

ADJOURNED MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Jointly with the
ADMINISTRATION & FINANCE COMMITTEE

April 19, 2021, 8:30 a.m.

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

Computer Audio: You can join the Zoom meeting by clicking on the following link:

<https://zoom.us/j/8828665300>

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

A&F Committee:

Director McVicker, Chair
Director Dick
Director Thomas

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

Ex Officio Member: Director Tamaribuchi

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

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

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

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

PROPOSED BOARD CONSENT CALENDAR ITEMS

1. TREASURER'S REPORT
 - a. Revenue/Cash Receipt Report – March 2021
 - b. Disbursement Approval Report for the month of April 2021
 - c. Disbursement Ratification Report for the month of March 2021

- d. GM Approved Disbursement Report for the month of March 2021
 - e. Consolidated Summary of Cash and Investment – February 2021
 - f. OPEB and Pension Trust Fund monthly statement
2. FINANCIAL REPORT - Combined Financial Statements and Budget Comparative for the Period Ending February 28, 2021

ACTION ITEMS

- 3. DISTRICT BENCHMARK COMPENSATION AND BENEFITS STUDY
- 4. REVIEW INFORMATION REGARDING PUBLIC HEARING (SCHEDULED FOR APRIL 21, 2021) TO ADOPT ORDINANCE SUPERSEDING AND REPEALING MWDOC ORDINANCE NO. 54 REGARDING COMPENSATION FOR DIRECTORS
- 5. AUTHORIZATION TO CONTRACT FOR MWDOC CHOICE SCHOOL PROGRAMS
- 6. MWDOC'S 2021 COST ALLOCATION RATE STUDY
- 7. ADOPTION OF THIRD DRAFT OF THE FY 2021-22 BUDGET
- 8. PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2020-21
- 9. AB 1296 (KAMLAGER) AND SB 342 (GONZALEZ) – SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT: BOARD MEMBERSHIP

DISCUSSION ITEM

- 10. REVIEW OF DISTRICT'S AUTO ALLOWANCE POLICY
- 11. REVIEW OF REQUIREMENTS FOR CSDA'S DISTRICT OF DISTINCTION AWARD (VARIOUS LEVELS)

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

- 12. REIMBURSEMENT OF DENTAL DIVIDENDS TO EMPLOYEES AND DIRECTORS
- 13. DEPARTMENT ACTIVITIES REPORTS
 - a. Administration
 - b. Finance and Information Technology
- 14. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION

OTHER ITEMS

- 15. REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL

MATTERS, EMPLOYEE BENEFITS FINANCE AND INSURANCE

ADJOURNMENT

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

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

**Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
March 2021**

WATER REVENUES

<u>Date</u>	<u>From</u>	<u>Description</u>	<u>Amount</u>
3/01/2021	City of Newport Beach	January 2021 Water deliveries	\$ 46,369.11
3/01/2021	Serrano Water District	January 2021 Water deliveries	\$ 7,589.60
3/03/2021	Trabuco Canyon Water District	January 2021 Water deliveries	\$ 141,015.85
3/04/2021	City of Westminster	January 2021 Water deliveries	\$ 12,869.03
3/04/2021	Laguna Beach County Water District	January 2021 Water deliveries	\$ 151,995.66
3/08/2021	City of Buena Park	January 2021 Water deliveries	\$ 148,892.99
3/08/2021	City of Fountain Valley	January 2021 Water deliveries	\$ 11,905.97
3/08/2021	City of La Palma	January 2021 Water deliveries	\$ 2,624.29
3/08/2021	City of Seal Beach	January 2021 Water deliveries	\$ 9,915.38
3/08/2021	El Toro Water District	January 2021 Water deliveries	\$ 371,609.46
3/08/2021	South Coast Water District	January 2021 Water deliveries	\$ 344,913.39
3/10/2021	City of La Habra	January 2021 Water deliveries	\$ 17,733.51
3/10/2021	Santa Margarita Water District	January 2021 Water deliveries	\$ 1,624,478.11
3/11/2021	City of Orange	January 2021 Water deliveries	\$ 94,147.30
3/11/2021	East Orange Co Water District	January 2021 Water deliveries	\$ 338,053.65
3/12/2021	City of Garden Grove	January 2021 Water deliveries	\$ 313,019.48
3/12/2021	City of San Clemente	January 2021 Water deliveries	\$ 561,214.20
3/12/2021	City of San Juan Capistrano	January 2021 Water deliveries	\$ 412,863.07
3/15/2021	Golden State Water Company	January 2021 Water deliveries	\$ 337,554.60
3/15/2021	Irvine Ranch Water District	January 2021 Water deliveries	\$ 1,016,808.96
3/15/2021	Moulton Niguel Water District	January 2021 Water deliveries	\$ 1,910,330.52
3/15/2021	Orange County Water District	January 2021 Water deliveries	\$ 382,268.11
3/15/2021	Yorba Linda Water District	January 2021 Water deliveries	\$ 189,783.04
3/24/2021	City of Westminster	February 2021 Water deliveries	\$ 12,869.03
3/26/2021	City of Brea	February 2021 Water deliveries	\$ 15,078.35
3/26/2021	City of Huntington Beach	February 2021 Water deliveries	\$ 110,182.88
3/29/2021	City of Newport Beach	February 2021 Water deliveries	\$ 23,847.51
TOTAL WATER REVENUES			\$ 8,609,933.05

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
March 2021

MISCELLANEOUS REVENUES

<u>Date</u>	<u>From</u>	<u>Description</u>		<u>Amount</u>
3/04/2021	Karl Seckel	March 2021 Retiree Health insurance	\$	241.40
3/29/2021	Stan Sprague	April 2021 Retiree Health insurance	\$	241.40
3/15/2021	IGOE	Feb-Mar 2021 COBRA insurance for Joan Finnegan	\$	47.32
3/04/2021	US Bank	CAL Card rebate check	\$	393.46
3/17/2021	US Bank	Monthly Analysis refund - ACH fee	\$	41.00
3/29/2021	SDRMA	2017-2019 Dental dividend	\$	9,403.90
3/31/2021	US Bank	Monthly Interest	\$	3.21
3/22/2021	Moulton Niguel Water District	January 2021 Smartimer rebate program	\$	254.51
3/22/2021	Mesa Water District	January 2021 Smartimer rebate program	\$	59.00
3/08/2021	El Toro Water District	June 2020 Turf Removal rebate program	\$	1,685.00
3/29/2021	City of La Habra	September 2020 Turf Removal rebate program	\$	222.00
3/26/2021	City of Brea	January 2021 Turf Removal rebate program	\$	111.00
3/22/2021	City of Fountain Valley	January 2021 Turf Removal and Spray to Drip rebate program	\$	444.00
3/29/2021	City of Orange	January 2021 Turf Removal and Spray to Drip rebate program	\$	666.00
3/01/2021	Irvine Ranch Water District	December 2020 Spray to Drip rebate program	\$	3,461.00
3/08/2021	El Toro Water District	December 2020 Rain Barrels and Smartimer rebate program	\$	31.77
3/19/2021	City of San Clemente	December 2020 Smartimer, Rotating Nozzle and Rain Barrels rebate program	\$	210.57
3/08/2021	El Toro Water District	January 2021 So Cal Watersmart rebate program	\$	230.00
3/08/2021	Moulton Niguel Water District	January 2021 So Cal Watersmart rebate program	\$	3,800.00
3/19/2021	City of San Clemente	January 2021 So Cal Watersmart rebate program	\$	680.00
3/04/2021	City of La Habra	Late payment penalty on November 2020 Water deliveries	\$	116.50
3/26/2021	City of Tustin	Leak Detection Shared Services Elections for FY 2020-21	\$	419.00
3/10/2021	Orange County Water District	Retention for SAWPA Drought Response program	\$	91,684.00
3/08/2021	City of Anaheim	Jul-Dec 2020 School Billing	\$	448.05
3/01/2021	City of Santa Ana	Jul-Dec 2020 School Billing	\$	4,938.85
3/01/2021	City of Garden Grove	2020 - 5 Year Update Urban Water Management Plan	\$	31,650.00
3/01/2021	City of Santa Ana	2020 - 5 Year Update Urban Water Management Plan	\$	41,780.00

TOTAL MISCELLANEOUS REVENUES \$ 193,262.94

TOTAL REVENUES \$ 8,803,195.99


 Robert J. Hunter, General Manager


 Hilary Chumpitazi, Treasurer

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2021**

Item 1b

Vendor/ Invoice	Description	Amount to Pay
Core Disbursements:		
ABSG Consulting Inc		
5107106	February 2021 Owner's Representative preconstruction/plan check & bidding services for MWDOC office remodel	21,610.00
Total		<u>21,610.00</u>
ACCO Engineered Systems		
20103291	Quarterly HVAC Preventative maintenance	1,014.00
Total		<u>1,014.00</u>
Richard C Ackerman		
1300	March 2021 Legal and regulatory matters consulting	2,475.00
Total		<u>2,475.00</u>
Agendum Ventures		
1455	Services to design OC Water special insert	10,000.00
Total		<u>10,000.00</u>
Aleshire & Wynder LLP		
61446	March 2021 Legal services	1,512.80
Total		<u>1,512.80</u>
Arcadis US Inc		
34221840	January 2021 Urban Wtr Management Plan Development services	44,447.80
Total		<u>44,447.80</u>
Best Best and Krieger LLP		
55401-FEB21	February 2021 Legal services	8,170.10
900236	February 2021 Services for State legislative advocacy	8,000.00
Total		<u>16,170.10</u>
CDM Smith		
90122096	March 2021 Services for water resource planning	7,597.50
Total		<u>7,597.50</u>
The Brattle Group Inc		
61511	February 2021 Services for the Economic Benefit Studies and Modeling Work	4,750.00
Total		<u>4,750.00</u>
Edward G Means III		
MWDOC-1092	March 2021 Consulting on MET issues and guidance to Engineering staff	1,187.50
Total		<u>1,187.50</u>

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2021**

Vendor/ Invoice	Description	Amount to Pay
Fenagh LLC		
5828-3	February 2021 Services for on-site testing and inspection of structural steel and concrete for MWDOC office remodel	4,659.85
Total		<u>4,659.85</u>
Hashtag Pinpoint Corporation		
1400	March 2021 Strategic digital communications consulting services	7,913.00
Total		<u>7,913.00</u>
Herndon Solutions Group LLC		
INV-0000000825	February 2021 Services to assist with America's Water Infrastructure Act compliance	845.83
Total		<u>845.83</u>
IDS Group Inc		
17X114.00-9	February 2021 Interior design for MWDOC office remodel	558.60
18X093.00-9	February 2021 Seismic retrofit design and project support MWDOC office remodel	12,646.00
18X093.02-4	February 2021 Seismic retrofit design and project support MWDOC office remodel	9,481.50
18X093.0-10	March 2021 Seismic retrofit design and project support MWDOC office remodel	6,323.00
18X093.02-5	March 2021 Seismic retrofit design and project support MWDOC office remodel	5,538.00
Total		<u>34,547.10</u>
IGOE Administrative Services		
228704	Annual administrative fee for COBRA services	610.00
Total		<u>610.00</u>
Jill Promotions		
11061	500 Navy masks for promotional items	1,519.34
Total		<u>1,519.34</u>
Karens Detail Custom Frames LLC		
3152	MWDOC Resolution for Director Erdman	142.03
Total		<u>142.03</u>
Lewis Consulting Group		
2021-110	March 2021 Consulting services	2,312.50
Total		<u>2,312.50</u>
Keith Lyon		
33121	January-March 2021 Retiree medical premium	891.00
Total		<u>891.00</u>
Mega Maids Cleaning Service		
11737	March 2021 Cleaning services for COVID-19 prevention	480.00
Total		<u>480.00</u>

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2021**

Vendor/ Invoice	Description	Amount to Pay
Municipal Resource Group, LLC		
03-21-125	Apr. 2 and Apr. 9, 2021 Staff virtual training	17,000.00
Total		17,000.00
Natural Resource Results LLC		
3365	March 2021 Federal legislative advocacy services	8,000.00
Total		8,000.00
NDS		
781816	2/26/21 Board packet delivery service	214.25
782590	3/5/21 Board packet delivery service	320.47
782766	3/12/21 Board packet delivery service	214.25
783242	4/2/21 Board packet delivery service	214.25
Total		963.22
Office Depot Inc		
157441047001	3/12/21 Office supplies	240.48
Total		240.48
Office Solutions		
I-01858647	3/31/21 Office supplies	152.11
Total		152.11
Optima RPM Inc		
5000355	March 2021 Construction services for MWDOC office seismic Improvements and remodel	195,526.53
Total		195,526.53
Orange County Water District		
22662	February 2021 Postage, shared office and maintenance expense	3,852.37
22738	March 2021 Postage, shared office and maintenance expense	6,584.01
Total		10,436.38
Raftelis Financial Consultants Inc		
18515	February 2021 Rate Study services	10,927.50
18939	March 2021 Rate Study services	11,182.50
Total		22,110.00
Joey C Soto		
MWDOC #035	March 2021 Grant research and acquisition assistance	3,250.00
Total		3,250.00
Spectrum Business Centers		
216014	3/19/21-3/19/22 Annual maintenance renewal for Ricoh color copier	350.00
Total		350.00

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2021**

Vendor/ Invoice	Description	Amount to Pay
WageWorks Inc		
INV2666488	March 2021 Cafeteria plan administration fees	196.07
Total		<u>196.07</u>
Water Systems Optimization Inc		
1932	January 2021 Water Loss Control program	5,580.00
Total		<u>5,580.00</u>
Total Core Expenditures		<u>428,490.14</u>
Choice Expenditures:		
Bolsa Chica Conservancy		
40721	March 2021 Choice Water Education High School program	1,800.00
Total		<u>1,800.00</u>
Building Block Entertainment Inc		
3429-4	March 2021 Choice Elementary School program for grades TK-2	8,320.00
Total		<u>8,320.00</u>
Discovery Science Center		
1442	March 2021 Choice Middle School program	4,095.00
1444	March 2021 Choice Elementary School program Grades 3-5	5,270.00
Total		<u>9,365.00</u>
Inland Group		
211237011	PRV Program door hangers for SCWD	409.45
211254011	PRV Program door hangers for IRWD	134.69
Total		<u>544.14</u>
Mission RCD		
2977	March 2021 Field inspection and verification for Water Use Efficiency rebate programs	7,829.00
Total		<u>7,829.00</u>
Orange County Water District		
22662	February 2021 Postage for Water Use Efficiency rebate programs	15.83
22738	March 2021 Postage for Water Use Efficiency rebate programs	17.14
Total		<u>32.97</u>
US Bank Voyager Fleet Systems		
8694349932113	2/25/21-3/24/21 Fuel for Water Loss Control Shared Services vehicles	130.56
Total		<u>130.56</u>
Total Choice Expenditures		<u>28,021.67</u>

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2021**

Vendor/ Invoice	Description	Amount to Pay
Other Funds Expenditures:		
EcoTech Services Inc		
1870	February 2021 Landscape Design and Maintenance Assistance programs	12,325.00
Total		<u>12,325.00</u>
Herndon Solutions Group LLC		
INV-0000000825	February 2021 Services to assist with America's Water Infrastructure Act compliance	49,594.79
Total		<u>49,594.79</u>
Mission RCD		
2977	March 2021 Field inspection and verification for Water Use Efficiency rebate programs	999.00
Total		<u>999.00</u>
County of Orange		
SC12777	4/1-6/30/21 800 MHz radio operation maintenance and management cost share	313.00
Total		<u>313.00</u>
The Plant Nerd		
6405	February 2021 Landscape Design and Maintenance Assistance programs	14,720.00
6436	March 2021 Landscape Design and Maintenance Assistance programs	9,850.00
Total		<u>24,570.00</u>
Mary Schoenfeldt		
22221	Disaster Stress Management in an EOC Environment training for member agencies and operational area partners on Mar. 4, 2021	200.00
Total		<u>200.00</u>
Water Systems Optimization Inc		
1932	January 2021 Water Loss Control program	30,090.00
Total		<u>30,090.00</u>
Total Other Funds Expenditures		<u>118,091.79</u>
Total Expenditures		<u><u>574,603.60</u></u>

**Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of March 2021**

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
Corodata Records Management Inc				
3/15/2021	EFT	RS4677082	February 2021 Archived document storage fees	52.13
Total				52.13
Cort Business Services Corp				
3/15/2021	140186	7496144	February 2021 Furniture lease for 2 temporary workstations	144.48
Total				144.48
Lina Gunawan				
3/31/2021	EFT	13121	January 2021 Business expense	20.00
3/31/2021	EFT	22821	February 2021 Business expense	70.00
Total				90.00
Laguna Beach County Water District				
3/15/2021	140190	30121	CM-12 Modification Deposit Refund	28,359.94
Total				28,359.94
Ricoh USA Inc				
3/15/2021	EFT	5061504885	February 2021 Reproduction costs	267.28
Total				267.28
Spectrum Business				
3/22/2021	140202	343564031021	March 2021 Telephone expense for 1 analog fax lines	39.99
3/04/2021	140179	375210030121	March 2021 Telephone and internet expense	1,411.54
Total				1,451.53
Jeffery Thomas				
3/31/2021	EFT	22821	February 2021 Business expense	76.99
Total				76.99
Jason Thorsell				
3/05/2021	EFT	113020	Oct.-Nov. 2020 Business expense	90.00
Total				90.00
US Bank				
3/15/2021	140200	0208/4192/4279-FEB21	1/23/21-2/22/21 Cal Card charges	9,262.26
Total				9,262.26

**Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of March 2021**

Name/ Date	Check/ EFT	Invoice	Description	Amount
Verizon Wireless				
3/04/2021	140180	9874037580	February 2021 4G Mobile broadband unlimited service	114.03
Total				114.03
Total Core Disbursements				39,908.64
Choice Disbursements:				
Jason Thorsell				
3/05/2021	EFT	113020	Oct. 2020 Business expense	136.77
Total				136.77
US Bank				
3/15/2021	140200	4279-FEB21	1/23/21-2/22/21 Cal Card charges	33.54
Total				33.54
Total Choice Disbursements				170.31
Other Funds Disbursements:				
AT&T				
3/15/2021	140182	1812-MAR20	March 2021 U-Verse internet service for WEROC N. EOC	64.20
Total				64.20
AT&T				
3/15/2021	140183	16094941	February 2021 Telephone expense for WEROC N. & S. EOC	338.64
3/15/2021	140183	16094942	February 2021 Telephone expense for WEROC N. EOC	117.61
Total				456.25
Mesa Water District				
3/15/2021	EFT	10412	January 2021 Credit for Local Resources program	52,862.25
Total				52,862.25
Metropolitan Water District				
3/30/2021	WIRE-03302	10326	January 2021 Water deliveries	8,572,142.77
Total				8,572,142.77

**Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of March 2021**

Name/ Date	Check/ EFT	Invoice	Description	Amount
Santa Margarita Water District				
3/31/2021	EFT	1152021	January 2021 SCP Pipeline Operation Surcharge	23,507.51
Total				23,507.51
Santiago Aqueduct Commission				
3/31/2021	140231	1152021	January 2021 SAC Pipeline Operation Surcharge	2,887.48
Total				2,887.48
Spray to Drip Rebate				
3/30/2021	140213	S2D3-R-MESA-39652-17649	S. Mak	764.50
3/30/2021	140209	S2D4-R-FV-41099-17762	J. Kato	1,221.50
3/30/2021	140205	S2D4-R-IRWD-41410-17829	R. Arasasingham	1,092.00
3/30/2021	140207	S2D4-R-IRWD-41709-17896	D. Covell	334.12
3/30/2021	140203	S2D4-R-LH-41253-17808	B. Anderson	722.50
3/30/2021	140217	S2D4-R-SM-41778-17912	J. Rampone	1,183.00
3/30/2021	140227	S2D4-R-TUST-41121-17781	T. Zarubin	1,496.50
Total				6,814.12
Turf Rebate				
3/30/2021	140215	TR13-C-MNT-26835-38119	Monarch Summit II HOA (Laguna Niguel)	150,000.00
3/30/2021	140224	TR13-R-IRWD-39559-38401	L. Wheeler	3,255.00
3/30/2021	140223	TR13-R-MESA-39050-37935	J. Warren	7,314.00
3/30/2021	140214	TR13-R-MESA-39652-38480	S. Mak	10,677.00
3/30/2021	140219	TR14-C-HB-4463-39843	Tension Member Tech (5702 Research Drive, HB)	1,650.00
3/30/2021	140220	TR14-C-HB-4463-39844	Tension Member Tech (5721 Research Drive, HB)	1,641.00
3/30/2021	140211	TR14-C-IRWD-41130-39930	Kellogg Family LLC (Irvine)	6,312.00
3/30/2021	140216	TR14-C-MNT-41379-40163	Monarch Summit II HOA (Laguna Niguel)	89,466.00
3/30/2021	140222	TR14-R-ETWD-39993-38813	B. Tu	1,920.00
3/30/2021	140210	TR14-R-FV-41099-39904	J. Kato	3,400.00
3/30/2021	140225	TR14-R-HB-41321-40111	J. Whitley	1,622.00
3/30/2021	140206	TR14-R-IRWD-41410-40193	R. Arasasingham	1,814.00
3/30/2021	140204	TR14-R-LH-41253-40061	B. Anderson	2,890.00
3/30/2021	140226	TR14-R-MNT-41745-40498	A. Wolf	2,000.00
3/30/2021	140221	TR14-R-SM-41138-40027	W. Tilton	908.00
3/30/2021	140208	TR14-R-SM-41618-40391	C. Doe	1,086.00
3/30/2021	140218	TR14-R-SM-41778-40524	J. Rampone	1,066.00
3/30/2021	140212	TR14-R-TC-41514-40300	B. King	3,040.00
3/30/2021	140228	TR14-R-TUST-41121-39921	T. Zarubin	5,040.00
Total				295,101.00

**Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of March 2021**

Name/ Date	Check/ EFT	Invoice	Description	Amount
US Bank				
3/15/2021	140200	4279-FEB21	1/23/21-2/22/21 Cal Card charges	4,908.32
Total				<u>4,908.32</u>
Verizon Wireless				
3/04/2021	140180	9874037580	February 2021 4G Mobile broadband unlimited service	404.01
Total				<u>404.01</u>
Total Other Funds Disbursements				<u>8,959,147.91</u>
Total Disbursements				<u><u>8,999,226.86</u></u>



Robert J. Hunter, General Manager



Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: February 22, 2021
Payment Date: March 15, 2021

Date	Description	Amount
-------------	--------------------	---------------

R. Hunter Card:

1/30/2021	CalDesal Virtual Conference from Feb. 10-11, 2021- Registration for Director Nederhood and C. Busslinger	500.00
2/02/2021	CalDesal Virtual Conference from Feb. 10-11, 2021- Registration for Director Seckel, Director Tamaribuchi, and Director McVicker	750.00
2/17/2021	AMWA Virtual Conference from Mar. 16 to Mar. 17, 2021 - Registration for R. Hunter	125.00
2/17/2021	ACWA DC2021 Virtual Conference on Feb. 24, 2021 - Registration for Director Seckel	375.00 ¹
2/19/2021	ACWA DC2021 Virtual Conference on Feb. 24, 2021 - Registration for R. Hunter	225.00
Total:		1,975.00

C. Harris Card:

12/22/2020	5 Dell laptops for SEOC/WEROC	4,908.32
1/24/2021	12/25/20-1/24/21 Web hosting service for MWDOC website	15.65
2/03/2021	FedEx delivery charge to Best Best & Krieger on Feb. 3, 2021	20.15
2/08/2021	ACWA DC2021 Virtual Conference on Feb. 24, 2021 with 3 webinars - Registration for Director Nederhood, Director Yoo Schneider, and H. Baez	1,125.00 ¹
2/08/2021	ACWA Virtual Spring Conference from May 12-13, 2021 - Registration for Director Seckel and Director Thomas	750.00
2/08/2021	Grant Proposal Development online course - Registration for J. Schunk	349.00
2/11/2021	February 2021 Subscription for prework screening for COVID-19 prevention	175.56
2/12/2021	DocuSign Business Pro annual subscription	2,760.00
2/16/2021	Supplies for Water Loss Control Shared Services	33.54
2/16/2021	The Orange County Register Annual Digital subscription	161.95
2/17/2021	Adobe Acrobat for Legal Professionals course on Feb. 23 and Feb. 25, 2021 - Registration for C. Hernandez and K. Davanaugh	158.00
2/18/2021	Adobe Acrobat for Legal Professionals course on Feb. 23 and Feb. 25, 2021 - Registration for L. Frazier and T. Dubuque	158.00
Total:		10,615.17

Public Affairs Card:

1/25/2021	Kahoot Annual subscription	720.00
1/25/2021	Grammarly Annual subscription	450.00
2/02/2021	2/2/21-3/1/21 Zoom Video Communications monthly fee with audio licenses	174.95
2/03/2021	February 2021 Storage unit for Public Affairs department use during MWDOC office remodel	269.00
Total:		1,613.95

¹ \$150 credit issued in March 2021 to adjust price to \$225 per registration for ACWA DC2021

**Municipal Water District of Orange County
GM Approved Disbursement Report ⁽¹⁾
For the Month of March 2021**

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
CDM Smith				
3/31/2021	140229	90119678	February 2021 Services for water resource planning	11,964.50
Total				11,964.50
Total Core Disbursements				11,964.50
Choice Disbursements:				
Grainger				
3/15/2021	140187	9796973155	Water Loss Control Shared Services supplies	81.67
Total				81.67
Total Choice Disbursements				81.67
Other Funds Disbursements:				
Total Other Funds Disbursements				-
Total Disbursements				12,046.17


Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

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



Municipal Water District of Orange County
Consolidated Summary of Cash and Investment
 February 28, 2021

Street Address:
 18700 Ward Street
 Fountain Valley, California 92708

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

(714) 963-3058
 Fax: (714) 964-9389
www.mwdoc.com

Sat Tamaribuchi
 President

Megan Yoo Schneider, P.E.
 Vice President

Al Nederhood
 Director

Larry D. Dick
 Director

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

Karl W. Seckel, P.E.
 Director

Jeffery M. Thomas
 Director

Robert J. Hunter
 General Manager

MEMBER AGENCIES

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

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

Fund	Book Value	% of Portfolio
Designated Reserves		
General Operations	\$3,738,505	21.66%
Grant & Project Cash Flow	1,500,000	8.69%
Election Expense	1,333,000	7.72%
Building Repair	436,542	2.53%
OPEB	297,147	1.72%
Total Designated Reserves	7,305,194	42.32%
General Fund	7,616,499	44.15%
Water Fund	1,257,563	7.29%
Conservation Fund	(743,252)	(4.31%)
WEROC Fund	1,824,252	10.57%
Trustee Activities	(4,055)	(0.02%)
Total	\$17,256,201	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.57%	\$98,872	\$98,872
Short-term investment			
• LAIF	10.57%	\$1,823,340	\$1,823,340
• OCIP	70.89%	12,233,527	12,233,527
• US Bank Money Market	1.45%	249,907	249,907
Long-term investment			
• Corporate Bond	8.12%	1,400,555	1,385,223
• Certificates of Deposit	8.40%	1,450,000	1,531,676
Total	100.00%	\$17,256,201	\$17,322,545

The average number of days to maturity/call as of February 28, 2021 equaled 114 and the average yield to maturity is 0.845%. During the month, the District's average daily balance was \$23,334,769.97. Funds were invested in US Bank Money Market, Negotiable Certificate of Deposit's, Corporate Bonds, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of February 2021.

The \$66,344 difference between the book value and the market value on February 28, 2021 represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or cash flow requirements identified in the near future that would require the sale of these securities prior to maturity.

Robert J. Hunter
 General Manager

Hilary Chumpitazi
 Treasurer



MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Portfolio Management - Portfolio Summary February 28, 2021

2/28/2021	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,450,000.00	1,531,675.50	1,450,000.00	8.58	854	2.578
Corporate Bond	1,400,000.00	1,385,223.00	1,400,555.36	8.28	482	1.341
Local Agency Investment Funds	1,823,340.25	1,823,340.25	1,823,340.25	10.78	1	0.401
Orange County Investment Pool	12,233,526.69	12,233,526.69	12,233,526.69	72.36	1	0.744
Total Investments	16,906,866.94	16,973,765.44	16,907,422.30	100.00	114	0.914
Cash						
Cash	348,779.09	348,779.09	348,779.09		1	0.00
Total Cash and Investments	17,255,646.03	17,322,544.53	17,256,201.39		114	0.914

Total Earnings	Month Ending February	Fiscal Year to Date
Current Year	13,406.46	156,029.81
Average Daily Balance	23,487,796.86	
Effective Rate of Return	0.914%	

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

Robert J. Hunter
Robert J. Hunter, General Manager

Date

04/08/2021

Hilary Chumtipatzi
Hilary Chumtipatzi, Treasurer

Date

04/08/2021

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
February 28, 2021

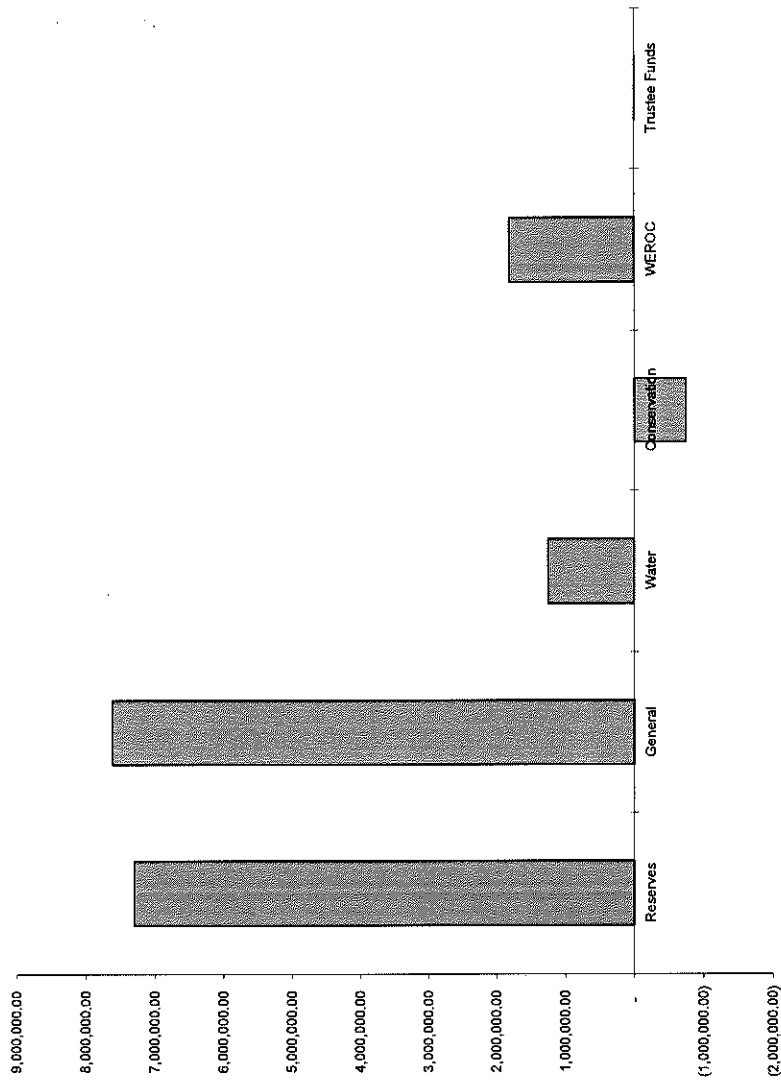
Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Negotiable Certificate Of Deposit									
Barclays Bank	06740KKY2	9/27/2017	250,000.00	258,452.50	250,000.00	2.250	2.250	576	9/27/2022
Capital One Bank	14042TBQ9	8/7/2019	250,000.00	267,007.50	250,000.00	2.250	2.250	1,256	8/7/2024
Capital One NA	14042RMJ7	7/24/2019	250,000.00	266,442.50	250,000.00	2.200	2.200	1,242	7/24/2024
Comenity Capital	20033AUX2	7/25/2017	200,000.00	201,498.00	200,000.00	2.000	2.000	138	7/16/2021
Discover Bank	254673RV0	7/25/2018	250,000.00	268,840.00	250,000.00	3.300	3.300	877	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	269,435.00	250,000.00	3.350	3.350	891	8/8/2023
Sub Total			1,450,000.00	1,531,675.50	1,450,000.00	2.578	2.578	854	
Corporate Bond									
Bank of America Corp	06048WK41	12/7/2020	250,000.00	245,150.00	250,000.00	0.650	0.800	270	11/25/2025
Citigroup Global Markets	17328WFZ6	9/16/2020	250,000.00	243,867.50	250,000.00	1.000	1.000	200	9/16/2025
JP Morgan Chase	48128GV56	8/18/2020	250,000.00	243,455.00	250,000.00	0.800	0.800	1,267	8/18/2025
National Rural Util Coop	63743FE51	7/27/2017	200,000.00	202,966.00	200,000.00	2.500	2.500	502	7/15/2022
Societe Generale	83369MD25	8/19/2020	250,000.00	243,922.50	250,000.00	1.000	1.088	172	8/19/2025
Westpac Banking Corp	961214DQ3	7/25/2017	200,000.00	205,862.00	200,555.36	2.500	2.278	485	6/28/2022
Sub Total			1,400,000.00	1,385,223.00	1,400,555.36	1.330	1.341	482	
Total Investments			2,850,000.00	2,916,898.50	2,850,555.36	1.965	1.970	671	
Total Earnings									
			Month Ending February		Fiscal Year To Date				
Current Year			4,249.08		41,822.35				

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
February 28, 2021

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Local Agency Investment Funds									
LAIF LGIP	LAIF	6/30/2010	1,823,340.25	1,823,340.25	1,823,340.25	0.401	0.401	1	N/A
Sub Total			1,823,340.25	1,823,340.25	1,823,340.25	0.401	0.401	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	12,233,526.69	12,233,526.69	12,233,526.69	0.744	0.744	1	N/A
Sub Total			12,233,526.69	12,233,526.69	12,233,526.69	0.744	0.744	1	
Total Investments			14,056,866.94	14,056,866.94	14,056,866.94	0.700	0.700		
Cash									
Petty Cash Cash	CASH	7/1/2010	500.00	500.00	500.00	0.000	0.000	1	N/A
US Bank Cash	USBANKCASH	2/26/2021	249,907.51	249,907.51	249,907.51	0.000	0.000	1	N/A
US Bank Cash	CASHUSBANK	7/25/2018	98,371.58	98,371.58	98,371.58	0.000	0.000	1	N/A
Total Cash			348,779.09	348,779.09	348,779.09	0.000	0.000	1	
Total Cash and Investments			14,405,646.03	14,405,646.03	14,405,646.03	0.700	0.700	1	
Total Earnings									
Current Year			9,157.38		114,207.46				

**Municipal Water District of Orange County
Cash and Investments at February 28, 2021**

ALLOCATION	AMOUNT	%
MWDOC		
Designated Reserves		
General	\$ 3,738,505	21.66%
Grant & Project Cash Flow	1,500,000	8.69%
Election Expense	1,333,000	7.72%
Building Repair	436,542	2.53%
OPEB	297,147	1.72%
Total Designated Reserves	7,305,194	42.32%
General	7,616,499	44.15%
Water	1,257,563	7.29%
Conservation	(743,252)	-4.31%
WEROC	1,824,252	10.57%
TOTAL MWDOC	\$ 17,260,256	100.02%
TRUSTEE ACTIVITIES		
AMP Sales Admin	\$ (4,055)	-0.02%
TOTAL TRUSTEE ACTIVITIES	\$ (4,055)	-0.02%
TOTAL CASH & INVESTMENTS	\$ 17,256,201	100.00%



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

Account Report for the Period
2/1/2021 to 2/28/2021

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

Account Summary

Source	Balance as of 2/1/2021	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 2/28/2021
OPEB	\$2,596,928.73	\$0.00	\$41,627.70	\$2,021.36	\$0.00	\$0.00	\$2,636,535.07
PENSION	\$722,484.26	\$0.00	\$11,581.13	\$562.36	\$0.00	\$0.00	\$733,503.03
Totals	\$3,319,412.99	\$0.00	\$53,208.83	\$2,583.72	\$0.00	\$0.00	\$3,370,038.10

Investment Selection

Source	
OPEB	Moderate HighMark PLUS
PENSION	Moderate HighMark PLUS

Investment Objective

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

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	1.60%	4.24%	17.57%	8.89%	10.01%	-	10/26/2011
PENSION	1.60%	4.24%	17.43%	-	-	-	7/31/2018

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

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
COMBINED FINANCIAL STATEMENTS
AND
BUDGET COMPARATIVE
JULY 1, 2020 THRU FEBRUARY 28, 2021**

**Municipal Water District of Orange County
Combined Balance Sheet
As of February 28, 2021**

	<u>Amount</u>
<u>ASSETS</u>	
Cash in Bank	98,871.58
Investments	17,157,329.81
Accounts Receivable	19,279,869.68
Accounts Receivable - Other	199,886.92
Accrued Interest Receivable	36,634.63
Prepays/Deposits	321,210.05
Leasehold Improvements	4,284,127.08
Furniture, Fixtures & Equipment	649,773.62
Less: Accumulated Depreciation	<u>(3,343,053.01)</u>
TOTAL ASSETS	<u>38,684,650.36</u>
<u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts Payable	20,230,358.28
Accounts Payable - Other	154.58
Accrued Salaries and Benefits Payable	548,401.49
Other Liabilities	2,084,825.74
Unearned Revenue	<u>642,897.15</u>
TOTAL LIABILITIES	<u>23,506,637.24</u>
<u>FUND BALANCES</u>	
<u>Restricted Fund Balances</u>	
Water Fund - T2C	<u>1,031,203.97</u>
Total Restricted Fund Balances	<u>1,031,203.97</u>
<u>Unrestricted Fund Balances</u>	
<u>Designated Reserves</u>	
General Operations	3,738,505.00
Grant & Project Cash Flow	1,500,000.00
Election Expense	1,333,000.00
Building Repair	436,542.00
OPEB	<u>297,147.00</u>
Total Designated Reserves	<u>7,305,194.00</u>
General Fund	4,089,121.68
General Fund Capital	964,158.72
WEROC Capital	159,687.58
WEROC	<u>239,613.59</u>
Total Unrestricted Fund Balances	<u>12,757,775.57</u>
<u>Excess Revenue over Expenditure</u>	
Operating Fund	1,731,473.40
Other Funds	<u>(342,439.82)</u>
TOTAL FUND BALANCES	<u>15,178,013.12</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>38,684,650.36</u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2020 thru February 28, 2021

	<u>Month to Date</u>	<u>Year to Date</u>	<u>Annual Budget</u>	<u>% Used</u>	<u>Encumbrance</u>	<u>Budget Remaining</u>
REVENUES						
Retail Connection Charge	0.00	7,837,792.40	7,837,792.00	100.00%	0.00	(0.40)
Ground Water Customer Charge	0.00	595,323.00	595,323.00	100.00%	0.00	0.00
Water Rate Revenues	0.00	8,433,115.40	8,433,115.00	100.00%	0.00	(0.40)
Interest Revenue	13,212.16	153,193.42	458,000.00	33.45%	0.00	304,806.58
Subtotal	13,212.16	8,586,308.82	8,891,115.00	96.57%	0.00	304,806.18
Choice Programs	0.00	1,203,377.79	1,510,618.00	79.66%	0.00	307,240.21
MWD Revenue - Shared Services	0.00	51,025.00	0.00	0.00%	0.00	(51,025.00)
Miscellaneous Income	0.00	3,161.96	3,000.00	105.40%	0.00	(161.96)
Revenue - Other	0.00	1,258.00	0.00	0.00%	0.00	(1,258.00)
School Contracts	8,909.50	24,148.35	120,376.00	20.06%	0.00	96,227.65
Delinquent Payment Penalty	116.50	1,851.77	0.00	0.00%	0.00	(1,851.77)
Gain on Sale of Asset	101.00	481.00	0.00	0.00%	0.00	(481.00)
Transfer-In from Reserve	0.00	0.00	97,415.00	0.00%	0.00	97,415.00
Subtotal	9,127.00	1,285,303.87	1,731,409.00	74.23%	0.00	446,105.13
TOTAL REVENUES	22,339.16	9,871,612.69	10,622,524.00	92.93%	0.00	750,911.31

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2020 thru February 28, 2021

	<u>Month to Date</u>	<u>Year to Date</u>	<u>Annual Budget</u>	<u>% Used</u>	<u>Encumbrance</u>	<u>Budget Remaining</u>
<u>EXPENSES</u>						
Salaries & Wages	305,675.26	2,885,785.88	4,152,072.00	69.50%	0.00	1,266,286.12
Director's Compensation	22,920.10	160,768.13	258,909.00	62.09%	0.00	98,140.87
MWD Representation	8,840.61	81,857.50	157,070.00	52.12%	0.00	75,212.50
Employee Benefits	106,017.46	923,501.71	1,335,387.00	69.16%	0.00	411,885.29
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Director's Benefits	10,036.22	88,096.85	101,971.00	86.39%	0.00	13,874.15
Health Insurance for Retirees	5,812.91	42,333.22	87,449.00	48.41%	0.00	45,115.78
Training Expense	2,215.00	7,693.20	64,500.00	11.93%	42,895.60	13,911.20
Tuition Reimbursement	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Temporary Help Expense	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Personnel Expenses	461,517.56	4,397,036.49	6,374,358.00	68.98%	42,895.60	1,934,425.91
Engineering Expense	19,127.81	241,114.07	340,000.00	70.92%	469,481.45	(370,595.52)
Legal Expense	7,454.80	118,772.45	210,500.00	56.42%	88,700.35	3,027.20
Audit Expense	7,724.00	26,724.00	29,725.00	89.90%	3,001.00	0.00
Professional Services	69,839.96	544,992.74	1,581,338.00	34.46%	1,024,273.55	12,071.71
Professional Fees	104,146.57	931,603.26	2,161,563.00	43.10%	1,585,456.35	(355,496.61)
Conference - Staff	975.00	3,019.00	26,515.00	11.39%	0.00	23,496.00
Conference - Directors	2,875.00	4,985.00	18,695.00	26.66%	0.00	13,710.00
Travel & Accom. - Staff	0.00	1,424.38	62,495.00	2.28%	0.00	61,070.62
Travel & Accom. - Directors	0.00	0.00	24,900.00	0.00%	0.00	24,900.00
Travel & Conference	3,850.00	9,428.38	132,605.00	7.11%	0.00	123,176.62
Membership/Sponsorship	0.00	132,044.36	127,161.00	103.84%	0.00	(4,883.36)
CDR Support	0.00	39,825.24	53,158.00	74.92%	13,275.08	57.68
Dues & Memberships	0.00	171,869.60	180,319.00	95.31%	13,275.08	(4,825.68)
Business Expense	0.00	0.00	4,500.00	0.00%	0.00	4,500.00
Office Maintenance	12,838.40	63,718.94	125,420.00	50.80%	67,291.06	(5,590.00)
Building Repair & Maintenance	1,860.41	13,910.73	15,000.00	92.74%	7,923.81	(6,834.54)
Storage Rental & Equipment Lease	52.13	1,485.25	1,750.00	84.87%	264.75	0.00
Office Supplies	361.55	5,147.60	39,000.00	13.20%	3,153.35	30,699.05
Supplies - Water Loss Control	115.21	8,373.22	10,000.00	83.73%	0.00	1,626.78
Postage/Mail Delivery	1,150.66	7,362.83	9,300.00	79.17%	1,167.78	769.39
Subscriptions & Books	161.95	401.92	1,000.00	40.19%	0.00	598.08
Reproduction Expense	267.28	4,010.93	83,700.00	4.79%	5,070.71	74,618.36
Maintenance - Computers	0.00	1,688.80	8,000.00	21.11%	0.00	6,311.20
Software Purchase	3,457.43	27,584.62	57,000.00	48.39%	0.00	29,415.38
Software Support	15.65	33,224.53	47,640.00	69.74%	700.00	13,715.47
Computers and Equipment	2,948.64	16,901.69	33,550.00	50.38%	0.00	16,648.31
Maintenance Expense	0.00	0.00	6,000.00	0.00%	0.00	6,000.00
Automotive Expense	0.00	123.46	20,000.00	0.62%	0.00	19,876.54
Vehicle Expense	279.00	2,444.74	6,350.00	38.50%	0.00	3,905.26
Toll Road Charges	0.00	0.00	2,300.00	0.00%	0.00	2,300.00
Insurance Expense	8,876.73	84,335.11	110,000.00	76.67%	0.00	25,664.89
Utilities - Telephone	2,933.26	24,868.30	30,850.00	80.61%	458.76	5,522.94
Bank Fees	0.00	1,864.32	1,200.00	155.36%	0.00	(664.32)
Miscellaneous Expense	1,824.85	21,523.67	113,800.00	18.91%	1,703.84	90,572.49
MWDOC's Contrb. to WEROC	20,103.00	160,824.00	241,236.00	66.67%	0.00	80,412.00
Depreciation Expense	4,485.33	35,882.96	0.00	0.00%	0.00	(35,882.96)
Other Expenses	61,731.48	515,677.62	967,596.00	53.29%	87,734.06	364,184.32
Election Expense	871,321.62	871,321.62	0.00	0.00%	0.00	(871,321.62)
Capital Aquisition	4,887.03	225,609.30	79,200.00	284.86%	220,484.54	(366,893.84)
Building Expense	296,765.95	1,017,593.02	726,883.00	139.99%	1,135,240.81	(1,425,950.83)
TOTAL EXPENSES	1,804,220.21	8,140,139.29	10,622,524.00	76.63%	3,085,086.44	(602,701.73)
NET INCOME (LOSS)	(1,781,881.05)	1,731,473.40	0.00	0.00%	(3,085,086.44)	1,353,613.04

**Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
July 1, 2020 thru February 28, 2021**

	<u>Month to Date</u>	<u>Year to Date</u>	<u>Annual Budget</u>	<u>% Used</u>	<u>Budget Remaining</u>
<u>WATER REVENUES</u>					
Water Sales	8,507,100.00	86,131,748.90	208,407,327.00	41.33%	122,275,578.10
Readiness to Serve Charge	928,529.00	7,640,462.46	11,583,326.00	65.96%	3,942,863.54
Capacity Charge CCF	394,384.17	2,734,888.36	3,892,240.00	70.27%	1,157,351.64
SCP/SAC Pipeline Surcharge	27,142.92	246,909.86	315,000.00	78.38%	68,090.14
Interest Revenue	508.27	4,950.43	22,000.00	22.50%	17,049.57
TOTAL WATER REVENUES	9,857,664.36	96,758,960.01	224,219,893.00	43.15%	127,460,932.99
<u>WATER PURCHASES</u>					
Water Sales	8,507,100.00	86,131,748.90	208,407,327.00	41.33%	122,275,578.10
Readiness to Serve Charge	928,529.00	7,640,462.46	11,583,326.00	65.96%	3,942,863.54
Capacity Charge CCF	394,384.17	2,734,888.36	3,892,240.00	70.27%	1,157,351.64
SCP/SAC Pipeline Surcharge	27,142.92	246,909.86	315,000.00	78.38%	68,090.14
TOTAL WATER PURCHASES	9,857,156.09	96,754,009.58	224,197,893.00	43.16%	127,443,883.42
EXCESS OF REVENUE OVER EXPENDITURE	508.27	4,950.43	22,000.00	22.50%	17,049.57

**Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Use Efficiency
July 1, 2020 thru February 28, 2021**

	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
Spray To Drip Conversion			
Revenues	35,332.92	38,900.00	90.83%
Expenses	50,736.11	38,900.00	130.43%
Excess of Revenues over Expenditures	(15,403.19)	0.00	
Member Agency Administered Pass-Thru			
Revenues	1,640.00	175,000.00	0.94%
Expenses	0.00	175,000.00	0.00%
Excess of Revenues over Expenditures	1,640.00	0.00	
ULFT Rebate Program			
Revenues	1,100.00	2,000.00	55.00%
Expenses	1,100.00	2,000.00	55.00%
Excess of Revenues over Expenditures	0.00	0.00	
HECW Rebate Program			
Revenues	55,965.80	77,000.00	72.68%
Expenses	55,945.00	77,000.00	72.66%
Excess of Revenues over Expenditures	20.80	0.00	
CII Rebate Program			
Revenues	0.00	12,500.00	0.00%
Expenses	0.00	12,500.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Turf Removal Program			
Revenues	853,187.32	648,000.00	131.66%
Expenses	981,323.16	648,000.00	151.44%
Excess of Revenues over Expenditures	(128,135.84)	0.00	
Comprehensive Landscape (CLWUE)			
Revenues	192,513.43	130,784.00	147.20%
Expenses	320,877.09	130,784.00	245.35%
Excess of Revenues over Expenditures	(128,363.66)	0.00	
Recycled Water Program			
Revenues	2,642.00	61,750.00	4.28%
Expenses	39,762.10	61,750.00	64.39%
Excess of Revenues over Expenditures	(37,120.10)	0.00	
WSIP - Industrial Program			
Revenues	13,471.46	30,000.00	44.90%
Expenses	28,471.46	30,000.00	94.90%
Excess of Revenues over Expenditures	(15,000.00)	0.00	
Land Design Program			
Revenues	101,680.00	404,000.00	25.17%
Expenses	178,345.00	404,000.00	44.14%
Excess of Revenues over Expenditures	(76,665.00)	0.00	
Total WUE Projects			
Revenues	1,257,532.93	1,579,934.00	79.59%
Expenses	1,656,559.92	1,579,934.00	104.85%
Excess of Revenues over Expenditures	(399,026.99)	0.00	
WEROC			
Revenues	407,383.33	482,472.00	84.44%
Expenses	320,136.79	482,472.00	66.35%
Excess of Revenues over Expenditures	87,246.54	0.00	



ACTION ITEM

April 21, 2021

TO: Board of Directors

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

Staff Contact: Robert J. Hunter
General Manager

Cathleen Harris

SUBJECT: DISTRICT BENCHMARK COMPENSATION AND BENEFITS STUDY

STAFF RECOMMENDATION

It is recommended that the Board of Directors approve Option 1, the proposed recommended position reclassifications, title change, revisions to the pay structure ranges and a 1.64% pay structure adjustment to the salary ranges only, effective July 1, 2021.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

In accordance with District Policy, a comprehensive compensation and benefits survey shall be conducted every three years to evaluate market practices and job grading. The last survey was initiated in fall of 2017 and completed in April 2018.

Ralph Andersen & Associates began working on the Compensation Study in fall of 2020 and recently completed the Study. Doug Johnson, Vice President of Ralph Andersen and Associates will present his findings at the Administration and Finance Committee Meeting on April 19th.

Based on its review of the salary structure and the survey results the following was identified:

Budgeted (Y/N): Y	Budgeted amount: NA	Core x	Choice _
Action item amount: NA			
Fiscal Impact (explain if unbudgeted): Not applicable			

1. Salary Range Modification

- In making the range classifications consistent at 7.5% between each range, it was identified that the Intern Range and Ranges 1 and 2 need to be adjusted. As a result, the Intern and Range 1 were rescaled and a new Range 2 was created. The rest of the ranges remain in place and are renumbered accordingly.

2. Reclassification

- The survey results identified that overall, MWDOC's current ranges compared to the median market range maximums, are on average 1.5% above the market median. In an effort to maintain internal equity within the pay structure and stay competitive with the labor market, three out of 50 job classifications have been identified for reclassification:

The following outlines the recommended range adjustments in accordance with the July 1, 2021 Pay Structure:

Proposed Classification Titles	Current Pay Grade	Current Range Max	Recommended Range	Recommended Range Max
Director of Engineering/District Engineer	19	16,052	20	17,261
Office Assistant (Currently Vacant)	1	4,366	2	4,694
Education Assistant	1	4,366	2	4694

3. Title Change

- Based on organizational structure, reporting relationships and industry guidelines, one position is being recommended for a title change.

Current Classification Title	Recommended Classification Title
Sr. Executive Assistant to the Board	District Secretary

4. Adjustment to Pay Structure – Salary Ranges Only

- MWDOC annually adjusts its 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%. Adjusting the Pay Structure annually helps to stay consistent with the market and avoids significantly falling behind.

In addition, the District's health, pension and leave benefits were reviewed and the findings determined that the District's benefits are competitive with the labor market, therefore no changes to the District's benefits are being recommended at this time.

Job descriptions were reviewed and updated by the consultant, MWDOC staff and Human Resources. Employees were also provided an opportunity to review and discuss the job descriptions with the consultant during the review process.

Attached for your review is the presentation to be reviewed at the A&F Meeting and the proposed Pay Structure with recommended changes highlighted in yellow.

BOARD OPTIONS

Option #1 - Approve the salary range modification, reclassification, title change and adjustment to the Pay Structure, effective July 1, 2021, as presented.

Fiscal Impact: None

Business Analysis: Approving this item will allow the District's salary ranges and positions to remain competitive with the market and avoid significantly falling behind.

Option #2 – Do not Approve.

Fiscal Impact: None currently however, can create future fiscal impact.

Business Analysis: Not approving this item will cause the District's positions and Salary Ranges to fall behind the market median causing a future financial impact in having to make several position reclassification adjustments by more than one range.

MWDOC PAY STRUCTURE - EFFECTIVE JULY 1, 2021 (1.64% range adjustment)								
Exempt / Non-Exempt	Job Classification			Range Min \$	25th % \$	Range Mid \$	75th % \$	Range Max \$
INT	NE	Student Intern (varies by department)	hourly	17.37	18.88	20.40	21.93	23.43
R1		Open	annually	38,834	42,224	45,614	49,026	52,395
			monthly	3,236	3,519	3,801	4,086	4,366
			hourly	18.67	20.30	21.93	23.57	25.19
R2	NE	Office Assistant	annually	41,746	45,386	49,026	52,707	56,326
	NE	Education Program Assistant	monthly	3,479	3,782	4,086	4,392	4,694
			hourly	20.07	21.82	23.57	25.34	27.08
R3		Open	annually	44,866	48,797	52,707	56,659	60,549
			monthly	3,739	4,066	4,392	4,722	5,046
			hourly	21.57	23.46	25.34	27.24	29.11
R4	NE	Database Coordinator	annually	48,235	52,458	56,680	60,882	65,146
			monthly	4,020	4,372	4,723	5,074	5,429
			hourly	23.19	25.22	27.25	29.27	31.32
R5	NE	Accounting Technician	annually	51,854	56,389	60,902	65,478	70,013
			monthly	4,321	4,699	5,075	5,457	5,834
			hourly	24.93	27.11	29.28	31.48	33.66
R6	NE	Administrative Assistant	annually	55,744	60,590	65,499	70,387	75,254
			monthly	4,645	5,049	5,458	5,866	6,271
			hourly	26.80	29.13	31.49	33.84	36.18
R7	NE	Sr. Admin Assistant	annually	59,904	65,187	70,408	75,670	80,891
	NE	Public Affairs Assist	monthly	4,992	5,432	5,867	6,306	6,741
	NE	Water Loss Control Programs Tech	hourly	28.80	31.34	33.85	36.38	38.89
R8	NE	Records Coordinator	annually	64,438	70,054	75,691	81,328	86,923
			monthly	5,370	5,838	6,308	6,777	7,244
			hourly	30.98	33.68	36.39	39.10	41.79
R9	NE	Public Affairs Coordinator	annually	69,264	75,296	81,349	87,422	93,496
			monthly	5,772	6,275	6,779	7,285	7,791
			hourly	33.30	36.20	39.11	42.03	44.95
R10	NE	WUE Analyst I	annually	74,422	80,974	87,464	93,995	100,506
	NE	Executive Assistant	monthly	6,202	6,748	7,289	7,833	8,376
	NE	Assoc. Water Resources Analyst	hourly	35.78	38.93	42.05	45.19	48.32
	NE	Accountant						
	NE	WEROC Emergency Coordinator						
R11	NE	Public Affairs Specialist	annually	80,038	87,048	93,995	101,005	108,014
	NE	WUE Analyst II	monthly	6,670	7,254	7,833	8,417	9,001
	NE	WEROC Specialist	hourly	38.48	41.85	45.19	48.56	51.93
R12	E	Water Resources Analyst	annually	86,029	93,558	101,067	108,597	116,126
	NE	Sr. Accountant	monthly	7,169	7,797	8,422	9,050	9,677
	NE	Sr. Executive Assistant	hourly	41.36	44.98	48.59	52.21	55.83

R13	E	Fin. Analyst/Database Analyst	annually	92,456	100,589	108,638	116,792	124,862
	E	Network Systems Engineer	monthly	7,705	8,382	9,053	9,733	10,405
	NE	Sr. WUE Analyst	hourly	44.45	48.36	52.23	56.15	60.03
	E	Water Loss Control Programs Supv						
	E	Public Affairs Supervisor						
R14	E	Accounting Supervisor	annually	99,424	108,098	116,834	125,507	134,202
	E	Public Affairs Manager	monthly	8,285	9,008	9,736	10,459	11,184
	E	Sr. Water Resources Analyst	hourly	47.80	51.97	56.17	60.34	64.52
	E	Associate Engineer						
	E	District Secretary						
R15	E	WUE Program Supervisor	annually	106,891	116,210	125,570	134,930	144,269
	E	WEROC Programs Manager	monthly	8,908	9,684	10,464	11,244	12,022
	E	Sr. Fin. Analyst/Database Analyst	hourly	51.39	55.87	60.37	64.87	69.36
R16	E	Sr. Engineer	annually	114,878	124,946	134,992	145,038	155,064
			monthly	9,573	10,412	11,249	12,087	12,922
			hourly	55.23	60.07	64.90	69.73	74.55
R17	E	Principal Water Resources Analyst	annually	123,490	134,285	145,101	155,917	166,733
	E	WUE Program Manager	monthly	10,291	11,190	12,092	12,993	13,894
	E	Accounting Manager	hourly	59.37	64.56	69.76	74.96	80.16
	E	Governmental Affairs Mgr.						
R18	E	Principal Engineer	annually	132,766	144,373	156,000	167,627	179,234
	E	Administrative Services Manager	monthly	11,064	12,031	13,000	13,969	14,936
			hourly	63.83	69.41	75.00	80.59	86.17
R19	E	Director of Public Affairs	annually	142,730	155,189	167,690	180,190	192,629
	E	Director of Water Use Efficiency	monthly	11,894	12,932	13,974	15,016	16,052
	E	Director of Emergency Management	hourly	68.62	74.61	80.62	86.63	92.61
	E	Director of Human Resources & Administration						
R20	E	Director of Finance/IS	annually	153,442	166,837	180,274	193,690	207,126
	E	Associate General Manager	monthly	12,787	13,903	15,023	16,141	17,261
	E	Director of Engineering/District Engineer	hourly	73.77	80.21	86.67	93.12	99.58
R21	E	Open	annually	164,923	179,358	193,794	208,208	222,664
			monthly	13,744	14,947	16,150	17,351	18,555
			hourly	79.29	86.23	93.17	100.10	107.05
R22	E	Assistant General Manager	annually	173,618	190,965	208,354	225,701	243,048
			monthly	14,468	15,914	17,363	18,808	20,254
			hourly	83.47	91.81	100.17	108.51	116.85
GM	E	General Manager (eff. 7/1/2020)						
		\$295,095	annually					
rev.	4/13/21							

Ralph Andersen &
Associates

April 13, 2021

MWDOC Draft Compensation Survey Findings



Why Surveys Are Done

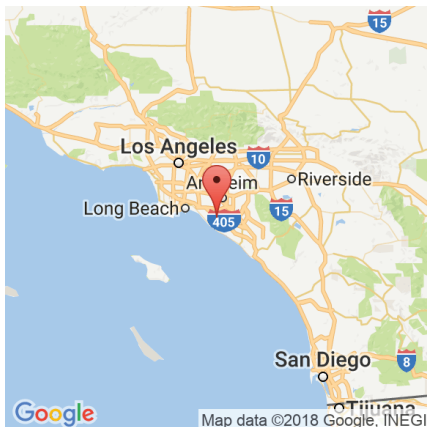
Compensation surveys are a necessary part of assessing and updating an organization's compensation plan.

