



REVISED
DISCUSSION ITEM
 March 10, 2021

TO: Board of Directors

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

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General Manager

SUBJECT: FY 2021-22 Second Draft 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 second draft of MWDOC’s budget for FY 2021-22.

Pertinent aspects of the second draft budget include:

1. The second draft budget includes a proposed increase of \$0.40 (3.3%) to the retail service charge bringing the retail rate to \$12.60 per retail meter. The groundwater customer charge to OCWD decreases by \$23,107 (3.9%) to \$572,216. These charges are calculated under the current rate structure. It is possible that the rate structure may be modified as the result of the ongoing rate study.
2. The second draft has a budget total of \$184,732,353 (revenue) including Core & Choice, water sales, outside funding, and WEROC. This is a decrease of approximately 22% almost exclusively attributable to the two-year decrease in water sales.
3. The consolidated general fund budget is \$10,514,814 (revenue) with a decrease of \$10,297 (0.1%).
4. The total revenue amount for the Core budget is \$8,895,303; an increase of \$1,187 over the current year’s budget. This includes a \$238,000 (52%) reduction in interest revenue.
5. The proposed second draft budget includes a planned reserves draw of \$40,365 and essentially fully funds the reserves to the target levels.
6. The unfunded CALPERS liability annual payment of \$207,000 is proposed. This will be the fourth year of the ten-year funding program.

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

7. The proposed salary contribution pool is at 3.64% of salaries and wages and reflects the rate of inflation (CPI = 1.64%) and merit considerations. No COLA (Cost of Living Adjustment) is being proposed.
8. There is a slight reduction (0.75 FTE) in the Full-time Employee staffing level (32.25 FTE) associated with staff retirement and succession planning. There is also a very small reduction in WEROC staffing (0.09 FTE) and a reduction in Part-time employees and Interns (1.07 FTE).
9. The invoice for the 2020 election was approximately \$177,000 less than the estimate used in the first draft budget. The election reserve had been increased by a transfer of funds to cover potentially five division elections. The allocation of this reduced expenditure results in an election reserve carryover of \$362,000 plus \$100,000 transferred/reversed for other expense categories.
10. The Building Improvement expenses has a significant carryover from the current fiscal year budget. The project is in the midst of active construction and the currently planned phases of the construction will be completed in FY 2021-22.
11. The Consolidated Professional Fee expenses are significantly reduced from this year (\$120,721 or 7.6%) but partially offset by a \$40,000 increase in the Engineering Expense. The two largest factors in the Professional Fee reduction are the completion of two periodic studies; the triennial Benchmark Study comparing MWDOC job classifications and salaries to the market and the 5-year rate study.
12. An additional project was added to the WUE cost center (Water Use Efficiency Potential & Opportunity Study) at a cost of \$100,000 which was offset by the lower election expense.
13. There is a decrease in the staff development/technical training/leadership training (\$12,500) associated with COVID-19 impacts on the program.
14. Conference & Travel expenses remain significantly below those of two years ago as it is assumed that COVID-19 will significantly reduce, but not eliminate, activity and/or travel in the first half of the fiscal year. This is similar to the assumption for the last budget cycle.
15. Outside funding for Water Use Efficiency (WUE) from rebates and grants is budgeted at \$2,618,752; an increase of \$1,038,818 over this year's budget.
16. Annual Local Resource Project (LRP) funding will decrease 15.3% from this year's budget as projects complete their funding cycle but are slightly above projected actuals for this year
17. Total outside funding (WUE & Local Resource Project (LRP) sources) is budgeted to be approximately \$6,754,840.
18. Similar to 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 second draft budget should be considered preliminary.

Proposed new items that are not incorporated in the budget pending Committee discussion include:

- A. Capital funding of the WEROC South Emergency Operations Center.

The fixed Retail Meter Charge and Rate and the Ground Water Customer Charge presented in this budget are based on the current rate structure implemented in FY 2016-17. A new rate study is currently being conducted. The results of that rate study will not change the revenue requirements for this budget, but may change the rate structure. That may change the proportion of revenue collected from retail Member Agencies and OCWD.

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 to the Board for approval on an individual basis. 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.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

CHANGES FROM THE PRIOR DRAFT TO CURRENT DOCUMENT

This is the second draft budget and the following items are the major changes from the previous draft:

- Election expense invoice and effect on reserve calculations;
- Inclusion of proposed Water Use Efficiency Potential & Opportunity Study - study of per capita use reduction gains, opportunities and limits;
- WEROC South Emergency Operations Center (EOC) capital cost refinement and schedule.

MAJOR YEAR-TO-YEAR CHANGES IN THE CURRENT BUDGET

COVID-19 had significant impacts on the development of both this year’s and next year’s budgets. This resulted in an actual rate reduction last year for both the Retail Meter Rate (-\$0.20/meter) and the Groundwater Customer Charge (-\$2,925). The proposed Retail Meter Rate in the proposed budget is an increase of \$0.40/meter or 3.3% over last year and 1.6% over the rate for FY 2019-20. The proposed Groundwater Customer Charge is a further reduction of \$23,107 or 3.9% from last year.

The year-to-year (Y-T-Y) changes in the total Core expenses between FY 2020-21 and FY 2021-22 produce a decrease of \$55,861 (0.6%).

- The multi-year seismic retrofit and office remodel project will complete the planned phases in FY 2021-22. Funding for this project has been spread over multiple years and reflects a combination of single year revenues and carry-over funding from previous years.

- The largest Core expense is in the cost categories for Employee, MWDOC Director and MWD Director salaries, wages and benefits with a Y-T-Y increase of \$51,60444. However, this represents only a 1.0% increase in these categories.
- The other large increases in descending order are Engineering Expense (\$40,000), Maintenance Expense (\$21,980), Insurance Expense (\$20,000), and MWDOC's Contribution to WEROC (\$19,184).
- The Membership/Sponsorship expenses only include items previously approved by the Board of Directors.
- Significant Y-T-Y Core expense decreases include Professional Fees (\$1230,343), Miscellaneous Expense (\$26,619), and Training Expense (\$12,500).

Choice Y-T-Y expenses are largely unchanged at this point in the budget process. The year-to-year changes in the total Choice expenses between FY 2020-21 and FY 2021-22 are down \$11,484 (0.7%).

DETAILED REPORT

This committee and board item presents information and discusses the MWDOC FY 2021-22 budget. There is a simultaneous process being conducted to review and possibly modify the current MWDOC rate structure. The annual budget details expenses and revenue requirements for MWDOC's fiscal year. The rate study evaluates different methods to allocate and collect the revenue to meet those revenue requirements. The final rate structure does not change the size of the annual budget but can significantly change the distribution of the cost allocations between Member Agencies. MWDOC's budget process normally includes three versions of draft budget with the final budget being approved at the April Board of Directors meeting. It is anticipated that the rate structure (modified or not) will be approved at the same April 21st meeting. The second draft budget presents revenue figures based on the current rate structure. Later drafts may include alternative revenue distributions and rates based on alternative rate structures being considered in the rate study.

