

MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
April 13, 2022, 8:30 a.m.

Due to the current state of emergency related to the spread of COVID-19 and pursuant to Government Code Section 54953(e), MWDOC will be holding this Board and Committee meeting 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 Seckel, Chair
Director Thomas
Director Dick

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

Ex Officio Member: Director Yoo Schneider

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.

ROLL CALL

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>.

STAFF INTRODUCTIONS

PROPOSED BOARD CONSENT CALENDAR ITEMS

1. TREASURER'S REPORT

- a. Revenue/Cash Receipt Report – March 2022
 - b. Disbursement Approval Report for the month of April 2022
 - c. Disbursement Ratification Report for the month of March 2022
 - d. GM Approved Disbursement Report for the month of March 2022
 - e. Consolidated Summary of Cash and Investment – February 2022
 - f. OPEB and Pension Trust Fund monthly statement
2. FINANCIAL REPORT
 - a. Combined Financial Statements and Budget Comparative for the Period Ending February 28, 2022

ACTION ITEMS

3. REVIEW INFORMATION REGARDING PUBLIC HEARING (SCHEDULED FOR APRIL 20, 2022) TO ADOPT ORDINANCE SUPERSEDING AND REPEALING MWDOC ORDINANCE NO. 54 REGARDING COMPENSATION FOR DIRECTORS
4. ADOPTION OF THIRD DRAFT OF THE FY 2022-23 BUDGET
5. PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2022-23
6. SELECTION OF ANNUAL FINANCIAL STATEMENT AUDIT SERVICES
7. APPROVE CONTINUATION OF LEGAL SERVICES WITH BEST, BEST & KRIEGER

DISCUSSION ITEMS

8. RESERVE AND FUND POLICY REVIEW

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

9. DEPARTMENT ACTIVITIES REPORTS
 - a. Administration
 - b. Finance and Information Technology
10. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION

OTHER ITEMS

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

ADJOURNMENT

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

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

**Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
March 2022**

Item 1a

WATER REVENUES

<u>Date</u>	<u>From</u>	<u>Description</u>	<u>Amount</u>
3/04/2022	City of Brea	January 2022 Water deliveries	15,117.56
3/04/2022	City of Huntington Beach	January 2022 Water deliveries	413,214.66
3/04/2022	City of Seal Beach	January 2022 Water deliveries	11,457.03
3/04/2022	Trabuco Canyon Water District	January 2022 Water deliveries	128,141.20
3/07/2022	City of Buena Park	January 2022 Water deliveries	26,546.52
3/07/2022	Santa Margarita Water District	January 2022 Water deliveries	1,683,205.03
3/07/2022	Santa Margarita Water District (ID9)	January 2022 Water deliveries	176,006.84
3/10/2022	City of Westminster	January 2022 Water deliveries	17,585.80
3/11/2022	City of Garden Grove	January 2022 Water deliveries	80,794.91
3/11/2022	City of San Clemente	January 2022 Water deliveries	585,535.92
3/14/2022	City of Fountain Valley	January 2022 Water deliveries	10,421.94
3/14/2022	City of La Palma	January 2022 Water deliveries	1,463.71
3/14/2022	City of Orange	January 2022 Water deliveries	475,544.97
3/14/2022	East Orange Co Water District	January 2022 Water deliveries	566,006.00
3/14/2022	El Toro Water District	January 2022 Water deliveries	336,523.51
3/14/2022	Laguna Beach County Water District	January 2022 Water deliveries	265,045.94
3/14/2022	South Coast Water District	January 2022 Water deliveries	393,479.83
3/15/2022	Golden State Water Company	January 2022 Water deliveries	462,638.47
3/15/2022	Irvine Ranch Water District	January 2022 Water deliveries	827,576.13
3/15/2022	Moulton Niguel Water District	January 2022 Water deliveries	1,908,832.80
3/15/2022	Orange County Water District	January 2022 Water deliveries	423,773.20
3/15/2022	Yorba Linda Water District	January 2022 Water deliveries	769,798.51
3/23/2022	City of Newport Beach	February 2022 Water deliveries	229,709.76
3/25/2022	City of Huntington Beach	February 2022 Water deliveries	506,369.16
3/31/2022	Serrano Water District	February 2022 Water deliveries	8,479.42

TOTAL WATER REVENUES \$ 10,323,268.82

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
March 2022

MISCELLANEOUS REVENUES

<u>Date</u>	<u>From</u>	<u>Description</u>	<u>Amount</u>
3/03/2022	South Coast Water District	2/23/2022 Water Policy dinner	670.00
3/07/2022	El Toro Water District	2/23/2022 Water Policy dinner	90.00
3/14/2022	Mesa Water District	2/23/2022 Water Policy dinner	850.00
3/14/2022	Atkinson, Andelson, Loya, Ruud & Romo	2/23/2022 Water Policy dinner	850.00
3/03/2022	Karl Seckel	March 2022 Retiree Health insurance	179.55
3/07/2022	Patricia Meszaros	March 2022 Retiree Health insurance	43.08
3/30/2022	Keith Lyon	April 2022 Retiree Health insurance	179.55
3/15/2022	Igoe and Company Inc	COBRA and Retiree Vision insurance	47.32
3/25/2022	Igoe and Company Inc	Net refund for FSA	224.92
3/16/2022	US Bank Custodial Account	National Rural Utilities Coop and Citigroup Interest payment	1,666.68
3/28/2022	US Bank Custodial Account	Barclays Bank Interest payment	2,804.79
3/30/2022	Robert Hunter	Reimbursement for Toll expense	12.94
3/07/2022	US Bank	CAL Card rebate check	776.19
3/31/2022	US Bank	Monthly Interest	1.45
3/07/2022	Irvine Ranch Water District	January 2022 Smartimer rebate program	13.99
3/14/2022	City of Fountain Valley	January 2022 Turf Removal rebate program	111.00
3/14/2022	City of Orange	January 2022 Turf Removal rebate program	777.00
3/28/2022	City of La Habra	January 2022 Turf Removal rebate program	111.00
3/07/2022	Irvine Ranch Water District	January 2022 Smartimer and Turf Removal rebate program	1,936.23
3/07/2022	Moulton Niguel Water District	January 2022 Smartimer and Turf Removal rebate program	7,094.11
3/28/2022	City of La Habra	December 2021 Spray to Drip rebate program	111.00
3/25/2022	City of Tustin	September 2021 Turf Removal and Spray to Drip rebate program	211.23
3/07/2022	City of La Habra	November 2021 Turf Removal and Spray to Drip rebate program	222.00
3/11/2022	City of Brea	January 2022 Turf Removal and Spray to Drip rebate program	333.00
3/11/2022	City of San Clemente	January 2022 Turf Removal and Spray to Drip rebate program	937.00
3/11/2022	City of Tustin	January 2022 Turf Removal and Spray to Drip rebate program	1,067.63
3/17/2022	Mesa Water District	January 2022 Turf Removal and Spray to Drip rebate program	777.00
3/21/2022	Laguna Beach County Water District	January 2022 Turf Removal and Spray to Drip rebate program	1,328.00
3/14/2022	El Toro Water District	July 2021 So Cal Watersmart rebate program	115.00
3/11/2022	City of San Clemente	January 2022 So Cal Watersmart rebate program	180.00
3/21/2022	Laguna Beach County Water District	January 2022 So Cal Watersmart rebate program	130.00
3/28/2022	Moulton Niguel Water District	February 2022 So Cal Watersmart rebate program	6,200.00
3/07/2022	Department of Water Resources	Jul-Sep 2021 Prop 1 grant	2,998.07
3/03/2022	Department of Water Resources	Strategic Turfgrass Removal and Design Assistance Grant Retention	105,869.20
3/17/2022	Mesa Water District	Water Loss Control Shared Services Year III	18,506.00
3/18/2022	City of Tustin	Water Loss Control Technical Assistance Year VI	15,260.00
3/11/2022	City of Brea	Dedicated Irrigation Meters Measurement Program FY 21-22	45,000.00
3/14/2022	City of Anaheim	Jul-Dec 2021 School Billing	7,129.77
3/03/2022	South Coast Water District	WEROC Emergency Supplies for COVID-19	2,036.00
3/07/2022	Laguna Beach County Water District	WEROC Emergency Supplies for COVID-19	622.50
3/07/2022	Midway Sanitary District	WEROC Emergency Supplies for COVID-19	3,765.00
3/14/2022	Mesa Water District	WEROC Emergency Supplies for COVID-19	3,735.00
3/21/2022	City of La Habra	WEROC Emergency Supplies for COVID-19	6,225.00
3/28/2022	Santa Margarita Water District	WEROC Emergency Supplies for COVID-19	3,112.50
3/30/2022	Serrano Water District	WEROC Emergency Supplies for COVID-19	373.50

TOTAL MISCELLANEOUS REVENUES	\$ 244, 64. 2
TOTAL REVENUES	\$ 10,567,9 5302


Robert J. Hunter, General Manager


Hilary Chumpazi, Treasurer

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2022**

Vendor/ Invoice	Description	Amount to Pay
Core Disbursements:		
ABSG Consulting Inc		
5107950	February 2022 Owner's Representative for MWDOC office remodel	5,242.50
Total		<u>5,242.50</u>
ACCO Engineered Systems Inc		
20225200	3/1/22-5/31/22 HVAC Preventative Maintenance	1,014.00
Total		<u>1,014.00</u>
Ackerman Consulting-Richard C Ackerman		
1330	March 2022 Legal Consulting on Water Issues	2,075.00
Total		<u>2,075.00</u>
Aleshire & Wynder LLP		
66901	February 2022 Legal services	796.03
Total		<u>796.03</u>
Alta FoodCraft		
12212758	3/21/22 Coffee and tea supplies	404.05
12213004	3/23/22 Coffee and tea supplies	174.21
Total		<u>578.26</u>
Aqua Cleanse LLC		
19990	MWDOC office carpet cleaning	800.00
Total		<u>800.00</u>
Arcadis		
34288747	11/20/21-3/18/22 Urban Water Management Plan Development services	11,333.70
Total		<u>11,333.70</u>
Best Best and Krieger LLP		
927264	January 2022 Legal Services	772.50
55401-FEB22	February 2022 Legal Services	10,419.00
55401-MAR22	March 2022 Legal Services	6,652.30
929799	February 2022 State Advocacy Agreement services	8,000.00
931393	March 2022 State Advocacy Agreement services	8,000.00
Total		<u>33,843.80</u>
The Brattle Group Inc		
66298	February 2022 Services for the Economic Benefit Studies and Modeling Work	16,227.50
Total		<u>16,227.50</u>

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2022**

Vendor/ Invoice	Description	Amount to Pay
Climatec LLC		
5622003001	Security Card Reader for lobby doors for MWDOC office remodel	5,332.30
Total		<u>5,332.30</u>
Hunter T Cook		
33122	January-March 2022 Retiree medical premium	1,536.00
Total		<u>1,536.00</u>
EEl Systems		
15610	Final payment on Power conditioners for AV equipment	496.45
Total		<u>496.45</u>
Elevated Health Inc		
March 2022	Pre-employment physical for two new staff members	300.00
Total		<u>300.00</u>
Flume Inc		
1372	January 2022 Residential End Use Study services	50,000.00
1409	February 2022 Residential End Use Study services	25,000.00
1419	March 2022 Residential End Use Study services	15,750.00
Total		<u>90,750.00</u>
G & G Trophy Company		
6743	Name plates for Poster Contest 2022	156.60
Total		<u>156.60</u>
Girl Scouts of Orange County		
52823-2022	STEM Consortium sponsorship	2,500.00
Total		<u>2,500.00</u>
Gladwell Governmental Services Inc		
4832	Records Retention Legal Review, Update & Advice for FY2021-22	100.00
Total		<u>100.00</u>
GovConnection Inc		
72607799	March 2022 Progress billing for Exchange Online Migration	8,355.10
72613399	Additional Adobe Acrobat DC license for new employee	105.78
Total		<u>8,460.88</u>
Greens Security Centers Inc		
91364	Create master key for new office doors for MWDOC office remodel	1,663.83
Total		<u>1,663.83</u>

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2022**

Vendor/ Invoice	Description	Amount to Pay
Hashtag Pinpoint Corporation		
1546	March 2022 Social Media consultation & service	7,913.00
Total		7,913.00
IDS Group Inc		
18X093.04-3	February 2022 Seismic retrofit design and project support MWDOC office remodel	800.00
Total		800.00
Jill Promotions		
11347	MWDOC Black Polo Shirts	517.65
Total		517.65
Lawnscape Systems Inc		
424846	January 2022 Landscape Maintenance for Atrium	495.00
426018	March 2022 Landscape Maintenance for Atrium	495.00
Total		990.00
Keith Lyon		
33122	January-March 2022 Retiree medical premium	1,020.60
Total		1,020.60
Means Consulting LLC-Edward G Means III		
MWDOC-1102	March 2022 MET issues & strategic guidance to staff	1,062.50
Total		1,062.50
Mega Maids Cleaning Service		
12337	February 2022 Cleaning services for COVID-19 prevention	800.00
12401	March 2022 Cleaning services for COVID-19 prevention	1,000.00
Total		1,800.00
National Water Resources Association		
10122	2022 Annual membership renewal	525.00
Total		525.00
Natural Resource Results LLC		
3816	March 2022 Federal legislative advocacy services	8,000.00
Total		8,000.00
NDS		
796739	2/4/22 Board packet delivery service	211.50
797614	2/25/22 Board packet delivery service	211.50
798434	3/4/22 Board packet delivery service	278.86
798736	3/11/22 Board packet delivery service	186.50
Total		888.36

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2022**

Vendor/ Invoice	Description	Amount to Pay
Office Depot Inc		
229563484001	3/25/22 Office supplies	132.49
229711172001	First aid refill supplies	9.78
235306194001	3/23/22 Office supplies	200.08
235307308001	3/22/22 Office supplies	9.78
235817278001	Credit for missing Lysol spray	(7.00)
Total		<u>345.13</u>
Office Solutions		
I-01982481	3/17/22 Office supplies	24.54
I-01982842	3/18/22 Office supplies	33.19
I-01977153	Hardbound notebooks	54.79
I-01986307	Trash receptacles for MWDOC conference rooms	815.63
I-01988625	4/4/22 Office supplies	353.74
Total		<u>1,281.89</u>
Orange County Water District		
24065	February 2022 Postage, shared office and maintenance expense	2,996.05
Total		<u>2,996.05</u>
Judy Pfister		
33122	January-March 2022 Retiree medical premium	510.30
Total		<u>510.30</u>
Karl Seckel		
33122	January-March 2022 Retiree medical premium	1,489.20
Total		<u>1,489.20</u>
Joey C Soto		
GA-MAR-56	March 2022 Grant Research and Acquisition	3,250.00
Total		<u>3,250.00</u>
SPS Data Communications		
32206	Install wire management and power strips for Conference Room 101 for MWDOC office remodel	1,326.00
Total		<u>1,326.00</u>
USAFact Inc		
2033403	March 2022 Background check for two new hires	67.78
Total		<u>67.78</u>

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2022**

Vendor/ Invoice	Description	Amount to Pay
Water Systems Optimization Inc		
2190	March 2022 Technical Assistance Program services for Water Loss Control	7,280.00
Total		7,280.00
Pauline D Wennerstrom		
33122	January-March 2022 Retiree medical premium	459.30
Total		459.30
Total Core Expenditures		225,729.61
Choice Expenditures:		
Bryton Printing Inc		
16465	Water Use Efficiency Spring 2022 Bill inserts for member agencies	3,988.93
Total		3,988.93
Building Block Entertainment Inc		
3480-4	March 2022 Choice Elementary School Program grades K-2	9,150.00
Total		9,150.00
Goldak		
140704	T10 Replacement battery for Water Loss Control Shared Services	136.90
Total		136.90
Jill Promotions		
11337	Uniform for new Water Loss Control Technician	185.34
Total		185.34
Mission RCD		
3172	March 2022 Field inspection and verification for Water Use Efficiency rebate programs	3,840.59
Total		3,840.59
Orange County Dept of Education		
94RI3617	February 2022 Choice School Programs for grades 3-5 and 9-12	13,877.73
Total		13,877.73
Orange County Water District		
24065	February 2022 Postage for Water Use Efficiency rebate programs	31.44
Total		31.44
Total Choice Expenditures		31,210.93

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2022**

Vendor/ Invoice	Description	Amount to Pay
Other Funds Expenditures:		
EcoTech Services Inc		
2234	February 2022 Landscape Design and Maintenance Assistance programs	10,171.25
2250	March 2022 Services for Pressure Regulating Valve program	560.00
Total		<u>10,731.25</u>
El Toro Water District		
4119	March 2022 WEROC Primary EOC Soft costs & site grading	14,494.00
Total		<u>14,494.00</u>
Flume Inc		
1419	March 2022 Residential End Use Study services	7,111.23
Total		<u>7,111.23</u>
Large Plumbing		
25886	February 2022 Services for Pressure Regulating Valve program	3,500.00
Total		<u>3,500.00</u>
Mega Maids Cleaning Service		
12379	Cleaning of the WEROC Primary EOC	250.00
Total		<u>250.00</u>
Mission RCD		
3172	March 2022 Field inspection and verification for Water Use Efficiency rebate programs	6,171.04
Total		<u>6,171.04</u>
Office Depot Inc		
235307309001	Laptop case for WEROC	27.07
Total		<u>27.07</u>
Office Solutions		
I-01989439	WEROC office supplies for trainings	232.08
Total		<u>232.08</u>
The Plant Nerd		
7055	February 2022 Landscape Design and Maintenance Assistance programs	23,050.00
7106	March 2022 Landscape Design and Maintenance Assistance programs	25,740.00
Total		<u>48,790.00</u>

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of April 2022**

Vendor/ Invoice	Description	Amount to Pay
TerraWorks Studio		
MW0012	February 2022 Landscape Design and Maintenance Assistance programs	1,750.00
Total		1,750.00
Utility Services Associates, LLC		
126463	February 2022 Temporary Leak Detection	24,272.20
126474	March 2022 Temporary Leak Detection	33,064.20
Total		57,336.40
Water Systems Optimization Inc		
2190	March 2022 Technical Assistance Program services for Water Loss Control	5,780.00
Total		5,780.00
Total Other Funds Expenditures		156,173.07
Total Expenditures		413,113.61

**Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of March 2022**

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
Heather Baez				
3/31/2022	EFT	121621	December 2021 Business expense	407.30
Total				407.30
Hilary Chumpitazi				
3/31/2022	EFT	22322	February 2022 Business expense	144.07
3/31/2022	EFT	31522	March 2022 Business expense	175.58
Total				319.65
Corodata Records Management Inc				
3/15/2022	EFT	RS4771039	January 2022 Records storage fees	55.59
3/31/2022	EFT	RS4779737	February 2022 Records Storage Fees	55.60
Total				111.19
Michelle DeCasas				
3/31/2022	EFT	32822	March 2022 Business expense	139.70
Total				139.70
Larry Dick				
3/31/2022	EFT	22322	February 2022 Business expense	19.89
Total				19.89
Leah Frazier				
3/31/2022	EFT	30922	March 2022 Business expense	151.79
Total				151.79
Lina Gunawan				
3/31/2022	EFT	11922	January 2022 Business expense	20.00
3/31/2022	EFT	21922	February 2022 Business expense	20.00
Total				40.00
Home Depot Credit Services				
3/31/2022	140842	1620920	Hose nozzle for atrium hose	19.37
Total				19.37
Igoe Administrative Services				
3/31/2022	140843	252989	COBRA annual service fee	529.02
Total				529.02
Al Nederhood				
3/31/2022	EFT	32222	March 2022 Business expense	8.10
Total				8.10

**Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of March 2022**

Name/ Date	Check/ EFT	Invoice	Description	Amount
Ricoh USA Inc				
3/17/2022	140803	5064009477	12/1/21-2/28/22 Ricoh copier maintenance	577.79
Total				577.79
Alana Salas-Yoshii				
3/31/2022	EFT	31122	March 2022 Business expense	69.96
Total				69.96
Spectrum Business				
3/03/2022	140790	375210030122	March 2022 Telephone and internet expense	1,424.72
3/17/2022	140804	343564031022	March 2022 Telephone expense for 1 analog fax line	39.99
Total				1,464.71
Jeffery Thomas				
3/31/2022	EFT	22322	February 2022 Business expense	91.37
Total				91.37
Verizon Wireless				
3/03/2022	140791	9900265456	February 2022 4G Mobile broadband unlimited service	114.03
Total				114.03
Katie Vincent				
3/31/2022	EFT	22822	February 2022 Business expense	96.40
Total				96.40
Total Core Disbursements				4,160.27
Choice Disbursements:				
Joseph Berg				
3/31/2022	EFT	30822	March 2022 Business expense	84.03
Total				84.03
US Bank Voyager Fleet Systems				
3/31/2022	EFT	8694349932209	1/25/22-2/24/22 Fuel for Water Loss Control Shared Services vehicles	269.47
Total				269.47
Total Choice Disbursements				353.50

**Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of March 2022**

Name/ Date	Check/ EFT	Invoice	Description	Amount
Other Funds Disbursements:				
AT&T				
3/17/2022	140802	17817709	February 2022 Telephone expense for WEROC N. & S. EOC	433.86
Total				433.86
Metropolitan Water District				
3/30/2022	EFT033022	10680	January 2022 Water deliveries	9,803,897.06
Total				9,803,897.06
Santa Margarita Water District				
3/31/2022	EFT	13122	January 2022 SCP Pipeline Operation Surcharge	22,692.69
Total				22,692.69
Santiago Aqueduct Commission				
3/31/2022	140846	13122	January 2022 SAC Pipeline Operation Surcharge	2,756.28
Total				2,756.28
Spray to Drip Rebate				
3/30/2022	140826	S2D4-R-IRWD-41672-18050	P. Reddi	352.80
3/30/2022	140828	S2D4-R-MESA-42278-18070	A. Riordan	870.00
3/30/2022	140830	S2D5-C-BP-42684-18277	Schroeder Management Company (Buena Park)	1,682.50
3/30/2022	140835	S2D5-C-IRWD-12274-18366	The Irvine Company LLC (Irvine)	1,778.50
3/30/2022	140805	S2D5-C-SOCO-39576-18201	Cape Cove HOA (Dana Point)	7,970.50
3/30/2022	140823	S2D5-C-YLWD-42684-18397	Placentia Linda Hospital (Placentia)	5,034.00
3/30/2022	140819	S2D5-R-HB-42796-18347	L. Mulvaney	365.50
3/30/2022	140807	S2D5-R-HB-45785-18346	G. Clamp	355.50
3/30/2022	140814	S2D5-R-IRWD-46178-18479	H. Ha	955.50
Total				19,364.80
Turf Rebate				
3/30/2022	140813	TR14-R-MESA-41818-40558	T. Gramberg	6,950.00
3/30/2022	140829	TR14-R-MESA-42278-41007	A. Riordan	3,480.00
3/30/2022	140832	TR15-C-HB-38663-42845	Seaside Village 1 (Huntington Beach)	30,920.00
3/30/2022	140822	TR15-C-MNT-26835-41402	Palm Court HOA (Laguna Niguel)	13,692.15
3/30/2022	140806	TR15-C-SM-43030-42955	Casta Del Sol HOA (Mission Viejo)	71,421.00
3/30/2022	140810	TR15-C-TC-44149-42793	Dove Canyon Golf Club (Dove Canyon)	150,000.00
3/30/2022	140824	TR15-C-YLWD-42684-43094	Placentia Linda Hospital (Placentia)	30,204.00
3/30/2022	140834	TR15-R-ETWD-44636-43282	R. Teegarden	4,000.00
3/30/2022	140820	TR15-R-HB-42796-41466	L. Mulvaney	2,193.00
3/30/2022	140808	TR15-R-HB-45785-44414	G. Clamp	1,791.00
3/30/2022	140836	TR15-R-IRWD-44215-42850	D. Tran	519.41
3/30/2022	140839	TR15-R-IRWD-45957-44589	J. Zheng	1,748.00
3/30/2022	140815	TR15-R-IRWD-46178-44810	H. Ha	4,696.00
3/30/2022	140837	TR15-R-IRWD-46260-44890	G. Vanderham	1,050.00

**Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of March 2022**

Name/ Date	Check/ EFT	Invoice	Description	Amount
Turf Rebate - Continued				
3/30/2022	140812	TR15-R-MNT-44177-42817	A. Gousheh	3,120.00
3/30/2022	140838	TR15-R-MNT-44480-43133	C. Von Guenthner	3,472.00
3/30/2022	140818	TR15-R-MNT-44541-43194	M. Manzotti	4,528.00
3/30/2022	140833	TR15-R-MNT-44554-43205	N. Tahami	2,272.00
3/30/2022	140817	TR15-R-MNT-44650-43294	G. Levy	5,844.00
3/30/2022	140816	TR15-R-MNT-45847-44481	D. Hartt	6,040.00
3/30/2022	140831	TR15-R-MNT-45863-44497	T. Schuldt	2,040.00
3/30/2022	140811	TR15-R-O-43001-41655	M. Ellis	3,462.00
3/30/2022	140821	TR15-R-SC-44200-42833	G. Norton	3,043.37
3/30/2022	140827	TR15-R-SC-44276-42910	D. Riesgo	1,896.00
3/30/2022	140840	TR15-R-SM-44633-44533	G. Zwicker	5,631.00
3/30/2022	140825	TR15-R-TUST-44303-42942	D. Ramirez	4,215.00
3/30/2022	140809	TR15-R-YLWD-42904-41565	D. Coleman	4,026.00
Total				372,253.93
Verizon Wireless				
3/03/2022	140791	9900265456	February 2022 4G Mobile broadband unlimited service	76.02
Total				76.02
Total Other Funds Disbursements				10,221,474.64
Total Disbursements				10,225,988.41


Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: February 22, 2022
Payment Date: April 1, 2022

Description

R. Hunter Card:

Invoice paid on 4/1/22, therefore expenses will be reported on May 2022 A&F Report

C. Harris Card:

Invoice paid on 4/1/22, therefore expenses will be reported on May 2022 A&F Report

Public Affairs Card:

Invoice paid on 4/1/22, therefore expenses will be reported on May 2022 A&F Report

WEROC Card:

Invoice paid on 4/1/22, therefore expenses will be reported on May 2022 A&F Report

Municipal Water District of Orange County
GM Approved Disbursement Report ⁽¹⁾
For the Month of March 2022

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
The Brattle Group Inc				
3/31/2022	EFT	65260	November 2021 Services for the Economic Benefit Studies and Modeling Work	53,721.72
Total				<u>53,721.72</u>
California Water Efficiency Partnership				
3/17/2022	140801	MD-2022-168	2022 Annual membership renewal	6,030.22
Total				<u>6,030.22</u>
Constant Contact Inc				
3/03/2022	140789	XR8WAE CAB4922	Renewal for online event registration software	945.00
Total				<u>945.00</u>
Total Core Disbursements				<u><u>60,696.94</u></u>
Choice Disbursements:				
Constant Contact Inc				
3/03/2022	140789	XR8WAE CAB4922	Renewal for online event registration software	945.00
Total				<u>945.00</u>
Total Choice Disbursements				<u>945.00</u>
Other Funds Disbursements:				
Total Other Funds Disbursements				<u>-</u>
Total Disbursements				<u><u>61,641.94</u></u>


 Robert J. Hunter, General Manager


 Hilary Chumpitazi, Treasurer

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



Municipal Water District of Orange County
Consolidated Summary of Cash and Investment
February 28, 2022 -

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

Megan Yoo Schneider, P.E.
President

Bob McVicker, P.E., D.WRE
Vice President

Al Nederhood
Director

Larry D. Dick
Director

Karl W. Seckel, P.E.
Director

Sat Tamaribuchi
Director

Jeffrey 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
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:

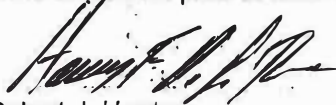
Fund	Book Value	% of Portfolio
Designated Reserves		
General Operations	\$3,738,505	26.77%
Grant & Project Cash Flow	1,500,000	10.74%
Election Expense	461,678	3.31%
Building Repair	436,542	3.13%
OPEB	297,147	2.13%
Total Designated Reserves	6,433,872	46.08%
General Fund	\$6,194,944	44.35%
Water Fund	1,380,006	9.88%
Conservation Fund	(1,290,631)	(9.24%)
WEROC Fund	1,227,591	8.79%
Trustee Activities	18,942	0.14%
Total	\$13,964,724	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	1.19%	\$166,425	\$166,425
Short-term investment			
• LAIF	19.14%	2,673,158	2,673,158
• OCIP	57.47%	8,025,101	8,025,101
Long-term investment			
• US Government Issues	1.79%	249,902	242,025
• Corporate Bond	10.03%	1,400,138	1,340,984
• Certificates of Deposit	10.38%	1,450,000	1,466,623
Total	100.00%	\$13,964,724	\$13,914,316

The average number of days to maturity/call as of February 28, 2022 equaled 127 and the average yield to maturity is 0.682%. During the month, the District's average daily balance was \$20,910,329.26. Funds were invested in US Bank Money Market, Negotiable Certificate of Deposits, Corporate Bonds, US Government Issues, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of February 2022.

