold to evaluate department needs. • Recruitment efforts are on hold for the Water Resources Analyst Position during the COVID status. • Recruitment efforts are underway for an Accountant position, as Mary Snow will be retiring early 2021.
Projects and Activities	<ul style="list-style-type: none"> • Staff participated in two Zoom Meeting with MWDOC Engineering staff, IDS and ABS, to evaluate and discuss ABS' review of the project plans. • Administration Department is holding meetings twice a week via Zoom. • The General Manager is holding bi-monthly staff meetings via Zoom. • Staff is participating in a COVID-19 weekly teleconference meeting with member agency emergency management staff and Human Resources staff. • Mandatory staff trainings on communications have been deferred until further notice due to COVID-19. • Staff implemented an online training resource with Cornerstone (Piiq) for staff for general training opportunities. • The general liability insurance renewal application was completed and sent for JPIA for renewal. • Staff is coordinating with Director of Emergency Management regarding COVID-19 and Personnel issues.



Projects and Activities	<ul style="list-style-type: none">• Staff continues to research and participate in webinars relating to COVID-19.• Staff is coordinating closely with the Director of Emergency Management in evaluating the return to work phasing plan in accordance with state and local guidelines. Keeping in mind the safety and well-being of employees.• Staff is evaluating online employee assessments for new hire screening fit and skills as well as for current employees for growth and development.
Health Benefits	<ul style="list-style-type: none">• A Fitness challenge was presented to staff for voluntary participation during the month of April. Five winners were selected based on creativity, variety of activities and accomplishments.



INFORMATION ITEM

May 13, 2020

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

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.

Finance

Description	% of Completion	Estimated Completion date	Status
Further Implementation of WUE Landscape Programs Databases and Web Site.	On-going	On-going	In Progress
2020 W-9 collection for water rebates. Currently holding 0 rebate checks awaiting W-9 form.	On-going	On-going	In Progress
Perform demo testing of new accounting software from Accufund	90%	06-30-20	In Progress
Government Compensation in California Report 2019	100%	04-30-20	Completed
Preparation of documents for FY20-21 budget process.	95%	04-30-20	In Progress
GASB 75 Biennial OPEB Actuarial report	0%	08-31-20	No Started

Information Technology

Description	% of Completion	Estimated Completion date	Status
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)	30%	06-30-20	In Progress
Upgrade software for Data Server	10%	06-30-20	In Progress
Disposal of non-functional and obsolete electronic equipment	75%	03-31-20	On Hold
Replace network color printer and 2 Department printers	90%	06-30-20	In Progress

FY 2019-20 Completed Special Tasks

Description	% of Completion	Completion date	Status
<u>Finance</u>			
State Controller Report preparation FY18-19	100%	01-31-20	Completed
<u>Information Technology</u>			
Upgrade Network Attached Storage device for Backups	100%	12-31-19	Completed
Upgrade 5 computers and monitors for Staff	100%	12-31-19	Completed
Perform annual Business Continuity Plan Exercise and Testing.	100%	03-31-20	Completed



INFORMATION ITEM

May 13, 2020

TO: **Administration & Finance Committee**
(Directors Thomas, Dick, 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 MWD OC, and selected water supply information.

- OC Water Usage, Monthly by Supply **OCWD Groundwater was the main supply in March.**
- OC Water Usage, Monthly, Comparison to Previous Years Water usage in **March 2020 was below 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 36 months since all mandatory water restrictions were lifted by the California State Water Resources Control Board.
- Historical OC Water Consumption Orange County M & I water consumption is estimated to be **523,000 AF in FY 2019-20** (this includes ~15 TAF of agricultural usage and non-retail water agency usage). This is about **7,000 AF more than FY 2018-19** and is about **17,000 AF less than FY 2017-18**. Water usage per person is projected to be slightly higher in **FY 2019-20 for Orange County at 143 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 <u> </u>
Action item amount: N/A		Line item:	
Fiscal Impact (explain if unbudgeted):			