- Anticipate and understand what labor market is doing
- Data-driven framework for allocating resources to wages and benefits
- Provide defensibility and public accountability employee compensation
- Optimize the District's ability to recruit and retain employees
- Processes such as fact-finding are data-driven

Public and Private employers both use market data to assess compensation; just a difference in accessibility and transparency of data.

Survey agencies are a balance between the selection factors of:

- Nature of services
- Geographic proximity
- Size
- Economic similarity

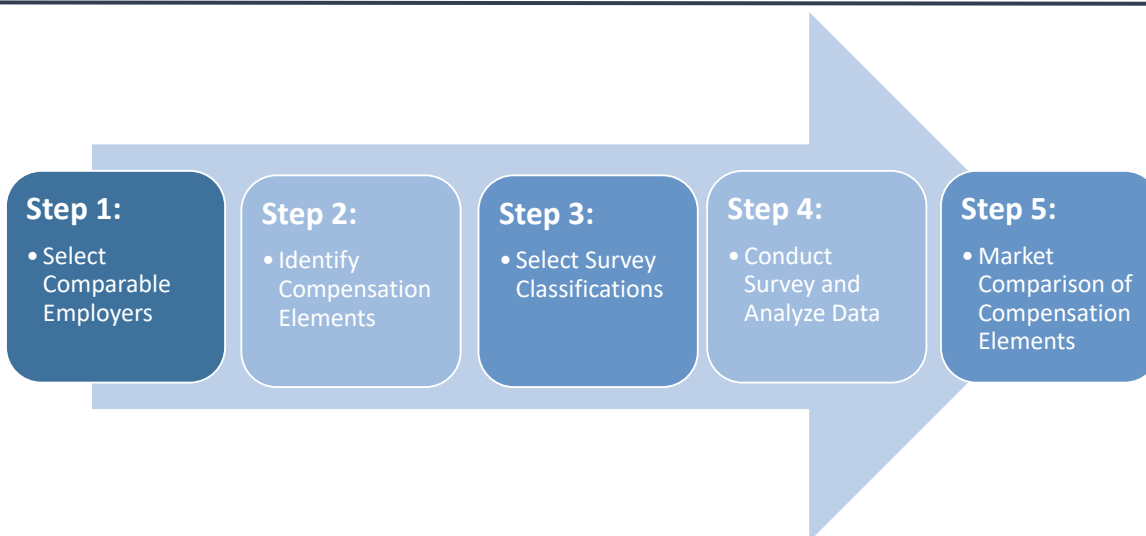


Calleguas MWD
Central Basin MWD
Eastern MWD
El Toro Water District
Inland Empire UA
Irvine Ranch WD
Laguna Beach CWD
Las Virgenes MWD
Mesa WD
Moulton Niguel WD

City of Brea
City of Fountain Valley
City of San Clemente
City of Tustin

Orange County SD
Orange County WD
San Diego Co WA
Santa Margarita WD
South Coast WD
Three Valleys MWD
Walnut Valley WD
West Basin MWD
Western Municipal WD
Yorba Linda WD

Supplemental (EROC):
Metropolitan Water District
County of Orange
Orange County Fire Authority
City of Anaheim
City of Los Angeles



Compensation survey data was collected by the project consultants and included the collection and analysis of the following:

- Organization charts, budgets, and position control documents
- Job descriptions
- Salary schedules
- Benefits summaries
- Follow-up information provided by each survey agency

Survey job matches were determined by the project consultants and went beyond title comparisons.

Matching job classifications relies on a number of source documents beyond comparisons of job descriptions.

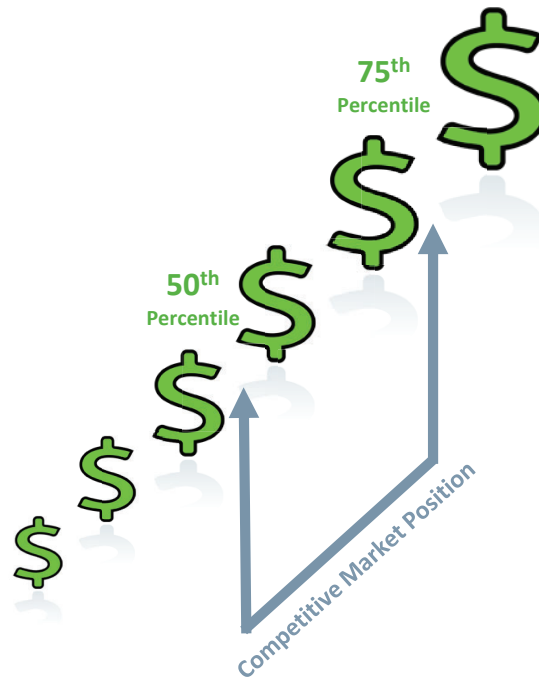
- Job matches only occur if a position exists and is allocated in the budget (and staffed). Some agencies may have legacy job descriptions or titles in their salary schedules that are not used.
- Job matches are based on a review of major and essential job duties along with a comparison of qualifications. Significant differences can result in no comparable job being matched. Examples of differences include:
 - Mismatches in qualification requirements such as requiring specific certifications or a four-year degree
 - Different organization structures such as layers of supervisory and management and broader responsibilities
 - Position allocations that demonstrate working versus advanced levels
- Factors not considered in matching jobs:
 - Staffing, equipment, facility, and resource differences that don't impact required skills and abilities
 - Job functions performed within a broad classification that is used in many assignments
 - Job classifications performing the same duties but in a different department
 - Employee performance or unique qualifications that are beyond what is required

The compensation survey included the collection and analysis of base salary and benefit data to understand how the District's total compensation compares with labor market practices. Elements included in the survey include:

- | | |
|---|---|
| <ul style="list-style-type: none">• Base Salary<ul style="list-style-type: none">• Range maximum (control point of range)• Cash Benefits<ul style="list-style-type: none">• Employer Paid Member Contribution (EPMC)• Longevity• Deferred Compensation | <ul style="list-style-type: none">• Insurance benefits<ul style="list-style-type: none">• Health• Dental• Vision• Employer Retirement<ul style="list-style-type: none">• Employee Contributions to Employer• Normal Cost Employer Contribution• Retirement Formula |
|---|---|

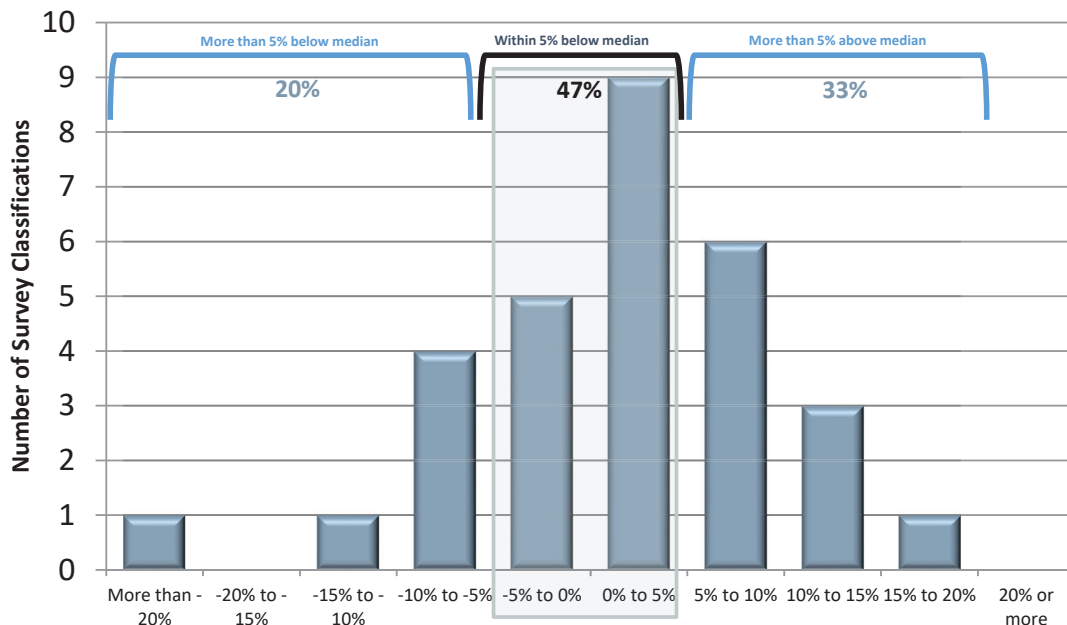
Employer retirement contributions may not be a relevant benefit comparison since differences in employer contribution rates may have little to do with the retirement benefits received.

- Establishes competitive position
- Historical practices is an important consideration; change in practice requires explanation
- \$ or % differences between percentiles depends on the array of data; can be very small if data is tightly arrayed
- Recruitment and retention goals



Market Summary – All Jobs

At Median on Average



Strongest trend of the survey jobs should be in shaded region

Base Salary Relationship to Market Median



Survey Findings

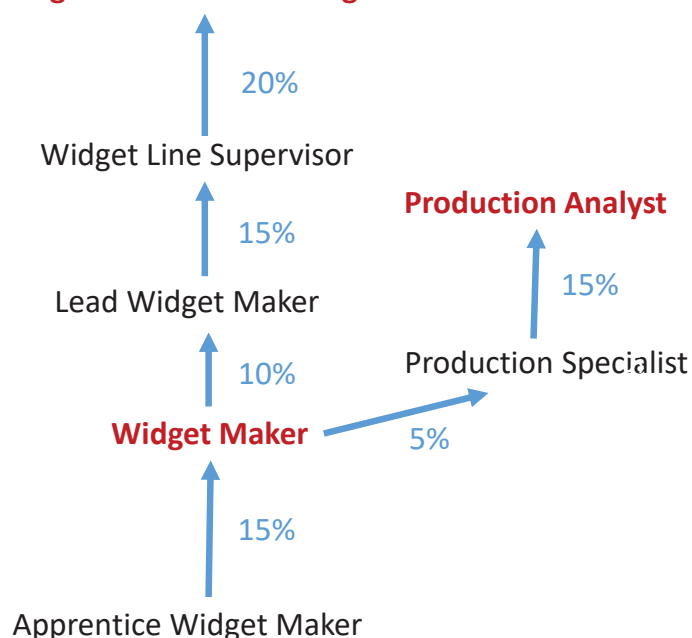
- While the overall survey results for all employee groups show a strong central trend (bell curve), there are jobs that are more than 5% below and 5% above market.
 - 20% of the survey jobs are more than 5% below the median (50th percentile)
 - 33% of the survey jobs are more than 5% above the median
 - 47% of the survey jobs are within 5% of the median
- On average, the District is 1.5% above the market median and is at the 53rd percentile
- Our analysis of the District's benefits found the following:
 - Overall the District's benefits are competitive with the labor market with less than a 3.0% variance when all benefits are analyzed
 - 14 agencies provide an employer paid deferred compensation benefit
 - Five agencies still have Employer Paid Member Contribution (EPMC) for retirement
 - The District's insurance benefits are comparable to the market



Benchmarking - Example

- Establish market benchmarks
 - Best job matches
 - High number of comparables
 - Best data statistically
- Analyze internal relationship
- Establish % differentials
- Result: salary range adjustments

Widget Production Manager





Salary Range Recommendations

- Benchmark positions tied to market median
 - Not all jobs need market ties
 - Tied to control point
- Internal relationships
 - Assessment of differences and similarities in duties, role, responsibilities, qualifications, and resources
 - 5% difference between jobs when minor differences exist
 - 10% between classes in a series where moderate differences exist
 - 15% - 20% minimum over subordinates and between job classes with significant differences
- Adjustments to pay range, not employee salary
- Internal salary alignments for internal equity where important
 - Some market relationships may be ignored due to internal ties and better market benchmarks
- Adjusted to fit the District's salary table



Range Structure Modification

- Current salary range structure has a large gap between grades R1 and R2
- Modified range structure provides more flexibility

Current Pay Range Structure		
Pay Grade	Monthly Max	% Bet. Ranges
Int	3,959	
R1	4,139	4.5%
R2	4,966	20.0%
R3	5,339	7.5%
R4	5,739	7.5%
R5	6,170	7.5%
R6	6,631	7.5%
R7	7,130	7.5%
R8	7,665	7.5%
R9	8,240	7.5%
R10	8,857	7.5%
R11	9,522	7.5%
R12	10,235	7.5%
R13	11,003	7.5%
R14	11,829	7.5%
R15	12,715	7.5%
R16	13,669	7.5%
R17	14,695	7.5%
R18	15,796	7.5%
R19	16,982	7.5%
R20	18,256	7.5%
R21	19,927	9.2%

Modified Pay Range Structure		
Pay Grade	Monthly Max	% Bet. Ranges
Int	3,997	
R1	4,297	7.5%
R2	4,620	7.5%
R3	4,966	7.5%
R4	5,339	7.5%
R5	5,739	7.5%
R6	6,170	7.5%
R7	6,631	7.5%
R8	7,130	7.5%
R9	7,665	7.5%
R10	8,240	7.5%
R11	8,857	7.5%
R12	9,522	7.5%
R13	10,235	7.5%
R14	11,003	7.5%
R15	11,829	7.5%
R16	12,715	7.5%
R17	13,669	7.5%
R18	14,695	7.5%
R19	15,796	7.5%
R20	16,982	7.5%
R21	18,256	7.5%
R22	19,927	9.2%

- Consistent 7.5% between ranges
- Rescaled R1 to R22
- Intern and grades R1 and R2 adjusted for 7.5% consistency
- Provides more flexibility at lower ranges for range placement
- Optimizes job groupings
- Creates threshold for salary range adjustments
- No financial impact since ranges have just been rescaled



Salary Range Adjustments

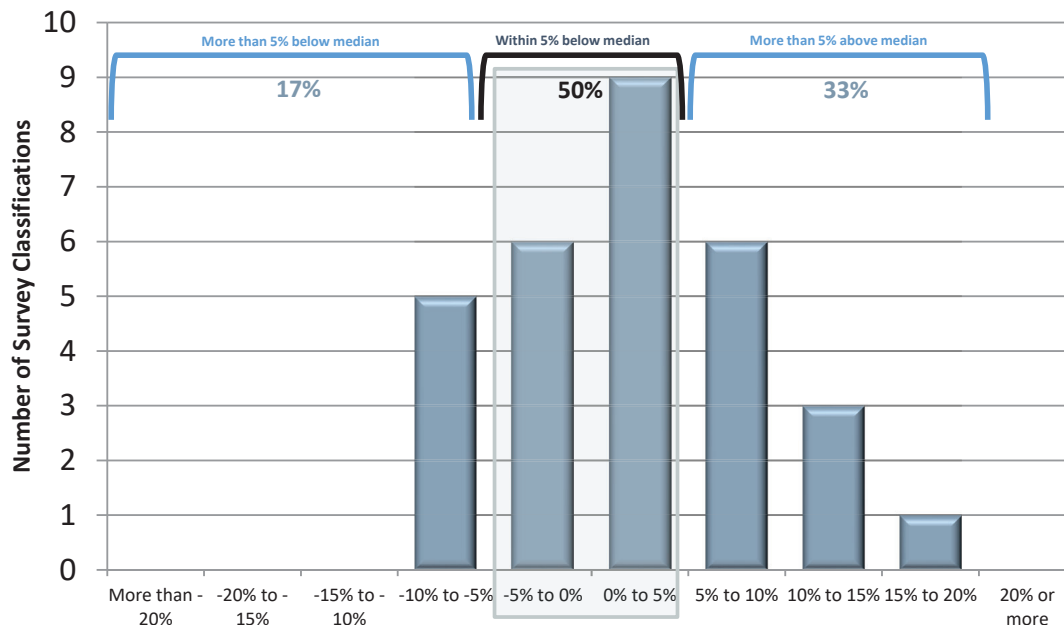
- Adjustment based on median market data and consideration of internal relationships
- Market median deviation equal to or more than 7.5% below median based on the District's salary range structure
- The following job classifications require placement in a higher salary range:

New Classification Title	Current Range Max	Market Deviation	Recomm. Range	Recomm. Max.	Percent Change
Director of Engineering/District Engineer	\$ 15,796	-10.6%	20	\$16,982	7.5%
Office Assistant (vacant position)	\$ 4,139	-22.8%	2	\$4,620	11.6%
Education Program Assistant	\$ 4,139		2	\$4,620	11.6%



Market Summary w/ Adjustments

At Median on Average



Strongest trend of the survey jobs should be in shaded region

Base Salary Relationship to Market Median



Classification Review

Analysis of District positions and job classifications based on:

- Assigned role, duties, and qualifications
- Organization structure, reporting relationships, and career progression
- Industry guidelines for titling and classification structures

Current Class Title	Recommended Class Title
Sr. Executive Assistant to the Board	District Secretary



**PUBLIC HEARING AND
ACTION ITEM**
April 21, 2021

TO: Board of Directors

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

Robert J. Hunter, General Manager

**SUBJECT: REVIEW INFORMATION REGARDING PUBLIC HEARING (SCHEDULED
FOR APRIL 21, 2021) TO ADOPT ORDINANCE SUPERSEDING AND
REPEALING MWD OC ORDINANCE NO. 54 REGARDING
COMPENSATION FOR DIRECTORS**

STAFF RECOMMENDATION

It is recommended that the Board of Directors: Review information regarding the proposed Public Hearing to be held April 21, 2021, asking the Board to (1) open the public hearing (as noticed) on the Proposed Ordinance to receive input from the public; (2) consider said input on the Ordinance; and (3) adopt Ordinance, in the general form presented, with amendments if necessary.

COMMITTEE RECOMMENDATION

To be determined.

SUMMARY

In 2019 the MWD OC Board revised its Ordinance so that any increases in Director Compensation be limited to the amount set for staff in the annual budget, but not more than the amount allowable under California State law.

Directors' (and MET Directors') compensation is established by Ordinance pursuant to Water Code Section 20200 *et seq.*, and requires a Public Hearing in order to amend the existing procedure set forth in Ordinance No. 54.

Pursuant to the legal requirements, the notices of the public hearing were published in the *OC Register* on April 7 and April 14.

Attached is the proposed Ordinance.

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

DRAFT

ORDINANCE NO. ____

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

COMPENSATION OF DIRECTORS

WHEREAS, the Board of Directors has previously adopted Ordinance No. 54 governing the compensation to be paid to members of the Board of Directors of the Municipal Water District of Orange County, and to those members of the Board of Directors of the Metropolitan Water District of Southern California representing the Municipal Water District of Orange County (collectively referred to as the “MWDOC Board of Directors”) , in accordance with Chapter 2 of Division 10 of the Water Code of the State of California (Water Code § 20200 et seq.); and

WHEREAS, by law, the compensation to be paid to the MWDOC Board of Directors may be increased annually by ordinance, with an increase that may not exceed five percent (5%); and

WHEREAS, the MWDOC Board of Directors believe that the duties carried out by MWDOC’s officers and employees (collectively referred to as “MWDOC staff”) are critical to the high functioning of the agency, and that the MWDOC Board of Directors should not be entitled to any compensation increase that exceeds that of MWDOC staff in any given, budgetary year; and

WHEREAS, it is the intent of the MWDOC Board of Directors that any annual compensation increase to the MWDOC Board of Directors permitted under State law shall not exceed the compensation increase awarded to MWDOC staff for any given year, as described and adopted in MWDOC’s annual budget; and

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of Municipal Water District of Orange County as follows:

Section 1. That Ordinance No. 54 is hereby superseded and repealed as of the effective date of this Ordinance.

Section 2. The MWDOC Board of Directors shall receive a ____% compensation increase above its existing compensation on the effective date of this Ordinance, which is consistent with the amount MWDOC staff received via the Fiscal Year 2021-22 budget approval.

Section 3. Any future MWDOC Board of Directors compensation increase will be enacted only by ordinance and following a public hearing.

Section 4. Severability. If any section, subsection, subdivision, sentence, clause, or phrase of this Ordinance, or any part thereof is for any reason held to be unconstitutional, such decisions shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The MWDOC Board of Directors hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause, or phrase be declared unconstitutional.

Section 5. CEQA Exemption. The MWDOC Board of Directors finds that adoption of this Ordinance is exempt from the California Environmental Quality Act (“CEQA”) pursuant to Section 15358 (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) of the CEQA Guidelines, because it has no potential for resulting in physical change to the environment, directly or indirectly. Moreover, the MWDOC Board of Directors finds that this Ordinance is also exempt under CEQA pursuant to Guidelines Section 15061(b)(3) (there exists no possibility that the activity will have a significant adverse effect on the environment) because this Ordinance will not cause a change in any of the physical conditions within the area affected by the Ordinance.

Section 6. Effective Date. Any MWDOC Board of Directors compensation increase contemplated by this Ordinance will take effect sixty (60) days after the date of its adoption.

Said Ordinance was adopted, on roll call, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

I hereby certify that the foregoing is a true and correct copy of Ordinance No. _____ adopted by the Board of Directors of Municipal Water District of Orange County at its meeting held on April __, 2021.

MARIBETH GOLDSBY, Secretary
Municipal Water District of Orange County



ACTION ITEM
April 21, 2021

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Sarah Wilson

SUBJECT: **Authorization to Contract for MWDOC Choice School Programs**

STAFF RECOMMENDATION

Staff recommends the Board of Directors authorize the General Manager to enter into a two-year contract with three (3), one-year options to extend with Building Block Entertainment, Inc. (Shows That Teach) and Orange County Department of Education's (OCDE) Inside the Outdoors to design and present the Municipal Water District of Orange County's (MWDOC) K-12 Choice School Programs (Option #1).

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

With current Choice School Program contracts ending FY 20/21, MWDOC Public Affairs staff issued a [Request for Proposals](#) (RFP) for design and implementation of MWDOC's K-12 Choice School Programs on behalf of MWDOC and participating Orange County cities and retail water agencies. After careful review, in-depth interviews were conducted with five (5) qualified firms. Based on proposal content, presentations, and thorough discussions, staff recommends two separate firms to administer the MWDOC K-12 Choice School Programs beginning FY 21/22.

First, staff recommends the District retain the services of Building Block Entertainment, Inc.'s "Shows That Teach" to administer a portion of the MWDOC Choice Elementary School Program for grades K-2. Additionally, staff recommends the Orange County Department of Education's Inside the Outdoors administrate the MWDOC Choice

Budgeted (Y/N): Y	Budgeted amount: N/A	Core	Choice <u>X</u>
Action item amount: \$402,658			
Fiscal Impact (explain if unbudgeted): The MWDOC-led, regional program is funded through Choice contributions from participating Orange County cities and retail water agencies which vary from year to year. The action item is an estimate based on previous participation numbers.			

Elementary School Program serving grades 3–5, and the MWDOC Choice Middle School (grades 6-8) and High School (grades 9-12) Programs.

Several factors weighed heavily on the Program contractor selection, including the challenges that will be faced ahead by the impacts of COVID-19. The pandemic has forced MWDOC to rethink its K-12 water education programs, including structure, format, and offerings. The proposed Programs will continue to support California State Standards, including [Environmental Principles and Concepts \(EP&Cs\)](#), now integrated into the Science (Next Generation Science Standards – NGSS), History-Social Science, Health, and Arts Frameworks with Mathematics on the way. EP&Cs now enable MWDOC to expand its involvement in youth education beyond science classes, providing essential water-focused lessons in multiple core subjects. Through participation in the MWDOC Choice School Programs, Orange County K-12 students gain the interdisciplinary knowledge to become thoughtful water stewards prepared for active citizenship and academic and career success.

Though many schools are reopening for in-person instruction, it is unlikely that large, assembly-style gatherings or outside visitors will be allowed at the beginning of the school year. As such, both Shows That Teach and OCDE's Inside the Outdoors have proposed a robust plan to offer both in-person and virtual programs, including marketing and outreach strategy, student and teacher evaluations, pre-and-post program activities, and service-learning projects.

Shows That Teach – Grades K-2

Based on observations and teacher feedback, Shows that Teach has successfully provided comprehensive water education to Orange County K-2 students through MWDOC's Choice Elementary School Program. Shows That Teach utilizes original songs, humor, puppetry, visual aids, and video resources to effectively engage students and increase comprehension in water science topics such as the water cycle, water supply resources, and conservation. Staff believes this exciting, assembly-style program is best suited for the youngest grade levels, grabbing their attention and introducing them to fundamental water education early on in their academic career. As an added feature, Ricky the Rambunctious Raindrop will be integrated back into the classroom as a puppet cast member, enhancing the experience and rebranding the program without disrupting the class.

Because schools vary in size, enrollment, and capacity, Shows That Teach offers several versions of these assemblies, both in-person and online, to accommodate participating schools. As part of the program, Shows That Teach also provides a detailed teacher's guide and pre-and post-program activities that encourage students to use art to reflect on their relationship with water exploring ways to use it more efficiently. Program pricing varies depending on class size, the number of performers, and program format.

Orange County Department of Education: Inside the Outdoors – Grades 3-5 and 6-12

As an extension of Orange County Department of Education, Inside the Outdoors is already well established in Orange County schools and understands California content standards, curriculum frameworks, and guidelines. As such, their programs did not lose any momentum when the pandemic hit, and they are confident they can continue their success into the next school year.

OCDE's proposed elementary school program (grades 3-5) focuses on foundational knowledge and skills, guiding students to connect the classroom lessons to real-world

situations. The elementary school program consists of pre-and-post program resources, a live stream field trip (for distance learning) or traveling scientist presentation (in-person instruction) with learning stations, and family engagement activities designed to allow students and their families to explore critical water-centric topics together.

OCDE's proposed middle (6-8) and high school (9-12) programs build on the elementary school programs' foundation. The middle and high school programs consist of pre-and post-program resources, a live stream field trip (for distance learning) or traveling scientist presentation (in-person instruction) with learning stations, and field study or service-learning activity for students to receive credit toward their required service hours. Additionally, ITO is part of a Southern California pilot program that gives students engaged in environmental literacy projects the opportunity to earn hours toward the California Department of Education's Seal of Civic Engagement.

All of OCDE's in-person programs for grades 3-12 include multiple activity stations where students interact with models of human and natural water systems such as an aquifer model, water conveyance maps, and systems engineering experiments. The proposed virtual programs for grades 3-12 encourage students to explore how human and natural water systems interact and influence each other. They include drawing, games, and interactive simulation models to maintain student engagement. Pre- and post-program activities include videos, teacher slide decks, and interactive digital resources such as Kahoot! that encourage students to examine water-related environmental phenomena within their community, answering the question "Why should this matter to me?"

Since March 2020, student's interaction with classmates and teachers has declined, and their engagement has decreased in large group settings. Opportunities for students to engage in lessons and explain their thought processes are crucial to understanding content. Inside the Outdoors base their programs on the 5E Model (Engage, Explore, Explain, Elaborate, and Evaluate) and Universal Design for Learning instructional model so that programs allow students to dive deeper into topics, interact with their peers, and share their observations. Program pricing for all three program levels (elementary, middle, and high school) varies depending on grade level.

BOARD OPTIONS

Option #1: Staff recommends the Board of Directors authorize the General Manager to enter into a two-year contract with three (3), one-year options to extend with Building Block Entertainment, Inc. (Shows That Teach) for grades K-2, and Orange County Department of Education's (OCDE) Inside the Outdoors for grades 3-12, to provide the Municipal Water District of Orange County's (MWDOC) K-12 Choice School Programs (Option #1).

Fiscal Impact: As a Choice Program, consultant services will be funded by the participating retail water agencies.

Business Analysis: Through MWDOC's facilitation of this regional program, Orange County water retailers are able to participate at their designated level without the responsibility of program administration, marketing, and content development.

Option #2: Take no action

Fiscal Impact: All aspects of the Choice School Programs will become the sole responsibility of Orange County retail water agencies.

Business Analysis: Without a regional approach, individual Orange County water retailers become responsible for program administration, outreach, content development, and cost, multiplying their efforts to obtain consultant-services.



ACTION ITEM

April 21, 2021

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Harvey De La Torre
Hilary Chumpitazi

SUBJECT: MWD OC'S 2021 COST ALLOCATION RATE STUDY

STAFF RECOMMENDATION

It is recommended that the Board of Directors adopt the findings and recommendations in Raftelis' Core Service Charge Allocation Study for MWD OC; which calls for maintaining the current Meter Service Charge methodology for all MWD OC retail agencies and changing the methodology and calculation of MWD OC's Groundwater Customer Charge for Orange County Water District. These adjustments will be effective beginning in FY 2021-22.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

In November 2020, MWD OC began the process of reviewing its two core service charges, the Retail Meter Charge and the Groundwater Customer Charge. The MWD OC Board authorized Raftelis Financial Consultants, Inc. (Raftelis) to conduct the Core Service Charge Allocation Study (2021 Rate Study) to evaluate its methodology and calculation.

The scope of the 2021 Rate Study called for developing a rate model that illustrated the allocation of costs (MWD OC's core expenses) among the member agencies under different rate structure options. With the goal to recommend a rate structure that not only satisfies future revenue requirements of the District and meets State law requirements, but also balance revenue stability, financial resiliency, and equity among member agencies. The guiding principles of the 2021 Study remain similar the previous rate study conducted in 2016: legal compliance, fairness/equity, and revenue stability.

Budgeted (Y/N): Yes	Budgeted amount: \$82,500	Core <u>X</u>	Choice <u>_</u>
Action item amount: None	Line item: 7040-2000-41		
Fiscal Impact (explain if unbudgeted): Not applicable			

Additionally, one of MWDOC's primary directives for the 2021 Rate Study is to ensure that all member agencies have ample opportunity to participate in the development of the study. As part of this process, MWDOC held a number of member agency manager meeting discussions facilitated by Melissa Elliott of Raftelis. Outside of the facilitated discussions, MWDOC also utilized a survey tool and encouraged the submission of letters to ensure all comments were included.

Below is the schedule for engagement for both member agency and MWDOC Board/Committee meetings:

Date	Meeting Type / Attendees	Goal / Topic
Jan 14	Member Agency "Kick-off" Meeting	Introduce study and process / Rate setting principles / Discussion & input
Jan 21	Member Agency Meeting	Review survey results / Discussion & input
Feb 10	Admin & Finance Committee	Introduce study / Rate setting principles / Discussion / Show charges for top 4 rate structures
Feb 18	Member Agency Meeting	Discussion & input on alternative rates, show charges for top 4 rate structures
March 10	Admin & Finance Committee	Update A & F
March 18	Member Agency Meeting	Rate Structure MA Consensus
April 19	Admin & Finance Committee	Action on the recommended rate structure
April 21	MWDOC Board Meeting	Board Adopts Rates & Charges for FY2021-22

This schedule was established with the intention of implementing the results of the 2021 Rate Study into the MWDOC's FY2021-22 Budget. Of note, MWDOC's 3rd Draft Budget and the proposed Rate Resolution, both included for Board consideration this month, include the findings and recommendations of the 2021 Rate Study.

MWDOC 2021 Cost Allocation Rate Study

As outlined in the 2021 Rate Study, the primary objectives are as followed:

- Evaluate the existing methodology used to calculate member agency charges for Core services
- Research and develop alternative methodologies for consideration
- Engage directly with member agencies to ensure transparency and solicit feedback
- Achieve consensus with member agencies on a proposed methodology to calculate charges for Core services
- Discuss the nexus between Core service charges and MWDOC's Core service costs
- Document study results and recommendations in a report that serves as the administrative record

It was emphasized that the focus of the 2021 Rate Study reside solely within MWDOC's two Core Service charge classes – the Retail Meter Charge and the Groundwater Customer Charge. Moreover, the methodology and calculation of how MWDOC's allocates its Core cost centers was reviewed and considered.

Although, Raftelis developed and presented varied alternative methods for charging the member agencies (e.g., fixed, volumetric, and hybrid alternatives), it was clear early into the process that the member agencies collectively considered a fixed charge most appropriate for recovering MWDOC's Core costs; as MWDOC's Core costs do not vary with the volume of water purchased from Metropolitan. Thus, the Retail Meter Service Charge methodology would remain unchanged.

However, based on this belief the Orange County Water District (OCWD) suggested the Groundwater Customer Charge should be modified and be calculated based on an equal distribution of all of MWDOC's Core cost centers (i.e., $\frac{1}{26}$ proportional share), instead of the current calculation that includes volumetric purchases for two cost centers (21-Reliability Planning and 23-MET Issues). The member agencies collectively agreed and felt the most equitable methodology for the Groundwater Customer Charge would be a fixed charge based on the equal proportional share of MWDOC's costs.

Building on the consensus from the member agencies for a new Groundwater Customer Charge methodology and continuation of the existing retail service charge, MWDOC and Raftelis conducted an analysis to ensure the proposed Core service allocation methodologies provides a nexus between Core costs and Core charges in light of Proposition 26. In a two-step process outlined in the 2021 Rate Study, it was determined that *"All MWDOC's Core services benefit all retail member agencies regardless of the amount of water purchased from MWDOC"* and *"MWDOC's activities support all member agencies, and costs are incurred regardless of MWDOC water purchases"*. Therefore, it is reasonable for these costs to be charged on a basis other than water use.

In conclusion, based on member agency feedback, District Counsel (BBK) review, and MWDOC Board member feedback, MWDOC staff support the findings and recommendations in Raftelis' Core Service Charge Allocation Study.

BOARD OPTIONS

Option #1

- Recommend that the Board of Directors adopt the findings and recommendations in Raftelis' Core Service Charge Allocation Study for MWDOC; which calls for maintaining the current Meter Service Charge methodology for all MWDOC retail agencies and changing the methodology and calculation of MWDOC's Groundwater Customer Charge for Orange County Water District. These adjustments will be effective beginning in FY 2021-22.

Fiscal Impact: No fiscal impact is identified

Business Analysis: Adopting the findings and recommendations in the study will update MWDOC's rate methodology and calculation according to the support and endorsement of our member agencies.

Option #2

- The Board of Director not adopt the findings and recommendations in Raftelis' Core Service Charge Allocation Study for MWDOC.

Fiscal Impact: Additional funds may be needed if the consultant is requested to make any revisions, modifications or additional analyses to the study.

Business Analysis: Not adopting the study's recommendations may cause delays in MWDOC's as well as the member agencies' adoption of their budget.

STAFF RECOMMENDATION

Option #1

Attachment: Raftelis' Core Service Charge Allocation Study for Municipal Water District of Orange County, 2021

Municipal Water District of Orange County

Core Service Charge Allocation Study

Draft Report / April 13, 2021



This page intentionally left blank to facilitate two-sided printing.

April 13, 2021

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

Subject: Core Service Charge Allocation Study Report

Dear Mr. Hunter,

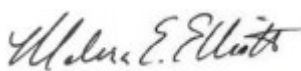
Raftelis is pleased to present this Core Service Charge Allocation Study Report to the Municipal Water District of Orange County (MWDOC). The Core service charge allocation methodology was developed using a transparent process that provided member agencies with multiple opportunities to provide input including an online survey and four-member agency virtual meetings. We believe the process yielded a fair and reasonable charge methodology for your core services and complies with the requirements of Proposition 26.

It was a pleasure working with you and we wish to express our thanks to you, Mr. Harvey De La Torre, Mrs. Melissa Baum Haley, and other MWDOC staff for the support and cooperation extended throughout the study. If you have any questions, please call me, the Project Manager, at (213) 262-9308.

Sincerely,



Steve Gagnon, PE (AZ)
Project Manager



Melissa Elliot, APR
Outreach and Engagement Lead



Charles Diamond
Lead Analyst

Table of Contents

1.	INTRODUCTION	1
2.	STUDY BACKGROUND	1
3.	LEGAL ENVIRONMENT	6
4.	STUDY PROCESS.....	7
5.	RECOMMENDATIONS AND RESULTS	14
6.	COST AND CHARGE NEXUS	18
7.	APPENDIX A	22
8.	APPENDIX B	23
9.	APPENDIX C	25

List of Tables

Table 2-1: FY 2020-21 MWDOC Budget4

Table 2-2: Current Core Service Charge Allocation Methodology by Cost Center5

Table 4-1: Study Schedule of Meetings10

Table 4-2: Select Results from Member Agency Survey11

Table 5-1: Proposed Step 1 Ground Water Customer Allocation for FY 2020-21.....15

Table 5-2: Proposed Step 2 Retail Charge Allocation for FY 2020-2116

Table 5-3: Proposed versus Current Core Service Charge Allocation (FY 2020-21).....17

Table 6-1: MWDOC Staff Analysis of Time Spent on OCWD-Related Matters.....19

Table 6-2: MWDOC Services.....21

List of Figures

Figure 2-1: MWDOC’s Current System of Cost Recovery.....3

List of Abbreviations

AF: Acre-feet

AWWA: American Water Works Association

FY: Fiscal year

GW: Groundwater

MWD: Metropolitan Water District of Southern California

MWDOC: Municipal Water District of Orange County

OCWD: Orange County Water District

WEROC: Water Emergency Response Organization of Orange County

This page intentionally left blank to facilitate two-sided printing.

1. Introduction

The Municipal Water District of Orange County (MWDOC) engaged Raftelis in late 2020 to conduct a rate study, herein called a Core Service Charge Allocation Study (Study), to evaluate and update the existing allocation methodology used to recover MWDOC's Core Service expenses from its 26 paying member agencies. Study results and recommendations presented herein were informed by direct engagement and collaboration with MWDOC's staff, the Administration and Finance Committee, and representatives from each member agency. This report describes the Study process, results, and provides a nexus between rates and the costs recovered. It also provides MWDOC staff with a clear method to calculate each member agency's annual charges for Core services beginning in fiscal year (FY) 2021-22.¹

The primary objectives of the Study are to:

- » Evaluate the existing methodology used to calculate member agency charges for Core services,
- » Research and develop alternative methodologies for consideration,
- » Engage directly with member agencies to ensure transparency and solicit feedback,
- » Achieve consensus with member agencies on a proposed methodology to calculate charges for Core services,
- » Discuss the nexus between Core service charges and MWDOC's Core service costs,
- » Document the Study results and recommendations in a report that serves as the administrative record.

As explained later in this report, the scope of this Study excludes MWDOC's Choice services/costs (associated with voluntary programs for member agencies) and Metropolitan Water District of Southern California (MWD or Metropolitan) wholesale water supply costs, which MWDOC directly passes through to member agencies.

2. Study Background

Agency Overview

MWDOC is a wholesale water agency formed in 1951 under the Municipal Water District Act of 1911 to import water from MWD on behalf of retail water suppliers in Orange County. MWDOC currently serves 28 member agencies² including 14 cities, 13 special districts, and one private water company. MWDOC's member agencies collectively provide retail water service to over 2.4 million residents in Orange County. In addition to wholesale water sales, MWDOC's key activities pertain to water supply development, water resource planning, legislative advocacy, water use efficiency, water education, and emergency preparedness. MWDOC is classified as an independent special district and is governed by a 7-member Board of Directors elected to represent specific areas of Orange County.

¹ MWDOCs fiscal year is from July through June. For example, FY 2021-22 is July 1, 2021 – June 30, 2022.

² MWDOC serves twenty-eight member agencies, however it has twenty-six paying member agencies as two agencies fall under parent agencies.

MWDOC's mission statement is as follows:

To provide reliable, high-quality supplies from the Metropolitan Water District of Southern California 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.

MWD originally encouraged water retail agencies to establish collective representation to improve efficiency and streamline collaborative processes requiring member agency involvement. While the formation of MWDOC effectively secured access in Orange County to imported water supplies from MWD, it also served to establish a single member agency (of MWD) to collectively represent all of MWD's wholesale water customers in Orange County. MWDOC's own 26 paying member agencies therefore do not have to directly purchase water from or directly deal with MWD. Instead, MWDOC enables more effective and cohesive representation and advocacy of MWDOC's member agencies within MWD's governance structure. It enhances administrative efficiency for MWD since it eliminates the need to deal individually with each of MWDOC's member agencies. MWDOC also provides shared services that otherwise would be provided individually by each member agency. Appendix A shows MWDOC's Core Services.

Current System of Cost Recovery

Costs incurred directly by MWDOC are currently grouped into two primary categories:

1. **MWD Wholesale Water Supply Costs:** MWDOC purchases imported water directly from MWD on behalf of MWDOC's 28 member agencies. MWD's charges for water include volumetric rates per acre-foot (AF) and fixed charges based on historical use and peak daily flow. MWDOC passes through all MWD charges directly to its member agencies. MWDOC's water supply charges from MWD in FY 2020-21 are currently projected to total \$224 million. This represents over 90% of MWDOC's total costs.
2. **MWDOC Budget:** All other costs incurred by MWDOC are budgeted at \$9.8 million in FY 2020-21 and are further divided into a Core Budget and a Choice Budget.
 - **Core Budget:** These costs are associated with MWDOC's functions and activities that support all member agencies. As explained above, the creation of MWDOC enables unified advocacy with MWD and shared services that would otherwise be provided by each member agency. Approximately 84% of MWDOC's FY 2020-21 budgeted expenses (excluding MWD wholesale water supply costs) are classified as Core. Core costs are recovered from Orange County Water District (OCWD) by a "Ground Water Customer Charge" and from other member agencies by a "Retail Charge." OCWD is the only MWDOC member agency³ that is a groundwater recharge agency and is subject to a unique charge because it does not have retail meters as other member agencies do. OCWD purchases water from MWDOC to replenish the groundwater basin rather than directly providing water service to retail customers. The current method to determine annual member agency charges for Core services is explained in detail in the next subsection of this report.

³ Since OCWD is currently the only groundwater recharge agency served by MWDOC, the term Ground Water Customer Charge refers to the charge to OCWD.

Choice Budget: These costs are associated with *optional* services offered by MWDOC that member agencies can partake in. Choice services include programs for water use efficiency, water education in schools, and water loss control. Member agency participation in Choice programs is voluntary. Choice costs are recovered by “Choice Revenue” collected from participating member agencies based on their level of activity.

Figure 2-1 shows MWDOC’s current cost recovery system. This Study is limited to Core services only (shown circled in red). Neither MWD wholesale water supply costs nor Choice services are considered within this Study. All subsequent report sections therefore only pertain to member agency charges for MWDOC’s Core services. Table 2-1 shows MWDOC’s Core and Choice budget for FY 2020-21 by cost center, which as mentioned earlier totals \$9.8 million. Choice services constitute 16% of total costs shown (or approximately \$1.6 million). All other costs shown are associated with Core services, totaling approximately \$8.3 million in FY 2020-21.

Figure 2-1: MWDOC’s Current System of Cost Recovery

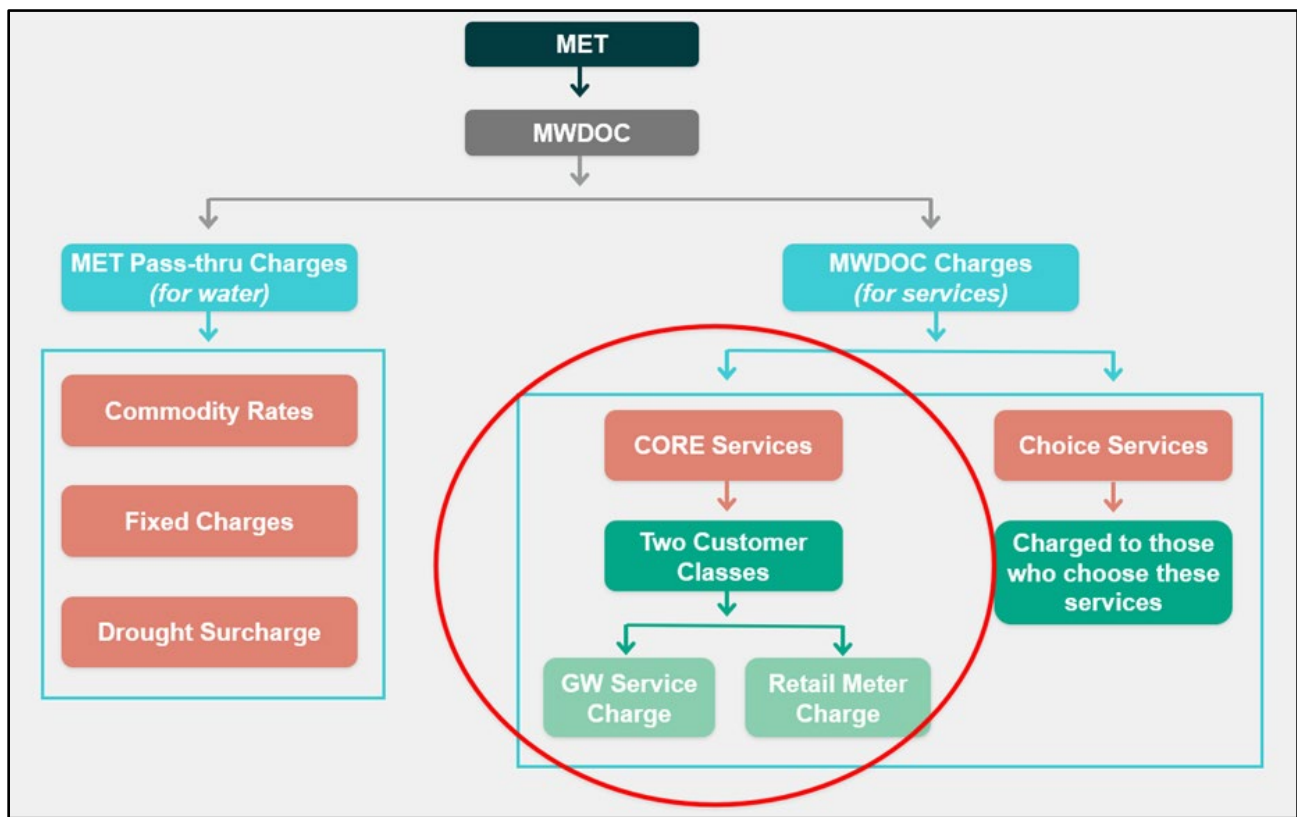


Table 2-1: FY 2020-21 MWDOC Budget

Cost Center	Program	FY 2020-21 Budget (\$)	FY 2020-21 Budget (%)
	CORE		
11	Administrative - Board	\$1,173,230	11.9%
12	Administrative - General	\$695,341	7.1%
13	Personnel / Staff Development	\$427,047	4.3%
19	Overhead	\$1,068,235	10.9%
21	Reliability Planning and Engineering	\$941,736	9.6%
23	Metropolitan Issues and Water Policy	\$777,165	7.9%
31	Governmental Affairs	\$514,960	5.2%
35	Water Use Efficiency (Core)	\$461,443	4.7%
32	Public Affairs	\$910,703	9.3%
41	Finance	\$673,518	6.8%
45	Information Technology	\$380,031	3.9%
25	MWDOC's Contribution to WEROC	\$241,236	2.5%
	Subtotal – Core	\$8,264,645	84.0%
	CHOICE		
62	Water Use Efficiency Program	\$900,920	9.2%
63	School Programs	\$412,513	4.2%
70	Water Loss Control	\$260,668	2.6%
	Subtotal – Choice	\$1,574,100	16.0%
	Total	\$9,838,746	100.0%

Prior Core Service Charge Allocation Study

MWDOC currently charges 26 member agencies for Core services based on an allocation methodology developed in 2016 and documented in the “FY 2017 Wholesale Water Rate Study” report. Two member agencies are not directly charged for Core services because they receive wholesale water service from special districts that are also MWDOC member agencies (the City of Tustin is served by East Orange County Water District and Emerald Bay is served by Laguna Beach County Water District).

The prior study in 2016 included extensive collaboration with MWDOC’s 28 member agencies and resulted in the implementation of the existing Core service allocation methodology. The existing methodology consists of a two-step process outlined below and summarized in Table 2-2. The rationale for the existing methodology is provided in greater detail in Section 4, and more detailed explanations of cost centers are provided in Section 6.

1. **Step 1 - Ground Water Customer Charge Allocation** (for OCWD only): The Ground Water Customer Class requires a separate allocation to determine Core charges because it does not serve retail customers with water meters. All other member agencies are charged in proportion to each member agency’s number of water meters. The basis for the Ground Water Customer Class’s (also known as OCWD) share of Core services varies by cost center as follows:
 - **Cost Center 25 (WEROC):** OCWD provides funding contributions to the Water Emergency Response Organization of Orange County (WEROC) separate from MWDOC contributions. Therefore, OCWD is not allocated costs associated with “MWDOC’s Contribution to WEROC.”

- **Cost Centers 21 & 23:** OCWD is allocated Core service costs associated with “Reliability Planning and Engineering” and “Metropolitan Issues and Water Policy” in proportion to OCWD’s ten-year historical water purchases from MWDOC (by volume) relative to MWDOC’s total ten-year historical water purchases to serve all member agencies. Cost Centers 21 and 23 include costs incurred by MWDOC to administer groundwater recharge programs/services and advocate at MWD on behalf of member agencies. During the prior study, OCWD’s water use was lower than it is now and did not expect to change much. An analysis at that time suggested that MWDOC’s effort in these two Cost Centers (21 and 23) for OCWD was in line with their water use (10-year average) and thus a reasonable charge basis. Since the last study, OCWD’s water use has increased (doubled) and water use is no longer believed to be a suitable nexus as discussed in Section 6.
- **All other Cost Centers:** OCWD is allocated 1/26th of Core service costs associated with all other cost centers. OCWD is one of 26 paying member agencies. Therefore, 1/26th represents an equal cost apportionment to OCWD relative to all paying member agencies. As explained below, these costs are allocated equally among the 26 member agencies that are direct customers of MWDOC because these services benefit each member agency equally, regardless of how much water is purchased.

2. Step 2 - Retail Charge Allocation: After the Core service cost allocation to OCWD based on Step 1, all remaining Core service costs are allocated to the other 25 paying member agencies in proportion to total certified water meters associated with each member agency. Each member agency provides certified meter counts to MWDOC staff on an annual basis. The City of Tustin’s water meters are included with meter counts for East Orange County Water District. Emerald Bay’s water meters are included with meter counts for Laguna Beach County Water District. Consequently, these agencies are not separately charged because their costs are already included in the costs for East Orange County Water District and Laguna Beach County Water District. This ensures that Core costs are appropriately allocated based on meter counts to the 25 paying retail member agencies.

Table 2-2: Current Core Service Charge Allocation Methodology by Cost Center

Cost Center	Core Budget	Current Ground Water Customer Charge Allocation Basis	Current Retail Charge Allocation Basis
11	Administrative - Board	Equally (1/26 th)	% of certified water meters
12	Administrative - General	Equally (1/26 th)	% of certified water meters
13	Personnel / Staff Development	Equally (1/26 th)	% of certified water meters
19	Overhead	Equally (1/26 th)	% of certified water meters
21	Reliability Planning and Engineering	% of 10-year water use	% of certified water meters
23	Metropolitan Issues and Water Policy	% of 10-year water use	% of certified water meters
31	Governmental Affairs	Equally (1/26 th)	% of certified water meters
35	Water Use Efficiency (Core)	Equally (1/26 th)	% of certified water meters
32	Public Affairs	Equally (1/26 th)	% of certified water meters
41	Finance	Equally (1/26 th)	% of certified water meters
45	Information Technology	Equally (1/26 th)	% of certified water meters
25	MWDOC’s Contribution to WEROC	Not allocated to OCWD	% of certified water meters
	MWDOC Building Expense Less Miscellaneous Income ⁴	Equally (1/26 th)	% of certified water meters

⁴ “MWDOC Building Expense Less Miscellaneous Income” is added to the Core budget to account for the member agencies’ share of MWDOC building expense costs.

3. Legal Environment

The primary legal constraint relevant to this Study is Proposition 26. Proposition 26 amended the California constitution by adding, among other things, article XIII C, section 1(e). Proposition 26 was approved by California voters in 2010 to require a supermajority vote to pass new taxes. Furthermore, Proposition 26 defined a tax requiring voter approval as any levy, charge, or exaction of any kind imposed by a local government. Any fees or charges that are not exempted by the language of Proposition 26 are considered taxes and subject to voter approval.

The expanded definition of a tax placed new burdens on water purveyors who must routinely increase rates to meet their revenue requirement. After the passage of Proposition 26, local water agencies must demonstrate their fees and charges are not taxes by demonstrating that they meet one of the exemptions listed in article XIII C, section 1(e). Exemptions relevant to this Study include:

(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the pay[e]r that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the pay[e]r that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

To not be considered a tax, local water purveyors must show that their charges are no more than necessary to cover the costs to provide service and that the charges levied on a payer have a financial nexus to the costs to serve said payer.

4. Study Process

Raftelis worked with MWDOC's staff, the Administration and Finance Committee, and member agency representatives over the course of the Study to evaluate and update the existing Core service charge allocation methodology. The process to determine the proposed Core service charge allocation methodology included the following key steps:

1. Raftelis and MWDOC staff identified an initial list of alternative allocation methodologies for consideration in addition to the existing methodology.
2. Raftelis and MWDOC staff solicited feedback from member agencies, as to any other charge methodologies member agencies would like to explore via an online survey and four virtual meetings held with member agency representatives.
3. Raftelis presented up to 12 different charge methodologies and narrowed the alternatives based on merit and member agency input.
4. Raftelis proposed an allocation methodology after considering feedback from member agencies and evaluating the merit of each alternative.

Core Service Charge Allocation Options

Raftelis worked with MWDOC staff to establish an initial list of Core service charge allocation methods for consideration. The following guiding principles informed the allocation options considered:

- » **Legal Compliance:** Fees are exempt from the definition of a “tax” under Proposition 26 in that they do not exceed the estimated proportional cost of the service, product, privilege or benefit provided. Legal compliance was assumed a basic requirement)
- » **Fairness/Equity:** Best aligns costs with the service provided and/or benefit received by each agency. (Fairness/equity assumed a basic requirement).
- » **Revenue stability:** Produces stable revenues for MWDOC and minimizes revenue volatility.
- » **Administrative Complexity:** Can be implemented with existing MWDOC staff, available information, and infrastructure.
- » **Communication:** Easily understood by member agencies and their retail customers (the public at large).

All alternatives adhered to the general 2-step process utilized in the existing allocation methodology and described below. A 2-step process is necessary because OCWD does not have retail meters. OCWD provides groundwater replenishment rather than retail water services. The 2-step allocation process includes:

1. **Step 1:** Allocate costs to the Ground Water Customer Charge (OCWD).
2. **Step 2:** Allocate remaining costs to the 25 paying retail member agencies in proportion to the cost of providing service or benefits to such agencies. MWDOC considered allocating costs using: 1) number of meters, 2) number of hydraulically equivalent meters, 3) average 10-year water use, 4) population served. This step calculates the Retail Charge.

Step 1 Allocation Options - Ground Water Customer Charge

Option 1a: Ground Water Customer Charge Based on Current Methodology

The current Ground Water Customer Charge methodology excludes Cost Center 25 (for WEROC), allocates Cost Centers 21 and 23 in proportion to 10-year historical water purchases from MWD, and allocates all other cost centers based on an equal distribution to all 26 paying member agencies (i.e., $1/26^{\text{th}}$ of costs). The current methodology is reasonable if MWDOC staff in Reliability Planning and Engineering (Cost Center 21) and Metropolitan Issues and Water Policy (Cost Center 23) spend more than an average ($1/26^{\text{th}}$) amount of time and effort working on behalf of the groundwater customer class (OCWD).

Option 1b: Ground Water Customer Charge Based on Equal Proportional Share ($1/26^{\text{th}}$)

Option 1b allocates Core costs to the groundwater customer class by excluding Cost Center 25 (for WEROC) and allocating all other cost centers based on an equal distribution to all twenty-six paying member agencies (i.e., $1/26^{\text{th}}$ of costs). The difference from Option 1a is that Cost Centers 21 and 23 are allocated equally ($1/26^{\text{th}}$) rather than based on the groundwater classes' share of 10-year historical water purchases. Option 1B is reasonable if MWDOC staff in Cost Centers 21 and 23 spend an average amount of time and effort working on behalf of the groundwater class.

Option 1c: Eliminate the Ground Water Customer Charge

Option 1c allocates no Core costs to OCWD and would eliminate the Ground Water Customer Charge. This option was quickly eliminated because MWDOC works on behalf of the groundwater customer class and therefore incurs costs. Not charging for these costs would mean other agencies are subsidizing the ground water customer class. Currently, OCWD recovers Ground Water Customer Charges paid to MWDOC through replenishment assessments (per AF of groundwater production) charged to retail water agencies in northern Orange County that pump local groundwater. Nearly all retail water agencies subject to OCWD's replenishment assessments are MWDOC member agencies with the exception of Santa Ana, Fullerton, and Anaheim. Therefore, OCWD effectively passes through MWDOC's Ground Water Customer Charges to other retail agencies via OCWD's replenishment assessment. Alternatively, the elimination of MWDOC's Ground Water Customer Charge as proposed in Option 1C would result in direct recovery of OCWD's current share of Core costs from *all* retail member agencies, some of which do not pump groundwater replenished by OCWD.

Step 2 Allocation Options – Retail Charge

Option 2a: Retail Charge Based on Number of Meters (current methodology)

MWDOC currently allocates Core costs to its retail member agencies based on the proportion of retail water meters served by each member agency. There is no adjustment made to account for larger meters. In other words, a standard 5/8-inch residential water meter is accounted for in the same manner as a 4-inch commercial/industrial water meter. This option relies on the assumption that the meter size distribution for each retail member agency is sufficiently similar, and therefore reasonably estimates the proportional cost per agency.

Option 2b: Retail Charge Based on Number of Hydraulically Equivalent Meters

Option 2b allocates Core costs to retail member agencies based on the number of hydraulically equivalent water meters. Unlike the current methodology, an adjustment would be made to account for the hydraulic capacity of different meter sizes. For example, based on American Water Works Association (AWWA) capacity factors, a 4-inch meter is equivalent to twenty-one 5/8" meters. Allocating costs in proportion to the number of hydraulically equivalent meters recognizes that much of the work that MWDOC does relates to ensuring standby capacity is available and standby capacity is related to equivalent meters.

Option 2c: Retail Charge Based on 10-Year Historical Water Use

Option 2c allocates Core costs to retail member agencies in proportion to each member agency's share of MWDOC's 10-year imported water purchases (by volume) from MWD.⁵ Allocating costs based on imported water use is reasonable if MWDOC's costs are proportional to water use. However, MWDOC's Core costs do not vary with the volume of water purchases from MWD, as described in Section 6. During the member agency meetings several member agencies expressed that because the need for MWDOC's Core services is not related to the volume of water purchased, there is no rationale to charge based on the purchased water volume.

Option 2d: Retail Charge Based on Population in Service Area

Option 2d allocates Core costs to retail member agencies costs based on the population within each member agency's service area. The advantage of this rate structure is that it is easily explained and understood (i.e., benefits flow to the population). Drawbacks to this methodology include scenarios in which costs are disproportionately allocated to high population member agencies with low per capita water use. Agencies with low population and high per capita water use would unfairly benefit from a smaller cost allocation under Option 2d. This option received the lowest support from member agencies of all options in the online survey and feedback during the four workshops.