The FY 2021-22 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 2021-2022
7. Core/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. Under this schedule, the Year-End Projections and Conceptual Budget were discussed at the January 13th Administration & Finance (A&F) Committee and the first draft budget was presented at the February 10th A&F Committee meeting. This is the second draft budget (March 10th A&F) and the third draft budget is scheduled for the April 14th committee meeting. The final budget is scheduled for approval by the MWDOC Board of Directors at the April 21, 2021 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 or October 2021 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 FY 2021-22

Staff continues to utilize the following Budget Principles to develop the draft 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.

Goals and objectives for the eight MWDOC departments (Cost Centers) have been presented and discussed at two MWDOC committee meetings. The input from these public

meetings are incorporated into this budget.

3. Projected Year-End Estimates & Reserve Fund Balances

Projected Year-End Estimates for FY 2020-21

Expense projections have been prepared for the remaining months of the current fiscal year in order to calculate the FY 2020-21 Year-End estimates. It is important to note, the initial projections utilized only four months of actual expenditures and estimated the remaining months in order to meet the budget schedule. These projections are reviewed and updated during the budget process as appropriate. Preliminary variance estimates for the FY 2020-21 Core budget include:

1. The total variance for the Core Budget is projected to be a performance of \$36,713 (0.4%) better than the budget, including revenues being \$245,000 under budget and expenses being \$281,713 under budget. The budgeted draw on reserves was \$97,413 but the projected draw on reserves is only \$60,700. The most significant expense activities involved the election for five divisions and the Building Renovation & Seismic Retrofit Project. The largest variance for revenue was the Interest Revenue category.
2. MWDOC received the election invoice from Orange County and the total cost for the four division elections was \$871,321.62; approximately \$177,000 less than the previous projection. The Election Reserve has been updated and there will be no contribution to this reserve for FY 2021-22. In addition, \$100,000 that was previously added to the Election Reserve in anticipation of a larger expense invoice is being reversed to offset the cost of the Water Use Efficiency Potential & Opportunity Study.
3. The Building Renovation Project (both Building Expense and Capital Acquisition Expense) is a comparatively large expense and includes significant year-to-year carryover of funds. The project will be completed in FY 2021-22.
4. Interest revenue is projected to be \$245,000 (53.5%) less than budgeted due to the rapid reduction of investment interest rates.
5. Other major budget expense variances in the year-end projections include Professional Fees projected to be \$131,137 under budget and Engineering Expenses at \$234,896 over budget. Other below budget expense categories include Miscellaneous Expense (\$62,554), Printing et al (\$42,695), Salaries & Wages (\$38,657), Maintenance Expense (\$32,420), and MWD Representation (\$30,027). COVID-19 operational impacts influenced many of these variances.

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. The target balances for the reserves are set by approved MWDOC Board policy and procedures. 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 plus 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 MWDOC designated reserve targets for FY 2021-22 and the projected reserve balances for FY 2020-21 (financial audit balances) are summarized in the table below. The total unfunded balance is (-) \$111,624 (i.e., Total Target of \$6,322,570 (-) Total Planned Balance of \$6,434,194). As indicated in 3.1 (above), a total of \$60,700 is projected to be a draw on reserves from the FY 2020-21 operations. This draw is allocated to the General Operations Reserves as indicated in the table column "FY 2020-21 Projected Year End Reclass to Reserves". An additional \$100,000 previously added to the Election Reserve will also be reclassified (see 3.2 above). The result is an unfunded total reserve balance of \$49,076.

Therefore, the goal for rate setting in the FY 2021-22 budget will be a budget surplus of \$49,076 to fully fund the reserves.

	# Days Cash	FY 2021-22 Reserve Target	FY 2020-21 Planned Reserve Balance	FY 2020-21 Projected Year End Reclass to Reserves	FY 2021-22 Projected Reserve Balance
General Operations	90-180	\$ 3,727,775	\$ 3,380,505	\$ (60,700)	\$ 3,677,805
Grant & Project Cash Flow		1,500,000	1,500,000	-	1,500,000
Building Reserve	10-15	435,648	436,542	-	436,542
Election Reserve	N/A	362,000	462,000	\$ (100,000)	362,000
OPEB Reserve est.9/2018	N/A	297,147	297,147	-	297,147
TOTALS		\$ 6,322,570	\$ 6,434,194	\$ (160,700)	\$ 6,273,494

The second draft budget has a draw on reserves of \$40,365, which is supplemented by the \$100,000 Election Reserve Fund reversal and resulting in a surplus of \$59,635, indicating an average of being fully funded by \$10,559.

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 2020 CPI for the LA/Long Beach/Anaheim area was 1.64%. This is 49.8% lower than the 2019 number. The CPI of 1.64% falls into MWDOC's low inflation range. 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 being conducted during the current fiscal year and will be completed for inclusion in the third draft budget. Budget impacts are expected to be minor. In general, MWDOC has found limited range corrections to be necessary. Therefore, we will continue the CPI adjustment for FY 2021-22.

Employee-Specific Salaries

MWDOC does not have a Cost of Living Adjustment (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 seven prior years of 1% salary increases implemented to offset the annual 1% transfer of benefit costs to employees.

MWDOC also conducts an annual survey of 20 water utilities as a comparison of proposed salary increases. As is usual for the second draft budget, this comparative information is not yet available from the other utilities but will be provided in the third draft budget.

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 at the unlikely compensation pool of 25%. Therefore compensation pool formulas were developed for four CPI ranges: high, medium, low, and negative inflation.

The 2020 CPI is 1.64% for the region which is in the 0.0% to 2.4% "low inflation" effective range. Applying the CPI+2% low-inflation range formula to the 1.64% CPI yields a

compensation pool of 3.64% which was used to calculate the employee salary expense increase in the second draft budget.

The Director per diem adjustment is determined by the lesser of the employee increase or 5.0%. This budget has used the 3.64% rate.

5. Budget Input from Member Agencies

In December 2020, MWDOC sent a letter to all of its member agencies informing them of the start of the MWDOC FY 2021-22 Budget Process, and invited their formal participation in the process which can include suggestions of activities and general comments. The FY 2020-21 budget year-end projections and the conceptual FY 2021-22 budget were discussed at the January 13, 2021 Administration & Finance Committee meeting as well as the January 21, 2021 MWDOC Member Agencies Managers Meeting. The first draft budget was discussed at the February 10th A&F meeting and the February 18th Managers meeting. Member Agency input and comment is requested, encouraged and received during each meeting.