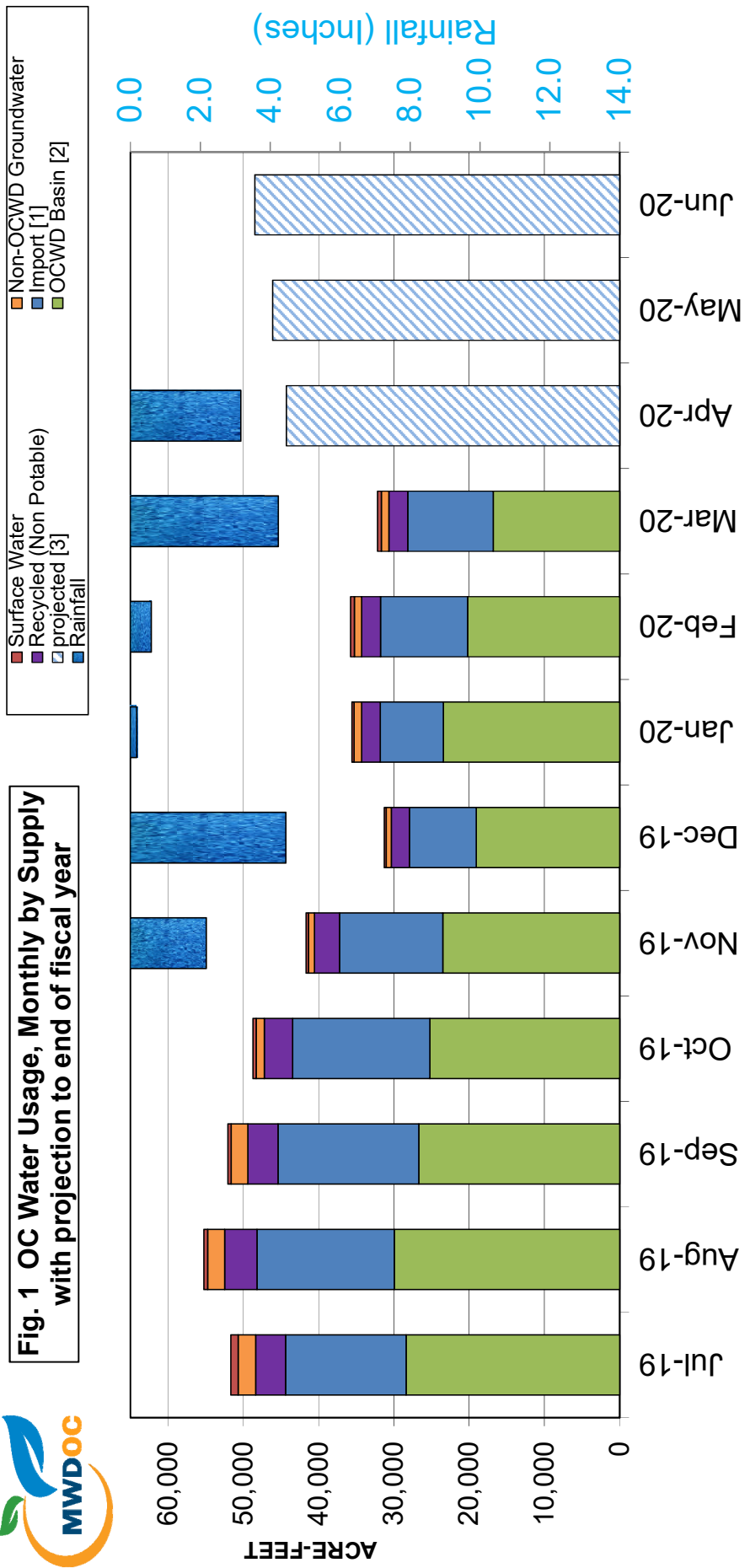
(water conservation) efforts. ***O.C. Water Usage for the last four Fiscal Years is the lowest since the 1982-83 Fiscal Year*** (FY 1982-83 was the third wettest year on record).

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 precipitation through ***early May*** was average for this period. Water year to date rainfall in Orange County is ***14.79 inches***, which is ***119% of normal***.
- Northern California accumulated precipitation through ***early May*** was ***59% of normal for this period***. Water Year 2019 was 137% of normal while water year 2018 was 82% of normal. The ***Northern California snowpack*** was ***71% of normal*** as of April 8th. ***As of late April, 41.58%*** of California is experiencing ***moderate to extreme drought conditions*** while 58.14% of the state is experiencing abnormally dry conditions. The State Water Project Contractors Table A Allocation was increased to 15% in January 2020.
- Colorado River Basin accumulated precipitation through ***late April*** was ***86% of normal*** for this period. The ***Upper Colorado Basin snowpack*** was ***100% of normal*** as of April 6th. ***Lake Mead and Lake Powell*** combined have about ***67% of their average storage volume*** for this time of year and are at ***45.9% 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 early March, Lake Mead levels were ***20.9' above the "trigger" limit***. The USBR predicts that the start of 2020 will not hit the "trigger" level but there is ***a 0% chance that the trigger level will be hit in 2021 and an 9% chance in 2022***.