Stakeholder Involvement

Schedule

Raftelis and MWDOC staff engaged directly with member agency representatives and MWDOC's Administration and Finance Committee to solicit input over the course of the Study (see Table 4-1). All meetings were hosted virtually. The Study started with a kickoff meeting to introduce and review the existing Core service charge allocation methodology developed in the prior study. After the kickoff meeting, an online survey was sent to member agency representatives so that member agencies could provide input regarding potential rate structures. Core service allocation methodologies were then narrowed down over three subsequent member agency meetings based on feedback from member agency representatives. Raftelis and MWDOC staff also hosted three meetings with MWDOC's Administration and Finance Committee (which is made up of three Directors from MWDOC's seven-member Board of Directors) to provide updates on Study progress and solicit feedback.

⁵ Historical imported water use only includes water purchased from MWDOC by the member agency rather than each member agency's total water use. Some member agencies supply water from other sources in addition to wholesale water purchases from MWDOC.

Table 4-1: Study Schedule of Meetings

Date	Meeting Type	Meeting Agenda
Jan 14, 2021	Member Agency Meeting #1	-Introduce Study and existing methodology -Discuss rate setting principles
Jan 21, 2021	Member Agency Meeting #2	-Review survey results, which included feedback on various options
Feb 10, 2021	Administration & Finance Committee Meeting #1	-Introduce Study -Discuss rate setting principles -Show preliminary results for all options
Feb 18, 2021	Member Agency Meeting #3	-Discuss allocation options & solicit feedback -Show preliminary results for all options
March 10, 2021	Administration & Finance Committee Meeting #2	-Provide status update on Study progress
March 18, 2021	Member Agency Meeting #4	-Solicit feedback from member agencies with goal of obtaining consensus on a preferred allocation methodology
April 14, 2021	Admin & Finance Committee Meeting #3	-Solicit feedback from Admin & Finance Committee with goal of obtaining consensus on a preferred allocation methodology
April 21, 2021	Board of Directors Meeting	Board to vote on whether to adopt proposed allocation methodology

Member Agency Survey

Raftelis and MWDOC staff solicited member agency input through a short online survey after the initial kickoff meeting. Member agencies were asked to answer questions about the prior study in 2016 and to provide feedback on preliminary rate structure options. Member agency responses to key survey questions related to preliminary Core service charge allocation options are shown in Table 4-2. The full survey results is shown in Appendix C. Twenty-five out of 28 total member agencies responded to the survey. However, not all respondents provided answers to each question.

Table 4-2: Select Results from Member Agency Survey

Question	Answer Choice	% of Responses	Number of Responses
Please rate your agreement with the following statement: A rate structure without a Ground Water Charge that therefore reallocates these (GW replenishment) costs to all other member agencies is fair and equitable.	Yes	18.2%	4
	No	54.6%	12
	No opinion	27.3	6
	Total	100.0%	22
Please rate your agreement with the following statement: A rate structure, in proportion to the number of meters (without accounting for meter size) is fair and equitable.	Strongly agree	4.6%	1
	Agree	59.1%	13
	Neither agree nor disagree	13.6%	3
	Disagree	9.1%	2
	Strongly disagree	13.6%	3
	Total	100.0%	22
Question: Compared to MWDOC's current rate structure, in which each retail member agency pays based on the total number of meters without accounting for meter size, how would you rate the fairness and equity of a fixed charge, in which each agency pays in proportion to their total number of meters accounting for meter size?	Much better	35.00%	7
	Somewhat better	10.00%	2
	About the same	45.00%	9
	Somewhat worse	5.0%	1
	Much worse	5.0%	1
	Total	100.0%	20
Question: Compared to MWDOC's current rate structure, in which each retail member agency pays based on the total number of meters without accounting for meter size, how would you rate the fairness and equity of a volumetric rate, in which each agency pays in proportion to the volume of water they purchase?	Much better	35.1%	5
	Somewhat better	7.1%	1
	About the same	35.7%	5
	Somewhat worse	14.3%	2
	Much worse	7.1%	1
	Total	100.0%	14
Question: Compared to MWDOC's current rate structure, in which each retail member agency pays based on the total number of meters without accounting for meter size, how would you rate the fairness and equity of a population-based charge, in which each agency pays in proportion to their population served?	Much better	7.1%	1
	Somewhat better	0.0%	0
	About the same	50.0%	7
	Somewhat worse	7.1%	1
	Much worse	35.7%	5
	Total	100.0%	14

Building Consensus Among Member Agencies

After the kickoff meeting with member agencies, Raftelis and MWDOC staff held three subsequent virtual meetings with member agencies to discuss Core service charge allocation options, present preliminary results, and solicit input from member agencies. During each meeting, Raftelis presented example charges using MWDOC's FY 2020-21 budget and solicited feedback from member agencies. By the third meeting, member agencies reached consensus regarding the Core service charge allocation methodology. During the fourth meeting, the member agencies confirmed the consensus reached at the third meeting. Below is a summary of

the goals, discussion, and feedback from each member agency and Administration and Finance committee meeting.

- » **Member agency meeting #1:** Raftelis and MWDOC staff briefed member agencies on the Study scope, prior study, and rate-setting principles relevant to the Study. Member agencies were also briefed on initial Core service allocation methodologies under consideration. Most of the feedback provided by member agencies pertained to the Ground Water Customer Charge determination. Consensus to continue the Ground Water Customer Charge emerged quickly, which ruled out Ground Water Customer Charge Option 1C. Several agencies expressed opposition to using historical water use as a allocation basis for OCWD. Reasons cited included OCWD's significant year-to-year fluctuation in water purchases from MWDOC. Additionally, several agencies voiced that there is a weak nexus between MWDOC costs and water use.
- » **Member agency meeting #2:** Member agencies completed the online survey prior to the second meeting. Raftelis reviewed survey results and solicited feedback from member agency representatives. Member agencies were provided an opportunity to suggest alternative rate structures not yet shown. Multiple member agency representatives repeated their opposition to the Ground Water Customer Charge Option 1a and Option 1c from the first meeting. For retail allocation methodologies, several member agencies voiced opposition to allocating costs based on historical water use (Option 2c). Numerous member agency representatives expressed support for the existing retail allocation methodology based on the number of meters (Option 2a). The advantages of Option 2a discussed included simplicity and member agency charge stability (as number of meters does not fluctuate annually like water use).
- » **Administration and Finance Committee Meeting #1:** Raftelis and MWDOC staff met with the Administration and Finance Committee to introduce the Study, brief the committee on the prior two member agency meetings, and show preliminary charge results using the FY 2020-21 MWDOC budget. Detailed preliminary charges estimates by member agency are shown in Appendix B.
- » **Member agency meeting #3:** Raftelis presented preliminary charge results for the allocation methodologies under consideration to the member agencies to demonstrate the impacts from each option. All preliminary results were based on MWDOC's FY 2020-21 Core budget. No preliminary results were shown for Option 1c, which was eliminated during the second member agency meeting. Results were shown for an alternative Step 1 allocation methodology suggested by a member agency representative in the online survey, in which the OCWD Core service allocation would equal $4/29^{\text{th}}$ of all costs excluding WEROC⁶. This alternative Step 1 allocation option generated little to no interest or support from member agencies during this meeting. Moreover, based on discussions with MWDOC staff, it is likely that MWDOC costs to serve the groundwater customer class were not near 14% ($4/29^{\text{th}}$). Therefore, Raftelis recommended removing this groundwater customer class methodology and no member agencies disagreed. By the end of the meeting, 16 member agencies voiced support for Option 1b (Ground Water Customer Charge equal to $1/26^{\text{th}}$ of Core budget excluding WEROC), and

⁶ OCWD serves three retail water agencies that are not MWDOC member agencies. This alternative Step 1 allocation methodology therefore suggested that OCWD be apportioned an equal share of costs after accounting for the three additional agencies who are not member agencies of MWDOC (i.e., $[1 + 3] \div [26 + 3]$).

nearly as many member agencies expressed support for Option 2a (Retail Charges in proportion to the number of meters). No member agency representatives voiced opposition to either Option 1b or 2a.

- » **Administration and Finance Committee Meeting #2:** Raftelis and MWDOC staff summarized the third member agency meeting for the Administration and Finance Committee and reviewed member agency feedback and preferences. The committee expressed support for Options 1b and 2a.
- » **Member agency meeting #4:** Study participants had likely reached a consensus during the third meeting. Raftelis used the fourth meeting as a final opportunity for member agencies to express opinions. Raftelis informed member agencies that it would recommend Option 1b (Ground Water Customer Charge equal to $1/26^{\text{th}}$ of Core budget excluding WEROC) and Option 2a (Retail Charges in proportion to the number of meters) to the Administration and Finance Committee. No concerns or protests were expressed by member agency representatives.
- » **Administration and Finance Committee Meeting #3:** Raftelis will recommend Option 1b (Ground Water Customer Charge equal to $1/26^{\text{th}}$ of Core budget excluding WEROC) and Option 2a (Retail Charges in proportion to the number of meters) to the Administration and Finance Committee based on the consensus reached at all prior meetings. It is anticipated that the Administration and Finance Committee will recommend Options 1b and 2a to the Board at the subsequent meeting.
- » **Board of Directors Meeting:** The Board of Directors will vote on whether to adopt the proposed Core service charge allocation methodology (Option 1b for Step 1 and Option 2a for Step 2).

5. Recommendations and Results

Proposed Core Service Charge Allocation Methodology

Based on the evaluation of MWDOC's Core costs and feedback from member agencies and the Administration and Finance Committee, Raftelis recommends that MWDOC update its Core service charge allocation methodology as follows:

- » **Step 1 – Allocate costs based on Option 1b:** For the Ground Water Customer Charge, OCWD will be charged an amount equal to $1/26^{\text{th}}$ of the Core budget (all cost centers excluding WEROC Contributions [Cost Center 25]).
- » **Step 2 – Allocate costs based on Option 2a:** For the Retail Charge, all remaining Core costs (i.e., the Core budget less OCWD's allocation from Step 1) will be allocated to the twenty-five paying retail member agencies in proportion to total certified water meters associated with each member agency.

If adopted by MWDOC's Board of Directors, the proposed change to the Core service charge allocation methodology will become effective beginning in FY 2021-22. However, sample results based on the FY 2020-21 Core budget are presented below to demonstrate how the proposed allocation methodology will be utilized to calculate the Ground Water Customer Charge and Retail Charges each year.

Proposed Calculation of Ground Water Customer Charge

Table 5-1 shows Core cost allocation to OCWD based on the proposed Step 1 allocation method for FY 2020-21. OCWD is allocated $1/26^{\text{th}}$ of all Core costs excluding WEROC contributions (Cost Center 25). The total allocation to OCWD equals OCWD's total Ground Water Customer Charge under the proposed methodology. All remaining costs are to be recovered from retail member agencies based on the proposed Step 2 allocation methods.

Table 5-1: Proposed Step 1 Ground Water Customer Allocation for FY 2020-21

Cost Center	Core Budget	FY 2020-21 Core Budget	Step 1 Allocation Basis (for OCWD)	Core Allocation to OCWD	Core Allocation to Retail Agencies
11	Administrative - Board	\$1,173,230	Equally (1/26th)	\$45,124	\$1,128,106
12	Administrative - General	\$695,341	Equally (1/26th)	\$26,744	\$668,597
13	Personnel / Staff Development	\$427,047	Equally (1/26th)	\$16,425	\$410,622
19	Overhead	\$1,068,235	Equally (1/26th)	\$41,086	\$1,027,149
21	Reliability Planning and Engineering	\$941,736	Equally (1/26th)	\$36,221	\$905,515
23	Metropolitan Issues and Water Policy	\$777,165	Equally (1/26th)	\$29,891	\$747,274
31	Governmental Affairs	\$514,960	Equally (1/26th)	\$19,806	\$495,154
35	Water Use Efficiency (Core)	\$461,443	Equally (1/26th)	\$17,748	\$443,695
32	Public Affairs	\$910,703	Equally (1/26th)	\$35,027	\$875,676
41	Finance	\$673,518	Equally (1/26th)	\$25,905	\$647,613
45	Information Technology	\$380,031	Equally (1/26th)	\$14,617	\$365,414
25	MWDOC's Contribution to WEROC	\$241,236	Not allocated to OCWD	\$0	\$241,236
	MWDOC Building Expense Less Miscellaneous Income ⁷	\$168,470	Equally (1/26th)	\$6,480	\$161,990
	Total Core Budget	\$8,433,115		\$315,072	\$8,118,043

Proposed Calculation of Retail Charges

Table 5-2 shows the Core cost allocation to the twenty-five paying retail member agencies based on the proposed Step 2 allocation method for FY 2020-21. The *total* allocation to retail member agencies was determined in Table 5-1 after allocating costs to OCWD via the Ground Water Customer Charge. The Core allocation to each retail member agency is calculated by multiplying the total retail agency allocation (\$8,118,043) by the percentage of certified water meters associated with each member agency. Certified water meter counts shown are for FY 2020-21.

⁷ = [Building Expenses] – [Carryover Credit] – [Interest Revenue] – [Miscellaneous Income] – [Draw from Reserves]
= [\$1,870,000] – [\$1,143,117] – [\$458,000] – [\$3,000] – [\$97,413]

Table 5-2: Proposed Step 2 Retail Charge Allocation for FY 2020-21

Member Agency	Number of Certified Water Meters	% of Certified Water Meters	Core Allocation to Retail Agencies
Brea, City of	13,724	2.1%	\$173,420
Buena Park, City of	19,252	3.0%	\$243,273
East Orange County Water District	20,761	3.2%	\$262,341
El Toro Water District	9,578	1.5%	\$121,030
Fountain Valley, City of	16,845	2.6%	\$212,857
Garden Grove, City of	33,712	5.2%	\$425,992
Golden State Water Company	42,112	6.6%	\$532,137
Huntington Beach, City of	55,154	8.6%	\$696,938
Irvine Ranch Water District	113,097	17.6%	\$1,429,119
La Habra, City of	14,556	2.3%	\$183,933
La Palma, City of	4,370	0.7%	\$55,220
Laguna Beach County Water District	8,708	1.4%	\$110,036
Mesa Water District	24,196	3.8%	\$305,746
Moulton Niguel Water District	52,703	8.2%	\$665,967
Newport Beach, City of	27,422	4.3%	\$346,511
Orange, City of	32,997	5.1%	\$416,958
San Clemente, City of	17,519	2.7%	\$221,374
San Juan Capistrano, City of	11,592	1.8%	\$146,479
Santa Margarita Water District	54,438	8.5%	\$687,891
Seal Beach, City of	5,365	0.8%	\$67,793
Serrano Water District	2,271	0.4%	\$28,697
South Coast Water District	12,217	1.9%	\$154,377
Trabuco Canyon Water District	4,076	0.6%	\$51,505
Westminster, City of	20,477	3.2%	\$258,752
Yorba Linda Water District	25,300	3.9%	\$319,697
Total	642,442	100.0%	\$8,118,043

Member Agency Impacts

Table 5-3 shows a comparison of the proposed and current allocation methodologies based on the FY 2020-21 Core budget. Note that the current Core service charges shown represent actual charges to member agencies in FY 2020-21 and are based on the FY 2020-21 budget prior to revision. All proposed charges are based on the FY 2020-21 budget and are for illustrative purposes only (as no changes will be implemented prior to FY 2021-22). Under the proposed methodology, OCWD's Ground Water Customer Charge decreases from \$582,164 to \$315,072 (approximately a 45.9% decrease). Under the proposed methodology, all Retail Charges increase by approximately 3.4% to offset the decrease to the Ground Water Customer Charge. Raftelis' estimated charges under the current methodology may deviate slightly from actual MWD OC charges due to subsequent revisions to the budget.

Table 5-3: Proposed versus Current Core Service Charge Allocation (FY 2020-21)

Member Agency	Proposed Core Service Charge (\$)	Proposed Core Service Charge (% of Total)	Current Core Service Charge (\$)	Current Core Service Charge (% of Total)
Brea, City of	\$173,420	2.1%	\$167,714	2.0%
Buena Park, City of	\$243,273	2.9%	\$235,269	2.8%
East Orange County Water District	\$262,341	3.1%	\$253,709	3.0%
El Toro Water District	\$121,030	1.4%	\$117,048	1.4%
Fountain Valley, City of	\$212,857	2.5%	\$205,854	2.4%
Garden Grove, City of	\$425,992	5.1%	\$411,977	4.9%
Golden State Water Company	\$532,137	6.3%	\$514,629	6.1%
Huntington Beach, City of	\$696,938	8.3%	\$674,008	8.0%
Irvine Ranch Water District	\$1,429,119	16.9%	\$1,382,100	16.4%
La Habra, City of	\$183,933	2.2%	\$177,881	2.1%
La Palma, City of	\$55,220	0.7%	\$53,404	0.6%
Laguna Beach County Water District	\$110,036	1.3%	\$106,416	1.3%
Mesa Water District	\$305,746	3.6%	\$295,687	3.5%
Moulton Niguel Water District	\$665,967	7.9%	\$644,056	7.6%
Newport Beach, City of	\$346,511	4.1%	\$335,110	4.0%
Orange, City of	\$416,958	4.9%	\$403,239	4.8%
Orange County Water District	\$315,072	3.7%	\$582,164	6.9%
San Clemente, City of	\$221,374	2.6%	\$214,091	2.5%
San Juan Capistrano, City of	\$146,479	1.7%	\$141,660	1.7%
Santa Margarita Water District	\$687,891	8.2%	\$665,259	7.9%
Seal Beach, City of	\$67,793	0.8%	\$65,563	0.8%
Serrano Water District	\$28,697	0.3%	\$27,753	0.3%
South Coast Water District	\$154,377	1.8%	\$149,298	1.8%
Trabuco Canyon Water District	\$51,505	0.6%	\$49,811	0.6%
Westminster, City of	\$258,752	3.1%	\$250,239	3.0%
Yorba Linda Water District	\$319,697	3.8%	\$309,178	3.7%
Total	\$8,433,115	100.00%	\$8,433,115	100.00%

6. Cost and Charge Nexus

Raftelis, with input from MWDOD staff, evaluated the reasonableness of the proposed allocation methodology to assess the nexus between MWDOD's Core expenses and Core service charges paid by member agencies. Section 6 provides an overview of this analysis for the proposed allocation methodology. The goal was to evaluate whether the proposed Core service allocation methodology provides a nexus between Core costs and Core charges in light of Proposition 26.

Cost and Charge Nexus Evaluation - Step 1

A separate step for the Ground Water Customer Charge is necessary because OCWD does not have retail meters, whereas all the other member agencies do. Therefore, a separate methodology is required. Raftelis evaluated whether charging OCWD for 1/26th of Core costs (excluding WEROC contributions) was a reasonable and equitable method. Charging OCWD for 1/26th of Core costs (excluding WEROC) is appropriate if MWDOD staff in general spend an average amount of time and effort on OCWD-related matters relative to other member agencies. To evaluate the time and effort on OCWD-related matters, Raftelis requested that MWDOD conduct an analysis. Specifically, the cost center manager, who is responsible for and most familiar with the activities and functions performed by personnel within each cost center, reviewed and analyzed the time and effort spent for OCWD in relation to all other member agencies. This analysis was performed over a 5-year period to normalize any variations that may occur in any single year. Detailed results of this analysis are provided below.

Overall, across all cost centers, MWDOD staff estimate that an average amount of time and effort is spent working on OCWD-related matters, meaning staff does not spend considerably more or less time on OCWD-related matters in comparison to any other member agencies. Two cost centers (Cost Centers 11 and 23) require slightly more than average time and effort for OCWD-related matters and Cost Center 35, Water Use Efficiency, requires significantly less time and effort compared to other agencies. The additional time/effort on two cost centers (cost centers 11 and 23) is balanced by the reduced time/effort for Cost Center 35 as shown in Column D of Table 6-1. The resulting difference does not create a material difference in the cost of service. MWDOD estimates that staff spend no more or less time on OCWD matters compared to other agencies for the remaining cost centers. Therefore, charging OCWD 1/26th of all cost centers (excluding WEROC) is a reasonable estimate of OCWD's proportional share of the cost of services provided by MWDOD.

Table 6-1: MWDOC Staff Analysis of Time Spent on OCWD-Related Matters

	[A]	[B]	[C]	[D]	[E]
Cost Center	Core Budget	FY 2020-21 Core Budget	Time and Effort Spent by Staff on OCWD-Related Matters Compared to Other Member Agencies (over a 5-year period)	Proportional Cost Adjustment (\$)	Proportional Cost Adjustment (%)
11	Administrative - Board	\$1,173,230	10% more than average	\$4,512	10%
12	Administrative - General	\$695,341	Average		
13	Personnel / Staff Development	\$427,047	Average		
19	Overhead	\$1,068,235	Average		
21	Reliability Planning and Engineering	\$941,736	Average		
23	Metropolitan Issues and Water Policy	\$777,165	20% more than average	\$5,978	20%
31	Governmental Affairs	\$514,960	Average		
35	Water Use Efficiency (Core)	\$461,443	50% less than average	(\$8,874)	-50%
32	Public Affairs	\$910,703	Average		
41	Finance	\$673,518	Average		
45	Information Technology	\$380,031	Average		
25	MWDOC's Contribution to WEROC	\$241,236	N/A		
	MWDOC Building Expense Less Miscellaneous Income	\$168,470	N/A		

Cost and Charge Nexus Evaluation - Step 2

Raftelis also evaluated whether charging retail member agencies for Core services in proportion to number of water meters was reasonable and equitable. Raftelis analyzed MWDOC's budget and reviewed the agency's functions and responsibilities to determine whether meter-based Core cost allocations provided a reasonable nexus between Core costs and charges. Table 6-2 provides a summary of MWDOC services and how/why these **Core** services benefit (or are caused by) all retail member agencies regardless of the amount of water purchased from MWDOC as shown in Table 6-2.

MWDOC's Core services primarily focus on securing a readily available supply of imported water from MWD for **all** member agencies, regardless of actual use. Some of MWDOC's retail member agencies currently secure water supplies from sources other than MWDOC. However, these agencies still benefit from and cause MWDOC to incur costs related to Water Supply Reliability Planning, Representation at MWD and Public Affairs core functions as described in Table 6-2. One benefit of being a MWDOC member agency is the availability and reliability of MWD water, should their alternative water source (usually groundwater) be impaired. Therefore, water member agencies, even the few that do not regularly purchase significant amounts of water from MWDOC, receive a supply and reliability benefit that causes MWDOC to incur costs.

Furthermore, as mentioned previously, the creation of MWDOC enables unified advocacy with MWD and shared services that would otherwise be provided by each member agency. MWDOC's activities support all member agencies, and costs are incurred regardless of MWDOC water purchases. During the four virtual meetings, many member agencies confirmed that MWDOC's costs are not entirely proportional to water use. Core costs are caused by all member agencies and all member agencies benefit from these services, regardless of whether an agency uses little or a large amount of water. Therefore, it is reasonable for these costs to be

charged on a basis other than water use. The proposed methodology, the number of water meters served by each retail member agency, ensures that all member agencies support MWDOC Core services regardless of purchased water volume.

Table 6-2: MWDOC Services

Services Provided by MWDOC	Core or Choice	Costs incurred and Services Provided to All Member Agencies Regardless of the Amount of Water they Use (Yes or No)	Cost Causation and Benefit
Public Affairs: During the 2014-2015 drought, to assist with the statewide 25% reduction in water use, MWDOC assisted member agencies via outreach efforts to residents through flyers, pamphlets, newsletter and social media.	Core	Yes	Public Affairs services are offered to all Member Agencies and the outreach efforts benefit / are caused by all agencies regardless of water use
Emergency Preparedness: WEROC manages the emergency preparedness and response efforts among OC water and wastewater service providers. This involves planning for High Fire Zones. Hazard Mitigation Plan identifies critical water facilities needed to address high fire zones.	Core	Yes	Emergency Preparedness services are offered to all Member Agencies and the services benefit / are caused by all agencies regardless of water use
Representation at MWD: MWDOC appoints four representatives to advocate the interests of MWDOC's member agencies and Orange County on the MWD Board.	Core	Yes	MWDOC representatives advocate for all MWDOC member agencies regardless of the amount of water they use. MWDOC must be ready to supply water to its Member Agencies.
Reliability Planning Studies: MWDOC prepares studies that provide projections on current and future water supply conditions in Orange County that includes analyzing local water projects that can help meet water demand.	Core	Yes	The Reliability Planning Studies are on behalf of all Member Agencies to ensure there is adequate water supply, regardless of an agencies water use. MWDOC must be ready to supply water to its Member Agencies.
Legislative Advocacy: MWDOC provides legislative advocacy on water resources, infrastructure planning, regulations and sponsorship of statewide water policy that support regional reliability.	Core	Yes	Advocacy services are offered to all Member Agencies and the services benefit / are caused by all agencies regardless of water use
Water Use Efficiency Programs: MWDOC offers consumer incentives for indoor and outdoor water efficient devices for all residents and business in Orange County. These include water saving rebates and programs. This includes assisting retail agencies with the marketing of efficient water use.	Choice	N/A	N/A

7. Appendix A

MWDOC's Cores Services

Board Compensation & Benefit

Retiree Costs

Legal Costs

Board Elections

Accounting and General Admin

MET Representation

MET Director Support

MET policy analysis, programs and special projects

MET operations, water rates and accounting

Staff time for MWDOC's Water Use Efficiency Programs Manager

Governmental Affairs

In-house staff for legislative info

WACO, ISDOC and other support

Federal lobbyist for countywide funding

State lobbyist for countywide legislative, grant funding and policy access

Local lobbyist for Board of Supervisors

Public Affairs

Coordination with MET, other regional and local retailers

Basic communications functions-media outreach and inquiries, water information and messaging, MWDOC website

MWDOC newsletter (e-currents)

Countywide surveys as appropriate

Countywide water awareness in coordination with retail agencies

Research – support for Center for Demographic Research

Water Supply Planning

Coordination among agencies

Water use tracking and projections

Water supply analysis

Regulatory compliance issues

Water trends analysis

Countywide studies

Water Emergency Response Organization of Orange County (WEROC) –
MWDOC Contribution

8. Appendix B

FY 2020-21 Core Service Charge Allocation Scenarios: Option 1A (Ground Water Customer Charge based on current methodology)

FY 2020-21 Core Service Charges		Retail Allocation 2a: Meters		Retail Allocation 2b: Equivalent Meters		Retail Allocation 2c: 10-Yr Avg. Water Use		Retail Allocation 2d: Population	
Member Agency		\$ Allocation	% Allocation	\$ Allocation	% Allocation	\$ Allocation	% Allocation	\$ Allocation	% Allocation
Brea, City of		\$167,714	2.0%	\$396,124	4.7%	\$99,391	1.2%	\$151,866	1.8%
Buena Park, City of		\$235,269	2.8%	\$209,866	2.5%	\$183,492	2.2%	\$274,874	3.3%
East Orange County Water District		\$253,709	3.0%	\$165,821	2.0%	\$145,197	1.7%	\$221,738	2.6%
El Toro Water District		\$117,048	1.4%	\$113,233	1.3%	\$372,857	4.4%	\$160,559	1.9%
Fountain Valley, City of		\$205,854	2.4%	\$264,038	3.1%	\$128,831	1.5%	\$190,170	2.3%
Garden Grove, City of		\$411,977	4.9%	\$337,833	4.0%	\$347,086	4.1%	\$591,936	7.0%
Golden State Water Company		\$514,629	6.1%	\$384,652	4.6%	\$355,688	4.2%	\$563,361	6.7%
Huntington Beach, City of		\$674,008	8.0%	\$602,627	7.1%	\$450,960	5.3%	\$674,684	8.0%
Irvine Ranch Water District		\$1,382,100	16.4%	\$1,624,859	19.3%	\$943,033	11.2%	\$1,412,949	16.8%
La Habra, City of		\$177,881	2.1%	\$144,156	1.7%	\$23,295	0.3%	\$207,515	2.5%
La Palma, City of		\$53,404	0.6%	\$49,577	0.6%	\$22,771	0.3%	\$52,168	0.6%
Laguna Beach County Water District		\$106,416	1.3%	\$81,418	1.0%	\$137,038	1.6%	\$65,241	0.8%
Mesa Water District		\$295,687	3.5%	\$459,958	5.5%	\$98,013	1.2%	\$377,461	4.5%
Moulton Niguel Water District		\$644,056	7.6%	\$588,317	7.0%	\$1,186,201	14.1%	\$570,492	6.8%
Newport Beach, City of		\$335,110	4.0%	\$282,674	3.4%	\$218,402	2.6%	\$202,184	2.4%
Orange, City of		\$403,239	4.8%	\$390,686	4.6%	\$361,095	4.3%	\$465,798	5.5%
Orange County Water District		\$582,164	6.9%	\$582,164	6.9%	\$582,164	6.9%	\$582,164	6.9%
San Clemente, City of		\$214,091	2.5%	\$246,880	2.9%	\$358,986	4.3%	\$171,128	2.0%
San Juan Capistrano, City of		\$141,660	1.7%	\$126,666	1.5%	\$235,097	2.8%	\$128,354	1.5%
Santa Margarita Water District		\$665,259	7.9%	\$543,115	6.4%	\$1,142,116	13.5%	\$540,425	6.4%
Seal Beach, City of		\$65,563	0.8%	\$89,117	1.1%	\$53,931	0.6%	\$80,428	1.0%
Serrano Water District		\$27,753	0.3%	\$12,956	0.2%	\$65,077	0.8%	\$20,988	0.2%
South Coast Water District		\$149,298	1.8%	\$139,379	1.7%	\$242,713	2.9%	\$114,718	1.4%
Trabuco Canyon Water District		\$49,811	0.6%	\$38,004	0.5%	\$114,115	1.4%	\$43,301	0.5%
Westminster, City of		\$250,239	3.0%	\$242,642	2.9%	\$160,048	1.9%	\$315,239	3.7%
Yorba Linda Water District		\$309,178	3.7%	\$316,354	3.8%	\$405,517	4.8%	\$253,376	3.0%
Total		\$8,433,115	100.0%	\$8,433,115	100.0%	\$8,433,115	100.0%	\$8,433,115	100.0%

FY 2020-21 Core Service Charge Allocation Scenarios: Option 1B (Ground Water Customer Charge equal to 1/26th of Core Budget excl. WEROC)

FY 2020-21 Core Service Charges	Retail Allocation 2a: Meters		Retail Allocation 2b: Equivalent Meters		Retail Allocation 2c: 10-Yr Avg. Water Use		Retail Allocation 2d: Population	
Member Agency	\$ Allocation	% Allocation	\$ Allocation	% Allocation	\$ Allocation	% Allocation	\$ Allocation	% Allocation
Brea, City of	\$173,420	2.1%	\$409,600	4.9%	\$102,773	1.2%	\$157,032	1.9%
Buena Park, City of	\$243,273	2.9%	\$217,006	2.6%	\$189,734	2.2%	\$284,225	3.4%
East Orange County Water District	\$262,341	3.1%	\$171,462	2.0%	\$150,137	1.8%	\$229,281	2.7%
El Toro Water District	\$121,030	1.4%	\$117,085	1.4%	\$385,542	4.6%	\$166,021	2.0%
Fountain Valley, City of	\$212,857	2.5%	\$273,020	3.2%	\$133,214	1.6%	\$196,639	2.3%
Garden Grove, City of	\$425,992	5.1%	\$349,326	4.1%	\$358,894	4.3%	\$612,074	7.3%
Golden State Water Company	\$532,137	6.3%	\$397,738	4.7%	\$367,789	4.4%	\$582,526	6.9%
Huntington Beach, City of	\$696,938	8.3%	\$623,129	7.4%	\$466,302	5.5%	\$697,637	8.3%
Irvine Ranch Water District	\$1,429,119	16.9%	\$1,680,138	19.9%	\$975,116	11.6%	\$1,461,018	17.3%
La Habra, City of	\$183,933	2.2%	\$149,060	1.8%	\$24,088	0.3%	\$214,575	2.5%
La Palma, City of	\$55,220	0.7%	\$51,264	0.6%	\$23,546	0.3%	\$53,943	0.6%
Laguna Beach County Water District	\$110,036	1.3%	\$84,188	1.0%	\$141,700	1.7%	\$67,460	0.8%
Mesa Water District	\$305,746	3.6%	\$475,606	5.6%	\$101,348	1.2%	\$390,302	4.6%
Moulton Niguel Water District	\$665,967	7.9%	\$608,332	7.2%	\$1,226,555	14.5%	\$589,900	7.0%
Newport Beach, City of	\$346,511	4.1%	\$292,291	3.5%	\$225,832	2.7%	\$209,062	2.5%
Orange, City of	\$416,958	4.9%	\$403,978	4.8%	\$373,380	4.4%	\$481,644	5.7%
Orange County Water District	\$315,072	3.7%	\$315,072	3.7%	\$315,072	3.7%	\$315,072	3.7%
San Clemente, City of	\$221,374	2.6%	\$255,279	3.0%	\$371,199	4.4%	\$176,950	2.1%
San Juan Capistrano, City of	\$146,479	1.7%	\$130,975	1.6%	\$243,095	2.9%	\$132,720	1.6%
Santa Margarita Water District	\$687,891	8.2%	\$561,592	6.7%	\$1,180,971	14.0%	\$558,811	6.6%
Seal Beach, City of	\$67,793	0.8%	\$92,149	1.1%	\$55,765	0.7%	\$83,165	1.0%
Serrano Water District	\$28,697	0.3%	\$13,397	0.2%	\$67,291	0.8%	\$21,702	0.3%
South Coast Water District	\$154,377	1.8%	\$144,120	1.7%	\$250,970	3.0%	\$118,620	1.4%
Trabuco Canyon Water District	\$51,505	0.6%	\$39,296	0.5%	\$117,997	1.4%	\$44,774	0.5%
Westminster, City of	\$258,752	3.1%	\$250,897	3.0%	\$165,493	2.0%	\$325,964	3.9%
Yorba Linda Water District	\$319,697	3.8%	\$327,116	3.9%	\$419,313	5.0%	\$261,996	3.1%
Total	\$8,433,115	100.0%	\$8,433,115	100.0%	\$8,433,115	100.0%	\$8,433,115	100.0%

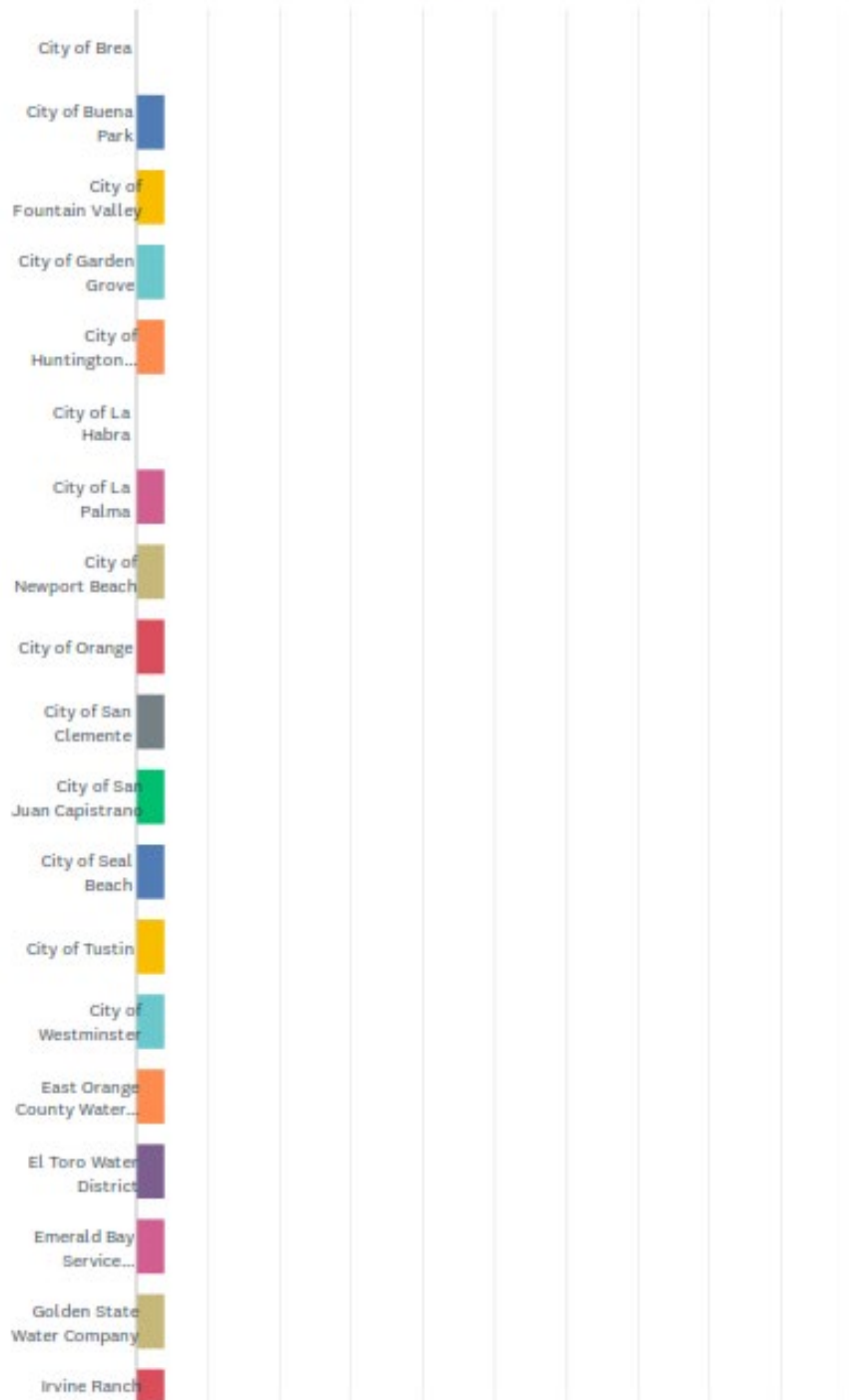
9. Appendix C

See following pages for member agency online survey and results in its entirety.

MWDOC Rate Study - Member Agency Questionnaire

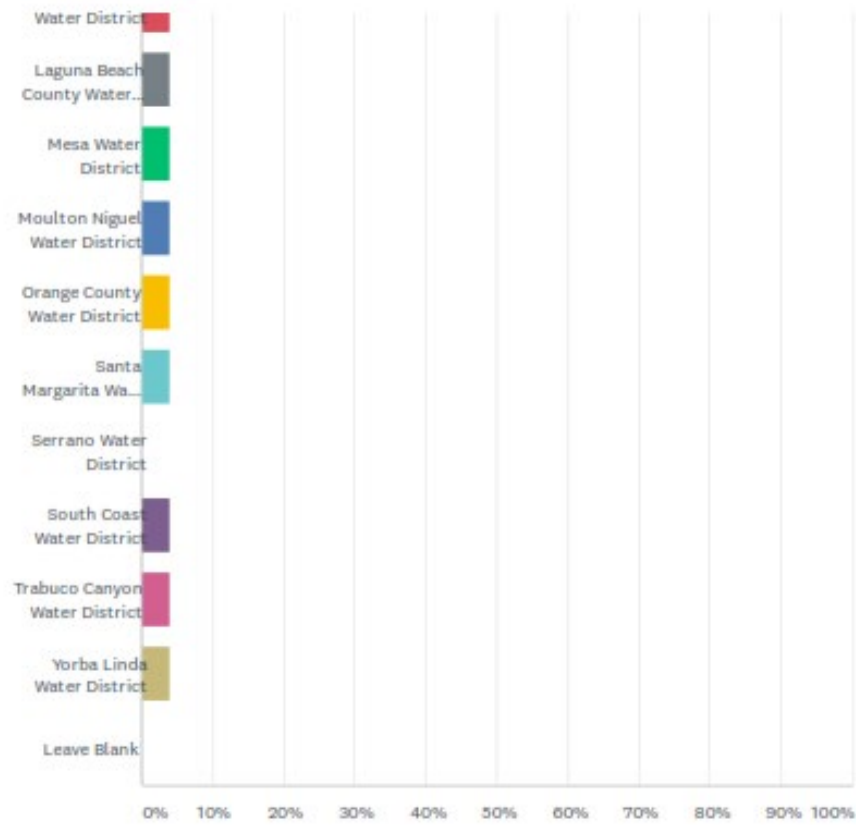
Q1 What agency do you represent?

Answered: 25 Skipped: 0



1 / 21

MWDOC Rate Study - Member Agency Questionnaire



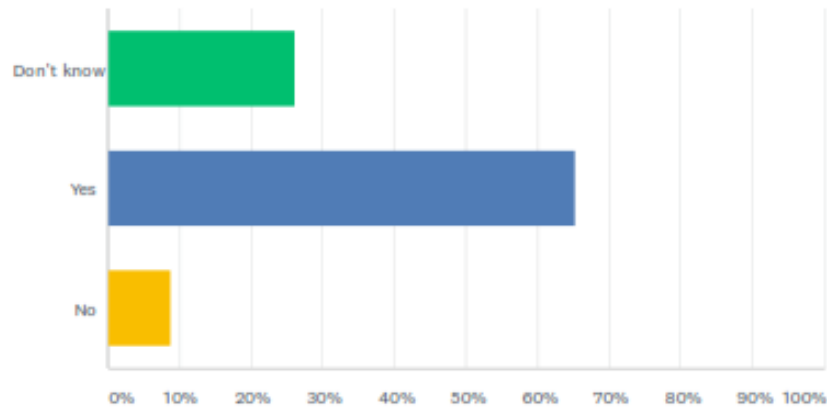
MWDOC Rate Study - Member Agency Questionnaire

ANSWER CHOICES	RESPONSES	
City of Brea	0.00%	0
City of Buena Park	4.00%	1
City of Fountain Valley	4.00%	1
City of Garden Grove	4.00%	1
City of Huntington Beach	4.00%	1
City of La Habra	0.00%	0
City of La Palma	4.00%	1
City of Newport Beach	4.00%	1
City of Orange	4.00%	1
City of San Clemente	4.00%	1
City of San Juan Capistrano	4.00%	1
City of Seal Beach	4.00%	1
City of Tustin	4.00%	1
City of Westminster	4.00%	1
East Orange County Water District	4.00%	1
El Toro Water District	4.00%	1
Emerald Bay Service District	4.00%	1
Golden State Water Company	4.00%	1
Irvine Ranch Water District	4.00%	1
Laguna Beach County Water District	4.00%	1
Mesa Water District	4.00%	1
Moulton Niguel Water District	4.00%	1
Orange County Water District	4.00%	1
Santa Margarita Water District	4.00%	1
Serrano Water District	0.00%	0
South Coast Water District	4.00%	1
Trabuco Canyon Water District	4.00%	1
Yorba Linda Water District	4.00%	1
Leave Blank	0.00%	0
TOTAL		25

MWDOC Rate Study - Member Agency Questionnaire

Q2 MWDOC's last Rate Study was completed in 2016. Did your agency participate in MWDOC's 2016 rate study process?

Answered: 23 Skipped: 2

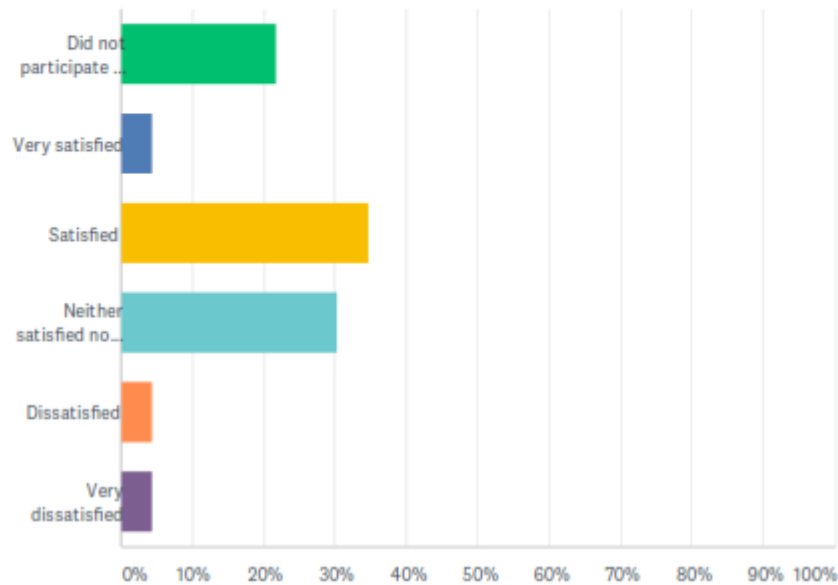


ANSWER CHOICES		RESPONSES	
Don't know		26.09%	6
Yes		65.22%	15
No		8.70%	2
TOTAL			23

MWDOC Rate Study - Member Agency Questionnaire

Q3 How satisfied was your agency with the process MWDOC used for the 2016 Rate Study?

Answered: 23 Skipped: 2



ANSWER CHOICES	RESPONSES	
Did not participate / Do not recall	21.74%	5
Very satisfied	4.35%	1
Satisfied	34.78%	8
Neither satisfied nor dissatisfied	30.43%	7
Dissatisfied	4.35%	1
Very dissatisfied	4.35%	1
TOTAL		23

MWDOC Rate Study - Member Agency Questionnaire

Q4 Please tell us how the process can be improved.

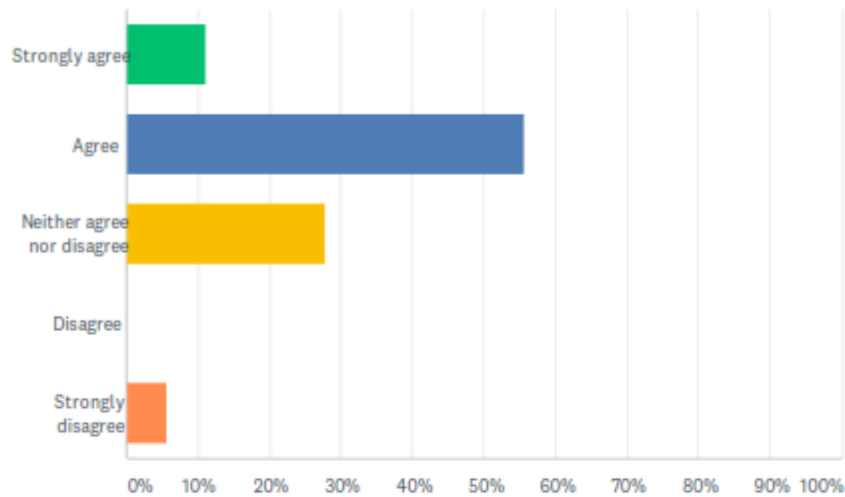
Answered: 2 Skipped: 23

#	RESPONSES	DATE
1	Actually listen to BASIN AGENCIES	1/19/2021 1:26 PM
2	By listening more closely and reacting to member agencies concerns.	1/11/2021 12:04 PM

MWDOC Rate Study - Member Agency Questionnaire

Q5 Please rate your level of agreement with the following statement: I/my agency had adequate opportunity to provide input into the 2016 Rate Study process.

Answered: 18 Skipped: 7



ANSWER CHOICES	RESPONSES	
Strongly agree	11.11%	2
Agree	55.56%	10
Neither agree nor disagree	27.78%	5
Disagree	0.00%	0
Strongly disagree	5.56%	1
TOTAL		18

MWDOC Rate Study - Member Agency Questionnaire

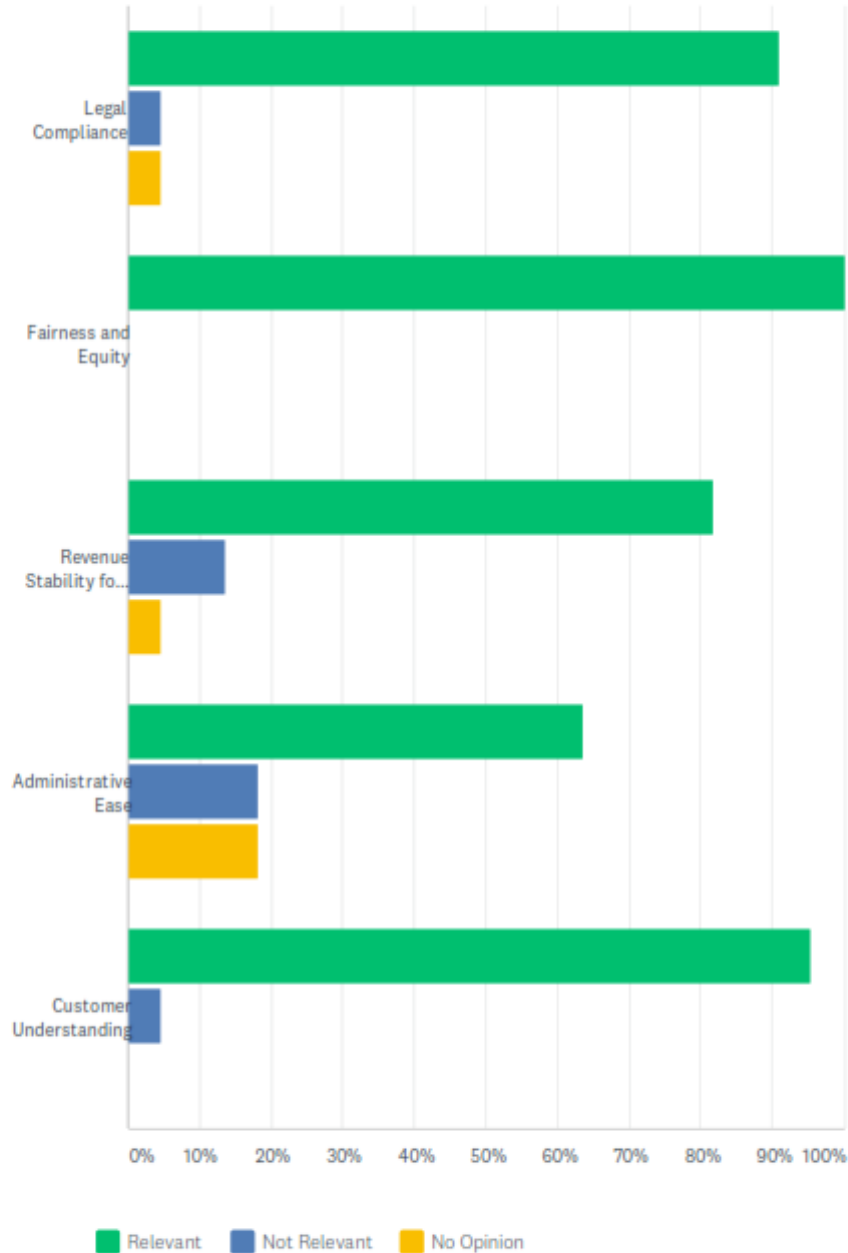
Q6 Tell us more about why you feel this way.

Answered: 10 Skipped: 15

#	RESPONSES	DATE
1	CSJC tracked the process, and although not commenting felt that the comments of others covered our views.	1/19/2021 5:42 PM
2	All input summarily dismissed by MWDOC staff at the direction of South County agencies	1/19/2021 1:27 PM
3	sufficient number of meetings and opportunities to comment.	1/18/2021 11:28 AM
4	The meetings that MWDOC staff had with the member agencies were helpful in flushing out the issues and getting agency input.	1/18/2021 9:28 AM
5	It was an open process with plenty of information	1/15/2021 9:00 AM
6	A fine process, we don't need to repeat things we crossed off the table, like variable charges	1/14/2021 3:39 PM
7	MWDOC staff listened and acknowledged member agency input and suggestions. I was very satisfied with the process.	1/14/2021 10:47 AM
8	Sufficient meetings to provide input and feedback.	1/11/2021 4:34 PM
9	We had input, it's just that the input was ignored.	1/11/2021 12:05 PM
10	We were given ample time to submit input on matters pertaining to the study. Wether it was during Manager's meetings or through email.	1/11/2021 10:47 AM

Q7 Please share your current perspective on the relevance of each of these guiding principles.

Answered: 22 Skipped: 3

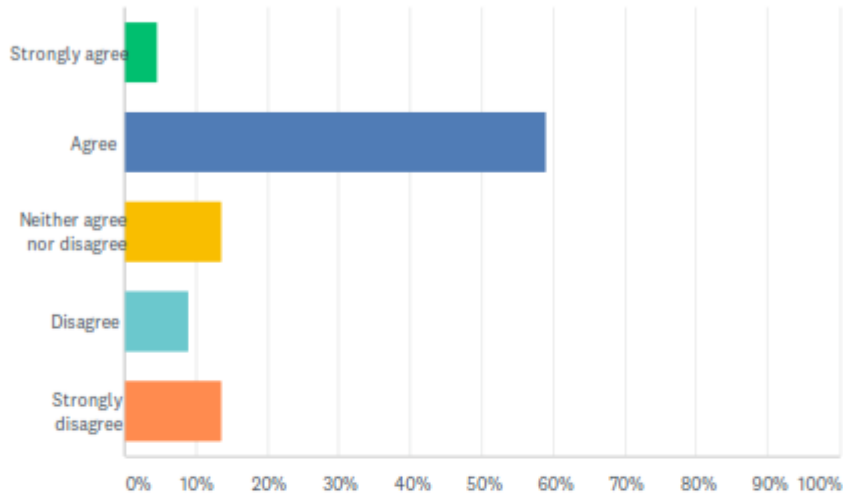


MWDOC Rate Study - Member Agency Questionnaire

	RELEVANT	NOT RELEVANT	NO OPINION	TOTAL
Legal Compliance	90.91% 20	4.55% 1	4.55% 1	22
Fairness and Equity	100.00% 22	0.00% 0	0.00% 0	22
Revenue Stability for MWDOC	81.82% 18	13.64% 3	4.55% 1	22
Administrative Ease	63.64% 14	18.18% 4	18.18% 4	22
Customer Understanding	95.45% 21	4.55% 1	0.00% 0	22

Q8 Please rate your agreement with the following statement: A rate structure, in proportion to the number of meters (without accounting for meter size) is fair and equitable.

Answered: 22 Skipped: 3



ANSWER CHOICES	RESPONSES	
Strongly agree	4.55%	1
Agree	59.09%	13
Neither agree nor disagree	13.64%	3
Disagree	9.09%	2
Strongly disagree	13.64%	3
TOTAL		22

MWDOC Rate Study - Member Agency Questionnaire

Q9 Tell us more about why you feel this way.

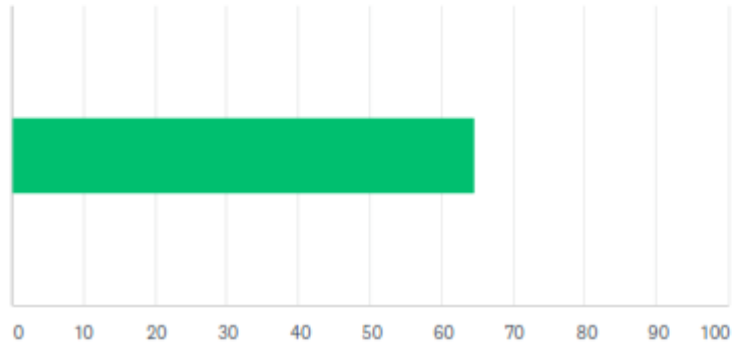
Answered: 11 Skipped: 14

#	RESPONSES	DATE
1	Cost structures vary by meter size in terms of capacity, sizing of system assets, system depreciation, and operations and maintenance.	1/20/2021 11:25 AM
2	Size of meter bears on the operations/ replacement cost.	1/19/2021 5:43 PM
3	Water Consumption should be included as a charge	1/19/2021 1:30 PM
4	I would like to see the possibility of using volumetric meters analyzed in more detail. That said, we realize that MWDOC's costs are fixed and that volumetric rates would be less stable and could result in higher per acre-foot costs during droughts.	1/19/2021 11:52 AM
5	There is not a direct relationship between number of meters and cost of service. A single large meter maybe more impactful than many small meters.	1/15/2021 4:06 PM
6	half your costs could be equally distributed to members and half can vary by meters	1/14/2021 3:42 PM
7	I believe that the water meter size should be an important component of the water meter charges. A disproportion of large meters will skew the meter charges to the detriment of the smaller, but more numerous meters.	1/14/2021 10:50 AM
8	As long as the rate is for readiness to serve then it is equitable.	1/13/2021 12:37 PM
9	Number of meters account for differing service area size.	1/11/2021 4:38 PM
10	Meter size seems less relevant than quantity (number) in terms of equity/fairness from a member agency perspective	1/11/2021 12:57 PM
11	Groundwater agencies pay a disproportionately more than South County agencies because they also have to pay the groundwater charge. These rates may also be illegal due to the ruling in a case brought against Central Basin.	1/11/2021 12:29 PM

MWDOC Rate Study - Member Agency Questionnaire

Q10 ...fixed charge, in which each agency pays in proportion to their total number of meters accounting for meter size.

Answered: 20 Skipped: 5



ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
	65	1,294	20
Total Respondents: 20			

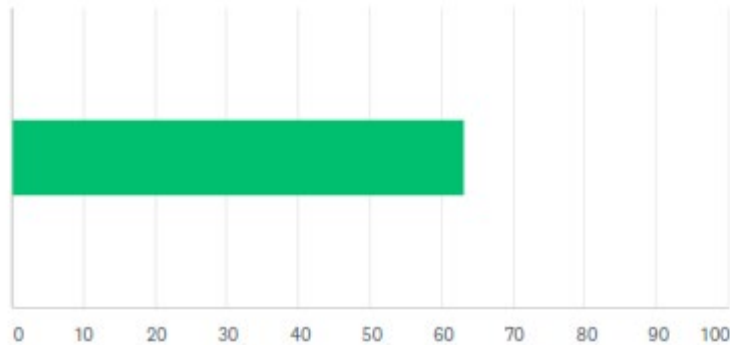
ANSWER CHOICE RANGE	RESPONSES	
Much better	35.00%	7
Somewhat better	10.00%	2
About the same	45.00%	9
Somewhat worse	5.00%	1
Much worse	5.00%	1
TOTAL		20

MWDOC Rate Study - Member Agency Questionnaire

#		DATE
1	49	1/21/2021 7:45 AM
2	100	1/20/2021 11:28 AM
3	100	1/19/2021 5:45 PM
4	50	1/19/2021 1:30 PM
5	71	1/19/2021 11:52 AM
6	49	1/18/2021 11:45 AM
7	23	1/18/2021 9:35 AM
8	100	1/15/2021 4:10 PM
9	95	1/15/2021 9:02 AM
10	0	1/15/2021 8:31 AM
11	51	1/14/2021 3:32 PM
12	88	1/14/2021 10:51 AM
13	54	1/13/2021 12:38 PM
14	49	1/12/2021 6:56 PM
15	98	1/11/2021 4:41 PM
16	77	1/11/2021 1:39 PM
17	41	1/11/2021 1:05 PM
18	99	1/11/2021 12:31 PM
19	50	1/11/2021 9:26 AM
20	50	1/11/2021 9:01 AM

Q11 ...volumetric rate, in which each agency pays in proportion to the volume of water they purchase.