The (\$50,408) difference between the book value and the market value on February 28, 2022 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, 2022

2/28/2022	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,450,000.00	1,466,622.50	1,450,000.00	10.51	740	2.440
Corporate Bond	1,400,000.00	1,340,984.50	1,400,137.41	10.15	459	1.341
US Government Issues	250,000.00	242,025.00	249,902.36	1.81	87	0.860
Local Agency Investment Funds	2,673,158.38	2,673,158.38	2,673,158.38	19.37	1	0.272
Orange County Investment Pool	8,025,101.25	8,025,101.25	8,025,101.25	58.16	1	0.381
Total Investments	13,798,259.63	13,747,891.63	13,798,299.40	100.00	127	0.682
Cash						
Cash	166,424.44	166,424.44	166,424.44		1	0.00
Total Cash and Investments	13,964,684.07	13,914,316.07	13,964,723.84		127	0.682

Total Earnings	Month Ending February	Fiscal Year to Date
Current Year	8,444.57	88,175.64
Average Daily Balance	20,910,329.26	
Effective Rate of Return	0.682%	

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, General Manager

04/07/2022
Date


Hilary Chumtazi, Treasurer

04/07/2022
Date

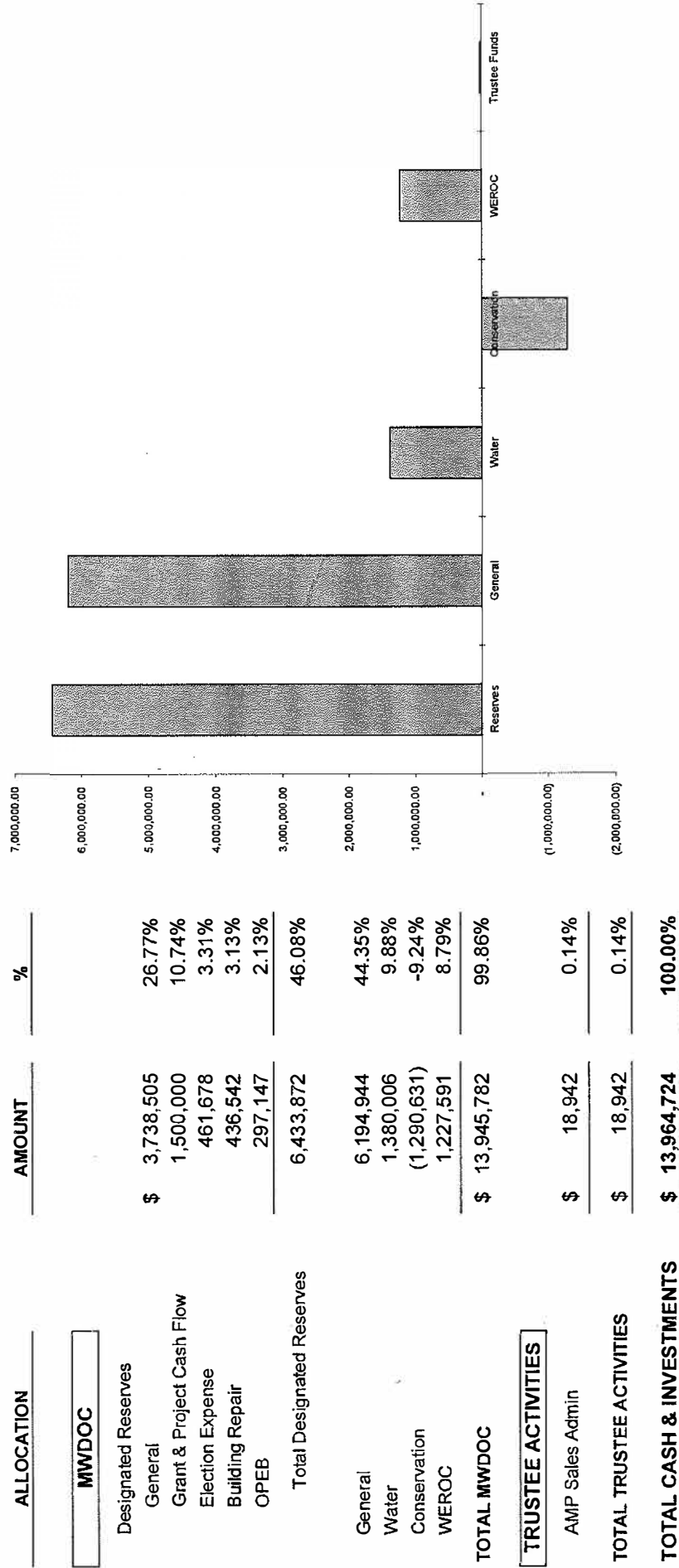
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
February 28, 2022

Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Negotiable Certificate Of Deposit									
Barclays Bank	06740KKY2	9/27/2017	250,000.00	252,505.00	250,000.00	2.250	2.250	211	9/27/2022
Capital One Bank	14042TBQ9	8/7/2019	250,000.00	253,517.50	250,000.00	2.250	2.250	891	8/7/2024
Capital One NA	14042RMJ7	7/24/2019	250,000.00	253,225.00	250,000.00	2.200	2.200	877	7/24/2024
Discover Bank	254673RV0	7/25/2018	250,000.00	257,390.00	250,000.00	3.300	3.300	512	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	257,685.00	250,000.00	3.350	3.350	526	8/8/2023
Sallie Mae Bank	7954507A7	7/14/2021	200,000.00	192,300.00	200,000.00	1.000	1.000	1,597	7/14/2026
Sub Total			1,450,000.00	1,466,622.50	1,450,000.00	2.440	2.440	740	
US Government Issues									
FHLB	3130ALGR9	3/1/2021	250,000.00	242,025.00	249,902.36	0.850	0.850	87	2/26/2026
Sub Total			250,000.00	242,025.00	249,902.36	0.850	0.850	87	
Corporate Bond									
Bank of America Corp	06048WK41	12/7/2020	250,000.00	232,765.00	250,000.00	0.650	0.800	1,366	11/25/2025
Citigroup Global Markets	17328WFZ6	9/16/2020	250,000.00	236,240.00	250,000.00	1.000	1.000	16	9/16/2025
JP Morgan Chase	48128GV56	8/18/2020	250,000.00	235,185.00	250,000.00	0.800	0.800	902	8/18/2025
National Rural Util Coop	63743FE51	7/27/2017	200,000.00	200,062.00	200,000.00	2.500	2.500	137	7/15/2022
Societe Generale	83369MD25	8/19/2020	250,000.00	235,652.50	250,000.00	1.000	1.088	80	8/19/2025
Westpac Banking Corp	961214DQ3	7/25/2017	200,000.00	201,080.00	200,137.41	2.500	2.278	120	6/28/2022
Sub Total			1,400,000.00	1,340,984.50	1,400,137.41	1.330	1.341	459	
Total Investments			3,100,000.00	3,049,632.00	3,100,039.77	1.810	1.816	561	
Total Earnings									
			Month Ending February		Fiscal Year To Date				
Current Year			4,239.78		37,105.90				

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
February 28, 2022

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	2,673,158.38	2,673,158.38	2,673,158.38	0.272	0.272	1	N/A
Sub Total			2,673,158.38	2,673,158.38	2,673,158.38	0.272	0.272	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	8,025,101.25	8,025,101.25	8,025,101.25	0.381	0.381	1	N/A
Sub Total			8,025,101.25	8,025,101.25	8,025,101.25	0.381	0.381	1	
Total Investments			10,698,259.63	10,698,259.63	10,698,259.63	0.354	0.354		
Cash									
Petty Cash	CASH	7/1/2010	500.00	500.00	500.00	0.000	0.000	1	N/A
US Bank Cash	CASHUSBANK	7/25/2018	165,924.44	165,924.44	165,924.44	0.000	0.000	1	N/A
Total Cash			166,424.44	166,424.44	166,424.44	0.000	0.000	1	
Total Cash and Investments			10,864,684.07	10,864,684.07	10,864,684.07	0.354	0.354	1	
Total Earnings									
Current Year			4,204.79		51,069.74				

**Municipal Water District of Orange County
Cash and Investments at February 28, 2022**



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS Post-Employment Benefits Trust**Account Report for the Period**
2/1/2022 to 2/28/2022Hilary Chumpitazi
Accounting Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708**Account Summary**

Source	Balance as of 2/1/2022	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 2/28/2022
OPEB	\$2,735,107.35	\$0.00	-\$42,112.71	\$1,385.31	\$0.00	\$0.00	\$2,691,609.33
PENSION	\$962,560.31	\$0.00	-\$14,820.63	\$487.52	\$0.00	\$0.00	\$947,252.16
Totals	\$3,697,667.66	\$0.00	-\$56,933.34	\$1,872.83	\$0.00	\$0.00	\$3,638,861.49

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	-1.54%	-2.90%	2.69%	8.83%	7.75%	7.21%	10/26/2011
PENSION	-1.54%	-2.90%	2.66%	8.80%	-	-	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

Item 2

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
COMBINED FINANCIAL STATEMENTS
AND
BUDGET COMPARATIVE
JULY 1, 2021 THRU FEBRUARY 28, 2022**

**Municipal Water District of Orange County
Combined Balance Sheet
As of February 28, 2022**

	<u>Amount</u>
<u>ASSETS</u>	
Cash in Bank	166,424.44
Investments	13,798,299.40
Accounts Receivable	22,912,892.18
Accounts Receivable - Other	540,360.91
Accrued Interest Receivable	23,273.35
Prepays/Deposits	349,465.39
Leasehold Improvements	6,059,805.67
Furniture, Fixtures & Equipment	780,261.60
Less: Accumulated Depreciation	<u>(3,528,258.16)</u>
TOTAL ASSETS	<u><u>41,102,524.78</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts Payable	21,795,621.60
Accounts Payable - Other	64.82
Accrued Salaries and Benefits Payable	610,712.07
Other Liabilities	2,402,704.28
Unearned Revenue	<u>443,410.26</u>
TOTAL LIABILITIES	<u><u>25,252,513.03</u></u>
<u>FUND BALANCES</u>	
<u>Restricted Fund Balances</u>	
Water Fund - T2C	<u>1,035,567.12</u>
Total Restricted Fund Balances	<u>1,035,567.12</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	461,678.00
Building Repair	436,542.00
OPEB	<u>297,147.00</u>
Total Designated Reserves	<u>6,433,872.00</u>
General Fund	5,028,867.71
General Fund Capital	373,228.00
WEROC Capital	159,687.58
WEROC	<u>246,196.60</u>
Total Unrestricted Fund Balances	<u>12,241,851.89</u>
<u>Excess Revenue over Expenditure</u>	
Operating Fund	2,808,762.54
Other Funds	<u>(236,169.80)</u>
TOTAL FUND BALANCES	<u><u>15,850,011.75</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>41,102,524.78</u></u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2021 thru February 28, 2022

	<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>REVENUES</u>						
Retail Connection Charge	0.00	8,357,232.00	8,357,232.00	100.00%	0.00	0.00
Ground Water Customer Charge	0.00	335,385.00	335,385.00	100.00%	0.00	0.00
Water Rate Revenues	0.00	8,692,617.00	8,692,617.00	100.00%	0.00	0.00
Interest Revenue	8,439.37	87,420.74	220,000.00	39.74%	0.00	132,579.26
Subtotal	8,439.37	8,780,037.74	8,912,617.00	98.51%	0.00	132,579.26
Choice Programs	23,964.00	1,264,125.23	1,515,775.00	83.40%	0.00	251,649.77
Miscellaneous Income	30.00	2,439.80	3,000.00	81.33%	0.00	560.20
Revenue - Other	0.00	1,360.00	0.00	0.00%	0.00	(1,360.00)
School Contracts	7,810.90	28,418.08	120,895.00	23.51%	0.00	92,476.92
Transfer-In from Reserve	0.00	0.00	95,745.00	0.00%	0.00	95,745.00
Subtotal	31,804.90	1,296,343.11	1,735,415.00	74.70%	0.00	439,071.89
TOTAL REVENUES	40,244.27	10,076,380.85	10,648,032.00	94.63%	0.00	571,651.15

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2021 thru February 28, 2022

	<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	327,176.58	2,804,695.63	4,178,542.00	67.12%	0.00	1,373,846.37
Salaries & Wages - Grant Recovery	0.00	(17,542.06)	(18,665.00)	(93.98)%	0.00	(1,122.94)
Director's Compensation	22,265.24	173,865.33	288,800.00	60.20%	0.00	114,934.67
MWD Representation	12,769.77	94,299.84	165,029.00	57.14%	0.00	70,729.16
Employee Benefits	109,995.27	880,124.59	1,356,730.00	64.87%	0.00	476,605.41
Employee Benefits - Grant Recovery	0.00	(4,480.51)	0.00	0.00%	0.00	4,480.51
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Director's Benefits	9,418.93	75,621.04	161,248.00	46.90%	0.00	85,626.96
Health Insurance for Retirees	4,218.60	55,014.86	101,099.00	54.42%	0.00	46,084.14
Training Expense	4,499.00	17,308.50	52,000.00	33.29%	908.10	33,783.40
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	490,343.39	4,285,907.22	6,501,783.00	65.92%	908.10	2,214,967.68
Engineering Expense	110,670.22	272,762.50	380,000.00	71.78%	199,185.75	(91,948.25)
Legal Expense	11,215.03	115,085.06	225,000.00	51.15%	109,914.94	0.00
Audit Expense	0.00	39,066.00	30,220.00	129.27%	23,154.00	(32,000.00)
Professional Services	114,812.16	525,202.82	1,475,640.00	35.59%	896,919.91	53,517.27
Professional Fees	236,697.41	952,116.38	2,110,860.00	45.11%	1,229,174.60	(70,430.98)
Conference - Staff	825.00	8,044.00	44,560.00	18.05%	0.00	36,516.00
Conference - Directors	825.00	5,730.00	16,845.00	34.02%	0.00	11,115.00
Travel & Accom. - Staff	(444.53)	12,535.90	69,825.00	17.95%	0.00	57,289.10
Travel & Accom. - Directors	0.00	1,838.59	21,250.00	8.65%	0.00	19,411.41
Travel & Conference	1,205.47	28,148.49	152,480.00	18.46%	0.00	124,331.51
Membership/Sponsorship	6,030.22	128,622.27	143,041.00	89.92%	0.00	14,418.73
CDR Support	0.00	41,391.99	65,249.00	63.44%	13,797.32	10,059.69
Dues & Memberships	6,030.22	170,014.26	208,290.00	81.62%	13,797.32	24,478.42
Business Expense	131.47	1,156.03	2,500.00	46.24%	0.00	1,343.97
Office Maintenance	3,829.64	73,245.90	147,400.00	49.69%	67,511.91	6,642.19
Building Repair & Maintenance	9,496.92	27,286.72	15,000.00	181.91%	11,955.84	(24,242.56)
Storage Rental & Equipment Lease	55.60	1,481.58	1,800.00	82.31%	318.42	0.00
Office Supplies	1,169.47	8,780.62	35,000.00	25.09%	4,164.60	22,054.78
Supplies - Water Loss Control	0.00	1,159.05	4,000.00	28.98%	0.00	2,840.95
Postage/Mail Delivery	779.27	7,713.45	9,243.00	83.45%	1,140.03	389.52
Subscriptions & Books	0.00	120.00	1,000.00	12.00%	0.00	880.00
Reproduction Expense	1,129.01	2,868.11	82,700.00	3.47%	4,301.99	75,529.90
Maintenance - Computers	0.00	3,418.66	8,000.00	42.73%	1.08	4,580.26
Software Purchase	8,368.32	45,646.09	36,040.00	126.65%	699.72	(10,305.81)
Software Support	4,086.85	45,354.59	48,640.00	93.25%	15,126.50	(11,841.09)
Computers and Equipment	0.00	26,752.28	23,450.00	114.08%	4,525.53	(7,827.81)
Maintenance Expense	0.00	0.00	6,000.00	0.00%	0.00	6,000.00
Automotive Expense	51.48	889.78	16,000.00	5.56%	0.00	15,110.22
Vehicle Expense	269.47	2,165.78	5,800.00	37.34%	0.00	3,634.22
Toll Road Charges	87.06	287.06	1,250.00	22.96%	0.00	962.94
Insurance Expense	12,455.81	98,681.86	130,000.00	75.91%	0.00	31,318.14
Utilities - Telephone	2,966.39	23,415.98	42,840.00	54.66%	456.12	18,967.90
Bank Fees	0.00	1,817.55	3,200.00	56.80%	0.00	1,382.45
Miscellaneous Expense	2,078.57	28,374.01	85,181.00	33.31%	2,046.52	54,760.47
MWDOC's Contrb. to WEROC	21,695.50	173,564.00	260,346.00	66.67%	0.00	86,782.00
Depreciation Expense	5,860.59	46,884.95	0.00	0.00%	0.00	(46,884.95)
Other Expenses	74,511.42	621,064.05	965,390.00	64.33%	112,248.26	232,077.69
Capital Aquisition	496.45	270,307.36	267,256.00	101.14%	82,958.28	(86,009.64)
Building Expense	7,706.33	940,060.55	441,973.00	212.70%	52,555.49	(550,643.04)
TOTAL EXPENSES	816,990.69	7,267,618.31	10,648,032.00	68.25%	1,491,642.05	1,888,771.64
NET INCOME (LOSS)	(776,746.42)	2,808,762.54	0.00	0.00%	(1,491,642.05)	(1,317,120.49)

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
July 1, 2021 thru February 28, 2022

	<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	9,917,534.90	122,643,648.80	155,126,337.00	79.06%	32,482,688.20
Readiness to Serve Charge	1,038,910.00	7,633,871.32	11,142,354.00	68.51%	3,508,482.68
Capacity Charge CCF	449,671.67	3,265,648.32	4,732,610.00	69.00%	1,466,961.68
SCP/SAC Pipeline Surcharge	23,933.16	231,754.45	315,000.00	73.57%	83,245.55
Interest Revenue	289.15	2,340.29	10,500.00	22.29%	8,159.71
TOTAL WATER REVENUES	11,430,338.88	133,777,263.18	171,326,801.00	78.08%	37,549,537.82
<u>WATER PURCHASES</u>					
Water Sales	9,917,534.90	122,643,648.80	155,126,337.00	79.06%	32,482,688.20
Readiness to Serve Charge	1,038,910.00	7,633,871.32	11,142,354.00	68.51%	3,508,482.68
Capacity Charge CCF	449,671.67	3,265,648.32	4,732,610.00	69.00%	1,466,961.68
SCP/SAC Pipeline Surcharge	23,933.16	231,754.45	315,000.00	73.57%	83,245.55
TOTAL WATER PURCHASES	11,430,049.73	133,774,922.89	171,316,301.00	78.09%	37,541,378.11
EXCESS OF REVENUE OVER EXPENDITURE	289.15	2,340.29	10,500.00	22.29%	8,159.71

**Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Use Efficiency
July 1, 2021 thru February 28, 2022**

	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
Spray To Drip Conversion			
Revenues	54,809.44	117,480.00	46.65%
Expenses	82,748.59	117,480.00	70.44%
Excess of Revenues over Expenditures	(27,939.15)	0.00	
Member Agency Administered Pass-Thru			
Revenues	64,512.00	573,201.00	11.25%
Expenses	47,022.00	573,201.00	8.20%
Excess of Revenues over Expenditures	17,490.00	0.00	
ULFT Rebate Program			
Revenues	290.00	2,000.00	14.50%
Expenses	350.00	2,000.00	17.50%
Excess of Revenues over Expenditures	(60.00)	0.00	
HECW Rebate Program			
Revenues	39,850.52	84,300.00	47.27%
Expenses	39,785.00	84,300.00	47.19%
Excess of Revenues over Expenditures	65.52	0.00	
CII Rebate Program			
Revenues	0.00	6,500.00	0.00%
Expenses	0.00	6,500.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Turf Removal Program			
Revenues	861,205.26	993,924.00	86.65%
Expenses	1,115,574.12	993,924.00	112.24%
Excess of Revenues over Expenditures	(254,368.86)	0.00	
Comprehensive Landscape (CLWUE)			
Revenues	177,372.75	303,100.00	58.52%
Expenses	209,842.14	303,100.00	69.23%
Excess of Revenues over Expenditures	(32,469.39)	0.00	
Recycled Water Program			
Revenues	13,406.25	40,000.00	33.52%
Expenses	13,406.25	40,000.00	33.52%
Excess of Revenues over Expenditures	0.00	0.00	
WSIP - Industrial Program			
Revenues	0.00	45,000.00	0.00%
Expenses	0.00	45,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Land Design Program			
Revenues	188,740.50	297,330.00	63.48%
Expenses	188,740.50	297,330.00	63.48%
Excess of Revenues over Expenditures	0.00	0.00	
Pressure Regulation Program			
Revenues	4,995.00	66,919.00	7.46%
Expenses	22,485.00	66,919.00	33.60%
Excess of Revenues over Expenditures	(17,490.00)	0.00	
Smart Water Monitoring Devices(Flume)			
Revenues	58,454.25	89,000.00	65.68%
Expenses	58,454.25	89,000.00	65.68%
Excess of Revenues over Expenditures	0.00	0.00	
Dedicated Irrigation Meters Measurement Project (DIMM)			
Revenues	0.00	636,202.00	0.00%
Expenses	0.00	636,202.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Use Efficiency
July 1, 2021 thru February 28, 2022

	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
Total WUE Projects			
Revenues	1,463,635.97	3,254,956.00	44.97%
Expenses	<u>1,778,407.85</u>	<u>3,254,956.00</u>	<u>54.64%</u>
Excess of Revenues over Expenditures	(314,771.88)	0.00	
 WEROC			
Revenues	433,910.00	520,692.00	83.33%
Expenses	<u>341,518.61</u>	<u>520,692.00</u>	<u>65.59%</u>
Excess of Revenues over Expenditures	92,391.39	0.00	



**PUBLIC HEARING AND
ACTION ITEM**
April 20, 2022

TO: Board of Directors

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

Robert J. Hunter, General Manager

SUBJECT: REVIEW INFORMATION REGARDING PUBLIC HEARING (SCHEDULED FOR APRIL 20, 2022) 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: (1) Review the information and process regarding 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 (on April 20, 2022), in the general form presented, with amendments if necessary.

COMMITTEE RECOMMENDATION

To be determined.

SUMMARY

Directors' (and MET Directors') compensation is established by Ordinance pursuant to Water Code Section 20200 *et seq.*, and requires a public hearing before any increase in compensation may be granted. Pursuant to Water Code Section 20202, Director compensation may be increased by a maximum of 5% for each year since the last approved compensation adjustment.

The existing procedure set forth in Ordinance No. 54 (which was adopted on April 17, 2019, and effective January 2020), reflects the Board's desire to limit any increases in Board compensation to no more than the amount set for staff in the annual budget, and within what is allowable under California State law. The Board has not received an increase in compensation since January 2020. The draft FY 2022/23 budget includes a staff merit pool of 7.1%.

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

The Directors' (and MET Directors') current compensation is \$327.43 per day, with a limit of 10 compensable days per month. The current draft budget includes a 5% increase in Director's compensation, which would bring the compensation amount to approximately \$343.80 (this amount is included in the budget). It should be noted that by law, compensation increases take effect 60 days after the adoption of the Ordinance and as a result, this increase would coincide with the fiscal year 2022-2023 budget.

Pursuant to the legal requirements, the notices of the public hearing were published in the *OC Register* on April 6 and April 13.

Attached is the proposed Ordinance.

DRAFT

ORDINANCE NO. 56

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%) per year since the last increase; 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 not exceed the compensation increase awarded to MWDOC staff for any given year, as described in MWDOC’s annual budget; and

WHEREAS, the MWDOC draft annual budget for fiscal year 2022-2023 includes an increase for staff of 7.1%; and

WHEREAS, in keeping with the Board of Director’s desire to not increase Director compensation more than what was increased for staff, the Board of Directors desires to increase Director compensation of MWDOC Board of Directors by 5%.

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 effective upon the effective date of this Ordinance.

DRAFT

Section 2. The MWDOC Board of Directors shall increase the Director per diem compensation by 5% above its existing compensation (from \$327.43 to \$343.80) on the effective date of this Ordinance.

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 July 1, 2022.

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. 56 adopted by the Board of Directors of Municipal Water District of Orange County at its meeting held on April 20, 2022.

MARIBETH GOLDSBY, Secretary
Municipal Water District of Orange County

DRAFT



ACTION ITEM

April 20, 2022

TO: Board of Directors

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

**Robert Hunter
General Manager**

Staff Contact: Hilary Chumpitazi

**SUBJECT: ADOPTION OF THIRD DRAFT OF THE FY 2022-23 BUDGET & Tier 2
Reserve Action**

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 2022-23 (Fiscal Year Ending 2023, FYE'23). This committee meeting is the last formal opportunity for public comments and discussion before the budget goes to the Board of Directors on April 20, 2022 for final approval.

Staff further recommends the A&F Committee:

- (a) Approve the third draft budget as presented and
- (b) Liquidate the Tier 2 Reserve and direct the General Manager to apply those reserve funds to fully fund the reserves and issue payment credits to the Member Agencies for FYE'23 as presented.

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 there are minimal changes from the prior draft. The total core expenses increase by \$5,750 (0.065%) between the second and third draft budgets. The proposed meter charge remains at \$13.75; an annual increase of \$0.75 or 5.8%. The Groundwater Customer Charge is proposed at \$368,722 an increase of \$221 from the

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

second draft budget. The proposed annual increase in the Groundwater Customer Charge is \$33,338 or 9.9%.

SUMMARY REPORT

Pertinent aspects of the third draft budget include:

1. The third draft budget includes a proposed increase of \$0.75 (5.8%) to the retail service charge bringing the retail meter rate to \$13.75 per retail meter. The groundwater customer charge to OCWD increases by \$33,338 (9.9%) to \$368,722 compared to last year. These charges are calculated under the new rate structure adopted by the MWDOC Board in FYE'21.
2. The third draft has a budget total of \$194,462,218 (revenue) including Core & Choice, water sales, outside funding, and WEROC. This is an increase of 5.3%. This estimate is likely to increase pending Metropolitan's adoption of new rates. This MET rate increase will not impact the MWDOC operating rates.
3. The consolidated general fund budget is \$11,161,047 (revenue) with an increase of \$608,761 (5.8%).
4. The total revenue amount for the Core budget is \$9,403,095; an increase of \$487,478 (5.5%) over the current year's budget.
5. Interest revenues are budgeted with a \$74,029 reduction (33.6%) to reflect decreased returns.
6. The proposed third draft budget includes a net planned reserves contribution of \$258,339 consisting of contributions to the Election Reserve of \$300,728 and the Building Reserve of \$437,590 offset by a budgeted draw of \$479,979. This will result in the reserves being approximately \$405,875 below fully funded target levels.
7. The unfunded CALPERS liability annual payment of \$207,000 is proposed.
8. The proposed salary contribution pool is at 7.1% of salaries and wages and reflects the rate of inflation (CPI = 3.84%) and merit considerations. No COLA (Cost of Living Adjustment) is being proposed.
9. There is an increase (1.41 FTE) in the Full-time Employee staffing level (33.66 FTE) driven by an increase in Choice program staffing (1.45 FTE). The total staffing level increases by 1.31 FTE.
10. The Building Improvement expenses are reduced \$656,489 from the current budget and the carryover funds are expended in the current budget year. The Seismic Retrofit and Remodeling project will be completed in the current fiscal year. FYE'23 includes the remodel of the kitchen and breakroom and the replacement of the wooden trellis in the atrium (termite damage).
11. The Capital Acquisition expenses decrease by \$159,779 in the FYE'23 budget and the prior year carryover funds are expended in FYE'22.
12. Outside funding for Water Use Efficiency (WUE) from rebates and grants is budgeted at \$8,545,274; an increase of \$5,926,522 over this year's budget.
13. Total outside funding (WUE & Local Resource Project (LRP) sources) is budgeted to be approximately \$14,053,268. This is 142% of MWDOC's proposed Core total expenses.