**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.

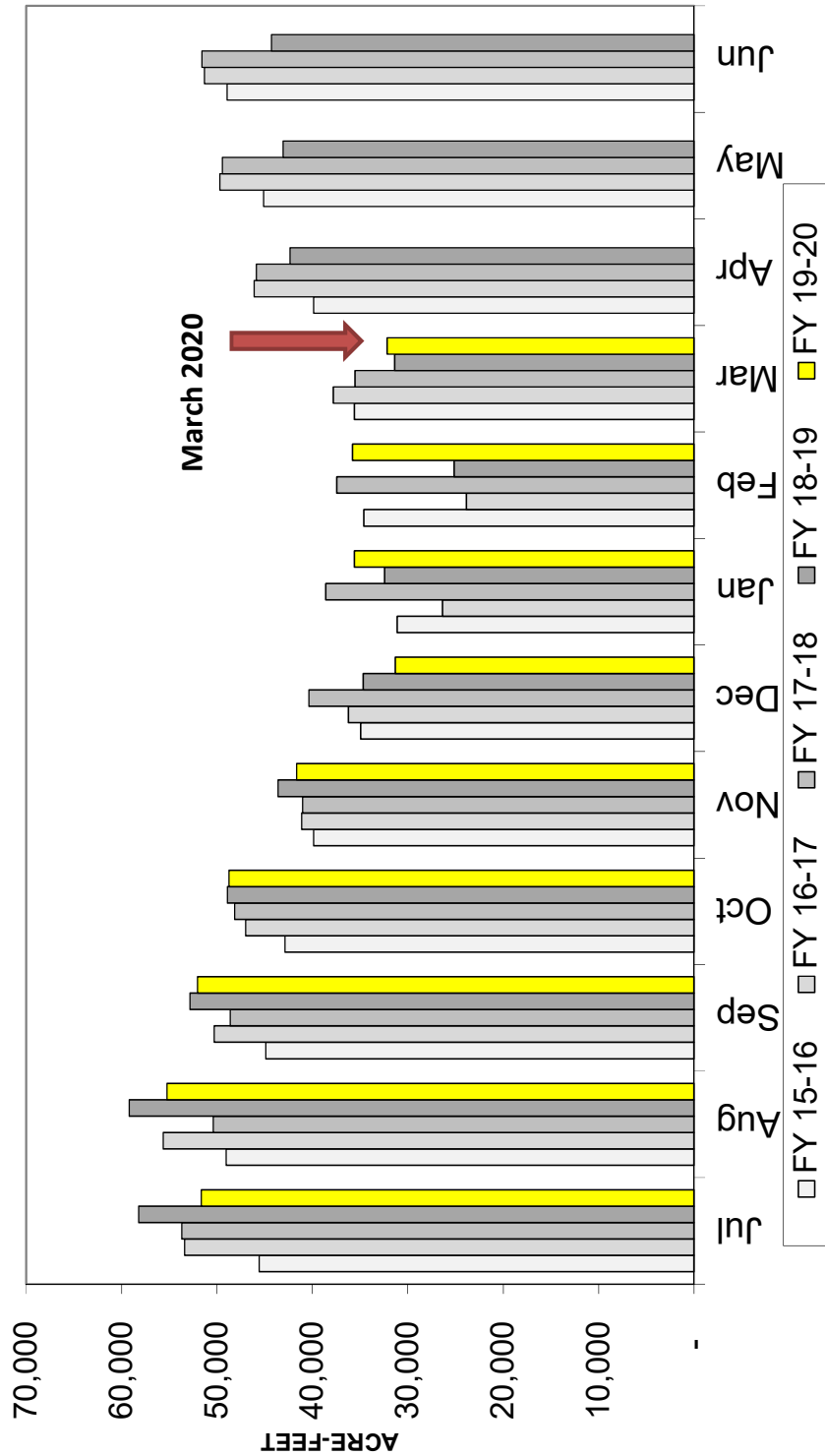
[2] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '19-20 is 77%.

[3] MWD OC's estimate of monthly demand is based on the projected 5 Year historical retail water demand and historical monthly demand patterns.

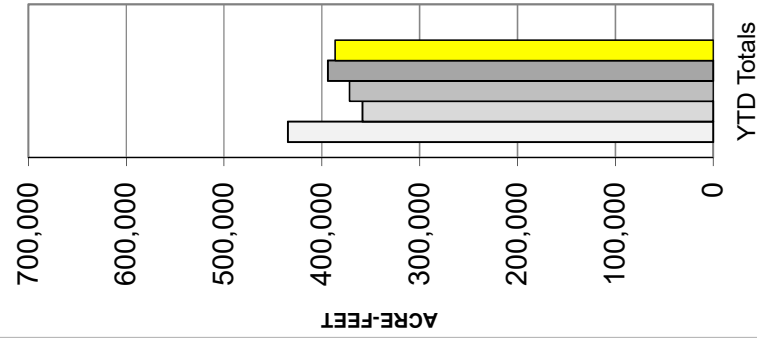
[4] Total water usage includes IRWD groundwater agricultural use and usage by non-retail water agencies.