Two comment letters have been received from the Orange County Water District (OCWD) and have been forwarded to the MWDOC Board of Directors. Their first letter (December 29, 2020) deals with policy issue priorities to be addressed at MET by MWDOC and not specific aspects of the budget per se. That OCWD letter repeats four policy issues from previous years, as listed below with comments on current status:

- Establish a permanent regional In-lieu program that encourages the storage of additional water during periods when MWD is at risk of losing excess imported water supplies. – This program has already been largely established under the Cyclic Storage Program. This program allows groundwater agencies to take delivery of replenishment water during such periods and pay for it over a multiple-year period. It includes a standing authorization for MET’s General Manager to recommend In-lieu deliveries, with a financial equalization, based on his/her assessment of conditions. As there is a financial expenditure involved, it is unlikely that the program will be modified to be any more “permanent” in nature.
- Modify the Water Supply Allocation Plan rules to include Groundwater Basin Agencies in a more consistent manner. – Heading into the last allocation, groundwater agencies were not included in the allocation process. MWDOC worked with MET and the other MET member agencies to implement the inclusion of groundwater agencies in the allocation. MWDOC will continue to work to achieve “a more consistent manner”. However, this will remain low on the MET priority list due to the immediate issues of concern at MET (IRP, GM hiring, Rate Structure Review), the near record high water storage levels, and the unlikely implementation of the Water Supply Allocation Plan in the next three years. The priority of the WSAP will remain low but will increase somewhat due to this year’s low winter precipitation levels.
- Determine the terms necessary to phase-out the MWD Conjunctive Use Program (CUP) storage agreement. – MWDOC has discussed this issue with MET staff several times and MET has not been interested in phasing-out the program. We will continue to press the issue.

- Obtain MWD’s approval to pump potable water supplies into MWD pipeline facilities. – MWDOC was able to work with MET staff to advance and receive Board approval of a program to allow and facilitate the introduction of non-MET water into MET pipelines during emergency conditions. MWDOC is currently working with MET as the “test case” to develop and implement the various agreements necessary to put this program into effect. This is a significant step towards the broader non-emergency use.

OCWD’s second letter (February 24, 2021) makes three comments on the first draft budget for consideration by the MWDOC Board.

- Further reduce travel and conferences in the end of calendar year 2021
- Consider removal of the AMWA membership and travel expenses
- Review and reduce Cash Reserve amounts

MWDOC staff have reviewed the proposed staff registration and travel budget (Exhibit E). There is a total of six conferences listed from October through December 2021 (American Water Works Association – 3, Association of California Water Agencies – 1, Association of Metropolitan Water Agencies – 1, Colorado River Water Users Association -1). Staff has been monitoring the status of these programs and any potential change to a virtual format. Given the availability and pace of vaccinations, the ongoing return to classrooms and the progress on metrics for business operations, staff believe that these conferences will likely occur as scheduled. Minor expense reductions resulted from the staff review.

The other two items have been referred to the A&F Committee and Board of Directors for review and discussion.

6. Key Priorities & Initiatives for FY 2021-22

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, provide water supply reliability, and make imported water available throughout Orange County. In 2021, these remain MWDOC’s primary purposes. Although this mission 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. All functions included in the annual budget address components of MWDOC’s mission

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 Center 32 & 63)
- Government 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.

Presentations and discussions of departmental priorities and goals have occurred during the December 2020 through January 2021 period at MWDOC committee meetings. The results of these discussions have been incorporated into the budget. In addition, the MWDOC Board has requested that the subset of those priorities and goals that will be completed in the fiscal year be specifically identified in the budget.

Reliability Planning and Engineering (Cost Center 21)

The Reliability Planning and Engineering (Engineering) Department efforts are varied and aimed at helping MWDOC member agencies navigate and understand the implications of long-term supply and emergency planning as well as the numerous intricacies involved in coordinating with MET to provide imported water (e.g., service connections, metering of water, pipeline operations, water quality, etc.). Engineering Department activities tie directly back to MWDOC's Mission Statement "**To provide reliable, high-quality supplies from the Metropolitan Water District of Southern California (Metropolitan) and other sources to meet present and future needs, at an equitable and economical cost...**".

Engineering activities include;

- shutdown planning,
- coordination of operations and maintenance activities and responsibilities of various regional pipelines in Orange County,
- identification and resolution of water quality issues in the regional distribution system,
- analysis and planning for Orange County water reliability,
- coordination of MET's pipeline relining program (particularly the AMP),
- developing the ability and protocols to allow for pumping of local water supplies into the East Orange County Feeder #2 pipeline (EOCF#2) and other pipelines,
- work on integration aspects of potential, future local water supply projects into the regional water distribution system including Poseidon, Doheny and San Juan Watershed projects.

The Engineering Department also provides internal support to other MWDOC departments; most notably Administration and WEROC by providing project management for MWDOC's office building seismic retrofit and remodel improvements. Support is also provided to MET Issues and Water Policy Department as many MET issues overlap between the two departments in covering MET activities and their implications to MWDOC member agencies.

Areas of overlap with MET Issues and Water Policy include:

- analysis of various reliability improvement projects and MET initiatives including; the MET Regional Recycled Water Program (Carson Project), and IRWD's Strand Ranch Project,
- MET's Local Resources Program (LRP),
- water quality issues in the regional distribution system that may impact MWDOC member agencies,
- MET emergency storage planning,
- emergency use of MET pipelines in circumstances when MET is unable to supply water,
- MET's Water Supply Allocation Plan (WSAP),
- MET System Resiliency Study,
- MET's Integrated Resources Plan (IRP),
- MET rates,
- Coordination with OCWD in examining opportunities to refill or maintain levels in the groundwater basin.

Regional Water Reliability and OC Water Reliability Studies

The completion of the initial OC Water Reliability Study in 2016, which comprehensively evaluated the then current and future water supply and system reliability for all of Orange County, established much of the analysis methodology for supply and system reliability planning in Orange County. As conditions continued to evolve, and understanding of climate and ecosystem changes improved, an updated Study was completed in 2018.

Now in 2021, efforts to further enhance the OC Water Reliability Study continue through updates to water demand forecasts and additional analysis of the economic impacts of drought reductions and catastrophic disruptions (earthquakes) to Orange County's water supplies. Efforts to mitigate these impacts require that Orange County have a credible estimate of the value of water supply reliability to avoid over-investing or under-investing in water supply projects. This additional economic benefits analysis, currently underway, includes quantification of the impacts these circumstances may have on the economy for both residents and businesses. This analysis will provide additional information for decision makers by analyzing the 'willingness to pay' to better quantify how the Orange County community values water supply reliability and the value to Orange County of avoiding reductions or interruption in water supply.

FY 2021-22 Activities

For FY 2021-22, the Engineering Department will continue to move a number of efforts forward including:

- Completion of the Administration Building Seismic Retrofit and Remodel Project.
- Coordinating a final agreement/determination of MET's ownership and maintenance responsibilities in the South County Pipeline.
- Initiating a pilot project to develop the necessary protocols with MET and MWDOC member agencies for emergency pump-in of local water supplies into the East Orange County Feeder #2 (EOCF#2).
- Post the MET IRP, completion of the next OC Reliability Study Update.
- Coordinating and facilitating extended shutdowns of the Allen McColloch Pipeline (AMP) for MET's Prestressed Concrete Cylinder Pipe (PCCP) Rehabilitation Project over the next several years.
- Working with MET, OCWD, and other MET member agencies to enhance the Bureau of Reclamation's Salinity Economic Impact Model (SEIM) so it can become a valuable tool for MWDOC member agencies.