Answered: 14 Skipped: 11



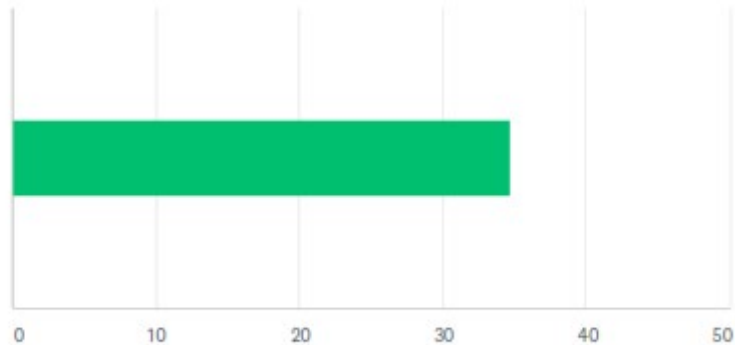
ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
	63	884	14
Total Respondents: 14			

#		DATE
1	99	1/20/2021 11:28 AM
2	53	1/19/2021 5:45 PM
3	100	1/19/2021 1:30 PM
4	9	1/18/2021 11:45 AM
5	98	1/15/2021 4:10 PM
6	49	1/15/2021 8:31 AM
7	50	1/14/2021 10:51 AM
8	100	1/13/2021 12:38 PM
9	50	1/11/2021 1:39 PM
10	33	1/11/2021 1:05 PM
11	49	1/11/2021 12:31 PM
12	23	1/11/2021 10:52 AM
13	100	1/11/2021 9:26 AM
14	71	1/11/2021 9:01 AM

ANSWER CHOICE RANGE	RESPONSES
Much better	35.71% 5
Somewhat better	7.14% 1
About the same	35.71% 5
Somewhat worse	14.29% 2
Much worse	7.14% 1
TOTAL	14

Q12 ...population-based charge, in which each agency pays in proportion to their population served.

Answered: 14 Skipped: 11



ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
	35	486	14
Total Respondents: 14			

#		DATE
1	23	1/21/2021 7:45 AM
2	0	1/19/2021 5:45 PM
3	50	1/19/2021 11:52 AM
4	83	1/18/2021 11:45 AM
5	0	1/18/2021 9:35 AM
6	50	1/15/2021 4:10 PM
7	51	1/15/2021 9:02 AM
8	0	1/15/2021 8:31 AM
9	49	1/14/2021 10:51 AM
10	10	1/13/2021 12:38 PM
11	50	1/11/2021 4:41 PM
12	50	1/11/2021 1:39 PM
13	20	1/11/2021 1:05 PM
14	50	1/11/2021 9:26 AM

ANSWER CHOICE RANGE	RESPONSES
Much better	7.14% 1
Somewhat better	0.00% 0
About the same	50.00% 7
Somewhat worse	7.14% 1
Much worse	35.71% 5
TOTAL	14

MWDOC Rate Study - Member Agency Questionnaire

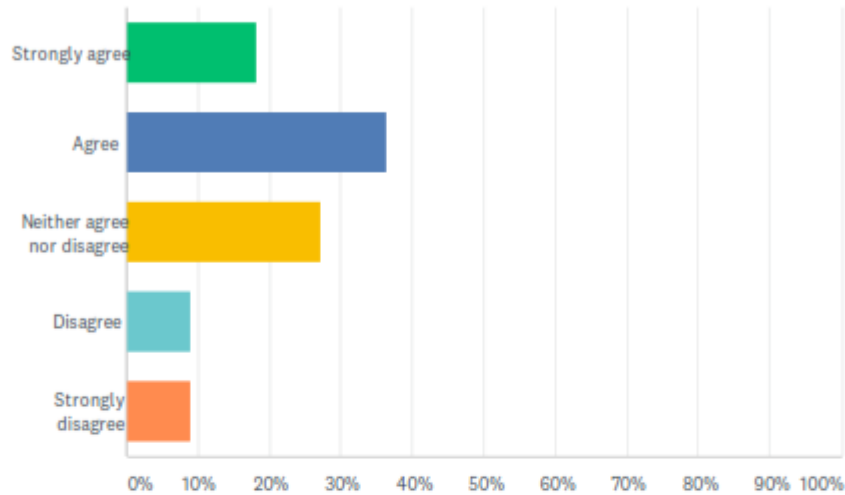
Q13 Is there another retail member agency rate structure you feel is equitable?

Answered: 7 Skipped: 18

#	RESPONSES	DATE
1	Rate structures that incorporate fixed charges based on meter size and inclining block volumetric rates (assuming the marginal cost of additional units of supply increases).	1/20/2021 11:28 AM
2	SODIUM	1/19/2021 1:30 PM
3	We need to analyze the equity between agencies with higher density (i.e. more meters but less water use) vs. agencies with less density (i.e. less meters but more water use per capita.)	1/18/2021 11:45 AM
4	Equal distribution of 50% of the cost	1/14/2021 3:43 PM
5	NA	1/14/2021 10:51 AM
6	Not that we would presently consider.	1/11/2021 4:41 PM
7	Not that I can think of	1/11/2021 1:05 PM

Q14 Please rate your agreement with the following statement: A rate structure with a groundwater replenishment charge is fair and equitable.

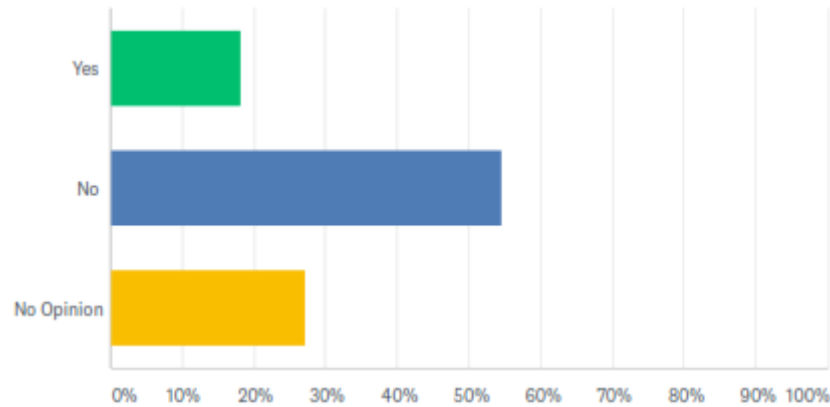
Answered: 22 Skipped: 3



ANSWER CHOICES	RESPONSES	
Strongly agree	18.18%	4
Agree	36.36%	8
Neither agree nor disagree	27.27%	6
Disagree	9.09%	2
Strongly disagree	9.09%	2
TOTAL		22

Q15 Please rate your agreement with the following statement: A rate structure without a groundwater replenishment charge and reallocate these costs to all other member agencies is fair and equitable.

Answered: 22 Skipped: 3



ANSWER CHOICES	RESPONSES	
Yes	18.18%	4
No	54.55%	12
No Opinion	27.27%	6
TOTAL		22

MWDOC Rate Study - Member Agency Questionnaire

Q16 Is there another rate structure regarding groundwater replenishment you feel is equitable?

Answered: 12 Skipped: 13

#	RESPONSES	DATE
1	The cost impacts of replenishment water on the system are difficult to quantify since they are interruptible. As such, it should not get the full charges of other non-interruptible service.	1/19/2021 5:47 PM
2	SODIUM	1/19/2021 1:31 PM
3	As a member agency for both OCWD and MWDOC, we do not want to be double charged. How does this impact south county agencies that do not pump from the basin? analyze both options. We want the lowest rate possible for our customers.	1/18/2021 11:58 AM
4	Groundwater charges need to be distributed through OCWD in some manner so as to include the three non-MWDOC cities.	1/15/2021 4:12 PM
5	It should be two customer tiers: A- Retail Agencies: Will pay based on numbers of meters B- OCWD: Will pay based on actual time and cost	1/15/2021 9:06 AM
6	Apply the 1/26th proportion to OCWD's charges and add another 3/29ths to account for the benefit that the three met member OC cities realize from GW recharge of imported water.	1/15/2021 8:39 AM
7	estimated contract cost, with true-up at year's end	1/14/2021 3:44 PM
8	I would support moving away from volumetric charge for groundwater replenishment and instead explore ideas to develop charges in line with actual services provided.	1/14/2021 3:37 PM
9	NA	1/14/2021 10:51 AM
10	Not that we are presently considering.	1/11/2021 4:44 PM
11	Not that I can think of	1/11/2021 1:06 PM
12	The charge should just be a fractional cost (1/28th) of MWDOC's budget, excluding WEROC.	1/11/2021 12:39 PM

MWDOC Rate Study - Member Agency Questionnaire

Q17 Your input matters and will be an integral part of this study. As part of the 2021 Rate Study process, we intend to utilize a combination of survey instruments and facilitated member agency meetings to offer you ample opportunity to provide input. Are there additional ways to gather input from the member agencies that you would like MWDOC to consider?

Answered: 11 Skipped: 14

#	RESPONSES	DATE
1	This survey method seems to be an efficient and effective means to gather input.	1/20/2021 11:32 AM
2	no	1/19/2021 5:50 PM
3	Listen	1/19/2021 1:32 PM
4	Raftelis should do a comprehensive financial analysis to compare and present different methods that is equitable and shows cost to each member agencies for each option. There is no quick one answer for these questions with member agencies that are utilizing MWDOC and OCWD for difference services.	1/18/2021 12:01 PM
5	Request and accept letters from the member agencies providing input on the rate study process, concepts for consideration and support for the various options.	1/18/2021 9:44 AM
6	Keep the process open and transparent	1/15/2021 9:06 AM
7	Rob and Mike should sit down and develop a consensus proposal for presentation to the group	1/14/2021 3:47 PM
8	Surveys and member agency input should cover the bases.	1/14/2021 10:52 AM
9	This is a good method.	1/13/2021 12:39 PM
10	No, but we would be open to other/additional opportunities to provide input and be involved in the rate structure development.	1/11/2021 4:45 PM
11	No	1/11/2021 1:06 PM



MWDOC Rate Study

Administration and Finance Committee

April 19, 2021

4



Agenda

1. Schedule (Almost Done!)
2. What We Heard at the last MA Meeting
3. Charges
4. Summary
5. Next Steps

5

MWDOC FYE 2021 Rate Study – Meeting Schedule

Additional Meetings may be required depending on progress/feedback

Date	Meeting Type / Attendees	Goal / Topic
Jan 14	Member Agency Kick-off Meeting	Introduce study and process / Rate setting principles / Discussion & input
Jan 21	Member Agency Meeting	Review survey results / Discussion & input
Feb 10	Admin & Finance Committee	Introduce study / Rate setting principles / Discussion / Show charges for top 4 rate structures
Feb 18	Member Agency Meeting	Discussion & input on alternative rates, show charges for top 4 rate structures
March 10	Admin & Finance Committee	Update A & F
March 18	Member Agency Meeting	Rate Structure MA Consensus
April 14	Admin & Finance Committee	Consensus on recommended rate structure
April 21	Board Meeting to adopt rates	Board selects rates

³

March 18th MA Meeting



⁴

What We Heard at the March 18th MA Meeting

- No change in supportive sentiment since Feb 18th MA meeting
- The few comments were in continued support of the proposed rate structure:
 - › Step 1: Groundwater class is allocated 1/26th of all cost centers excluding Cost Center 25 (WEROC)
 - › Step 2: Remaining costs are allocated in proportion to the number of meters in each agency
- Informed MAs that the A&F committee seemed prepare to make a recommendation at the April 14th meeting
- From the Feb 18th MA meeting:
 - › 16 agencies voiced strong support/acceptance for allocating 1/26th of all cost centers excluding Cost Center 25 (WEROC) to the groundwater class
 - Participants said this method was the most sensible, reasonable, and equitable
 - › Many agencies also supported the retail meter charge
 - › No agency voiced concern about the changes in the charges that would occur with the 1/26th method for groundwater, with a retail allocation based on meters

5

FYE 2021 MWDOC Rate Study - Charges



6

FYE 2021 MWDOC Charges

- Following slide shows the charges using the **FYE 2021 expense budget**
- Next year, MWDOC will use the **FYE 2022 expense budget** to set charges based on the chosen methodology

7

GW Class Pays 1/26th (Proposed Methodology)

FYE 2021 Core Service Cost Allocation	Retail Allocation: Meters		Retail Allocation: Equivalent Meters*		Retail Allocation: 10-Yr Avg. Water Use		Retail Allocation: Population	
Member Agency	\$ Allocation	% Allocation	\$ Allocation	% Allocation	\$ Allocation	% Allocation	\$ Allocation	% Allocation
Brea, City of	\$173,420	2.1%	\$409,600	4.9%	\$102,773	1.2%	\$157,032	1.9%
Buena Park, City of	\$243,273	2.9%	\$217,006	2.6%	\$189,734	2.2%	\$284,225	3.4%
East Orange County Water District	\$262,341	3.1%	\$171,462	2.0%	\$150,137	1.8%	\$229,281	2.7%
El Toro Water District	\$121,030	1.4%	\$117,085	1.4%	\$385,542	4.6%	\$166,021	2.0%
Fountain Valley, City of	\$212,857	2.5%	\$273,020	3.2%	\$133,214	1.6%	\$196,639	2.3%
Garden Grove, City of	\$425,992	5.1%	\$349,326	4.1%	\$358,894	4.3%	\$612,074	7.3%
Golden State Water Company	\$532,137	6.3%	\$397,738	4.7%	\$367,789	4.4%	\$582,526	6.9%
Huntington Beach, City of	\$696,938	8.3%	\$623,129	7.4%	\$466,302	5.5%	\$697,637	8.3%
Irvine Ranch Water District	\$1,429,119	16.9%	\$1,680,138	19.9%	\$975,116	11.6%	\$1,461,018	17.3%
La Habra, City of	\$183,933	2.2%	\$149,060	1.8%	\$24,088	0.3%	\$214,575	2.5%
La Palma, City of	\$55,220	0.7%	\$51,264	0.6%	\$23,546	0.3%	\$53,943	0.6%
Laguna Beach County Water District	\$110,036	1.3%	\$84,188	1.0%	\$141,700	1.7%	\$67,460	0.8%
Mesa Water District	\$305,746	3.6%	\$475,606	5.6%	\$101,348	1.2%	\$390,302	4.6%
Moulton Niguel Water District	\$665,967	7.9%	\$608,332	7.2%	\$1,226,555	14.5%	\$589,900	7.0%
Newport Beach, City of	\$346,511	4.1%	\$292,291	3.5%	\$225,832	2.7%	\$209,062	2.5%
Orange, City of	\$416,958	4.9%	\$403,978	4.8%	\$373,380	4.4%	\$481,644	5.7%
Orange County Water District	\$315,072	3.7%	\$315,072	3.7%	\$315,072	3.7%	\$315,072	3.7%
San Clemente, City of	\$221,374	2.6%	\$255,279	3.0%	\$371,199	4.4%	\$176,950	2.1%
San Juan Capistrano, City of	\$146,479	1.7%	\$130,975	1.6%	\$243,095	2.9%	\$132,720	1.6%
Santa Margarita Water District	\$687,891	8.2%	\$561,592	6.7%	\$1,180,971	14.0%	\$558,811	6.6%
Seal Beach, City of	\$67,793	0.8%	\$92,149	1.1%	\$55,765	0.7%	\$83,165	1.0%
Serrano Water District	\$28,697	0.3%	\$13,397	0.2%	\$67,291	0.8%	\$21,702	0.3%
South Coast Water District	\$154,377	1.8%	\$144,120	1.7%	\$250,970	3.0%	\$118,620	1.4%
Trabuco Canyon Water District	\$51,505	0.6%	\$39,296	0.5%	\$117,997	1.4%	\$44,774	0.5%
Westminster, City of	\$258,752	3.1%	\$250,897	3.0%	\$165,493	2.0%	\$325,964	3.9%
Yorba Linda Water District	\$319,697	3.8%	\$327,116	3.9%	\$419,313	5.0%	\$261,996	3.1%
Total	\$8,433,115	100.0%	\$8,433,115	100.0%	\$8,433,115	100.0%	\$8,433,115	100.0%

8

* Draft and subject to change

GW Class Pays Based on Current Method¹

FYE 2021 Core Service Cost Allocation	Retail Allocation: Meters		Retail Allocation: Equivalent Meters*		Retail Allocation: 10-Yr Avg. Water Use		Retail Allocation: Population	
Member Agency	\$ Allocation	% Allocation	\$ Allocation	% Allocation	\$ Allocation	% Allocation	\$ Allocation	% Allocation
Brea, City of	\$167,714	2.0%	\$396,124	4.7%	\$99,391	1.2%	\$151,866	1.8%
Buena Park, City of	\$235,269	2.8%	\$209,866	2.5%	\$183,492	2.2%	\$274,874	3.3%
East Orange County Water District	\$253,709	3.0%	\$165,821	2.0%	\$145,197	1.7%	\$221,738	2.6%
El Toro Water District	\$117,048	1.4%	\$113,233	1.3%	\$372,857	4.4%	\$160,559	1.9%
Fountain Valley, City of	\$205,854	2.4%	\$264,038	3.1%	\$128,831	1.5%	\$190,170	2.3%
Garden Grove, City of	\$411,977	4.9%	\$337,833	4.0%	\$347,086	4.1%	\$591,936	7.0%
Golden State Water Company	\$514,629	6.1%	\$384,652	4.6%	\$355,688	4.2%	\$563,361	6.7%
Huntington Beach, City of	\$674,008	8.0%	\$602,627	7.1%	\$450,960	5.3%	\$674,684	8.0%
Irvine Ranch Water District	\$1,382,100	16.4%	\$1,624,859	19.3%	\$943,033	11.2%	\$1,412,949	16.8%
La Habra, City of	\$177,881	2.1%	\$144,156	1.7%	\$23,295	0.3%	\$207,515	2.5%
La Palma, City of	\$53,404	0.6%	\$49,577	0.6%	\$22,771	0.3%	\$52,168	0.6%
Laguna Beach County Water District	\$106,416	1.3%	\$81,418	1.0%	\$137,038	1.6%	\$65,241	0.8%
Mesa Water District	\$295,687	3.5%	\$459,958	5.5%	\$98,013	1.2%	\$377,461	4.5%
Moulton Niguel Water District	\$644,056	7.6%	\$588,317	7.0%	\$1,186,201	14.1%	\$570,492	6.8%
Newport Beach, City of	\$335,110	4.0%	\$282,674	3.4%	\$218,402	2.6%	\$202,184	2.4%
Orange, City of	\$403,239	4.8%	\$390,686	4.6%	\$361,095	4.3%	\$465,798	5.5%
Orange County Water District	\$582,164	6.9%	\$582,164	6.9%	\$582,164	6.9%	\$582,164	6.9%
San Clemente, City of	\$214,091	2.5%	\$246,880	2.9%	\$358,986	4.3%	\$171,128	2.0%
San Juan Capistrano, City of	\$141,660	1.7%	\$126,666	1.5%	\$235,097	2.8%	\$128,354	1.5%
Santa Margarita Water District	\$665,259	7.9%	\$543,115	6.4%	\$1,142,116	13.5%	\$540,425	6.4%
Seal Beach, City of	\$65,563	0.8%	\$89,117	1.1%	\$53,931	0.6%	\$80,428	1.0%
Serrano Water District	\$27,753	0.3%	\$12,956	0.2%	\$65,077	0.8%	\$20,988	0.2%
South Coast Water District	\$149,298	1.8%	\$139,379	1.7%	\$242,713	2.9%	\$114,718	1.4%
Trabuco Canyon Water District	\$49,811	0.6%	\$38,004	0.5%	\$114,115	1.4%	\$43,301	0.5%
Westminster, City of	\$250,239	3.0%	\$242,642	2.9%	\$160,048	1.9%	\$315,239	3.7%
Yorba Linda Water District	\$309,178	3.7%	\$316,354	3.8%	\$405,517	4.8%	\$253,376	3.0%
Total	\$8,433,115	100.0%	\$8,433,115	100.0%	\$8,433,115	100.0%	\$8,433,115	100.0%

¹Current GW allocation: Cost Centers 21 & 23 based on 10-year average water use; all other cost centers (excluding WEROC) equal to 1/26 of total

⁹ * Draft and subject to change

Comparing Two Approaches for the GW Class (FY 2021): 1/26th vs Current Method

FYE 2021 Core Service Cost Allocation	GW Allocation: 1/26th Retail Allocation: Meters	GW Allocation: Current Retail Allocation: Meters	\$ Difference
Brea, City of	\$173,420	\$167,714	\$5,706
Buena Park, City of	\$243,273	\$235,269	\$8,004
East Orange County Water District	\$262,341	\$253,709	\$8,632
El Toro Water District	\$121,030	\$117,048	\$3,982
Fountain Valley, City of	\$212,857	\$205,854	\$7,003
Garden Grove, City of	\$425,992	\$411,977	\$14,015
Golden State Water Company	\$532,137	\$514,629	\$17,508
Huntington Beach, City of	\$696,938	\$674,008	\$22,930
Irvine Ranch Water District	\$1,429,119	\$1,382,100	\$47,019
La Habra, City of	\$183,933	\$177,881	\$6,052
La Palma, City of	\$55,220	\$53,404	\$1,816
Laguna Beach County Water District	\$110,036	\$106,416	\$3,620
Mesa Water District	\$305,746	\$295,687	\$10,059
Moulton Niguel Water District	\$665,967	\$644,056	\$21,911
Newport Beach, City of	\$346,511	\$335,110	\$11,401
Orange, City of	\$416,958	\$403,239	\$13,719
Orange County Water District	\$315,072	\$582,164	(\$267,092)
San Clemente, City of	\$221,374	\$214,091	\$7,283
San Juan Capistrano, City of	\$146,479	\$141,660	\$4,819
Santa Margarita Water District	\$687,891	\$665,259	\$22,632
Seal Beach, City of	\$67,793	\$65,563	\$2,230
Serrano Water District	\$28,697	\$27,753	\$944
South Coast Water District	\$154,377	\$149,298	\$5,079
Trabuco Canyon Water District	\$51,505	\$49,811	\$1,694
Westminster, City of	\$258,752	\$250,239	\$8,513
Yorba Linda Water District	\$319,697	\$309,178	\$10,519
Total	\$8,433,115	\$8,433,115	\$0

10

Summary

- Rate study team provided ample opportunity for MA feedback through:
 - › Online survey
 - › 4 MA meetings
- There is MA support for, and internal cost center analysis backs, a groundwater customer charge which allocates 1/26th of all cost centers excluding WEROC, to this class (known as Step 1)
- Support for a fixed charge, in which the remaining MWDOC expenses, after Step 1, are allocated in proportion to the number of agency meters (known as Step 2)
- The only change between the proposed method and the current method is to the way the groundwater customer class is charged

11

Recommendation

- **Raftelis Rate Study Report recommends:**
 - › Retail Service Meter Charge remains unchanged; annual fixed charge based on each retail agency's certified meters
 - › Groundwater Customer Charge be modified to allocate 1/26th of all MWDOC Core cost centers, excluding WEROC; annual fixed charge.

12



Thank you!

Contact:

Steve Gagnon
P: 213.262.9308 / E: sgagnon@raftelis.com

Melissa Elliott
P: 720.838.1424 / E: melliott@raftelis.com

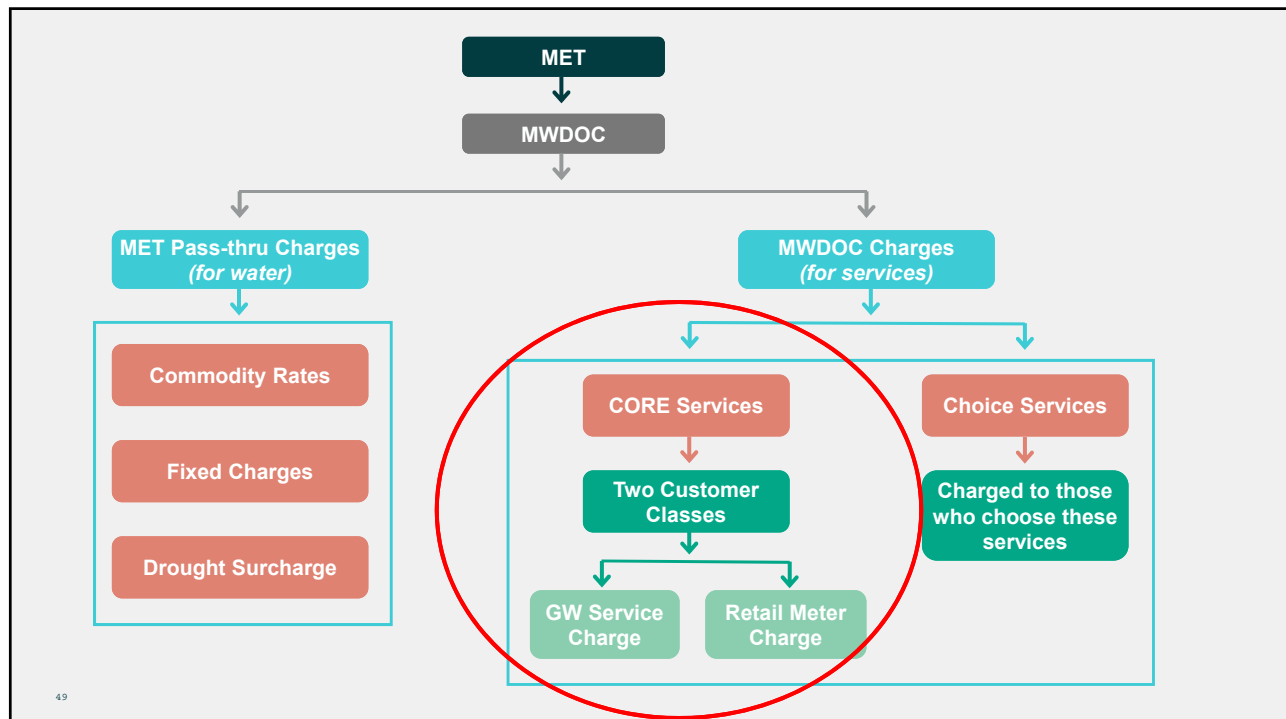
Back Up Slides



MWDOC Assessment: Charging GW Class 1/26th of All Cost Centers (excl. WEROC) is Reasonable

- MWDOC conducted an internal assessment of staff-time and effort for the GW class (OCWD) compared to other agencies
 - Utilized a qualitative and quantitative by cost center analysis
- Conclusion: **Overall**, staff-time and effort is about average; i.e. staff-time & effort is no more or less than other agencies; therefore, it is reasonable to charge 1/26th excluding Cost Center 25 (WEROC)

15



49

MWDOC Core Charges using FY 2021 Budget

Step 1: GW Customer Class	Cost Centers are Equally Distributed ¹ (1/26 th of all cost centers)			GW Class is allocated 4/29 th of all cost centers			Current Method (Cost centers 21, 23 Volume ² , all other cost centers 1 / 26 th ³)		
	\$X			\$Y			\$Z		

¹Cost centers are distributed equally to all member agencies
²Using 10-year average water use from FYE 2011 to FY 2020
³All other cost centers are equally distributed excluding WEROC

Step 2: Retail Agencies	No. of Meters			No. of Hydraulically Equivalent Meters			10-Year Historical Average Volumetric Use up to FYE 2020			Population		
	1 / 26 th GW Allocation	4/29 th	Current GW Allocation	1 / 26 th GW Allocation	4/29 th	Current GW Allocation	1 / 26 th GW Allocation	4/29 th	Current GW Allocation	1 / 26 th GW Allocation	4/29 th	Current GW Allocation
Member Agency 1	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
through	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Member Agency 25	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$



ACTION ITEM
April 21, 2021

TO: Board of Directors

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

Robert Hunter
General Manager

Staff Contact: Hilary Chumpitazi

SUBJECT: ADOPTION OF THIRD DRAFT OF THE FY 2021-22 BUDGET

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee, MWDOC Board of Directors, Member Agencies, and the public review, discuss and provide input and comments on the third draft of MWDOC's budget for FY 2021-22. This committee meeting is the last formal opportunity for public comments and discussion before the budget goes to the Board of Directors on April 21, 2021 for final approval. Staff recommends approval of the third draft budget as final.

Please note – The Board is considering a change to the current rate structure, which was approved in 2016. A proposed modification from the 2021 rate study will be before the Board of Directors at the April 21, 2021 Board meeting. The retail service charge and the groundwater customer charge are presented under the approved current (2015) and the proposed modified (2021) rate structures. The rate structure does not change the budget amount but it does impact the allocation of the revenue requirements among the member agencies.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

CHANGES FROM THE PRIOR DRAFT TO CURRENT DOCUMENT

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

- The P&O Committee approved moving forward with the WEROC South Emergency Operations Center (EOC) project and the capital cost refinement and schedule. If approved by the MWDOC Board of Directors, the first year

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

will be funded out of Reserves and the remaining years will be funded by a grant, financing, reserves, or a combination thereof.

There were minor changes associated with personnel, salaries, and promotions.

SUMMARY REPORT

Pertinent aspects of the third draft budget include:

1. The total revenue amount for the Core operating budget is \$8,929,123; an increase of \$35,007 (0.39%) over the current year's budget. This includes a \$238,000 (52%) reduction in budgeted interest revenue.
2. The proposed third draft budget includes a planned reserves draw of \$51,223 and essentially fully funds the reserves to the target levels.
3. Under the current 2016 rate structure, the third draft budget includes a proposed, year-to-year (YTY) increase of \$0.45 (3.7%) to the retail service charge bringing the retail rate to \$12.65 per retail meter. The groundwater customer charge to OCWD decreases by \$21,430 (3.6%) to \$573,893.
4. Under the proposed 2021 rate structure, the reallocation of revenue requirements changes the groundwater customer charge to a reduction of \$259,939 (43.7%) (YTY) for a total of \$335,385. The modified rate structure increases the proposed retail service charge by \$0.80 (6.6%) (YTY) bringing the retail rate to \$13.00 per retail meter.
5. The third draft has a budget total of \$184,765,856 (revenue) including Core & Choice, water sales, outside funding, and WEROC. This is a decrease of almost 22% almost exclusively attributable to the two-year decrease in water sales.
6. The consolidated (Core + Choice) general fund budget is \$10,548,317 (revenue) with an increase of \$23,206 (0.2%).
7. The unfunded CALPERS liability annual payment of \$207,000 is proposed. This will be the fourth year of the ten-year funding program.
8. 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.
9. 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 (0.10 FTE) and a reduction in Part-time employees and Interns (0.58 FTE).
10. 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 reclassified for other expense categories.
11. An additional project was added in the second draft budget 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.
12. The Building Improvement expense 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.

13. 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.
14. There is a decrease in staff development/technical training/leadership training (\$12,500) associated with COVID-19 impacts on the program.
15. 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.
16. 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.
17. 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
18. Total outside funding (WUE & Local Resource Project (LRP) sources) is budgeted to be approximately \$6,754,840.
19. 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 third draft budget should be considered preliminary.
20. Capital funding of the WEROC South Emergency Operations Center was approved in P&O Committee with the first year being funded out of Reserves.

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.

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 comparable proposed Retail Meter Rate under the current 2016 rate structure in the proposed budget is an increase of \$0.45/meter or 3.7% over last year and 2.0% over the rate for FY 2019-

20. The proposed Groundwater Customer Charge (2016 rate structure) is a further reduction of \$21,430 or 3.6% from last year.

The year-to-year (YTY) changes in the total Core expenses between FY 2020-21 and FY 2021-22 produce a decrease of \$11,183 (0.12%).

- 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 YTY increase of \$96,296. However, this represents only a 1.8% 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 (\$19,110).
- The Membership/Sponsorship expenses only include items previously approved by the Board of Directors.
- Significant YTY Core expense decreases include Professional Fees (\$130,343), Miscellaneous Expense (\$26,619), and Training Expense (\$12,500).

Choice YTY 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 \$11,801 (0.7%).

DETAILED REPORT

This committee and board item presents information and discusses the proposed 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 third draft budget presents specific annual rates based on both the current (2016) rate structure and a modified rate structure (2021) being considered by the board.

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 to be funded from Reserve Funds FY 2021-22

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, the first draft budget was presented at the February 10th A&F Committee meeting, and the second draft budget at the March 10th A&F Committee meeting. This is the third draft budget (April 19th A&F meeting) and 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 is 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. Variance estimates for the FY 2020-21 Core budget include:

1. The total variance for the FY 2020-21 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 notable 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 2020 election invoice from Orange County and the total cost for the four competed 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 additional 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 reclassified 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 planned project phases 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 MWDOC 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 have a surplus and 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 a projected unfunded total reserve balance of \$49,076 (i.e., Total Target of \$6,322,570 (-) Total Projected Reserve Balance of \$6,273,494).

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.

The third draft budget has a draw on reserves of \$51,223, which is supplemented by the \$100,000 Election Reserve Fund reclass and resulting in a surplus of \$48,777 59,635, indicating a shortfall of \$299 of being fully funded.

	# 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

4. Compensation Pool Guidelines

MWDOC's compensation system includes both salary ranges for job classifications 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 Benchmark Compensation and Benefits Study that reviews our job classifications and compensation with similar agencies and job functions. This Benchmark Survey was recently completed and the findings are presented at the April 19, 2021 A&F Committee meeting. In general, MWDOC has found limited salary range corrections to be necessary and potential budget impacts are minor. This year's study recommended three salary range adjustments and one Class Title change. The three-year study cycle and the CPI adjustment process continue to perform well and have been implemented 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 (completed in FY 2018-19).

MWDOC also conducts an annual survey of water utilities as a comparison of proposed salary increases. Of the 25 agencies surveyed, 21 agencies have responded. The results of the survey are summarized in the following table. Of the 21 respondents, two do not have a COLA component and ten have not yet set their COLA percent. The remaining nine water agencies averaged a COLA of 2.05%. Five of the water agencies have not yet set their maximum merit percent. The other 16 agencies averaged a merit percent of 4.98%. The overall combined salary increase for the incomplete data set was 6.14%, an increase over last year's average of 5.82%.

Comparative Salary Increase Table

Agency	2021/22	2021/22	Total
	COLA %	Merit Max%	
Calleguas MWD	2.00%	3.00%	5.00%
Eastern MWD	2.10%	5.00%	7.10%
El Toro Water District	1.70%	3.00%	4.70%
City of Fountain Valley	TBD	5.00%	5.00%
Inland Empire Utilities Agency	TBD	5.00%	5.00%
Irvine Ranch Water District	May CPI -TBD	7.50%	7.50%
Laguna Beach County Water Dist.	TBD	TBD	
Las Virgenes MWD	2.00%	5.00%	7.00%
Mesa Water	2.50%	5.00%	7.50%
Moulton Niguel Water District	2.00%	5.00%	7.00%
Orange County Sanitation District	NC	5.00%	5.00%
Orange County Water District	TBD	6.00%	6.00%
San Diego County Water Authority	TBD	7.50%	7.50%
Santa Margarita Water District	TBD	TBD	
South Coast Water District	TBD	2.75%	2.75%
Three Valleys Municipal Water Dist.	1.68%	5.00%	6.68%
City of Tustin	TBD	TBD	
Walnut Valley Water District	2.50%	5.00%	7.50%
Western Municipal Water District	TBD	TBD	
Yorba Linda Water District	2.00%	5.00%	7.00%
West Basin MWD	NC	TBD	
Average	2.05%	4.98%	6.14%

TBD = Waiting to make determination on amount

NC = No Cola

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

The compensation pool rate of 3.64% used in the budget is significantly below both the 6.14% combined salary increase and the 4.98% average merit maximum increase from the water agency survey. A 1.0% increase in the compensation pool budget rate represents slightly more than a \$0.05 increases the retail meter rate.

The Director per diem adjustment is considered at the April A& Committee meeting and any changes are approved at the April board meeting. The per diem increase is statutorily limited to 5.0% but the board has adopted smaller increases in recent years limited by the employee increase if less than 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 and second draft budgets were discussed at the February and March A&F and Managers meetings. Member Agency input and comment is requested, encouraged and received during each meeting. Copies of the comment letters and MWDOC's responses are included at the end of the budget.

Two comment letters were received prior to the second draft budget from the Orange County Water District (OCWD) and were 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 reviewed the proposed staff registration and travel budget (Exhibit E). There was 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 concluded that these conferences will likely occur as scheduled. Minor expense reductions for the second draft budget resulted from the staff review. The other two items were referred to the A&F Committee and Board of Directors for review and discussion.

One comment letter was received on the second draft budget from the Santa Margarita Water District (SMWD) (March 19, 2021) which included four comments on the draft budget and one comment on the rate study.

- Regarding the proposed Orange County Water Use Efficiency Potential & Opportunity Study, SMWD commented that MWDOC staff should further engage with member agency representatives to confirm purpose and scope and potential involvement by Metropolitan's technical staff. Additional discussion was held during the Member Agency Managers meeting and with Metropolitan.
- SMWD supports the use of MWDOC reserves to fund the South Emergency Operations Center Project. MWDOC has discussed the project further in the April Planning & Operations Committee and the recommendations from that committee are incorporated into the budget.
- SMWD requested that MWDOC remove the development of a video series on the Bay Delta from the budget and work to develop a regional approach to the videos to help defray costs.
- SMWD supports a review of MWDOC's Reserve Policy.
- Regarding the rate study, SMWD supports the proposed modification to the 1/26th fixed rate method.

Two additional comment letters were received from OCWD concerning the South EOC project. The comment letters and MWDOC's responses were forwarded to the MWDOC Board and are included as attachments.

The first OCWD comment letter concerning the South EOC project (April 5, 2021) makes three recommendations:

- MWDOC's Planning and Operations Committee select Options #3 and not proceed with the project.
- If the committee elects to move forward, then continue the decision pending an independent financial review and needs analysis for the project size.
- If the MWDOC Board of Directors decides to approve the project, that it be funded entirely through MWDOC reserves.

MWDOC's response letter (April 12, 2021) summarizes the P&O Committee actions and discusses several issues and statements. The P&O Committee elected to proceed with the South EOC Project under Option #1, including the funding of the first year's expenses from reserves and the continued evaluation of financing options for subsequent years. MWDOC's response letter also indicates that MWDOC is not spending over \$1 million on Conference Room 101 but for the seismic retrofit and remodeling project for the entire Administrative Building. In addition, Conference Room 101 has not been proposed as the primary EOC but as a Secondary (backup) EOC site. Finally, Orange County's EOC cannot be used as a backup to MWDOC's Room 101 as it cannot accommodate the space requirements.

The second OCWD comment letter concerning the South EOC project (April 12, 2021) raised three sets of questions regarding specific information that had been provided to OCWD staff. MWDOC's response letter of April 13, 2021 provides additional information regarding the preliminary cost estimate to address three main points in the letter:

1. The OCWD letter indicates that the soft cost estimate used (i.e., 35% by El Toro Water District's [ETWD] consultant Brady and Associates [Brady]) should have an additional contingency amount added.
 - Guidance for preliminary estimates for building construction projects, indicate that soft costs as a percentage of total construction costs of 30% is generally considered adequate, unless there are circumstances that point toward the need for a higher percentage. The proposed EOC does not exhibit signs that permits or design of the MWDOC portion of the project will be anything other than ordinary. To add an additional contingency on top of what is already a higher soft cost estimate may be construed as estimate 'padding'.
2. The OCWD letter also indicates the estimate for a prefabricated steel building seems reasonable, but that items appear to be missing (i.e., concrete slab, interior walls and drop ceilings, and an emergency generator).
 - MWDOC's understanding of the Brady estimate is that the interior build-out (partition walls, drop ceiling, and flooring) is included in the building cost estimate.
 - Additionally, in 2020 MWDOC/WEROC thru the Urban Area Security Initiative Grant, obtained a relatively new 240 KVA emergency generator in a transfer agreement with another Orange County agency. The necessary electrical work for the generator transfer switch was added to the Brady estimate in the electrical service connection line item of the revised estimate previously forwarded to OCWD.
 - The issue of MWDOC/WEROC's cost for a concrete slab and site work is something that would be captured in a design level project estimate at the conclusion of further negotiations. An allowance for site preparation (which we take to include costs for concrete slab foundation work) is included in the estimate but is a point of further clarification in further project discussions.
3. Finally, the OCWD letter indicates it is not apparent how the project 'expanded' from an existing 2,400 square foot (sf) building to 3,800 sf.
 - The existing 2,400 sf building is inadequately sized for emergency operation's needs. Previous analysis by Claris Strategy of the existing EOC operations used the existing footprint as the maximum available footprint given the site conditions and attempted to reconfigure the building using those space constraints. The new building, which does not have the site constraints, is based upon an EOC design developed for the City of Long Beach which determined 3,700 square feet to be a better size for emergency operational needs. In MWDOC's review of Brady's preliminary design, a 10-ft x 10-ft restroom/locker/storage room was added which brought the footprint to 3,800 sf. estimate.

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 Metropolitans 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 –

- FY 2021-22 Design and Engineering costs, funded out of reserves
- Analyze other funding opportunities
- Develop multi-FY budget allocations

Implementation of the WEROC Assessment Report

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

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 is 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 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 (2016)

Based on the Proposed Budget and the current rate structure:

For FY 2021-22 the proposed Retail Meter Service Charge is \$12.65 per meter.

For FY 2021-22 the proposed Groundwater Customer Charge is \$573,893.

Proposed Modified Rate Structure (2021)

Based on the Proposed Budget and the proposed modified rate structure:

For FY 2021-22 the proposed Retail Meter Service Charge is \$13.00 per meter.

For FY 2021-22 the proposed Groundwater Customer Charge is \$335,385.

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 to be funded from Reserve Funds in FY 2021-22

South Emergency Operations Center Summary

Summary:

The WEROC Program Assessment has identified different options for improving the South EOC: renovation or new construction. Committee approved new construction with MWDOC's reserves paying for the first year of costs and staff will pursue grants or financing options for the last two years.

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 will be removing the existing infrastructure allowing room for new construction.

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.

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)

WEROC is continuing to seek additional funding such as grants and other source funding

Attachments:

Attached hereto are MWDOC's budget schedule, budget comment letters and MWDOC responses, and the detailed budget for this coming fiscal year.

MWDOC BUDGET SCHEDULE

November 2020
<ul style="list-style-type: none"> Notification to Member Agencies of start of budget process and solicitation of input
December 2020
<ul style="list-style-type: none"> MWDOC staff begins preparation of budget hours and costs on program and line-item basis Review of four month actuals and fiscal year-end projections Review budget adjustments for current fiscal year Preparation of internal, draft conceptual budget (review changes for upcoming fiscal year)
January 2021
<ul style="list-style-type: none"> Initial review of budget issues with A&F Committee for feedback (1-13-21) Initial discussion of budget issues with Member Agencies for feedback Request for Member Agencies' <u>preliminary</u> indication of participation in Choice
February 2021
<ul style="list-style-type: none"> Publish and post the FIRST DRAFT Budget in the packet for the A&F Committee (2-5-21) Review Full Draft Budget with A&F Committee (2-10-21) Formally request comments from all Member Agencies <u>DRAFT</u> information completed on prior year Choice WUE program benefits to Member Agencies to serve as basis for charging agencies for the upcoming year for Choice WUE activities Member Agencies' INITIAL CONFIRMATION of participation in Choice Services by February 22. The Updated Agreement by the end of March and after the Elected Officials Meeting Discuss FIRST DRAFT Budget at Member Agency Managers' Meeting (2-18-21) Meet with Member Agencies as requested or scheduled

MWDOC BUDGET SCHEDULE

March 2021
<ul style="list-style-type: none"> Revised information completed on prior year Choice WUE benefits to Member Agencies to serve as basis of charging agencies for the upcoming year for WUE activities
<ul style="list-style-type: none"> Discuss SECOND DRAFT Budget in A&F Committee (3-10-21)
<ul style="list-style-type: none"> Review SECOND DRAFT Budget at Member Agency Managers' Meeting (3-18-21)
<ul style="list-style-type: none"> Update Choice Participation
<ul style="list-style-type: none"> Member Agencies' submit Formal Comments about the Budget (3-26-21)
April 2021
<ul style="list-style-type: none"> Conduct meeting with Elected Officials from Member Agencies to discuss budget and other topics (4-1-21)
<ul style="list-style-type: none"> THIRD DRAFT Budget and Rates presented to A&F Committee (4-19-21)
<ul style="list-style-type: none"> Member Agencies' Formal Comments presented to A&F Committee (4-19-21)
<ul style="list-style-type: none"> Board approval of FY2021-22 FINAL Budget and Rates (4-21-21)
June 2021
<ul style="list-style-type: none"> Member Agencies confirm final Choice Participation (6-11-21)
August 2021
<ul style="list-style-type: none"> Reconciliation of FY 2020-21 WUE & Choice Programs
September 2021
<ul style="list-style-type: none"> REVISED FINAL Choice Budget presented to A&F Committee (9-8-21)
<ul style="list-style-type: none"> Board approval of FY2021-22 REVISED FINAL Choice Budget (9-15-21)

DIRECTORS

DENIS R. BILODEAU, P.E.
JORDAN BRANDMAN
CATHY GREEN
DINA L. NGUYEN, ESQ.
KELLY E. ROWE, C.E.G., C.H.
VICENTE SARMIENTO, ESQ.
STEPHEN R. SHELDON
TRI TA
ROGER C. YOH, P.E.
AHMAD ZAHRA



ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

OFFICERS

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

December 29, 2020

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

SUBJECT: Water Resources Policy Issues with the Metropolitan Water District

Dear Mr. Hunter:

The Orange County Water District (OCWD) previously transmitted a letter to the Municipal Water District of Orange County (MWDOC) in January 2019 making your agency aware of groundwater policy issues that are of importance to OCWD and the 19 Groundwater Producers in our service area. OCWD requested that these issues be considered and addressed with the Metropolitan Water District of Southern California (MWD) during FY2019-20.

With this letter OCWD is again requesting appropriate consideration be given to those same issues during the coming fiscal year (FY2021-22). These policy issues are listed below and have a major impact on the management of the OCWD groundwater basin and groundwater basin's throughout Southern California. We envision a collaborative process between OCWD, MWDOC, the Cities of Anaheim, Fullerton and Santa Ana, and MWD in dealing with each of these issues, as they can be complicated.

1. **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.** The in-lieu program that was developed for FY2017-18 under the cyclic program agreement is a great example of how excess imported water supplies can be easily brought into Southern California's groundwater basins. Imported water that MWD was at risk of losing was recharged into local groundwater basins. In April 2019 MWD approved a permanent cyclic in-lieu program, referred to as a cost-offset credit. Unfortunately, this in-lieu program is only available if the excess water is being placed within an MWD cyclic account. OCWD suggests MWDOC continue to encourage the MWD staff and Board to consider the establishment of a broader In-lieu program that could be exercised during times of abundance, that is not restricted to only cyclic programs, so operational flexibility is always available to MWD in the future to ensure that excess imported water supplies

are never lost to the region. OCWD is appreciative of your efforts to date on this issue.

2. **Modify the Water Supply Allocation Plan rules to include Groundwater Basin Agencies in a more consistent manner.** The Water Supply Allocation Plan (WSAP) rules and requirements that currently exist were approved by MWD in December 2014. Under the WSAP rules, groundwater basin agencies can receive imported water during water shortages, however, the rules to do so are restrictive with respect to the management of local groundwater basins.

OCWD typically purchases untreated full service water to recharge the groundwater basin to meet annual consumptive demands. Purchasing this water allows the District to increase the annual natural yield of the groundwater basin. OCWD believes that the purchase of untreated full service water to meet consumptive demands is practically identical to other MWD member agencies that purchase untreated full service water, which is then treated at a conventional treatment plant, to meet their own consumptive demands; the only difference is that OCWD is using the groundwater basin to treat the water.

In operating a groundwater basin there may be years when the basin is being refilled and there will be years when the basin is being overdrafted. But over the long-term, any MWD imported water that is purchased by OCWD will eventually be used to meet consumptive water demands. The use of a long-term average by MWD in determining how much imported water is typically purchased by a groundwater basin manager such as OCWD for use in allocating water under the WSAP will account for fluctuations in annual purchases.

OCWD is requesting the WSAP rules that pertain to groundwater agencies be consistent with other MWD member agencies who take full service treated or untreated MWD supplies to meet consumptive water demands.

3. **Determine the terms necessary to phase-out the MWD Conjunctive Use Program (CUP) storage agreement.** Now that the OCWD, MWDOC and MWD have developed and executed a Cyclic Agreement, the value and utility of the existing CUP program has diminished. The Cyclic Agreement is much easier to operate and allows MWD to pre-deliver excess water supplies to the OCWD groundwater basin at MWD's convenience. Operating two separate storage agreements with MWD can be confusing.

The CUP program agreement phases out in 2028. As part of the program MWD initially provided \$23 million to the District to support the construction of new water facilities. Fifteen million dollars of this funding was obtained from a Proposition 13 grant. OCWD would like to work with MWDOC and MWD to determine what the appropriate terms would be to phase out the CUP program sooner.

4. **Obtain MWD's approval to pump potable water supplies into MWD pipeline facilities**

An extensive imported water pipeline network has been constructed in Orange County to distribute MWD supplies to various agencies. As has been demonstrated over the past few years, flows in these facilities have declined. Substantial unused capacity exists in these pipelines which have been partially funded by Orange County rate payers.

OCWD and MWDOC have conceptually developed projects over the years that could have taken advantage of this unused capacity to transport groundwater and/or ocean desalination water to different retail water agencies in the region. Unfortunately, we have been unable to develop final terms and conditions from MWD for these potential projects to use these facilities.

Some progress on this issue has been made in that MWD recently approved a program whereby agencies can use their pipelines during emergency events when MWD water was unavailable under certain conditions. OCWD would like to work with MWDOC and MWD in developing appropriate terms and conditions to expand the use of MWD pipelines for normal operations where unused capacity exists.

OCWD would also like to note that this list of issues was reviewed with the OCWD Groundwater Producers who concurred with the importance of this effort. Thank you for consideration of these important requests.

Sincerely,



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

Cc: MWDOC Board of Directors
MWDOC MWD Director: Linda Ackerman
OCWD Board of Directors
OCWD Groundwater Producers



April 5, 2021

Mr. Michael R. Markus
General Manager
Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708

RE: OCWD Comment Letter on Metropolitan Water District of Southern California
(MET or MWD) Policy Priority Issues

Dear Mr. Markus:

Thank you for your comment letter of December 29, 2020. While these points have been discussed publicly in multiple meetings, I offer this additional, formal response. The MWD OC Board of Directors and the MWD OC MET Directors received copies of your letter upon receipt.

As your letter states, these issues were first identified for MWD OC in an OCWD January 2019 letter and that "OCWD is again requesting appropriate consideration be given to those same issues during the coming fiscal year (FY 2021-22)." As you are aware substantial progress or completion has been already achieved on most of the items. Thank you for your written expression of appreciation of MWD OC's efforts to date. More recently, the letter and issues have been discussed by the MWD OC and OCWD Directors and Staff at the January 27, 2021 Joint Planning Committee meeting. That meeting included a presentation by Mr. John Kennedy of your staff on your letter and comments. We appreciate John's comments reflecting the progress to date or substantial completion of tasks.

While your comments are not specifically budget related, they also were summarized in MWD OC's first draft budget (February 10, 2021) and subsequent drafts. The following text is from MWD OC's first draft budget discussed at the January 10th A&F Committee meeting.

5. Budget Input from Member Agencies

In December 2020, MWD OC sent a letter to all of its member agencies informing them of the start of the MWD OC 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 MWD OC Agencies Managers Meeting.

Only one comment letter has been received from a MWD OC Member Agency and it deals with policy issue priorities to be addressed at MET by MWD OC and not specific aspects of the budget per se. The OCWD letter repeats four policy issues from previous years, as listed below with comments on current status:

Street Address:
18700 Ward Street
Fountain Valley, California 92708

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

(714) 963-3058
Fax: (714) 964-9389
www.mwdoc.com

Sat Tamaribuchi
President

Megan Yoo Schneider, P.E.
Vice President

Larry D. Dick
Director

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

Al Nederhood
Director

Karl W. Seckel, P.E.
Director

Jeffery M. Thomas
Director

Robert J. Hunter
General Manager

MEMBER AGENCIES

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

- 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.
- 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.

I look forward to working with you on these and other joint issues over the next year. Thank you again for your comments. I am available at your convenience to answer questions or provide additional information.

Sincerely,



Robert J. Hunter
General Manager
Municipal Water District of Orange County

cc: MWDOC Board of Directors

DIRECTORS

DENIS R. BILODEAU, PE.
JORDAN BRANDMAN
CATHY GREEN
NELIDA MENDOZA
DINA L. NGUYEN, ESQ.
KELLY ROWE, C.E.G., C.H.
STEPHEN R. SHELDON
TRI TA
BRUCE WHITAKER
ROGER C. YOH, P.E.



ORANGE COUNTY WATER DISTRICT

ORANGE COUNTY'S GROUNDWATER AUTHORITY

OFFICERS

President
STEPHEN R. SHELDON

First Vice President
CATHY GREEN

Second Vice President
TRI TA

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

February 24, 2021

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

SUBJECT: Fiscal Year 2021-22 Budget Preparation

Dear Mr. Hunter:

The Municipal Water District of Orange County (MWDOC) is in the process of preparing its FY2021-22 budget and has presented the first draft budget to its Administration and Finance (A&F) Committee and Member Agencies this past month. Orange County Water District (OCWD) would like to provide three initial comments for your Board's consideration:

1. Many agencies have policies in place that are eliminating travel or allowing only essential travel through the end of this calendar year due to the ongoing COVID-19 pandemic. In your A&F Committee report dated February 10, 2021, you state that "... it was assumed that COVID-19 would dramatically reduce activity in the first half of the fiscal year ..." for conference and travel expenses and yet in Exhibit E & F of that report there are many conferences budgeted for attendance in the first half of the next fiscal year. Our suggestion would be to eliminate this travel from the budget, which would result in a reduction in the budget of approximately \$40,000.
2. Over each of the past two years, the MWDOC Board has removed its membership in the Association of Metropolitan Water Agencies (AMWA) from the budget but then reinstated it later in the year. As we have requested in the past, we would again ask for consideration to remove the AMWA membership from the budget due to the lack of value it brings to MWDOC's member agencies. This would result in a reduction in membership of \$21,876 and travel of \$8,250 or a total reduction in the budget of \$30,126.
3. OCWD is also requesting MWDOC to review the appropriateness of its cash reserve amounts which appear to be too high. MWDOC has several categories of reserves and based upon the previous twelve monthly financial reports provided to the A&F Committee, the lowest cumulative total for all reserve

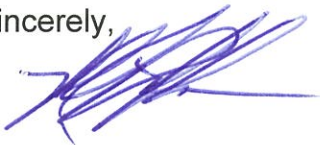
categories never fell below \$15 million and was as high as \$21.8 million. It seems reasonable to OCWD that the total amount of cash reserves can be reduced significantly for the following reasons:

- a. MWDOC's operating budget is approximately \$10 million.
- b. MWDOC is not operating and maintaining any significant infrastructure.
- c. MWDOC member agencies pay their retail meter and groundwater charge at the beginning of the fiscal year providing significant revenue certainty.
- d. A large amount of money does annually pass through MWDOC via your member agency imported water purchases. However, these financial transactions pose little risk to MWDOC.

We ask that these comments be forwarded to you Board and included in future meeting discussions regarding the budget.

Thank you for your consideration.

Sincerely,

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

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

Cc OCWD Board of Directors
OCWD Groundwater Producers



Street Address:
18700 Ward Street
Fountain Valley, California 92708

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

(714) 963-3058
Fax: (714) 964-9389
www.mwdoc.com

Sat Tamaribuchi
President

Megan Yoo Schneider, P.E.
Vice President

Larry D. Dick
Director

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

Al Nederhood
Director

Karl W. Seckel, P.E.
Director

Jeffery M. Thomas
Director

Robert J. Hunter
General Manager

MEMBER AGENCIES

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

April 5, 2021

Mr. Michael R. Markus
General Manager
Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708

RE: OCWD Comment Letter on MWDOC Draft FY 2021-22 Budget

Dear Mr. Markus:

Thank you for your comment letter of February 24, 2021. Your specific request was that “these comments be forwarded to your Board and included in future meeting discussions regarding the budget.” As previously indicated, your letter was forwarded to the Board upon receipt and was summarized in the second draft budget and the budget presentation at the March 10, 2021 Administration & Finance (A&F) Committee meeting. The second draft budget package was also included in the MWDOC Member Agency Managers meeting held on March 18, 2021. Your points were also part of the presentation at that meeting.

The following text is from the second draft budget discussed at the March 10th A&F Committee meeting.

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.

...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.

Let me provide some additional information regarding each of OCWD's comments.

Further reduce travel & conferences in the end of calendar year 2021

This comment was specifically discussed at the March 10, 2021 A&F meeting along with the MWDOC analysis. The MWDOC Directors elected not to implement any reductions beyond the staff recommendation. Further support of the assessment that in-person conferences are likely to occur beginning in October 2021 is evidenced by the decision to move the Water Summit to an October date so that it can be an in-person event.

Consider removal of the AMWA membership and travel expense

This comment was also discussed at the March 10th meeting and the Directors decided not to remove the membership and travel expenses.

Review and reduce Cash Reserve amounts

The MWDOC Reserve Policy is set by the Board of Directors. The current policy was established based on a financial consultant's review of the previous policy from the Settlement Agreement. That study was conducted because MWDOC found that the reserve limits had to be repeatedly exceeded based on actual conditions. The Board implemented the study's recommendations. OCWD's comments on the Reserve Policy have been forwarded to the Board for their consideration. The Directors have had limited discussion of the issue and have not implemented any policy changes.

Thank you again for your comments. I am available at your convenience to answer questions or provide additional information.

Sincerely,



Robert J. Hunter
General Manager
Municipal Water District of Orange County

cc: MWDOC Board of Directors

DIRECTORS

DENIS R. BILODEAU, P.E.
JORDAN BRANDMAN
CATHY GREEN
NELIDA MENDOZA
DINA L. NGUYEN, ESQ.
KELLY E. ROWE, C.E.G., C.H.
STEPHEN R. SHELDON
TRI TA
BRUCE WHITAKER
ROGER C. YOH, P.E.



ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

OFFICERS

President
STEPHEN R. SHELDON

First Vice President
CATHY GREEN

Second Vice President
TRI TA

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

April 5, 2021

Mr. Sat Tamaribuchi
Board President
Municipal Water District of Orange County (MWDOC)
18700 Ward Street
Fountain Valley, CA 92708

Dear Sat,

The Orange County Water District (OCWD) respectfully submits the following comments pertaining to the proposed South Emergency Operations Center (SEOC) project before the P&O Committee. OCWD requests that the Committee not move forward to build a SEOC. MWDOC is already spending over one million dollars to seismically retrofit and remodel MWDOC 101 to serve as WEROC's principle EOC. MWDOC also has the County's EOC as a secondary backup EOC. WEROC can perform its services under this proposed scenario which is the fiscally prudent approach.

The staff report states the construction costs are: \$400,000 for site work and soft costs; \$750,000 for vertical construction; and \$590,782 for FFE for a total of \$1,745,000; which we believe is low. The actual cost per square foot is potentially three times that much or \$700.00 per foot. Constructing a 3,200 sq. ft. building at \$700.00 per foot is \$2,240,000, raising the project's construction cost to \$3,230,782. This estimate is based upon the seismic standards, steel frame construction, prevailing wage, relatively small and inefficient size of the building and 2022-2023 increased construction costs.

OCWD recommends the following:

1. The Planning and Operations Committee select Option #3.
2. If it is the Committee's pleasure to move forward, then we request the Committee to continue the item pending an independent financial analysis for the site cost, soft costs, vertical construction cost, FFE; and needs analysis for 3,200 sq. ft.
3. If your Board decides to move forward with the project, we would ask that it be funded entirely through MWDOC's reserves.

Our comments are respectfully submitted. Thank you.