14. LRP funding is budgeted to be \$1,371,906 (33%) greater than in the previous year's budget.
15. Expenses are increased for the Core Professional Fee expenses \$50,616 (5.9%) and Outside Consulting Expense \$30,000 (7.9%).
16. Software Support & Expenses increase by \$65,828 (80%) and Computers and Equipment by \$20,500 (87%) largely related to cybersecurity actions and accelerated computer replacement.
17. Conference & Travel expenses return to pre-COVID conditions as it is anticipated that in-person meetings will be the norm again in FYE'23.
18. Similar to last year, the schedule for the budget process impacts the timing of Choice budget elections by Member Agencies. Therefore, the Choice budget estimates in the third draft budget should be considered preliminary.

Items that are not incorporated in the budget pending Committee discussion and direction include:

- A. Capital funding of the WEROC Primary Emergency Operations Center;
- B. Expenses from the future findings of the IT external audit which will not be completed until April 2022.

The fixed Retail Meter Charge and Rate and the Ground Water Customer Charge presented in this budget are based on the rate structure approved by the MWDOC Board of Directors and implemented for FYE'22.

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.

The detailed draft budget is included as Attachment A.

MAJOR YEAR-TO-YEAR CHANGES IN THE CURRENT BUDGET

The budgets and rates for the last two years, FYE'21 & FYE'22, have been significantly impacted by COVID-19. FYE'21 had an actual rate reduction for both the Retail Meter Rate (-\$0.20/meter) and the Groundwater Customer Charge (-\$2,925). Under the prior rate structure, the FYE'22 rates would have had relative minor changes for the Retail Meter Rate (increase of \$0.40/meter (3.3%)) and the Groundwater Customer Charge (reduction of \$24,072 (4.0%)). For the proposed FYE'23 budget, COVID-19 impacts are expected to decline but inflation is a more prominent factor, particularly for salary costs.

The year-to-year (YTY) changes in the Core Operating Expenses are an increase of \$289,879 (3.4%). The addition of building and election costs and reserve expenses yields a YTY Core Total Expense increase of \$871,710 (9.7%).

- The largest Core expense is the combined cost categories for Employee, MWDOC Director and MWD Director salaries, wages and benefits with an YTY increase of \$246,927 (4.5%). These combined expense categories constitute 57.5% of the total core expense budget.
- The multi-year seismic retrofit and office remodel project will complete the planned phases in FYE'22. Building expenses are included in the FYE'23 budget for comparatively small projects and significantly lower than in recent years. The Building Reserve is replenished with a \$437,590 contribution.
- The other large core expense increases in descending order are Software Support & Expense (\$65,828), Professional Fees (\$50,616), WEROC Contribution (\$35,944), Outside Consulting Expense (\$30,000), Computers and Equipment (\$20,500), and Staff Travel & Accommodations (\$20,500).
- The Membership/Sponsorship expenses only include items previously approved by the Board of Directors.

Choice YTY expenses are not finalized for FYE'23 but increase slightly in the proposed budget. The year-to-year changes in the total Choice expenses between FYE'22 and FYE'23 are an increase of \$121,283 (7.4%).

DETAILED REPORT

This committee and board item presents information and discusses the MWDOC FYE'23 budget. There is a simultaneous process being conducted to review the MWDOC Reserve Policy that was last updated in June 2017. The Metropolitan District of Southern California (MET) is also working through their budget process. MET's new rate structure may modify MWDOC's budget estimates of the value of water sales but it will not impact the proposed rates and charges in the MWDOC budget.

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 proposed changes to the rates will be approved at the same April 20th meeting. The third draft budget presents revenue figures based on the current rate structure.

The FYE'23 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 FYE'23
7. Core/Choice Programs
8. Water Rates and Charges
9. Proposed New Items Not Included Pending Committee Discussion

A short discussion on each item follows:

1. **MWDOC Budget Process & Schedule**

MWDOC's budget schedule is designed to accommodate the budget and rate schedules of our Member Agencies. Under this schedule, the Year-End Projections and Conceptual Budget were discussed at the January Administration & Finance (A&F) Committee. The first draft budget is presented at the February A&F Committee meeting. The second and third draft budgets are scheduled for the March and April committee meetings. The final budget is scheduled for approval by the MWDOC Board of Directors at the April 20, 2022 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 2022 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.

A budget schedule is included as Attachment B.

2. **MWDOC Budget Principles for FYE'23**

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.

FYE'23 Goals and objectives for the eight MWDOC departments (Cost Centers) are included in this write up. It is anticipated that these goals and the associated funding levels will be discussed at MWDOC committee meetings. The input from these public meetings are incorporated into future budget drafts.

3. **Projected Year-End Reserve Fund Balances, Reserve Targets, and Budget Goals**

One goal of the budget process is the early identification of Reserve Fund impacts. A parallel process is being conducted to review the current MWDOC reserve policy which was adopted by the MWDOC Board of Directors in June 2017.

A stepwise process is utilized to update the target reserve amounts, project expected reserve amounts at the end of the fiscal year, and then determine whether the budget should add to or draw from the reserves to achieve the targets.

Reserve Targets

Table A summarizes the initial step of updating the reserve target for the FYE'23 budget.

TABLE A: Year-to-Year Reserve Target Adjustment			
Designated Reserves	FYE'22 Target Reserve	Adjustment Factor	FYE'23 Target Reserve
General Operations	\$ 3,727,775	# Days Cash	\$ 3,751,085
Grant & Project Cash Flow	1,500,000		1,500,000
Building Reserve	435,648	# Days Cash	437,590
Election Reserve	362,406	Cycle	762,406
OPEB Reserve est. 9/2018	297,147	Actuarial	297,147
TOTALS	\$ 6,322,976		\$ 6,748,228

The first column of Table A lists MWDOC's specific designated reserve accounts as established in the Administrative Code and the second column lists the reserve account targets from the FYE'22 approved budget. An annual adjustment is made to each account to calculate the new target for the upcoming budget (FYE'23).

General Operations and Grant & Project Cash Flow: The reserve targets for these two accounts are pooled under the reserve policy. The combined total target reserve is set at 180 days cash. The calculation is the Operating Budget divided by 365 days per year multiplied by 180 days. Therefore, the annual reserve target fluctuates with the previous year's operating budget. Amounts held in the General Operations reserve cover fluctuations and differences between revenues and expenses during the year. Grants and Project Cash

Flow reserves are available to cover cash flow needs while MWDOC submits requests for reimbursement for expenditures and recovers the funds under various grant agreements and rebate programs.

Building Reserve: The target reserve is set at 15 days cash and is calculated in a similar fashion (Operating Budget divided by 365 days per year multiplied by 15 days). The Building Reserve is intended for unplanned or emergency repairs to the building resulting from accidents or unexpected events.

Election Reserve: The district needs to be prepared to fund seven director elections every four years. The election cycle has either three or four directors coming up for election every two years. In order to smooth the rate impacts of the election cycles, the funding of the Election Reserve is set at one fourth of the total potential election cost for seven directors at the unit cost of the last election. The calculation is cost of last single director election multiplied by seven directors divided by four years. The calculation is corrected for elections where a director does not have an opponent and no election costs are incurred. The cost per election has been rising over the last few cycles.

OPEB Reserve: The OPEB Reserve was established in 2018 as part of the mechanism to fund “Other Post-Employment Benefits” in combination with a trust account. The reserve is set to cover 5-15% of MWDOC’s outstanding retiree health obligations. Actions regarding the reserve target are taken after review of the biennial actuarial report on the OPEB liability and assets. This budget is in the off-year for the actuarial report.

The calculation for the FYE’23 budget indicates that the designated reserve targets increase by \$425,252 to a total of \$6,748,228. The increase in the Election Reserve target is \$400,000 (94%) of the total target increase.

Reserve Balances

Table B summarizes the information on current and projected reserve balances.

TABLE B: Current & Projected Reserve Balances			
Designated Reserves	FYE’22 Beginning Reserve Balances	FYE’22 Projected Year End Reclass to Reserves	FYE’22 Projected Ending Reserve Balances
General Operations	\$ 3,738,505	\$ 12,580	\$ 3,751,085
Grant & Project Cash Flow	1,500,000	-	1,500,000
Building Reserve	436,542	(436,542)	-
Election Reserve	461,678	74,104	535,782
OPEB Reserve est. 9/2018	297,147	-	297,147
TOTALS	\$ 6,433,872	\$ (349,858)	\$ 6,084,014

FYE'22 Beginning Reserve Balances: The beginning year balances originate from MWDOC's FYE '21 reserve amounts as modified by the actual revenues and expenses from that year. The reported balances are reviewed in the annual financial audit and then brought forward as the beginning reserve balances for the following fiscal year (FYE'22).

FYE'22 Projected Year End Reclass to Reserves: Based on the year end projections from the current budget process a determination is made as the anticipated draw from or addition to the beginning reserves. The current projections are that the total reserves will have a draw (reduction) of \$349,858 which was allocated between the General Operations, Building Reserve, and Election Reserves.

FYE'22 Projected Ending Reserve Balances: The projected reserve balance is the sum of the previous two columns.

Table B indicates that the reserve balances are projected to decrease by \$349,858 during FYE'22 to a total of \$6,084,014.

Budget Reserve Funding Goal

The stated goals of the MWDOC Board of Directors include having the reserves fully funded and that the budget should be balanced relative to meeting those reserve targets. Table C summarizes information relative to funding requirements to meet these goals.

TABLE C: FYE'23 Budget Reserve Funding Goal			
Designated Reserves	FYE'23 Target Reserve	FYE'22 Projected Ending Reserve Balances	FYE'23 Budget Reserve Funding Goal
General Operations	\$ 3,751,085	\$ 3,751,085	\$ -
Grant & Project Cash Flow	1,500,000	1,500,000	-
Building Reserve	437,590	-	437,590
Election Reserve	762,406	535,782	226,624
OPEB Reserve est. 9/2018	297,147	297,147	-
TOTALS	\$ 6,748,228	\$ 6,084,014	\$ 664,214

FYE'23 Target Reserve: From Table A

FYE'22 Projected Ending Reserve Balances: From Table B

FYE'23 Budget Reserve Funding Goal: The amount of funding the proposed budget should generate to either increase or decrease the reserves to reach the target reserve levels.

Table C indicates that the FYE'23 budget should generate enough funds to contribute \$664,214 to the designated reserves in order to fully fund the reserve target levels.

FYE'23 Budget Reserve Circumstances

As noted above, some of MWDOC's reserve targets are based on a "Number of Days Cash" basis and therefore change in proportion to the budget. The Building Seismic Retrofit and Remodeling Project expenses have been relatively large in magnitude and will be non-recurring in nature for MWDOC. We anticipate the budget growth and therefore the reserve targets growth to moderate in future budget cycles. Therefore, the FYE'23 budget does not plan to fully fund the reserves to the full target levels but is designed to reach the anticipated target level over two years and thereby smooth rate impacts.

Normally, the goal for rate setting in the FYE'23 budget would be to have a budget surplus of \$664,214 to fully fund the reserves. The third draft budget includes contributions to the Building Reserve of \$437,590 and the Election Reserve of \$300,728. These contributions are partially offset by the planned draw from reserves of \$479,979, resulting in a net reserve contribution of \$258,339. This leaves an unfunded amount of \$405,875 necessary to fully fund the FYE'23 reserve target.

4. Compensation Pool Guidelines

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

Job Classification Salary Ranges.

MWDOC annually adjusts our salary ranges by the local Consumer Price Index (CPI) for the previous calendar year. The 2021 CPI for the LA/Long Beach/Anaheim area was 3.84%. This is 134% higher than the 2020 number. The CPI of 3.84% falls into MWDOC's moderate inflation range. Every three years MWDOC contracts for a Comprehensive Baseline Survey that reviews our job classifications with similar agencies and job functions. This Benchmark Survey was conducted last fiscal year, appropriate changes were incorporated in the FYE'22 budget and the budget impacts were minor. In general, MWDOC has found limited salary range corrections to be necessary and that the CPI adjustment process performs well. Therefore, we will continue the CPI-based salary range adjustment for FYE'23.

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. MWDOC conducts an annual direct labor market survey as part of the budget process and most of the water agencies in the 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.

The MWDOC annual survey of approximately 20 water utilities is utilized as a comparison of proposed salary increases. As is usual for the third draft budget, most of the utilities have responded. While incomplete, the results strongly support the proposed compensation pool figure.

MWDOC FYE'23 WATER UTILITY COLA & MERIT SALARY SURVEY			
AGENCY	2022/23 COLA %	2022/23 MERIT MAX %	Total
Eastern MWD	4.50%	5.00%	9.50%
El Toro WD	4.30%	3.00%	7.30%
City of Fountain Valley	3.00%	TBD	3.00%
Inland Empire Utilities Agency	3.00%	6.00%	9.00%
Irvine Ranch WD	April CPI-TBD	7.50%	7.50%
Laguna Beach County WD	TBD	TBD	
Las Virgenes MWD	4.00%	8.00%	12.00%
Mesa Water District	3.00%	5.00%	8.00%
Moulton Niguel WD	2.00%	7.50%	9.50%
Orange County Sanitation District	TBD	5.00%	5.00%
Orange County WD	2.00%	6.00%	8.00%
San Diego County Water Authority	TBD	7.50%	7.50%
Santa Margarita WD	3.00%	2.50%	5.50%
Three Valleys Municipal WD	4.29%	5.00%	9.29%
City of Tustin	2.50%	5.00%	7.50%
Walnut Valley WD	2.50%	5.00%	7.50%
Western Municipal Water District	4.00%	5.00%	9.00%
Yorba Linda Water District	1.00%	5.00%	6.00%
Average	3.08%	5.50%	7.71%

TBD = Waiting to make determination on amount

NC = No Cola

No response:

Brea, City of

Calleguas

Central Basin MWD

San Clemente, City of

SCWD

WBMWD

MWDOC utilizes a system of CPI based formulas to calculate the proposed Compensation Pool. An analysis of 10-year compensation increases and CPI data was conducted to quantify the past practices that had successfully maintained MWDOC's salaries both competitive and within job classification ranges. The result was a system of four CPI ranges with associated Compensation Pool formulas as summarized below.

COMPENSATION POOL CPI RANGES & FORMULAS		
Category	CPI Range	Formula
Negative	< 0%	2% + (CPI x 0.5)
Low	0% to 2.4%	2% + CPI
Moderate	2.4% to 4.7%	CPI x 1.85
High	> 4.7%	4% + CPI

The 2021 annual CPI was 3.84% for the region which is in the 2.4% to 4.7% "moderate inflation" effective range. Applying the CPI x 1.85 moderate inflation range formula to the 3.84% CPI yields a compensation pool of 7.10% which was used to calculate the employee salary expense increase in the third draft budget.

The Director per diem adjustment is determined by the lesser of the employee increase or 5.0%. The Board set the increase for FYE'23 at 5.0%.

5. Budget Input from Member Agencies

In November 2021, 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 FYE'22 budget year-end projections and the conceptual FYE'23 budget were discussed at the January 2022 Administration & Finance Committee meeting as well as the January 2022 MWDOC Agencies Managers Meeting and the first draft budget during the February 2022 meetings and the second draft budget during the March meetings. Comment and request letters on the draft budget are included in Attachment C.

No additional comment letters were received the draft budget since the presentation of the first draft budget in February 2022. Only one comment letter was received earlier in the process and it dealt with the MWDOC reserve policy. General Manager Markus of OCWD requested additional information on the reserve calculation, that the MWDOC Board engage in discussions regarding the reserve policy, and that the MWDOC reserves remain at current levels until such discussions take place.

The reserve section of the third draft budget has been modified so as to clarify the target and funding process. The foundation of the current MWDOC reserve policy is the June 2010 reserve account categories established by the MWDOC Board and the 2011 settlement agreement between MWDOC and its Member Agencies. The reserve targets and adjustment procedures from the five-year settlement agreement were modified during that period to address specific conditions and were publicly discussed at committee and

board meetings. A third party review of the reserve policy was conducted in 2017 and the recommendations were adopted by the MWDOC Board following public discussions. These discussions have continued since then with particular focus during the budget process. The MWDOC reserve policy is currently being reviewed again and the recommendations of that study will be presented and publicly discussed. The reserve policy issue was also specifically included in the interview questions for the Member Agency Facilitated Discussion Project currently underway and every Member Agency was invited to present their views.

The results of the reserve and fund discussions is proceeding outside the budget process except for the Tier 2 Reserve application that the MWDOC Board of Directors may decide to establish as a credit to the FYE'23 invoices.

6. Key Priorities & Initiatives for FYE '2023

MWDOC's MISSION

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

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

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. 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, and
- 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),
- 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 and EOC 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),
- 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 the groundwater basin.

Regional Water Reliability and OC Water Reliability Studies

The completion of the 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 important components 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 FYE'22 and FYE'23, 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.

FYE'23 Priorities

Emergency Use of East OC Feeder #2

Complete the necessary water quality impact analyses and develop an operating strategy to put local water supplies into the MET system consistent with MET Administrative Code 4519 - Emergency Deliveries of Member Agency Water Supplies in Metropolitan's System. MWDOC has volunteered to be the first 'test case' for the recent policy to allow emergency use of MET pipelines. A detailed work plan for a pilot project has been developed with MET this year. It is anticipated that this technical demonstration project and the associated development of legal agreements will require substantial effort in FYE'23. This is likely a 2-3 year effort

MET Shutdown Planning

Continue to coordinate a number of shutdowns this year and to continue work on phasing of the Allen McColloch Pipeline Prestressed Concrete Cylinder Pipe (PCCP) Rehabilitation Program.

- Diemer Shutdown – 7-day plant shutdown to repair a chlorine diffuser pipe – Rescheduled from Feb 2022 but in active discussion as to alternate schedules
- OC Feeder & OC Feeder Extension
- Continue AMP Shutdown Working Group meetings

Reliability Study and Demand Forecast Update

Periodic updates of the OC Water Reliability Study are anticipated as new information becomes available regarding changing conditions and projects. MET is completing the update of its IRP. Information from Economic Studies and the MET IRP will be included in this update.

GIS – Member Agency and Division Boundary Refinement

Work with LAFCO, CDR, and member agencies to clear up legacy boundary discrepancies. GIS capabilities have greatly improved and both legal and service area

boundaries are in need of refinement. Goal is a common basis for legal and service area boundaries going forward.

Primary WEROC EOC Project

- Support WEROC through completion of design phase of a new Primary EOC building. Notice to Proceed with design issued Nov 23, 2021.
 - 30% Design and Cost Estimate anticipated in March 2022.
- Completion of design and cost estimate anticipated in September 2022.

Breakroom/Kitchen & Atrium Trellis Construction Projects

Provide Project Management support to HR & Administration Department for remodel of the Breakroom/Kitchen and the repair or replacement of the atrium trellis due to termite damage.

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

The Metropolitan (MET) Issues and Water Policy Department leads the District 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 the primary clearinghouse on local, regional, state, and federal water policy issues. It ensures all key policy issues are analyzed and thoroughly evaluated for the MWDOC Board of Directors, our MWDOC-MET Delegation and our member agencies. As it relates to MET issues, the Department represents and advocates for Orange County on local resource projects and programs, water costs and rates, regional storage, water supply reliability management, demand management programs, water use efficiency programs, and water policy implementation. The Department also provides analysis and advocacy for Orange County on water policy issues that extend beyond the scope of MET. Broader water policy issues covered include the State-wide water conservation regulations (such as the “stress-test”), progress and development of the Delta Conveyance Project, the development of additional regional and local resource projects, and 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 other fellow MET member agencies on MET water policy issues;
- Support and advocate on behalf of our member agencies for issues such as Local Resources Program (LRP) applications and certifications, shutdown coordination, and MET water use programs (e.g., Coastal Pumping and Transfer Program);
- Coordination and monitoring of water supply management projects and programs such as replenishment deliveries (e.g., Conjunctive Use Program (CUP) and In-lieu programs) and MET & MWDOC’s Water Supply Allocation Plan for times of drought;
- Development of countywide water supply and demand projections;
- Development of Water Reliability Studies and Reports (e.g., Urban Water Management Plan and water shortage contingency “Stress-Tests”);

- Assessment and calculation of MWDOC's annual water rates and charges (e.g., Readiness to Serve, Capacity Charge, and Groundwater Service Charge).

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

FYE'23 Priorities

Metropolitan's Business Model and Long Term Financial Planning

As part of the General Manager's Strategic Priorities and the Post IRP Implementation Plan, Metropolitan will engage in reviewing its Business Model and its Long Term Financial Plan. This analysis will include its impacts to Metropolitan's future Rates and Charges as well as assess whether modifications to Metropolitan's rate structure are needed. In addition, there will be Cost of Service Assessment on Metropolitan's Regional Recycling Water Project's full-scale operation and financial configuration. The MWDOC staff will fully engage in this process.

MET's Post-Integrated Resource Planning (Phase 2) Implementation Plan and Adaptive Management Plan

With the expected Metropolitan Board adoption of the 2020 IRP Regional Needs Assessment Report (Phase I) in March 2022, Metropolitan will begin a collaborative IRP implementation phase and adaptive management plan to identify specific actions informed by the needs assessment findings. This phase seeks to bring together imported and local supplies, storage, and demand management plans & activities into one strategic approach. It also expects to monitor core supply conditions, drivers of changes (i.e. population growth, water demands, economic conditions, etc.) as well as track the performance of MET's policies, actions, and programs through a set of metrics to assess whether future actions need to adapt.

MWDOC staff goals include:

- Ensure the outcome of these Post-IRP Plans promote a balance reliability portfolio of core water supply development, storage enhancement, local supply development and water use efficiency.
- Encourage a clear and efficient implementation strategies to achieve MET's 2020 IRP reliability goals (For example, clear understandable IRP metrics that guide the Board in policy discussions).
- Seek input from the MWDOC Board, MET Directors and member agencies on the development of these Post-IRP implementation plans.

Colorado River Issues

The Department of the Interior declared the first-ever Colorado River Basin water shortage for 2022. The Level 1 Shortage Condition at Lake Mead underscored the value of the collaborative agreements we have in place with the seven basin states, Tribes, water users and Mexico in the management of water in the Colorado River Basin.

MET will also startup discussions on the Colorado River Lower Basin's new interim guidelines. These new guidelines need to be agreed upon by 2026.

MWDOC staff goals are to:

- Monitor Drought Contingency Plan shortage reductions and water saving contributions.
- Monitor and attend key meetings and discussions on the Colorado River new interim guidelines.
- Advocate for suitable Colorado River salinity control measures and actions
- Encourage and advocate that MET maintains accessibility and reliability of its core Colorado River supplies, as forecasted in its 2020 IRP.
- Support MET in having access to its ICS storage during all hydrologic conditions on the Colorado River.

SWP Delta Conveyance & Infrastructure Improvement Activities

Completion of the Environmental work, preferred alignment and Record of Decision (ROD) on the Delta Conveyance Project is in-progress. Draft environmental planning documents planned for public release and review in mid-2022. Then activity will begin on which SWP contractors are willing to financially participate in the Project. In addition, MET is currently engaged with the State and other water agencies in further expansion and investments in surface storage projects and groundwater water banking program along the California Aqueduct. As well as, make significant capital improvement investments in the SWP dependent areas of the MET system for operational flexibility.

MWDOC staff goals are to:

- Financially analyze the cost/benefit of MET's participation in the DCP, as well as its cost impact to MWDOC and the member agencies.
- Encourage MET's engagement and investment in further access to storage, in particular its involvement with Sites Reservoir.
- Advocate for MET staff to start renegotiate its current storage and banking programs along the SWP to improve its "take" capacity.
- Support the prioritization of improving the operational flexibility of the SWP dependent areas of the MET system to ensure a balance reliability to all member agencies.

Regional Recycled Water Project (RRWP) in Carson

In partnership with the Sanitation Districts of LA County, MET is developing Regional Recycled Water Project (RRWP) that will purify up to 150 MGD of recycled water to be delivered to groundwater basins and industrial sites throughout the west and central part of LA County as well as Orange County; with the potential to be delivered to two MET

treatment Plants (as Direct Potable Reuse, DPR). Prior to full scale Board approval, MET will conduct a Cost of Service Assessment to analyze the project's cost as well as how it will be configured in its rate structure.

MWDOC staff goals are to:

- Advocated & supported the preparation of environmental documentation and technical studies for the program.
- Ensure the option remains available for Orange County to ultimately receive water from the RRWP; either directly or indirectly.
- Evaluate and analyze the project's full-scale operational and financial configuration once it presented to the Board for consideration.
- Support the financial partnerships of Southern Nevada Water Authority (SNWA) and the Central Arizona Project (CAP) in the program, including a potentially water exchange program.

Metropolitan's Drought Resilience & Planning

As a result of the critically low SWP "Table A" allocations and low levels in Lake Mead these past years, MET plans to review and update their Water Surplus and Drought Management (WSDM) Plan. Changes can include the prioritization of "put and take" of MET storage, the location of storage and other water management actions under surplus and drought conditions. In addition, MET plans to prepare a Severe Drought Assessment that will include three consecutive low SWP "Table A" allocations.

MWDOC staff goals are to:

- Engage in the analysis of modification to MET's WSDM Plan. The WSDM Plan was last updated in 1999.
- Ensure proper signals that result in fair and equitable distribution of water to the MET service area during times of drought allocation and system constraints.
- Promote a balance distribution of "put and take" supplies to ensure a regional reliability and operational flexibility.

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. Outside funding for WUE programs was budgeted at \$2,618,752 for FYE'22 but is projected to increase to \$8,307,490. The FYE'23 outside funding budget is \$8,545,274. This exceptional increase in funding is associated with rebates (MET + local matching funds) and increased BOR grant funding.

Water Use Efficiency mandates continue to evolve from the 20% by 2020 framework adopted in 2009 to the new efficiency standards-based approach. Providing the technical and policy expertise and program support along with securing funds for water use efficiency efforts is a priority for MWDOC. MWDOC has been providing this function since 1991. In partnership with our member agencies, MWDOC and MET will continue to implement a comprehensive portfolio of water use efficiency programs that include incentives and educational programs to all customer sectors. Emphasis will be on landscape water saving opportunities as irrigation accounts for approximately 50% of urban water use in Orange County. MWDOC will maximize access to Conservation Credits Program funding from MET and grant funding from the California Department of Water Resources (DWR) and US Bureau of Reclamation (BOR). Areas of focus include:

- 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 continue and expand. These services will be provided through a

combination of Core services currently funded by MWDOC and Choice services funded by participating agencies. Core services that are currently funded by MWDOC include Water Balance Validation, Leak Detection Equipment lending, and state-wide water loss policy monitoring and development. The Choice Shared Services will include Meter Accuracy Testing, Distribution System Leak Detection, Distribution System Pressure Surveys and Distribution System Flushing. These Choice services will be provided by the combination of increased field staff and contracted services.