Specific objectives to be completed in FY 2021-22 include:

- Complete the Admin Building Seismic Retrofit & Remodel
 - Bring the retrofit & remodel to completion – current completion date is anticipated by November 2021.
- Coordinate a final agreement/determination of MET's ownership and maintenance responsibilities in the South County Pipeline
 - Coordinate efforts with Santa Margarita Water District through discussions and meetings.
 - Conduct meetings with MWDOC counsel and MET Legal staff to understand and frame the legal basis of MET's position on ownership and maintenance responsibilities for the South County Pipeline.
 - Final resolution of this issue is likely a multi-year effort.
- Complete a Pilot Project for Emergency Use of East Orange County Feeder #2 (EOCF#2)
 - Hold meetings and discussions with East Orange County Feeder #2 Joint Powers Authority members concerning member rights and frame member positions on conveying local water in EOCF#2 both for emergency and drought situations.
 - Resolution of these positions may require a court opinion.
 - Hold meetings and technical workshops with MET Water Quality staff to define the framework and workable protocols for using EOCF#2 to convey local water supplies in an emergency and return of the pipeline to MET at the conclusion of the emergency event.
 - Completion of the necessary protocols is likely a multi-year effort.

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

The Metropolitan (MET) Issues and Water Policy Department leads MWDOC's efforts on MET issues and policy, as well as water supply and demand program coordination and analysis. Over the years, this department of four full-time employees (FTE) has also become a 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 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 the effects of Colorado River demand management measures.

Department 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 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 Plans 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 Operations 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)

- 2020 MET Integrated Resource Plan - Actively participate in MET’s 2020 Integrated Water Resources Plan (IRP) Update including the development of the Scenario Planning approach and methodology, key assumptions, IRP gap analysis, resource portfolio, and policy issues. This IRP is likely to address serious questions relating to MET’s role & mission along with its business model.
- Selection of a new General Manager at MET – Monitor the key dates and schedule for the Board and member agencies on the selection process for a new MET General Manager.

- MET Rate Refinement – Participate in the development of a new Demand Management Charges as well as review and refine MET’s current rate structure, which may include rebundling the rates and/or additional fixed charges. Per the Board direction, a new Demand Management Charge needs to be in place by end of CY 2021 in order to be incorporated in the Biennial Budget for FY 2021/22 & FY 2022/23.
- Urban Water Management Plans - Update the 2020 Urban Water Management Plans (MWDOC, Member Agencies, and MET), which will include water supply and demand assessments (“Stress-Tests”) and a Water Shortage Contingency Plan section. The UWMPs are required to be submitted to the state by July 1, 2021.
- Regional Resource Project Assessment - Assessments on the cost-benefits of new local and regional resource projects will be conducted on a number of upcoming projects such as MET’s Regional Recycled Water Project in Carson, Southern Nevada Water Authority participating and exchange program with MET in the Carson recycled project, participation in storage programs such as SARCCUP & Strand Ranch, and Desalination 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.

Specific objectives to be completed in FY 2021-22 include:

- Establish a new MET Demand Management Charge and advocate for Rate Refinement elements in MET’s current Rate Structure that are fair and equitable to Orange County.
- Analyze and provide recommendations to the upcoming MET Biennial Budget and Rates for FY 2022-23 & FY 2023-24
- Develop MWDOC recommendations on MET’s 2020 Integrated Water Resource Plan (IRP)
- Evaluate the Cost-Benefits of be involved in Local & Regional Projects (Such as SARCCUP & IRWD’s Strand Ranch Storage Programs)
- Monitor and Support the MWDOC MET Directors in the selections of a new General Manager at MET
- Obtain MET’s approval of Santa Margarita Water District’s Las Flores Recycled Water Expansion LRP Application.

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 and 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. This funding is focused 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 mandates continue to evolve from the 20% by 2020 framework adopted in 2009 to the new efficiency standards-based approach scheduled to begin phasing in with the distribution system water loss standard 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 (USBR). Areas of focus include:

- Aerial Imagery, Landscape Area Measurements and Data Warehousing Project - In preparation for member agency compliance with new Water Use Efficiency Standards contained in Senate Bill 606 and Assembly Bill 1668, staff is implementing 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 includes all of Orange County and has made significant progress but will not be completed until early FY 2022-23. Aerial imagery has been flown and is currently being processed. This imagery will be forwarded to USBR this summer and will be used to derive residential landscape area measurements for comparison to DWR provided measurements. This imagery will also be used to aid in establishing area measurements for dedicated irrigation meters. 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 Water Use Efficiency Potential & Opportunity Study - Efficient water use in Orange County has been increasing over the past three decades due to evolving plumbing codes and active implementation of a broad variety of Best Management Practices (BMPs). These code-based and BMP achievements have been illustrated by looking at daily per capita water use (GPCD) reductions

over time. According to our SBx7-7 20% by 2020 conservation framework model, Orange County's 1991 municipal and industrial water use was 201 GPCD and by 2020 water use has reduced to 134 GPCD. Consequently, these efforts have resulted in significantly less future efficiency potential remaining in Orange County. MWDOC proposes to implement a Water Use Efficiency Potential and Opportunity Study to explore three primary findings: the water efficiency gains that remain available and where the best opportunities exist in each water use customer sector; compliance with the new Conservation Framework (est. through SB 606 and AB1668); and drought-related conservation opportunities. This study will evaluate both the Absolute Technical Potential (i.e. what can be achieved regardless of cost) and Attainable Potential (i.e. what can be achieved cost-effectively). Providing insight for strategic programmatic planning efforts to pinpoint areas of remaining potential can inform supply reliability planning more broadly than Orange County alone. As this analysis can also benefit regional water use efficiency program planning, staff also plans to engage Metropolitan to support this study both technically and financially.

- Staff will continue to provide legislative and regulatory process leadership. California's 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.
- Staff will 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.
- Staff will provide Landscape Design and Maintenance Assistance for rebate program participants.
- Staff will provide leadership for the California Water Efficiency Partnership Board and committees.
- MWDOC will work to secure program funding from outside sources.

Water Loss Control Shared Services

Since 2016, MWDOC has been coordinating a water loss control program for our Member Agencies. This program has moved beyond water loss technical assistance such as audits

into shared services field activities including meter testing and distribution system 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 third 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 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 the existing 2.0 FTE MWDOC staff members. Areas of focus include:

- Implement Year III of the Water Loss Control Shared Services
- Continue to convene the Water Loss Control Work Group
- Year VI 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.

Specific objectives to be completed in FY 2021-22 include:

Water Use Efficiency Program – Continue to implement a broad variety of WUE programs, available to all consumers throughout Orange County, with funding support from state and federal grants and Metropolitan Conservation Credits Program.

- Secure grant funding for program implementation.

Technology Transfer & Research – Support Member Agency compliance with WUE regulations by researching new water saving opportunities and communicating those opportunities.

- Conduct a Water Use Efficiency Potential Study to quantify remaining potential for efficiency in Orange County across all customer classes.
- Provide Landscape Area Measurements for dedicated irrigation meters to agencies to assist with compliance.
Assist all agencies in assigning Standard Industrial Codes (SIC) to businesses throughout OC.

Water Loss Control Shared Services – Increase subscription rate and performance to assist Member Agencies with compliance of emerging water loss regulations.