Sincerely,

Steve Sheldon
Board President

Cc: OCWD Groundwater Producers



April 12, 2021

Mr. Steve Sheldon
Board President
Orange County Water District (OCWD)
18700 Ward Street
Fountain Valley, CA 92708

Street Address:
18700 Ward Street
Fountain Valley, California 92708

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

(714) 963-3058
Fax: (714) 964-9389
www.mwdoc.com

Sat Tamaribuchi
President

Megan Yoo Schneider, P.E.
Vice President

Larry D. Dick
Director

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

Al Nederhood
Director

Karl W. Seckel, P.E.
Director

Jeffery M. Thomas
Director

Robert J. Hunter
General Manager

MEMBER AGENCIES

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

Dear Steve,

We appreciate receiving your comments and recommendations regarding the proposed South Emergency Operations Center (SEOC) project in your letter dated April 5, 2021.

Our Planning and Operations Committee considered your letter at its meeting on April 5, 2021 and the Committee recommended the Board of Directors support Option 1 (proceed with the new South EOC construction project and authorize the General Manager to (1) enter into an agreement with El Toro Water District, (2) Use cash reserves to cover the first year costs for FY 2021-22 (estimated \$404,219), (3) MWD OC to continue seeking grant funding, and (4) Utilize FY 2021-22, to finalize and implement funding options for full project budget with additional Board approval through either a combination of debt and grant financing to mitigate rate impacts with potential options of the Infrastructure State Revolving Fund (ISRF) Program thru IBank, or a Bank loan with a Bank, or full project funding with MWD OC reserves with a proscribed period of reserve repayment to mitigate rate impacts), and to work with ETWD to refine the cost estimates associated with the project, and research alternative options (if available) in the event the project costs prove too high.

We are spending over \$1 million for the seismic retrofit project of the MWD OC Administrative Building. We are not spending over \$1 million on Conference Room 101. This work is being done to achieve four goals:

- (1) Life Safety - protection of people in the facility during and immediately after a seismic event
- (2) Ability of the facility to continue to function after a seismic event
- (3) Improve office space efficiency
- (4) Provide a backup WEROC EOC to the primary South EOC

WEROC cannot use the County's EOC as a secondary backup. The County's EOC facility cannot accommodate the space needed for WEROC. Prior to coming to MWD OC, our WEROC Director of

Director Steve Sheldon
April 12, 2021
Page Two

Emergency Management spent 15 years at the County as the Assistant Emergency Manager and has firsthand knowledge that the County EOC has limited space and is unable to support WEROC's needs.

If the OCWD Board of Directors is interested, our Director of Emergency Management is more than happy to provide a presentation on the WEROC EOC Operations and the County EOC Operations.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sat Tamaribuchi".

Sat Tamaribuchi
Board President

cc: MWDOC Board of Directors
Robert Hunter, MWDOC GM

DIRECTORS

DENIS R. BILODEAU, P.E.
JORDAN BRANDMAN
CATHY GREEN
NELIDA MENDOZA
DINA L. NGUYEN, ESQ.
KELLY ROWE, C.E.G., C.H.
STEPHEN R. SHELDON
TRI TA
BRUCE WHITAKER.
ROGER C. YOH, P.E.



ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

OFFICERS

President
STEPHEN R. SHELDON

First Vice President
CATHY GREEN

Second Vice President
TRI TA

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

April 12, 2021

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

SUBJECT: South County Emergency Operations Center (EOC) Cost Estimate

Dear Mr. Hunter:

I appreciate you sending me the excel spreadsheet cost estimate that was prepared for the South County EOC and after reviewing it have the following comments:

1. There was confusion in the spreadsheet starting with column B lines 16, 17, 19, 21, 23 and 24. Regarding the assumptions (in red), we agree with lines 16, 17 and 19, but not 21, 23 and 24.
 - a. The percentage in line 21 (Soft costs) should be multiplied by line 20 (Total project construction cost) for a result of \$477,148.
 - b. Line 22 (Total Project Cost) then becomes \$1,840,429.
 - c. The percentage in line 23 (Low Range of Expected Project Cost) should be multiplied by line 22 (Total project cost) for a result of \$1,472,343.
 - d. The percentage in line 24 (High Range of Expected Project Cost) should be multiplied by line 22 (Total Project Cost) for a result of \$2,392,558.
2. The estimate for the prefabricated steel building seems reasonable for the structure itself, but there did not appear to be any costs included in the estimate for a concrete slab (unless El Toro is paying 100% for that item), interior wall systems, drop ceilings, floor coverings or an emergency generator.
3. It also was not apparent how the project expanded from an existing 2,400 square foot (sf) building to 3,800 sf.

Robert J. Hunter
April 12, 2021
Page 2 of 2

Given the significant spread in the estimated cost of the project at this time, it might make more sense slowing down on the project until the cost of the proposed project is better defined.

Please forward this letter to your Board of Directors.

Sincerely,

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

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

cc: OCWD Board of Directors
OCWD Groundwater Producers

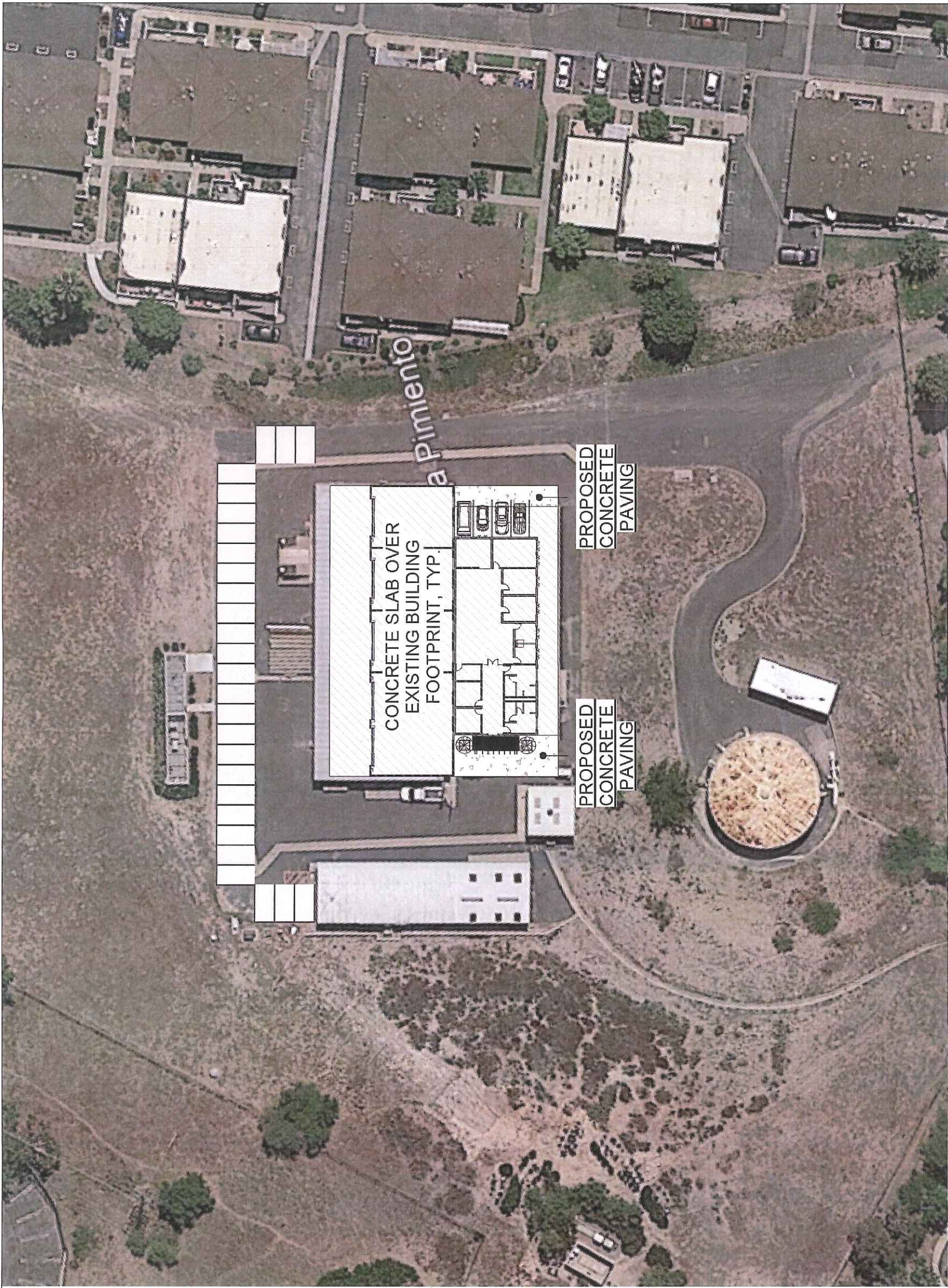


FIGURE
A-1

EL TORO WATER DISTRICT
FILTER PLANT

BRADY

2655 Camino del Rio North
Suite 100, San Diego, CA 92108
P: (858) 496-0500

SITE PLAN

SCALE: 1" = 100'-0"

Platt/Whitelaw
Architects, Inc.
4034 30th Street
San Diego, CA
92104



ROOM SCHEDULE

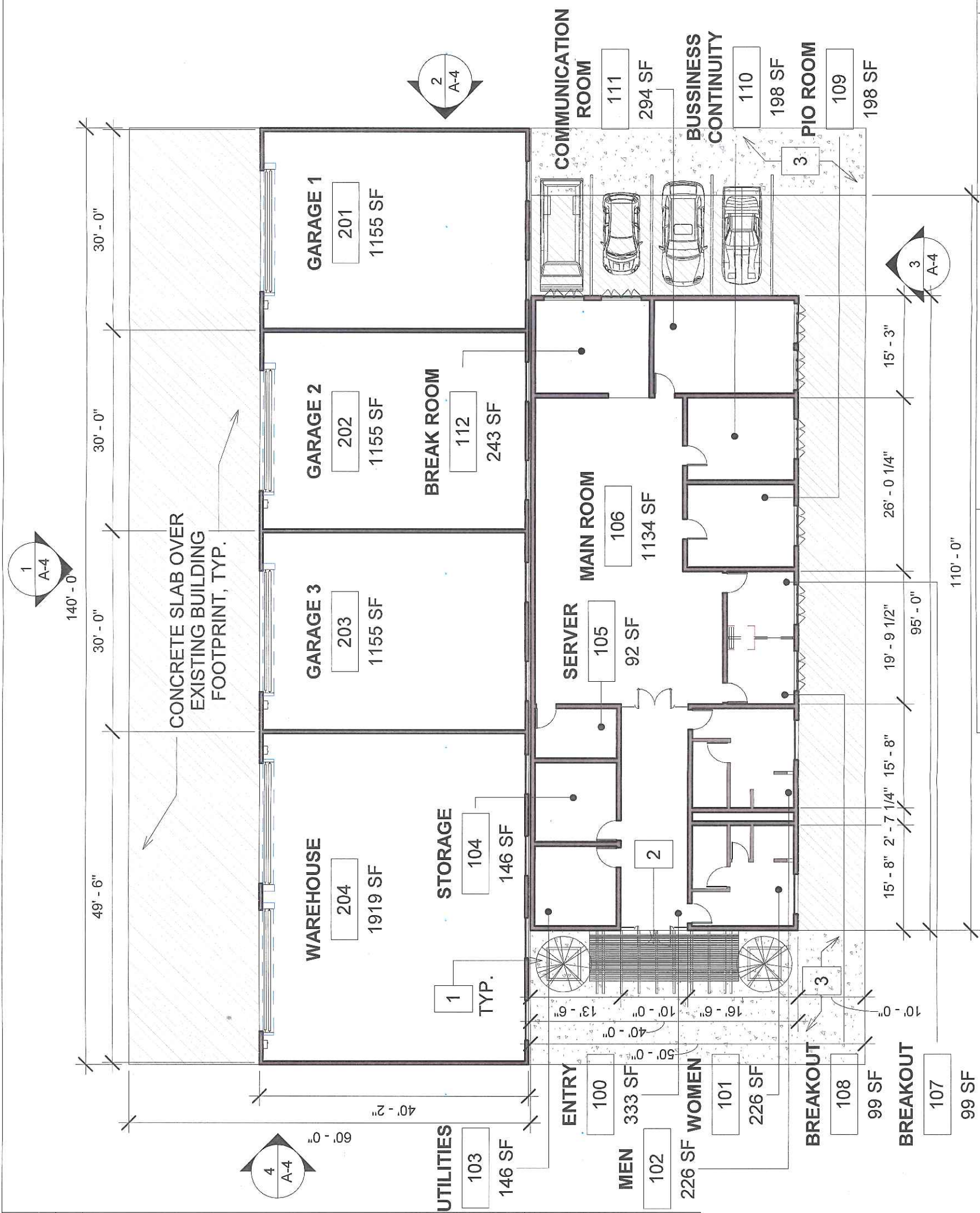
Number	Name	Area
100	ENTRY	333 SF
101	WOMEN	226 SF
102	MEN	226 SF
103	UTILITIES	146 SF
104	STORAGE	146 SF
105	SERVER	92 SF
106	MAIN ROOM	1134 SF
107	BREAKOUT	99 SF
108	BREAKOUT	99 SF
109	PIO ROOM	198 SF
110	BUSSINESS CONTINUITY	198 SF
111	COMMUNICATION ROOM	294 SF
112	BREAK ROOM	243 SF
201	GARAGE 1	1155 SF
202	GARAGE 2	1155 SF
203	GARAGE 3	1155 SF
204	WAREHOUSE	1919 SF

- 1 RAISED PLANTER WITH TREE
- 2 OVERHEAD TRELLIS
- 3 PROPOSED CONCRETE PAVING

ROOM SCHEDULE

Number	Name	Area
100	ENTRY	333 SF
101	WOMEN	226 SF
102	MEN	226 SF
103	UTILITIES	146 SF
104	STORAGE	146 SF
105	SERVER	92 SF
106	MAIN ROOM	1134 SF
107	BREAKOUT	99 SF
108	BREAKOUT	99 SF
109	PIO ROOM	198 SF
110	BUSSINESS CONTINUITY	198 SF
111	COMMUNICATION ROOM	294 SF
112	BREAK ROOM	243 SF
201	GARAGE 1	1155 SF
202	GARAGE 2	1155 SF
203	GARAGE 3	1155 SF
204	WAREHOUSE	1919 SF

- 1 RAISED PLANTER WITH TREE
- 2 OVERHEAD TRELLIS
- 3 PROPOSED CONCRETE PAVING



FLOOR PLAN

SCALE: 1/16" = 1'-0"

EL TORO WATER DISTRICT
FILTER PLANT








BROADY

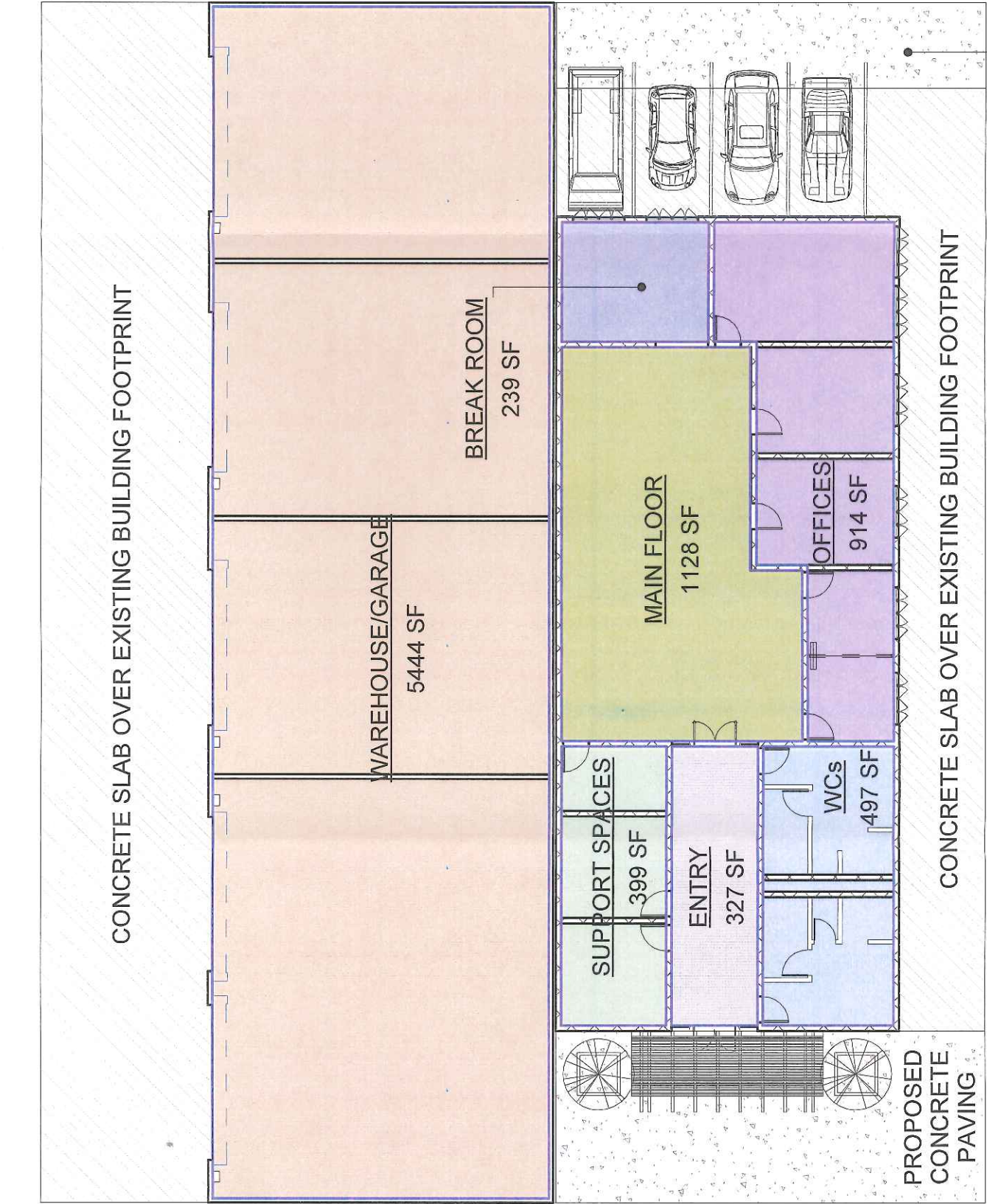
2655 Camino del Rio North
Suite 100, San Diego, CA 92108
P: (858) 496-0500

FIGURE A-2

DATE _____

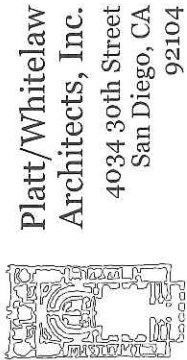
JAN. 2020

AREA LEGEND	
	BREAK ROOM
	ENTRY
	MAIN FLOOR
	OFFICES
	SUPPORT SPACES
	WAREHOUSE/GARAGE
	WCs



PROPOSED
CONCRETE
PAVING

PROPOSED
CONCRETE
PAVING



Platt/Whitelaw
Architects, Inc.
4034 30th Street
San Diego, CA
92104

AREA PLAN

SCALE: 1/16" = 1'-0"

BRADY
2655 Camino del Rio North
Suite 100, San Diego, CA 92108
P: (858) 496-0500

EL TORO WATER DISTRICT
FILTER PLANT

FIGURE
A-3

DATE
JAN. 2020



Platt/Whitelaw
Architects, Inc.
4034 30th Street
San Diego, CA
92104

ELEVATIONS

SCALE: 1/16" = 1'-0"

BRADY

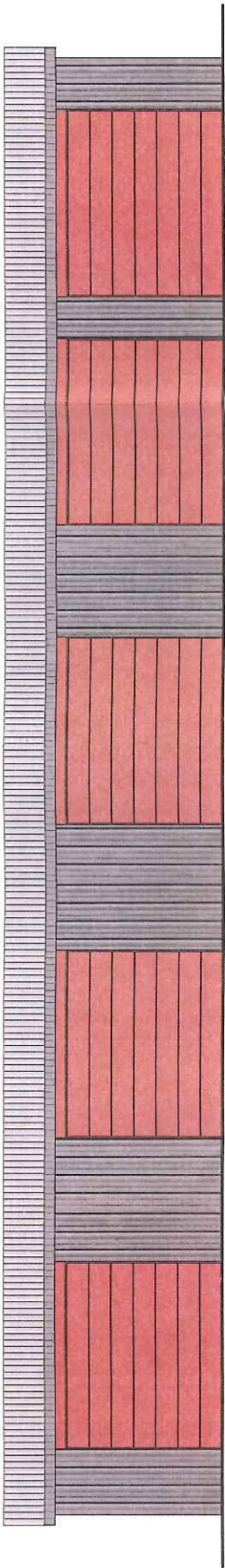
2655 Camino del Rio North
Suite 100, San Diego, CA 92108
P: (858) 496-0500

EL TORO WATER DISTRICT
FILTER PLANT

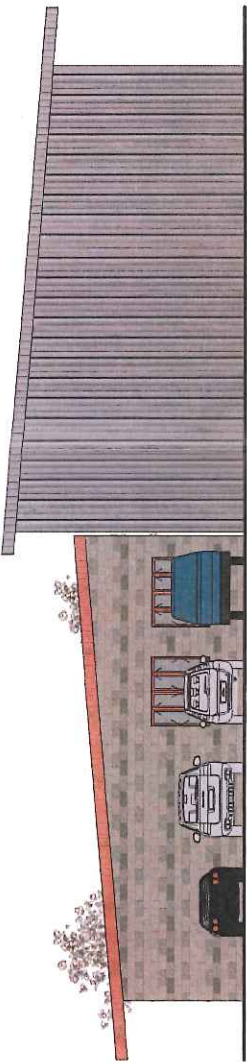
FIGURE
A-4

DATE

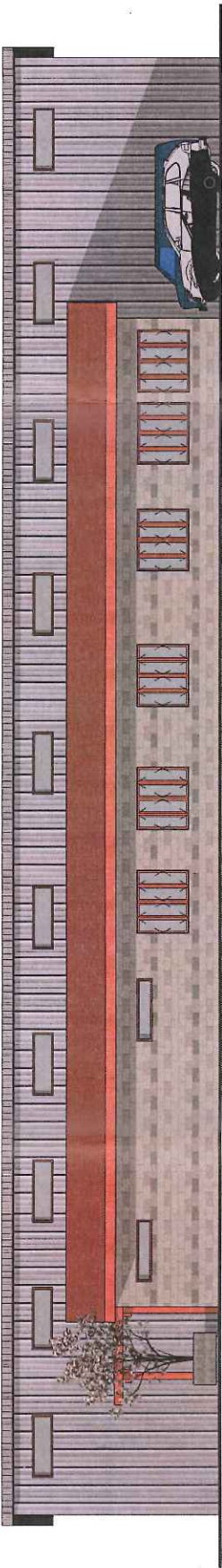
14. JAN 2020



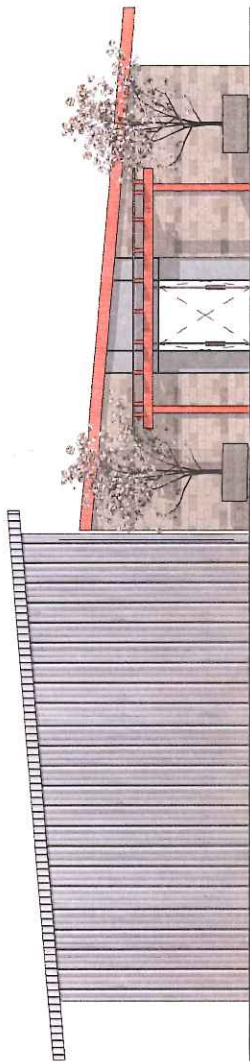
NORTH ELEVATION | 1



EAST ELEVATION | 2



SOUTH ELEVATION | 3



WEST ELEVATION | 4

Option D- ETWD Warehouse/Storage Building Only and MWDOC Cost Reimbursement for the WEROC Building				
Item	Description	El Toro Cost	MWDOC Cost	
1	Demolish and removal of the filter plant steel building	\$325,000		
2	Fill all below ground structures fill, new concrete slab	\$340,000		
3	Utility disconnects, cut and capping/new utilities	\$75,000	\$15,000	
4	Hazardous materials abatement	\$50,000		
5	Removal of concrete valve vault/pipeline disconnects	\$125,000		
6	Construct WEROC building, prefabricated metal (Shook)	\$225,000	\$225,000	
7	Construct ETWD prefabricated storage building (Shook)	\$325,000		
8	Relocation of AQMD office and equipment	\$0		
9	Site grading (allowance)	\$75,000	\$22,500	
10	Rehabilitate HOA entry (allowance)	\$100,000	\$30,000	
11	Fence improvements (allowance)	\$25,000		
12	Landscape and irrigation improvements (allowance)	\$25,000		
13	AC paving repairs (allowance)	\$50,000		
14	Demolish and removal of the existing clearwell, including lead paint abatement	\$155,000		
	FF&E		\$200,000	AV, Telecom, furniture

	Fire Suppression				reg sys \$8 ft
	Plumbing - Both Bathrooms			\$40,000	54900
	HVAC			\$55,000	
				\$100,000	
	Electrical Service Connection, Transformer, Manual Transfer Switch, trenching run			\$185,000	
15	Subtotal	\$1,895,000		\$872,500	
16	General Conditions (10% of line 14)) 15?	\$184,500		\$87,250	
17	Contractor Overhead and Profit (15% of line 14) 15?	\$276.75		\$130,875	
18	Total	\$2,306,250		\$1,090,625	\$1,215,625
19	Project contingency (10% of line 17) 18? CHANGED to 25%	\$230,625		\$272,656	
20	Total project construction cost	\$2,536,875		\$1,363,281	
21	Soft Costs (35% of line 17) 18?	\$887,906		\$381,719	Design & Eng., Permits, Plan Check
22	Total Project Cost	\$3,424,781		\$1,745,000	
23	Low Range of Expected Project Cost (-120% of line 19) 20?	\$2,739,825		\$1,396,000	
24	High Range of Expected Project Cost (+130% of line 19) 20?	\$4,452,216		\$1,919,500	Middle line est 1,824,000

FY 21-22 \$404,219 Soft Costs, Site grading

FY 22-23 Construction \$670,391

FY 23-24 Construction \$670,391

\$1,745,000



April 13, 2021

Street Address:
18700 Ward Street
Fountain Valley, California 92708

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

(714) 963-3058
Fax: (714) 964-9389
www.mwdoc.com

Sat Tamaribuchi
President

Megan Yoo Schneider, P.E.
Vice President

Larry D. Dick
Director

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

Al Nederhood
Director

Karl W. Seckel, P.E.
Director

Jeffery M. Thomas
Director

Robert J. Hunter
General Manager

MEMBER AGENCIES

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

Mr. Mike Markus
General Manager
Orange County Water District
18700 Ward St.
Fountain Valley, CA 92708

RE: South Orange County Emergency Operations Center (EOC) Cost Estimate

Dear Mr. Markus:

MWDOC is in receipt of OCWD's letter dated April 12, 2021, providing comments on the preliminary cost estimate for a replacement WEROC EOC building on El Toro Water District property. Thank you for your comments.

We offer some additional information regarding the preliminary cost estimate to address three main points in the letter:

1. The letter indicates that the soft cost estimate used (i.e., 35% by El Toro Water District's [ETWD] consultant Brady and Associates [Brady]) should have an additional contingency amount added.
 - Guidance for preliminary estimates for building construction projects, indicate that soft costs as a percentage of total construction costs of 30% is generally considered adequate, unless there are circumstances that point toward the need for a higher percentage. The proposed EOC does not exhibit signs that permits or design of the MWDOC portion of the project will be anything other than ordinary. To add additional contingency to an already high soft cost estimate may be construed as estimate 'padding'.
2. The letter also indicates the estimate for a prefabricated steel building seems reasonable, but that items appear to be missing (i.e., concrete slab, interior walls and drop ceilings, and an emergency generator).
 - Our understanding of the Brady estimate is that the interior build-out (partition walls, drop ceiling, and flooring) is included in the building cost estimate.
 - Additionally, in 2020 MWDOC/WEROC thru the Urban Area Security Initiative Grant, obtained a relatively new 240 KVA emergency generator in a transfer agreement with another Orange County agency. The necessary electrical work for the generator transfer switch was added to the Brady estimate in the electrical service connection line item of the revised estimate previously forwarded to OCWD.
 - The issue of MWDOC/WEROC's cost for a concrete slab and site work is something that would be captured in a design level project estimate at the conclusion of further negotiations. An allowance for site preparation (which we take to include costs for concrete slab foundation work) is included in the estimate but is a point of further clarification in future project discussions.

3. Finally, the letter indicates it is not apparent how the project 'expanded' from an existing 2,400 square foot (sf) building to 3,800 sf.
- The existing 2,400 sf building is inadequately sized for emergency operation's needs. The existing building is sited immediately in between a steep hill to the west, a main water transmission line running parallel to the building to the east, an abutting garage actively used by ETWD to the south, and the electrical service for all of the buildings in the area immediately to the north. Previous analysis by Claris Strategy of the existing EOC operations used the existing footprint as the maximum available footprint given the site conditions and attempted to reconfigure the building using those space constraints. The new building, which does not have those constraints, is based upon another Orange County EOC design which determined 3,700 square feet to be a better size for emergency operational needs. In MWDOC's review of the preliminary design, a 10-ft x 10-ft restroom/locker/storage room was added which brought the footprint to 3,800 sf.

Thank you for your comments. Your letter has been forwarded to the MWDOC Board and is included in the Third Draft Budget. I am available if you have any questions or require additional information.

Sincerely,



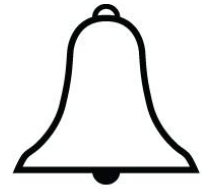
Robert J. Hunter
General Manager

cc: MWDOC Board of Directors
Vicki Osborn, Director of Emergency Management
Charles Busslinger, Director of Engineering

BOARD OF DIRECTORS

CHARLES T. GIBSON
SAUNDRA F. JACOBS
JUSTIN McCUSKER
BETTY H. OLSON, PH.D
FRANK URY

DANIEL R. FERONS
GENERAL MANAGER



Santa Margarita Water District

Mr. Sat Tamaribuchi, President
Municipal Water District of Orange County
PO Box 20895
Fountain Valley, CA 92728

Subject: Comments on Second Draft of Municipal Water District of Orange County Fiscal Year 2021-2022 Budget

Dear President Tamaribuchi:

The District appreciates the opportunity to review the draft annual budget and extends a sincere thanks to the Board and you for the open and transparent process. Overall, we want to compliment the MWDOC Board, you and your staff for your efforts this year to maintain a tight budget during these challenging and stressful times for our communities and joint constituents.

As noted above, we generally support the second draft of the budget. During the presentations at your Board and committee meetings, we discussed a couple of primary issues and want to provide our comments on those below:

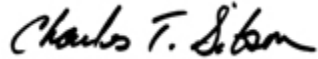
- Regarding the budgeted Orange County Water Use Efficiency Potential & Opportunity Study, before hiring consultants or incurring any expense, further engage with member agencies' representatives to confirm the study's purpose and scope. Also, Metropolitan's technical and financial support for this study should be confirmed prior to adoption of MWDOC's budget.
- The budget discussion at the MWDOC Administration and Finance Committee included the South Orange County Emergency Operation Center and potential addition of the capital costs for this project. We support the use of reserves to fund the project as discussed in MWDOC committee.
- The Public Affairs budget includes development of a video series on the importance of the Bay Delta. The need and purpose of this item is not clear. The District requests MWDOC remove the item from the budget and work to develop a regional approach similar to the recently produced video series on recycled water by the Southern California Water Coalition. The collaborative approach made the series valuable across Southern California and may help defray expenses.
- The recent committee discussion also included a look at the MWDOC Reserve Policy, the District supports that effort considering the relatively low risk for financial hardship at MWDOC.

In addition, MWDOC is developing a cost allocation with the study by Raftelis, the District wants to confirm its support for the continued use of a retail agency cost allocation by meter and support for the proposed 1/26th allocation of all cost centers to the groundwater class of customer, Orange County Water District.

Thank you in advance for consideration of comments and suggestions, please feel free to reach out to Dan Ferons at danf@smwd.com or me at charlesg@smwd.com with any questions or comments.

Very Truly Yours,

SANTA MARGARITA WATER DISTRICT

A handwritten signature in black ink, appearing to read "Charles T. Gibson".

Charles T. Gibson
President

CC: MWDOC Board of Directors
SMWD Board of Directors
Mr. Robert Hunter, General Manager



April 2, 2021

Street Address:
18700 Ward Street
Fountain Valley, California 92708

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

(714) 963-3058
Fax: (714) 964-9389
www.mwdoc.com

Sat Tamaribuchi
President

Megan Yoo Schneider, P.E.
Vice President

Larry D. Dick
Director

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

Al Nederhood
Director

Karl W. Seckel, P.E.
Director

Jeffery M. Thomas
Director

Robert J. Hunter
General Manager

MEMBER AGENCIES

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

Mr. Charles T. Gibson, President
Santa Margarita Water District
26111 Antonio Parkway
Santa Margarita, CA 92688

RE: SMWD Comment Letter – MWDOC Second Draft Budget FY 2021-22

Dear President Gibson:

Thank you for your comment letter of March 19, 2021 and your statements at last night's Elected Officials Forum. I appreciate your complimentary observations regarding an open and transparent budget process and the efforts of the MWDOC Board and Staff to maintain a tight budget. We have previously discussed the issues in your letter at your Board meeting on the morning of March 19th but I will formally respond to your letter to MWDOC President Tamaribuchi. Please be aware that your letter was distributed to the entire MWDOC Board upon receipt.

The following text is from the third draft of the MWDOC budget which will be discussed at the April 19, 2021 Administration & Finance (A&F) Committee meeting. Please note that this meeting date has been changed from April 14. This text will be updated to incorporate any other comment letters MWDOC receives prior to the meeting posting date and to reflect the discussions of the April 5, 2021 Planning & Operations (P&O) Committee meeting regarding the South Emergency Operations Center (EOC).

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 and second draft budgets were discussed at the February and March A&F and Managers meetings. Member Agency input and comment is requested, encouraged and received during each meeting. One comment letter was received on the second draft budget from the Santa Margarita Water District (SMWD) (March 19, 2021) which included four comments on the draft budget and one comment on the rate study.

- Regarding the proposed Orange County Water Use Efficiency Potential & Opportunity Study, SMWD commented that MWDOC staff should further engage with member agency representatives to confirm purpose and scope and potential involvement by Metropolitan's technical staff. Additional discussion was held during the Member Agency Managers meeting and with Metropolitan.
- SMWD supports the use of MWDOC reserves to fund the South Emergency Operations Center Project. MWDOC has discussed the project further in the April Planning & Operations Committee and the recommendations from that committee are incorporated into the budget.
- SMWD requested that MWDOC remove the development of a video series on the Bay Delta from the budget and work to develop a regional approach to the videos to help defray costs.
- SMWD supports a review of MWDOC's Reserve Policy.
- Regarding the rate study, SMWD supports the proposed modification to the 1/26th fixed rate method.

Let me provide some additional information regarding each of SMWD's comments.

Orange County Water Use Efficiency Potential & Opportunity Study

A detailed discussion was held with the MWDOC Member Agency Managers at the March 18, 2021 meeting. There was consensus on the study purpose, need, and scope. The project was further discussed at last night's Elected Officials Forum. Coordination is being conducted not only with Metropolitan but also with other MET Member Agencies and regional organizations. The intention is to build on existing research. One goal of the study is to have a solid technical basis to the discussions with state regulators and legislators regarding the conservation framework and standards. MWDOC has found this data driven approach to be effective in guiding proposed regulation.

South Emergency Operations Center Project

Thank you for the support of this project. As requested by the MWDOC Board this item has been agendized for Monday's P&O meeting. The timeline is being driven by El Toro Water District's site redevelopment project. There are two late breaking developments. IRWD has proposed a change in the primary and secondary EOC designations and has offered an IRWD public community room as a secondary location. This offer is currently being evaluated. The second item relates to the possibility of a new federal grant process and program for emergency response projects. The recommended option for the Committee and Board decisions is to fund the first year of the project through reserve funds and use that year to evaluate and pursue funding alternatives.

Bay Delta Video Series

MWDOC Staff has an ongoing relationship with the Southern California Water Coalition and has participated in and shared funding on communication projects. These specific videos are focused on the sustainable water supply for Orange County and one of multiple target audiences is the city cable access system in OC. The five 2.5-3 minute videos are one of the services embedded in our social media contract. Damon Micalizzi and Jim Leach have discussed the video project and concur on its benefits.

Reserve Policy

The Reserve Policy is set by the Board of Directors. The current policy was established based on a financial consultant's review of the previous policy from the Settlement Agreement. That study was conducted because MWDOC found that the reserve limits had to be repeatedly exceeded based on actual conditions. The Board implemented the study's recommendations. SMWD's comments on the Reserve Policy have been forwarded to the Board.

2021 Rate Study

Thank you for your support of the Groundwater 1/26th share rate methodology. Two goals of the ongoing rate study were to develop rates that are legal and that were considered equitable by consensus. The study has progressed smoothly with a remarkable degree of consensus. The result is an offsetting financial shift from the groundwater to the retail meter customer class. The decision on the rate study and the resulting rates is scheduled for recommendation at the April 19th A&F meeting and Board approval at the April 21st Board of Directors meeting.

Thank you again for your comments. I am available at your convenience to answer questions or provide additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert J. Hunter".

Robert J. Hunter
General Manager
Municipal Water District of Orange County

cc: MWDOC Board of Directors
SMWD Board of Directors
Dan Ferons, General Manager



Annual Budget for Fiscal Year 2021-22

Third Draft

MWDOC's mission is:

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

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

	FY 2020-2021 ADOPTED BUDGET	FY 2020-2021 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2021-2022 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2020-2021 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 3,609,691	\$ 3,571,034	\$ (38,657)	\$ 3,630,813	\$ 59,779	\$ 21,122
Employee Benefits	1,182,786	1,180,004	(2,782)	1,194,060	14,056	11,274
Director Compensation	258,909	237,059	(21,850)	288,800	51,741	29,891
Director Benefits	101,971	122,925	20,955	128,022	5,097	26,051
MWD Representation	157,070	127,043	(30,027)	165,029	37,986	7,959
CALPERS Unfunded Liability Contribution	207,000	207,000	-	207,000	-	-
Overhead Reimbursement	(300,926)	(296,267)	4,659	(304,761)	(8,494)	(3,835)
Health Insurance Coverage for Retirees	87,449	80,288	(7,161)	101,099	20,811	13,650
Audit Expense	29,725	20,162	(9,563)	30,220	10,058	495
Automotive & Toll Road Expenses	21,300	2,100	(19,200)	17,050	14,950	(4,250)
Conference Expense - Staff	26,515	10,000	(16,515)	44,560	34,560	18,045
Conference Expense - Directors	18,695	3,735	(14,960)	16,845	13,110	(1,850)
Engineering Expense	340,000	574,896	234,896	380,000	(194,896)	40,000
Insurance Expense	110,000	120,000	10,000	130,000	10,000	20,000
Legal Expense - General	210,500	188,097	(22,403)	225,000	36,903	14,500
Maintenance Expense	131,420	99,000	(32,420)	153,400	54,400	21,980
Membership / Sponsorship	127,161	146,944	19,783	143,041	(3,903)	15,880
CDR Participation	53,158	53,158	-	65,249	12,091	12,091
Miscellaneous Expense	103,000	40,446	(62,554)	76,381	35,935	(26,619)
Postage / Mail Delivery	8,900	8,306	(594)	8,600	294	(300)
Professional Fees	996,202	865,065	(131,137)	865,859	794	(130,343)
Rents & Leases	1,750	1,200	(550)	1,800	600	50
Outside Printing, Subscription & Books	84,700	42,005	(42,695)	83,700	41,695	(1,000)
Office Supplies	39,000	18,000	(21,000)	35,000	17,000	(4,000)
Building Repair & Maintenance	15,000	12,500	(2,500)	15,000	2,500	-
Computer Maintenance	8,000	7,200	(800)	8,000	800	-
Business Expense	4,500	1,500	(3,000)	2,500	1,000	(2,000)
Software Support & Expense	89,640	81,000	(8,640)	82,580	1,580	(7,060)
Computers and Equipment	31,550	31,550	-	23,450	(8,100)	(8,100)
Telecommunications Expense	29,650	35,547	5,897	41,400	5,853	11,750
Temporary Help Expense	5,000	-	(5,000)	5,000	5,000	-
Training Expense	62,500	60,000	(2,500)	50,000	(10,000)	(12,500)
Tuition Reimbursement	5,000	1,000	(4,000)	5,000	4,000	-

(1)

(2)

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

	FY 2020-2021 ADOPTED BUDGET	FY 2020-2021 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2021-2022 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2020-2021 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	62,495	7,000	(55,495)	69,825	62,825	7,330
Travel & Accommodations - Directors	24,900	3,000	(21,900)	21,250	18,250	(3,650)
MWDOC's Contribution to WEROC: Operations	241,236	241,236	-	260,346	19,110	19,110
Capital Acquisition (excluding building)	154,200	345,297	191,097	273,059	(72,238)	118,859
Capital Acquisition to Carryover	271,900	5,803	(266,097)	-	(5,803)	(271,900)
Capital Acq Prior Year Carryover Credit	(346,900)	(271,900)	75,000	(5,803)	266,097	341,097
NORMAL OPERATING EXPENSES	\$ 8,264,646	\$ 7,982,933	\$ (281,713)	\$ 8,538,373	\$ 555,440	\$ 273,727
MWDOC's Building Expense	\$ 1,870,000	\$ 1,408,884	\$ (461,116)	\$ 903,089	\$ (505,795)	\$ (966,911)
Building Expense to Carryover	\$ -	\$ 461,116	\$ 461,116	\$ -	\$ (461,116)	\$ -
Building Expense Prior Year Carryover Credit	\$ (1,143,117)	\$ (1,143,117)	\$ -	\$ (461,116)	\$ 682,001	\$ 682,001
TOTAL EXPENSES	\$ 8,991,529	\$ 8,709,816	\$ (281,713)	\$ 8,980,346	\$ 270,530	\$ (11,183)

REVENUES:						
Retail Meter Charge	\$ 7,837,792	\$ 7,837,792	\$ (0)	\$ 8,132,230	\$ 294,438	\$ 294,437
Ground Water Customer Charge	595,323	595,323	-	573,893	(21,430)	(21,430)
Interest Revenue	458,000	213,000	(245,000)	220,000	7,000	(238,000)
Miscellaneous Income	3,000	3,000	-	3,000	-	-
TOTAL REVENUES	\$ 8,894,116	\$ 8,649,115	\$ (245,000)	\$ 8,929,123	\$ 280,007	\$ 35,007

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ (97,413)	\$ (60,700)	\$ 36,713	\$ (51,223)	\$ 9,478	\$ 46,190

- (1) Total FY2021-2022 Salaries & Wages includes \$0 for intern support
- (2) Total FY2021-2022 Benefits includes \$0 for intern support. Total Benefits also includes a Calpers contribution for full time employees of 10.88% for Classic employees and 7.59% for PEPRA employees. A further assumption is that medical, dental and vision insurance rates will increase by 6% for calendar year 2022.
- (3) Carryover is for work and capital purchases on the building that were budgeted for but not completed and will be carried over to the next year as a carryover credit
- (4) Carryover credit is the cumulative dollars from prior years that was unspent and that will be applied toward work projected to be completed in future years.
- (5) Based on FY20-21 projections and FY21-22 MWDOC designated reserve target, designated reserves will be essentially fully funded.

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

	FY 2020-2021 ADOPTED BUDGET	FY 2020-2021 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2021-2022 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2020-2021 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 542,384	\$ 534,586	\$ (7,797)	\$ 547,729	\$ 13,143	\$ 5,346
less for Recovery from Grants	-	(39,927)	(39,927)	(18,665)	21,262	(18,665)
Employee Benefits	152,599	149,636	(2,963)	162,670	13,034	10,071
Director Compensation	-	-	-	-	-	-
Director Benefits	-	-	-	-	-	-
MWD Representation	-	-	-	-	-	-
Overhead Reimbursement	300,926	296,267	(4,659)	304,761	8,494	3,835
Health Insurance Coverage for Retirees	-	-	-	-	-	-
Audit Expense	-	-	-	-	-	-
Automotive & Toll Road Expenses	1,000	100	(900)	200	100	(800)
Vehicle Expense	6,350	4,600	(1,750)	5,800	1,200	(550)
Conference Expense - Staff	-	-	-	-	-	-
Conference Expense - Directors	-	-	-	-	-	-
Engineering Expense	-	-	-	-	-	-
Insurance Expense	-	-	-	-	-	-
Legal Expense - General	-	-	-	-	-	-
Maintenance Expense	-	-	-	-	-	-
Membership / Sponsorship	-	-	-	-	-	-
Miscellaneous Expense	12,000	9,000	(3,000)	12,000	3,000	-
Postage / Mail Delivery	400	400	-	400	-	-
Professional Fees	585,136	378,734	(206,402)	594,758	216,024	9,622
Rents & Leases	-	-	-	-	-	-
Outside Printing, Subscription & Books	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-
Supplies - Water Loss Control	10,000	10,000	-	4,000	(6,000)	(6,000)
Computer Maintenance	-	-	-	-	-	-
Software Support & Expense	15,000	-	(15,000)	2,100	2,100	(12,900)
Telecommunications Expense	1,200	1,440	240	1,440	-	240
Computers and Equipment	2,000	1,908	(92)	-	(1,908)	(2,000)
Temporary Help Expense	-	-	-	-	-	-
Training Expense	2,000	2,000	-	2,000	-	-
Tuition Reimbursement	-	-	-	-	-	-

(1)

(2)

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

	FY 2020-2021 ADOPTED BUDGET	FY 2020-2021 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2021-2022 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2020-2021 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	-	-	-	-	-	-
Travel & Accommodations - Directors	-	-	-	-	-	-
Capital Acquisition	-	-		-	-	-
Subtotal Expenses	\$ 1,630,995	\$ 1,348,745	\$ (282,250)	\$ 1,619,194	\$ 270,449	20.05%
TOTAL EXPENSES	\$ 1,630,995	\$ 1,348,745	\$ (282,250)	\$ 1,619,194	\$ 270,449	\$ (11,801)

REVENUES:						
Choice Revenue	\$ 1,630,995	\$ 1,348,745	\$ (282,250)	\$ 1,619,194	\$ 270,449	\$ (11,801)
TOTAL REVENUES	\$ 1,630,995	\$ 1,348,745	\$ (282,250)	\$ 1,619,194	\$ 270,449	\$ (11,801)

- (1) Total FY2021-2022 Salaries & Wages includes \$51,378 for intern support
- (2) Total FY2021-2022 Benefits includes \$5,052 for intern support. Total Benefits also includes a Calpers contribution for full time employees of 10.88% for Classic employees and 7.59% for PEPRAs Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 6% for calendar year 2022.

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2020-2021 ADOPTED BUDGET	FY 2020-2021 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2021-2022 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2020-2021 BUDGET	
OPERATING EXPENSES:							
Salaries & Wages	\$ 4,152,075	\$ 4,105,620	\$ (46,454)	\$ 4,178,542	\$ 72,922	\$ 26,468	(1)
less for Recovery from Grants	-	(39,927)	(39,927)	(18,665)	21,262	(18,665)	
Employee Benefits	1,335,385	1,329,640	(5,744)	1,356,730	27,090	21,345	(2)
Director Compensation	258,909	237,059	(21,850)	288,800	51,741	29,891	
Director Benefits	101,971	122,925	20,955	128,022	5,097	26,051	
MWD Representation	157,070	127,043	(30,027)	165,029	37,986	7,959	
CALPERS Unfunded Liability Contribution	207,000	207,000	-	207,000	-	-	
Overhead Reimbursement	-	-	-	-	-	-	
Health Insurance Coverage for Retirees	87,449	80,288	(7,161)	101,099	20,811	13,650	
Audit Expense	29,725	20,162	(9,563)	30,220	10,058	495	
Automotive & Toll Road Expenses	22,300	2,200	(20,100)	17,250	15,050	(5,050)	
Vehicle Expense - Water Loss Control	6,350	4,600	(1,750)	5,800	1,200	(550)	
Conference Expense - Staff	26,515	10,000	(16,515)	44,560	34,560	18,045	
Conference Expense - Directors	18,695	3,735	(14,960)	16,845	13,110	(1,850)	
Engineering Expense	340,000	574,896	234,896	380,000	(194,896)	40,000	
Insurance Expense	110,000	120,000	10,000	130,000	10,000	20,000	
Legal Expense - General	210,500	188,097	(22,403)	225,000	36,903	14,500	
Maintenance Expense	131,420	99,000	(32,420)	153,400	54,400	21,980	
Membership / Sponsorship	127,161	146,944	19,783	143,041	(3,903)	15,880	
CDR Participation	53,158	53,158	-	65,249	12,091	12,091	
Miscellaneous Expense	115,000	49,446	(65,554)	88,381	38,935	(26,619)	
Postage / Mail Delivery	9,300	8,706	(594)	9,000	294	(300)	
Professional Fees	1,581,338	1,243,799	(337,539)	1,460,617	216,818	(120,721)	
Rents & Leases	1,750	1,200	(550)	1,800	600	50	
Outside Printing, Subscription & Books	84,700	42,005	(42,695)	83,700	41,695	(1,000)	
Office Supplies	39,000	18,000	(21,000)	35,000	17,000	(4,000)	
Supplies - Water Loss Control	10,000	10,000	-	4,000	(6,000)	(6,000)	
Building Repair & Maintenance	15,000	12,500	(2,500)	15,000	2,500	-	
Computer Maintenance	8,000	7,200	(800)	8,000	800	-	
Business Expense	4,500	1,500	(3,000)	2,500	1,000	(2,000)	
Software Support & Expense	104,640	81,000	(23,640)	84,680	3,680	(19,960)	
Computers and Equipment	33,550	33,458	(92)	23,450	(10,008)	(10,100)	
Telecommunications Expense	30,850	36,987	6,137	42,840	5,853	11,990	
Temporary Help Expense	5,000	-	(5,000)	5,000	5,000	-	
Training Expense	64,500	62,000	(2,500)	52,000	(10,000)	(12,500)	
Tuition Reimbursement	5,000	1,000	(4,000)	5,000	4,000	-	

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2020-2021 ADOPTED BUDGET	FY 2020-2021 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2021-2022 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2020-2021 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	62,495	7,000	(55,495)	69,825	62,825	7,330
Travel & Accommodations - Directors	24,900	3,000	(21,900)	21,250	18,250	(3,650)
MWDOC's Contribution to WEROC: Operations	241,236	241,236	-	260,346	19,110	19,110
and to WEROC Capital Improvements	-	-	-	-	-	-
Capital Acquisition (excluding building)	154,200	345,297	191,097	273,059	(72,238)	118,859
Capital Acquisition to Carryover	271,900	5,803	(266,097)	-	(5,803)	(271,900)
Capital Acq Prior Year Carryover Credit	(346,900)	(271,900)	75,000	(5,803)	266,097	341,097
NORMAL OPERATING EXPENSES	\$ 9,895,641	\$ 9,331,678	\$ (563,963)	\$ 10,157,567	\$ 825,889	\$ 261,926
MWDOC's Building Expense	\$ 1,870,000	\$ 1,408,884	\$ (461,116)	\$ 903,089	\$ (505,795)	\$ (966,911)
Building Expense to Carryover	\$ -	\$ 461,116	\$ 461,116	\$ -	\$ (461,116)	\$ -
Building Expense Prior Year Carryover Credit	\$ (1,143,117)	\$ (1,143,117)	\$ -	\$ (461,116)	\$ 682,001	\$ 682,001
TOTAL EXPENSES	\$ 10,622,524	\$ 10,058,561	\$ (563,963)	\$ 10,599,540	\$ 540,979	\$ (22,984)

(3)

(4)

(3)

(4)

REVENUES:						
Retail Meter Charge	\$ 7,837,792	\$ 7,837,792	\$ (0)	\$ 8,132,230	\$ 294,438	\$ 294,437
Ground Water Customer Charge	595,323	595,323	-	573,893	(21,430)	(21,430)
Interest Revenue	458,000	213,000	(245,000)	220,000	7,000	(238,000)
Miscellaneous Income	3,000	3,000	-	3,000	-	-
Choice Revenue	1,630,995	1,348,745	(282,250)	1,619,194	270,449	(11,801)
TOTAL REVENUES	\$ 10,525,111	\$ 9,997,860	\$ (527,250)	\$ 10,548,317	\$ 550,457	\$ 23,206

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ (97,413)	\$ (60,700)	\$ 36,713	\$ (51,223)	\$ 9,478	\$ 46,190

(5)

- (1) Total FY2021-2022 Salaries & Wages includes \$51,378 for intern support
- (2) Total FY2021-2022 Benefits includes \$5,052 for intern support. Total Benefits also includes a Calpers contribution for full time employees of 10.88% for Classic employees and 7.59% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 6% for calendar year 2022.
- (3) Carryover is for work and capital purchases on the building that were budgeted for but not completed and will be carried over to the next year as a carryover credit
- (4) Carryover credit is the cumulative dollars from prior years that was unspent and that will be applied toward work projected to be completed in future years.
- (5) Based on FY20-21 projections and FY21-22 MWDOC designated reserve target, designated reserves will be essentially fully funded.

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

	FY 2020-2021 ADOPTED BUDGET	FY 2020-2021 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2021-2022 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2020-2021 BUDGET
Water Revenues			(1)			(2)
Water Sales	\$ 213,288,586	\$ 132,313,277	\$ (80,975,309)	\$ 159,262,425	\$ 26,949,149	\$ (54,026,161)
Local Resource Program Incentives	(4,881,259)	(4,106,624)	774,635	(4,136,088)	(29,464)	745,171
Readiness-To-Serve Charge	11,583,326	11,110,718	(472,608)	11,142,354	31,636	(440,972)
Capacity Charge	3,892,240	4,312,425	420,185	4,732,610	420,185	840,370
Interest Revenue - Tier 2 Cont.	22,000	10,000	(12,000)	10,500	500	(11,500)
SCP/SAC Pipeline Surcharge	315,000	312,432	(2,568)	315,000	2,568	-
TOTAL WATER REVENUES	\$ 224,219,893	\$ 143,952,228	\$ (80,267,665)	\$ 171,326,801	\$ 27,374,573	\$ (52,893,092)
Water Expenses						
Water Purchases	\$ 213,288,586	\$ 132,313,277	\$ (80,975,309)	\$ 159,262,425	\$ 26,949,149	\$ (54,026,161)
Local Resource Program Incentives	(4,881,259)	(4,106,624)	774,635	(4,136,088)	(29,464)	745,171
Readiness-To-Serve Charge	11,583,326	11,110,718	(472,608)	11,142,354	31,636	(440,972)
Capacity Charge	3,892,240	4,312,425	420,185	4,732,610	420,185	840,370
SCP/SAC Pipeline Surcharge	315,000	312,432	(2,568)	315,000	2,568	-
TOTAL WATER EXPENSES	\$ 224,197,893	\$ 143,942,228	\$ (80,255,665)	\$ 171,316,301	\$ 27,374,073	\$ (52,881,592)
Changes to Fund Balance:						
Tier 2 Contingency	\$ 22,000	\$ 10,000	\$ (12,000)	\$ 10,500	\$ 500	\$ (11,500)

(1) The large variance between FY2020-21 Adopted Budget and Project Actuals is due to the below average treated water demands of MWDOC's retail agencies. Low treated water demands can be attributed to more retail agency local water production and low consumptive water demand, mainly attributed to the COVID-19 economic downturn.

(2) Proposed Budget sales for FY2021-22 are estimated to be below last year's Adopted Budget as a result of low treated water demands due to increased retail agency local water production and low consumptive water demand, mainly attributed to the COVID-19 economic downturn.

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

	FY 2020-2021 ADOPTED BUDGET	FY 2020-2021 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2021-2022 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2019-2020 BUDGET
Funding						
Metropolitan Water District	\$ 788,114	\$ 1,177,270	\$ 389,156	\$ 1,459,112	\$ 281,843	\$ 670,999
USBR	175,604	211,100	35,496	162,020	(49,081)	(13,584)
DWR	457,586	571,980	114,394	708,233	136,253	250,647
Member Agencies	123,630	262,205	138,575	239,387	(22,818)	115,757
MWDOC	35,000	35,000	(0)	50,000	15,000	15,000
TOTAL OUTSIDE FUNDING	\$ 1,579,934	\$ 2,257,555	\$ 677,621	\$ 2,618,752	\$ 361,197	\$ 1,038,818
Program Expenses Funded from Outside Sources						
Installation Verification	59,000	62,692	3,692	68,600	5,908	9,600
Rebate Incentives	1,196,934	1,926,268	729,334	2,252,822	326,554	1,055,888
TOTAL PROGRAMS EXPENSES	\$ 1,579,934	\$ 2,257,555	\$ 677,621	\$ 2,618,752	\$ 361,197	\$ 1,038,818

Exhibit B
Expenditures by Program

Cost Center	PROGRAM	FY 2020-2021 BUDGET FTE	FY 2021-2022 BUDGET FTE	FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
11	Administrative - Board	1.67	1.58	\$ 1,173,230	\$ 1,037,923	\$ 1,235,796
12	Administrative - General	3.75	3.97	695,341	656,142	789,058
13	Personnel / Staff Development	1.56	1.69	427,047	396,491	393,261
19	Overhead	4.43	4.15	1,068,235	1,011,959	1,355,957
21	Reliability Planning and Engineering	3.62	2.57	941,736	1,081,194	679,793
23	Metropolitan Issues and Water Policy	3.76	3.98	777,165	789,692	959,009
31	Governmental Affairs	0.97	0.85	514,960	457,556	495,760
35	Water Use Efficiency (Core)	1.04	0.95	461,443	464,143	465,589
32	Public Affairs	4.45	4.77	910,703	822,677	1,007,906
41	Finance	3.55	3.37	673,518	656,629	583,812
45	Information Technology	1.01	0.99	380,031	367,291	312,086
25	MWDOC's Contribution to WEROC	3.20	3.11	241,236	241,236	260,346
CORE TOTAL		33.01	31.98	\$ 8,264,646	\$ 7,982,933	\$ 8,538,373
62	Water Use Efficiency Program	4.85	4.90	900,920	850,428	914,889
63	School Programs	0.06	0.05	406,606	210,974	412,988
70	Water Loss Control	1.83	1.39	323,469	287,343	291,317
CHOICE TOTAL		6.74	6.34	\$ 1,630,995	\$ 1,348,745	\$ 1,619,194
CORE & CHOICE TOTAL		39.75	38.32	\$ 9,895,641	\$ 9,331,678	\$ 10,157,567
Includes:	Full-time employees	33.00	32.25	(2)		
	Part-time employees	1.15	1.52			
	Interns	2.39	1.44			
	WEROC Full-time employees	2.72	3.11			
	WEROC Part-time employees	0.49				

(1)

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

(2) FTE's for 2020-2021 are calculated based on 2088 hours of work for the year. FTE's for 2021-2022 are calculated based on 2088 hours worked for the year. This corresponds to the actual working days for the fiscal year which varies year to year. MWDOC and WEROC combined are budgeted to have a total of 35 full-time employees, 3 part-time employee and 3 interns. Several full-time employees are budgeted to work less than 40 hours a week which explains the fractions of an FTE for full time employees. The decrease of one FTE overall is due to an employee retiring from the Finance Department.