Fig. 2 OC Monthly Water Usage [1]: Comparison to Last 4 Fiscal Years

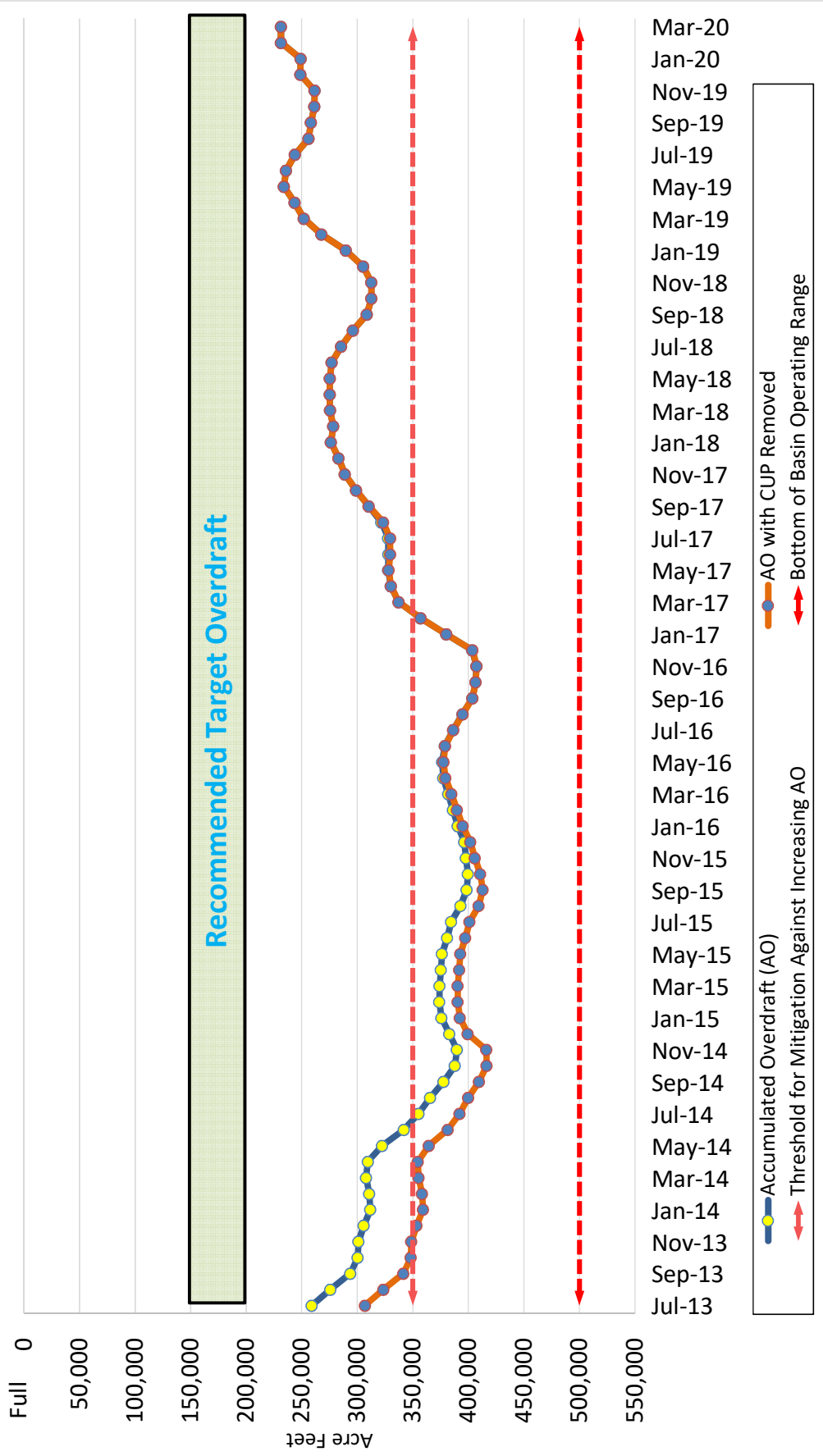


Partial Year Subtotals



[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 Overdraft of the OCWD Groundwater Basin as of March 2020