- Provide services to respond to evolving water loss standards being developed by the State Water Board including Water Balance Validation, Leak Detection, Pressure Surveys, and Meter Accuracy Testing.
- Secure grant funding to offset direct costs to member agencies for shared services and technical assistance.

Water Loss Control Technical Services - Support member agencies by facilitating water loss control technical assistance and compliance with emerging water loss regulations.

- Maintain Water Loss Control Work Group to elevate member agency staff understanding and internal capabilities and to share their needs.

Legislation & Regulatory Process Leadership – Utilize MWDOC’s research efforts and program implementation experience to guide and influence water use efficiency and water loss legislation, regulation, and the standards setting processes.

- Work with DWR and State Water Board to ensure new standards are properly interpreted and are workable.
- Maintain and expand MWDOC’s role in Department of Water Resources and State Water Board working groups including Urban Water Management Plan, Water Loss Control and Water Use Studies, and other technical work groups.

Water Emergency Response (WEROC) (Cost Center 25)

MWDOC provides the administrative umbrella for the Water Emergency Response Organization of Orange County (WEROC) and the WEROC staff are MWDOC employees. 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 works with its member agencies on emergency plans and standard operating procedure development and review; state and federal required trainings for grant eligibility and disaster readiness; disaster exercise development; grant identification and application; and response and recovery coordination. WEROC also maintains two emergency operation centers, its own response plans, and trained staff. In providing these services, WEROC continues to be a strong leader for regional water and wastewater emergency coordination and response.

The WEROC program took on some unexpected efforts in FY 2020-21; all the while continued to move projects forward while supporting water and wastewater agencies. WEROC staff continues to develop and provide the resources, tools, and trainings targeted at enhancing member agency preparedness and resilience.

Highlights of Activities and Accomplishments for 2020 to date:

- Since the onset of the COVID-19 pandemic, WEROC has been providing on-going support to all agencies,
- WEROC and its consultant, Herndon Solutions Group (HSG) are continuing to work with

WEROC agencies to achieve compliance with America's Water Infrastructure Act (AWIA).

- Completion of the WEROC Program Strategic Assessment Plan. The assessment was a comprehensive review of the current WEROC program, what the future holds and identification for areas of collaboration that can make WEROC a stronger organization over the coming years to benefit all members.
- Development of a new long term Exercise and Training Program Plan integrating new requirements including AWIA, water specific trainings, and development of a long term repeating exercise program incorporating water specific areas.
- Creation and delivery of certified virtual ICS training conducted in-house approved by the State using the State and Federal standards and incorporating water and wastewater specific applications.
- In partnership with the OCIAC, Cyber Security emergency notification secondary and tertiary communication paths for IT personal was created and implemented.
- WEROC is proud of the advocacy we routinely engage in on behalf of the water and wastewater sector and specifically for our Member Agencies. This year on September 26, 2020, the Operational Area Agreement went into effect and with that WEROC is representing the agencies on the Operational Area Executive Board.
- The staff continues to actively partake in discussions regarding the repercussions of the Public Safety Power Shutoff (PSPS) program. WEROC staff continues to work with the County, Southern California Edison and San Diego Gas and Electric specifically to update and coordinate notification and receipt of vital power grid outage information in support of our member agencies. WEROC will continue its coordination efforts with both SCE and SDG&E utilities to improve the overall communications for power outages and priority restoration as required.
- In addition to COVID-19, WEROC staff activated to support member agencies with communication, coordination, and resource needs for the following events in 2020: Demonstrations and Protests in Orange County, August Heat Event and CalSO Stage 3 Power Emergency (Rolling Blackouts), Public Safety Power Shut Off Events, and the Silverado, Blue Ridge and Bond Fires.

Some of WEROC's Key Initiatives for FY 2021-22:

- Maintain WEROC and OC water and wastewater agencies in a state of readiness to respond to emergency situations. Key aspects include staffing, training, exercises, updating plans and procedures.
- Development and implementation of the Regional Cyber Security Coordination Annex as part the WEROC Emergency Operations Plan.
- Continue implementation of the WEROC Assessment Plan
- Completion of the AWIA compliance project and conduct a closeout audit and meeting with participating agencies.
- Continue to build upon the lessons learned from various training, exercises and real events.
- Full implementation of the plan revision schedule.
- Develop, obtain, and implement a new WEROC platform to meet specific needs of the member agencies to securely store, maintain, and disseminate files and information.

- Develop a Logistics Plan that will incorporate how personnel, supplies, and equipment are requested, procured, tracked, and supported within the WEROC Organization.
- Creation of a GIS dashboard allowing for visibility of information in a none-linear form using open source information and current in house mapping information.
- Revision of the Business Continuity Plan to ensure commonality with the WEROC Emergency Operations/Response Plan.
- Work with El Toro Water District (ETWD) and the WEROC funding agencies (including MWDOC) regarding opportunities for upgrading the South EOC facilities.

Specific objectives to be completed in FY 2021-22 include:

Enhance Response Readiness - Maintain WEROC and OC water and wastewater agencies in a state of readiness to respond to emergency situations. Key aspects include staffing, training, and exercises. This priority is the foundation of WEROC to build upon agency resiliency and is on-going.

American Water Infrastructure Act Regional Project – Complete AWIA compliance project.

- Conduct a closeout audit
- Conduct closeout meeting with participating agencies.

Training & Test Exercises – Expand training and test exercise programs to improve the state of readiness.

- Annual Review of the 5-year training and exercise plan
- ICS Training Series 14 classes (FY 2021)
- Continued enhancement of the 5-year training and exercise program by incorporating new requirements including AWIA, on-going ICS trainings offerings (in house), water specific trainings, and development of a long term repeating exercise program incorporating water specific areas.

WEROC South Emergency Operation Center –

- Finalize decision with ETWD regarding South EOC facility by working with funding agencies.
- Analyze other funding opportunities
- Develop multi FY budget allocations
- FY 2021-22 Design and Engineering costs, if project moves forward

Implementation of the WEROC Assessment Report

- Focus on the 3-24 months projects
- Refer to the WEROC Assessment document created 8-20-20

The South Emergency Operations Center project is discussed in more detail in Section 9 - Proposed New Items Not Included Pending Committee Discussion.

Public Affairs Department (Cost Centers 32 & 63)

The MWDOC Public Affairs Department's (Department) charge is to elevate public awareness about critical water issues, showcase the District's activities and programs, and continue to provide opportunities and resources that offer significant value to the region. While the purpose is multifold, the priority is District transparency. The last decade has seen a dramatic shift in the way people receive information. In a world where truth is sacrificed or, in some cases, neglected to win the race of who publishes first, regardless of accuracy, content is available at lightning speed. Today, anyone, no matter their experience or expertise, can disseminate information to the public. With the public's trust of government and the media arguably at an all-time low, water providers are under pressure to prove themselves relevant, trustworthy, and necessary. We continue to garner public trust 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, on social media, and through an array of partnerships.

Establishing and maintaining credibility and creating confidence in the District's decisions, expertise, and offerings continue through MWDOC's outreach 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 others establishes the trust and credibility needed to place MWDOC in a visible leadership position as the go-to voice for Orange County water.