Municipal Water District of Orange County
2021-2022 FISCAL MASTER PLAN PROJECTIONS
(in thousands)

	Projected ACTUALS FY20-21	BUDGET FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Beginning Designated Reserve Balance - MWDOC	\$7,305	\$ 7,971	\$ 7,975	\$ 8,166	\$ 8,234	\$ 8,782	\$ 9,402
OPEB Reserve	297	297	297	297	297	297	297
Adjusted Reserve Balance	7,008	7,674	7,678	7,869	7,937	8,485	9,105
Revenues							
Water Rate Revenues:							
Retail Meter Agency Charge	7,838	8,132	8,336	8,489	8,581	8,688	8,746
Ground Water Customer Charge	595	574	581	588	595	602	609
Subtotal	8,433	8,706	8,917	9,077	9,176	9,290	9,355
Other Revenues:							
Choice Revenues	1,349	1,619	1,639	1,658	1,678	1,698	1,719
Interest Earnings	213	220	232	283	342	424	525
Misc./Reimbursements	3	3	3	3	3	3	3
Subtotal	1,565	1,842	1,874	1,945	2,024	2,125	2,247
Total Revenues	9,998	10,548	10,791	11,021	11,200	11,415	11,602
Expenses							
Core Expenses	7,904	8,271	8,370	8,471	8,572	8,675	8,779
Choice Expenses	1,349	1,619	1,639	1,658	1,678	1,698	1,719
Capital Acquisitions (not including building)	79	267	20	20	20	20	20
Total Expenses w/o Building & Election	9,332	10,158	10,029	10,149	10,271	10,394	10,518
Revenue Over Expenses w/o Building & Election	666	391	762	872	929	1,021	1,084
ELECTION Reserve Beginning Balance	1,333	462	462	190	571	81	462
Annual Election Reserve Contribution	-	-	381	381	381	381	381
Annual Election Expense	871	-	653	-	871	-	653
Election Reserve Ending Balance	462	462	190	571	81	462	190
BUILDING Reserve Beginning Balance	437	-	-	-	413	403	413
Annual Building Reserve Contribution	-	387	190	423	-	20	10
Annual Building Expense	727	442	200	10	10	10	10
BUILDING Reserve Ending Balance	-	-	-	413	403	413	413
CASH FLOW Reserve Beginning Balance	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Annual Cash Flow Reserve Contribution	-	-	-	-	-	-	-
Cash Flow Reserve Ending Balance	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Ending General Fund & Cash Flow Reserves	\$ 7,212	\$ 7,216	\$ 7,679	\$ 6,953	\$ 8,001	\$ 8,230	\$ 9,195
Document does not reflect MWDOC's irrevocable trust towards OPEB liability							
MWDOC Water Rates							
Total Retail Customer Meters	642,442	642,864	646,211	648,010	650,101	653,200	655,100
OCWD BPP %	75%	75%	75%	75%	75%	75%	75%
Increment Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Charge	\$ 12.20	\$ 12.65	\$ 12.90	\$ 13.10	\$ 13.20	\$ 13.30	\$ 13.35
Fixed Charge %		100%	100%	100%	100%	100%	100%
Rate Increase Proposal:							
Increment Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Charge	\$ 0.45	\$ 0.25	\$ 0.20	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.05

1 Assumptions for FMP:

Inflation factor:

1.20% per year

Rate of return on Investment of portfolio:

0.91% per year

Working Capital and Interest Revenue Projections

	FISCAL MASTER PLAN PROJECTIONS				
	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
Working Capital:					
Designated Reserve Fund	7,975	8,166	8,234	8,782	9,402
Average Revenue from Agencies	4,458	4,538	4,588	4,645	4,677
WUE use of fund	(200)	(200)	(200)	(200)	(200)
Water Payment Float	7,138	7,163	7,188	7,213	7,238
Average Working Capital	19,372	19,668	19,810	20,440	21,118
Interest rate	1.20%	1.44%	1.73%	2.07%	2.49%
Interest Revenue Projections:					
Interest income - General	232	283	342	424	525
Total Interest Revenue Projections	232	283	342	424	525

Total Core Expenses

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	3,609,691	3,571,034	3,630,813
6090	Directors Compensation - MWDOC	258,909	237,059	288,800
6095	Directors Compensation - MWD	157,070	127,043	165,029
6105	Benefits - Admin	1,182,786	1,180,004	1,194,060
6109	CALPERS Unfunded Liability Contribution	207,000	207,000	207,000
6111	Overhead Reimbursement	(300,926)	(296,267)	(304,761)
6115	Benefits - Directors	101,971	122,925	128,022
6120	Health Insurance Coverage for Retirees	87,449	80,288	101,099
6205	Training	62,500	60,000	50,000
6210	Tuition Reimbursement	5,000	1,000	5,000
6220	Temporary Help	5,000	-	5,000
7010	Engineering - Outside Services	340,000	574,896	380,000
7020	Legal - General	210,500	188,097	225,000
7030	Audit	29,725	20,162	30,220
7040	Other Professional Fees	996,202	865,065	865,859
7110	Conference - Employee	26,515	10,000	44,560
7115	Conference - Directors	18,695	3,735	16,845
7150	Travel & Accommodations - Employee	62,495	7,000	69,825
7155	Travel & Accommodations - Director	24,900	3,000	21,250
7210	Membership / Sponsorship	127,161	146,944	143,041
7250	CDR Participation	53,158	53,158	65,249
7305	Business Expense	4,500	1,500	2,500
7310	Office Maintenance	125,420	95,000	147,400
7315	Building Repair & Maintenance	15,000	12,500	15,000
7320	Rents & Leases	1,750	1,200	1,800
7330	Office Supplies	39,000	18,000	35,000
7340	Postal / Mail Delivery	8,900	8,306	8,600
7350	Subscriptions / Books	1,000	800	1,000
7360	Reproduction Expense	83,700	41,205	82,700
7410	Computer & Peripherals Maint	8,000	7,200	8,000
7430	Software Purchase	42,000	38,000	33,940
7440	Software Support	47,640	43,000	48,640
7450	Computers and Equipment	31,550	31,550	23,450
7580	Maintenance Expense	6,000	4,000	6,000
7610	Automotive / Mileage	20,000	1,900	16,000
7615	Toll Road Charges	1,300	200	1,050
7620	Insurance Expense	110,000	120,000	130,000
7640	Utilities - Telephone	29,650	35,547	41,400
7650	Bank Fees	1,200	2,700	3,200
7670	Miscellaneous Expenses	101,800	37,746	73,181
8810	Capital Acquisition	154,200	345,297	273,059
	Total Expenditure	8,098,410	8,007,794	8,283,830
	MWDOC's Contribution to WEROC Oper	241,236	241,236	260,346
	Capital Acquisition to Carryover (8810)	271,900	5,803	-
	Capitol Acq Prior Year Carryover Credit	(346,900)	(271,900)	(5,803)
	MWDOC's Building Expense (8811)	1,870,000	1,408,884	903,089
	Building Expense to Carryover	-	461,116	-
	Building Prior Year Carryover Credit	(1,143,117)	(1,143,117)	(461,116)
		<u>8,991,529</u>	<u>8,709,816</u>	<u>8,980,346</u>

Total Choice Revenue and Expense

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
	Choice Revenue	1,234,354	1,234,354	1,619,194
4205	School Contracts	120,376	120,376	-
4705	Prior Year Carry Over	276,265	276,265	-
		-	-	-
	Choice billing over/under	-	(282,250)	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
	Total Revenue	1,630,995	1,348,745	1,619,194

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	542,384	534,586	547,729
	S & B Reimb. DSC or Recov from Grants	-	(39,927)	(18,665)
6090	Directors Compensation - MWDOC	-	-	-
6095	Directors Compensation - MWD	-	-	-
6105	Benefits - Admin	152,599	149,636	162,670
	Overhead Reimbursement	300,926	296,267	304,761
6115	Benefits - Directors	-	-	-
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training	2,000	2,000	2,000
6210	Tuition Reimbursement	-	-	-
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	-	-	-
7020	Legal - General	-	-	-
7030	Audit	-	-	-
7040	Other Professional Fees	190,373	178,734	192,100
	Other Professional Fees - School Programs	394,763	200,000	402,658
7110	Conference - Employee	-	-	-
7115	Conference - Directors	-	-	-
7150	Travel & Accommodations - Employee	-	-	-
7155	Travel & Accommodations - Director	-	-	-
7210	Membership / Sponsorship	-	-	-
7250	CDR Participation	-	-	-
7310	Office Maintenance	-	-	-
7320	Rents & Leases	-	-	-
7330	Office Supplies	-	-	-
7332	Supplies - Water Loss Control	10,000	10,000	4,000
7340	Postal / Mail Delivery	400	400	400
7350	Subscriptions/Books	-	-	-
7360	Reproduction Expense	-	-	-
7410	Computer & Peripherals Maint	-	-	-
7430	Software Purchase	15,000	-	2,100
7440	Software Support	-	-	-
7450	Computers and Equipment	2,000	1,908	-
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	-	-	-
7612	Vehicle Expense	6,350	4,600	5,800
7615	Toll Road Charges	1,000	100	200
7620	Insurance Expense	-	-	-
7640	Utilities - Telephone	1,200	1,440	1,440
7650	Bank Fees	-	-	-
7670	Miscellaneous Expenses	12,000	9,000	12,000
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8710	Election Expenses	-	-	-
8810	Capital Acquisition	-	-	-
	Total Expenditure	1,630,995	1,348,745	1,619,194

Total Core and Choice Expenses

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	4,152,075	4,105,620	4,178,542
	S & B Reimb. DSC or Recov from Grants	-	(39,927)	(18,665)
6090	Directors Compensation - MWDOC	258,909	237,059	288,800
6095	Directors Compensation - MWD	157,070	127,043	165,029
6105	Benefits - Admin	1,335,385	1,329,640	1,356,730
6109	CALPERS Unfunded Liability Contribution	207,000	207,000	207,000
6111	Overhead Reimbursement	-	-	-
6115	Benefits - Directors	101,971	122,925	128,022
6120	Health Insurance Coverage for Retirees	87,449	80,288	101,099
6205	Training	64,500	62,000	52,000
6210	Tuition Reimbursement	5,000	1,000	5,000
6220	Temporary Help	5,000	-	5,000
7010	Engineering - Outside Services	340,000	574,896	380,000
7020	Legal - General	210,500	188,097	225,000
7030	Audit	29,725	20,162	30,220
7040	Other Professional Fees	1,186,575	1,043,799	1,057,959
	Other Professional Fees - School Programs	394,763	200,000	402,658
7110	Conference - Employee	26,515	10,000	44,560
7115	Conference - Directors	18,695	3,735	16,845
7150	Travel & Accommodations - Employee	62,495	7,000	69,825
7155	Travel & Accommodations - Director	24,900	3,000	21,250
7210	Membership / Sponsorship	127,161	146,944	143,041
7250	CDR Participation	53,158	53,158	65,249
7305	Business Expense	4,500	1,500	2,500
7310	Office Maintenance	125,420	95,000	147,400
7315	Building Repair & Maintenance	15,000	12,500	15,000
7320	Rents & Leases	1,750	1,200	1,800
7330	Office Supplies	39,000	18,000	35,000
7332	Supplies - Water Loss Control	10,000	10,000	4,000
7340	Postal / Mail Delivery	9,300	8,706	9,000
7350	Subscriptions / Books	1,000	800	1,000
7360	Reproduction Expense	83,700	41,205	82,700
7410	Computer & Peripherals Maint	8,000	7,200	8,000
7430	Software Purchase	57,000	38,000	36,040
7440	Software Support	47,640	43,000	48,640
7450	Computers and Equipment	33,550	33,458	23,450
7580	Maintenance Expense	6,000	4,000	6,000
7610	Automotive / Mileage	20,000	1,900	16,000
7612	Vehicle Expense	6,350	4,600	5,800
7615	Toll Road Charges	2,300	300	1,250
7620	Insurance Expense	110,000	120,000	130,000
7640	Utilities - Telephone	30,850	36,987	42,840
7650	Bank Fees	1,200	2,700	3,200
7670	Miscellaneous Expenses	113,800	46,746	85,181
8810	Capital Acquisition	154,200	345,297	273,059
	Total Expenditure	9,729,405	9,356,539	9,903,024
	MWDOC's Contribution to WEROC Oper	241,236	241,236	260,346
	Capital Acquisition to Carryover (8810)	271,900	5,803	-
	Capitol Acq Prior Year Carryover Credit	(346,900)	(271,900)	(5,803)
	MWDOC's Building Expense (8811)	1,870,000	1,408,884	903,089
	Building Expense to Carryover	-	461,116	-
	Building Prior Year Carryover Credit	(1,143,117)	(1,143,117)	(461,116)
		10,622,524	10,058,561	10,599,540

Administrative - Board
11

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	259,074	237,091	254,524
6090	Directors Compensation - MWDOC	258,909	237,059	288,800
6095	Directors Compensation - MWD	157,070	127,043	165,029
6105	Benefits - Admin	82,141	77,021	81,036
6115	Benefits - Directors	101,971	122,925	128,022
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	200,500	185,597	215,000
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors	18,695	3,735	16,845
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director	24,900	3,000	21,250
7210	Membership / Sponsorship	38,771	35,747	37,840
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery	4,500	7,106	5,000
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computers & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage	12,500	400	11,000
7615	Toll Road Charges	800	100	650
7620	Insurance Expense			
7640	Utilities - Telephone	700	240	300
7650	Bank Fees			
7670	Miscellaneous Expenses	12,700	858	10,500
8410	Overhead Reimbursement			
8810	Capital Acquisition			
	Total Expenditure	1,173,230	1,037,923	1,235,796

1	• Best, Best & Krieger	\$ 200,000
	• Aleshire & Wynder	\$ 15,000
		<u>\$ 215,000</u>
2	• Best, Best & Krieger	\$ 170,777
	• Aleshire & Wynder	\$ 14,820
		<u>\$ 185,597</u>
3	• See Exhibit F.	
4	• See Exhibit D.	
5	• Misc board expenses (supplies)	

Administrative - General
12

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	317,748	332,593	346,964
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	124,835	137,394	140,159
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help	5,000	-	5,000
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	1,200	-	1,200
7110	Conference - Employee	26,515	10,000	44,560
7115	Conference - Directors			
7150	Travel & Accommodations - Employee	62,495	7,000	69,825
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	88,390	111,197	105,201
7250	CDR Participation	53,158	53,158	65,249
7305	Business Expense	4,500	1,500	2,500
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books	1,000	800	1,000
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage	7,500	1,500	5,000
7615	Toll Road Charges	500	100	400
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	2,500	900	2,000
8810	Capital Acquisition			
	Total Expenditure	695,341	656,142	789,058

1 • See Exhibit J.

2 • See Exhibit E.

3 • See Exhibit D.

4 • Center for Demographic Research at
Cal State University Fullerton
including GIS related work.

Personnel / Staff Development
13

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	217,684	225,687	240,032
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	65,863	69,405	73,818
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	62,500	60,000	50,000
6210	Tuition Reimbursement	5,000	1,000	5,000
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	10,000	2,500	10,000
7030	Audit			
7040	Other Professional Fees	36,000	29,800	
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	30,000	8,100	14,411
8810	Capital Acquisition			
	Total Expenditure	427,047	396,491	393,261

1 • Staff Technical Training & Leadership
Development Training

2 • Best, Best & Krieger

3 • Benchmark Study

4 • Employee Recognition \$ 2,500
• Applicant Background Checks & Physical \$ 1,500
• Team Building, Lunch meetings \$ 600
• Holiday Lunch \$ 3,000
• OCWD Health Fair \$ 200
• Employee Flu Shots \$ 100
• Job Ads Recruiting \$ 2,500
• Staff & Executive Assessments \$ 2,000
• COVID-19 Online Pre-Screen 2,011
\$ 14,411

Overhead
19

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	552,260	546,838	540,477	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	173,883	175,693	171,726	
6109	CALPERS Unfunded Liability Contribution	207,000	207,000	207,000	
6111	Overhead Reimbursement from Choice	(300,926)	(296,267)	(304,761)	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees	87,449	80,288	101,099	1
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees	6,400	5,600	4,760	2
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance	125,420	95,000	147,400	3
7315	Building Repair & Maintenance	15,000	12,500	15,000	
7320	Rents & Leases	1,750	1,200	1,800	4
7330	Office Supplies	39,000	18,000	35,000	
7340	Postal / Mail Delivery	4,400	1,200	3,600	
7350	Subscriptions / Books				
7360	Reproduction Expense	7,200	1,205	6,200	
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Computers and Equipment				
7580	Maintenance Expense	6,000	4,000	6,000	5
7610	Automotive / Mileage				
7615	Toll Road Charges				
7620	Insurance Expense	110,000	120,000	130,000	
7640	Utilities - Telephone	28,000	34,502	40,200	
7650	Bank Fees	1,200	2,700	3,200	
7670	Miscellaneous Expenses	4,200	2,500	4,000	6
8810	Capital Acquisition	75,000	266,097	249,059	7
	Total Expenditure	1,143,235	1,278,056	1,361,760	
	Capital Acquisition to Carryover (8810)	271,900	5,803		9
	Capitol Acq Prior Year Carryover Credit	(346,900)	(271,900)	(5,803)	
	MWDOC's Building Expense (8811)	1,870,000	1,408,884	903,089	8
	Building Expense to Carryover		461,116		
	Building Prior Year Carryover Credit	(1,143,117)	(1,143,117)	(461,116)	9
		<u>1,795,118</u>	<u>1,738,842</u>	<u>1,797,930</u>	

1 **Retirees:**

- 16 Retirees

2 • Pension Plan administration by Dissinger Associates \$ 4,000

- Cafeteria Plan IGOE \$ 660
- Health Equity 100

4,760

3 • Window Cleaning \$ 1,200

- Sewer Flush \$ 800
- OCWD \$ 119,800
- Plant Maintenance \$ 5,000
- Landscape/Maintenance Atrium \$ 12,000
- Binding Machine Renewal \$ 800
- Carpet & Extra Office Cleaning \$ 7,800

\$ 147,400

4 • Corodata \$ 800

- El Toro Water District (South EOC site) 1,000

\$ 1,800

5 Generator Maintenance

6 • Misc equipment repairs, fees etc.

7 • Office Furniture/Copier See Exhibit H

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

9 • FY20-21 & FY21-22 carryover is for work and capital purchases on the building that were budgeted for but will not be completed and will be carried over to the next year as a carryover credit.

• FY20-21 & FY21-22 carryover credit are the cumulative dollars from prior years that were unspent and will be applied toward work projected to be completed in future years.

Reliability Planning and Engineering
21

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	507,799	441,374	359,247
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	160,438	133,425	114,046
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	265,000	499,896	200,000
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone	500	500	500
7650	Bank Fees			
7670	Miscellaneous Expenses	8,000	6,000	6,000
8810	Capital Acquisition			
	Total Expenditure	941,736	1,081,194	679,793

Metropolitan Issues and Water Policy

23

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	530,160	538,769	583,428
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	172,005	175,923	195,580
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	75,000	75,000	180,000
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7045	Other Professional Fees - MET			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8810	Capital Acquisition			
	Total Expenditure	777,165	789,692	959,009

• See Exhibit J

Government Affairs
31

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	137,153	128,534	134,709
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	49,606	46,572	47,551
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	314,000	281,950	309,000
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	14,200	500	4,500
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	514,960	457,556	495,760

1 • BB&K	\$ 96,000
• NRR	\$ 96,000
• Lewis Consulting	\$ 42,000
• Ackerman	\$ 36,000
• Grant Research & Acquisition	\$ 39,000
	<u>\$ 309,000</u>

2 • WACO	\$ 2,500
• Outreach	\$ 2,000
	<u>\$ 4,500</u>

Public Affairs
32

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	413,003	442,113	488,085	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	129,198	139,471	147,272	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees	270,352	190,200	272,949	1
7047	Prof Service-Grant Recovery				
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books				
7360	Reproduction Expense	76,500	40,000	76,500	2
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7450	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage				
7615	Toll Road Charges				
7620	Insurance Expense				
7640	Utilities - Telephone	450	305	400	
7650	Bank Fees				
7670	Miscellaneous Expenses	21,200	10,588	22,700	3
8810	Capital Acquisition				
	Total Expenditure	910,703	822,677	1,007,906	

1	Public Affairs Activities:	
	• Resolutions/Proclamations	\$ 4,500
	• Consumer Confidence Reports	\$ 43,449
	• Event Registration Fees	\$ 12,500
	• Delta Conveyance Program Support	\$ 30,000
	• Wyland Mayors Challenge	\$ 10,000
	• Scouts Program	\$ 7,500
	• Education Initiatives	\$ 30,000
	Subtotal	\$137,949

	Communications Plan Activities:	
	• Strategic Digital Outreach	\$ 95,000
	• Advertising	\$ 20,000
	• Special Events AV Support	\$ 20,000
	Subtotal	\$135,000
		<u>\$272,949</u>

2	• Promotional Items, Branded Materials	\$ 40,000
	• Info Items Handouts, Books, Folders	\$ 30,000
	• Poster Slogan Award & Ceremony	6,500
		<u>\$ 76,500</u>

3	• Ricki Maint and Repair	\$ 4,100
	• Event Display Materials	\$ 4,000
	• Sponsorship Contingency Fund	\$ 5,000
	• Storage Facility	\$ 3,500
	• Science Fair Sponsorship	\$ 100
	• Member Agency Workshops PAW	\$ 6,000
		<u>\$ 22,700</u>

**Water Use Efficiency
(Core)
35**

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	153,920	150,620	157,145
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	46,023	52,023	47,444
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	255,500	255,500	255,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	6,000	6,000	6,000
8810	Capital Acquisition			
	Total Expenditure	461,443	464,143	465,589

1 • General Research	\$ 75,000
• Water Loss Control Work Grp	\$ 55,000
• WLC Business Plan Implement	\$ 25,000
• Water Conservation Potential Study	\$100,000
	<u>\$255,000</u>

General Finance
41

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	396,085	405,763	399,902
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	133,959	128,390	129,740
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit	29,725	20,162	30,220
7040	Other Professional Fees	112,750	102,015	22,950
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	300	1,000
8810	Capital Acquisition			
	Total Expenditure	673,518	656,629	583,812

1 • Annual Audit	\$ 20,566
• Single Audit	\$ 4,654
• WUE Grant Review	\$ 5,000
	<u>\$ 30,220</u>

2 • Custodial Bank fees	\$ 6,500
• Financial Consulting	\$ 15,000
• OPEB Actuarial	\$ 750
• CalPERS GASB 68 Report	\$ 700
	<u>\$ 22,950</u>

Information Technology
45

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	124,804	121,653	126,298	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	44,837	44,688	45,687	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees				1 • Misc repairs, maint & components \$ 8,000
7110	Conference - Employee				
7115	Conference - Directors				2 • Misc software upgrades and license \$ 33,940
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				3 • Laserfiche WORM Storage Cloud Backup \$ 1,100
7210	Membership / Sponsorship				• Exchange and AD Monitoring Software \$ 2,000
7250	CDR Participation				• MWDOC Website Support & Enhancements \$ 15,000
7310	Office Maintenance				• Investment software usage cost \$ 2,340
7320	Rents & Leases				• Accufund Annual Support \$ 8,500
7330	Office Supplies				• Wireless Aps and Router \$ 5,200
7340	Postal / Mail Delivery				• ACT Annual Support \$ 2,000
7350	Subscriptions / Books				• ECS Laserfiche Annual Support \$ 5,500
7360	Reproduction Expense				• Arcserv UDP License Renewal (2) \$ 2,000
7410	Computers & Peripherals Maint	8,000	7,200	8,000	• HR Insight Software Annual Maintenance \$ 5,000
7430	Software Purchase	42,000	38,000	33,940	\$ 48,640
7440	Software Support	47,640	43,000	48,640	
7450	Computers and Equipment	31,550	31,550	23,450	4 • Batteries Replacement for UPS \$ 4,000
7580	Maintenance Expense				• RICOH Color Printer Support \$ 350
7610	Automotive / Mileage				• Maintenance for Plotter \$ 600
7615	Toll Road Charges				• 2 Laptop Computers \$ 3,500
7620	Insurance Expense				• 10 Replacement Computers \$ 15,000
7640	Utilities - Telephone				\$ 23,450
7650	Bank Fees				
7670	Miscellaneous Expenses	2,000	2,000	2,070	
8810	Capital Acquisition	79,200	79,200	24,000	
	Total Expenditure	380,031	367,291	312,086	

**Water Use Efficiency
(choice)
62**

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
4215	Choice Revenue	803,364	803,364	914,889
4705	Prior Year Carry over	97,556	97,556	
	Choice billing over/under		(50,492)	
	Total Revenue	900,920	850,428	914,889

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2021 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2020-2021 PROPOSED BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	415,748	422,299	431,097
6012	Salaries & Benefits - Recovery from Grants		(39,927)	(18,665)
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	119,456	118,423	128,773
	Overhead Reimbursement	231,743	234,133	240,184
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	127,572	112,100	127,100
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery	400	400	400
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	6,000	3,000	6,000
8810	Capital Acquisition			
	Total Expenditure	900,920	850,428	914,889

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

2 • Marketing of WUE programs \$ 40,000
 • Residential Installation Verification Inspec \$ 50,000
 • Droplet Rebate Processing & E-Signature \$ 37,100
\$ 127,100

**School Program
(choice)
63**

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
4215	Choice Revenue	107,521	107,521	412,988
4205	School Contracts	120,376	120,376	
4705	Prior Year Carry over	178,709	178,709	
	Choice billing over/under		(195,632)	
	Total Revenue	406,606	210,974	412,988

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2021 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2020-2021 PROPOSED BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	6,115	5,809	5,406
6105	Benefits - Admin	2,151	1,850	1,823
	Overhead Reimbursement	3,578	3,315	3,101
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7040	Other Professional Fees - School Programs	394,763	200,000	402,658
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8810	Capital Acquisition			
	Total Expenditure	406,606	210,974	412,988

1 • High Schools	\$ 66,142
• Elementary Schools	\$ 290,807
• Middle Schools	45,709
	<u>\$ 402,658</u>

Water Loss Control
(choice)
70

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
4215	Choice Revenue	323,469	323,469	291,317
4705	Prior Year Carry over			
	Choice billing over/under		(36,126)	
	Total Revenue	323,469	287,343	291,317

		FY 2020-2021 PROPOSED BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	120,521	106,479	111,226
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	30,992	29,363	32,075
	Overhead Reimbursement	65,605	58,819	61,476
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	2,000	2,000	2,000
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	62,801	66,634	65,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7332	Supplies - Water Loss Control	10,000	10,000	4,000
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase	15,000	-	2,100
7440	Software Support			
7450	Computers and Equipment	2,000	1,908	-
7510	Site Maintenance			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7612	Vehicle Expense	6,350	4,600	5,800
7615	Toll Road Charges	1,000	100	200
7620	Insurance Expense			
7640	Utilities - Telephone	1,200	1,440	1,440
7650	Bank Fees			
7670	Miscellaneous Expenses	6,000	6,000	6,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	323,469	287,343	291,317

1 • Water Balance Validation Cert.

2 • Meter Accuracy Testing

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

4 • CMMS System

5 • Vehicle Fuel & Oil \$ 5,500
• Auto Insurance \$ 300
\$ 5,800

6 • 2 Cell Phones

WEROC
25

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
4320	MWDOC Contribution to Operations	241,236	241,236	260,346
4210	WEROC Contracts	241,236	241,236	260,364
4205				
4230	Reimbursements			
4240				
4410				
4805				
	TOTAL WEROC Revenue	482,472	482,472	520,710

1 • OCSD	\$ 51,032
• SOCWA	\$ 19,788
• OCWD	\$ 130,180
• 3 Cities -- \$19,788 ea	\$ 59,364
	\$ 260,364

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin	318,348	334,276	350,504
	Salaries & Benefits - Reimbursed		(16,010)	(11,750)
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	105,792	118,824	125,727
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	8,226	8,110	8,200
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7110	Conference - Employee	3,800	1,600	3,800
7115	Conference - Directors			
7150	Travel & Accomodations - Employee	4,750		4,750
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship	1,105	810	850
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office & Radio Supplies	1,800	1,500	1,500
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	1,000	450	1,000
7410	Computer & Peripherals Maint	5,060	5,060	5,060
7430	Software Purchase			
7440	Software Support	9,491	9,063	9,300
7450	Computers and Equipment			
7510	Site Maintenance	900	600	700
7580	Maintenance - Generators	1,000	980	1,000
7581	Maintenance - Radios	2,000	1,580	2,000
7582	Maintenance - EOC's	2,000	1,850	2,000
7610	Automotive / Mileage	3,000	600	2,000
7615	Toll Road Charges	200	40	50
7620	Insurance Expense			
7640	Utilities - Telephone	10,000	9,614	10,000
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	825	1,000
7671	Miscellaneous Training	3,000		3,000
8810	Capital Acquisition			
	TOTAL Expenditures	482,472	479,772	520,691

2 • See Exhibit E

3 • See Exhibit D

AMP Proceeds Agreement Administration
61

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
4020	Interest Revenue			
4050	O & M Maintenance Deposit			
4230	Reimbursement		12,464	11,622
4680	Miscellaneous Income			
	Prior Year Carryover	21,969	21,969	
	Total Revenue	21,969	34,433	11,622

		FY 2020-2021 BUDGET	FY 2020-2021 PROJECTED ACTUALS	FY 2021-2022 PROPOSED BUDGET
6010	Salaries & Wages - Admin		11,290	3,238
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		3,538	883
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General		19,605	6,000
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8810	Capital Acquisition			
	Total Expenditure	-	34,433	10,121

Exhibit D

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Proposed District Participation Costs Fiscal Year 2021-2022

	Budget FY 2020-2021	Projected FY 2020-2021 Actuals	Budget FY 2021-2022	Approval included in Budget Approval
Required Participation or Service				
LAFCO	\$ 38,431	\$ 35,617	\$ 37,500	√
Subtotal Cost Center 11	\$ 38,431	\$ 35,617	\$ 37,500	
Association of Calif. Water Agencies (ACWA)	\$ 22,691	\$ 22,691	\$ 23,000	√
South OC Watershed Management Area Dues	\$ 10,800	\$ 10,800	\$ 10,800	√
Subtotal Cost Center 12	\$ 33,491	\$ 33,491	\$ 33,800	
Subtotal - Required Participation or Service	\$ 71,922	\$ 69,108	\$ 71,300	
Elective Participation				
Colorado River Water Users Assn. (CRWUA 2-Directors)	\$ 60	\$ 60	\$ 60	√
Orange County Water Association (OCWA 4 Directors)	\$ 280	\$ 70	\$ 280	√
Subtotal Cost Center 11	\$ 340	\$ 130	\$ 340	
Association of California Cities- Orange County (ACCOC)	\$ 5,500	\$ 5,000	\$ 5,100	√
American Water Works Association (AWWA)	\$ 1,800	\$ 1,800	\$ 1,800	√
Association of Metropolitan Water Agencies (AMWA)	\$ -	\$ 21,447	\$ 21,876	√
CA Chamber of Commerce (HR California)	\$ 568	\$ 568	\$ 580	√
CALDESAL	\$ 5,150	\$ 5,000	\$ 5,100	√
California Association of Public Information Officers (CAPIO)	\$ 825	\$ 825	\$ 840	√
California Environmental Literacy Initiative	\$ 2,500	\$ 2,500		√
California Municipal Treasurers Association (CMTA)	\$ 170	\$ 170	\$ 175	√
California Municipal Utilities Association (CMUA)	\$ 4,450	\$ 6,360	\$ 6,480	√
California Society of Municipal Finance Officers (CSMFO)	\$ 120	\$ 120	\$ 120	√
California Special Districts Assn. (CSDA)	\$ 7,996	\$ 7,996	\$ 8,100	√
CA Water Efficiency Partnership (formerly CA Urban Water Cnsrv Cncl)	\$ 6,100	\$ 6,100	\$ 6,100	√
California Water, Energy and Education Alliance (CWEEA)	\$ 2,500	\$ 2,500		√
Colorado River Water Users Assn.	\$ 90	\$ 90	\$ 92	√
Department of Water Resources Education Committee	\$ 2,500	\$ 2,500		√
Government Finance Officers Association (GFOA)	\$ 170	\$ 170	\$ 170	√
Indep. Special Districts of Or. Co. (ISDOC)	\$ 55	\$ 55	\$ 50	√
International Association of Business Communicators (IABC)	\$ 370	\$ 370	\$ 375	√
International Personnel Management Association (IPMA)	\$ 55	\$ 55	\$ 60	√
National Water Resources Assn., Mun. Caucus	\$ 535	\$ 535	\$ 545	√
OC Chapter-Calif. Landscape Contractors Assoc.	\$ 1,835	\$ 1,835	\$ 1,900	√
Orange County Business Council (OC Chamber)	\$ 5,150	\$ 5,150	\$ 5,250	√
Orange County Public Affairs Association (OCPAA)	\$ 615	\$ 615	\$ 625	√
Orange County Water Association (OCWA)	\$ 110	\$ 110	\$ 115	√
Public Relations Society of America/O.C. (PRSA)	\$ 1,600	\$ 1,600	\$ 1,632	√
Society of Human Resources Management (SHRM)	\$ 220	\$ 220	\$ 225	√
Southern California Personnel Management Assoc. (SCPMA)	\$ 60	\$ 60	\$ 60	√
South Orange County Economic Coalition (SOCEC)	\$ 1,600	\$ 1,600	\$ 1,630	√
Southern California Water Committee (SCWC)	\$ 900	\$ 1,000	\$ 1,020	√
Urban Water Institute	\$ 1,300	\$ 1,300	\$ 1,326	√
Water Environment Federation	\$ 55	\$ 55	\$ 55	√
Subtotal Cost Center 12	\$ 54,899	\$ 77,706	\$ 71,401	
Subtotal - Elective Participation	\$ 55,239	\$ 77,836	\$ 71,741	
International Association of Emergency Managers	\$ 380	\$ 420	\$ 460	√
California Emergency Services Association	\$ 225	\$ 390	\$ 390	√
California Utilities Emergency Association	\$ 500			√
WEROC Program Total	1,105	810	850	
GRAND TOTAL - General Fund	\$ 127,161	\$ 146,944	\$ 143,041	

Exhibit E

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Summary of Proposed Staff Registration & Travel Budget ⁽¹⁾ Fiscal Year 2021-2022

Conference / Meeting	Location/Date/Staff	Registration	Travel ⁽¹⁾	Approval included in	
				Budget	Approval
Association of California Water Agencies (ACWA)	DC Conference, February 2022	\$ 2,200	\$ 5,400		✓
	Fall Conference, Nov. 30 - Dec. 3, 2021, Pasadena, Ca	3,000	1,400		✓
	Spring Conference, May 3 -6, 2022, Sacramento, Ca	3,775	5,000		✓
	Region 10, TBD	80			✓
	Legislative Symposium, Sacramento,, March 2022	285	600		✓
Association of California Cities - Orange County (ACCOC)	Sacramento, January 2022	1,600	1,000		✓
	Washington DC, April/May 2022	5,100	3,000		✓
Association of Metropolitan Water Agencies(AMWA)	Misc. Conference TBD	950	1,800		✓
	Water Policy Conference TBD	950	1,800		✓
	Executive Mgmt Conference, Oct. 3-6, 2021, Denver, CO	950	1,800		✓
American Water Works Association (AWWA)					
	Cal Nevada Fall Conference, Oc. 18-21, 2021, Virtual	1,750			✓
	Cal Nevada Section Annual Conference June 2022, TBD	875	1,200		✓
	Sustainable Water Management Feb. 2022, TBD	575	1,600		✓
	North American Water Loss Conf, Dec. 7-9, 2021, Austin Tx	1,200	2,100		✓
California Association of Public Information Officials (CAPIO)	Annual Conference, November 2-5, 2021, Olympic Valley, CA	1,250	2,250		✓
CalDesal	Annual Conference, February, 2022	250	350		✓
California Environmental Literacy Initiative	Sacramento Ca		1,500		✓
California Employees Public Retirement System(CalPERS)	Annual Employer Education Forum, 2022	800	400		✓
California Municipal Utilities Association (CMUA) Capitol Days	Capital Days, Sacramento, January 2022	195	800		✓
California Municipal Utilities Association (CMUA) Annual Conference	Annual Conference, April 3-5, 2022, San Francisco, CA	900	600		✓
Colorado River Water Users Association (CRWUA)	Annual Conference, December 12-15, 2021 - Las Vegas, NV)	1,200	2,400		✓
California Special Districts Association (CSDA)	Legislative Days, Sacramento, May 2022	275	800		✓
	Annual Spring Conference, August 30 - Sept. 2, 2021, Monterey, Ca	500	1,000		✓
California Water Efficiency Partnership (CalWEP) Membership (formerly CUWCC)	Membership Meetings, 1=No. Cal & 2=So. Cal		600		✓
	Board Meetings, 2=No. Cal & 2=So. Cal		450		✓
	Peer to Peer, June 2022, TBD	2,250	2,925		✓
Department of Water Resources Education Committee	Sacramento		3,000		✓
Department of Water Resources (DWR)/State Water Resources Control Board (SWRCB)	Urban Advisory Group Meetings, Sacramento		2,250		✓
Legislative Advocacy	Sacramento		7,500		✓
	Washington DC		3,600		✓
Liebert, Cassidy Whimore	Annual Public Sector Conference, TBD	1,200	600		✓
Multi-State Salinity Coalition	Annual Salinity Summit, May 2022, Las Vegas, NV	300	350		✓
Orange County Business Council (OCBC)	Advocacy, Sacramento, March 2022	1,900	1,000		✓
	Advocacy, DC, May 2022	3,600	1,600		✓
Public Relations Society of America	Annual Conference, Orlando, Florida,	900	3,200		✓
Urban Water Institute	Spring Conference, TBD	2,250	1,950		✓
Miscellaneous*		3,500	4,000		✓
General Fund Total **		\$ 44,560	\$ 69,825		
Conferences/Meetings/Trainings					
International Assoc. of Emergency Managers	Oct. 15-22, 2021, Grand Rapids, MI	\$ 2,400	\$ 350		✓
California Emergency Services Association (Fall)	May 2022, Northern California	1,400	3,200		✓
TEEX Mgt346/Mgt 314 (College Station)	Spring 2022, College Station TX	-	1,200		✓
WEROC Program Total		\$ 3,800	\$ 4,750		
PROPOSED GENERAL FUND BUDGET		\$ 44,560	\$ 69,825		

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

** Excludes automotive mileage.

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

Exhibit F

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Summary of Proposed Board Registration & Travel Budget ⁽¹⁾
Fiscal Year 2021-2022**

Conference	Location/Date/Directors	Registration	Travel ⁽¹⁾	Approval included in Budget Approval
Association of California Water Agencies (ACWA)	DC Conference, February 2022	\$ 1,100	\$ 2,700	✓
	Fall Conference, Pasadena, Nov. 30 - December 3, 2021	\$ 1,500	\$ 1,500	✓
	Spring Conference, May 3-6, 2022, Sacramento, Ca Region 10, TBD	\$ 2,265	\$ 3,000	✓
(ACCOC)	Sacramento, January 2022	\$ 800	\$ 500	✓
	Washington DC, April/May 2022	\$ 2,550	\$ 1,500	✓
American Water Works Association/Water Environment Federation (AWWA/WEF)	Utility Management Conference, August 3-6, 2021, Atlanta, GA	\$ 875	\$ 1,200	✓
Bond Buyers	Conference, TBD	\$ 300	\$ 200	✓
California Special Districts Association (CSDA)	Legislative Days, Sacramento, May 2022	\$ 275	\$ 800	✓
Colorado River Water Users Association(CRWUA)	Annual Conference, Dec. 12-15, 2021, Las Vegas, NV	\$ 900	\$ 1,800	✓
Orange County Business Council (OCBC)	Advocacy Trip, Sacramento, March 2022	\$ 950	\$ 500	✓
	Advocacy Trip-DC, May 2022	\$ 1,800	\$ 800	✓
Legislative Advocacy	Sacramento		\$ 1,500	✓
Legislative Advocacy	Washington DC		\$ 1,800	✓
Urban Water Institute	Spring Conference	\$ 2,250	\$ 1,950	✓
Miscellaneous*		\$ 1,200	\$ 1,500	✓
TOTAL**		\$ 16,845	\$ 21,250	

PROPOSED GENERAL FUND BUDGET

\$ 16,845	\$ 21,250
------------------	------------------

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

** Excludes automotive mileage.

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

Exhibit G

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Proposed Total Membership that Includes Registration & Travel Costs ⁽¹⁾ Fiscal Year 2021-2022

Conference / Meeting	Membership	Registration	Travel	Total
American Water Works Association (AWWA)	\$ 1,800	\$ 5,275	\$ 6,100	\$ 13,175
Association of California Cities- Orange County (ACCOC)	5,100	10,050	6,000	21,150
Association of Calif. Water Agencies (ACWA)	23,000	14,285	19,600	56,885
Association of Metropolitan Water Agencies (AMWA)	21,876	2,850	5,400	30,126
California Association of Public Information Officers (CAPIO)	840	1,250	2,250	4,340
CalDesal	5,100	250	350	5,700
California Municipal Utilities Association (CMUA)	6,480	1,095	1,400	8,975
California Special Districts Assn. (CSDA)	8,100	1,050	2,600	11,750
California Water Efficiency Partnership	6,100	2,250	3,975	12,325
Colorado River Water Users Assn. (CRWUA)	152	2,100	4,200	6,452
Orange County Business Counsel (OC Chamber)	5,250	8,250	3,900	17,400
Urban Water Institute	1,326	4,500	3,900	9,726
Grand Total for Memberships with Conferences/Travel:	\$ 85,124	\$ 53,205	\$ 59,675	\$ 198,004

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

Exhibit H

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Schedule of Capital Expenditures Fiscal Year 2021-2022

	Proposed Budget	Approval included in <u>Budget Approval</u>
Finance - 45-8810:		
Replace End-Of-Life Cisco Voice Gateway router (hardware and software)	\$ 7,500	√
Upgrade backbone Gigabit network switch (hardware)	6,500	√
Upgrade Hyper-V Virtual Host Server (Hardware)	10,000	√
Subtotal Cost Center 45	\$ 24,000	
 Furniture and Fixtures- 19-8810:		
MWDOC Office Improvements (Office Furniture and Copier)	\$ 249,059	√
* Prior Year Projects Carryover from FY2017 through FY2021	\$ (5,803)	√
Subtotal 8810 Improvements	\$ 243,256	
 Building Improvements- 19-8811:		
Eval / Design / Seismic / Construction / HVAC Improvement	\$ 903,089	√
* Prior Year Projects Carryover from FY2017 through FY2021	(461,116)	√
Subtotal 8811 Improvements	441,973	
 New Realized Costs - Cost Center 19	\$ 685,229	

* Prior year projects carryover is the cumulative dollars from prior years that will be applied toward work projected to be completed in FY21-22.

Exhibit J
Professional / Special Services Authorized
Core Fund

Department	Consultant	Service	Budget FY 20-21	Budget FY 21-22	* Approval included in Budget Approval
Engineering Expenses					
Planning & Operation (21)	(To be determined)	Hydraulic Model	130,000		
	(To be determined)	Economic Studies/Reliability Study	135,000	50,000	
	(To be determined)	On Call Work		75,000	
	(To be determined)	EOCF#2 Emergency Pilot		75,000	
Total Planning & Operations Expenses			265,000	200,000	
Met Issues & Special Projects (23)	Ed Means Consulting	Consulting on MET issues	25,000	30,000	√
	(To be determined)	Financial & Rate Consulting		75,000	
	(To be determined)	MET and Reliability Planning (IRP & Delta)	50,000	75,000	
Total MET Issues & Special Projects Expenses			75,000	180,000	
Total Engineering Expenses			340,000	380,000	
Legal Expenses					
Administration (11 & 13)	Best, Best & Krieger	General Legal Counsel Services	185,500	200,000	√
	Aleshire & Wynder	Legal Counsel Services Regarding San Diego CWA	15,000	15,000	√
	Best, Best & Krieger	Labor Counsel Services	10,000	10,000	√
Total Legal Expenses			210,500	225,000	
Audit Expenses					
Finance (41)	Vasquez & Company LLP	Annual Financial Audit and Federal Single Audit	29,725	30,220	√
Training					
Administration (13)	Cal State University Fullerton/Municipal Resources Group/Center for Organization Effectiveness	Staff Development/Technical Training/Leadership Training	62,500	50,000	√
Professional Fees					
Administration (12 & 13 & 19)	Dissinger Associates	Pension Plan Administration	4,000	4,000	√
	IGOE	Cafeteria Plan Administration	2,400	660	√
	Ralph Anderson & Associates	Benchmark Study	36,000		√
	Gladwell Services	Records Management Consulting	1,200	1,200	√
	Health Equity	Health Equity		100	√
Governmental Affairs (31)	BBK Legislation	State Legislative Advocate	96,000	96,000	√
	James C. Barker	Federal Legislative Advocate	96,000	-	√
	Lewis Consulting	County Issues Consulting	42,000	42,000	√
	Soto Services	Grant Research and Acquisition Assistance	36,000	39,000	√
	Ackerman	Legal and Regulatory	36,000	36,000	√
	Natural Resource Results	Federal Legislative Advocate		96,000	√
Public Affairs (32)	Stetson Engineers	Consumer Confidence Report (CCR) Technical Water Quality Advisor	41,852	43,449	√
	So Cal Water Coalition	Delta Conveyance Program Support	30,000	30,000	√
	(To be determined)	Collateral materials update and resolutions/proclamations	4,500	4,500	
	(To be determined)	Event Registration Fees	12,500	12,500	
	Hashtag Pinpoint	Strategic Digital Outreach Contract	95,000	95,000	√
	(To be determined)	CA Water, Energy & Education Alliance	5,000	5,000	
	(To be determined)	Client Agency Workshops for PAW	4,000		
	(To be determined)	Wyland Mayors Challenge	10,000	10,000	
	PSAV	Special Events AV Support	20,000	20,000	√
	(To be determined)	Advertising	20,000	20,000	
WUE - Core (35)	(To be determined)	Environmental Literacy Initiative	20,000	25,000	
	(To be determined)	Scouts Program	7,500	7,500	
	(To be determined)	General WUE Research	75,000	75,000	
	Blue Watchdog Conservation, Inc	Landscape Education - QWEL License	500		√
	Water Systems Optimization	Water Loss Control Work Grp (WLC)	55,000	55,000	√
Finance & IT (41 & 45)	Water Systems Optimization	WLC Business Plan Implementation	25,000	25,000	√
	(To be determined)	Water Conservation Potential Study		100,000	
	SAWPA	Aerial Imagery and Landscape Measurement Project	100,000		√
	U.S. Bank	Custodial Bank fees	6,500	6,500	√
Finance & IT (41 & 45)	CalPERS	CalPERS GASB 68 Report		700	√
	Davis Farr	Financial Consulting	20,000	15,000	√
	Demsey Filliger & Assoc., LLC	OPEB Actuarial	3,750	750	√
	Raffelis	Rate Study	82,500		√
Total Professional Fees			988,202	865,859	

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

Exhibit J1
Professional / Special Services Authorized
Choice Funds

Department	Consultant	Service	Budget FY 20-21	Budget FY 21-22	* Approval included in Budget Approval
Training					
Water Loss Control (70)	(To be determined)	Water Balance Validation Certification	2,000	2,000	
Professional Fees					
Water Loss Control (70)	Westerley & McCall's	Meter Accuracy Testing	62,801	65,000	√
Water Use Efficiency (62)	Various Printers	Printing of marketing materials for all WUE programs	40,000	40,000	
	Droplet	Web Based Rebate Processing Platform (Turf & Drip)	45,072	30,000	√
	Droplet	E-Signature Rebate Processing	7,500	7,100	√
	Mission Resource Cnsvr District	Residential Installation Verification Inspections	35,000	50,000	√
School Program (63)	Discovery Cube/Shows That	Assemblies (Elementary School)	285,123	290,807	√
	Bolsa Chica Conservancy	Assemblies (High School)	64,800	66,142	√
	Discovery Cube	Assemblies (Middle School)	44,840	45,709	√
Total Professional Fees			585,136	594,758	

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

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

	Core & Choice	Water Fund	WUE Grants and Outside Funding	WEROC	AMP Proceeds Agreement Administration	Total with Inter-Fund Transfers	Less Inter-Fund Transfers(1)	Consolidated Budget Total
Revenues:								
Water Sales		\$ 229,079,152				\$ 229,079,152		\$ 229,079,152
Local Resource Program Incentives		(4,881,259)				(4,881,259)		(4,881,259)
Retail Meter Charge	7,837,792					7,837,792		7,837,792
Ground Water Customer Charge	595,323					595,323		595,323
Water Increment Charge	-	22,000				-		-
Interest Revenue	458,000					480,000		480,000
MWDOC's Contribution	-		1,579,934	241,236	-	241,236	(241,236)	-
Outside Fundings	-			241,236		1,821,170		1,821,170
Carryover Funds				-		-		-
Choice Revenue	1,630,995					1,630,995		1,630,995
Miscellaneous Income	3,000					3,000		3,000
Total Revenues	10,525,111	224,219,893	1,579,934	482,472	-	236,807,409	(241,236)	236,566,173
Expenses:								
Water Purchases		224,197,893				224,197,893		224,197,893
Salaries & Wages	4,152,075			318,348	-	4,470,423		4,470,423
less S & W Reimb. DSC or Recov from Grants	-					-		-
Employee Benefits	1,542,385			105,792	-	1,648,177		1,648,177
Engineering Expense	340,000					340,000		340,000
Professional Fees	1,581,338			-		3,161,272		3,161,272
Contribution to Election Reserve	-		1,579,934			-		-
Legal Expense - General	210,500			-		210,500		210,500
Maintenance Expense	146,420			3,900		150,320		150,320
Insurance Expense	110,000			-		110,000		110,000
Membership / Sponsorship	127,161			1,105		128,266		128,266
Director Compensation	258,909					258,909		258,909
MWDOC Contribution to WEROC Operations	241,236					241,236	(241,236)	-
MWDOC Contribution to WEROC Capital Improv	-					-		-
Others:								
MWD Representation	157,070					157,070		157,070
Director Benefits	101,971					101,971		101,971
Health Insurance Coverage for Retirees	87,449					87,449		87,449
Audit Expense	29,725					29,725		29,725
Automotive & Toll Road Expenses	28,650			3,200		31,850		31,850
Conference Expense - Staff	26,515			3,800		30,315		30,315
Conference Expense - Directors	18,695					18,695		18,695
CDR Participation	53,158					53,158		53,158
Business Expense	4,500					4,500		4,500
Miscellaneous Expense	115,000			6,000		121,000		121,000
Postage / Mail Delivery	9,300					9,300		9,300
Rentals & Leases	1,750			-		1,750		1,750
Outside Printing, Subscription & Books	84,700			1,000		85,700		85,700
Office Supplies	49,000			1,800		50,800		50,800
Computer Maintenance	8,000			5,060		13,060		13,060
Software Support & Expense	104,640			9,491		114,131		114,131
Computers and Equipment	33,550			-		33,550		33,550
Telecommunications Expense	30,850			10,000		40,850		40,850
Temporary Help Expense	5,000					5,000		5,000
Training Expense	64,500			8,226		72,726		72,726
Tuition Reimbursement	5,000					5,000		5,000
Travel & Accommodations - Staff	62,495			4,750		67,245		67,245
Travel & Accommodations - Directors	24,900					24,900		24,900
Depreciation Expense (annualized)	-					-		-
Overhead Expenses billed to AMP and WFC	-					-		-
Overhead Reimbursement	-					-		-
MWDOC Building Expense	-					-		-
MWDOC Contribution to Operating Reserves	726,883			-		726,883		726,883
Capital Acquisition	79,200			-		79,200		79,200
All Other Expenses	1,912,501			53,327		1,965,828		1,965,828
Total Expenses	10,622,524	224,197,893	1,579,934	482,472	-	236,882,823	(241,236)	236,641,588
EFFECT ON RESERVES / FUND BALANCE	\$ (97,413)	\$ 22,000	(2)	\$ -	\$ -	\$ (75,414)	\$ -	\$ (75,415)

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

Municipal Water District of Orange County
Fiscal Year 2021-2022 Consolidated Budget Summary

	Core & Choice	Water Fund	WUE Grants and Outside Funding	WEROC	AMP Proceeds Agreement Administration	Total with Inter-Fund Transfers	Less Inter-Fund Transfers ⁽¹⁾	Consolidated Budget Total
Revenues:								
Water Sales		\$ 175,452,389				\$ 175,452,389		\$ 175,452,389
Local Resource Program Incentives		(4,136,088)				(4,136,088)		(4,136,088)
Retail Meter Charge	8,132,230					8,132,230		8,132,230
Ground Water Customer Charge	573,893					573,893		573,893
Water Increment Charge	-					-		-
Interest Revenue	220,000	10,500				230,500		230,500
MWDOC's Contribution	-		2,618,752	260,346	11,622	260,346	(260,346)	-
Outside Fundings	-			260,364		2,890,738		2,890,738
Carryover Funds	1,619,194			-		1,619,194		1,619,194
Choice Revenue	3,000					3,000		3,000
Miscellaneous Income								
Total Revenues	10,548,317	171,326,801	2,618,752	520,710	11,622	185,026,202	(260,346)	184,765,856
Expenses:								
Water Purchases		171,316,301				171,316,301		171,316,301
Salaries & Wages	4,178,542			350,504	3,238	4,532,284		4,532,284
less S & W Reimb. DSC or Recov from Grants	(18,665)			(11,750)		(30,415)		(30,415)
Employee Benefits	1,563,730			125,727	883	1,690,340		1,690,340
Engineering Expense	380,000					380,000		380,000
Professional Fees	1,460,617		2,618,752	-		4,079,369		4,079,369
Contribution to Election Reserve	-					-		-
Legal Expense - General	225,000			-	6,000	231,000		231,000
Maintenance Expense	168,400			3,700		172,100		172,100
Insurance Expense	130,000			-		130,000		130,000
Membership / Sponsorship	143,041			850		143,891		143,891
Director Compensation	288,800					288,800		288,800
MWDOC Contribution to WEROC Operations	260,346					260,346	(260,346)	-
MWDOC Contribution to WEROC Capital Improv	-					-		-
Others:								
MWD Representation	165,029					165,029		165,029
Director Benefits	128,022					128,022		128,022
Health Insurance Coverage for Retirees	101,099				-	101,099		101,099
Audit Expense	30,220				-	30,220		30,220
Automotive & Toll Road Expenses	23,050			2,050		25,100		25,100
Conference Expense - Staff	44,560			3,800		48,360		48,360
Conference Expense - Directors	16,845					16,845		16,845
CDR Participation	65,249					65,249		65,249
Business Expense	2,500					2,500		2,500
Miscellaneous Expense	88,381			6,000		94,381		94,381
Postage / Mail Delivery	9,000					9,000		9,000
Rents & Leases	1,800					1,800		1,800
Outside Printing, Subscription & Books	83,700			1,000		84,700		84,700
Office Supplies	39,000			1,500		40,500		40,500
Computer Maintenance	8,000			5,060		13,060		13,060
Software Support & Expense	84,680			9,300		93,980		93,980
Computers and Equipment	23,450			-		23,450		23,450
Telecommunications Expense	42,840			10,000		52,840		52,840
Temporary Help Expense	5,000					5,000		5,000
Training Expense	52,000			8,200		60,200		60,200
Tuition Reimbursement	5,000					5,000		5,000
Travel & Accommodations - Staff	69,825			4,750		74,575		74,575
Travel & Accommodations - Directors	21,250					21,250		21,250
Depreciation Expense (annualized)	-					-		-
Overhead Expenses billed to AMP and WFC	-					-		-
Overhead Reimbursement	-					-		-
MWDOC Building Expense	441,973			-		441,973		441,973
Contribution to Operating Reserves				-		-		-
Capital Acquisition	267,256					267,256		267,256
All Other Expenses	1,819,729			51,660		1,871,389		1,871,389
Total Expenses	10,599,540	171,316,301	2,618,752	520,691	10,121	185,065,405	(260,346)	184,805,059
EFFECT ON RESERVES / FUND BALANCE	\$ (51,223)	\$ 10,500	(2)	\$ 19	\$ 1,501	\$ (39,203)	\$ -	\$ (39,203)

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



ACTION ITEM

April 21, 2021

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Harvey De La Torre

SUBJECT: **Proposed MWDOC Water Rate Resolution for Fiscal Year 2021-22**

STAFF RECOMMENDATION

It is recommended that the Board of Directors:

1. **Increase** the MWDOC Retail Meter Charge from \$12.20 to \$13.00 per meter, and **decrease** the Groundwater Customer Charge from \$595,323 to \$335,385 effective July 1, 2021; and
2. Adopt the Water Rate Resolution setting forth rates and charges to be effective July 1, 2021 and January 1, 2022 as identified in the Water Rate Resolution for Fiscal Year 2021-22.

COMMITTEE RECOMMENDATION

To be determined.

REPORT

MWDOC adopts a water rate resolution annually to reflect water rates and charges required to collect revenue to support MWDOC's annual budget and to recover the costs of providing imported water. Attachment A is the proposed MWDOC Water Rate Resolution for Fiscal Year 2021-22 with redline changes.

Budgeted (Y/N): NA	Budgeted amount: NA	Core <u>X</u>	Choice <u>_</u>
Action item amount: NA			
Fiscal Impact (explain if unbudgeted): Not applicable			

MWDOC staff and District Counsel (BBK) made a number of revisions and edits to the resolution to improve its clarity as well as update certain sections. Among these changes include the findings and recommendations from MWDOC's 2021 Core Service Allocation Rate Study. Of note is Section 5 of the Rate Resolution, which is modified to reflect the new proposed methodology for collecting the Groundwater Customer Charge. This change in calculating the Groundwater Charge based on OCWD's proportionate share (1/26) of all of MWDOC's cost centers of MWDOC's general fund core budget; excluding WEROC, is the basis for the decrease in the Groundwater Charge this year.

Below is a summary of the proposed Rates and Charges for FY2021-22:

Proposed Rates & Charges	Proposed Rates July 1, 2020	Proposed Rates January 1, 2021
MWDOC Retail Meter Charge	\$13.00/meter	\$13.00/meter
MWDOC Groundwater Customer Charge*	\$ 335,385	\$ 335,385
System Access Rate	\$373	\$389
System Power Rate	\$161	\$167
Water Stewardship Rate**	-	-
MWDOC Melded Supply Rate	\$243	\$243
Treatment Surcharge	\$327	\$344
Treated Full Service Rate	\$1,104/AF	\$1,143/AF
Untreated Full Service Rate	\$777/AF	\$799/AF

[*] This is a fixed annual charge to OCWD

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

BOARD OPTIONS

Option #1

- **Increase** the MWDOC Retail Meter Charge from \$12.20 to \$13.00 per meter, and **decrease** the Groundwater Customer Charge from \$595,323 to \$335,385 effective July 1, 2021; and
- Adopt the Water Rate Resolution setting forth rates and charges to be effective July 1, 2021 and January 1, 2022 as identified in the Water Rate Resolution for Fiscal Year 2021-22, in the form of Attachment B.

Fiscal Impact: Adopting the proposed rates and rate resolution will generated the projected revenue needed to meet the District's expenses for FY2021-22.

Business Analysis: Adopting the proposed rates and rate resolution will meet the budgetary schedule outlined by the Board and aid member agencies' adoption of their budget for this fiscal year.

Option #2

- Not adopt the proposed Water Rates and Water Rate Resolution at this time, and present revisions to the Board in either May or June of 2021

Fiscal Impact: The fiscal impacts of any revisions to the rates or rate resolution will need to be evaluated.