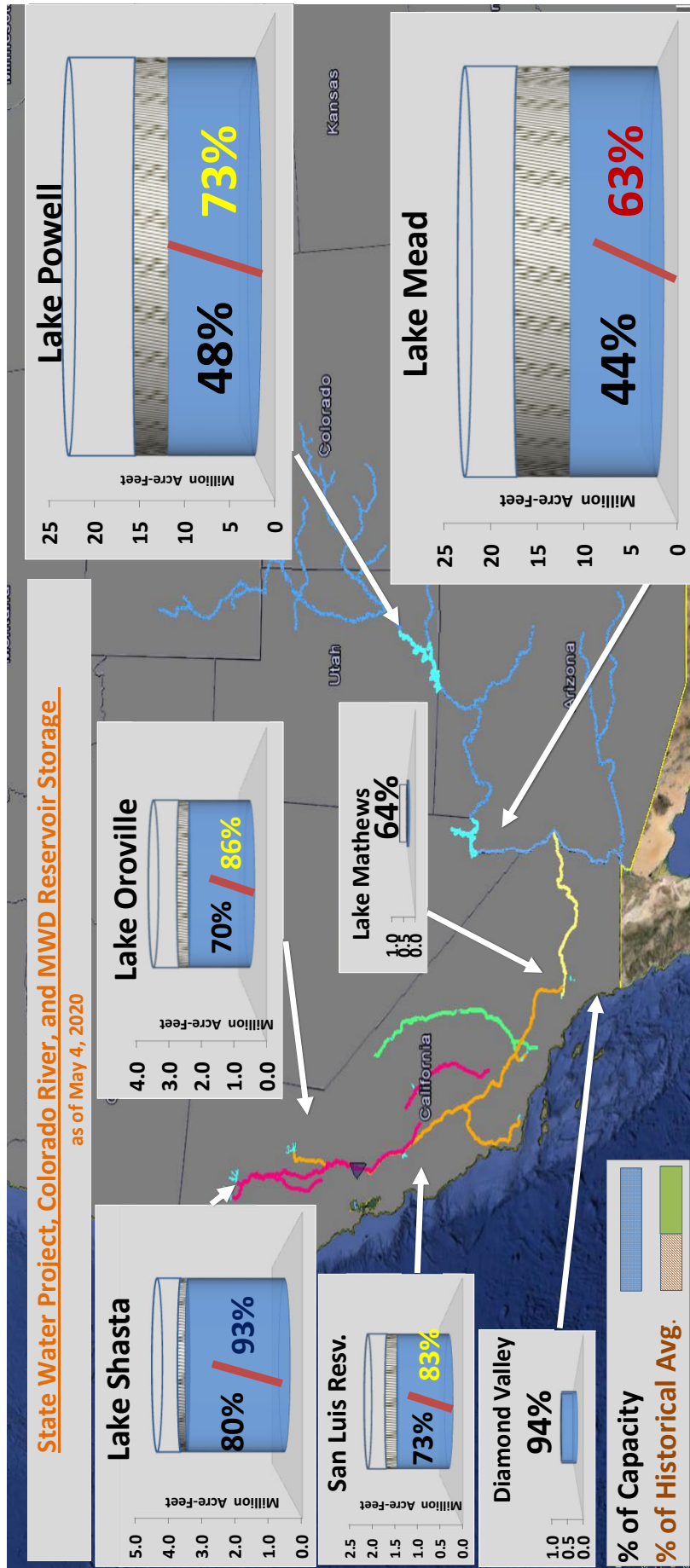


	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
AO (AF)	285,494	296,106	308,748	312,758	312,782	305,367	289,860	267,879	251,876	243,604	234,048	236,005
AO w/CUP removed (AF)	285,494	296,106	308,748	312,758	312,782	305,367	289,860	267,879	251,876	243,604	234,048	236,005
	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)	244,057	256,239	258,446	261,464	261,645	248,909	249,051	231,354	231,354			
AO w/CUP removed (AF)	244,057	256,239	258,446	261,464	261,645	248,909	249,051	231,354	231,354			