Over the past few years, the Department has invested significant time, talent, and resources to build and enhance MWDOC's communications tools and programs. A reputable online presence has been established and supported through the District's website and social media platforms. The Department will evaluate the various essential tools, materials, and communications channels 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 progress or shifts needed in these areas.

Key Initiatives for Public Affairs 21/22

Imported Water: Delta Conveyance Project & Colorado River Aqueduct

MWDOC will educate stakeholders on the importance of reliable deliveries from the State Water Project and the Colorado River. As FY 2020-21 closes, a series of MWDOC produced videos about the Delta Conveyance Project (DCP) will begin to be published. These videos, featuring MWDOC's Board of Directors, will be available on the District's website and social media, and provided to cable access throughout the MWDOC service area. Another series of videos is planned for production highlighting the challenges facing the Colorado River Aqueduct.

After two well-received water publications in the Sunday Orange County Register in FY 20/21 highlighting the DCP, MWDOC's OC Reliability Study, and other Member Agency projects, traditional print media continues to reach a target audience segment. This tool also allows for the repurposing of published materials for digital distribution. This effort will continue in FY 2021-22.

Reestablish MWDOC Speakers Bureau

Additionally, when the world starts to reopen, the Department looks to reestablish and formalize the MWDOC Speakers Bureau. Presentations on topics like imported water supplies, emergency response, water use efficiency, and water education, will be formalized, added to the Department event calendar, and incorporated into the Communications Program & Plan. These presentations will be available for the Board of Directors and staff for (virtual and in-person) presentations to be made to various target audiences.

Education

For FY 2021-22, the Department will invest time and resources towards advancing the District's water education initiatives and implementing environmental literacy – an education strategy that uses the local environment as the context for learning. By guiding students towards a deeper understanding of how social, economic, and civic decisions affect the resources Orange County depends on, sound investments in water infrastructure, resource planning, and good water stewardship will make more sense now and far into adulthood. The Department will examine, evaluate, and amend all District outreach programs and activities that target MWDOC's youngest water users. These programs include the K-12 Choice School Programs, Scouts programs, Water Energy Education Alliance, community events, partnerships, and post-secondary education efforts. MWDOC and education partners such as the Orange County Department of Education, the State Education and Environment Roundtable, and others will reintroduce the environmental literacy rollout plan initially proposed in FY 2020-21. The rollout, whose initial execution was impeded by COVID-19, includes formal instruction and materials for MWDOC Choice School Program contractors and select Orange County teachers and administrators. It is important to note that the Department posted a Request for Proposals (RFP) for Design and Implementation of K-12 Water Education School Program Services in January 2021 to solicit bids for contractors across all K-12 grade levels. K-12 educational programming has been significantly affected by the influence of COVID-19, and a complete review of lesson plans and execution strategy is necessary either with existing or new Choice School Program contractors.

The Water Energy Education Alliance (WEEA) has proven to be an extremely successful endeavor, supported by nearly 60 organizations across the State. These organizations are made up of water, energy, and education leaders working to build and strengthen workforce pathways for high school students in the Energy, Environment, and Utility Sectors (EEU). While this effort reinforces work being done across Southern California, Orange County is a notable beneficiary. New, commanding education and business connections have been made, and working groups are being formed and led through WEEA that are advancing workforce pathways for MWDOC and its 28 member agencies. Additional work is being done to implement environmental literacy guidelines into Career Technical Education programs at the state level, further securing the need and appreciation for water education in high schools.

Partnerships have allowed the Department to grow its resources, substantially extend its reach, and create new MWDOC water ambassadors. The Department will continue to offer programs and materials to reach water users of all ages. These efforts include the Scouts merit badge and patch programs. Through work supporting environmental literacy, the Department will evaluate and refine the materials and activities presented in these programs and the District's Choice School Programs.

MWDOC will continue to promote participation in the Wyland National Mayor's Challenge for Water Conservation; however, to reinforce the new direction of the MWDOC education programs, the incentive will shift from community city parks 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 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 year, staff have increased participation in industry memberships, training, and certifications, developing additional skills, experience, and acumen in the job's day-to-day responsibilities and demands. Thus, MWDOC has provided professional training opportunities to Member Agency communicators at the bimonthly Public Affairs Workgroup (PAW) meetings to communicate regional messages to various stakeholders effectively. Whether it be 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.

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 through PAW. MWDOC provides timely, accurate, trustworthy content and messaging countywide and throughout the State. MWDOC's media/toolkits come complete with a subject overview, sample social media posts, newsletter articles, news releases, letters of support, flyers, and additional content as needed. These kits are created in-house and have proven to be valuable throughout the industry. The Department plans to continue these efforts, expanding upon the materials and resources provided in previous kits such as *COVID-19 – Your Drinking Water is Safe, 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*.

Water Policy Forums/Dinners

One of MWDOC's hallmark programs, Water Policy Dinners, will also be evaluated and refined. Maximizing relationships with entities such as OCBC, ACC-OC, local chambers, and others, the Department looks to increase event attendance by promoting a specific schedule and speakers/topics planned for the entire fiscal year. With a set schedule and speakers, attendees can calendar accordingly, and staff will be able to plan logistics, promotions, and secure appropriate speakers. This initially was a priority for the previous fiscal year, however, like most everything else, COVID-19 forced a transition to Virtual Water Policy Forums. The Department looks to establish a partnership with another venue to host the more formal dinners when social distance mandates are lifted.

Specific objectives to be completed in FY 2021-22 include:

MWDOC Speakers Bureau

- Public Affairs will reestablish and formalize the MWDOC Speakers Bureau. Presentations on topics like imported water supplies, emergency response, water use efficiency, and water education, will be formalized, added to the Department

event calendar, and incorporated into the Communications Program & Plan. These presentations will be available for the Board of Directors and staff for (virtual and in-person) presentations to be made to various target audiences.

Promote and Educate on the Importance of Imported Water Supplies

- MWDOC will educate stakeholders on the importance of reliable deliveries from the State Water Project and the Colorado River. As FY 2020-21 closes, a series of MWDOC produced videos about the Delta Conveyance Project (DCP) will begin to be published. These videos, featuring MWDOC's Board of Directors, will be available on the District's website and social media, and provided to cable access (Channel 10) throughout the MWDOC service area. Another series of videos is planned for production highlighting the challenges facing the Colorado River Aqueduct.

Refine and Enhance All MWDOC Education Initiatives

- For the 21/22 FY, the Department will invest time and resources towards advancing the District's water education initiatives and implementing environmental literacy – an education strategy that uses the local environment as the context for learning.
- The Department will examine, evaluate, and amend all District outreach programs and activities that target MWDOC's youngest water users. These programs include the K-12 Choice School Programs, Scouts programs, Water Energy Education Alliance, community events, partnerships, and post-secondary education efforts. MWDOC and education partners such as the Orange County Department of Education, the State Education and Environment Roundtable, and others will reintroduce the environmental literacy rollout plan initially proposed in FY 20/21.

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, Metropolitan, MET Member Agencies), 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.