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

Water Emergency Response (WEROC) (Cost Center 25)

MWDOC provides the administrative umbrella for the Water Emergency Response Organization of Orange County (WEROC). The services and support provided by WEROC are intended to be an extension of Member Agency staffing in their preparedness efforts, and a resource during emergencies to ensure representation and recovery. WEROC staff 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 provided major COVID-19 support function in FYE'21 and '22; all the while continuing 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.

Some of WEROC's Key Initiatives for FYE'23

Enhance Response Readiness

Maintain WEROC and OC water and wastewater agencies in a state of readiness to respond to emergency situations. This priority is the foundation to build upon agency resiliency and is on-going. One major component is the implementation of the WEROC Assessment Report action items focusing on key aspects including training, exercises, and updating emergency plans as part of the revision and review schedule in coordination with member agencies.

WEROC Emergency Operation Center Phase 2

- Continue to seek funding from other mechanisms such as grants or appropriation requests.
- Once Design & Engineering (D&E) and Costs Analysis is completed, present to the MWDOC Member agencies and MWDOC Board of Directors.
- Approval D&E and Cost Analysis for this project to move forward.

Cyber Security

Implementation and training on the Regional Cyber Security Coordination Annex as part the WEROC EOP.

- Train agencies on the plan
- Conduct one regional workshop/tabletop on the plan specific
- Continue quarterly Cyber Security Working Group meetings.

Planning and Operational Procedures

Update and revision of WEROC Hazard or Functional Specific Annexes or Standard Operating Procedures in line with the WEROC revision schedule including Communications, Drought, Earthquake, and Tsunami.

Finish Development and Implementation of the Logistics Plan

The Logistics Plan will incorporate how personnel, supplies, and equipment are requested, procured, tracked, and supported within the WEROC Organization.

Training & Test Exercises

Maintain the training and test exercise programs to improve the state of readiness, capabilities and resiliency of member agencies by Increase training on basic emergency management.

Points of Distribution (PODS) – Commodities

Work with the County, water and wastewater agencies by region to establish the responsibilities, process and procedures for Points of Distribution (PODS) for water, and other supplies to residents and businesses.

Communication - 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, 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 continue the programs designed to educate stakeholders on the importance of reliable deliveries from the State Water Project and the Colorado River. This is a multi-faceted approach which includes social media, videos, the speakers bureau, and the Water Policy Forum. Priority target audiences will include Orange County elected officials, business leaders and organizations. This work will dovetail with the efforts of Government Affairs. In addition to the agreement negotiation and supply issues for the Colorado River information will also include salinity considerations.

Strengthen MWDOC Speakers Bureau

As organizations begin to return to face-to-face meetings, Public Affairs is ready to strengthen and expand the MWDOC Speakers Bureau.

Presentations on various topics 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.

The Speakers Bureau may also serve as the area for developing components for a future Orange County Water Academy for more comprehensive public programs.

Website Refresh

MWDOC's "new" website is now five-years old and is scheduled for a refresh. This is a significant updating but short of a major overhaul to include content and performance improvements.

Public Sentiment Analysis for Orange County (Survey)

Public Affairs plans to utilize FlashVote to perform scientific surveys with targeted audiences to gauge public sentiment regarding water issues. The information and data will be critical to MWDOC and our Member Agencies as we advance reliability issues and address public concerns.

Education

For FYE'23, 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 water 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 FYE'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.

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.

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 park to school project opportunity. This will include a new initiative linking schools, organizations and artists for public display programs.

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.

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.

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 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. One of the most significant accomplishments of the past two years 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 but we are now seeing the beginning of the reemergence of face-to-face meetings.

Priorities for FYE'23

- Actively engage on issues, legislative and regulatory, that will affect the Delta Conveyance Project
- Actively engage on the ongoing concerns with the indoor and total water use standards in cooperation with the WUE group and our Member Agencies and industry associations
- Actively engage and advocate for federal funding for the Army Corps of Engineers, the Bureau of Reclamation, the EPA, and WIFIA Programs
- Advocate for changes in the IRS Code with respect to turf removal programs.
- Advocate for cost effective reliability and local resources projects that benefit Orange County.
- Actively engage on 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.

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

The Administrative Department is comprised of Board Administration, General Administration, Personnel and Overhead. The Administration Department provides support

to the entire District to ensure operations run smoothly and efficiently. Fundamental activities include:

- Staff attendance, preparation and compilation of Board and Committee Agendas and minutes;
- Ensure compliance with the District Administrative Code, Contracts Manual and publication of required legal notices and coordination of all Public Records requests.
- The oversight and maintenance of the Electronic Records Management System for the District; ensure that all required documents are retained in accordance with the retention schedule and legal requirements as well as train staff on policies related to accessing, storing and transmitting electronic records;
- The oversight and maintenance of the District's Database Management System in an effort to provide a centralized database for staff in improving efficiencies;
- Personnel activities include recruitment, screening, selection, employee orientation, benefits and compensation administration, employee documentation, performance management, research and surveys, employee training and development;
- Oversight of the Safety and Risk Management and the District's Workers Compensation, Liability and Property Insurance Programs;
- Oversight of all items related to building facilities management.

Key initiatives in the coming year include:

- Continued COVID-19 policy evolution and transition back into the MWDOC office environment;
- Oversee building remodel improvements to kitchen area and atrium trellis (termite damage);
- Implement Individual staff training and development;
- Implementation and training of Performance Evaluation Process;
- Succession Planning for upcoming retirements (WUE);
- Increase Employee Engagement and implement Organizational Values;

MWDOC Building Improvements

Administration, Engineering, and WEROC staff have worked together to coordinate multiple improvement projects at the MWDOC Administration Building that will be completed in FYE'22. Comparatively minor construction projects in FYE'23 include the renovation of the Kitchen/lunchroom area and the likely replacement of the trellis in the atrium due to termite damage.

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 firewall protection to prevent threats, viruses and hackers from penetrating our system. As well as, providing & maintaining properly working office equipment. Significant modifications to the cybersecurity operations were identified and implemented in FYE'22 and will continue into FYE'23.

Key Initiatives in the coming year include:

- Maintain functional operations and support while staff is working remotely and hybrid meetings are being conducted;
- Implement the findings of the third-party IT audit;
- Upgrade the IT systems to Windows 11 and Microsoft Office 365
- 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.

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. Also included are programs focusing on career path recruitment and training.
- 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 program was developed in conjunction with our Member Agencies and continues significant expansion with increase funding through MET.

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 initially developed as part of the 2016 rate study and was implemented by the MWDOC Board of Directors for

FYE'17. The rate structure was reevaluated in 2021 and was adopted by the MWDOC Board for the FYE'22 budget and rate process. No changes are proposed to the rate structure and process.

Proposed New Rates

Based on the Proposed Budget and the current rate structure:

For FYE'23 the proposed Retail Meter Service Charge is \$13.75 per meter.

For FYE'23 the proposed Groundwater Customer Charge is \$368,722.

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 expense for FYE'23 is budgeted at \$174,481,679.

9. Proposed New Items Not Included Pending Committee Discussion

By convention, proposed new items are not incorporated in the budget until concurrence is reached at the committee level. These items for the third draft budget are:

- A. Construction funding of the WEROC Primary Emergency Operations Center
- B. Expenses from the future findings of the IT external audit, which will not be completed until April 2022.

Attachments:

Attached hereto are the following:

Attachment A - MWDOC detailed draft budget for the coming fiscal year

Attachment B - Budget Schedule

Attachment C - Comment and request letters

TIER 2 RESTRICTED RESERVE ACTION

In 2013 MWDOC refunded \$3.5 million of the then \$4.5 million reserve balance. The Tier 2 Reserve account has a current value of \$1,035,567.12. Since that time the likelihood of utilizing the balance has decreased significantly. The negotiation of the new sales agreement between MWDOC and Metropolitan had a significant impact as have the declining water demand numbers. It is staff's recommendation that the Tier 2 Reserve fund can be liquidated and the funds be applied to funding the other reserves and issuing credits to the Member Agencies for application to the FYE'23 annual invoice and according to the rate calculation process. This functionally is summarized below:

TIER 2 RESERVE FUND ALLOCATION SUMMARY		
Tier 2 Reserve	\$1,035,567.12	
Fund Reserves	(405,875)	
Balance	\$629,692.12	
Groundwater Customer Credit	\$24,218.93	1/26 share
Member Agency Meter Credit	\$605,473.19	646,211 meters

Individual agency proposed one-year credit from use of the Tier 2 reserve are detailed below.

Agency Name	FYE'23 Billing	FYE'22 Billing Diff	Tier 2 Credit	Proposed Billing
City of Brea	\$ 177,278.75	\$ 9,617.75	\$ (12,080.21)	\$ 165,198.54
City of Buena Park	264,935.00	14,386.00	(18,053.33)	246,881.67
City of San Juan Capistrano	149,036.25	(2,855.75)	(10,155.70)	138,880.55
East Orange County Water District	287,251.25	16,669.25	(19,574.01)	267,677.24
El Toro Water District	130,913.75	6,945.75	(8,920.79)	121,992.96
City of Fountain Valley	232,237.50	13,018.50	(15,825.24)	216,412.26
City of Garden Grove	468,833.75	25,715.75	(31,947.49)	436,886.26
City of Huntington Beach	751,588.75	45,792.75	(51,215.11)	700,373.64
Irvine Ranch Water District	1,602,053.75	111,343.75	(109,167.90)	1,492,885.85
City of La Habra	210,251.25	16,135.25	(14,327.04)	195,924.21
City of La Palma	60,115.00	3,292.00	(4,096.38)	56,018.62
Laguna Beach County Water District	118,525.00	5,230.00	(8,076.59)	110,448.41
Mesa Water District	336,325.00	19,671.00	(22,918.02)	313,406.98
Moulton Niguel Water District	724,762.50	39,493.50	(49,387.11)	675,375.39
City of Newport Beach	356,633.75	18,282.75	(24,301.90)	332,331.85
City of Orange	454,011.25	24,725.25	(30,937.45)	423,073.80
City of San Clemente	241,546.25	13,292.25	(16,459.56)	225,086.69
Santa Margarita Water District	754,050.00	41,611.00	(51,382.83)	702,667.17
City of Seal Beach	74,002.50	3,295.50	(5,042.71)	68,959.79
Golden State Water Company	586,492.50	35,279.50	(39,965.05)	546,527.45
South Coast Water District	184,470.00	25,298.00	(12,570.24)	171,899.76
Trabuco Canyon Water District	56,072.50	3,058.50	(3,820.92)	52,251.58
City of Westminster	282,961.25	17,319.25	(19,281.68)	263,679.57
Yorba Linda Water District	349,758.75	19,753.75	(23,833.43)	325,925.32
Serrano Water District	31,295.00	1,798.00	(2,132.52)	29,162.48
Totals	\$ 8,885,401.25	\$ 528,169.25	\$ (605,473.19)	\$ 8,279,928.06



Annual Budget for Fiscal Year 2022-23

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 2021-2022 ADOPTED BUDGET	FY 2021-2022 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2022-2023 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2021-2022 BUDGET	
OPERATING EXPENSES:							
Salaries & Wages	\$ 3,629,660	\$ 3,639,452	\$ 9,793	\$ 3,835,412	\$ 195,959	\$ 205,752	(1)
Employee Benefits	1,193,667	1,214,738	21,071	1,260,901	46,163	67,234	(2)
Director Compensation	288,800	271,112	(17,688)	288,793	17,681	(7)	
Director Benefits	161,248	125,019	(36,230)	135,201	10,182	(26,048)	
MWD Representation	165,029	150,945	(14,084)	165,025	14,080	(4)	
CALPERS Unfunded Liability Contribution	207,000	207,000	-	207,000	-	-	
Overhead Reimbursement	(305,425)	(337,327)	(31,903)	(333,099)	4,228	(27,674)	
Health Insurance Coverage for Retirees	101,099	85,448	(15,651)	94,554	9,106	(6,545)	
Audit Expense	30,220	57,566	27,346	35,000	(22,566)	4,780	
Automotive & Toll Road Expenses	17,050	1,600	(15,450)	14,400	12,800	(2,650)	
Conference Expense - Staff	44,560	41,295	(3,265)	56,205	14,910	11,645	
Conference Expense - Directors	16,845	17,825	980	23,905	6,080	7,060	
Outside Consulting Expense	380,000	236,000	(144,000)	410,000	174,000	30,000	
Insurance Expense	130,000	135,000	5,000	140,000	5,000	10,000	
Legal Expense - General	225,000	229,221	4,221	235,750	6,529	10,750	
Maintenance Expense	153,400	98,800	(54,600)	157,400	58,600	4,000	
Membership / Sponsorship	143,041	140,295	(2,746)	145,847	5,552	2,806	
CDR Participation	65,249	55,189	(10,060)	57,462	2,273	(7,787)	
Miscellaneous Expense	76,381	49,020	(27,361)	60,120	11,100	(16,261)	
Postage / Mail Delivery	8,600	9,614	1,014	10,900	1,286	2,300	
Professional Fees	865,859	827,196	(38,664)	916,475	89,280	50,616	
Rents & Leases	1,800	1,660	(140)	1,800	140	-	
Outside Printing, Subscription & Books	83,700	75,800	(7,900)	85,000	9,200	1,300	
Office Supplies	35,000	15,000	(20,000)	35,000	20,000	-	
Building Repair & Maintenance	15,000	15,000	-	22,056	7,056	7,056	
Computer Maintenance	8,000	8,000	-	7,000	(1,000)	(1,000)	
Business Expense	2,500	2,048	(452)	2,500	452	-	
Software Support & Expense	82,580	125,580	43,000	148,408	22,828	65,828	
Computers and Equipment	23,450	23,450	-	43,950	20,500	20,500	
Telecommunications Expense	41,400	36,805	(4,595)	40,790	3,985	(610)	
Temporary Help Expense	5,000	-	(5,000)	5,000	5,000	-	
Training Expense	50,000	40,087	(9,914)	45,000	4,914	(5,000)	
Tuition Reimbursement	5,000	-	(5,000)	5,000	5,000	-	

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

	FY 2021-2022 ADOPTED BUDGET	FY 2021-2022 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2022-2023 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2021-2022 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	69,825	45,877	(23,948)	90,325	44,448	20,500
Travel & Accommodations - Directors	21,250	19,136	(2,114)	32,900	13,764	11,650
MWDOC's Contribution to WEROC: Operations	260,346	260,346	-	296,290	35,944	35,944
Capital Acquisition (excluding building)	273,059	540,996	267,937	81,000	(459,996)	(192,059)
Capital Acq Prior Year Carryover Dr/(Cr)	(5,803)	(208,991)	(203,188)	-	208,991	5,803
OPERATING EXPENSES	\$ 8,569,390	\$ 8,255,801	\$ (313,589)	\$ 8,859,269	\$ 603,468	\$ 289,879
MWDOC's Building Expense	\$ 903,089	\$ 1,082,686	\$ 179,597	\$ 246,600	\$ (836,086)	\$ (656,489)
Building Expense Prior Year Carryover Dr/(Cr)	\$ (461,116)	\$ (164,236)	\$ 296,880	\$ 476,477	\$ 640,713	\$ 937,593
Contribution to Election Reserve	\$ -	\$ -	\$ -	\$ 300,728	\$ 300,728	\$ 300,728
TOTAL EXPENSES	\$ 9,011,363	\$ 9,174,251	\$ 162,888	\$ 9,883,073	\$ 708,822	\$ 871,710
REVENUES:						
Retail Meter Charge	\$ 8,357,232	\$ 8,357,232	\$ -	\$ 8,885,401	\$ 528,169	\$ 528,169
Ground Water Customer Charge	335,385	335,385	-	368,722	33,338	33,338
Interest Revenue	220,000	128,777	(91,223)	145,971	17,194	(74,029)
Miscellaneous Income	3,000	3,000	-	3,000	-	-
TOTAL REVENUES	\$ 8,915,617	\$ 8,824,394	\$ (91,223)	\$ 9,403,095	\$ 578,701	\$ 487,478
EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ (95,747)	\$ (349,858)	\$ (254,111)	\$ (479,979)	\$ (130,121)	\$ (384,232)

(1) Total FY2022-2023 Salaries & Wages includes \$18,394 for intern support

(2) Total FY2022-2023 Benefits includes \$1,745 for intern support. Total Benefits also includes a Calpers contribution for full time employees of 10.87% for Classic employees and 7.47% for PEPRA employees. A further assumption is that medical, dental and vision insurance rates will increase by 4% for FY22-23.

(3) Of the \$476,477, \$437,590 is to replenish the building reserve thru FY22/23.

(4) Based on FY21-22 projections and FY22-23 MWDOC designated reserve target, designated reserves will be essentially fully funded in a few years.

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

	FY 2021-2022 ADOPTED BUDGET	FY 2021-2022 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2022-2023 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2021-2022 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 548,882	\$ 611,678	\$ 62,796	\$ 593,718	\$ (17,960)	\$ 44,836
less for Recovery from Grants	(18,665)	(30,874)	(12,209)	(20,000)	10,874	(1,335)
Employee Benefits	163,063	174,632	11,569	180,931	6,299	17,867
Director Compensation	-	-	-	-	-	-
Director Benefits	-	-	-	-	-	-
MWD Representation	-	-	-	-	-	-
Overhead Reimbursement	305,425	337,327	31,903	333,099	(4,228)	27,674
Health Insurance Coverage for Retirees	-	-	-	-	-	-
Audit Expense	-	-	-	-	-	-
Automotive & Toll Road Expenses	200	500	300	1,200	700	1,000
Vehicle Expense	5,800	4,343	(1,457)	7,343	3,000	1,543
Conference Expense - Staff	-	-	-	-	-	-
Conference Expense - Directors	-	-	-	-	-	-
Outside Consulting Expense	-	-	-	-	-	-
Insurance Expense	-	-	-	-	-	-
Legal Expense - General	-	-	-	-	-	-
Maintenance Expense	-	-	-	-	-	-
Membership / Sponsorship	-	-	-	-	-	-
Miscellaneous Expense	12,000	12,000	-	12,000	-	-
Postage / Mail Delivery	643	400	(243)	400	-	(243)
Professional Fees	609,781	620,770	10,989	599,781	(20,989)	(10,000)
Rents & Leases	-	-	-	-	-	-
Outside Printing, Subscription & Books	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-
Supplies - Water Loss Control	4,000	4,000	-	4,000	-	-
Computer Maintenance	-	-	-	-	-	-
Software Support & Expense	2,100	2,300	200	2,300	-	200
Telecommunications Expense	1,440	1,170	(270)	2,900	1,730	1,460
Computers and Equipment	-	-	-	-	-	-
Temporary Help Expense	-	-	-	-	-	-
Training Expense	2,000	2,000	-	8,000	6,000	6,000
Tuition Reimbursement	-	-	-	-	-	-

(1)

(2)

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

	FY 2021-2022 ADOPTED BUDGET	FY 2021-2022 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2022-2023 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2021-2022 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	-	-	-	-	-	-
Travel & Accommodations - Directors	-	-	-	-	-	-
Capital Acquisition	-	-		32,280	32,280	32,280
Subtotal Expenses	\$ 1,636,669	\$ 1,740,247	\$ 103,577	\$ 1,757,952	\$ 17,705	121,282.65
TOTAL EXPENSES	\$ 1,636,669	\$ 1,740,247	\$ 103,577	\$ 1,757,952	\$ 17,705	\$ 121,283

REVENUES:						
Choice Revenue	\$ 1,636,669	\$ 1,740,247	\$ 103,577	\$ 1,757,952	\$ 17,705	\$ 121,283
TOTAL REVENUES	\$ 1,636,669	\$ 1,740,247	\$ 103,577	\$ 1,757,952	\$ 17,705	\$ 121,283

- (1) Total FY2022-2023 Salaries & Wages includes \$92,435 for intern support
- (2) Total FY2022-2023 Benefits includes \$8,764 for intern support. Total Benefits also includes a Calpers contribution for full time employees of 10.87% for Classic employees and 7.47% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 4% for FY22-23.

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2021-2022 ADOPTED BUDGET	FY 2021-2022 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2022-2023 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2021-2022 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 4,178,542	\$ 4,251,131	\$ 72,589	\$ 4,429,130	\$ 177,999	\$ 250,588
less for Recovery from Grants	(18,665)	(30,874)	(12,209)	(20,000)	10,874	(1,335)
Employee Benefits	1,356,730	1,389,370	32,640	1,441,831	52,461	85,101
Director Compensation	288,800	271,112	(17,688)	288,793	17,681	(7)
Director Benefits	161,248	125,019	(36,230)	135,201	10,182	(26,048)
MWD Representation	165,029	150,945	(14,084)	165,025	14,080	(4)
CALPERS Unfunded Liability Contribution	207,000	207,000	-	207,000	-	-
Overhead Reimbursement	-	-	-	-	-	-
Health Insurance Coverage for Retirees	101,099	85,448	(15,651)	94,554	9,106	(6,545)
Audit Expense	30,220	57,566	27,346	35,000	(22,566)	4,780
Automotive & Toll Road Expenses	17,250	2,100	(15,150)	15,600	13,500	(1,650)
Vehicle Expense - Water Loss Control	5,800	4,343	(1,457)	7,343	3,000	1,543
Conference Expense - Staff	44,560	41,295	(3,265)	56,205	14,910	11,645
Conference Expense - Directors	16,845	17,825	980	23,905	6,080	7,060
Outside Consulting Expense	380,000	236,000	(144,000)	410,000	174,000	30,000
Insurance Expense	130,000	135,000	5,000	140,000	5,000	10,000
Legal Expense - General	225,000	229,221	4,221	235,750	6,529	10,750
Maintenance Expense	153,400	98,800	(54,600)	157,400	58,600	4,000
Membership / Sponsorship	143,041	140,295	(2,746)	145,847	5,552	2,806
CDR Participation	65,249	55,189	(10,060)	57,462	2,273	(7,787)
Miscellaneous Expense	88,381	61,020	(27,361)	72,120	11,100	(16,261)
Postage / Mail Delivery	9,243	10,014	771	11,300	1,286	2,057
Professional Fees	1,475,640	1,447,966	(27,675)	1,516,256	68,291	40,616
Rents & Leases	1,800	1,660	(140)	1,800	140	-
Outside Printing, Subscription & Books	83,700	75,800	(7,900)	85,000	9,200	1,300
Office Supplies	35,000	15,000	(20,000)	35,000	20,000	-
Supplies - Water Loss Control	4,000	4,000	-	4,000	-	-
Building Repair & Maintenance	15,000	15,000	-	22,056	7,056	7,056
Computer Maintenance	8,000	8,000	-	7,000	(1,000)	(1,000)
Business Expense	2,500	2,048	(452)	2,500	452	-
Software Support & Expense	84,680	127,880	43,200	150,708	22,828	66,028
Computers and Equipment	23,450	23,450	-	43,950	20,500	20,500
Telecommunications Expense	42,840	37,975	(4,865)	43,690	5,715	850
Temporary Help Expense	5,000	-	(5,000)	5,000	5,000	-
Training Expense	52,000	42,087	(9,914)	53,000	10,914	1,000
Tuition Reimbursement	5,000	-	(5,000)	5,000	5,000	-

(1)

(2)

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2021-2022 ADOPTED BUDGET	FY 2021-2022 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2022-2023 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2021-2022 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	69,825	45,877	(23,948)	90,325	44,448	20,500
Travel & Accommodations - Directors	21,250	19,136	(2,114)	32,900	13,764	11,650
MWDOC's Contribution to WEROC: Operations	260,346	260,346	-	296,290	35,944	35,944
Capital Acquisition (excluding building)	273,059	540,996	267,937	113,280	(427,716)	(159,779)
Capital Acq Prior Year Carryover Dr/(Cr)	(5,803)	(208,991)	(203,188)	-	208,991	5,803
OPERATING EXPENSES	\$ 10,206,060	\$ 9,996,048	\$ (210,012)	\$ 10,617,221	\$ 621,173	\$ 411,161
MWDOC's Building Expense	\$ 903,089	\$ 1,082,686	\$ 179,597	\$ 246,600	\$ (836,086)	\$ (656,489)
Building Expense Prior Year Carryover Dr/(Cr)	\$ (461,116)	\$ (164,236)	\$ 296,880	\$ 476,477	\$ 640,713	\$ 937,593
Contribution to Election Reserve	\$ -	\$ -	\$ -	\$ 300,728	\$ 300,728	\$ 300,728
TOTAL EXPENSES	\$ 10,648,033	\$ 10,914,498	\$ 266,465	\$ 11,641,025	\$ 726,528	\$ 992,993

(3)

REVENUES:						
Retail Meter Charge	\$ 8,357,232	\$ 8,357,232	\$ -	\$ 8,885,401	\$ 528,169	\$ 528,169
Ground Water Customer Charge	335,385	335,385	-	368,722	33,338	33,338
Interest Revenue	220,000	128,777	(91,223)	145,971	17,194	(74,029)
Miscellaneous Income	3,000	3,000	-	3,000	-	-
Choice Revenue	1,636,669	1,740,247	103,577	1,757,952	17,705	121,283
TOTAL REVENUES	\$ 10,552,286	\$ 10,564,640	\$ 12,354	\$ 11,161,047	\$ 596,406	\$ 608,761

EFFECT ON RESERVES:						
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ (95,747)	\$ (349,858)	\$ (254,111)	\$ (479,979)	\$ (130,121)	\$ (384,232)

(4)

- (1) Total FY2022-2023 Salaries & Wages includes \$110,829 for intern support
- (2) Total FY2022-2023 Benefits includes \$10,509 for intern support. Total Benefits also includes a Calpers contribution for full time employees of 10.87% for Classic employees and 7.47% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 4% for FY22-23.
- (3) Of the \$476,477, \$437,590 is to replenish the building reserve thru FY22/23.
- (4) Based on FY21-22 projections and FY22-23 MWDOC designated reserve target, designated reserves will be essentially fully funded in several years.