* Source ~ OCWD Monthly Board of Directors Packet

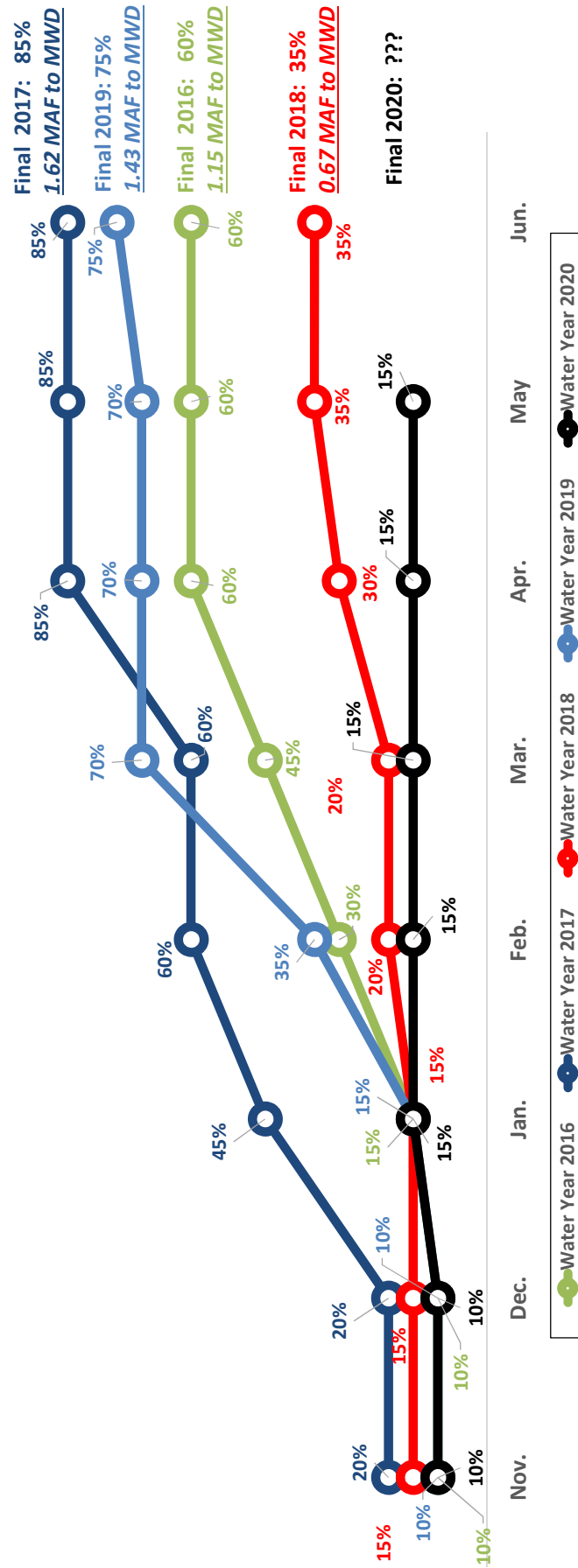


State Water Project, Colorado River, and MWD Reservoir Storage as of May 4, 2020

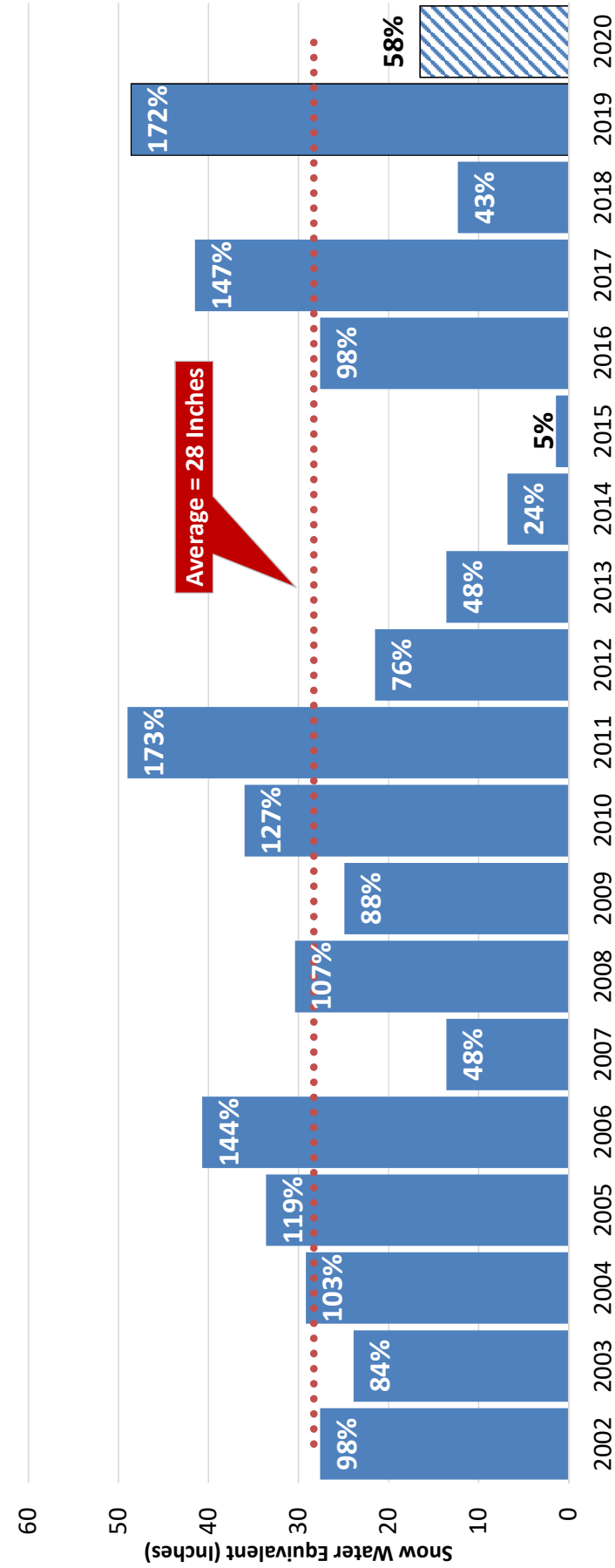


SWP TABLE A ALLOCATION