The shutdown of the California Legislature last year forced Government Affairs to adopt novel ways to advocate for MWDOC's interests. Lobbying over Zoom and social distancing requirements made for a challenging environment, but we successfully adjusted and achieved important goals despite a variety of setbacks. Given that, one of the most significant accomplishments of 2020 was learning how to be effective in an environment that prevented us from using most of the traditional tools of advocacy. There is no denying that the shutdown impacted our legislative efforts. Below are the highlights of what we achieved in 2020, but there are several pieces of legislation that in any other year would have been on our list of wins. Almost no legislation related to water policy made it to the Governor, and nothing survived that had any real opposition. Despite all that COVID-19 threw at us, we do have the following highlights:

Accomplishments for 2020

- Worked to ensure the \$8.3 Million grant for the South Coast Water District Doheny Beach Desal Project is listed in the Energy and Water Appropriations Bill and the \$11.7 Million grant was listed in the Omnibus Appropriations Bill. This also involved the active participation of the SCWD and Soto Resources.
- Engaged all members of Orange County's Congressional delegation on the FY 2021 appropriations bills.
- Advocated for full funding of critical water programs funded for the Bureau of Reclamation, USACE, Clean/Drinking Water State Revolving Funds, and the WIFIA program.
- Engaged key members of Congress and the US Senate expressing concern about PFAS legislation that could negatively impact MWDOC and its member agencies. Specifically, we highlighted concerns about listing PFAS as hazardous substances under the Superfund CERCLA without an exemption for public water systems. Ultimately, the language was not included in the 2020 National Defense Authorization Act as we advocated.
- Actively engaged on legislation related to wildfires and Public Safety Power Shutoffs (PSPS) that impact water districts.
- Worked with MWDOC staff and OC LAFCO staff on MWDOC's Municipal Service Review and Sphere of Influence update which was unanimously approved by the OC LAFCO Commission.

Priorities for 2021

- 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
- Advocate for the passage of the federal reauthorization of the 2016 WIIN Act and federal funding for the State Revolving Fund loan program (including the CA Drought Relief provisions).
- Advocate for changes in the IRS Code with respect to turf removal programs.
- Continue engagement with Rep. Levin and staff on his Desalination Development Act.
- Continue to work with Rep. Garamendi and staff to ensure special districts are defined in statute and be eligible for future funding distributions.
- Continue advocating for Senator Feinstein's Emergency Wildfire and Public Safety Act, which would ease some regulatory hurdles for forest management projects, such as not requiring a renewed environmental review when new information emerges about potential effects on endangered species – a legislative fix to a court-imposed requirement.
- Advocate for cost effective reliability and local resources projects that benefit Orange County.
- Actively engage on regulations at SCAQMD 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, including new members, about the need for the project and the implications to water security.
- Actively monitor and engage on regulations related to wildfires and Public Safety Power Shutoffs (PSPS) that impact water districts.
 - After SB 1099 (Dodd) was not enacted at the end of the 2020 legislative session, South Coast Air Quality Management District (SCAQMD) agreed to place a renewed effort on working with stakeholders and updating their regulations that negatively impact water districts using emergency backup generators during a disaster. MWDOC staff and its advocacy team will actively engage with SCAQMD to ensure these regulations honor the legislative intent in SB 1099
 - Legislation related to wildfire liability is in 2021 and will be closely monitored
- Actively engage on regulations and regulatory proceedings related to Constituents of Emerging Concern (CECs).
 - Support administrative and/or legislative proposals that use a science-based approach in developing regulations.
 - Support funding to help public water systems defray cost of monitoring and ensure clean-up costs are borne by the polluters.
 - Outreach and education to the Orange County delegation about potential legislation that could negatively impact MWDOC and our member agencies.
 - Engage on legislation consistent with our policy principles.
- 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.
 - Meet with new members of the Orange County delegation, new key committee members, and staff.
 - Strengthen outreach with returning members of the Orange County delegation, key committee members and staff.
 - Focus on issue education and advocacy.

Specific objectives to be completed in FY 2021-22 include:

Delta Conveyance Project –

- Support administrative and/or legislative proposals, including funding, to keep the project moving forward;
- Defeat hostile legislation
- Remain consistent with policy principles

Goal for 2021:

- Build relationships with NGOs who have similar goals
- Partner with NGOs on other issues (e.g. WaterSMART funding) to enhance relationship building for future
- Meet with and educate new delegation members on the importance of the project

(Federal and State Priority)

Status: Federal and state activities on this issue were not prioritized due to COVID-19. This item remains ongoing

Public Safety Power Shutoffs –

- Support funding, if any, for public water systems to mitigate the impacts for PSPS and emergency standby generators
- CMUA/LVMWD and ACWA are sponsoring legislation – language not yet final; hospitals also sponsoring legislation (from 2020)
- Solicit support from other public entities (e.g. public safety) for regulatory proposals made to SCAQMD
- Work collaboratively with other statewide associations such as CSAC and the League of Cities, as well as local agencies to ensure they are supportive

Goal for 2021:

- Actively engage on SCAQMD regulations related to the regular testing and use of emergency standby generators. Expected completion: Summer 2021

(State Priority)

Safe and Affordable Drinking Water Program –

- Actively engage with SAFER Advisory Group
- Continue participation with the ACWA/CMUA SB 200 working group
- Monitor/engage with State Board to ensure program is implemented per the direction in SB 200 and appropriated funds are properly spent

Goal for 2021: Continuing discussion will focus on ensuring accurate cost projections for projects. The preference is to have the cost of past projects factored into the analysis.

This work is expected to continue in early 2021. Expected completion/adoption at the State Board: Summer 2021.

(State Priority)

Outreach and Education –

Strengthen outreach efforts to all levels of government and the community:

- Federal, state, and local elected officials
- Members and staff of key policy committees
- MWDOC member agencies: Outreach to/with - government affairs staff members, PAW/Legislative Group Meetings, MWDOC Member Agency Managers Meetings
- MWD and regional agencies
- Statewide organizations (ACWA, CMUA, CSDA, etc.)
- Regional associations (Chambers, etc.)

Goal for 2021:

- Meet with each office in the Orange County delegation and key committees on both the state and federal level
 - Focus on:
 - New delegation members (Steel, Kim, Newman, Min, Davies, Nguyen)
 - New members and/or staff of key policy committees
- Participate with regional and statewide organizations monthly
(Federal, State and Local Priority)

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 committee meeting staffing including 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 with improved efficiency;
- 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 Process;
- Succession Planning for upcoming retirements;
- Oversee building remodel improvements;
- Increase Employee Engagement and implement Organizational Values;
- Continue to monitor activities related to COVID-19 and implement policies, as required.

MWDOC Building Improvements

Administration, Engineering, and WEROC staff are working together to coordinate multiple improvement projects at the MWDOC Administration Building. Construction efforts began in November 2020 and are anticipated to continue through October 2021. Staff hired ABS Consulting to assist with Owner's Representative services for the various aspects of seismic retrofitting and remodeling of the existing building. As construction moves forward, staff is taking into consideration guidance from the National Institute for Occupational Safety and Health (NIOSH) for controlling exposures to occupational hazards, including infectious disease transmission pathways, brought into focus by COVID-19. Additionally, mandated (administrative) compliance requirements have been implemented for the office environment that will continue when the workforce can safely return to the office. The capital budget reflects previously approved budgeted costs, carryover of unspent capital funds, newly realized costs related to glass partition walls for conference rooms, HVAC improvements to provide additional infectious disease (engineering) controls, and furniture costs for Phase 3 of the remodel.