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

	FY 2021-2022 ADOPTED BUDGET	FY 2021-2022 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2022-2023 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2021-2022 BUDGET
Water Revenues						
Water Sales	\$ 159,262,425	\$ 169,882,775	\$ 10,620,350	\$ 163,128,712	\$ (6,754,064)	\$ 3,866,286
Local Resource Program Incentives	(4,136,088)	(5,511,964)	(1,375,876)	(5,507,994)	3,970	(1,371,906)
Readiness-To-Serve Charge	11,142,354	10,849,877	(292,477)	11,142,354	292,477	-
Capacity Charge	4,732,610	5,064,335	331,725	5,396,060	331,725	663,450
Interest Revenue - Tier 2 Cont.	10,500	3,789	(6,711)	4,547	758	(5,953)
SCP/SAC Pipeline Surcharge	315,000	339,939	24,939	318,000	(21,939)	3,000
TOTAL WATER REVENUES	\$ 171,326,801	\$ 180,628,751	\$ 9,301,949	\$ 174,481,679	\$ (6,147,072)	\$ 3,154,877
Water Expenses						
Water Purchases	\$ 159,262,425	\$ 169,882,775	\$ 10,620,350	\$ 163,128,712	\$ (6,754,064)	\$ 3,866,286
Local Resource Program Incentives	(4,136,088)	(5,511,964)	(1,375,876)	(5,507,994)	3,970	(1,371,906)
Readiness-To-Serve Charge	11,142,354	10,849,877	(292,477)	11,142,354	292,477	-
Capacity Charge	4,732,610	5,064,335	331,725	5,396,060	331,725	663,450
SCP/SAC Pipeline Surcharge	315,000	339,939	24,939	318,000	(21,939)	3,000
TOTAL WATER EXPENSES	\$ 171,316,301	\$ 180,624,962	\$ 9,308,660	\$ 174,477,132	\$ (6,147,830)	\$ 3,160,830
Changes to Fund Balance:						
Tier 2 Contingency	\$ 10,500	\$ 3,789	\$ (6,711)	\$ 4,547	\$ 758	\$ (5,953)

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

	FY 2021-2022 ADOPTED BUDGET	FY 2021-2022 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2022-2023 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2021-2022 BUDGET
Funding						
Metropolitan Water District	\$ 1,459,112	\$ 4,931,111	\$ 3,471,998	\$ 5,643,486	\$ 712,376	\$ 4,184,374
USBR	122,020	1,117,192	995,172	780,262	(336,930)	658,243
DWR	748,233	818,730	70,497	367,919	(450,811)	(380,314)
Member Agencies	239,387	1,390,457	1,151,070	1,703,607	313,149	1,464,220
MWDOC	50,000	50,000	0	50,000	-	0
TOTAL OUTSIDE FUNDING	\$ 2,618,752	\$ 8,307,490	\$ 5,688,738	\$ 8,545,274	\$ 237,784	\$ 5,926,522
Program Expenses Funded from Outside Sources						
Installation Verification	\$ 68,600	\$ 108,261	\$ 39,662	\$ 108,369	\$ 108	\$ 39,770
Rebate Incentives	2,252,822	7,458,441	5,205,619	6,518,281	(940,161)	4,265,458
TOTAL PROGRAMS EXPENSES	\$ 2,618,752	\$ 8,307,490	\$ 5,688,738	\$ 8,545,274	\$ 237,784	\$ 5,926,522

Exhibit B
Expenditures by Program

Cost Center	PROGRAM	FY 2021-2022 BUDGET FTE	FY 2022-2023 BUDGET FTE	FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
11	Administrative - Board	1.58	1.56	\$ 1,269,023	\$ 1,123,473	\$ 1,265,201
12	Administrative - General	3.97	3.97	789,058	709,839	839,870
13	Personnel / Staff Development	1.69	1.81	393,261	351,668	429,925
19	Overhead	4.15	4.23	1,355,294	1,308,195	1,213,523
21	Reliability Planning and Engineering	2.57	2.67	679,793	711,835	797,116
23	Metropolitan Issues and Water Policy	3.98	3.81	959,009	801,501	935,272
31	Governmental Affairs	0.85	0.85	495,760	489,437	471,604
35	Water Use Efficiency (Core)	0.95	1.06	465,589	550,050	484,084
32	Public Affairs	4.76	4.59	1,006,360	965,501	1,140,950
41	Finance	3.37	3.19	583,812	624,322	601,942
45	Information Technology	0.99	0.99	312,086	359,637	383,491
25	MWDOC's Contribution to WEROC	3.11	3.10	260,346	260,346	296,290
CORE TOTAL		31.97	31.83	\$ 8,569,390	\$ 8,255,801	\$ 8,859,269
62	Water Use Efficiency Program	4.90	4.69	915,132	1,013,220	831,328
63	School Programs	0.06	0.06	430,221	380,924	429,838
70	Water Loss Control	1.39	3.05	291,317	346,103	496,786
CHOICE TOTAL		6.35	7.80	\$ 1,636,669	\$ 1,740,247	\$ 1,757,952
CORE & CHOICE TOTAL		38.32	39.63	\$ 10,206,060	\$ 9,996,048	\$ 10,617,221
Includes:	Full-time employees	32.25	33.66	(2)		
	Part-time employees	1.52	0.00			
	Interns	1.44	2.87			
	WEROC Full-time employees	3.11	3.10			

(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 2021-2022 are calculated based on 2088 hours of work for the year. FTE's for 2022-2023 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 37 full-time employees, 0 part-time employee and 6 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 in part-time employees from 3 to 0 is due to the change in status of 2 PT public affairs employees (one left and one was converted to full-time) and the change in status of an admin employee from PT to FT. This also explains the increase of 2 full-time employees. There is also an increase in interns from 3 to 6 (one addition to public affairs and 2 new interns positions in Conservation.)

Municipal Water District of Orange County
2022-2023 FISCAL MASTER PLAN PROJECTIONS
(in thousands)

	Projected ACTUALS FY21-22	BUDGET FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Beginning Designated Reserve Balance - MWDOC	\$6,434	\$ 6,084	\$ 5,610	\$ 5,984	\$ 6,594	\$ 7,242	\$ 7,942
less OPEB Reserve	297	297	297	297	297	297	297
Adjusted Reserve Balance	6,137	5,787	5,313	5,687	6,297	6,945	7,645
Revenues							
Water Rate Revenues:							
Retail Meter Agency Charge	8,357	8,885	9,253	9,621	9,830	10,039	10,250
Ground Water Customer Charge	335	369	378	387	397	406	416
Subtotal	8,693	9,254	9,630	10,009	10,226	10,445	10,667
Other Revenues:							
Choice Revenues	1,740	1,758	1,801	1,846	1,891	1,937	1,985
Interest Earnings	129	146	174	215	269	337	421
Misc./Reimbursements	3	3	3	3	3	3	3
Subtotal	1,872	1,907	1,978	2,064	2,163	2,277	2,409
Total Revenues	10,565	11,161	11,608	12,072	12,389	12,722	13,076
Expenses							
Core Expenses	7,924	8,778	8,994	9,215	9,442	9,674	9,912
Choice Expenses	1,740	1,758	1,801	1,846	1,891	1,937	1,985
Capital Acquisitions (not including building)	332	113	20	20	20	20	20
Total Expenses w/o Building & Election	9,996	10,650	10,815	11,081	11,353	11,632	11,918
Revenue Over Expenses w/o Building & Election	569	512	793	991	1,036	1,091	1,158
ELECTION Reserve Beginning Balance	462	462	110	491	1	382	110
Annual Election Reserve Contribution	-	301	381	381	381	381	381
Annual Election Expense	-	653	-	871	-	653	-
Election Reserve Ending Balance	462	110	491	1	382	110	491
BUILDING Reserve Beginning Balance	437	-	438	426	416	413	413
Annual Building Reserve Contribution	442	685	38	-	7	10	10
Annual Building Expense	918	247	50	10	10	10	10
Building Reserve Ending Balance	-	438	426	416	413	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	\$ 5,325	\$ 4,764	\$ 4,770	\$ 5,880	\$ 6,150	\$ 7,122	\$ 7,508
Document does not reflect MWDOC's irrevocable trust towards OPEB liability							
MWDOC Water Rates							
Total Retail Customer Meters	642,864	646,211	649,300	652,300	655,300	658,300	661,300
Connection Charge	\$ 13.00	\$ 13.75	\$ 14.25	\$ 14.75	\$ 15.00	\$ 15.25	\$ 15.50
Fixed Charge %		100%	100%	100%	100%	100%	100%
Rate Increase Proposal:							
Connection Charge	\$ 0.75	\$ 0.50	\$ 0.50	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25

- 1 Assumptions for FMP: five year rolling average Inflation rate: 2.46% per year
- Rate of return on Investment of portfolio: 1.00% per year

Working Capital and Interest Revenue Projections

	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Working Capital:					
Designated Reserve Fund	5,610	5,984	6,594	7,242	7,942
Average Revenue from Agencies	4,815	5,004	5,113	5,223	5,333
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	17,363	17,951	18,695	19,478	20,313
Interest rate	1.00%	1.20%	1.44%	1.73%	2.07%
Interest Revenue Projections:					
Interest income - General	174	215	269	337	421
Total Interest Revenue Projections	174	215	269	337	421

Total Core Expenses

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	3,629,660	3,639,452	3,835,412
6090	Directors Compensation - MWDOC	288,800	271,112	288,793
6095	Directors Compensation - MWD	165,029	150,945	165,025
6105	Benefits - Admin	1,193,667	1,214,738	1,260,901
6109	CALPERS Unfunded Liability Contribution	207,000	207,000	207,000
6111	Overhead Reimbursement	(305,425)	(337,327)	(333,099)
6115	Benefits - Directors	161,248	125,019	135,201
6120	Health Insurance Coverage for Retirees	101,099	85,448	94,554
6205	Training	50,000	40,087	45,000
6210	Tuition Reimbursement	5,000	-	5,000
6220	Temporary Help	5,000	-	5,000
7010	Outside Consulting Services	380,000	236,000	410,000
7020	Legal - General	225,000	229,221	235,750
7030	Audit	30,220	57,566	35,000
7040	Other Professional Fees	865,859	827,196	916,475
7110	Conference - Employee	44,560	41,295	56,205
7115	Conference - Directors	16,845	17,825	23,905
7150	Travel & Accommodations - Employee	69,825	45,877	90,325
7155	Travel & Accommodations - Director	21,250	19,136	32,900
7210	Membership / Sponsorship	143,041	140,295	145,847
7250	CDR Participation	65,249	55,189	57,462
7305	Business Expense	2,500	2,048	2,500
7310	Office Maintenance	147,400	96,000	151,400
7315	Building Repair & Maintenance	15,000	15,000	22,056
7320	Rents & Leases	1,800	1,660	1,800
7330	Office Supplies	35,000	15,000	35,000
7340	Postal / Mail Delivery	8,600	9,614	10,900
7350	Subscriptions / Books	1,000	900	1,000
7360	Reproduction Expense	82,700	74,900	84,000
7410	Computer & Peripherals Maint	8,000	8,000	7,000
7430	Software Purchase	33,940	76,940	92,793
7440	Software Support	48,640	48,640	55,615
7450	Computers and Equipment	23,450	23,450	43,950
7580	Maintenance Expense	6,000	2,800	6,000
7610	Automotive / Mileage	16,000	1,400	13,500
7615	Toll Road Charges	1,050	200	900
7620	Insurance Expense	130,000	135,000	140,000
7640	Utilities - Telephone	41,400	36,805	40,790
7650	Bank Fees	3,200	2,600	2,600
7670	Miscellaneous Expenses	73,181	46,420	57,520
8810	Capital Acquisition	273,059	540,996	81,000
	Total Expenditure	8,314,847	8,204,446	8,562,979
	MWDOC's Contribution to WEROC Oper	260,346	260,346	296,290
	MWDOC's Contribution to Election Rsrv	-	-	300,728
	Capitol Acq Prior Year Carryover Dr/(Cr)	(5,803)	(208,991)	-
	MWDOC's Building Expense (8811)	903,089	1,082,686	246,600
	Building Prior Year Carryover Dr/(Cr)	(461,116)	(164,236)	476,477
		<u>9,011,363</u>	<u>9,174,251</u>	<u>9,883,073</u>

Total Choice Revenue and Expense

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
4215	Choice Revenue	1,231,890	1,190,854	1,757,952
4205	School Contracts	120,895	120,895	-
4705	Prior Year Carry Over	283,884	213,153	-
		-	-	-
	Choice billing over/under	-	215,345	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
	Total Revenue	1,636,669	1,740,247	1,757,952

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	548,882	611,678	593,718
	S & B Reimb. DSC or Recov from Grants	(18,665)	(30,874)	(20,000)
6090	Directors Compensation - MWDOC	-	-	-
6095	Directors Compensation - MWD	-	-	-
6105	Benefits - Admin	163,063	174,632	180,931
6111	Overhead Reimbursement	305,425	337,327	333,099
6115	Benefits - Directors	-	-	-
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training	2,000	2,000	8,000
6210	Tuition Reimbursement	-	-	-
6220	Temporary Help	-	-	-
7010	Outside Consulting Services	-	-	-
7020	Legal - General	-	-	-
7030	Audit	-	-	-
7040	Other Professional Fees	192,100	251,300	182,100
	Other Professional Fees - School Programs	417,681	369,470	417,681
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	4,000	4,000	4,000
7340	Postal / Mail Delivery	643	400	400
7350	Subscriptions/Books	-	-	-
7360	Reproduction Expense	-	-	-
7410	Computer & Peripherals Maint	-	-	-
7430	Software Purchase	2,100	2,300	2,300
7440	Software Support	-	-	-
7450	Computers and Equipment	-	-	-
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	-	-	-
7612	Vehicle Expense	5,800	4,343	7,343
7615	Toll Road Charges	200	500	1,200
7620	Insurance Expense	-	-	-
7640	Utilities - Telephone	1,440	1,170	2,900
7650	Bank Fees	-	-	-
7670	Miscellaneous Expenses	12,000	12,000	12,000
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8710	Election Expenses	-	-	-
8810	Capital Acquisition	-	-	32,280
	Total Expenditure	1,636,669	1,740,247	1,757,952

Total Core and Choice Expenses

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	4,178,542	4,251,131	4,429,130
	S & B Reimb. DSC or Recov from Grants	(18,665)	(30,874)	(20,000)
6090	Directors Compensation - MWDOC	288,800	271,112	288,793
6095	Directors Compensation - MWD	165,029	150,945	165,025
6105	Benefits - Admin	1,356,730	1,389,370	1,441,831
6109	CALPERS Unfunded Liability Contribution	207,000	207,000	207,000
6111	Overhead Reimbursement	-	-	-
6115	Benefits - Directors	161,248	125,019	135,201
6120	Health Insurance Coverage for Retirees	101,099	85,448	94,554
6205	Training	52,000	42,087	53,000
6210	Tuition Reimbursement	5,000	-	5,000
6220	Temporary Help	5,000	-	5,000
7010	Outside Consulting Services	380,000	236,000	410,000
7020	Legal - General	225,000	229,221	235,750
7030	Audit	30,220	57,566	35,000
7040	Other Professional Fees	1,057,959	1,078,496	1,098,575
	Other Professional Fees - School Programs	417,681	369,470	417,681
7110	Conference - Employee	44,560	41,295	56,205
7115	Conference - Directors	16,845	17,825	23,905
7150	Travel & Accommodations - Employee	69,825	45,877	90,325
7155	Travel & Accommodations - Director	21,250	19,136	32,900
7210	Membership / Sponsorship	143,041	140,295	145,847
7250	CDR Participation	65,249	55,189	57,462
7305	Business Expense	2,500	2,048	2,500
7310	Office Maintenance	147,400	96,000	151,400
7315	Building Repair & Maintenance	15,000	15,000	22,056
7320	Rents & Leases	1,800	1,660	1,800
7330	Office Supplies	35,000	15,000	35,000
7332	Supplies - Water Loss Control	4,000	4,000	4,000
7340	Postal / Mail Delivery	9,243	10,014	11,300
7350	Subscriptions / Books	1,000	900	1,000
7360	Reproduction Expense	82,700	74,900	84,000
7410	Computer & Peripherals Maint	8,000	8,000	7,000
7430	Software Purchase	36,040	79,240	95,093
7440	Software Support	48,640	48,640	55,615
7450	Computers and Equipment	23,450	23,450	43,950
7580	Maintenance Expense	6,000	2,800	6,000
7610	Automotive / Mileage	16,000	1,400	13,500
7612	Vehicle Expense	5,800	4,343	7,343
7615	Toll Road Charges	1,250	700	2,100
7620	Insurance Expense	130,000	135,000	140,000
7640	Utilities - Telephone	42,840	37,975	43,690
7650	Bank Fees	3,200	2,600	2,600
7670	Miscellaneous Expenses	85,181	58,420	69,520
8810	Capital Acquisition	273,059	540,996	113,280
	Total Expenditure	9,951,517	9,944,693	10,320,931
	MWDOC's Contribution to WEROC Oper	260,346	260,346	296,290
	MWDOC's Contribution to Election Rsrv	-	-	300,728
	Capitol Acq Prior Year Carryover Dr/(Cr)	(5,803)	(208,991)	-
	MWDOC's Building Expense (8811)	903,089	1,082,686	246,600
	Building Prior Year Carryover Dr/(Cr)	(461,116)	(164,236)	476,477
		10,648,033	10,914,498	11,641,025

Administrative - Board
11

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	254,524	202,951	253,955
6090	Directors Compensation - MWDOC	288,800	271,112	288,793
6095	Directors Compensation - MWD	165,029	150,945	165,025
6105	Benefits - Admin	81,036	68,115	80,397
6115	Benefits - Directors	161,248	125,019	135,201
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General	215,000	221,400	225,750
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors	16,845	17,825	23,905
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director	21,250	19,136	32,900
7210	Membership / Sponsorship	37,840	37,056	36,776
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery	5,000	6,714	7,000
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	11,000	600	9,000
7615	Toll Road Charges	650	100	500
7620	Insurance Expense			
7640	Utilities - Telephone	300		
7650	Bank Fees			
7670	Miscellaneous Expenses	10,500	2,500	6,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	1,269,023	1,123,473	1,265,201

1	• Best, Best & Krieger	\$ 210,000
	• Aleshire & Wynder	\$ 15,750
		<u>\$ 225,750</u>
2	• Best, Best & Krieger	\$ 200,722
	• Aleshire & Wynder	\$ 20,678
		<u>\$ 221,400</u>
3	• See Exhibit F.	
4	• See Exhibit D.	

MWDOC's Contribution to Election Reserve			300,728
	<u>1,269,023</u>	<u>1,123,473</u>	<u>1,565,929</u>

Administrative - General
12

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	346,964	325,895	356,645
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	140,159	132,496	153,562
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help	5,000		5,000
7010	Outside Consulting Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	1,200	1,200	1,200
7110	Conference - Employee	44,560	41,295	56,205
7115	Conference - Directors			
7150	Travel & Accommodations - Employee	69,825	45,877	90,325
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	105,201	103,239	109,071
7250	CDR Participation	65,249	55,189	57,462
7305	Business Expense	2,500	2,048	2,500
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books	1,000	900	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	5,000	800	4,500
7615	Toll Road Charges	400	100	400
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	2,000	800	2,000
8810	Capital Acquisition			
	Total Expenditure	789,058	709,839	839,870

1 • See Exhibit J.

2 • See Exhibit E.

3 • See Exhibit D.

Personnel / Staff Development
13

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	240,032	226,790	274,174
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	73,818	69,892	81,251
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	50,000	40,087	45,000
6210	Tuition Reimbursement	5,000		5,000
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General	10,000	5,000	10,000
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			
7650	Bank Fees			
7670	Miscellaneous Expenses	14,411	9,900	14,500
8810	Capital Acquisition			
	Total Expenditure	393,261	351,668	429,925

1 • Staff Technical Training & Leadership
Development Training

2 • Best, Best & Krieger

3 • Employee Recognition \$ 2,200
• 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
• Workforce Development testing \$ 2,000
• COVID-19 Online Pre-Screen \$ 2,400
\$ 14,500

Overhead
19

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	540,477	550,738	567,507	1 • For 15 Retirees
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	171,726	175,471	178,480	2 • Pension Plan administration by EGPS \$ 4,000
6109	CALPERS Unfunded Liability Contribution	207,000	207,000	207,000	• Cafeteria Plan IGOE \$ 700
6111	Overhead Reimbursement from Choice	(305,425)	(337,327)	(333,099)	• Health Equity \$ 125
6115	Benefits - Directors				\$ 4,825
6120	Health Insurance Coverage for Retirees	101,099	85,448	94,554	1 3 • Window Cleaning \$ 2,000
6205	Training				• OCWD \$ 78,000
6210	Tuition Reimbursement				• Receptionist \$ 24,000
6220	Temporary Help				• Maint. Labor \$ 7,800
7010	Outside Consulting Services				• Plant Maintenance \$ 5,000
7020	Legal - General				• Landscape/Maintenance Atrium \$ 12,000
7030	Audit				• Binding Machine Renewal \$ 800
7040	Other Professional Fees	4,760	4,000	4,825	2 • Carpet & Extra Office Cleaning \$ 9,800
7110	Conference - Employee				• Annual Maintenance of ADA lobby Doors \$ 2,000
7115	Conference - Directors				• Contingency \$ 10,000
7150	Travel & Accommodations - Employee				\$ 151,400
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7220	CUWA Participation				4 • Sewer Flush \$ 1,800
7240	AWWARF Participation				• Emergency Lighting Maint. \$ 2,400
7250	CDR Participation				• HVAC and Misc. Repairs Maint \$ 17,856
7310	Office Maintenance	147,400	96,000	151,400	\$ 22,056
7315	Building Repair & Maintenance	15,000	15,000	22,056	4 5 • Corodata \$ 800
7320	Rents & Leases	1,800	1,660	1,800	• El Toro Water District (South EOC Site) \$ 1,000
7330	Office Supplies	35,000	15,000	35,000	\$ 1,800
7340	Postal / Mail Delivery	3,600	2,900	3,900	6 7 • Coffee \$ 3,000
7350	Subscriptions / Books				• Supplies \$ 32,000
7360	Reproduction Expense	6,200	4,900	6,500	\$ 35,000
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				7 • OCWD \$ 1,900
7450	Software Development				• Norco/FedEx/UPS \$ 500
7510	Site Maintenance				• POB \$ 1,500
7450	Computers and Equipment				\$ 3,900
7580	Maintenance Expense	6,000	2,800	6,000	9 8 Ricoh Copier
7610	Automotive / Mileage				9 Generator Maintenance
7615	Toll Road Charges				
7620	Insurance Expense	130,000	135,000	140,000	10 10 • Spectrum \$ 14,040
7640	Utilities - Telephone	40,200	36,000	40,000	• Verizon \$ 480
7650	Bank Fees	3,200	2,600	2,600	• EE Cell Reimb \$ 25,480
7670	Miscellaneous Expenses	4,000	3,000	4,000	\$ 40,000
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition	249,059	516,996	81,000	11 11 • Wall Displays, Copier, Kitchen remodel
	Total Expenditure	1,361,097	1,517,186	1,213,523	• Purchase of Ricoh Copier
	Capitol Acq Prior Year Carryover Dr/(Cr)	(5,803)	(208,991)	-	12 12 • FY21-22 & FY22-23 carryover Debit/(Credit) are the cumulative
	MWDOC's Building Expense (8811)	903,089	1,082,686	246,600	dollars from prior years that were unspent and will be
	Building Prior Year Carryover Dr/(Cr)	(461,116)	(164,236)	476,477	applied toward work projected to be completed in future
		<u>1,797,267</u>	<u>2,226,645</u>	<u>1,936,600</u>	years.

Reliability Planning and Engineering
21

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	359,247	379,719	397,327	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	114,046	117,410	123,374	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Outside Consulting Services	200,000	214,000	275,000	1 1 See Exhibit J
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	305	315	
7650	Bank Fees				
7670	Miscellaneous Expenses	6,000	400	1,100	
8810	Capital Acquisition				
	Total Expenditure	679,793	711,835	797,116	

Metropolitan Issues and Water Policy

23

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	583,428	580,325	598,871
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	195,580	199,026	201,152
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services	180,000	22,000	135,000
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		150	250
8810	Capital Acquisition			
	Total Expenditure	959,009	801,501	935,272

1 1 See Exhibit J

Government Affairs
31

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	134,709	131,661	142,924
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	47,551	47,776	48,680
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	309,000	309,000	276,000
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	4,500	1,000	4,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	495,760	489,437	471,604

1 • BB&K \$ 96,000
 • NRR \$ 96,000
 • Ackerman \$ 42,000
 • Grant Research & Acquisition \$ 42,000
\$ 276,000

2 • WACO \$ 2,000
 • Outreach \$ 2,000
\$ 4,000

Public Affairs
32

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	486,932	477,383	513,866	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	146,879	147,975	154,008	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Outside Consulting Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees	272,949	249,543	378,500	1
7047	Prof Service-Grant Recovery				
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7220	CUWA Participation				
7240	AWWARF Participation				
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books				
7360	Reproduction Expense	76,500	70,000	77,500	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	400	500	475	
7650	Bank Fees				
7670	Miscellaneous Expenses	22,700	20,100	16,600	3
8810	Capital Acquisition				
	Total Expenditure	1,006,360	965,501	1,140,950	

1 Public Affairs Activities:

• Resolutions/Proclamations	\$	5,000
• Consumer Confidence Reports	\$	50,000
• Delta Conveyance Program Support	\$	30,000
• Wyland Mayors Challenge	\$	10,000
• Scouts Program	\$	7,500
• Education Initiatives	\$	35,000
Subtotal	\$	137,500

Communications Plan Activities:

• Strategic Digital Outreach	\$	95,000
• Advertising	\$	20,000
• Website Refresh	\$	50,000
• Polling Public Sentiment Analysis	\$	25,000
• Special events(OC Water summit, WPD Reg/AV support, Poster Slogan awards, event displays)	\$	51,000
Subtotal	\$	241,000
Total	\$	378,500

2 • Promotional Items, Branded Materials	\$	45,000
• Info Items Handouts, Books, Folders	\$	32,500
	\$	77,500
3 • Ricki Maint and Repair	\$	2,000
• Sponsorship Contingency Fund	\$	5,000
• Storage Facility	\$	3,500
• Science Fair Sponsorship	\$	100
• Member Agency Workshops PAW	\$	6,000
	\$	16,600

**Water Use Efficiency
(Core)
35**

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	157,145	217,151	186,878
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	47,444	71,899	61,206
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	255,000	255,000	230,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
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	465,589	550,050	484,084

1 • General Research	\$	75,000
• Water Loss Control Work Grp	\$	55,000
• WLC Business Plan Implement	\$	25,000
• Aerial Imagery & LiDAR Study	\$	75,000
	\$	230,000

General Finance
41

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	399,902	418,972	407,817
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	129,740	138,832	132,175
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General			
7030	Audit	30,220	57,566	35,000
7040	Other Professional Fees	22,950	8,453	25,950
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	500	1,000
8810	Capital Acquisition			
	Total Expenditure	583,812	624,322	601,942

1 • Annual Audit	\$ 25,000
• Single Audit	\$ 5,000
• WUE Grant Review	\$ 5,000
	<u>\$ 35,000</u>

2 • Custodial Bank fees	\$ 6,500
• Financial Consulting	\$ 15,000
• OPEB Actuarial	\$ 3,750
• CalPERS GASB 68 Report	\$ 700
	<u>\$ 25,950</u>

Information Technology
45

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	126,298	127,868	135,448	1 • Computer, iPad, Server hardware maintenance
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				2 • Various software upgrades and license
6105	Benefits - Admin	45,687	45,848	46,616	
6115	Benefits - Directors				3 • Cisco Smartnet for Phone system (hardware and software)
6120	Health Insurance Coverage for Retirees				• Cisco Smartnet for POE and non-POE switches
6205	Training				• Cisco Smartnet for Voice Gateway/Router
6210	Tuition Reimbursement				• Cisco Smartnet for Firewall
6220	Temporary Help				• Wireless APs and router
7010	Outside Consulting Services				• ECS Laserfiche annual support
7020	Legal - General	-	2,821		• Laserfiche WORM Storage Cloud backup
7030	Audit				• Mwdoc Website Support (LA Design Studio)
7040	Other Professional Fees				• Mwdoc.com Web hosting service
7110	Conference - Employee				• Arcserv UDP license renewal (11 licenses)
7115	Conference - Directors				• Support for Recruiting Insight Software for HR
7150	Travel & Accommodations - Employee				• ACTI
7155	Travel & Accommodations - Director				• Exchange + AD monitoring software (renew in May)
7210	Membership / Sponsorship				• Annual support for Finance AccuFund software
7220	CUWA Participation				• Exchange online annual licenses
7240	AWWARF Participation				• Tracker investment software usage cost
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				4 • RICOH color printer annual maintenance (3/19/21-3/19/22)
7330	Office Supplies				• Replace 2 Department network printers
7340	Postal / Mail Delivery				• Maintenance for Plotter
7350	Subscriptions / Books				• 10 laptops to replace WEROC borrowed laptops
7360	Reproduction Expense				• 10 Replacement Computers with monitors or laptops for Staff
7410	Computers & Peripherals Maint	8,000	8,000	7,000	1
7430	Software Purchase	33,940	76,940	92,793	2
7440	Software Support	48,640	48,640	55,615	3
7510	Site Maintenance				
7450	Computers and Equipment	23,450	23,450	43,950	4
7580	Maintenance Expense				
7610	Automotive / Mileage				5 • Miscellaneous expenses
7615	Toll Road Charges				• Amazon Cloud Cam annual plan
7620	Insurance Expense				
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	2,070	2,070	2,070	5
8810	Capital Acquisition	24,000	24,000	-	
	Total Expenditure	312,086	359,637	383,491	

**Water Use Efficiency
(choice)
62**

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
4215	Choice Revenue	844,401	803,364	831,328
4705	Prior Year Carry over	70,731		
	Choice billing over/under		209,856	
	Total Revenue	915,132	1,013,220	831,328