Business Analysis: By not adopting the proposed rates and rate resolution will delay the budgetary process outlined by the Board, and may cause delays in the member agency's adoption of their budget this fiscal year.

Staff Recommendation

Option #1

Attachment A – Proposed MWDOC Water Rate Resolution for Fiscal Year 2021-22 (Redline)

Attachment B – Proposed MWDOC Water Rate Resolution for Fiscal Year 2021-22 (clean version with Exhibits)

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

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

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

WHEREAS, pursuant to Section 1117 of the MWDOC Administrative Code, the MWDOC Board of Directors adopted Ordinance No. 55 establishing classes of water service, and terms and conditions of such service, and intends to adopt this Resolution fixing the rates and charges for said classes of water service (including Choice services in Section 6); and,

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

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

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

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

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

WHEREAS, MWDOC engaged Raftelis Financial Consultants, Inc. to prepare a cost of service allocation and rate study (Rate Study) for MWDOC's rates and charges in 2016 and 2021; and,

WHEREAS, the 2021 Core Service Allocation Rate Study ~~was completed in 2016 and~~ affirmed MWDOC's Retail Meter Charge, and ~~added a~~modified the new Groundwater Customer Charge effective with the fiscal year 2021-22 ~~2016-17~~ rates and charges; and,

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

WHEREAS, the MWDOC Board has approved the "Choice" services, the associated

budgets, and the methods for allocating such costs to the member agencies and 3 Cities, and has directed staff to bill for those costs pursuant to Section 10 of this Resolution as part of MWDOC's water rates and charges; and,

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

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

Formatted: Indent: First line: 0.5", Tab stops: Not at -1"

SECTION 1. RATES FOR CLASSES OF WATER SERVICE.

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

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

Rate Component	July 1 through December 31, 202 19	Beginning January 1, 202 21
Untreated Full Service	\$777 55 .00	\$799 77 .00
Treated Full Service	\$1,104 078 .00	\$1,143 404 .00
Unbundled Rate By Component:		
System Access Rate	\$373 46 .00	\$389 73 .00
System Power Rate	\$161 36 .00	\$167 64 .00
Water Stewardship Rate*	-\$65.00	-
MWDOC Melded Supply Rate	\$243 08 .00	\$243 43 .00
Subtotal Untreated Full Service:	\$77755.00	\$79977.00
Treatment Surcharge	\$32 73 .00	\$344 27 .00
Total Treated Full Service:	\$1,104078.00	\$1,143404.00

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

(b) MWDOC Drought Allocation Surcharge

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

(c) MWDOC Melded Supply Rate

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

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

SECTION 2. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for fiscal year 202~~10~~-2~~24~~ Metropolitan estimates that the amount of Metropolitan's Readiness-to-Serve (~~"RTS"~~) Charge applicable to MWDOC, which exceeds the standby charges collected in MWDOC's service area (~~"Net RTS"~~) is \$11,~~789,511,354,584~~. The Net RTS Charge will be allocated among the MWDOC member agencies, as provided herein and invoiced as a fixed charge to each MWDOC member agency. Metropolitan will bill MWDOC for the Net RTS Charge on a monthly installment basis. The MWDOC Net RTS Charge will be invoiced to each MWDOC member agencies on a monthly basis.

Formatted: Not Highlight

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

The MWDOC method of apportioning the Net-~~Metropolitan~~ RTS Charge to the MWDOC member agencies uses the most recently completed four-year rolling average of fiscal year full service purchases of water ending one year prior to the year of the charge being imposed (i.e., for fiscal year 202~~10~~-2~~24~~ charges, the four-year average shall be based on fiscal years 201~~65~~-1~~76~~ through 201~~98~~-2~~049~~). The Net ~~Metropolitan~~ RTS Charge to MWDOC shall be apportioned to the MWDOC member agencies based on the four-year average of full service sales, which would include all cyclic, wheeled and transferred water.

(c) Fiscal Year 202~~10~~-2~~24~~ MWDOC RTS Charge

For fiscal year 202~~10~~-2~~24~~, MWDOC will charge the MWDOC member agencies total Net RTS Charges of \$11,~~789,511,354,584~~. The amount of the Net RTS Charge to be apportioned to each of the MWDOC member agencies is set forth in **Exhibit A**, attached

Formatted: Not Highlight

hereto and by this reference incorporated herein made an operative part hereof.

(d) Adjustment of RTS Charge

Metropolitan determines its Net RTS Charge to each member agency based on the estimated revenue derived from the Metropolitan Standby Charge within each member agency (less delinquencies and administrative costs). The projected Net Standby Charge revenue for MWDOC in fiscal year 202~~19~~-2~~2~~4 is set forth in **Exhibit A**. Once the actual Net Standby Charge revenue is known, Metropolitan may adjust the amount of the Net RTS Charge for the prior year through an additional charge or credit. Any adjustment necessary to reconcile the estimated Net RTS Charge with the actual Net RTS Charge will be charged or credited to each MWDOC member agency in the next regularly scheduled water billing following the preparation of the reconciliation report by Metropolitan.

SECTION 3. MWDOC CAPACITY CHARGE

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year 202~~2~~4, the amount of the Metropolitan Capacity Charge to be imposed on MWDOC will be \$~~5,396,060~~4,732,640. The Metropolitan Capacity Charge will be allocated among the MWDOC member agencies as provided herein and invoiced as a fixed charge to each member agency. Metropolitan will bill MWDOC for the Capacity Charge on a monthly installment basis. The MWDOC Capacity Charge will be invoiced to the MWDOC member agencies on a monthly basis.

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

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

imposed (i.e., for calendar year 202~~24~~ charges, the highest peak day flow shall be based on May 1 through September 30, 201~~87~~, 201~~98~~ and 20~~2049~~). The peak day flow for each MWDOC member agency is used to apportion the Capacity Charge based upon the ratio of each agency's highest peak day flow to the sum of all member agencies' highest peak day flows. The amount of the 202~~24~~ Capacity Charge apportioned to each member agency is set forth in **Exhibit B**, attached hereto and by this reference incorporated herein and made an operative part hereof.

SECTION 4. MWDOC'S RETAIL METER CHARGE.

The annual charge to be imposed by MWDOC on each member agency except for Orange County Water District (OCWD) for each retail water meter served by such a MWDOC member agency which is in service as of January 1 of each year ~~("MWDOC's Retail Meter Charge")~~ shall be ~~\$12,2013.00~~. MWDOC's Retail Meter Charge shall be collected in accordance with Section 10 of this Resolution. Annually, or at such time as determined to be necessary, MWDOC will request supporting documentation from each member agency to verify the number of retail meters within their service area, and such documentation shall be signed by a representative of the member agency. MWDOC is also authorized to conduct random on-site visits with the member agencies to verify the data on the number of retail meters.

SECTION 5. MWDOC GROUNDWATER CUSTOMER CHARGE

The annual charge to be imposed on ~~Orange County Water District (OCWD)~~ for Core services provided by MWDOC for fiscal year 202~~10-24~~ shall be ~~\$335,385,595,323~~. MWDOC's Groundwater Customer Charge to be imposed on OCWD shall be collected in accordance with Section 10 of this Resolution.

Formatted: Not Highlight

The Groundwater Customer Charge is calculated based on OCWD's ~~portion~~ proportionate share of ~~MWDOC's Cost Centers #21 (Planning and Resource Development) and #23 (MET Issues and Special Projects), plus one-twenty-sixth of all the remaining of~~ MWDOC's cost centers of MWDOC's fiscal year 202~~19~~-2~~2~~4 general fund core budget, ~~but not including~~excluding the WEROC cost ~~item~~center. OCWD's proportionate share is calculated as one twenty-sixth of all cost centers except for WEROC. OCWD's portion of Cost Centers #21 and #23 is based on OCWD's most recent 10-year historical full service water purchases as a percentage of the sum of the MWDOC member agencies' 10-year historical water purchases.

SECTION 6. CHOICE SERVICES TO THE MWDOC MEMBER AGENCIES 202~~19~~-2~~2~~4

The Choice services to the member agencies shall be provided and charged for as follows for Fiscal Year 202~~19~~-2~~2~~4. Each Choice service is voluntary and provided at the option of the member agency, and the costs for such Choice services are not "imposed" for purposes of article XIII C, section 1(e) of the California constitution:

- (a) Water Use Efficiency Program – The cost of MWDOC's Water Use Efficiency Program shall be allocated to those agencies electing to participate in the program. The costs shall be apportioned to the participants in proportion to the benefits received from Metropolitan and/or any other outside sources of funding in calendar year 20~~20~~19. There may be other costs allocated over and above these costs for participation in certain water use efficiency program efforts in various parts of Orange County that are separate from this basic program. Anything beyond the basic program will be implemented separately by agreement or memorandum of understanding with each participating agency. The costs to be charged shall reflect any carry-over or deficit funds from the

preceding fiscal year.

- (b) The MWDOC Elementary School Program provides comprehensive water education for Orange County elementary school students in Grades K-6. Through this program, each participating agency may set a target number of students to reach in their service area. In grades K-2, the MWDOC Elementary School Program charges participating agencies per school assembly, at a cost based on the size of the school assembly. In grades 3-6, the MWDOC Elementary School Program charges each participating agency at a cost per student based on the actual number of students to which the program is provided.
- (c) The MWDOC Middle School Program provides comprehensive water education for Orange County middle school students in Grades 7-8. Through this program, each participating agency may set a target number of students to reach in their service area. The MWDOC Middle School Program charges each participating agency at a cost per student based on the actual number of students to which the program is provided.
- (d) The MWDOC High School Program provides comprehensive water education for Orange County high school students in Grades 9-12. Through this program, each participating agency may set a target number of high schools to reach in their service area. The MWDOC High School Program charges each participating agency at a cost per high school to which the program is provided.
- (e) Blank
- (f) The Water Loss Control Program provides professional services with Water Systems Optimization, Inc. for water loss control technical assistance to retail agencies in Orange County, as well as technical services with McCall's Meters,

Inc. and with Westerly Meter Service Company to provide meter accuracy testing services. The costs for the program varies per agency according to the level of professional and technical service selected by each participating agency. The costs to be charged shall reflect any carry-over or deficit funds from the preceding fiscal year.

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

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

WATER

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

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

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

- (a) A one-time administrative charge, based on actual time spent to account for the staff time and legal counsel ~~time~~ required for preparation of an agreement or agreements to establish the legal and administrative framework for water to be wheeled or transferred through exchanges with Metropolitan.
- (b) Unless otherwise specified by written agreement with MWDOC, an annual charge will be assessed, based on actual time spent in any year in which water is wheeled or transferred through exchanges with Metropolitan, to cover staff time to account for and bill for the water.
- (c) Other charges established by written agreement between MWDOC and a ~~m~~Member ~~a~~Agency that reflect additional costs of wheeling water.

SECTION 8. MWDOC WATER SUPPLY ALLOCATION PLAN (WSAP)

In the event that a regional water shortage is declared, the MWDOC Board can implement, adjust, or adopt an updated Water Supply Allocation Plan (~~“Plan”~~). This Plan, as adopted in 2009, updated in 2014 and 2016, and as amended from time to time, established procedures allowing MWDOC to assess an allocation surcharge to its member agencies in the event MWDOC is assessed an allocation surcharge under Metropolitan’s own “Water Supply Allocation Plan.” Under MWDOC’s Plan, surcharges may be assessed according to a particular member agency’s prorated share of its over usage relative to the MWDOC surcharge amount assessed by Metropolitan. However, the rates set forth in this Resolution do not include or otherwise account for potential surcharges that may be assessed by MWDOC under its Water Supply Allocation Plan, and nothing contained herein is intended to preclude MWDOC from charging such surcharges as authorized in the Water Supply Allocation Plan.

SECTION 9. EFFECTIVE DATE.

The rates set forth in this Resolution shall become effective as of July 1, 202~~19~~¹⁰ or thereafter as specified and shall remain in effect until changed by subsequent Resolution of the Board of Directors.

SECTION 10. BILLING AND PAYMENT.

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

- (a) MWDOC's cost of acquisition of the water shall be billed in the month following delivery of the water;
- (b) MWDOC's Retail Meter Charge shall be billed once annually on or after July 1st of each year, for each retail water service meter within each member agency's service area;
- (c) the MWDOC Readiness-to-Serve Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit A**, the MWDOC Capacity Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit B**; and
- (d) the MWDOC Choice services shall be billed once annually on or after July 1st of each year or as otherwise during the fiscal year in accordance with **Exhibit C** and/or as may be adjusted during the fiscal year in discussions with and as agreed to by the Choice Program participants.
- (e) The fixed annual Groundwater Customer Charge to OCWD, as set forth in MWDOC's Water Rate Ordinance No. 5~~54~~⁵⁵ and referred to in Section 5 hereof, shall be billed to OCWD annually at the beginning of the fiscal

year on July 1.

All such billings shall be due on receipt by the member agency and shall be delinquent if payment is not received by MWDOC by the 15th day of the month following the mailing of the billing or within 30 days of mailing of such billing, whichever date is later.

Formatted: Indent: First line: 0.44"

SECTION 11. EXEMPTION FROM CEQA.

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

SECTION 12. REASONABLE COST.

The Board of Directors finds that the water rates established herein are in accordance with the adopted fiscal year 202~~19~~-2~~24~~ budget, and that said rates do not exceed the reasonable cost of providing water service and other services and regulatory functions for which they are charged.

SECTION 13. SUPERSEDES PRIOR RESOLUTIONS.

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

Formatted: Underline

SECTION 14. RATES SUBJECT TO ORDINANCE.

The rates for water service established herein are subject to Ordinance No. 5~~5~~4 as it may be amended from time to time.

SECTION 15. **IMPLEMENTATION.**

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

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

Said Resolution No. was adopted on April ~~May 20~~, 20210 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County

EXHIBIT A

Readiness-to-serve Charge for MWDOC Client Agencies for FY 2021-22

Metropolitan Readiness-to-Serve (RTS) Charge to MWDOC for FY 2021/22 = \$ 18,986,767					DRAFT
Expected Standby Revenue Less Metropolitan Administrative Charge Plus Delinquencies & Uncollectables FY 2021/22 = \$ (7,197,255)					
Net MWD RTS Charge = \$ 11,789,511					

Agency	AF Share				Net RTS	FY 2018-19 RTS Adjustment	Monthly Charge July - December	Monthly Charge January - June
	2016-17	2017-18	2018-19	2019-20				
Brea	1,160	1,889	878	0	982	\$ -	\$ 4,751.06	\$ 5,330.31
Buena Park	3,229	3,251	3,470	2,657	3,152	\$ -	\$ 15,252.70	\$ 17,112.34
East Orange County Water District	1,372	1,131	1,575	1,157	1,309	\$ -	\$ 6,334.06	\$ 7,106.32
El Toro Water District	6,639	7,783	6,789	6,913	7,031	\$ -	\$ 34,028.04	\$ 38,176.80
Fountain Valley	2,112	2,112	1,885	0	1,527	\$ -	\$ 7,391.91	\$ 8,293.14
Garden Grove	6,135	6,286	5,434	10,952	7,202	\$ -	\$ 34,854.17	\$ 39,103.65
Golden State Water Company	5,664	5,823	5,421	4,743	5,413	\$ -	\$ 26,196.06	\$ 29,389.92
Huntington Beach	6,084	6,914	5,276	4,264	5,634	\$ -	\$ 27,269.55	\$ 30,594.30
Irvine Ranch Water District	18,595	15,345	13,921	13,018	15,220	\$ -	\$ 73,660.30	\$ 82,641.09
La Habra	76	114	75	101	92	\$ -	\$ 443.44	\$ 497.51
La Palma	651	1	426	0	270	\$ -	\$ 1,304.64	\$ 1,463.71
Laguna Beach County Water District	1,663	1,636	1,462	1,614	1,594	\$ -	\$ 7,712.91	\$ 8,653.28
Mesa Water District	0	0	0	0	-	\$ -	\$ -	\$ -
Moulton Niguel Water District	22,866	25,630	23,443	22,185	23,531	\$ -	\$ 113,884.66	\$ 127,769.67
Newport Beach	3,317	3,679	3,229	4,255	3,620	\$ -	\$ 17,520.63	\$ 19,656.77
Orange	5,786	5,139	5,187	4,946	5,264	\$ -	\$ 25,478.26	\$ 28,584.61
Orange County Water District	42,879	121,717	56,198	9,592	57,596	\$ -	\$ 278,752.46	\$ 312,738.35
San Clemente	6,543	7,016	6,521	6,680	6,690	\$ -	\$ 32,376.65	\$ 36,324.07
San Juan Capistrano	5,556	5,080	5,108	4,790	5,134	\$ -	\$ 24,845.12	\$ 27,874.28
Santa Margarita Water District	21,847	23,432	20,179	22,275	21,933	\$ -	\$ 106,151.81	\$ 119,094.01
Seal Beach	1,000	847	928	1,132	977	\$ -	\$ 4,727.02	\$ 5,303.35
Serrano Water District	2,199	1,300	1,072	0	1,143	\$ -	\$ 5,529.81	\$ 6,204.01
South Coast Water District	4,907	4,865	5,039	4,481	4,823	\$ -	\$ 23,342.14	\$ 26,188.05
Trabuco Canyon Water District	2,000	2,941	2,177	2,034	2,288	\$ -	\$ 11,074.14	\$ 12,424.32
Westminster	2,602	2,780	2,454	2,450	2,572	\$ -	\$ 12,445.50	\$ 13,962.88
Yorba Linda Water District	5,370	6,117	4,787	9,084	6,340	\$ -	\$ 30,681.96	\$ 34,422.76
Sum of MWDOC Agencies	172,400	180,249	262,827	139,323	191,333	\$ -	\$ 926,009.00	\$ 1,038,909.50

EXHIBIT B
DRAFT Capacity Charge for MWDOC Member Agencies for CY 2022

DRAFT 4/6/21

	2018	2019	2020	Peak
MWDOC's Peak to MWD (cfs)	442.3	263.2	272.2	442.3
Date	8/7/2018	8/5/2019	6/10/2020	8/7/18

Metropolitan Capacity Charge to MWDOC for CY 2021 **\$ 5,396,060** *

Agency	Capacity Charge Eligible Flows (CFS)			CFS Share (%)	Annual Capacity Charge	Monthly Capacity Charge
	2018	2019	2020			
City of Brea	12.9	0.0	0.0	2.17%	\$ 117,050	\$ 9,754
City of Buena Park	4.7	11.8	5.5	1.99%	\$ 107,359	8,947
East Orange County Water District	10.8	14.9	12.5	2.50%	\$ 135,002	11,250
El Toro Water District	18.3	18.3	16.2	3.08%	\$ 166,217	13,851
City of Fountain Valley	2.8	0.0	0.0	0.47%	\$ 25,459	2,122
City of Garden Grove	17.0	22.0	26.0	4.38%	\$ 236,147	19,679
Golden State Water Company	12.9	9.2	11.9	2.16%	\$ 116,808	9,734
City of Huntington Beach	24.7	26.3	16.7	4.42%	\$ 238,548	19,879
Irvine Ranch Water District	51.7	41.1	42.0	8.68%	\$ 468,614	39,051
City of La Habra	7.8	8.6	3.4	1.45%	\$ 78,268	6,522
City of La Palma	0.0	0.0	0.0	0.00%	\$ -	-
Laguna Beach County Water District	4.9	2.5	7.0	1.17%	\$ 63,093	5,258
Mesa Water District	0.0	0.0	0.0	0.00%	\$ -	-
Moulton Niguel Water District	49.5	48.5	49.4	8.33%	\$ 449,421	37,452
City of Newport Beach	10.8	7.9	5.6	1.82%	\$ 98,058	8,171
Orange County Water District	146.4	0.0	0.0	24.61%	\$ 1,327,939	110,662
City of Orange	20.4	14.5	20.9	3.51%	\$ 189,207	15,767
City of San Clemente	21.5	17.5	13.6	3.61%	\$ 194,933	16,244
City of San Juan Capistrano	15.1	14.7	14.8	2.54%	\$ 136,970	11,414
Santa Margarita Water District	54.0	66.9	59.9	11.25%	\$ 607,281	50,607
City of Seal Beach	5.3	6.0	6.8	1.14%	\$ 61,292	5,108
Serrano Water District	3.0	0.0	0.0	0.50%	\$ 27,213	2,268
South Coast Water District	7.9	7.3	13.1	2.19%	\$ 118,427	9,869
Trabuco Canyon Water District	6.3	5.0	5.8	1.06%	\$ 57,397	4,783
City of Westminster	4.8	4.4	2.1	0.80%	\$ 43,328	3,611
Yorba Linda Water District	15.9	33.6	36.6	6.15%	\$ 332,031	27,669
Total			594.9	100%	\$ 5,396,060	\$ 449,672
MWDOC Capacity Charge Per CFS:					\$ 9,071	

* Based on MWDOC's aggregate peak flow of 442.3 cfs on 8/7/2018 charge at MET's 2022 rate of \$12,200 per cfs

Exhibit C

MWDOC Member Agency Choice Services Program Summary

Cost Allocations by Agencies for FY 2021-22

DRAFT
As of 4/1/2021

Retail Agency	Water Use Efficiency [1]	School Education (K-2)[2]	School Education (3-6)[2]	School Education (Middle School)[2]	School Education (High School)[2]	Water Loss Control Program [3]	Total Choice Allocation
Brea	\$ 10,409						\$ 10,409
Buena Park	\$ 6,354						\$ 6,354
East Orange County WD	\$ 1,156						\$ 1,156
El Toro WD	\$ 56,139						\$ 56,139
Fountain Valley	\$ 13,371						\$ 13,371
Garden Grove	\$ 8,166						\$ 8,166
Golden State Water Company	\$ 5,855						\$ 5,855
Huntington Beach	\$ 55,762						\$ 55,762
Irvine Ranch WD	\$ 142,915						\$ 142,915
La Habra	\$ 12,034						\$ 12,034
La Palma	\$ 390						\$ 390
Laguna Beach County WD	\$ 2,980						\$ 2,980
Mesa Water	\$ 50,432						\$ 50,432
Moulton Niguel WD	\$ 162,496						\$ 162,496
Newport Beach	\$ 22,398						\$ 22,398
Orange	\$ 37,780						\$ 37,780
Orange County WD	\$ -						\$ -
San Clemente	\$ 27,523						\$ 27,523
San Juan Capistrano	\$ 4,496						\$ 4,496
Santa Margarita WD	\$ 84,865						\$ 84,865
Seal Beach	\$ 4,466						\$ 4,466
Serrano WD	\$ 1,148						\$ 1,148
South Coast WD	\$ 101,507						\$ 101,507
Trabuco Canyon WD	\$ 35,651						\$ 35,651
Tustin	\$ 23,761						\$ 23,761
Westminster	\$ 17,470						\$ 17,470
Yorba Linda WD	\$ 25,499						\$ 25,499
Anaheim	\$ 64						\$ 64
Fullerton	\$ -						\$ -
Santa Ana	\$ 43						\$ 43
Orange County Total	\$ 915,132						\$ 915,132

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

[1] Preliminary Cost Allocation for the Choice Water Use Efficiency Program for FY 2021-22

[2] FY 2021-22 costs dependent upon selection of vendor and each agency's level of participation.

[3] For FY 2021-22 the Water Loss Control Program includes Technical Assistance (Year VI) and the Water Loss Control Shared Services (Year III). Agency costs will vary based on the selection of technical assistance and shared services. The final cost by agency are not expected to be determined until Fall 2021.

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

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

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

WHEREAS, pursuant to Section 1117 of the MWDOC Administrative Code, the MWDOC Board of Directors adopted Ordinance No. 55 establishing classes of water service, and terms and conditions of such service, and intends to adopt this Resolution fixing the rates and charges for said classes of water service (including Choice services in Section 6); and,

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

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

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

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

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

WHEREAS, MWDOC engaged Raftelis Financial Consultants, Inc. to prepare a cost of service allocation and rate study (Rate Study) for MWDOC's rates and charges in 2016 and 2021; and,

WHEREAS, the 2021 Core Service Allocation Study affirmed MWDOC's Retail Meter Charge, and modified the Groundwater Customer Charge effective with the fiscal year 2021-22 rates and charges; and,

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

WHEREAS, the MWDOC Board has approved the "Choice" services, the associated

budgets, and the methods for allocating such costs to the member agencies and 3 Cities, and has directed staff to bill for those costs pursuant to Section 10 of this Resolution as part of MWDOC's water rates and charges; and,

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

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

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

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

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

Rate Component	July 1 through December 31, 2021	Beginning January 1, 2022
Untreated Full Service	\$777.00	\$799.00
Treated Full Service	\$1,104.00	\$1,143.00
Unbundled Rate By Component:		
System Access Rate	\$373.00	\$389.00
System Power Rate	\$161.00	\$167.00
Water Stewardship Rate*	-	-
MWDOC Melded Supply Rate	\$243.00	\$243.00
Subtotal Untreated Full Service:	\$777.00	\$799.00
Treatment Surcharge	\$327.00	\$344.00
Total Treated Full Service:	\$1,104.00	\$1,143.00

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

(b) MWDOC Drought Allocation Surcharge

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

(c) MWDOC Melded Supply Rate

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

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

SECTION 2. MWDOC READINESS-TO-SERVE CHARGE.

(a) Amount Due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for fiscal year 2021-22 Metropolitan estimates that the amount of Metropolitan's Readiness-to-Serve (RTS) Charge applicable to MWDOC, which exceeds the standby charges collected in MWDOC's service area (Net RTS) is \$11,789,511. The Net RTS Charge will be allocated among the MWDOC member agencies, as provided herein and invoiced as a fixed charge to each MWDOC member agency. Metropolitan will bill MWDOC for the Net RTS Charge on a monthly installment basis. The MWDOC Net RTS Charge will be invoiced to each MWDOC member agencies on a monthly basis.

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

The MWDOC method of apportioning the Net RTS Charge to the MWDOC member agencies uses the most recently completed four-year rolling average of fiscal year full service purchases of water ending one year prior to the year of the charge being imposed (i.e., for fiscal year 2021-22 charges, the four-year average shall be based on fiscal years 2016-17 through 2019-20). The Net RTS Charge to MWDOC shall be apportioned to the MWDOC member agencies based on the four-year average of full service sales, which would include all cyclic, wheeled and transferred water.

(c) Fiscal Year 2021-22 MWDOC RTS Charge

For fiscal year 2021-22, MWDOC will charge the MWDOC member agencies total Net RTS Charges of \$11,789,511. The amount of the Net RTS Charge to be apportioned to each of the MWDOC member agencies is set forth in **Exhibit A**, attached hereto and by this

reference incorporated herein made an operative part hereof.

(d) Adjustment of RTS Charge

Metropolitan determines its Net RTS Charge to each member agency based on the estimated revenue derived from the Metropolitan Standby Charge within each member agency (less delinquencies and administrative costs). The projected Net Standby Charge revenue for MWDOC in fiscal year 2021-22 is set forth in **Exhibit A**. Once the actual Net Standby Charge revenue is known, Metropolitan may adjust the amount of the Net RTS Charge for the prior year through an additional charge or credit. Any adjustment necessary to reconcile the estimated Net RTS Charge with the actual Net RTS Charge will be charged or credited to each MWDOC member agency in the next regularly scheduled water billing following the preparation of the reconciliation report by Metropolitan.

SECTION 3. **MWDOC CAPACITY CHARGE**

(a) Amount due to Metropolitan from MWDOC

Metropolitan has notified MWDOC that for calendar year 2022, the amount of the Metropolitan Capacity Charge to be imposed on MWDOC will be \$5,396,060. The Metropolitan Capacity Charge will be allocated among the MWDOC member agencies as provided herein and invoiced as a fixed charge to each member agency. Metropolitan will bill MWDOC for the Capacity Charge on a monthly installment basis. The MWDOC Capacity Charge will be invoiced to the MWDOC member agencies on a monthly basis.

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

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

imposed (i.e., for calendar year 2022 charges, the highest peak day flow shall be based on May 1 through September 30, 2018, 2019 and 2020). The peak day flow for each MWDOC member agency is used to apportion the Capacity Charge based upon the ratio of each agency's highest peak day flow to the sum of all member agencies' highest peak day flows. The amount of the 2022 Capacity Charge apportioned to each member agency is set forth in **Exhibit B**, attached hereto and by this reference incorporated herein and made an operative part hereof.

SECTION 4. MWDOC'S RETAIL METER CHARGE.

The annual charge to be imposed by MWDOC on each member agency except for Orange County Water District (OCWD) for each retail water meter served by such MWDOC member agency which is in service as of January 1 of each year (MWDOC's Retail Meter Charge) shall be **\$13.00**. MWDOC's Retail Meter Charge shall be collected in accordance with Section 10 of this Resolution. Annually, or at such time as determined to be necessary, MWDOC will request supporting documentation from each member agency to verify the number of retail meters within their service area, and such documentation shall be signed by a representative of the member agency. MWDOC is also authorized to conduct random on-site visits with the member agencies to verify the data on the number of retail meters.

SECTION 5. MWDOC GROUNDWATER CUSTOMER CHARGE

The annual charge to be imposed on OCWD for Core services provided by MWDOC for fiscal year 2021-22 shall be **\$335,385**. MWDOC's Groundwater Customer Charge to be imposed on OCWD shall be collected in accordance with Section 10 of this Resolution.

The Groundwater Customer Charge is calculated based on OCWD's proportionate share of all of MWDOC's cost centers of MWDOC's fiscal year 2021-22 general fund core

budget; excluding the WEROC cost center. OCWD's proportionate share is calculated as one twenty-sixth of all cost centers except for WEROC.

SECTION 6. CHOICE SERVICES TO THE MWDOC MEMBER AGENCIES 2021-22

The Choice services to the member agencies shall be provided and charged for as follows for Fiscal Year 2021-22. Each Choice service is voluntary and provided at the option of the member agency, and the costs for such Choice services are not "imposed" for purposes of article XIII C, section 1(e) of the California constitution:

- (a) Water Use Efficiency Program – The cost of MWDOC's Water Use Efficiency Program shall be allocated to those agencies electing to participate in the program. The costs shall be apportioned to the participants in proportion to the benefits received from Metropolitan and/or any other outside sources of funding in calendar year 2020. There may be other costs allocated over and above these costs for participation in certain water use efficiency program efforts in various parts of Orange County that are separate from this basic program. Anything beyond the basic program will be implemented separately by agreement or memorandum of understanding with each participating agency. The costs to be charged shall reflect any carry-over or deficit funds from the preceding fiscal year.
- (b) The MWDOC Elementary School Program provides comprehensive water education for Orange County elementary school students in Grades K-6. Through this program, each participating agency may set a target number of students to reach in their service area. In grades K-2, the MWDOC Elementary School Program charges participating agencies per school assembly, at a cost based on the size of the school assembly. In grades 3-6, the MWDOC

Elementary School Program charges each participating agency at a cost per student based on the actual number of students to which the program is provided.

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

The details on these Choice options and charges to each agency are included in Section 10 and are set forth in **Exhibit C**, attached hereto and by this reference

incorporated herein and made an operative part hereof .

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

WATER

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

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

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

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

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

- (c) Other charges established by written agreement between MWDOC and a member agency that reflect additional costs of wheeling water.

SECTION 8. MWDOC WATER SUPPLY ALLOCATION PLAN (WSAP)

In the event that a regional water shortage is declared, the MWDOC Board can implement, adjust, or adopt an updated Water Supply Allocation Plan (Plan). This Plan, as adopted in 2009, updated in 2014 and 2016, and as amended from time to time, established procedures allowing MWDOC to assess an allocation surcharge to its member agencies in the event MWDOC is assessed an allocation surcharge under Metropolitan's own "Water Supply Allocation Plan." Under MWDOC's Plan, surcharges may be assessed according to a particular member agency's prorated share of its over usage relative to the MWDOC surcharge amount assessed by Metropolitan. However, the rates set forth in this Resolution do not include or otherwise account for potential surcharges that may be assessed by MWDOC under its Water Supply Allocation Plan, and nothing contained herein is intended to preclude MWDOC from charging such surcharges as authorized in the Water Supply Allocation Plan.

SECTION 9. EFFECTIVE DATE.

The rates set forth in this Resolution shall become effective as of July 1, 2021 or thereafter as specified and shall remain in effect until changed by subsequent Resolution of the Board of Directors.

SECTION 10. BILLING AND PAYMENT.

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

- (a) MWDOC's cost of acquisition of the water shall be billed in the month following delivery of the water;
- (b) MWDOC's Retail Meter Charge shall be billed once annually on or after July 1st of each year, for each retail water service meter within each member agency's service area;
- (c) the MWDOC Readiness-to-Serve Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit A**, the MWDOC Capacity Charge shall be billed in monthly installments on the water billing in accordance with **Exhibit B**; and
- (d) the MWDOC Choice services shall be billed once annually on or after July 1st of each year or as otherwise during the fiscal year in accordance with **Exhibit C** and/or as may be adjusted during the fiscal year in discussions with and as agreed to by the Choice Program participants.
- (e) The fixed annual Groundwater Customer Charge to OCWD, as set forth in MWDOC's Water Rate Ordinance No. 55 and referred to in Section 5 hereof, shall be billed to OCWD annually at the beginning of the fiscal year on July 1.

All such billings shall be due on receipt by the member agency and shall be delinquent if payment is not received by MWDOC by the 15th day of the month following the mailing of the billing or within 30 days of mailing of such billing, whichever date is later.

SECTION 11. **EXEMPTION FROM CEQA.**

The Board of Directors finds that the adoption of the rates and charges as set forth in

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

SECTION 12. **REASONABLE COST.**

The Board of Directors finds that the water rates established herein are in accordance with the adopted fiscal year 2021-22 budget, and that said rates do not exceed the reasonable cost of providing water service and other services and regulatory functions for which they are charged.

SECTION 13. **SUPERSEDES PRIOR RESOLUTIONS.**

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

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

The rates for water service established herein are subject to Ordinance No. 55 as it may be amended from time to time.

SECTION 15. **IMPLEMENTATION.**

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

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

Said Resolution No. was adopted on April _____, 2021 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MARIBETH GOLDSBY, District Secretary

Municipal Water District of Orange County

EXHIBIT A

Readiness-to-serve Charge for MWDOC Client Agencies for FY 2021-22

Metropolitan Readiness-to-Serve (RTS) Charge to MWDOC for FY 2021/22 = \$ 18,986,767					DRAFT
Expected Standby Revenue Less Metropolitan Administrative Charge Plus Delinquencies & Uncollectables FY 2021/22 = \$ (7,197,255)					
Net MWD RTS Charge = \$ 11,789,511					

Agency	AF Share				Net RTS	FY 2018-19 RTS Adjustment	Monthly Charge July - December	Monthly Charge January - June
	2016-17	2017-18	2018-19	2019-20				
Brea	1,160	1,889	878	0	\$ 60,488.19	\$ -	\$ 4,751.06	\$ 5,330.31
Buena Park	3,229	3,251	3,470	2,657	\$ 194,190.24	\$ -	\$ 15,252.70	\$ 17,112.34
East Orange County Water District	1,372	1,131	1,575	1,157	\$ 80,642.27	\$ -	\$ 6,334.06	\$ 7,106.32
El Toro Water District	6,639	7,783	6,789	6,913	\$ 433,229.04	\$ -	\$ 34,028.04	\$ 38,176.80
Fountain Valley	2,112	2,112	1,885	0	\$ 94,110.30	\$ -	\$ 7,391.91	\$ 8,293.14
Garden Grove	6,135	6,286	5,434	10,952	\$ 443,746.87	\$ -	\$ 34,854.17	\$ 39,103.65
Golden State Water Company	5,664	5,823	5,421	4,743	\$ 333,515.86	\$ -	\$ 26,196.06	\$ 29,389.92
Huntington Beach	6,084	6,914	5,276	4,264	\$ 347,183.10	\$ -	\$ 27,269.55	\$ 30,594.30
Irvine Ranch Water District	18,595	15,345	13,921	13,018	\$ 937,808.27	\$ -	\$ 73,660.30	\$ 82,641.09
La Habra	76	114	75	101	\$ 5,645.73	\$ -	\$ 443.44	\$ 497.51
La Palma	651	1	426	0	\$ 16,610.10	\$ -	\$ 1,304.64	\$ 1,463.71
Laguna Beach County Water District	1,663	1,636	1,462	1,614	\$ 98,197.17	\$ -	\$ 7,712.91	\$ 8,653.28
Mesa Water District	0	0	0	0	\$ -	\$ -	\$ -	\$ -
Moulton Niguel Water District	22,866	25,630	23,443	22,185	\$ 1,449,925.96	\$ -	\$ 113,884.66	\$ 127,769.67
Newport Beach	3,317	3,679	3,229	4,255	\$ 223,064.36	\$ -	\$ 17,520.63	\$ 19,656.77
Orange	5,786	5,139	5,187	4,946	\$ 324,377.17	\$ -	\$ 25,478.26	\$ 28,584.61
Orange County Water District	42,879	121,717	56,198	9,592	\$ 3,548,945.15	\$ -	\$ 278,752.46	\$ 312,738.35
San Clemente	6,543	7,016	6,521	6,680	\$ 412,204.29	\$ -	\$ 32,376.65	\$ 36,324.07
San Juan Capistrano	5,556	5,080	5,108	4,790	\$ 316,316.40	\$ -	\$ 24,845.12	\$ 27,874.28
Santa Margarita Water District	21,847	23,432	20,179	22,275	\$ 1,351,474.86	\$ -	\$ 106,151.81	\$ 119,094.01
Seal Beach	1,000	847	928	1,132	\$ 60,182.24	\$ -	\$ 4,727.02	\$ 5,303.35
Serrano Water District	2,199	1,300	1,072	0	\$ 70,402.93	\$ -	\$ 5,529.81	\$ 6,204.01
South Coast Water District	4,907	4,865	5,039	4,481	\$ 297,181.15	\$ -	\$ 23,342.14	\$ 26,188.05
Trabuco Canyon Water District	2,000	2,941	2,177	2,034	\$ 140,990.72	\$ -	\$ 11,074.14	\$ 12,424.32
Westminster	2,602	2,780	2,454	2,450	\$ 158,450.31	\$ -	\$ 12,445.50	\$ 13,962.88
Yorba Linda Water District	5,370	6,117	4,787	9,084	\$ 390,628.33	\$ -	\$ 30,681.96	\$ 34,422.76
Sum of MWDOC Agencies	172,400	180,249	262,827	139,323	\$ 11,789,511.00	\$ -	\$ 926,009.00	\$ 1,038,909.50

EXHIBIT B
DRAFT Capacity Charge for MWDOC Member Agencies for CY 2022

DRAFT 4/6/21

	2018	2019	2020	Peak
MWDOC's Peak to MWD (cfs)	442.3	263.2	272.2	442.3
Date	8/7/2018	8/5/2019	6/10/2020	8/7/18

Metropolitan Capacity Charge to MWDOC for CY 2021 **\$ 5,396,060** *

Agency	Capacity Charge Eligible Flows (CFS)			CFS Share (%)	Annual Capacity Charge	Monthly Capacity Charge
	2018	2019	2020			
City of Brea	12.9	0.0	0.0	2.17%	\$ 117,050	\$ 9,754
City of Buena Park	4.7	11.8	5.5	1.99%	\$ 107,359	8,947
East Orange County Water District	10.8	14.9	12.5	2.50%	\$ 135,002	11,250
El Toro Water District	18.3	18.3	16.2	3.08%	\$ 166,217	13,851
City of Fountain Valley	2.8	0.0	0.0	0.47%	\$ 25,459	2,122
City of Garden Grove	17.0	22.0	26.0	4.38%	\$ 236,147	19,679
Golden State Water Company	12.9	9.2	11.9	2.16%	\$ 116,808	9,734
City of Huntington Beach	24.7	26.3	16.7	4.42%	\$ 238,548	19,879
Irvine Ranch Water District	51.7	41.1	42.0	8.68%	\$ 468,614	39,051
City of La Habra	7.8	8.6	3.4	1.45%	\$ 78,268	6,522
City of La Palma	0.0	0.0	0.0	0.00%	\$ -	-
Laguna Beach County Water District	4.9	2.5	7.0	1.17%	\$ 63,093	5,258
Mesa Water District	0.0	0.0	0.0	0.00%	\$ -	-
Moulton Niguel Water District	49.5	48.5	49.4	8.33%	\$ 449,421	37,452
City of Newport Beach	10.8	7.9	5.6	1.82%	\$ 98,058	8,171
Orange County Water District	146.4	0.0	0.0	24.61%	\$ 1,327,939	110,662
City of Orange	20.4	14.5	20.9	3.51%	\$ 189,207	15,767
City of San Clemente	21.5	17.5	13.6	3.61%	\$ 194,933	16,244
City of San Juan Capistrano	15.1	14.7	14.8	2.54%	\$ 136,970	11,414
Santa Margarita Water District	54.0	66.9	59.9	11.25%	\$ 607,281	50,607
City of Seal Beach	5.3	6.0	6.8	1.14%	\$ 61,292	5,108
Serrano Water District	3.0	0.0	0.0	0.50%	\$ 27,213	2,268
South Coast Water District	7.9	7.3	13.1	2.19%	\$ 118,427	9,869
Trabuco Canyon Water District	6.3	5.0	5.8	1.06%	\$ 57,397	4,783
City of Westminster	4.8	4.4	2.1	0.80%	\$ 43,328	3,611
Yorba Linda Water District	15.9	33.6	36.6	6.15%	\$ 332,031	27,669
Total			594.9	100%	\$ 5,396,060	\$ 449,672
MWDOC Capacity Charge Per CFS:					\$ 9,071	

* Based on MWDOC's aggregate peak flow of 442.3 cfs on 8/7/2018 charge at MET's 2022 rate of \$12,200 per cfs

Exhibit C

MWDOC Member Agency Choice Services Program Summary

Cost Allocations by Agencies for FY 2021-22

DRAFT
As of 4/1/2021

Retail Agency	Water Use Efficiency [1]	School Education (K-2)[2]	School Education (3-6)[2]	School Education (Middle School)[2]	School Education (High School)[2]	Water Loss Control Program [3]	Total Choice Allocation
Brea	\$ 10,409						\$ 10,409
Buena Park	\$ 6,354						\$ 6,354
East Orange County WD	\$ 1,156						\$ 1,156
El Toro WD	\$ 56,139						\$ 56,139
Fountain Valley	\$ 13,371						\$ 13,371
Garden Grove	\$ 8,166						\$ 8,166
Golden State Water Company	\$ 5,855						\$ 5,855
Huntington Beach	\$ 55,762						\$ 55,762
Irvine Ranch WD	\$ 142,915						\$ 142,915
La Habra	\$ 12,034						\$ 12,034
La Palma	\$ 390						\$ 390
Laguna Beach County WD	\$ 2,980						\$ 2,980
Mesa Water	\$ 50,432						\$ 50,432
Moulton Niguel WD	\$ 162,496						\$ 162,496
Newport Beach	\$ 22,398						\$ 22,398
Orange	\$ 37,780						\$ 37,780
Orange County WD	\$ -						\$ -
San Clemente	\$ 27,523						\$ 27,523
San Juan Capistrano	\$ 4,496						\$ 4,496
Santa Margarita WD	\$ 84,865						\$ 84,865
Seal Beach	\$ 4,466						\$ 4,466
Serrano WD	\$ 1,148						\$ 1,148
South Coast WD	\$ 101,507						\$ 101,507
Trabuco Canyon WD	\$ 35,651						\$ 35,651
Tustin	\$ 23,761						\$ 23,761
Westminster	\$ 17,470						\$ 17,470
Yorba Linda WD	\$ 25,499						\$ 25,499
Anaheim	\$ 64						\$ 64
Fullerton	\$ -						\$ -
Santa Ana	\$ 43						\$ 43
Orange County Total	\$ 915,132						\$ 915,132

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

[1] Preliminary Cost Allocation for the Choice Water Use Efficiency Program for FY 2021-22

[2] FY 2021-22 costs dependent upon selection of vendor and each agency's level of participation.

[3] For FY 2021-22 the Water Loss Control Program includes Technical Assistance (Year VI) and the Water Loss Control Shared Services (Year III). Agency costs will vary based on the selection of technical assistance and shared services. The final cost by agency are not expected to be determined until Fall 2021.



ACTION ITEM

April 21, 2021

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

FROM: Robert Hunter, General Manager Staff Contact: Heather Baez

**SUBJECT: AB 1296 (KAMLAGER) AND SB 342 (GONZALEZ) – SOUTH COAST
AIR QUALITY MANAGEMENT DISTRICT: BOARD MEMBERSHIP**

STAFF RECOMMENDATION

Staff recommends the Board of Directors adopt Oppose Unless Amended positions on both AB 1296 (Kamlager) and SB 342 (Gonzalez).

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

BILL SUMMARY

As Assembly Bill 1296 (Kamlager) and Senate Bill 342 (Gonzalez) contain identical language, this write-up and recommendation will cover both. It is not yet known which of the bills will proceed. Either of these bills would add two additional seats to the South Coast Air Quality Management District (SCAQMD) Governing Board, to be filled by persons residing in and working directly with pollution-burdened and vulnerable communities as well as issues of environmental justice in the South Coast Air Basin.

BACKGROUND

The SCAQMD's Governing Board adopts policies and regulations that promote clean air within its four-county area, Los Angeles, Orange, Riverside and San Bernardino. Currently, the SCAQMD Board is comprised of 13 members:

- (1) member appointed by the Governor
- (1) member appointed by the Senate President Pro-Tem
- (1) member appointed by the Speaker of the Assembly
- (10) members appointed by regional government entities in the South Coast Air Basin.

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

All SCAQMD board members are required to have a demonstrated interest and proven ability in the field of air pollution control. The governor's appointee is the only member *required* to have a technical background related to air quality and no members are *required* to have a background in working with pollution-burdened communities or environmental justice.

At the April 7 Joint Board Workshop Meeting, MWDOC Board Members expressed interest in taking a formal position on AB 1296 (Kamlager) and asked staff to bring it to the next available committee for action. Staff identified that as SB 342 (Gonzalez) contains the same language, a position on both bills is needed.

ARGUMENTS IN SUPPORT

According to Senator Gonzalez, "South Coast air basin, despite significant air quality improvements over the last several decades, has some of the worst air quality in the nation. Poor land use decisions, discriminatory housing policies, and a legacy of systemic racism have all contributed to an unacceptable reality in South Coast air basin, where low-income communities and communities of color are disproportionately burdened with the unsafe health and environmental consequences of air pollution. According to a 2017 OEHHA report, 57% of the industrial facilities subject to the state's Cap and Trade program are located in or within one-half mile of a disadvantaged community. The same report showed that 75% of refineries and 65% of facilities classified by the California Air Resources Board (CARB) as "other combustion source" facilities are also located in or within one-half mile of a disadvantaged community.

"By adding two environmental justice representatives to SCAQMD's governing board, SB 342 will help tip the scales towards justice for communities that are disproportionately impacted by outdoor pollution in the South Coast air basin and incorporate diverse viewpoints on local public resources and air quality policies. In addition, access to membership on boards will help provide a path to other positions in governmental leadership to individuals from historically underrepresented populations. It is now that we need to deliberately include environmental justice voices and establish active long-term community representation, as we struggle to meet federal air quality standards and tackle one of our most pressing health equity issues."

ARGUMENTS IN OPPOSITION

Ensuring that underrepresented communities are heard in SCAMWD's deliberations has obvious merit, however AB 1296 and SB 342 achieve that goal by diluting the vote of the locally elected officials on the board who are answerable to their constituents. The Legislature could achieve the same result by requiring the two board members they currently appoint are selected from the underrepresented communities they seek to support.

BOARD OPTIONS

Option #1

- Staff recommends that the Board of Directors adopt an Oppose Unless Amended position on AB 1296 (Kamlager) and SB 342 (Gonzalez) and communicate that position with the author's office and policy committee/s.

Fiscal Impact: This bill is not considered to have a fiscal impact on the State of California, and therefore does not require a hearing in the Appropriations Committee.

Business Analysis: Should there be a change of membership to the SCAQMD Board, it could affect issues facing water districts throughout the region.

Option #2

- Do not take a position on AB 1296 (Kamlager) and SB 342 (Gonzalez).

Fiscal Impact: Same as above

Business Analysis: Same as above

STAFF RECOMMENDATION

Option #1

Attached:

- AB 1296 Full Text
- SB 342 Full Text

ASSEMBLY BILL

No. 1296

Introduced by Assembly Member Kamlager

February 19, 2021

An act to amend Section 40420 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1296, as introduced, Kamlager. South Coast Air Quality Management District: district board: membership.

Existing law imposes various limitations on the emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law assigns the responsibility for controlling air pollution for sources other than vehicular sources to an air pollution control district or air quality management district. Existing law establishes the South Coast Air Quality Management District as the district with the responsibility for controlling air pollution from sources other than vehicular sources in the South Coast Air Basin. Existing law establishes a district board consisting of 13 members to govern the south coast district. Existing law requires one member of the district board to be appointed by the Senate Committee on Rules and one member to be appointed by the Speaker of the Assembly.

This bill would increase the number of members of the district board of the south coast district to 15 members by adding 2 environmental justice appointees, one appointed by the Senate Committee on Rules and one appointed by the Speaker of the Assembly.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 40420 of the Health and Safety Code is amended to read:

40420. (a) The south coast district shall be governed by a district board consisting of ~~13~~ 15 members appointed as follows:

(1) One member appointed by the Governor, with the advice and consent of the Senate.

~~(2) One member~~ (A) Two members appointed by the Senate Committee on Rules.

(B) *One of the members appointed under subparagraph (A) shall be an environmental justice appointee who is a person who works directly with communities in the south coast district that are most significantly burdened by, and vulnerable to, high levels of pollution, including, but not limited to, communities with diverse racial and ethnic populations and communities with low-income populations.*

~~(3) One member~~ (A) Two members appointed by the Speaker of the Assembly.

(B) *One of the members appointed under subparagraph (A) shall be an environmental justice appointee who is a person who works directly with communities in the south coast district that are most significantly burdened by, and vulnerable to, high levels of pollution, including, but not limited to, communities with diverse racial and ethnic populations and communities with low-income populations.*

(4) Four members appointed by the boards of supervisors of the counties in the south coast district. Each board of supervisors shall appoint one of these members, who shall be one of the following:

(A) A member of the board of supervisors of the county making the appointment.

(B) A mayor or member of a city council from a city in the portion of the county making the appointment that is included in the south coast district.

(5) Three members appointed by cities in the south coast district. The city selection committee of Orange, Riverside, and San Bernardino Counties shall each appoint one of these members, who shall be either a mayor or a member of the city council of a city in the portion of the county included in the south coast district.

(6) A member appointed by the cities of the western region of Los Angeles County, consisting of the Cities of Agoura Hills, Artesia, Avalon, Bell, Bellflower, Bell Gardens, Beverly Hills, Calabasas, Carson, Cerritos, Commerce, Compton, Cudahy, Culver City, Downey, El Segundo, Gardena, Hawaiian Gardens, Hawthorne, Hermosa Beach, Hidden Hills, Huntington Park, Inglewood, La Habra Heights, La Mirada, Lakewood, Lawndale, Lomita, Long Beach, Lynwood, Malibu, Manhattan Beach, Maywood, Montebello, Norwalk, Palos Verdes Estates, Paramount, Pico Rivera, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Santa Fe Springs, Santa Monica, Signal Hill, South Gate, Torrance, Vernon, West Hollywood, Westlake Village, and Whittier. These cities shall organize as a city selection committee for the purposes of subdivision (f), and shall be known as the city selection committee of the western region of Los Angeles County. The member appointed shall be either a mayor or a member of the city council of a city in the western region.

(7) A member appointed by the cities of the eastern region of Los Angeles County, consisting of the cities in Los Angeles County that are not listed in paragraph (6) or (8), and excluding the Cities of Lancaster, Los Angeles, and Palmdale. These cities shall organize as a city selection committee for the purposes of subdivision (f), and shall be known as the city selection committee of the eastern region of Los Angeles County. The member appointed shall be either a mayor or a member of the city council of a city in the eastern region.

(8) A member appointed by the Mayor of the City of Los Angeles from among the members of the Los Angeles City Council.

(b) All members shall be appointed on the basis of their demonstrated interest and proven ability in the field of air pollution control and their understanding of the needs of the general public in connection with air pollution problems of the South Coast Air Basin.

(c) The member appointed by the Governor shall be either a physician who has training and experience in the health effects of air pollution, an environmental engineer, a chemist, a meteorologist, or a specialist in air pollution control.

(d) Each member shall be appointed on the basis of ~~his or her~~ *the member's* ability to attend substantially all meetings of the

1 south coast district board, to discharge all duties and responsibilities
2 of a member of the south coast district board on a regular basis,
3 and to participate actively in the affairs of the south coast district.
4 No member may designate an alternate for any purpose or
5 otherwise be represented by another in ~~his or her~~ *their* capacity as
6 a member of the south coast district board.

7 (e) Each appointment by a board of supervisors shall be
8 considered and acted on at a duly noticed, regularly scheduled
9 hearing of the board of supervisors, which shall provide an
10 opportunity for testimony on the qualifications of the candidates
11 for appointment.

12 (f) The appointments by cities in the south coast district shall
13 be considered and acted on at a duly noticed meeting of the city
14 selection committee, which shall meet in a government building
15 and provide an opportunity for testimony on the qualifications of
16 the candidates for appointment. Each appointment shall be made
17 by not less than a majority of all the cities in the portion of the
18 county included in the south coast district having not less than a
19 majority of the population of all the cities in the portion of the
20 county included in the south coast district. Population shall be
21 determined on the basis of the most recent verifiable census data
22 developed by the Department of Finance. Persons residing in
23 unincorporated areas or areas of a county outside the south coast
24 district shall not be considered for the purposes of this subdivision.

25 (g) The members appointed by the Senate Committee on Rules
26 and the Speaker of the Assembly shall have one or more of the
27 qualifications specified in subdivision (c) or shall be a public
28 member. None of those appointed members may be a locally
29 elected official.

30 (h) All members shall be residents of the district.

31 (i) (1) The member who was serving on the district board as
32 of June 1, 2007, who had been appointed to represent the eastern
33 region of Los Angeles County shall be deemed on January 1, 2008,
34 to be the member appointed to represent the western region of Los
35 Angeles County pursuant to paragraph (6) of subdivision (a) and
36 shall serve from January 1, 2008, until the end of the term of office
37 for the member who had been appointed to represent the western
38 region of Los Angeles County. At the end of that term, the city
39 selection committee of the western region of Los Angeles County

1 shall make an appointment pursuant to paragraph (6) of subdivision
2 (a).

3 (2) The member who was serving on the district board as of
4 June 1, 2007, who had been appointed to represent the western
5 region of Los Angeles County shall be deemed on January 1, 2008,
6 to be the member appointed pursuant to paragraph (8) of
7 subdivision (a) until the end of that member's term. At the end of
8 that term, the Mayor of the City of Los Angeles shall make an
9 appointment pursuant to paragraph (8) of subdivision (a).

10 (3) On or after January 1, 2008, the city selection committee of
11 the eastern region of Los Angeles County shall convene promptly
12 to make an appointment pursuant to paragraph (7) of subdivision
13 (a).

O

AMENDED IN SENATE MARCH 10, 2021

SENATE BILL

No. 342

Introduced by Senator Gonzalez

February 9, 2021

An act ~~relating to environmental justice~~, to amend Sections 40420 and 40424 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 342, as amended, Gonzalez. ~~Environmental justice~~. *South Coast Air Quality Management District: board membership.*

Existing law establishes the South Coast Air Quality Management District vested with the authority to regulate air emissions from stationary sources located in the South Coast Air Basin and establishes a district board, consisting of 13 members.

This bill would add 2 members to the district board, appointed by the Senate Committee on Rules and the Speaker of the Assembly. The bill would require the 2 additional members to reside in and work directly with communities in the South Coast Air Basin that are disproportionately burdened by and vulnerable to high levels of pollution and issues of environmental justice.

~~Existing law requires the Secretary for Environmental Protection to convene a Working Group on Environmental Justice composed of various representatives, as specified, to assist the California Environmental Protection Agency in developing an agencywide environmental justice strategy.~~

~~This bill would state the intent of the Legislature to enact subsequent legislation to increase environmental justice representation at a local level.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 40420 of the Health and Safety Code is
2 amended to read:
3 40420. (a) The south coast district shall be governed by a
4 district board consisting of ~~13~~ 15 members appointed as follows:
5 (1) One member appointed by the Governor, with the advice
6 and consent of the Senate.
7 (2) ~~One member~~ (A) Two members appointed by the Senate
8 Committee on Rules.
9 (B) One member appointed pursuant to this paragraph shall
10 reside in and work directly with communities in the South Coast
11 Air Basin that are disproportionately burdened by and vulnerable
12 to high levels of pollution and issues of environmental justice,
13 including, but not limited to, communities with diverse racial and
14 ethnic populations and communities with low-income populations.
15 (3) ~~One member~~ (A) Two members appointed by the Speaker
16 of the Assembly.
17 (B) One member appointed pursuant to this paragraph shall
18 reside in and work directly with communities in the South Coast
19 Air Basin that are disproportionately burdened by and vulnerable
20 to high levels of pollution and issues of environmental justice,
21 including, but not limited to, communities with diverse racial and
22 ethnic populations and communities with low-income populations.
23 (4) Four members appointed by the boards of supervisors of the
24 counties in the south coast district. Each board of supervisors shall
25 appoint one of these members, who shall be one of the following:
26 (A) A member of the board of supervisors of the county making
27 the appointment.
28 (B) A mayor or member of a city council from a city in the
29 portion of the county making the appointment that is included in
30 the south coast district.
31 (5) Three members appointed by cities in the south coast district.
32 The city selection committee of Orange, Riverside, and San
33 Bernardino Counties shall each appoint one of these members,
34 who shall be either a mayor or a member of the city council of a
35 city in the portion of the county included in the south coast district.

(6) A member appointed by the cities of the western region of Los Angeles County, consisting of the Cities of Agoura Hills, Artesia, Avalon, Bell, Bellflower, Bell Gardens, Beverly Hills, Calabasas, Carson, Cerritos, Commerce, Compton, Cudahy, Culver City, Downey, El Segundo, Gardena, Hawaiian Gardens, Hawthorne, Hermosa Beach, Hidden Hills, Huntington Park, Inglewood, La Habra Heights, La Mirada, Lakewood, Lawndale, Lomita, Long Beach, Lynwood, Malibu, Manhattan Beach, Maywood, Montebello, Norwalk, Palos Verdes Estates, Paramount, Pico Rivera, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Santa Fe Springs, Santa Monica, Signal Hill, South Gate, Torrance, Vernon, West Hollywood, Westlake Village, and Whittier. These cities shall organize as a city selection committee for the purposes of subdivision (f), and shall be known as the city selection committee of the western region of Los Angeles County. The member appointed shall be either a mayor or a member of the city council of a city in the western region.

(7) A member appointed by the cities of the eastern region of Los Angeles County, consisting of the cities in Los Angeles County that are not listed in paragraph (6) or (8), and excluding the Cities of Lancaster, Los Angeles, and Palmdale. These cities shall organize as a city selection committee for the purposes of subdivision (f), and shall be known as the city selection committee of the eastern region of Los Angeles County. The member appointed shall be either a mayor or a member of the city council of a city in the eastern region.

(8) A member appointed by the Mayor of the City of Los Angeles from among the members of the Los Angeles City Council.

(b) All members shall be appointed on the basis of their demonstrated interest and proven ability in the field of air pollution control and their understanding of the needs of the general public in connection with air pollution problems of the South Coast Air Basin.