Specific objectives to be completed in FY 2021-22 include:

Performance Management Process – Complete design and implementation of new performance management and evaluation system developed with staff input and participation.

Completion: Fall 2021

Status:

- Staff input identified that training is needed on communication and listening skills, conflict management, coaching and feedback and building a workplace of trust.
- Due to the pandemic, in-person all-staff training was delayed and as a result the Performance Management process was also delayed.
- Virtual training sessions will be scheduled for late January/early February.
- Final Roll out and implementation of the Performance Management process to be completed by the Fall of 2021.

Office Remodel – Complete the building construction while minimizing disruption and maintaining office productivity.

Completion: Phases 1-3 November 2021 (excluding kitchen area)

Status:

- Administrative Staff has been working closely with Engineering Staff on the building remodel. Engineering is handling all of the technical and engineering aspects of the project and Administration is handling all of the administrative items associated with the project.
- Phase 1 construction started in November 2020 and involved coordination efforts with MWDOC staff in ensuring a successful move out of offices and workstations.

The Administrative team handled the move management and coordinated with IT to ensure computers and phones were successfully relocated.

- Administration also coordinated with the Finance Manager in identifying surplus items and the sale of furniture in ensuring all was completed according to schedule and avoiding construction conflicts.
- Administration also managed vendors in reducing or stopping services due to the remodel.
- In addition, the Board adopted an Administrative Code change to allow the District to participate in Regional Cooperative Agreements, thus allowing the District to obtain reduced pricing for the new office furniture. A vendor was selected for the purchase of office furniture and Phase 1 furniture order has been initiated.
- Staff continues to work with the furniture vendor and the interior designer in selecting materials and colors for the office.

Succession Planning – Recruitment, selection and integration of key positions including District Engineer, Water Use Efficiency Supervisor and two Finance positions.

Completion: On-going

Status:

- In preparation for the Assistant GM/District Engineer's retirement, several organizational changes were orchestrated including the transfer and promotion of the Associate Engineer from the MET cost center to the Engineering cost center. Promotions were also implemented for the new Director of Engineering/District Engineer and Assistant General Manager.
- In the Finance Group, Judy Roberts was recruited and hired in July 2020 to allow for training with Mary Snow prior to her retirement at the end of January 2021.
- HR will be working with the Finance Manager and Director of Water Use Efficiency to plan for the retirements of the Sr. Financial Analyst and Water Use Efficiency Supervisor positions. These are anticipated to take place between December 2021 and July 2022.

Completion of construction for remaining areas – Kitchen

Completion: June 2022

Status:

- For FYI 21-22 Capitol Acquisition and Building Expense Budget will include funding for the MWDOC office kitchen remodel.
- This will be the last section of the building that has not been updated.
- The plan is to replace appliances and cabinetry that are 28 years old as well as improve the use of functional space.

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 and Auditing & 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 rebates 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. In addition, IT provides and maintains properly working office equipment.

Key Initiatives in the coming year include:

- Maintain functional operations and support while staff is working remotely and throughout the building renovations at MWDOC;
- Supporting the succession planning for an upcoming retirement;
- Continue with IT's PC/Printer refresh program and security updates which, exchanges out equipment after it's useful like to prevent the loss of any data;
- Continue training on our new financial software;
- Continue with ongoing professional training;
- IT system security and back up testing;
- Continue to assist staff in maneuvering through our new financial software;
- Support the District with any future financing needs.

Specific objectives to be completed in FY 2021-22 include:

- Succession Planning – Planned retirement of Jeff Stalvey with need for overlapping transition periods
- Training – Enhance skills and knowledge
- Construction – IT to ensure all equipment is installed and working correctly
- IT – Upgrade a Router, Switch, Server and ten PC's

7. Core/Choice Programs for FY 2020-21

As noted above, the Choice Programs for FY 2020-21 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 third year of field operation.

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 2016 rate study and was implemented by the MWDOC Board of Directors for FY 2016-17. A new rate study is currently being conducted and any changes will be initiated for the FY 2021-22 budget.

Current Rate Structure

Based on the Proposed Budget and the current rate structure:

For FY 2021-22 the proposed Retail Meter Service Charge is \$12.60 per meter.

For FY 2021-22 the proposed Groundwater Customer Charge is \$572,216.

Alternative Rate Structures

As the 2021 Rate Study progresses, the impact of alternative rate structures on the Retail Meter Service Charge, the Groundwater Customer Charge, and any other charges will be summarized in the draft budget. These alternative rate structures will be revenue neutral for MWDOC but may represent significant cost differences for some agencies.

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 2021-22 are budgeted at \$159,262,425.

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. These items for the Second draft budget are:

South Emergency Operations Center Summary

Summary:

The WEROC Program Assessment has identified different options for improving the South EOC: renovation or new construction. The cost estimates for the two options are conceptual and discussion is ongoing with the WEROC funding agencies and El Toro Water District. Previous Committee discussions seemed to support new construction over renovation but MWDOC's cost share of the building could range from 50% to 100%. A Yes-or-No decision on the project is desired before the final FY 2021-22 budget is passed.

Detailed Report:

The South EOC facility was constructed in 1982 and has undergone minor renovations in the intervening years. A facility assessment study conducted in 2016, revealed critical defects requiring further renovation to bring this building up to safety standards. El Toro Water District over the years has partnered with WEROC to allow for the existence of Emergency Operations Center. El Toro Water District is working on moving this project forward as the overall project involves additional on-site

infrastructure. EYWD needs to know the intentions of WEROC regarding the South Emergency Operations Center as it impacts the ETWD project and schedule moving forward.

Additional conversations and planning around the total wrap around costs of the EOC have been analyzed. Add-on expenses not included in the EL Toro Water District Document (Brady) include the electrical shortfall, plumbing and all furniture, fixtures and equipment (FF&E) costs.

Option 1: New Building including structure, soft costs, additional electrical work, and FF&E

	<u>Overall Cost</u>	<u>50/50 Partner</u>
FY21/22: Soft Costs & Site Grading	\$404,219	\$202,109.50
FY22/23: Construction Costs	\$670,391	\$335,109.50
FY23/24: Construction Costs & FF&E*	\$670,391	\$335,195.50
Total Costs	\$1,745,000	\$872,500.50 each agency*

(* with possible partner agency that can use location as alternate EOC and will have the appropriate connectivity and F&E required)

Option 2: Fix only seismic, roof, generator, electrical on the current structure
 Estimated renovation cost: \$ 1,125,225

Option 3: Advise El Toro we are unable to move forward jointly, terminate the South Emergency Operations Center Lease Agreement and location.

WEROC is continuing to seek additional funding such as grants and other source funding. At this time, there is no grant opportunities. The plan to move forward is based on if there is no other funding source available.

Attachments:

Attached hereto are MWDOC budget schedule and the detailed budget for this coming fiscal year.