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2022 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2020-2021 PROPOSED BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	431,097	499,047	388,480
6012	Salaries & Benefits - Recovery from Grants	(18,665)	(30,874)	(20,000)
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	128,773	138,177	113,498
6111	Overhead Reimbursement	240,184	273,369	215,850
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	127,100	127,100	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	643	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	6,000	6,000
8810	Capital Acquisition			
	Total Expenditure	915,132	1,013,220	831,328

- 1 • 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 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
4215	Choice Revenue	96,173	96,173	429,838
4205	School Contracts	120,895	120,895	
4705	Prior Year Carry over	213,153	213,153	
	Choice billing over/under		(49,297)	
	Total Revenue	430,221	380,924	429,838

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2022 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2020-2021 PROPOSED BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	6,559	6,064	6,441
6105	Benefits - Admin	2,216	1,951	2,060
6111	Overhead Reimbursement	3,765	3,438.61	3,656
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7040	Other Professional Fees - School Programs	417,681	369,470	417,681
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	430,221	380,924	429,838

1 • High Schools	\$ 63,930
• Elementary Schools	\$ 288,310
• Middle Schools	\$ 65,441
	\$ 417,681

Water Loss Control
(choice)
70

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
4215	Choice Revenue	291,317	291,317	496,786
4705	Prior Year Carry over			
	Choice billing over/under		54,786	
	Total Revenue	291,317	346,103	496,786

		FY 2020-2021 PROPOSED BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	111,226	106,567	198,797
6012	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	32,075	34,503	65,373
6111	Overhead Reimbursement	61,476	60,519	113,593
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	2,000	2,000	8,000
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	65,000	124,200	55,000
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	4,000	4,000	4,000
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase	2,100	2,300	2,300
7440	Software Support			
7450	Computers and Equipment	-		
7510	Site Maintenance			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7612	Vehicle Expense	5,800	4,343	7,343
7615	Toll Road Charges	200	500	1,200
7620	Insurance Expense			
7640	Utilities - Telephone	1,440	1,170	2,900
7650	Bank Fees			
7670	Miscellaneous Expenses	6,000	6,000	6,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			32,280
	Total Expenditure	291,317	346,103	496,786

1 1 • Meter Testing \$ 35,000
• USA Leak detection \$ 20,000
\$ 55,000

2 2 • Vehicle Fuel & Oil \$ 7,000
• Auto Insurance \$ 343
\$ 7,343

3 3 • Leak Det. Equip \$ 32,280
(3XSewerin Aqua Test
T10 Ground Mic's)

WEROC
25

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
4320	MWDOC Contribution to Operations	260,346	260,346	296,290
4210	WEROC Contracts	260,346	260,346	269,651
4205				
4230	Reimbursements			
4240				
4410				
4805				
	TOTAL WEROC Revenue	520,692	520,692	565,941

1 • OCSD	\$	52,852
• SOCWA	\$	20,493
• OCWD	\$	134,826
• 3 Cities -- \$20,493/ea	\$	61,480
	\$	269,651

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	350,504	334,065	374,337
6012	Salaries & Benefits - Reimbursed	(11,750)		
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	125,727	125,379	132,314
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	8,200	6,150	8,200
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General			
7030	Audit			
7110	Conference - Employee	3,800	3,176	3,200
7115	Conference - Directors			
7150	Travel & Accomodations - Employee	4,750	4,227	9,500
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship	850	889	880
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office & Radio Supplies	1,500	900	1,000
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	1,000	250	250
7410	Computer & Peripherals Maint	5,060	5,040	5,060
7430	Software Purchase			
7440	Software Support	9,300	9,481	9,800
7450	Computers and Equipment		280	-
7510	Site Maintenance	700	640	700
7580	Maintenance - Generators	1,000	980	1,000
7581	Maintenance - Radios	2,000	1,900	2,000
7582	Maintenance - EOC's	2,000	2,200	2,200
7610	Automotive / Mileage	2,000	1,158	1,500
7615	Toll Road Charges	50	-	-
7620	Insurance Expense			
7640	Utilities - Telephone	10,000	9,900	10,000
7650	Bank Fees			
7670	Miscellaneous Expenses	1,001	1,400	1,000
7671	Miscellaneous Training	3,000	3,100	3,000
8810	Capital Acquisition			
	Capital Expenditures			
	TOTAL Expenditures	520,692	511,115	565,941

2 • Cert Meetings Exercises

3 • See Exhibit E

4 • See Exhibit D

AMP Proceeds Agreement Administration
61

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
4020	Interest Revenue			
4050	O & M Maintenance Deposit			
4230	Reimbursement	11,622	4,128	4,567
4680	Miscellaneous Income			
	Prior Year Carryover			
	Total Revenue	11,622	4,128	4,567

		FY 2021-2022 BUDGET	FY 2021-2022 PROJECTED ACTUALS	FY 2022-2023 PROPOSED BUDGET
6010	Salaries & Wages - Admin	3,238	3,251	3,596
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	883	876	971
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Outside Consulting Services			
7020	Legal - General	6,000	-	-
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
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	10,121	4,128	4,567

Exhibit D

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Proposed District Participation Costs
Fiscal Year 2022-2023**

	Budget FY 2021-2022	Projected FY 2021-2022 Actuals	Budget FY 2022-2023	Approval included in Budget Approval
Required Participation or Service				
LAFCO	\$ 37,500	\$ 36,716	\$ 36,716	√
Subtotal Cost Center 11	\$ 37,500	\$ 36,716	\$ 36,716	
Association of Calif. Water Agencies (ACWA)	\$ 23,000	\$ 23,000	\$ 23,000	√
South OC Watershed Management Area Dues	\$ 10,800	\$ 10,800	\$ 11,250	√
Subtotal Cost Center 12	\$ 33,800	\$ 33,800	\$ 34,250	
Subtotal - Required Participation or Service	\$ 71,300	\$ 70,516	\$ 70,966	
Elective Participation				
Colorado River Water Users Association	\$ 60	\$ 60	\$ 60	√
Orange County Water Association	\$ 280	\$ 280	\$ -	√
Subtotal Cost Center 11	\$ 340	\$ 340	\$ 60	
Association of California Cities- Orange County (ACCOC)	\$ 5,100	\$ 5,100	\$ 5,100	√
American Water Works Association (AWWA)	\$ 1,800	\$ 1,800	\$ 1,800	√
Association of Metropolitan Water Agencies (AMWA)	\$ 21,876	\$ 21,876	\$ 21,876	√
CA Chamber of Commerce (HR California)	\$ 580	\$ 580	\$ 580	√
Cal Desal	\$ 5,100	\$ 5,000	\$ 5,100	√
California Association of Public Information Officers (CAPIO)	\$ 840	\$ 275	\$ 825	√
California Environmental Literacy Initiative	\$ -	\$ -	\$ 600	√
California Municipal Treasurers Association (CMTA)	\$ 175	\$ 175	\$ 175	√
California Municipal Utilities Association (CMUA)	\$ 6,480	\$ 6,480	\$ 6,480	√
California Society of Municipal Finance Officers (CSMFO)	\$ 120	\$ 120	\$ 120	√
California Special Districts Association (CSDA)	\$ 8,100	\$ 8,100	\$ 8,100	√
California Water Efficiency Partnership (CalWEP)	\$ 6,100	\$ 6,100	\$ 6,030	√
California Water, Energy and Education Alliance (CWEEA)	\$ -	\$ -	\$ 1,200	√
Colorado River Water Users Assn.	\$ 92	\$ 92	\$ 100	√
Department of Water Resources Education Committee	\$ -	\$ -	\$ 1,500	√
Government Finance Officers Association (GFOA)	\$ 170	\$ 170	\$ 170	√
Indep. Special Districts of Or. Co. (ISDOC)	\$ 50	\$ 50	\$ 50	√
International Association of Business Communicators (IABC)	\$ 375	\$ 375	\$ 375	√
International Personnel Management Association (IPMA)	\$ 60	\$ 60	\$ 60	√
National Water Resources Assn., Mun. Caucus	\$ 545	\$ 545	\$ 545	√
OC Chapter-Calif. Landscape Contractors Assoc.	\$ 1,900	\$ 1,900	\$ 2,250	√
Orange County Business Council (OC Chamber)	\$ 5,250	\$ 5,250	\$ 5,250	√
Orange County Public Affairs Association (OCPAA)	\$ 625	\$ 625	\$ 625	√
Orange County Water Association (OCWA)	\$ 115	\$ 115	\$ 250	√
Public Relations Society of America/O.C. (PRSA)	\$ 1,632	\$ 335	\$ 1,340	√
Society of Human Resources Management (SHRM)	\$ 225	\$ 225	\$ 229	√
Southern California Personnel Management Assoc. (SCPMA)	\$ 60	\$ 60	\$ 60	√
South Orange County Economic Coalition (SOCEC)	\$ 1,630	\$ 1,630	\$ 1,630	√
Southern California Water Coalition (SCWC)	\$ 1,020	\$ 1,020	\$ 1,020	√
Urban Water Institute	\$ 1,326	\$ 1,326	\$ 1,326	√
Water Environment Federation	\$ 55	\$ 55	\$ 55	√
Subtotal Cost Center 12	\$ 71,401	\$ 69,439	\$ 74,821	
Subtotal - Elective Participation	\$ 71,741	\$ 69,779	\$ 74,881	
International Association of Emergency Managers	\$ 460	\$ 390	\$ 390	√
AWWA CA/NV Sec Spring 2023		294	\$ 196	√
California Emergency Services Association	\$ 390	\$ 205	\$ 294	√
WEROC Program Total	850	889	880	
GRAND TOTAL - General Fund	\$ 143,041	\$ 140,295	\$ 145,847	

Exhibit E

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY Summary of Proposed Staff Registration & Travel Budget ⁽¹⁾ Fiscal Year 2022-2023

Conference / Meeting	Location/Date/Staff	Registration	Travel ⁽¹⁾	Approval included in Budget Approval
Association of California Water Agencies (ACWA)	DC Conference, July 12-14, 2022	\$ 4,400	\$ 8,100	✓
	DC Conference, February 2023	\$ 4,400	\$ 10,800	✓
	Fall Conference, Nov. 29 - Dec. 2, 2022, Indian Wells, Ca	\$ 5,960	\$ 4,000	✓
	Spring Conference, TBD	\$ 4,470	\$ 6,000	✓
	Region 10, TBD	\$ 80		✓
	Legislative Symposium, Sacramento, TBD	\$ 285	\$ 600	✓
Association of California Cities- Orange County (ACCOC)	Sacramento, TBD	\$ 1,600	\$ 1,000	✓
	Washington DC, TBD	\$ 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. 30-Nov.2, 2022, Savannah, Georgia	\$ 950	\$ 1,800	✓
American Water Works Association (AWWA)	Cal Nevada Fall Conference, Oct 24-26, 2022 Sacramento, Ca	\$ 1,750	\$ 1,200	✓
	Cal Nevada Section Annual Conference, San Diego, Ca TBD	\$ 1,750	\$ 1,600	✓
	Sustainable Water Management TBD	\$ 575	\$ 1,200	✓
California Association of Public Information Officials (CAPIO)	Annual Conference, TBD	\$ 1,120	\$ 2,250	✓
Cal Desal	Annual Conference, TBD	\$ 250	\$ 500	✓
California Environmental Literacy Initiative	Sacramento Ca, TBD		\$ 1,500	✓
California Employees Public Retirement System(CalPERS)	Annual Employer Education Forum, 2022, November 1-3, 2022, Anaheim Ca	\$ 800		✓
California Municipal Utilities Association (CMUA) Capitol Days	Capital Days, Sacramento, TBD	\$ 195	\$ 800	✓
California Municipal Utilities Association (CMUA) Annual Conference	Annual Conference, April 16-18, 2023, Sacramento, Ca	\$ 900	\$ 800	✓
Colorado River Water Users Association (CRWUA)	Annual Conference, December 14-16, 2022, Las Vegas, NV	\$ 2,020	\$ 2,400	✓
California Special Districts Association (CSDA)	Legislative Days, May 2023, Sacramento, Ca	\$ 275	\$ 800	✓
	Annual Spring Conference, August 22-25, 2022, Palm Springs, Ca	\$ 500	\$ 800	✓
California Water Efficiency Partnership (CalWEP) Membership(fmr: CUWCC)	Membership Meetings, 1=No. Cal & 2=So. Cal		\$ 600	✓
	Board Meetings, 2=No. Cal & 2=So. Cal		\$ 450	✓
	Peer to Peer, TBD	\$ 2,250	\$ 2,925	✓
Department of Water Resources Education Committee	Sacramento, TBD		\$ 2,500	✓
Department of Water Resources (DWR)/State Water Resources Control Board (SWRCB)	Urban Advisory Group Meetings, Sacramento		\$ 1,600	✓
Legislative Advocacy	Sacramento		\$ 6,000	✓
	Washington DC		\$ 8,000	✓
Liebert, Cassidy Whitmore	Annual Public Sector Conference, March 15-17, 2023, TBD	\$ 1,200		✓
Multi-State Salinity Coalition	Annual Salinity Summit, February 22-24, 2023, Las Vegas, NV	\$ 300	\$ 800	✓
Orange County Business Council (OCBC)	Advocacy, Sacramento, TBD	\$ 900	\$ 3,200	✓
	Advocacy, DC, TBD	\$ 3,600	\$ 1,600	✓
Public Relations Society of America	Annual Conference, TBD	\$ 1,900	\$ 1,000	✓
Urban Water Institute	Fall Conference, August 24-26, 2022, San Diego, Ca	\$ 1,300	\$ 400	✓
	Spring Conference, TBD	\$ 975	\$ 1,500	
Water Smart Innovations	Annual Conference, Las Vegas NV, October 2022	\$ 1,000	\$ 3,000	
Miscellaneous*		\$ 3,500	\$ 4,000	✓
General Fund Total **		\$ 56,205	\$ 90,325	
Conferences/Meetings/Trainings				
International Assoc. of Emergency Managers	Savannah, GA November 11-17, 2022	\$ 1,500	\$ 4,850	✓
California Emergency Services Association (Fall)	TBD Northern California	\$ 1,200	\$ 3,450	✓
AWWA CA/NV Section	Spring 2023, TBD	\$ 500	\$ 1,200	✓
WEROC Program Total		\$ 3,200	\$ 9,500	
PROPOSED GENERAL FUND BUDGET		\$ 56,205	\$ 90,325	

* 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 2022-2023**

Conference	Location/Date/Directors	Registration	Travel ⁽¹⁾	Approval included in Budget Approval
Association of California Water Agencies (ACWA)	DC Conference, July 12-14, 2022	\$ 2,200	\$ 5,400	✓
	DC Conference, February 2023	\$ 2,200	\$ 5,400	
	Fall Conference, Indian Wells, Nov. 29 - December 2, 2022	\$ 3,725	\$ 2,500	✓
	Spring Conference, TBD	\$ 2,235	\$ 3,000	✓
	Region 10, TBD	\$ 80		✓
Association of California Cities- Orange County (ACCOC)	Sacramento, TBD	\$ 800	\$ 500	✓
	Washington DC, TBD	\$ 2,550	\$ 1,500	✓
American Water Works Association/Water Environment Federation (AWWA/WEF)	Utility Management Conference, TBD	\$ 875	\$ 1,200	✓
Bond Buyers	Conference, TBD	\$ 300	\$ 200	✓
California Special Districts Association (CSDA)	Legislative Days, Sacramento, May 2023	\$ 275	\$ 800	✓
Cal Desal	Annual Conference, TBD	\$ 1,250	\$ 2,500	✓
Colorado River Water Users Association(CRWUA)	Annual Conference, December 14-16, 2022, Las Vegas, NV	\$ 1,515	\$ 1,800	✓
Legislative Advocacy	Sacramento		\$ 1,500	✓
	Washington DC		\$ 2,000	✓
Orange County Business Council (OCBC)	Advocacy Trip, Sacramento, TBD	\$ 950	\$ 500	✓
	Advocacy Trip-DC, TBD	\$ 1,800	\$ 800	✓
Urban Water Institute	Fall Conference, August 24-26, 2022, San Diego, Ca	\$ 975	\$ 300	✓
	Spring Conference, TBD	\$ 975	\$ 1,500	✓
Miscellaneous*		\$ 1,200	\$ 1,500	✓
TOTAL**		\$ 23,905	\$ 32,900	

PROPOSED GENERAL FUND BUDGET

\$ 23,905	\$ 32,900
------------------	------------------

* 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 2022-2023

Conference / Meeting	Membership	Registration	Travel	Total
American Water Works Assoc./Water Env. Federation (AWWA/WEF)	\$ 1,855	\$ 4,950	\$ 5,200	\$ 12,005
Association of Calif. Water Agencies (ACWA)	\$ 23,000	\$ 30,035	\$ 45,800	\$ 98,835
Association of California Cities- Orange County (ACCOC)	\$ 5,100	\$ 10,050	\$ 6,000	\$ 21,150
Association of Metropolitan Water Agencies (AMWA)	\$ 21,876	\$ 2,850	\$ 5,400	\$ 30,126
Cal Desal	\$ 5,100	\$ 1,500	\$ 3,000	\$ 9,600
California Association of Public Information Officers (CAPIO)	\$ 825	\$ 1,120	\$ 2,250	\$ 4,195
California Environmental Literacy Initiative	\$ 600	\$ -	\$ 1,500	\$ 2,100
California Municipal Utilities Association (CMUA)	\$ 6,480	\$ 1,095	\$ 1,600	\$ 9,175
California Special Districts Assn. (CSDA)	\$ 8,100	\$ 1,050	\$ 2,400	\$ 11,550
California Water Efficiency Partnership (CalWEP)	\$ 6,030	\$ 2,250	\$ 3,975	\$ 12,255
Colorado River Water Users Assn. (CRWUA)	\$ 160	\$ 3,535	\$ 4,200	\$ 7,895
Department of Water Resources (DWR)	\$ 1,500		\$ 4,100	\$ 5,600
Orange County Business Council (OC Chamber)	\$ 5,250	\$ 7,250	\$ 6,100	\$ 18,600
Public Relations Society of America	\$ 1,340	\$ 1,900	\$ 1,000	\$ 4,240
Urban Water Institute	\$ 1,326	\$ 4,225	\$ 3,700	\$ 9,251
<hr/>				
Grand Total for Memberships with Conferences/Travel:	\$ 88,542	\$ 71,810	\$ 96,225	\$ 256,577

(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 2022-2023

	Proposed Budget	Approval included in <u>Budget Approval</u>
Furniture and Fixtures- 19-8810:		
MWDOC Office Improvements (Wall Displays, Copier, Kitchen Remodel)	\$ 76,000	√
Subtotal 8810 Improvements	\$ 76,000	
 Building Improvements- 19-8811:		
Shade Structures/Kitchen Remodel/Design Fees/Window Coverings	\$ 246,600	√
Subtotal 8811 Improvements	\$ 246,600	
 New Realized Costs - Cost Center 19	<hr/> \$ 322,600	
 Water Loss Control- 70-8810:		
Leak Det. Equip(3XSewerin Aqua Test T10 Ground Mic's)	\$ 32,280	√
Total - Cost Center 70	\$ 32,280	

Exhibit J
Professional / Special Services Authorized
Core Fund

Department	Consultant	Service	Budget FY 21-22	Budget FY 22-23	* Approval included in Budget Approval
Outside Consulting Expense					
Planning & Operation (21)	CDR	GIS Retail & Division Boundary Corrections	\$ -	\$ 15,000	√
	CDM Smith	Economic Studies/Reliability Study	\$ 50,000	\$ 100,000	√
	(To be determined)	On Call Work	\$ 75,000	\$ 10,000	
	Hazen, Ed Means Consulting	EOCF#2 Emergency Pilot	\$ 75,000	\$ 150,000	√
Total Planning & Operations Expenses			\$ 200,000	\$ 275,000	
Met Issues & Special Projects (23)	Ed Means Consulting	Consulting on MET issues	\$ 30,000	\$ 25,000	√
	(To be determined)	Financial & Rate Consulting	\$ 75,000	\$ 35,000	
	(To be determined)	MET and Reliability Planning (IRP & Delta)	\$ 75,000	\$ 50,000	
	(To be determined)	Financial Model for MWD	\$ -	\$ 25,000	
Total MET Issues & Special Projects Expenses			\$ 180,000	\$ 135,000	
Total Outside Consulting Expense			\$380,000	\$410,000	
Legal Expenses					
Administration (11 & 13)	Best, Best & Krieger	General Legal Counsel Services	\$ 200,000	\$ 210,000	√
	Aleshire & Wynder	Legal Counsel Services Regarding San Diego CWA	\$ 15,000	\$ 15,750	√
	Best, Best & Krieger	Labor Counsel Services	\$ 10,000	\$ 10,000	√
Total Legal Expenses			\$225,000	\$235,750	
Audit Expenses					
Finance (41)	Vasquez & Company LLP	Annual Financial Audit and Federal Single Audit	\$ 30,220	\$ -	√
	(To be determined)	Annual Financial Audit and Federal Single Audit	\$ -	\$ 35,000	
Training					
Administration (13)	Cal State University Fullerton/Municipal Resources Group/Centre for Organization Effectiveness	Staff Development/Technical Training/Leadership Training	\$ 50,000	\$ 45,000	√
Professional Fees					
Administration (12 & 13 & 19)	Economic Group Pension Services (EGPS) formerly Dissinger Associates	Pension Plan Administration	\$ 4,000	\$ 4,000	√
	IGOE	Cafeteria Plan Administration	\$ 660	\$ 700	√
	Gladwell Services	Records Management Consulting	\$ 1,200	\$ 1,200	√
	Health Equity	Health Equity	\$ 100	\$ 125	√
Governmental Affairs (31)	BBK Legislation	State Legislative Advocate	\$ 96,000	\$ 96,000	√
	Lewis Consulting	County Issues Consulting	\$ 42,000	\$ -	√
	Soto Services	Grant Research and Acquisition Assistance	\$ 39,000	\$ 42,000	√
	Ackerman	Legal and Regulatory	\$ 36,000	\$ 42,000	√
	Natural Resource Results	Federal Legislative Advocate	\$ 96,000	\$ 96,000	√
Public Affairs (32)	Stetson Engineers	Consumer Confidence Report (CCR) Technical Water Quality Advisor	\$ 43,449	\$ 50,000	√
	So Cal Water Coalition	Delta Conveyance Program Support	\$ 30,000	\$ 30,000	√
	(To be determined)	Collateral materials update and resolutions/proclamations	\$ 4,500	\$ 5,000	
	(To be determined)	Event Registration Fees	\$ 12,500	\$ -	
	Hashtag Pinpoint	Strategic Digital Outreach Contract	\$ 95,000	\$ 95,000	√
	(To be determined)	CA Water, Energy & Education Alliance	\$ 5,000	\$ -	
	(To be determined)	Polling Public Sentiment Analysis	\$ -	\$ 25,000	
	(To be determined)	Education Initiatives	\$ -	\$ 35,000	
	(To be determined)	Website Research	\$ -	\$ 50,000	
	(To be determined)	Wyland Mayors Challenge	\$ 10,000	\$ 10,000	
	PSAV	Special Events AV Support	\$ 20,000	\$ 51,000	√
	(To be determined)	Advertising	\$ 20,000	\$ 20,000	
	(To be determined)	Environmental Literacy Initiative	\$ 25,000	\$ -	
	(To be determined)	Scouts Program	\$ 7,500	\$ 7,500	
WUE - Core (35)	(To be determined)	General WUE Research	\$ 75,000	\$ 75,000	
	Water Systems Optimization	Water Loss Control Work Grp (WLC)	\$ 55,000	\$ 55,000	√
	Water Systems Optimization	WLC Business Plan Implementation	\$ 25,000	\$ 25,000	√
	(To be determined)	Water Conservation Potential Study	\$ 100,000	\$ -	
	OC Data Acquisition P/S (OCDAP)	Aerial Imagery and Landscape Measurement Project	\$ -	\$ 75,000	√
Finance & IT (41 & 45)	U.S. Bank	Custodial Bank fees	\$ 6,500	\$ 6,500	√
	CalPERS	CalPERS GASB 68 Report	\$ 700	\$ 700	√
	Davis Farr	Financial Consulting	\$ 15,000	\$ -	√
	(To be determined)	Financial Consulting	\$ -	\$ 15,000	
	Demsey Filliger & Assoc., LLC	OPEB Actuarial	\$ 750	\$ 3,750	√
Total Professional Fees			\$865,859	\$916,475	

* 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 21-22	Budget FY 22-23	* Approval included in Budget Approval
Training					
Water Loss Control (70)	(To be determined)	Water lost training	\$ 2,000	\$ 8,000	√
Professional Fees					
Water Loss Control (70)	USA Leak Detection	Leak Detection		\$ 20,000	√
	Westerley & McCall's	Meter Accuracy Testing	\$ 65,000	\$ 35,000	√
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)	\$ 30,000	\$ 30,000	√
	Droplet	E-Signature Rebate Processing	\$ 7,100	\$ 7,100	√
	Mission Resource Cnsvr District	Residential Installation Verification Inspections	\$ 50,000	\$ 50,000	√
School Program (63)	Discovery Cube/Shows That	Assemblies (Elementary School)	\$ 290,807	\$ 288,310	√
	Bolsa Chica Conservancy	Assemblies (High School)	\$ 66,142	\$ 63,930	√
	Discovery Cube	Assemblies (Middle School)	\$ 45,709	\$ 65,441	√
Total Professional Fees			\$ 596,758	\$ 607,781	

* 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 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	8,357,232					8,357,232		8,357,232
Ground Water Customer Charge	335,385					335,385		335,385
Interest Revenue	220,000	10,500				230,500		230,500
MWDOC's Contribution				260,346		260,346	(260,346)	-
Outside Fundings	-		2,618,752	260,346	11,622	2,890,720		2,890,720
Choice Revenue	1,636,669					1,636,669		1,636,669
Miscellaneous Income	3,000					3,000		3,000
Total Revenues	10,552,286	171,326,801	2,618,752	520,692	11,622	185,030,153	(260,346)	184,769,807
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
Outside Consulting Expense	380,000					380,000		380,000
Professional Fees	1,475,640		2,618,752	-		4,094,392	-	4,094,392
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)	-
Others:								
MWD Representation	165,029					165,029		165,029
Director Benefits	161,248					161,248		161,248
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			6,001	-	94,382		94,382
Postage / Mail Delivery	9,243					9,243		9,243
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 Reimbursement	-				-	-		-
MWDOC Building Expense	441,973					441,973		441,973
Capital Acquisition	267,256					267,256		267,256
All Other Expenses	1,853,198		-	51,661	-	1,904,859		1,904,859
Total Expenses	10,648,033	171,316,301	2,618,752	520,692	10,121	185,113,899	(260,346)	184,853,552
EFFECT ON RESERVES / FUND BALANCE	\$ (95,747)	\$ 10,500	(2) \$ -	\$ -	\$ 1,501	\$ (83,746)	\$ -	\$ (83,746)