(c) The member appointed by the Governor shall be either a physician who has training and experience in the health effects of air pollution, an environmental engineer, a chemist, a meteorologist, or a specialist in air pollution control.

(d) Each member shall be appointed on the basis of ~~his or her~~ *their* ability to attend substantially all meetings of the south coast

1 district board, to discharge all duties and responsibilities of a
2 member of the south coast district board on a regular basis, and to
3 participate actively in the affairs of the south coast district. ~~No A~~
4 ~~member may~~ *shall not* designate an alternate for any purpose or
5 otherwise be represented by another in ~~his or her~~ *their* capacity as
6 a member of the south coast district board.

7 (e) Each appointment by a board of supervisors shall be
8 considered and acted on at a duly noticed, regularly scheduled
9 hearing of the board of supervisors, which shall provide an
10 opportunity for testimony on the qualifications of the candidates
11 for appointment.

12 (f) The appointments by cities in the south coast district shall
13 be considered and acted on at a duly noticed meeting of the city
14 selection committee, which shall meet in a government building
15 and provide an opportunity for testimony on the qualifications of
16 the candidates for appointment. Each appointment shall be made
17 by not less than a majority of all the cities in the portion of the
18 county included in the south coast district having not less than a
19 majority of the population of all the cities in the portion of the
20 county included in the south coast district. Population shall be
21 determined on the basis of the most recent verifiable census data
22 developed by the Department of Finance. Persons residing in
23 unincorporated areas or areas of a county outside the south coast
24 district shall not be considered for the purposes of this subdivision.

25 (g) The members appointed by the Senate Committee on Rules
26 and the Speaker of the Assembly shall have one or more of the
27 qualifications specified in subdivision (c) or shall be a public
28 member. None of those appointed members may be a locally
29 elected official.

30 (h) All members shall be residents of the district.

31 (i) (1) The member who was serving on the district board as
32 of June 1, 2007, who had been appointed to represent the eastern
33 region of Los Angeles County shall be deemed on January 1, 2008,
34 to be the member appointed to represent the western region of Los
35 Angeles County pursuant to paragraph (6) of subdivision (a) and
36 shall serve from January 1, 2008, until the end of the term of office
37 for the member who had been appointed to represent the western
38 region of Los Angeles County. At the end of that term, the city
39 selection committee of the western region of Los Angeles County

1 shall make an appointment pursuant to paragraph (6) of subdivision
2 (a).

3 (2) The member who was serving on the district board as of
4 June 1, 2007, who had been appointed to represent the western
5 region of Los Angeles County shall be deemed on January 1, 2008,
6 to be the member appointed pursuant to paragraph (8) of
7 subdivision (a) until the end of that member's term. At the end of
8 that term, the Mayor of the City of Los Angeles shall make an
9 appointment pursuant to paragraph (8) of subdivision (a).

10 (3) On or after January 1, 2008, the city selection committee of
11 the eastern region of Los Angeles County shall convene promptly
12 to make an appointment pursuant to paragraph (7) of subdivision
13 (a).

14 *SEC. 2. Section 40424 of the Health and Safety Code is*
15 *amended to read:*

16 40424. (a) Except as provided in subdivision (b), ~~seven~~ *eight*
17 members of the south coast district board shall constitute a quorum,
18 and no official action shall be taken by the south coast district
19 board except in the presence of a quorum and upon the affirmative
20 votes of a majority of the members of the south coast district board.

21 (b) Notwithstanding subdivision (a), whenever there are two
22 or more vacancies on the south coast district board, ~~six~~ *seven*
23 members shall constitute a quorum, and the two vacant positions
24 shall not be counted toward the majority required for official action
25 by the south coast district board. Thereafter, whenever at least one
26 of those vacancies is filled, the quorum and voting requirements
27 of subdivision (a) shall apply.

28 ~~SECTION 1. It is intent of the Legislature to enact subsequent~~
29 ~~legislation to increase environmental justice representation at a~~
30 ~~local level.~~

O



DISCUSSION ITEM

April 19, 2021

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

FROM: Robert Hunter, General Manager

Staff Contact: Cathleen Harris

SUBJECT: REVIEW OF DISTRICT'S AUTO ALLOWANCE POLICY

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee review, discuss and direct staff, as appropriate.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

This item is being presented for discussion at the request of Director Dick. The last revision to this Policy was in 2014, concurrently with revisions to the Personnel Manual. At that time the following changes were made to the Auto Allowance Policy:

- **Operating Rules for Automobile Allowance**
 - Revised language to state that an employee receiving an auto allowance must provide a car that is in appropriate condition, in lieu of 6 years old
 - Deleted Associate GM from the listed positions in the Personnel Manual
 - Revised language to state that payment of auto allowance is subject to review during the compensation and benchmark study or at the Board's discretion
 - Legal Counsel added language outlining process for using private auto for District business

Below for review and discussion is the current section of the Auto Allowance Policy as outlined in Section 3508 of the Personnel Manual.

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

3508 AUTOMOBILE ALLOWANCES

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

3508.1 Exceptions

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

3508.2 Implementation

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

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

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

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

1. Nature of Job Classification: Employee has specific job duties requiring the performance of official District business outside of regular working hours on a recurring basis and who meet the following criteria:
 - a) On-call availability;
 - b) Frequent attendance at conferences, seminars, meetings, and community affairs (after normal working hours);
 - c) Frequent participation in public affairs activities, such speaking

- engagements (after normal working hours);
- d) Regular and frequent travel during working hours.

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

3508.3 Operating Rules for Automobile Allowance

1. Automobile allowance may only be provided to appropriate management positions as defined above.
2. An employee receiving an Automobile Allowance must provide a car which is in appropriate condition, well maintained, and capable of comfortably accommodating four adults.
3. Employees receiving an Automobile Allowance must maintain insurance to cover their normal private use of the vehicle (pursuant to Insurance Requirements outlined in this section).
4. The Automobile Allowance will be provided coinciding with the first pay period of the month following the month of use.
5. An employee receiving an Automobile Allowance is expected to use his or her personal automobile on all required District business.
6. An employee receiving an Automobile Allowance shall not be entitled to receive any additional remuneration for the cost of gasoline, repairs or maintenance on his/her vehicle. Mileage expense claims of any type are prohibited.

3508.4 Insurance requirements

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

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



DISCUSSION ITEM

April 14, 2021

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

FROM: **Robert Hunter, General Manager**

Staff Contact: Maribeth Goldsby, Board Secretary

**SUBJECT: REVIEW OF REQUIREMENTS FOR CSDA'S DISTRICT OF DISTINCTION
AWARD (VARIOUS LEVELS)**

STAFF RECOMMENDATION

Staff recommends the Board of Directors: Review, discuss the information presented, and provide direction to staff.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Since 2014, MWDOC has been the recipient of both the Transparency of Excellence and District of Distinction Awards through the California Special Districts Association's (CSDA) Special District Leadership Foundation, however this report will focus on the District of Distinction Award.

To meet the criteria for the District of Distinction Award, MWDOC's Board and General Manager must maintain educational requirements, additionally the District must also complete a rigorous application process which includes website posting requirements, public information requirements, and other requirements which staff completes.

Subsequent to MWDOC's original application in 2014, CSDA has added several more levels for the District of Distinction Award. In June 2020, staff was asked to research the various levels of awards, and reported at the July Executive Committee the four levels as follows:

- Base Level (MWDOC's current level)
- Silver Level
- Gold Level
- Platinum Level

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

In order to move into higher award levels, there are more rigorous education/certification requirements of the Board and General Manager. This includes attending courses through CSDA's Governance Foundations, Community Leadership, Human Resources, and Finance/Accounting programs, plus 10-hours of continuing education. Of note, our Ethics and Harassment Prevention trainings may be applied to the 10-hours of continuing education, potentially bringing the additional hours down to six.

In February, the Executive Committee asked staff to present the Administration & Finance Committee with an outline of the educational requirements and approximate cost for various award levels, as outlined below:

Base Level – Our current award. In addition to the web posting requirements, the Board educational requirements include a six-hour Governance Training, along with Harassment Prevention and Ethics Training. The Governance Training is a one-time attendance. This award is renewed every two years. Directors Seckel and Nederhood will need to complete this training (cost is estimated to be \$350 (\$175 each) for them to attend a Governance Module (virtually).

Silver Level – In addition to the requirements under the Base Level, a majority of the Board (4) must get certified in Special District Governance, which includes completion of the Special District Leadership Academy four courses: Governance Foundations, Setting Direction/Community Leadership, Board's Role in Human Resources and Board's Role in Finance and Fiscal Accountability. The Board members who are certified must also complete the 10 hours of continuing education as noted above. Estimated costs are outlined below.

Gold Level – The Gold level requires that all members of the Board, plus the General Manager get certified in Special District Governance as outlined above, plus the 10 hours of continuing education. Estimated costs are outlined below.

Platinum Level – In addition to the Special District Governance certification by all members of the Board and the General Manager (plus the 10 hours of continuing education), the General Manager must also get certified (through CSDA) as a Special District Manager which is a two-hour exam covering key aspects of special district management (governance, legal requirements, policy development, ethics in public service, strategic planning, public & customer relations, organization, budget and finance, personnel and supervision). The cost for the exam will be approximately \$400.

If the Board is interested in receiving the higher award levels, there is currently one option for completing the education requirements, namely the Special District Leadership Academy Conference (September 26-29, 2021) in South Lake Tahoe. Cost: \$650, plus hotel and travel expenses.

As mentioned above, there is a 10-hour continuing education requirement (in addition to the above mentioned conference). These 10-hours may include Ethics and Harassment Prevention as well as other courses. As a member, there is no cost to attend CSDA's on-demand or live webinars. Additional costs would apply if a Director chooses to attend some other format (costs are unknown but may range from \$100 to \$250 through CSDA).

Approximate costs are outlined in the table below:

Level	Application Fee	Additional Fees with explanation	Estimated Total	Comments
Base	\$250	\$350; Directors Nederhood and Seckel to attend a 6-hour Governance Module	\$600	
Silver		\$6,600; 4 Board members attending conference	\$6,600	
		\$0 – \$5,000; 10 hours continuing education (for 4)	\$2,500	The estimation is based on half of the attendees attending free webinars
Gold		\$5,600; 7 Board members plus GM attending virtual modules; or \$13,200; 7 Board members plus GM attending conference in Lake Tahoe	\$5,600 – \$13,200	Estimation could be a combination of conference attendance and virtual module attendance
		\$0-10,000; 10 hours continuing education	\$5000	The estimation is based on half of the attendees attending free webinars
Platinum		All costs above, plus \$400 GM taking exam	\$400	

As the recipient of the Base Level Award, the District has received a reduction in its Worker's Comp premium of \$1,350; the full premium is \$31,563.67 (which is based on payroll). No additional benefits are awarded for the silver, gold and platinum levels.

It should also be noted that there is no specific time requirement to complete the additional educational requirements for the higher levels. As a result, less expensive options may arise.

Staff is requesting direction on whether to pursue the higher level awards.



INFORMATION ITEM
April 19, 2021

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

FROM: Robert Hunter, General Manager

Staff Contact: Cathy Harris and Hilary Chumpitazi

SUBJECT: REIMBURSEMENT OF DENTAL DIVIDENDS TO EMPLOYEES AND DIRECTORS

STAFF RECOMMENDATION

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

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

The District joined Special Districts Risk Management Authority's (SDRMA) Dental benefits program, effective January 1, 2013. SDRMA is a small group administrator for ancillary benefits under PRISM Employee Benefits (formerly the California State Association of Counties (CSAC) Excess Insurance Authority (EIA)) benefits pool. The dental program is a self-funded pool. The pool has continued to have multiple years of favorable claims. As a result, there is a \$7 million dividend that was distributed to agencies based on their proportionate share of premiums paid during the last three completed policy years (2017-2019) prior to December 2020. This has resulted in dividends covering multiple policy years from this dividend disbursement received from SDRMA.

This is the 2nd time MWDOC has received a dental dividend. MWDOC received \$9,403.90 of which 10% is allocated to our employees and Directors since they currently contribute 10% towards their dental premium. All current employees and Directors will receive a proportionate refund (depends on coverage election and their participation between the

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

years 2017-2019) for their share and those amounts range from \$1.72 to \$40.22 per current employee.

Staff evaluated the most efficient and cost effective way to reimburse the dividends and determined that handling it through payroll would be best. The dividend amounts will be credited to employee's and Director's April dental premium contribution on the April 22nd paycheck and; any remaining amount will result in extra income and will be taxed accordingly. MWDOC's portion of the dividend went to Miscellaneous Income.

Staff confirmed the proposed process with legal counsel when last year's dividend was received and was advised that employees currently paying toward their dental premiums should receive the dividend. All employees currently active with the District and that participated in the dental plan anytime from 2017 to 2019 will receive the dental dividend.

**Administration Activities Report****March 5, 2021 – April 12, 2021**

Activity	Summary
Administration/Board	<p>Staff worked on the following:</p> <ul style="list-style-type: none">• Scheduled meetings for Rob Hunter and Board members.• Assisted Rob with various write-ups and follow-up for the Committees and Board.• Continue to send the Water Supply Reports to the member agencies.• Processed and reviewed agreements for appropriate Board approval and insurance requirements as well as execution following approval• Reviewed Insurance documents for all District Agreements.• Responded to two Public Records Act requests.• Various consultations with legal counsel regarding Brown Act, minutes, and Board issues• Prepared Board write ups and worked with President Tamaribuchi on various issues• Updated various portions of the website; including updating Zoom Board and Committee meetings, ISDOC and WACO, and calendar• Coordinate with CSDA on requirements for higher level transparency awards• Coordinated the filings of Form 700• Staff continues preparing the vault and copy room for the next phase of construction.• Staff prepared and sent out the invites for the Annual Elected Officials Forum held via Zoom on April 1.• Registered Directors and Staff for ACWA Conferences, CSDA and CMUA Meetings• Followed-up on outstanding agreements and insurance.• Processed agreements for Engineering, WUE and Human Resources.• Formatted letters for GM & Government Affairs Manager• Hosted Zoom Meetings requested by GM, Directors, Government Affairs and Engineering.• Hosted ISDOC Meeting.• Updated ISDOC letterhead

Administration/Board (continued)	<ul style="list-style-type: none"> • Sent WACO documents to Public Affairs for posting. • Worked on Table of Contents for the Admin Code document. • Coordinated General Manager expense account • Entered purchase requisitions for various Agreements
Records Management	<ul style="list-style-type: none"> • Review incoming mail and logging necessary documents into the Laserfiche system. • Staff continues to review documents and update information in Laserfiche. • Staff is scheduled to attend an additional training webinar by ECS/Laserfiche in April on the topic of electronic signatures. • Documents that have been removed from offices during Phase 1 of construction continue to be reviewed and scanned into Laserfiche as necessary.
Health Benefits	<ul style="list-style-type: none"> • Reconciliation of the 2020 Flexible Benefits Plan year with WageWorks will be completed in April to closeout services with WageWorks since the District's new vendor is Igoe. • SDRMA has disbursed a dental dividend to the District that will be returned to MWDOC plan participants this month.
Recruitment/Departures	Traci Muldoon, Public Affairs Specialist will be departing the District on May 4 th . Staff will evaluate the recruitment for this position.
Projects and Activities	<ul style="list-style-type: none"> • Staff continues coordination efforts in working with Engineering staff, IDS, and ABS on planning for the Office Seismic Retrofit and Tenant Improvements. • The Compensation and Classification Study by Ralph Andersen and Associates is now complete and a report is included in packet materials. Staff has completed review of job descriptions following review by Andersen and will update the Neogov recruiting portal during the month of April and May. • Staff is continuing to work with the furniture vendor (People Space) on finalizing the office furniture specifications and the Interior Designer with IDS regarding office color specifications and materials. • The General Manager continues to hold bi-monthly staff meetings via Zoom.

Projects and Activities (continued)	<ul style="list-style-type: none"> • The District's Illness & Injury Prevention Plan has been updated to include sections on COVID and Wildfire Smoke. The plan was reviewed with management staff and will be presented to staff at an upcoming staff meeting in April. • HR staff is continuing to work closely with the Director of Emergency Management on COVID-19, the impacts to MWDOC employees and implementation of processes and procedures. Keeping in mind the safety and well-being of employees. • Staff continues to coordinate additional office cleanings in the office twice a week. • Staff hosted and attended various Board, Committee and Department meetings via zoom. • As part of our Professional Development Training staff has coordinated the following: <ul style="list-style-type: none"> ○ Training sessions on Strengthening Your Communication and Listening Skills were held in in April for all staff. ○ Eight staff members from various departments are participating in a 4-week study session on Foundations in Excellence through the Center for Organization Effectiveness. This session is for staff who do not have supervisory responsibility and are interested in learning some of the tools, concepts and best practices taught in leadership academies. ○ Joe Berg and Heather Baez completed their 10-week, 30-hour Supervisor's Academy through the Center for Organization Effectiveness on April 13. • HR staff participated in the biweekly WEROC COVID conference call. • Staff continues to hold weekly virtual Zoom meetings of the Administration Department. • Staff will review ergonomic guidelines of working from home at the 4/15/21 all staff meeting. • Staff provided filing assistance to the Accounting Department.
--	--



INFORMATION ITEM

April 19, 2021

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

FROM: Robert J. Hunter, General Manager

Staff Contact: Jeff Stalvey

SUBJECT: Finance and IT Pending Items Report

SUMMARY

The following list details the status of special projects that are in-progress or to be completed during FY 2020-21.

Finance

Description	% of Completion	Estimated Completion date	Status
Further Implementation of WUE Landscape Programs Databases and Web Site.	On-going	On-going	In Progress
2021 W-9 collection for conservation rebates. Currently holding no rebate checks awaiting a W-9 form.	On-going	On-going	In Progress
Government Compensation in California Report 2020	90%	04-30-2021	In Progress
Preparation of documents for FY2021-22 budget process.	90%	04-30-2021	In Progress
Rate Study with Raftelis for 5 th year cycle due 2021	90%	04-30-2021	In Progress

Information Technology

Description	% of Completion	Estimated Completion date	Status
Network security issues (hackers, viruses and spam emails)	On-going	On-going	Continuous system monitoring
Upgrade Conference room 101 and 102 with new Audio/Video equipment.	50%	06-31-2021	In Progress
Software upgrade for Primary Domain Controller	10%	06-31-2021	In Progress
Implement firewall for District wireless network	70%	06-31-2021	In Progress

FY 2020-21 Completed Special Tasks

Description	% of Completion	Completion date	Status
<u>Finance</u>			
Design, Implementation and Training of Accufund ERP software	100%	01-31-2021	Completed
State Controller Report preparation FY19-20	100%	01-31-2021	Completed
<u>Information Technology</u>			
Implement message archiver for District Exchange E-mail system	100%	03-31-2021	Completed



Item No.

INFORMATION ITEM

April 19, 2021

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

FROM: **Robert Hunter, General Manager**

Staff Contact: Kevin Hostert

SUBJECT: **Monthly Water Usage Data and Water Supply Info.**

STAFF RECOMMENDATION

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

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

The attached figures show the recent trend of water consumption in Orange County (OC), an estimate of Imported Water Sales for MWD OC, and selected water supply information.

- OC Water Usage, Monthly by Supply **OCWD Groundwater was the main supply in February.**
- Estimated OC Water Usage, Monthly, Comparison to Previous Years Water usage in **February 2020 was above average compared to the last 5 years.** We are projecting a slight Increase in overall water usage compared to FY 2019-20. It has been 47 months since all mandatory water restrictions were lifted by the California State Water Resources Control Board.
- Historical OC Water Consumption Orange County M & I water consumption is **projected** to be **538,000 AF in FY 2020-21** (this includes ~15 TAF of agricultural usage and non-retail water agency usage). This is about **6,000 AF more than FY 2019-20** and is about **22,000 AF more than FY 2018-19**. Water usage per person is projected to be slightly lower in **FY 2020-21 for Orange County at 150 gallons per day** (This includes recycled water). Although OC population has increased 20% over the past two decades, water usage has not increased, on average. A long-term decrease in per-capita water usage is attributed mostly to Water Use Efficiency

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

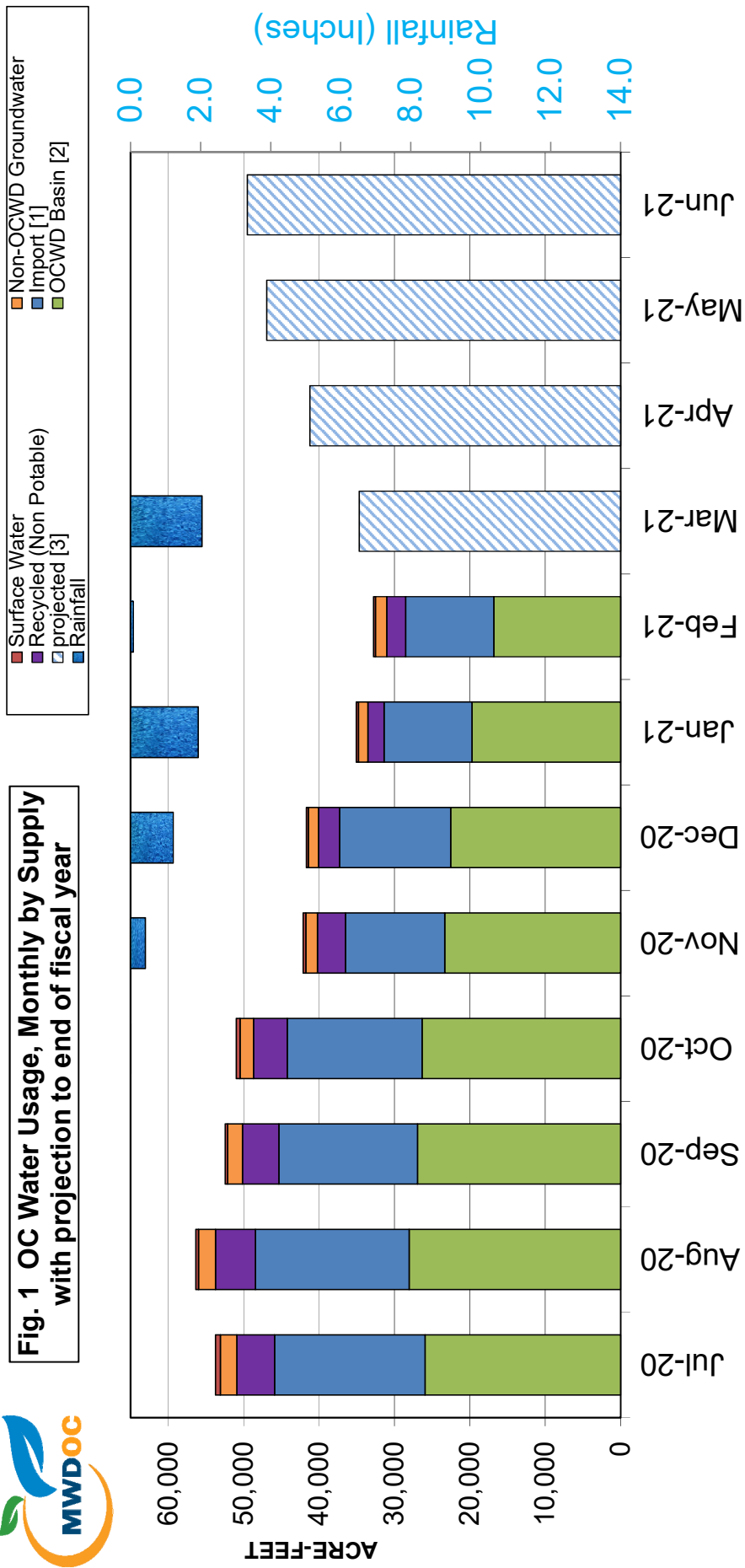
(water conservation) efforts. ***O.C. Water Usage for the last five Fiscal Years is the lowest since the 1982-83 Fiscal Year*** (FY 1982-83 was the third wettest year on record).

Water Supply Information Includes data on Rainfall in OC; the OCWD Basin overdraft; Northern California and Colorado River Basin hydrologic data; the State Water Project (SWP) Allocation, and regional storage volumes. The data have implications for the magnitude of supplies from the three watersheds that are the principal sources of water for OC. Note that a hydrologic year is Oct. 1st through Sept. 30th.

- Orange County's accumulated precipitation through ***early April*** was below average for this period. Water year to date rainfall in Orange County is ***5.7 inches***, which is ***48% of normal***.
- Northern California accumulated precipitation through ***early April*** was ***51% of normal for this period***. Water Year 2020 was 63% of normal while water year 2019 was 137% of normal. The ***Northern California snowpack was 66% as April 1st As of early April, 92.65%*** of California is experiencing ***moderate to exceptional drought conditions*** while 99.23% of the state is experiencing abnormally dry conditions. The State Water Project Contractors Table A Allocation was lowered to 5% in March 2021.
- Colorado River Basin accumulated precipitation through ***early April*** was ***73% of normal*** for this period. The ***Upper Colorado Basin snowpack was 74% of normal*** as of April 13th. ***Lake Mead and Lake Powell*** combined have about ***56% of their average storage volume*** for this time of year and are at ***37.8% of their total capacity***. If Lake Mead's ***level falls below a "trigger" limit 1,075 ft. at the end of a calendar year***, then a shortage will be declared by the US Bureau of Reclamation (USBR), impacting Colorado River water deliveries to the Lower Basin states. As of early March, Lake Mead levels were ***7.86' above the "trigger" limit***. The USBR predicts that there is ***a 60% chance that the trigger level will be hit in 2022 and a 82% chance in 2023***.



**Fig. 1 OC Water Usage, Monthly by Supply
with projection to end of fiscal year**



[1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water and deliveries into Irvine Lake.

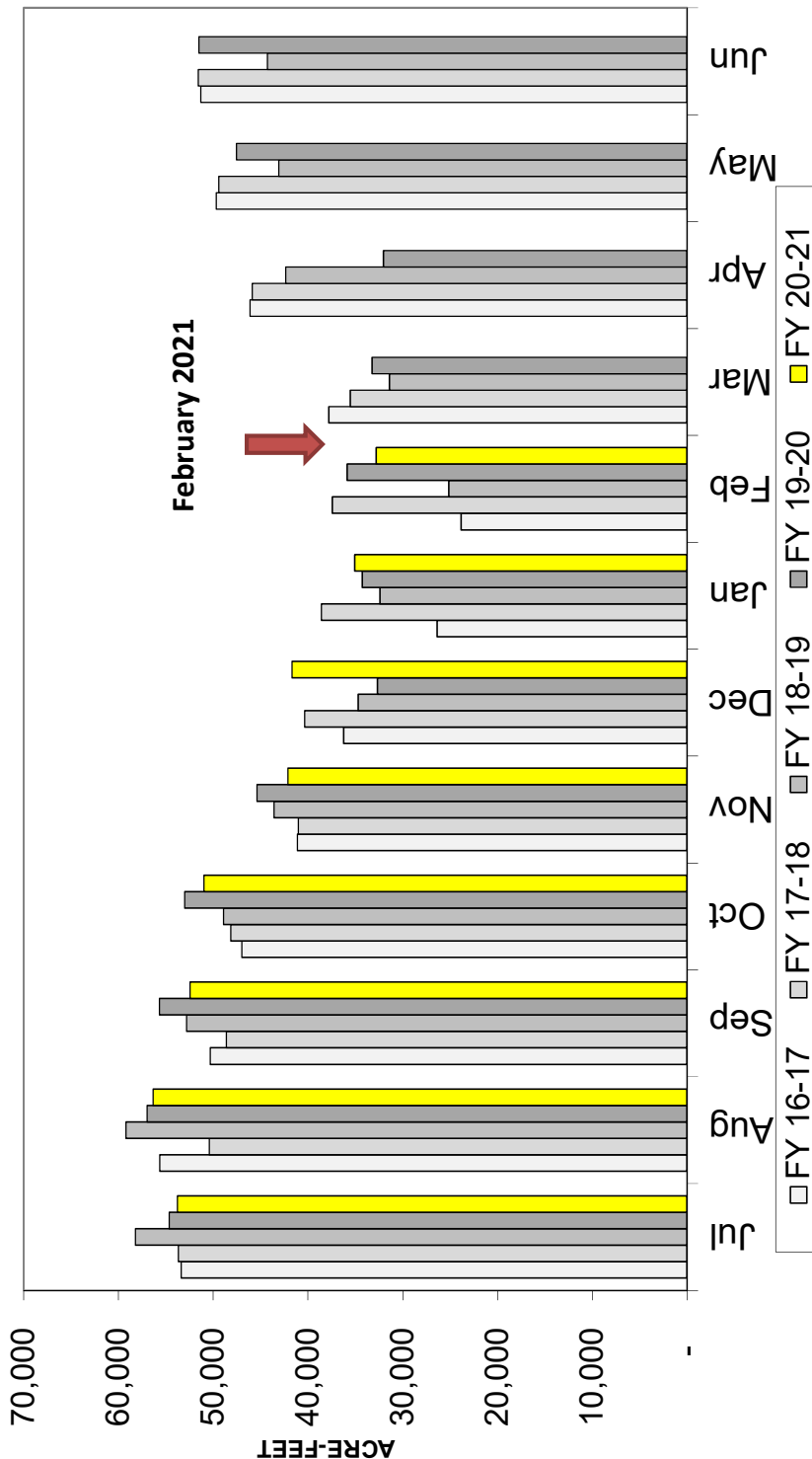
[2] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '20-21 is 77%.

[3] MWD OC's estimate of monthly demand is based on the projected 5 Year historical retail water demand and historical monthly demand patterns.

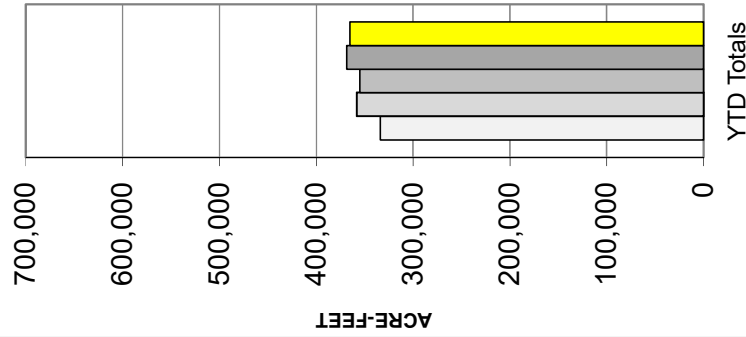
[4] Total water usage includes IRWD groundwater agricultural use and usage by non-retail water agencies.



Fig. 2 OC Monthly Water Usage [1]: Comparison to Last 4 Fiscal Years

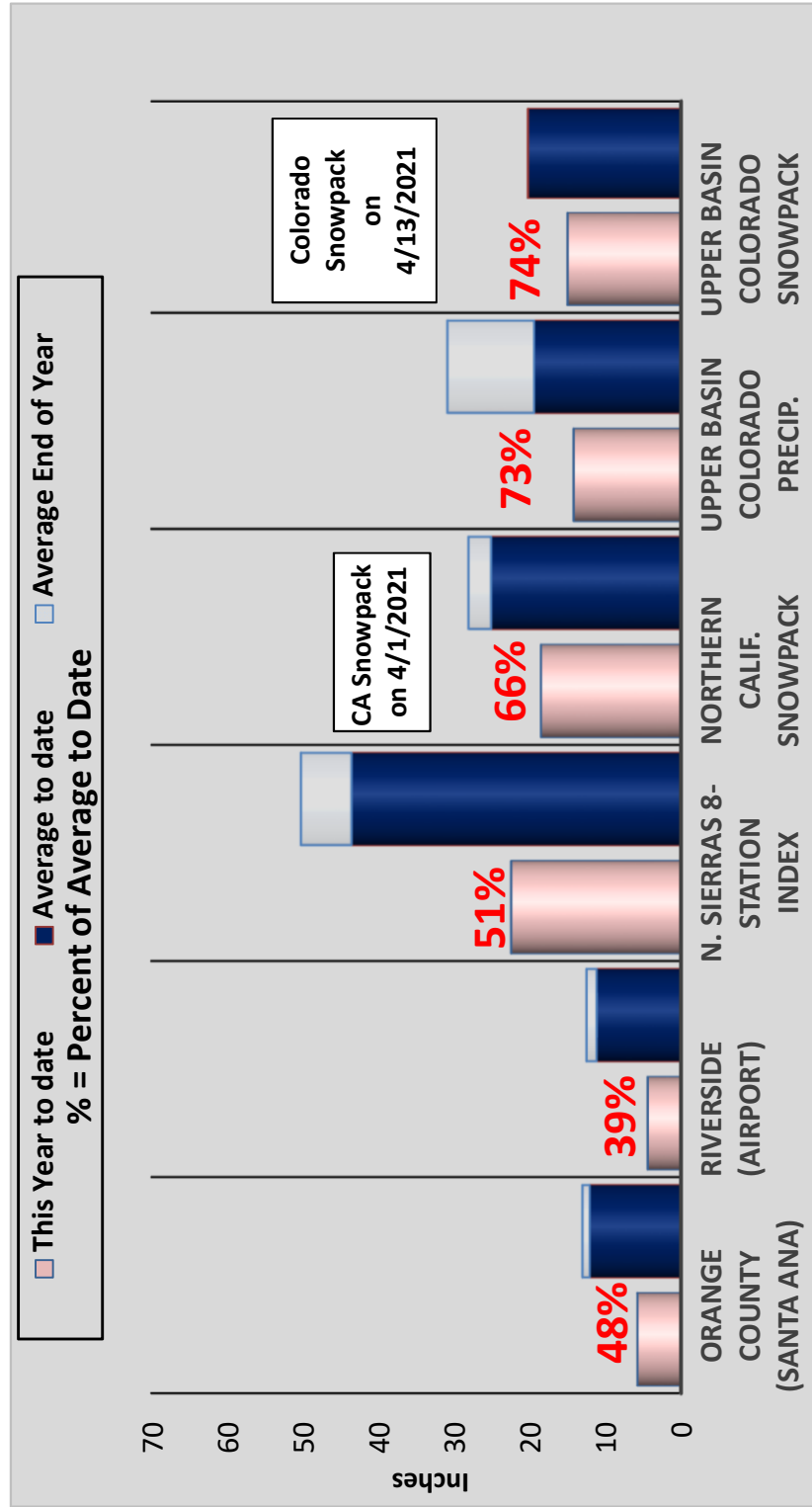


Partial Year Subtotals



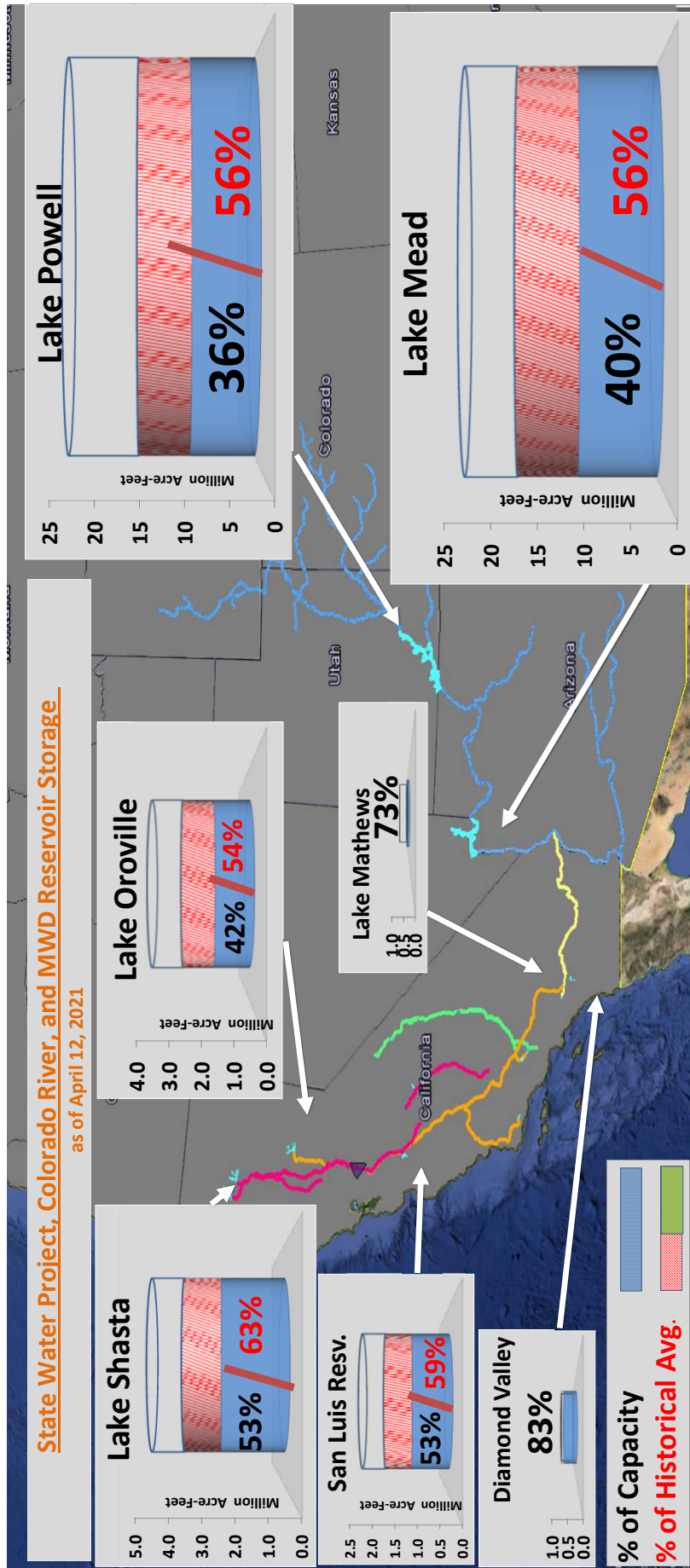
[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment" and "Barrier Replenishment") and Local water for consumptive use (includes recycled and non-potable water and excludes GWRS production) Recent months numbers include some estimation.

Accumulated Precipitation for the Oct.-Sep. water year, early April 2021



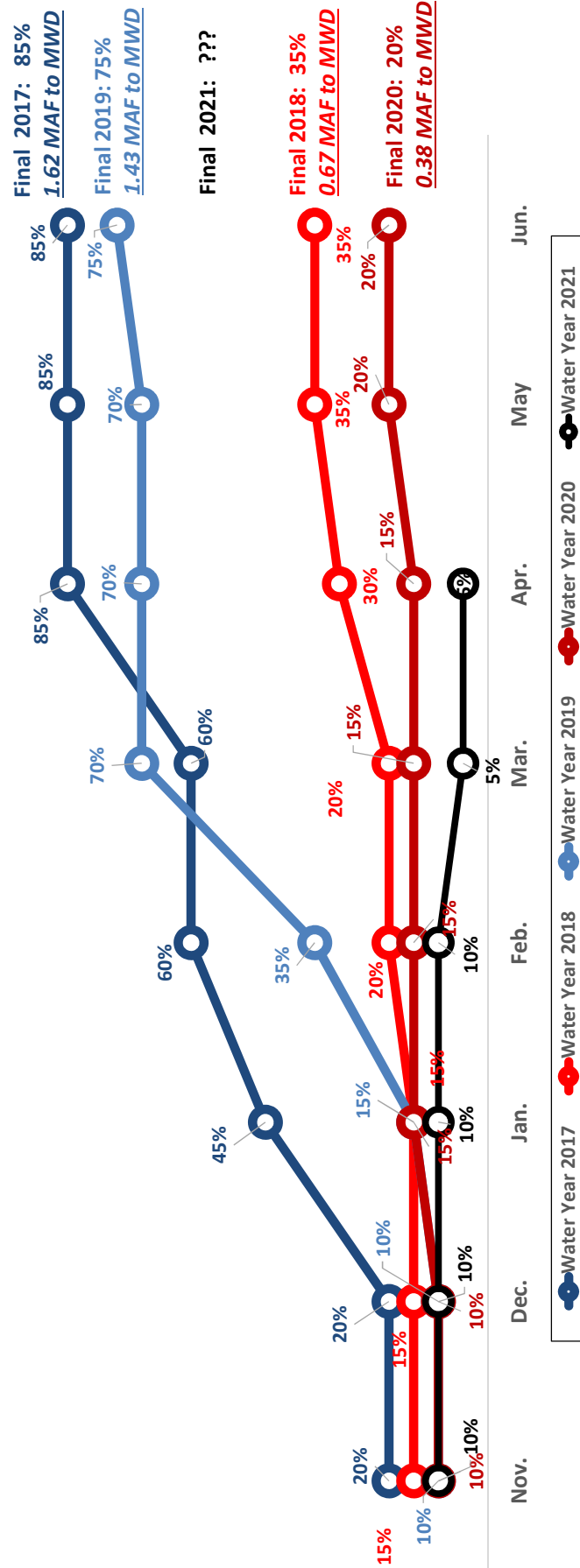
* The date of maximum snowpack accumulation (April 1st in Northern Calif. , April 15th in the Upper Colorado Basin) is used for year to year comparison.

State Water Project, Colorado River, and MWD Reservoir Storage as of April 12, 2021

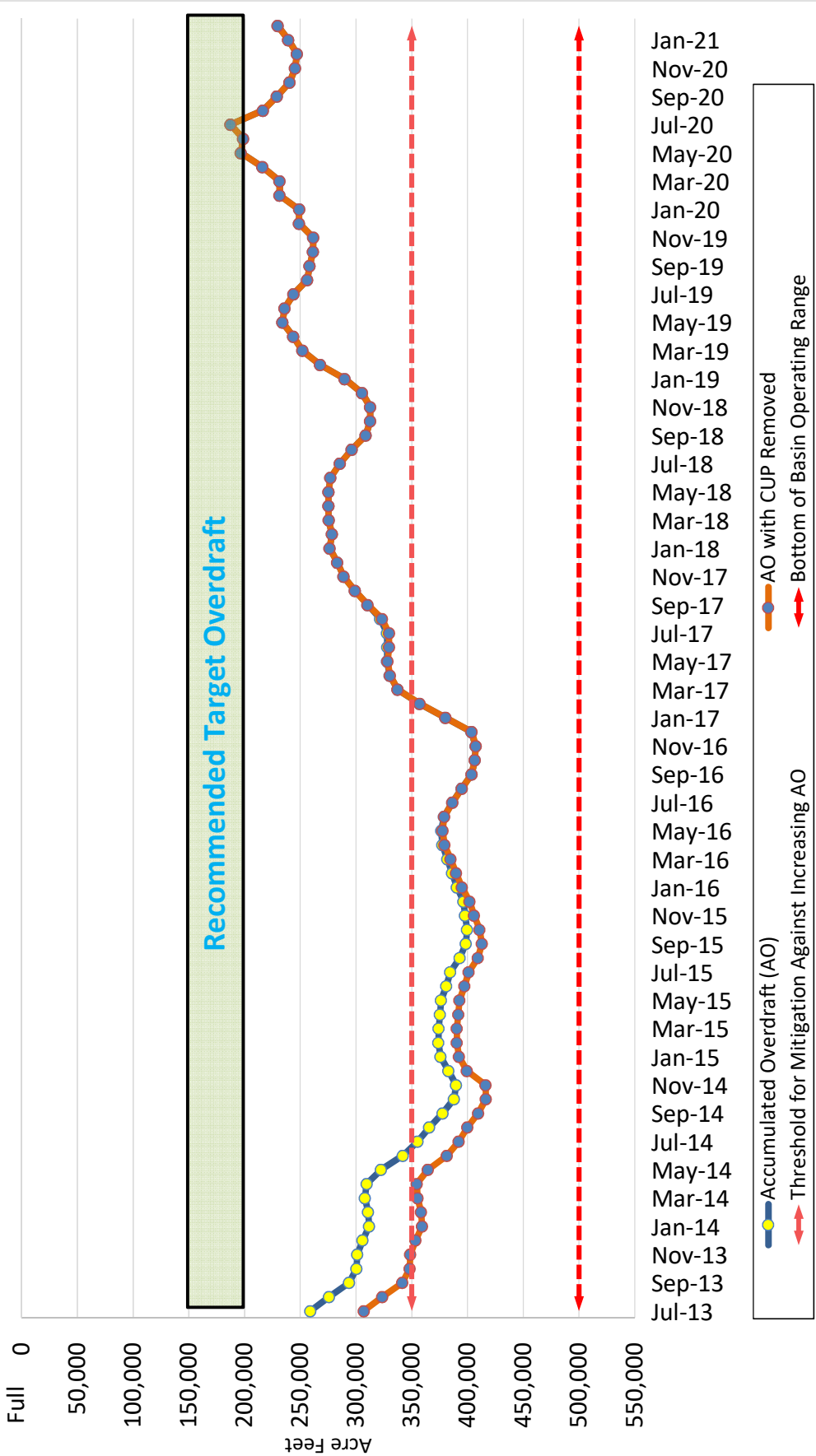


SWP TABLE A ALLOCATION

FOR STATE WATER PROJECT CONTRACTORS



Accumulated Overdraft of the OCWD Groundwater Basin as of February 2021

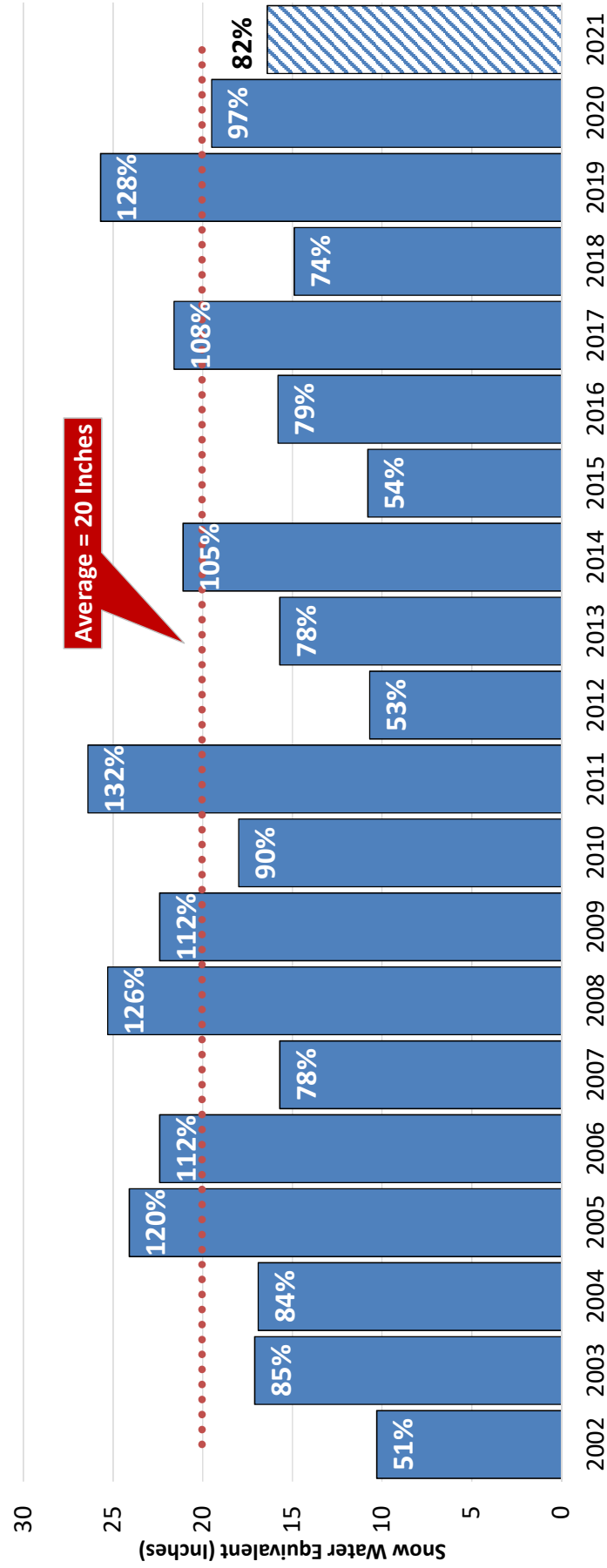


	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
AO (AF)	244,057	256,239	258,445	261,464	261,464	248,909	249,051	231,354	231,354	216,098	196,677	198,754
AO w/CUP removed (AF)	244,057	256,239	258,446	261,464	261,464	248,909	249,051	231,354	231,354	216,098	196,677	198,754
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
AO (AF)	187,392	216,548	229,124	240,414	245,441	246,998	239,329	229,738				
AO w/CUP removed (AF)	187,392	216,548	229,124	240,414	245,441	246,998	239,329	229,738				

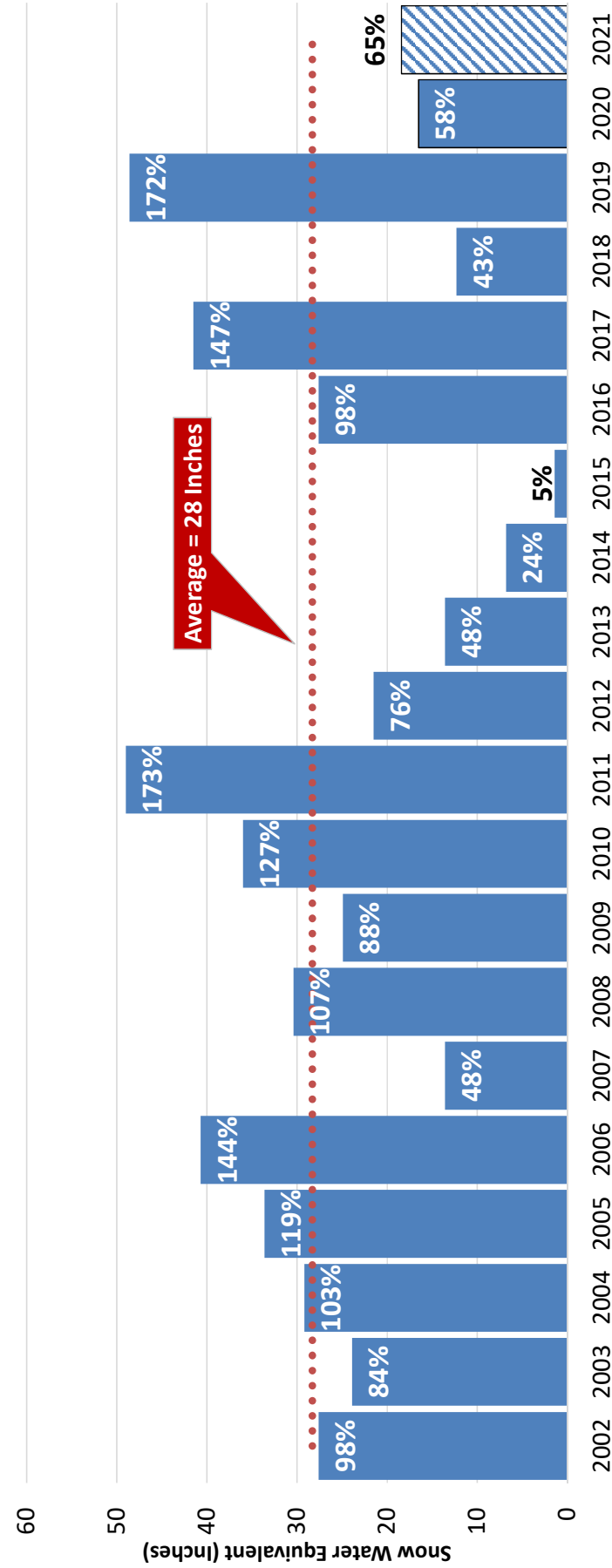
* Source ~ OCWD Monthly Board of Directors Packet, Water Resources Summary



Historical Colorado Basin April 15th Peak Snow Water Equivalent



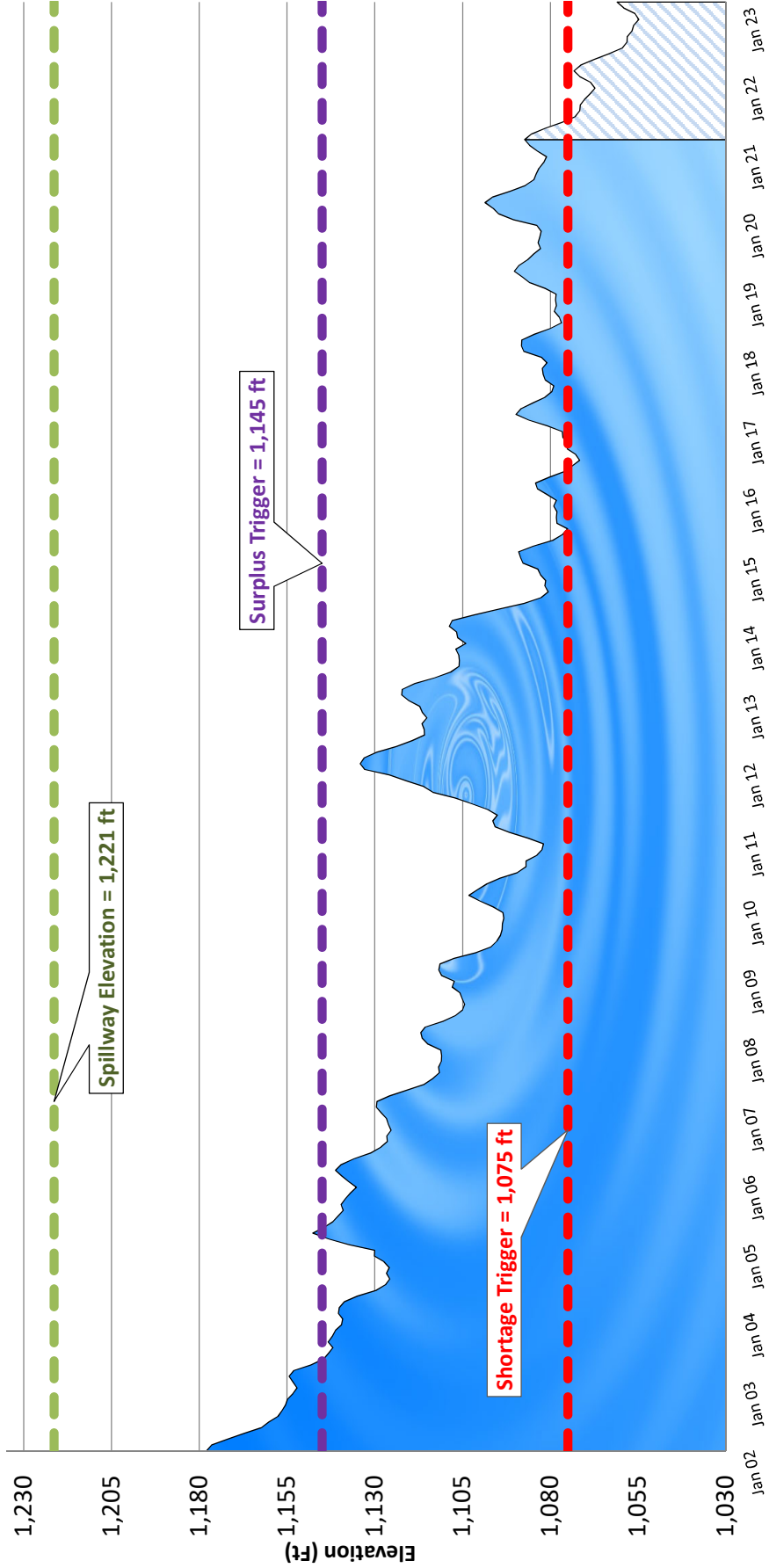
Historical Northern California April 1st Peak Snow Water Equivalent





Lake Mead Levels: Historical and Projected projection per USBR 24-Month Study

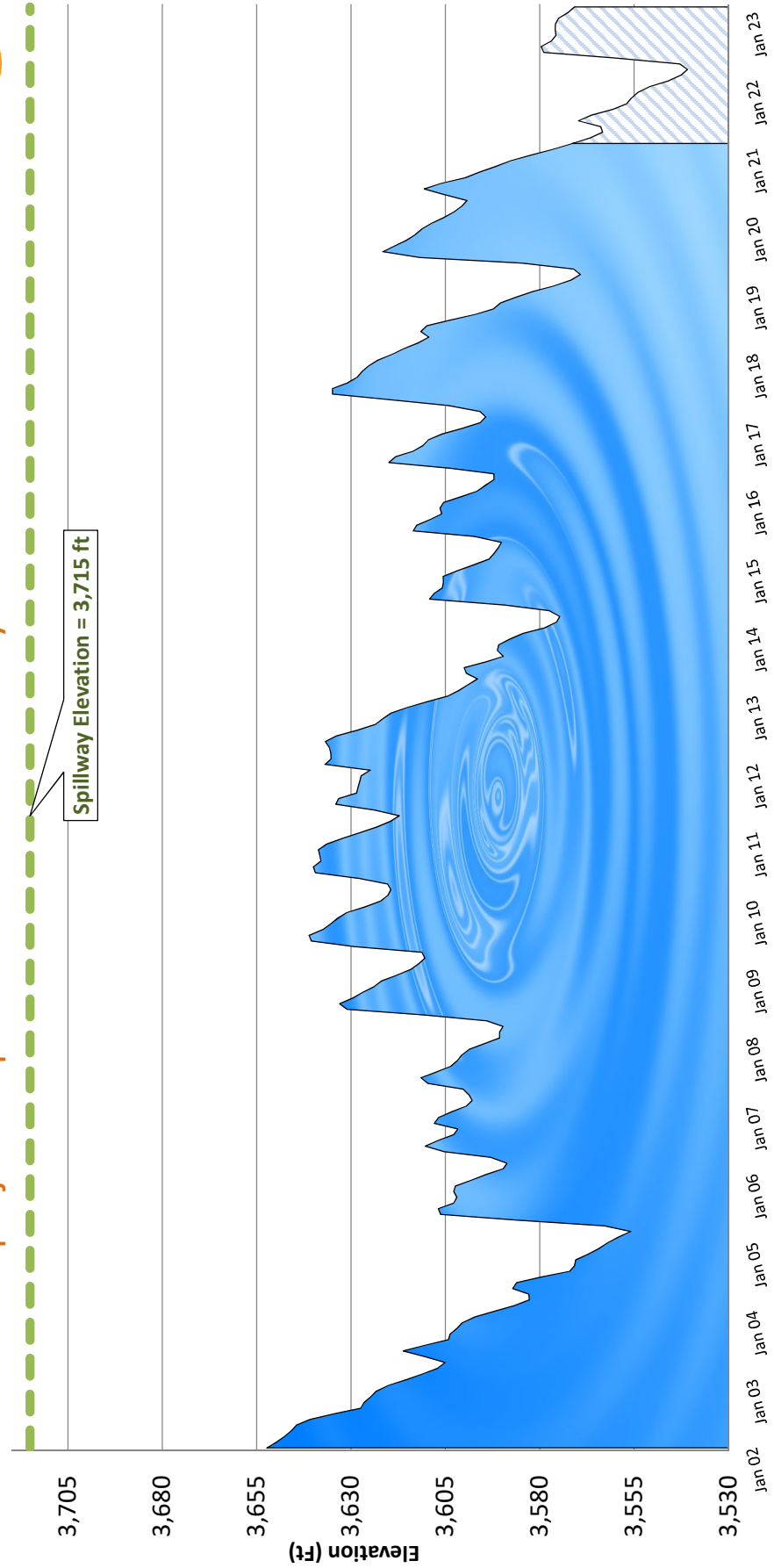
☒ Historical ☐ Projected





Lake Powell Levels: Historical and Projected projection per USBR 24-Month Study

■ Historical □ Projected





Lake Mead Historical Water Elevation Level