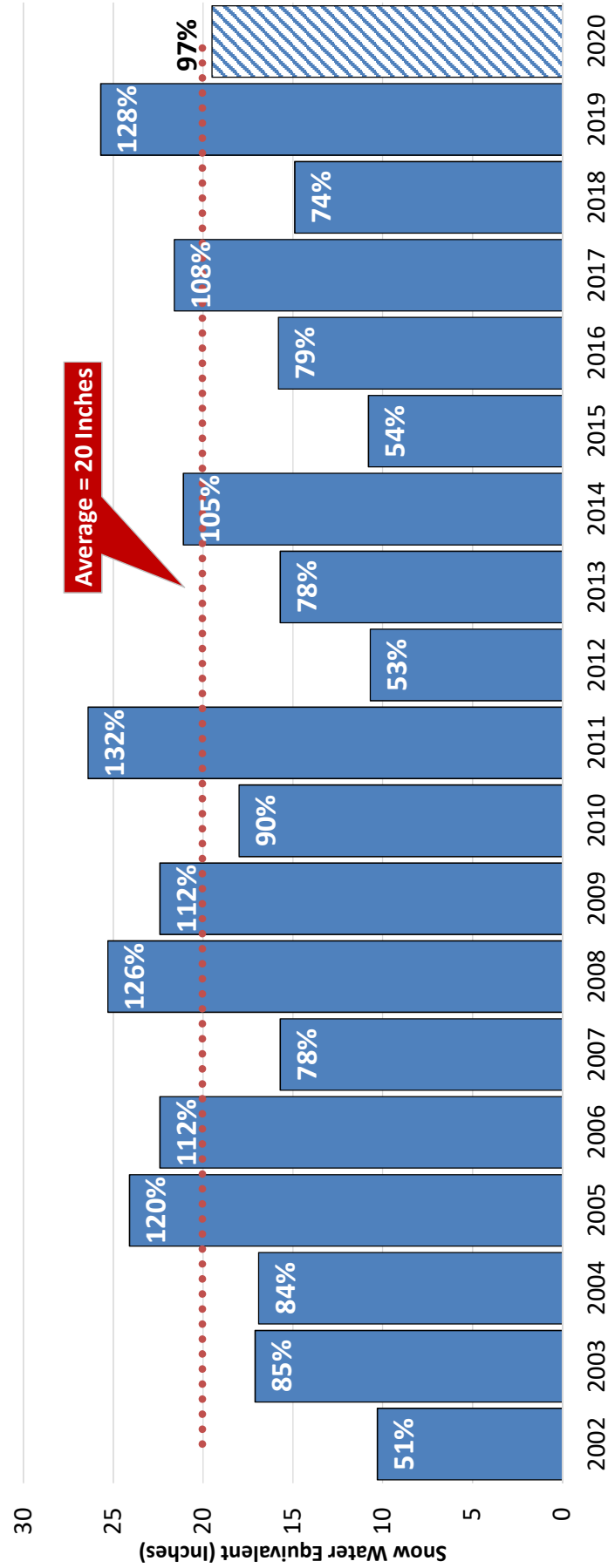
FOR STATE WATER PROJECT CONTRACTORS



Historical Northern California April 1st Peak Snow Water Equivalent



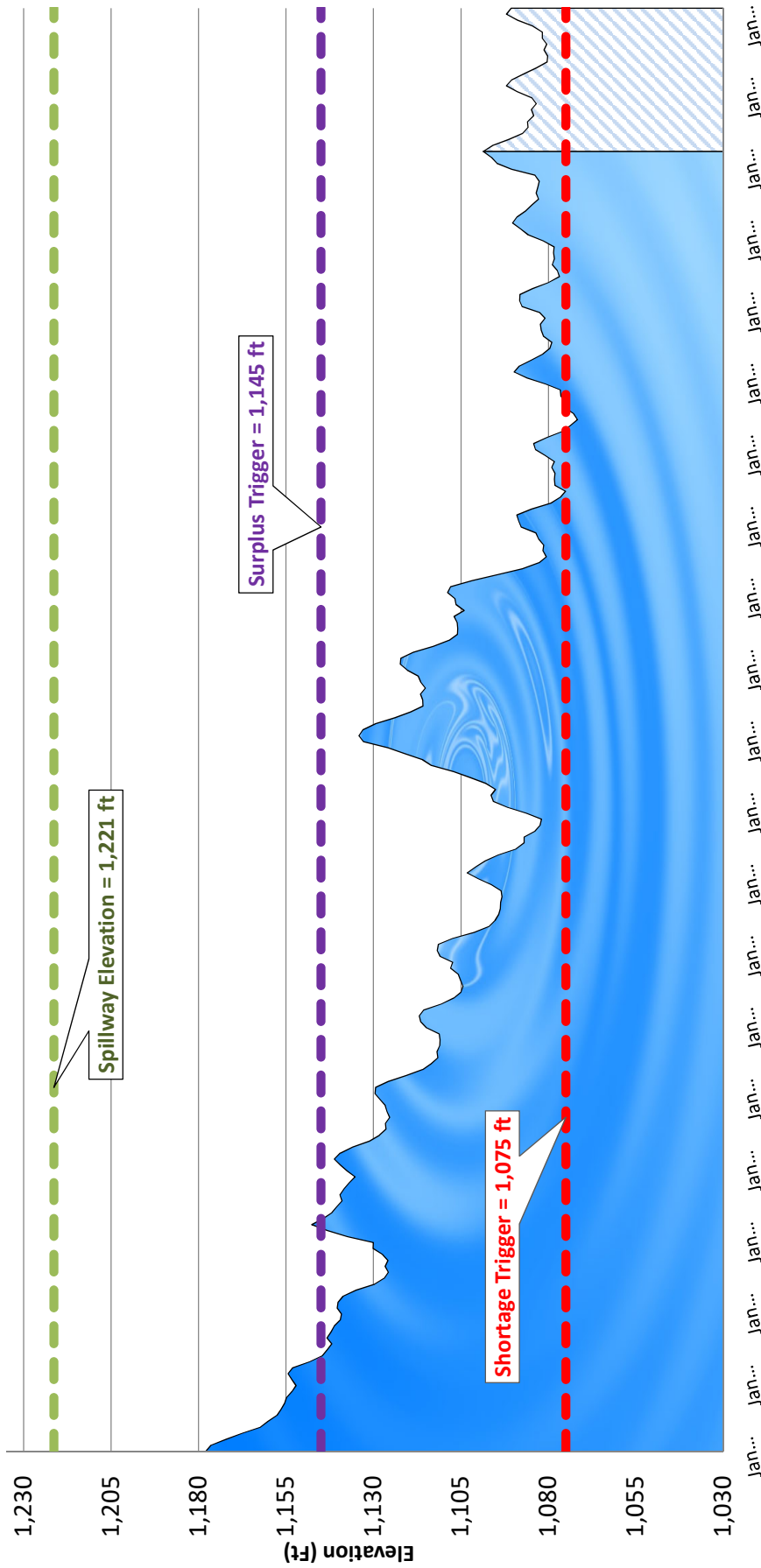
Historical Colorado Basin April 15th Peak Snow Water Equivalent