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 2022-2023 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		\$ 179,985,126				\$ 179,985,126		\$ 179,985,126
Local Resource Program Incentives		(5,507,994)				(5,507,994)		(5,507,994)
Retail Meter Charge	8,885,401					8,885,401		8,885,401
Ground Water Customer Charge	368,722					368,722		368,722
Interest Revenue	145,971	4,547				150,518		150,518
MWDOC's Contribution			8,545,274			296,290	(296,290)	-
Outside Fundings	-				4,567	8,819,493		8,819,493
Choice Revenue	1,757,952					1,757,952		1,757,952
Miscellaneous Income	3,000					3,000		3,000
Total Revenues	11,161,047	174,481,679	8,545,274	565,941	4,567	194,758,508	(296,290)	194,462,218
Expenses:								
Water Purchases	-	174,477,132				174,477,132		174,477,132
Salaries & Wages	4,429,130			374,337	3,596	4,807,063		4,807,063
less S & W Reimb. DSC or Recov from Grants	(20,000)			-		(20,000)		(20,000)
Employee Benefits	1,648,831			132,314	971	1,782,116		1,782,116
Outside Consulting Expense	410,000					410,000		410,000
Professional Fees	1,516,256		8,545,274			10,061,530		10,061,530
Contribution to Election Reserve	300,728					300,728		300,728
Legal Expense - General	235,750				-	235,750		235,750
Maintenance Expense	179,456			3,700		183,156		183,156
Insurance Expense	140,000					140,000		140,000
Membership / Sponsorship	145,847			880		146,727		146,727
Director Compensation	288,793					288,793		288,793
MWDOC Contribution to WEROC Operations	296,290					296,290	(296,290)	-
Others:								
MWD Representation	165,025					165,025		165,025
Director Benefits	135,201					135,201		135,201
Health Insurance Coverage for Retirees	94,554				-	94,554		94,554
Audit Expense	35,000				-	35,000		35,000
Automotive & Toll Road Expenses	22,943			1,500		24,443		24,443
Conference Expense - Staff	56,205			3,200		59,405		59,405
Conference Expense - Directors	23,905					23,905		23,905
CDR Participation	57,462					57,462		57,462
Business Expense	2,500					2,500		2,500
Miscellaneous Expense	72,120			6,200		78,320		78,320
Postage / Mail Delivery	11,300					11,300		11,300
Rents & Leases	1,800					1,800		1,800
Outside Printing, Subscription & Books	85,000			250		85,250		85,250
Office Supplies	39,000			1,000		40,000		40,000
Computer Maintenance	7,000					7,000		7,000
Software Support & Expense	150,708			5,060		160,508		160,508
Computers and Equipment	43,950			9,800		53,750		53,750
Telecommunications Expense	43,690					43,690		43,690
Temporary Help Expense	5,000			10,000		15,000		15,000
Tuition Reimbursement	53,000			8,200		61,200		61,200
Travel & Accommodations - Staff	5,000					5,000		5,000
Travel & Accommodations - Directors	90,325			9,500		99,825		99,825
Depreciation Expense (annualized)	32,900					32,900		32,900
Overhead Reimbursement	-					-		-
MWDOC Building Expense	723,077					723,077		723,077
Capital Acquisition	113,280					113,280		113,280
All Other Expenses	2,069,944	-	-	54,710	-	2,124,654		2,124,654
Total Expenses	11,641,025	174,477,132	8,545,274	565,941	4,567	195,233,939	(296,290)	194,937,649
EFFECT ON RESERVES / FUND BALANCE	\$ (479,978)	\$ 4,547	(2) \$ -	\$ -	\$ -	\$ (475,431)	\$ -	\$ (475,431)

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

ATTACHMENT B

MWDOC BUDGET SCHEDULE

November 2021
<ul style="list-style-type: none">• Notification to Member Agencies of start of budget process and solicitation of input
December 2021
<ul style="list-style-type: none">• MWDOC staff begins preparation of budget hours and costs on program and line-item basis
<ul style="list-style-type: none">• Review of four month actuals and fiscal year-end projections
<ul style="list-style-type: none">• Review budget adjustments for current fiscal year
<ul style="list-style-type: none">• Preparation of internal, draft conceptual budget (review changes for upcoming fiscal year)
January 2022
<ul style="list-style-type: none">• Initial review of budget issues with A&F Committee for feedback (1-12-22)
<ul style="list-style-type: none">• Initial discussion of budget issues with Member Agencies for feedback
<ul style="list-style-type: none">• Request for Member Agencies' <u>preliminary</u> indication of participation in Choice
February 2022
<ul style="list-style-type: none">• Publish and post the FIRST DRAFT Budget in the packet for the A&F Committee (2-4-22)
<ul style="list-style-type: none">• Review Full Draft Budget with A&F Committee (2-9-22)
<ul style="list-style-type: none">• Formally request comments from all Member Agencies
<ul style="list-style-type: none">• <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
<ul style="list-style-type: none">• Member Agencies' INITIAL CONFIRMATION of participation in Choice Services by February 21. The Updated Agreement by the end of March and after the Elected Officials Meeting
<ul style="list-style-type: none">• Discuss FIRST DRAFT Budget at Member Agency Managers' Meeting (2-17-22)
<ul style="list-style-type: none">• Meet with Member Agencies as requested or scheduled

MWDOC BUDGET SCHEDULE

March 2022
<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 (3-9-22)
<ul style="list-style-type: none"> Review SECOND DRAFT Budget at Member Agency Managers' Meeting (3-17-22)
<ul style="list-style-type: none"> Update Choice Participation
<ul style="list-style-type: none"> Member Agencies' submit Formal Comments about the Budget (3-25-22)
April 2022
<ul style="list-style-type: none"> Conduct meeting with Elected Officials from Member Agencies to discuss budget and other topics (4-7-22)
<ul style="list-style-type: none"> THIRD DRAFT Budget and Rates presented to A&F Committee (4-13-22)
<ul style="list-style-type: none"> Member Agencies' Formal Comments presented to A&F Committee (4-13-22)
<ul style="list-style-type: none"> Board approval of FY2021-22 FINAL Budget and Rates (4-20-22)
June 2022
<ul style="list-style-type: none"> Member Agencies confirm final Choice Participation (6-10-22)
August 2022
<ul style="list-style-type: none"> Reconciliation of FY 2021-22 WUE & Choice Programs
September 2022
<ul style="list-style-type: none"> REVISED FINAL Choice Budget presented to A&F Committee (9-14-22)
<ul style="list-style-type: none"> Board approval of FY2021-22 REVISED FINAL Choice Budget (9-21-22)

ATTACHMENT C

DIRECTORS

DENIS R. BILODEAU, P.E.
CATHY GREEN
NELIDA MENDOZA
DINA L. NGUYEN, ESQ.
KELLY E. ROWE, C.E.G., C.H.
STEPHEN R. SHELDON
HARRY SIDHU, P.E.
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

January 11, 2022

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

SUBJECT: Fiscal Year (FY) 2022-23 Budget Preparation

Dear Mr. Hunter:

The Municipal Water District of Orange County (MWDOC) is in the process of preparing its FY 2022-23 (Fiscal Year Ending 2023, FYE'23) budget and will discuss this issue at the Administration and Finance (A&F) Committee on January 12, 2022.

The budget staff report to the Committee has a section on "Projected Reserve Fund Balances". The Orange County Water District (OCWD or District) would like to provide the following comments on this subject for your Committee's consideration:

1. The staff report states that "...the FYE'23 budget does not plan to fully fund the reserves to the full target levels but is designed to reach the anticipated target level over two years.". It further states there is a projected \$919,741 unfunded total reserve balance, which implies this amount will be added to the reserves over the next 2 budgets but does not indicate the amount recommended for the next year's budget.
2. The District has requested over the last several years that the MWDOC Board engage in discussions with its Member Agencies regarding the MWDOC reserve policy. These requests have been ignored and OCWD asks that the MWDOC reserves remain at current levels until these discussions take place.

We ask that these comments be considered and included in future budget meetings and that this letter be forwarded to your Board prior to tomorrow's Committee meeting.

Thank you for your consideration.

Sincerely,

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

Cc OCWD Board of Directors
OCWD Groundwater Producers



April 5, 2022

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

Re: Comments on Proposed MWDOC's Fiscal Year 2022-23 Budget and Reserves

Rob:

On April 13, 2022, MWDOC staff will review a third draft of MWDOC's Fiscal Year (FY) 2022-23 budget with the MWDOC Administrative and Finance Committee. The purpose of this letter is to provide written recommendations to you and the MWDOC Board to assist with finalizing the budget and associated target reserve levels. Currently, MWDOC is in strong financial health and has no outstanding debt. MWDOC also has a stable revenue stream and a low risk profile. These conditions are not expected to change in the future. Accordingly, IRWD offers the following comments relative to refunding portions of MWDOC's reserves, reducing the accumulation of excess reserves, setting appropriate target reserve levels, and making planned FY 2022-23 budget contributions to MWDOC's election and building reserve funds.

Refund of Tier-2 Reserve Funds:

MWDOC's current balance in its restricted Tier-2 Reserve Fund is approximately \$1.0 million. IRWD believes there is no risk that MWDOC will incur Tier-2 costs during the term of MWDOC's current purchase agreement with Metropolitan Water District. We therefore recommend that these restricted reserves be refunded to the MWDOC member agencies as a credit on upcoming retail meter charge invoices. Such a refund would offset the proposed \$0.75 increase in the meter charge for this upcoming fiscal year.

Accumulation of Excess Unrestricted Reserves:

On March 9, it was reported to the MWDOC Administrative and Finance Committee that in addition to MWDOC's \$6.4 million in unrestricted designated reserves that were held at the end of June 2021, MWDOC has accumulated approximately \$6 million in additional unrestricted cash and investments. It was reported that these additional reserves are the accumulation over time of revenues in excess of expenditures.

Mr. Robert Hunter
General Manager
Municipal Water District of Orange County
April 5, 2022
Page 2

MWDOC's total \$12.4 million in unrestricted reserves represents about 341 days cash to deal with MWDOC expenses. As reported to the Committee, this is substantially above the levels needed for a highly rated and well managed water agency. MWDOC should expediently engage with its member agencies to provide a full accounting of how these excess unrestricted reserves have accumulated through time and to discuss how MWDOC should modify its reserve policy to address the disposition of unrestricted reserves above target levels. Providing refunds to the member agencies as credits should be given strong consideration.

Target Unrestrictive Reserve Levels:

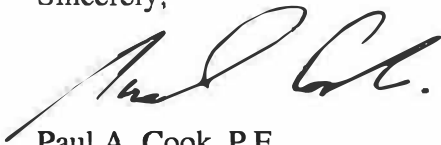
Currently, MWDOC targets having unrestricted designated reserves of 180 days cash on hand to cover general operations as well as grant and project cash flow. MWDOC's FY 2022-23 target for these designated reserves is \$5.25 million. Another \$1.5 million in unrestricted designated reserves are targeted for MWDOC's building, elections and other post-employment benefits. Given MWDOC's low risk profile, it is recommended that MWDOC staff engage in discussions with its member agencies to evaluate whether these designated reserves should be reduced to a lesser amount in future years. This evaluation should take into consideration risks as well as historic variations in the use of these reserves.

FY 2022-23 Budget Contributions to Reserves:

The second draft of MWDOC's FY 2022-23 budget calls for making \$300,728 in contributions to MWDOC's election reserve fund as well as \$437,590 in contributions to its building reserve fund. Until such a time MWDOC addresses the \$6 million in excess unrestricted reserves it has accumulated and comes to consensus with its member agencies on the appropriate level of designated reserves, it is recommended that MWDOC defer making any further contributions to the election and building reserve funds. There should be no impact to the retail meter change as a result of deferring these contributions.

Thank you for the opportunity to review the proposed MWDOC FY 2022-23 budget and reserves. If you have any questions related to the comments provided, please contact me at (949)-453-5590.

Sincerely,



Paul A. Cook, P.E.
General Manager

cc: MWDOC Board of Directors



ACTION ITEM

April 20, 2022

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Harvey De La Torre

SUBJECT: **Proposed MWDOC Water Rate Resolution for Fiscal Year 2022-23**

STAFF RECOMMENDATION

It is recommended that the Board of Directors:

1. **Increase** the MWDOC Retail Meter Charge from \$13.00 to \$13.75 per meter, and **increase** the Groundwater Customer Charge from \$335,385 to \$368,501 effective July 1, 2022; and
2. Adopt the Water Rate Resolution setting forth rates and charges to be effective July 1, 2022 and January 1, 2023 as identified in the Water Rate Resolution for Fiscal Year 2022-23.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

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 2022-23 with redline changes.

Below is a summary of the draft proposed Rates and Charges for FY2022-23:

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			

Proposed Rates & Charges	Proposed Rates July 1, 2022	Proposed Rates January 1, 2023
MWDOC Retail Meter Charge	\$13.75/meter	\$13.75/meter
MWDOC Groundwater Customer Charge*	\$368,501	\$368,501
System Access Rate	\$389	\$373
System Power Rate	\$167	\$187
MWDOC Melded Supply Rate	\$243	\$328
Treatment Surcharge	\$344	\$364
Treated Full Service Rate	\$1,143/AF	\$1,252
Untreated Full Service Rate	\$799/AF	\$888

[*] This is a fixed annual charge to OCWD

Of note, the proposed rates and charges starting on January 1, 2023 are subject to change based on MET Board approval of the FY2022-23 & FY2023-24 biennial budget. Pending MET Board approval of the budget, MWDOC's rates and charges will subsequently be updated to reflect the Metropolitan board action.

BOARD OPTIONS

Option #1

- **Increase** the MWDOC Retail Meter Charge from \$13.00 to \$13.75 per meter, and **increase** the Groundwater Customer Charge from \$335,385 to \$368,501 effective July 1, 2022; and
- Adopt the Water Rate Resolution setting forth rates and charges to be effective July 1, 2022 and January 1, 2023 as identified in the Water Rate Resolution for Fiscal Year 2022-23, in the form of Attachment B.

Fiscal Impact: Adopting the proposed rates and rate resolution will generate the projected revenue needed to meet the District's expenses for Fiscal Year 2022-23.

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 2022.

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 2022-23 (Redline)

Attachment B – Proposed MWDOC Water Rate Resolution for Fiscal Year 2022-23 (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 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 <u>2022</u>	Beginning January 1, 2022 <u>2023</u>
Untreated Full Service	\$777 <u>799</u> .00	\$799 <u>888</u> .00
Treated Full Service	\$1, 104 <u>143</u> .00	\$1, 143 <u>252</u> .00
Unbundled Rate By Component:		
System Access Rate	\$373 <u>389</u> .00	\$389 <u>373</u> .00
System Power Rate	\$161 <u>167</u> .00	\$167 <u>187</u> .00
Water Stewardship Rate*	-	-
MWDOC Melded Supply Rate	\$243 <u>243</u> .00	\$243 <u>328</u> .00
Subtotal Untreated Full Service:	\$777 <u>799</u> .00	\$799 <u>888</u> .00
Treatment Surcharge	\$327 <u>344</u> .00	\$344 <u>364</u> .00
Total Treated Full Service:	\$1,104 <u>143</u> .00	\$1,143 <u>252</u> .00

* ~~In November of 2021 the Metropolitan Board directed staff to recover demand management costs via the supply rate. 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 ~~2022-23~~~~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 \$~~13,154,577~~~~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~~~~2022-23~~ charges, the four-year average shall be based on fiscal years ~~2017-18~~~~2016-17~~ through ~~2020-21~~~~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 ~~2022-23~~~~2021-22~~ MWDOC RTS Charge

For fiscal year ~~2021-22~~~~2022-23~~, MWDOC will charge the MWDOC member agencies

total Net RTS Charges of \$13,154,577~~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~~2022-23 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~~2023, the amount of the Metropolitan Capacity Charge to be imposed on MWDOC will be \$~~5,396,060~~3,409,560. 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 ~~2022-2023~~ charges, the highest peak day flow shall be based on May 1 through September 30, ~~2018~~2019, ~~2019-2020~~ and ~~2020~~2021). 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 ~~2022-2023~~ 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~~75. 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~~2022-23 shall be ~~\$335,385~~368,501. 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~~2022-23 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~~2022-23

The Choice services to the member agencies shall be provided and charged for as follows for Fiscal Year ~~2021-22~~2022-23. 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~~2021. 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~~a complement of technical assistance and shared service through consultants and in-house operations 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, ~~2021-2022~~ 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~~2022-23 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~~ 2022 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MARIBETH GOLDSBY, District Secretary
Municipal Water District of Orange County

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

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

WHEREAS, the District currently imports water from the Metropolitan Water District of Southern California (Metropolitan). Metropolitan adopted rates for water service consisting of a two-tiered water supply rate, and separate unbundled rates for system access, 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, 2022	Beginning January 1, 2023
Untreated Full Service	\$799.00	\$888.00
Treated Full Service	\$1,143.00	\$1,252.00
Unbundled Rate By Component:		
System Access Rate	\$389.00	\$373.00
System Power Rate	\$167.00	\$187.00
MWDOC Melded Supply Rate	\$243.00	\$328.00
Subtotal Untreated Full Service:	\$799.00	\$888.00
Treatment Surcharge	\$344.00	\$364.00
Total Treated Full Service:	\$1,143.00	\$1,252.00

* In November of 2021 the Metropolitan Board directed staff to recover demand management costs via the supply rate,

(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 2022-23 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 \$13,154,577. 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 2022-23 charges, the four-year average shall be based on fiscal years 2017-18 through 2020-21). 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 2022-23 MWDOC RTS Charge

For fiscal year 2022-23, MWDOC will charge the MWDOC member agencies total Net RTS Charges of \$13,154,577. 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 2022-23 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 2023, the amount of the Metropolitan Capacity Charge to be imposed on MWDOC will be \$3,409,560. 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 2023 charges, the highest peak day flow shall be based on May 1 through September 30, 2019, 2020 and 2021). 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 2023 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 **\$13.75**. 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 2022-23 shall be **\$368,501**. 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 2022-23 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 2022-23

The Choice services to the member agencies shall be provided and charged for as follows for Fiscal Year 2022-23. 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 2021. 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 a complement of technical assistance and shared service through consultants and in-house operations to retail agencies in Orange County. 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, 2022 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 2022-23 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 ____, 2022 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 2022-23

Metropolitan Readiness-to-Serve (RTS) Charge to MWDOC for FY 2022/23 = \$ 20,635,440				DRAFT			
Expected Standby Revenue Less Metropolitan Administrative Charge Plus Delinquencies & Uncollectables FY 2022/23 = \$ (7,480,862)							
Net MWD RTS Charge = \$ 13,154,577							

Agency	AF Share (%)				Net RTS	FY 2018-19 RTS Adjustment	Monthly Charge July - December	Monthly Charge January - June
	2017-18	2018-19	2019-20	2020-21				
Brea	1,889	878	0	34	\$ 50,783.87	\$ -	\$ 3,919.53	\$ 4,013.16
Buena Park	3,251	3,470	2,657	1,475	\$ 196,723.78	\$ -	\$ 15,183.22	\$ 15,545.97
East Orange County Water District	1,131	1,575	1,157	3,162	\$ 127,341.66	\$ -	\$ 9,828.28	\$ 10,063.09
El Toro Water District	7,783	6,789	6,913	7,392	\$ 523,492.87	\$ -	\$ 40,403.39	\$ 41,368.67
Fountain Valley	2,112	1,885	0	0	\$ 72,462.03	\$ -	\$ 5,592.65	\$ 5,726.26
Garden Grove	6,286	5,434	10,952	5,318	\$ 507,399.48	\$ -	\$ 39,161.30	\$ 40,096.91
Golden State Water Company	5,823	5,421	4,743	7,451	\$ 424,884.88	\$ -	\$ 32,792.79	\$ 33,576.24
Huntington Beach	6,914	5,276	4,264	4,040	\$ 371,524.26	\$ -	\$ 28,674.40	\$ 29,359.46
Irvine Ranch Water District	15,345	13,921	13,018	17,134	\$ 1,077,143.69	\$ -	\$ 83,134.39	\$ 85,120.56
La Habra	114	75	101	562	\$ 15,466.99	\$ -	\$ 1,193.75	\$ 1,222.27
La Palma	1	426	0	0	\$ 7,747.40	\$ -	\$ 597.95	\$ 612.23
Laguna Beach County Water District	1,636	1,462	1,614	3,054	\$ 140,767.42	\$ -	\$ 10,864.49	\$ 11,124.05
Mesa Water District	0	0	0	67	\$ 1,205.53	\$ -	\$ 93.04	\$ 95.27
Moulton Niguel Water District	25,630	23,443	22,185	24,785	\$ 1,741,076.97	\$ -	\$ 134,377.04	\$ 137,587.45
Newport Beach	3,679	3,229	4,255	6,707	\$ 214,650.78	\$ -	\$ 16,566.84	\$ 16,962.63
Orange	5,139	5,187	4,946	6,707	\$ 398,420.13	\$ -	\$ 30,750.23	\$ 31,484.89
Orange County Water District	121,717	56,198	9,592	9	\$ 3,399,316.18	\$ -	\$ 262,360.62	\$ 268,628.69
San Clemente	7,016	6,521	6,680	7,671	\$ 505,548.65	\$ -	\$ 39,018.45	\$ 39,950.64
San Juan Capistrano	5,080	5,108	4,790	6,063	\$ 381,441.25	\$ -	\$ 29,439.79	\$ 30,143.14
Santa Margarita Water District	23,432	20,179	22,275	25,314	\$ 1,653,300.44	\$ -	\$ 127,602.41	\$ 130,650.96
Seal Beach	847	928	1,132	1,102	\$ 72,667.14	\$ -	\$ 5,608.48	\$ 5,742.47
Serrano Water District	1,300	1,072	0	1,394	\$ 68,261.80	\$ -	\$ 5,268.47	\$ 5,394.34
South Coast Water District	4,865	5,039	4,481	5,000	\$ 351,410.22	\$ -	\$ 27,121.99	\$ 27,769.96
Trabuco Canyon Water District	2,941	2,177	2,034	2,421	\$ 173,550.48	\$ -	\$ 13,394.70	\$ 13,714.71
Westminster	2,780	2,454	2,450	0	\$ 139,297.22	\$ -	\$ 10,751.02	\$ 11,007.87
Yorba Linda Water District	6,117	4,787	9,084	9,727	\$ 538,691.90	\$ -	\$ 41,576.46	\$ 42,569.77
Sum of MWDOC Agencies	262,827	182,934	139,323	140,558	\$ 13,154,577.00	\$ -	\$ 1,015,275.68	\$ 1,039,531.66

*totals may not foot due to rounding

EXHIBIT B
DRAFT Capacity Charge for MWDOC Member Agencies for CY 2023

DRAFT 4/6/22

MWDOC's Peak to MWD (cfs)				
2019	2020	2021	Peak	
263.2	272.2	315.7	315.7	
Date	8/5/2019	6/10/2020	7/22/2021	7/22/2021

SEVERAL SHARED CONNECTIONS NOT YET ALLOCATED

Metropolitan Capacity Charge to MWDOC for CY 2023 **\$ 3,409,560***

Agency	Capacity Charge Eligible Flows (CFS)				CFS Share (%)	Annual Capacity Charge	Monthly Capacity Charge
	2019	2020	2021	3-Yr Peak			
City of Brea	0.0	0.0	6.8	6.8	1.49%	\$ 50,778	\$ 4,231
City of Buena Park	11.8	5.5	9.3	11.8	2.58%	\$ 88,114	7,343
East Orange County Water District	14.6	12.0	22.1	22.1	4.84%	\$ 165,027	13,752
El Toro Water District	18.3	16.2	16.0	18.3	4.01%	\$ 136,651	11,388
City of Fountain Valley	0.0	0.0	0.0	0.0	0.00%	\$ -	-
City of Garden Grove	22.0	26.0	14.7	26.0	5.69%	\$ 194,149	16,179
Golden State Water Company	9.2	11.9	15.2	15.2	3.33%	\$ 113,503	9,459
City of Huntington Beach	26.3	16.7	15.1	26.3	5.76%	\$ 196,389	16,366
Irvine Ranch Water District	41.1	42.0	55.2	55.2	12.09%	\$ 412,194	34,349
City of La Habra	8.6	3.4	6.0	8.6	1.88%	\$ 64,219	5,352
City of La Palma	0.0	0.0	0.0	0.0	0.00%	\$ -	-
Laguna Beach County Water District	2.5	7.0	6.7	7.0	1.53%	\$ 52,271	4,356
Mesa Water District	0.0	0.0	0.0	0.0	0.00%	\$ -	-
Moulton Niguel Water District	48.5	50.2	37.5	50.2	10.99%	\$ 374,857	31,238
City of Newport Beach	7.9	5.6	7.7	7.9	1.73%	\$ 58,992	4,916
Orange County Water District	0.0	0.0	0.1	0.1	0.02%	\$ 747	62
City of Orange	14.5	20.9	25.9	25.9	5.67%	\$ 193,403	16,117
City of San Clemente	17.5	21.9	0.0	21.9	4.80%	\$ 163,533	13,628
City of San Juan Capistrano	14.7	16.1	3.9	16.1	3.53%	\$ 120,223	10,019
Santa Margarita Water District	66.9	59.9	59.3	66.9	14.65%	\$ 499,561	41,630
City of Seal Beach	6.0	6.8	7.0	7.0	1.53%	\$ 52,271	4,356
Serrano Water District	0.0	0.0	4.0	4.0	0.88%	\$ 29,869	2,489
South Coast Water District	7.3	9.0	4.0	9.0	1.97%	\$ 67,206	5,600
Trabuco Canyon Water District	5.0	5.8	6.0	6.0	1.31%	\$ 44,804	3,734
City of Westminster	4.4	2.1	0.0	4.4	0.96%	\$ 32,856	2,738
Yorba Linda Water District	33.6	36.6	39.9	39.9	8.74%	\$ 297,944	24,829
Total			456.6	456.6	100%	\$ 3,409,560	\$ 284,130
MWDOC Capacity Charge Per CFS:						\$ 7,467	

* Based on MWDOC's aggregate peak flow of 315.7 cfs on 7/22/2021 charge at MET's 2023 rate of \$10,800 per cfs

Exhibit C

MWDOC Member Agency Choice Services Program Summary

Cost Allocations by Agencies for FY 2022-23

DRAFT

As of 3/16/2022

Retail Agency	Water Use Efficiency [1]	School Education (K-2)[2]	School Education (3-5)[2]	School Education (6-8)[2]	School Education (9-12)[2]	Water Loss Control Program [3]	Total Choice Allocation
Brea	\$ 3,549	\$ 3,708	\$ 10,289	\$ 10,289	\$ 2,058		\$ 29,893
Buena Park	\$ 3,459	\$ 5,250	\$ 5,389	\$ 3,087	\$ 2,058	Pending	\$ 19,243
East Orange County WD	\$ 8,509		\$ -		\$ 2,058		\$ 10,567
El Toro WD	\$ 62,741	\$ 8,240	\$ 6,218	\$ 6,174	\$ 2,058	Pending	\$ 85,431
Fountain Valley	\$ 30,768	\$ 2,009	\$ 3,410	\$ 6,355	\$ 1,059		\$ 43,601
Garden Grove	\$ 10,704	\$ 7,880	\$ 10,150	\$ -	\$ -	Pending	\$ 28,734
Golden State Water Company	\$ 6,967	\$ -	\$ -	\$ -	\$ -		\$ 6,967
Huntington Beach	\$ 36,633	\$ 13,133	\$ 15,557	\$ -	\$ 8,446	Pending	\$ 73,769
Irvine Ranch WD	\$ 145,976	\$ -	\$ -	\$ -	\$ -		\$ 145,976
La Habra	\$ 13,661	\$ 1,751	\$ 2,902	\$ 2,058	\$ -	Pending	\$ 20,372
La Palma	\$ 2,137	\$ 876	\$ 1,355	\$ -	\$ -		\$ 4,368
Laguna Beach County WD	\$ 2,353	\$ 2,009	\$ 829	\$ -	\$ -	Pending	\$ 5,190
Mesa Water	\$ 29,348	\$ -	\$ 4,145	\$ -	\$ -		\$ 33,493
Moulton Niguel WD	\$ 211,308	\$ 9,888	\$ 6,394	\$ 4,236	\$ 4,236	Pending	\$ 236,063
Newport Beach	\$ 4,565	\$ -	\$ -	\$ -	\$ -		\$ 4,565
Orange	\$ 20,868	\$ 5,408	\$ 1,705	\$ -	\$ -	Pending	\$ 27,980
Orange County WD	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
San Clemente	\$ 49,605	\$ 2,000	\$ 2,000	\$ 4,000	\$ 6,000	Pending	\$ 63,605
San Juan Capistrano	\$ -						\$ -
Santa Margarita WD	\$ 118,020	\$ 8,822	\$ 10,363	\$ 9,261	\$ 8,232	Pending	\$ 154,698
Seal Beach	\$ 7,084	\$ 1,325	\$ 1,675	\$ -	\$ -		\$ 10,084
Serrano WD	\$ 870	\$ 3,940	\$ 1,406	\$ -	\$ -	Pending	\$ 2,276
South Coast WD	\$ 14,721	\$ 3,940	\$ 2,487	\$ -	\$ 1,029		\$ 22,177
Trabuco Canyon WD	\$ 6,301	\$ 773	\$ 426	\$ 1,059	\$ -	Pending	\$ 8,559
Tustin	\$ 21,254	\$ 8,000	\$ 9,500	\$ 7,500	\$ 6,500		\$ 52,754
Westminster	\$ 5,882	\$ 20,523	\$ 4,974	\$ 3,087	\$ 4,116	Pending	\$ 38,582
Yorba Linda WD	\$ 12,243	\$ 9,500	\$ 9,703	\$ 18,863	\$ -		\$ 40,810
Anaheim	\$ 1,005	\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500	Pending	\$ 39,005
Fullerton	\$ 568	\$ 2,000	\$ 10,000	\$ -	\$ -		\$ 12,568
Santa Ana	\$ 229	\$ 22,742	\$ 35,283	\$ 4,218	\$ 8,652	Pending	\$ 71,124
Orange County Total	\$ 831,328	\$139,774	\$165,662	\$ 89,687	\$ 66,002	\$ -	\$ 1,292,453

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

[1] Preliminary Cost Allocation for the Choice Water Use Efficiency Program for FY 2022-23

[2] FY 2022-23 costs dependent upon selection of vendor and each agency's level of participation.