Lake Mead Levels: Historical and Projected projection per USBR 24-Month Study

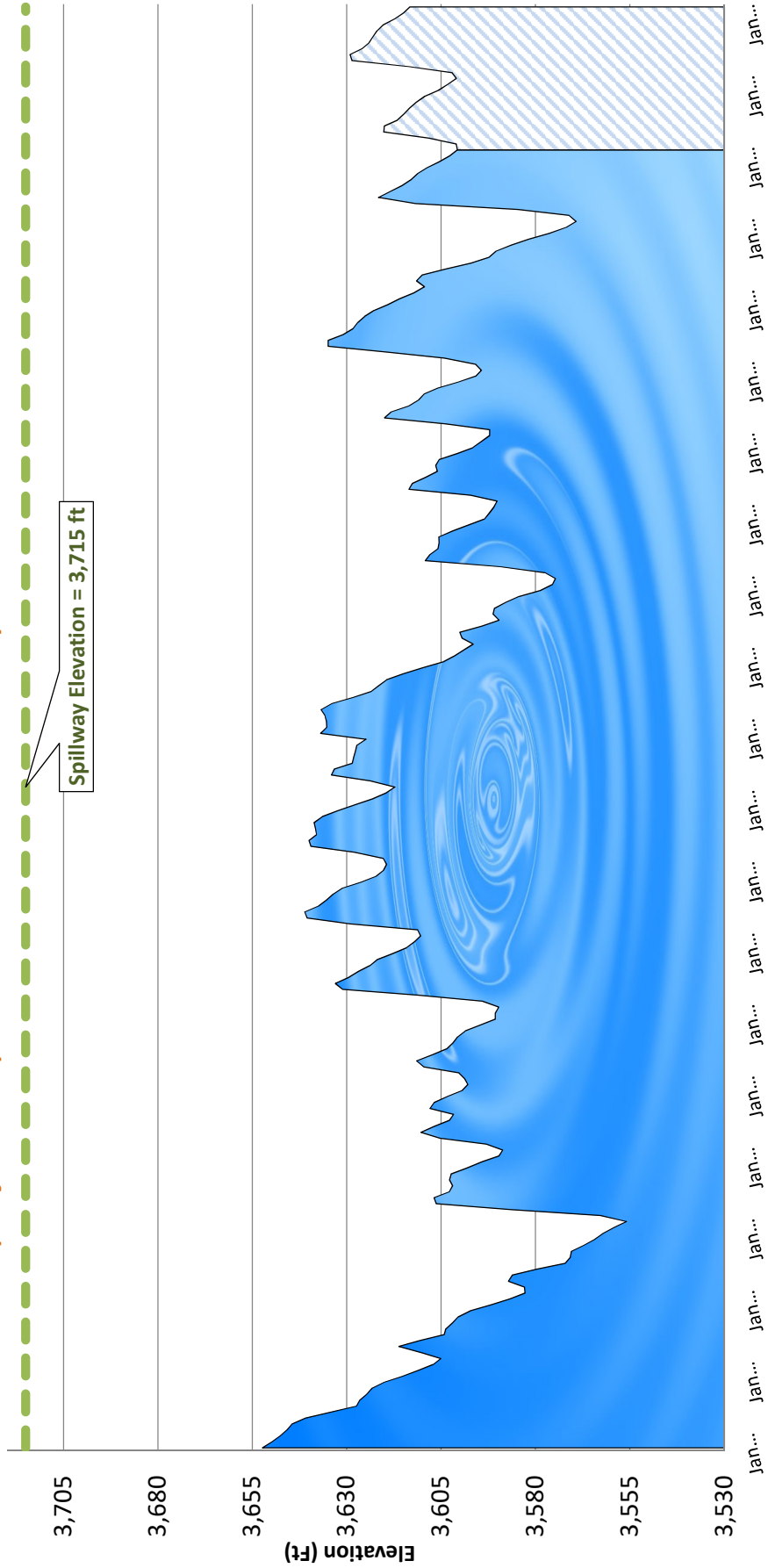
☒ Historical ☐ Projected





Lake Powell Levels: Historical and Projected projection per USBR 24-Month Study

■ Historical □ Projected





Lake Mead Historical Water Elevation Level

Intake Tower

Hoover Dam

Historic Peak July 1983 @ 1,225 Feet