[3] For FY 2022-23 the Water Loss Control Program includes Technical Assistance (Year VII) and the Water Loss Control Shared Services (Year IV). Agency costs will vary based on the selection of technical assistance and shared services.



ACTION ITEM
April 20 2022

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Hilary Chumpitazi

SUBJECT: **Selection of Financial Statement Audit Services**

STAFF RECOMMENDATION

It is recommended that the Board of Directors authorize the General Manager to enter into an audit contract with Davis Farr LLP, to perform an annual financial audit of the District's financial statements for FY 2021-22, in an amount of \$31,500, with an option to renew the agreement for up to four additional one-year terms at slightly higher amounts, not to exceed \$33,418/year.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Section 1301 of the Administrative Code states, the District's auditor term limit should not exceed a period of five (5) years. Vasquez & Company LLP has been performing the District's financial audit for the last five years. Staff prepared and issued a Request for Proposal (RFP) for Financial Statement Audit Services, posted it to our website and CSMFO's website, as well as sent it to the following consultants:

- David Farnsworth CPA
- Brown Armstrong Accountancy Corporation
- LSL CPAs
- Davis Farr LLP
- Jacobson Jarvis and Company PLLC

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

Proposals and Proposal Evaluation

MWDOC received four proposals by the closing date:

- Rogers Anderson Malody & Scott, LLP
- Badawi & Associates
- Davis Farr LLP
- Moss, Levy & Hartzheim, LLP

All four proposals received met the initial qualifying criteria and were reviewed by a Committee of Staff consisting of: Hilary Chumpitazi, Lina Gunawan, Judy Roberts, Steven Hung and Rachel Waite; who rated and scored each proposal individually.

The individual scores were totaled and the top rated firm was Davis Farr LLP.

Recommendation

Staff's recommendation is to proceed with a contract with Davis Farr LLP to provide Financial Statement Audit Services. Their proposal stood out based on the following qualities the committee felt were important for MWDOC.

1. They have comparably more experience auditing water utilities.
2. The staff performing the audit has knowledge and experience with water utilities.
3. Their proposed timeline coincides with MWDOC's preferred audit timeline and they are able to perform an onsite audit, which is more efficient for our staff.

BOARD OPTIONS

Option #1: Staff recommends that the Board of Directors authorize the General Manager to enter into an audit contract with Davis Farr LLP, to perform an annual financial audit of the District's financial statements for FY 2021-22, in an amount of \$31,500, with an option to renew the agreement for up to four additional one-year terms at slightly higher amounts, not to exceed \$33,418/year.

Fiscal Impact: \$35,000 was included in the FY 2021-22 budget for Audit Services

Business Analysis: Per our Administrative Code, we are to change auditors every five years.

Option #2: Not move forward with staff's recommendation of Davis Farr LLP and direct staff to re-issue the Request for Proposal (RFP) for Financial Statement Audit Services.

Fiscal Impact: Option 2 would delay our preferred audit schedule and put us behind in finalizing our annual financials.



ACTION ITEM

April 20, 2022

TO: Board of Directors

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

Robert J. Hunter, General Manager

SUBJECT: **APPROVE CONTINUATION OF LEGAL SERVICES WITH BEST, BEST & KRIEGER**

STAFF RECOMMENDATION

It is recommended that the Board of Directors consider foregoing the RFP/Q process and authorize staff to negotiate a contract with Best, Best & Krieger (BBK) for comprehensive and general District legal services for an additional five years, effective September 1, 2022.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

The MWDOC Administrative Code Section 8000 states that all contracts should be reviewed and re-bid at least every five years, except in situations with documented significant benefits to MWDOC, or in those instances where the services being provided are unique or highly specialized with an extremely limited number of qualified vendors. See the excerpt from Section 8000 below:

“It is MWDOC’s policy that purchasing and contracting shall be conducted in a fair, open, and transparent manner so as to maximize benefits to MWDOC. All contracts should be reviewed and re-bid at least every five (5) years, except in situations with documented significant benefits to MWDOC, or in those instances where the services being provided are unique or highly specialized with an extremely limited number of qualified vendors.”

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

The last RFP/Q process for legal services was done in 2017 and the evaluation committee (which consisted of four members from staff and three Board members) recommended the Board retain Best, Best & Krieger (BBK) with Joe Byrne as the primary attorney and Alisha Winterswyk as the alternate, for three years, with the option to renew for an additional two years. The Board approved the contract in August 2017 and the contract with BBK was executed in September 2017.

The fifth year of the contract will expire in 2022, and as a result, staff informed the Executive Committee of the intent to issue a new RFP/Q process this summer. The Executive Committee, along with other Board members, discussed the issue and expressed support for the continued use of BBK and Joe Byrne; foregoing the RFP/Q process as outlined in the Administrative Code (for an additional five years). As a result, the Executive Committee recommended this item go to the full Board for discussion and approval.



DISCUSSION ITEM

April 13, 2022

TO: Board of Directors

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

**Robert Hunter
General Manager**

Staff Contact: Hilary Chumpitazi

SUBJECT: Reserve & Fund Policy Review

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee, MWDOC Board of Directors, Member Agencies, and the public review, discuss and provide input and comments on the Reserve Policy Alternatives and Considerations Report (Thomas Report). These discussions should continue through the April and May meeting cycle in order to allow all parties sufficient time to review the report and discuss possible actions. Based on the feedback received, staff recommends the committee should direct the General Manager to:

- Include in the third draft budget any actions on reserves that can be decided at this time with regards to the rates and projected draw on reserves (e.g., Tier 2 Reserves);
- Disaggregate the General Fund into an active carry-over project/program component, a non-active project/program component with use conditions, and a non-active project/program component without use conditions;

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

MWDOC's reserve policy and amounts have been actively discussed with the Board and the member agencies since the early 2000's. It was a key component of the 2011 Settlement Agreement and was last updated in 2017. In those discussions the focus was on the type of "Designated Reserves" as well as their funding levels, which included General Operations, Grant & Project Cash Flow, Election Expense, Building Repair, and OPEB.

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

While reported on the balance sheet in the monthly Financial Report for decades, the “Other Funds” have also been called for further review and discussed.

The current discussion does focus on both the Designated Reserves and the Other Funds with a call for a more comprehensive review. However, as the Thomas Report states, “there is not a single answer to the question of the ‘right amount of reserves’ ” and that “each agency has its own risks and considerations”. It observes that MWDOC’s level of Designated Reserves “is consistent with highly rated and well managed agencies”. A primary focus therefore becomes the Other Funds and categories on the balance sheet.

Below is a brief description of these Funds:

Restricted Fund Balances - Water Fund – T2C (Tier 2 Fund)

The establishment of this fund is to cover the District’s cost of purchasing Metropolitan (MET) Tier 2 supplies. Meaning funds, collected from the member agencies, were set aside to cover the costs if MWDOC purchases more water from its purchase order’s Tier 1 allotment and assessed the higher Tier 2 supply rate. In 2013, this fund was reviewed and a determination was made that \$3.7 million of the \$4.7 million fund balance could be refunded to the member agencies with acceptable risk exposure. Subsequent to that review, a new purchase order with MET has been executed with a higher Tier 1 limit. However, since that time, water demand has decreased and there is essentially no risk that MWDOC will incur Tier 2 costs during the remainder of its current purchase order. Thus, staff recommends this Tier 2 fund can be liquidated.

The current balance in the Tier 2 Fund is \$1,035,567. If applied to the budget and rates proposed in the draft budget it would balance the budget, offer a credit to each retail member agency of approximately \$0.80/meter and a groundwater customer charge credit of approximately \$21,000.

Excess Revenue over Expenditure – Operating Fund & Other Fund

All operating funds are posted to these two funds when received. Most of MWDOC’s operating revenues (e.g., not water sales revenue) is received early in the fiscal year and expended throughout the year. These funds therefore decrease as the fiscal year progresses and are updated monthly on the balance sheet. At the end of the fiscal year, the Operating Fund balance (either positive or negative) is transferred to the Designated Reserves excluding any pre-paid amounts for next fiscal year.

WEROC Capital & WEROC (Operating) Funds

These two funds are operating and capital reserve funds specific to WEROC. They can change each month but are updated at the end of each fiscal year.

General Fund and General Fund Capital Funds

The General Fund is used to hold the Net Investment in Capital Assets and both Funds are used to carryover amounts for multiple-year projects and programs. For example, the carryover construction funds from the recently completed seismic retrofit and building remodel project and the funding for multiple-year engineering projects. These funds are updated at the end of the fiscal year but accumulate residual funds over time if all the carryover funding isn’t expended. The two funds need to be disaggregated into three separate components: active carry-over project/program component, a non-active project/program component with use conditions, and a non-active project/program

component without use conditions. The active project component should remain in the General Fund until completed, the non-active project funds with use conditions should be segregated for the required utilization. There are several alternatives for the ultimate utilization of the non-active component without use conditions as described in the Thomas Report.

Below is a breakdown of what is included in the General Fund:

Net Investment in Capital Assets	\$ 3,318,108.04
Carryover Projects currently active excluding Capital Projects	1,374,258.67
Carryover Project funds not spent	336,501.00
Total General Fund Balance	\$ 5,028,867.71

Further discussion is expected to continue on how best to allocate these funds and whether they are still needed according to their original designate or if they would be better served elsewhere. The active carryover projects will be re-evaluated at the end of this fiscal year.

Attachments:

Attached hereto are the following:

Brian Thomas Report
12 Month Balance Sheet History

Municipal Water District of Orange County

Reserve Policy Alternatives and Considerations

March 2022

The Municipal Water District of Orange County (“MWDOC” or the “District”) reviews its Reserve Policy periodically to ensure that it has sufficient reserves to address its cash flow needs and support the financial strength of the District. This report summarizes MWDOC’s existing policy, issues and considerations driving the need for liquidity to meet MWDOC’s financial requirements over time and provides some alternatives for managing reserve levels. In particular, the level of reserves required as MWDOC continues its existing operations – serving as a wholesale provider of Metropolitan Water District (“Metropolitan”) supplies, a service provider through the “Choice” programs, and representing the MWDOC member agencies at Metropolitan - will be different than the needed liquidity should MWDOC take on project development or be directed to acquire supplies beyond those provided by Metropolitan.

Background

MWDOC last updated its Reserve Policy in 2017. At that time the policy was consistent with recommendations from the Government Finance Officers Association (GFOA). GFOA recommends that agencies fund working capital and other reserves to mitigate current and future risks and to ensure stable services and fees, as well as establish reserve targets and ranges. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, rate stability, and working capital are consistent with best practices in the utility industry^{1,2} and are important to MWDOC as they help to:

- Maintain the short-term and long-term financial strength
- Maintain stable rates for member agencies and help ensure manageable rate increases.
- Fund unanticipated cost contingencies.
- Ensure cash exists for the timely payment of bills.
- Provide funding for anticipated projects and programs.

The Reserve Policy sets targets based on “days cash on hand” or “days cash”, a common measure of liquidity. This measures the amount of reserves (typically, unrestricted cash and investments in the reserve fund or funds) available to fund operating expenses. Days cash on hand is equal to the amount of available reserves divided by one day’s worth of operating and maintenance expenses. Some agencies include depreciation in expenses, but this depends on the specific circumstances surrounding the agency’s financial environment. In MWDOC’s case, the days cash measure is based on operating and maintenance expenses exclusive of purchased water expenses. This is done since the purchased water expense is a “pass through” and is only incurred when water is purchased by a member agency – and that member agency is responsible for the cost of the water

used by that member agency. As discussed below – there is risk the member agency may not be able to fund the purchased water on a timely basis, and the operating reserves are designed to cover such a shortfall.

¹ Government Finance Officers Association, Best Practice –Working Capital Targets for Enterprise Funds

² Water Research Foundation, Defining a Resilient Business Model for Water Utilities, 2014

Since operating expenses vary over time as an agency adjusts activities, programs and initiatives, the absolute amount of reserves needed to meet a target based on days cash on hand will also be adjusted to reflect such changes. For example, if a target of 180 days cash is established, as operating and maintenance expenses increase over time due to inflation, the amount of money needed to be retained in reserve would also increase in order to maintain 180 days cash. Similarly, if the agency's activities decrease over time and operating and maintenance expenses decline, needed reserves would also decline.

Existing Reserve Policy

MWDOC's reserve policy identifies three categories of reserves:

Unrestricted Designated Reserves:

- a. General Operations. Amounts held in the General Operations reserve cover typical fluctuations and differences between revenues and expenses during the year. These reserves are available to meet unexpected expenses both in timing and amounts.
- b. Grant & Project Cash Flow. This reserve is available to cover cash flow needs while MWDOC submits requests for reimbursement of expenditures under various grant agreements.
- c. Election Expenses. This reserve enables MWDOC to collect money over time to fund the cost of elections. Elections were estimated to cost \$1.2 million (for seven elections).
- d. Building Repair. The Building Repair reserve is targeted at 15 days cash and is reserved for unplanned or emergency repairs or other non-budgeted expenditures to repair, replace or refurbish the building resulting from accidents or unexpected events such as damage from a severe windstorm or fire.
- e. OPEB. This reserve is set to cover 5-15% of MWDOC's outstanding retiree health obligations. MWDOC intends to maintain a fully funded obligation. The amount in the OPEB reserve is determined every two years, based on the actuarial valuation of the liability.

Restricted Reserve:

- a. Tier 2 Contingency. MWDOC established the Tier 2 contingency reserve to cover the difference cost of any Tier 2 purchases of water from the Metropolitan Water District. The amount in the Tier 2 Reserve at June 30, 2021 was \$1.035 million. Using the proposed 2023 Supply Tier 2 Rate (\$532/af) would be enough to cover over 4,000 acre-feet of Tier 2 water at Metropolitan's proposed rates for Tier 2.

WEROC Reserves:

WEROC reserves are included in a separate account and are determined each year by the MWDOC board and WEROC contributors. These reserves are used to meet unforeseen expenses and needed capital improvements and emergency response infrastructure.

Each of the designated reserve funds and the WEROC reserves are reviewed during the annual budget review process and, to the extent that reserve levels deviate from their respective targets, the General Manager will make recommendations to the Board regarding the level of reserves.

The unrestricted designated reserves and OPEB reserves of \$6.4 million shown in Table 1.

MWDOC Reserves as of June 30, 2021		
Reserve Category	Proposed Amount	Adjustment Protocol
Operating Reserve	\$3,738,505	Based on Days Cash
Grant & Project Cash Flow	\$1,500,000	Operational Needs
Election Expense	\$461,678	Previous Election Costs
Building Repair/Replacement	\$436,542	Estimated Cost Schedule
OPEB Reserve	\$297,147	Board Action to Fund
Total	\$6,433,872	

Table 1. Designated Reserves

The Unrestricted Designated reserves represent about 176 days cash.

Other Available Fund Balances

As of June 30, 2021, MWDOC had approximately \$12.4 million in available unrestricted cash and investments, including prepayments for water by member agencies. Given budgeted operating and maintenance expenses (not including the pass through costs associated with purchase of water from Metropolitan Water District and depreciation) of \$13.3 million, total days cash at June 30, 2021, was equal to 341 days. As noted above, the total Designated Reserves at the end of the fiscal year were \$6.4 million. The remaining balances consist of the WEROC reserves (both capital and operating) of about \$406,000 and the Operating General Fund and Capital General Fund. The Operating General Fund includes all amounts not designated for a reserve and any amounts associated with carryover projects (e.g., projects that span more than one year). The remaining undesignated fund balances could be used for a number of purposes as discussed later in this report.

Reserve Level Guidance – What is the Right Level of Reserves?

There is not a single answer to the question of the “right amount of reserves”. Each agency has its own risks and considerations. The credit rating agencies provide some guidance on the amount of reserves highly rated municipal water utilities should maintain. The credit rating agencies view liquidity in the form of available reserves as a critical component of their evaluation of the financial strength of a public agency. Even though MWDOC has no debt and has no plans to issue debt in the near-term, the credit rating parameters are helpful guidelines as to healthy financial condition of a public agency. Table 2 shows the amount of liquidity each of the national credit rating agencies assign to different credit levels. As seen in Table 2, days cash ranging from 150 days to 360 days cash would be found in AA to AAA rated water agencies.

Rating Agency Cash & Liquidity Metrics			
S&P ¹			
Rating	AAA	AA	A
Days' Cash Level	> 150	90-150	60-90
Actual Available Cash Reserves	> \$75mm	\$20-75mm	\$5-20mm
Moody's Criteria			
Rating	Aaa	Aa	A
Days' Cash Level	> 250	150-250	35-150
Fitch			
Rating Category	Stronger	Midrange	Weaker
Days' Cash Level	> 360	~ 180	< 90

¹ S&P's cash and liquidity assessment evaluates both days' cash and actual available cash reserves.

Table 2. Rating Agency Metrics

While MWDOC has no outstanding debt and does not have plans to issue debt in the near-term, the credit guidelines are indicators of strong financial health. Should MWDOC identify the need to issue debt in the future, prudent reserves will support strong credit ratings and lower cost of borrowing, regardless of the lender.

GFOA recommends that enterprise funds set a working capital reserve target starting with a baseline of 45 days operating expenses in working capital, plus additional funds as necessary to meet specific circumstances. Depending on the specific circumstances, many water agencies have significantly larger reserve balances to account for things like

disasters and emergencies, fluctuation in water sales, and unpredictable but foreseeable expenses (e.g., spikes in energy costs).

MWDOC's Risk Profile

MWDOC has previously identified a number of risks that could impact cash flow and cash needs during the year. These risks include unanticipated expenses, the need to purchase Tier 2 supplies, delays in payments from member agencies, emergency capital expenditures (primarily for unanticipated building repairs and WEROC), lower interest earnings, business recovery expenses resulting after a natural disaster (e.g., an earthquake, pandemic, etc.), and delays in the receipt and reimbursement from grant programs. The past few years have demonstrated the need for financial resiliency to address unexpected circumstances, including COVID19 and the associated measures to deal with the pandemic, conflict in Europe, potential cyber threats MWDOC and its member agencies, and weather related events. Unlike many water agencies, MWDOC's revenue stream is relatively stable since its primary source of funding comes from member agency payments that are based on the number of retail connections, not water sales. Further, member agencies make payments at the beginning of the year – eliminating potential collection risk over the course of a year.

MWDOC's primary risks to cash flow are the potential for unanticipated costs due to emergencies, delays in payments from its member agencies for water purchases, delays in reimbursement from grants, and the potential for Tier 2 water purchases from Metropolitan.

Emergencies. Unanticipated expenses due to emergencies such as fires, earthquakes, and health crises are always a threat. Reserve levels to cover such events are needed to avoid fiscal stress or the need for supplemental calls on member agencies for additional funds during particularly difficult times.

1				
2				
3	FY	CustNbrName	Sum of NOV	Sum of DEC
4	FY21-22	120 City of Brea	11,553	13,456
5		130 City of Buena Park	317,171	272,079
6		140 Santa Margarita Water District (ID9)	545,267	491,723
7		150 East Orange County Water District	718,158	695,445
8		160 El Toro Water District	485,075	525,485
9		170 City of Fountain Valley	7,073	9,885
0		190 City of Garden Grove	286,223	186,595
1		200 City of Huntington Beach	554,665	247,595
2		210 Irvine Ranch Water District	1,673,805	1,215,673
3		220 City of La Habra	72,740	18,740
4		230 City of La Palma	3,989	2,105
5		233 Laguna Beach County Water District	309,255	306,870
6		250 Mesa Water District	-33,206	-14,240
7		270 Moulton Niguel Water District	2,122,648	2,047,636
8		283 City of Newport Beach	295,596	708,286
9		290 Orange County Water District	7,517,850	7,519,153
0		300 City of Orange	1,311,775	1,335,357
1		310 City of San Clemente	649,799	627,875
2		350 Santa Margarita Water District	1,989,667	2,017,398
3		380 City of Seal Beach	8,008	9,000
4		400 Golden State Water Company	598,930	555,750
5		402 South Coast Water District	450,210	444,491
6		404 South Coast Water District - JRWSS	0	0
7		406 Trabuco Canyon Water District	190,268	174,826
8		430 City of Westminster	12,786	15,668
9		440 Yorba Linda Water District	1,859,895	1,740,721
0		450 Serrano Water District	5,891	7,554
1	FY21-22 Total		21,965,091	21,175,126

Table 3. Sales by Member Agency – November, December 2021

Water Payment Delays. Delays of one month or more for payment of water purchases from member agencies are covered from reserves. As shown in Table 3, monthly sales in

November and December of 2021 totaled \$21-22 million. Individual member agencies had bills as high as \$7.5 million, with a number of entities in the \$1.5-2 million range. While the likelihood of a ransomware or other event preventing a member agency from making a timely payment for water purchases is low, such an event would have significant impact on cash flow.

Delays in Grant Reimbursements. As MWDOC accesses more grant monies for water use efficiency activities and other projects, the need for cash reserves increases as most grants are provided on a reimbursement basis. This means MWDOC must meet expenditures out of its available funds and wait to receive funds from the granting authority for eligible costs.

Tier 2 Purchases. While demands for imported water are well below MWDOC's Tier 1 amounts, if groundwater production were to be curtailed or demands increase dramatically due to weather impacts, some MWDOC member agencies may push MWDOC purchases from MWD into the Tier 2 level. Further, during MWD allocations, it is possible that MWDOC would need to purchase supplies above its allocation at rates that are higher than Tier 1.

MWDOC's Current Financial Position and Potential Reserve Actions

MWDOC is in a strong financial position, with over \$12 million of unrestricted reserves at June 30, 2021. As such it can meet its obligations, while in a solid position to endure the risks highlighted above. MWDOC's reserve policy identifies unrestricted reserves that result in about 170 days cash. This level of reserves is consistent with highly rated and well managed water agencies. But, MWDOC's reserve policy does not address two important factors. First, the policy does not address how quickly reserves would be replenished if used. Second, the reserve policy does not address how to deal with available unrestricted funds above reserve targets. In addition, it would be helpful to describe the purpose of each of the funds – in addition to specifying the target and how the amount is calculated.

Replenishing Reserves. Generally, reserve policies define how reserves are used and replenished. The circumstances under which reserves are used are tied to the purposes of the reserve fund. For instance, general operating reserves would be used for emergency expenditures that have not been budgeted. If used, reserves would need to be replenished as quickly as possible without placing undue burdens on the member agencies. As such, a target to replenish reserves over a period of two to five years is often used. Sources of such funding include revenues in excess of expenditures in a given year. Such a "surplus" could occur if expenses in a given year were less than budget/anticipated. If such funds are not available, then member fees could be increased to replenish funds at an affordable rate.

Available Unrestricted Funds. At June 30, 2021, MWDOC had about \$6.9 million in available funds above the amount identified as need in the reserve policy. The primary source of these funds are the accumulation of revenues in excess of expenditures over time. Some of these funds are "carryover" funds for projects that will be expended, but the majority of funds are unrestricted. This provides opportunities for MWDOC and its member agencies to use these funds in any of the following ways:

(1) Create a “Water/Project Fund” in which such available funds would be deposited to be used for future water purchases, research, development or water supply efforts as identified by the MWDOC board.

(2) Create a Rate Stabilization Fund in which the uncommitted (exclusive of the carryover amounts) would be transferred. These Rate Stabilization Funds could be used to (a) replenish designated reserves, (b) pay for one-time expenditures, and (c) used over a period of time such as the next two to five years to mitigate increases in member agency fees

(3) Use the available funds for credits on member agency’s future payments to MWDOC.

(4) Use the remaining available funds to pay down MWDOC’s unfunded pension liability through additional discretionary payments or through MWDOC’s Section 115 Trust.

(5) Refund some or all of the undesignated funds above the carryover amounts to the member agencies during the next budget cycle. Of course, the board could determine that funds could be used to accomplish one or more of these options.

MWDOC should also determine how it will utilize future year’s excess of revenues over expenditures by identifying those portions that are carryover, and transferring any remaining funds to the fund or funds created as described above, reducing future member agency payments or replenishing designated reserves.

**MUNICIPAL WATER DISTRICT OF
ORANGE COUNTY**

12 months Balance Sheet presented in A&F
meetings

	as of Feb-2021	as of Mar-2021	as of Apr-2021	as of May-2021	as of Jun-2021	as of Jul-2021	as of Aug-2021	as of Sep-2021	as of Oct-2021	as of Nov-2021	as of Dec-2021	as of Jan-2022
ASSETS												
Cash in Bank	98,871.58	188,928.15	329,001.66	135,313.17	425,045.13	87,768.45	102,130.41	110,378.37	130,586.12	218,519.28	493,557.77	112,756.39
Investments	17,157,329.81	15,464,678.82	14,943,750.47	14,860,680.65	13,746,678.64	18,882,793.96	20,826,732.29	19,405,787.39	18,163,619.82	17,422,715.84	17,287,242.86	16,044,210.60
Accounts Receivable	19,279,869.68	20,704,066.60	24,907,847.14	29,949,276.28	34,367,146.44	41,493,038.35	40,751,665.38	38,976,659.18	41,417,672.03	44,087,565.29	31,915,288.25	21,197,995.95
Accounts Receivable - Other	199,886.92	341,063.48	120,710.97	216,425.10	182,705.13	223,186.21	238,560.00	114,969.11	71,135.42	58,749.27	77,518.72	369,332.87
Accrued Interest Receivable	36,634.63	37,850.97	33,827.15	36,823.11	41,100.45	31,116.11	28,166.21	32,605.89	30,671.36	36,545.80	42,745.02	30,117.37
Asset Clearing						725.00						
Prepays/Deposits	321,210.05	293,331.11	269,939.16	270,367.62	246,133.60	431,743.03	402,715.00	412,330.91	486,595.74	452,704.77	417,122.28	382,849.01
Leasehold Improvements	4,284,127.08	4,284,127.08	4,284,127.08	4,284,127.08	4,284,127.08	6,059,805.67	6,059,805.67	6,059,805.67	6,059,805.67	6,059,805.67	6,059,805.67	6,059,805.67
Furniture, Fixtures & Equipment	649,773.62	649,773.62	649,773.62	649,773.62	649,773.62	780,261.60	780,261.60	780,261.60	780,261.60	780,261.60	780,261.60	780,261.60
Less: Accumulated Depreciation	(3,343,053.01)	(3,347,976.74)	(3,352,900.41)	(3,357,824.14)	(3,362,732.80)	(3,484,165.48)	(3,490,464.45)	(3,496,763.45)	(3,496,763.45)	(3,509,361.29)	(3,515,660.23)	(3,521,959.23)
TOTAL ASSETS	38,684,650.36	38,616,543.09	42,186,076.84	47,044,962.49	50,579,977.29	64,506,274.90	65,699,572.11	62,396,034.67	63,643,584.31	65,607,506.23	53,557,881.94	41,455,370.23
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts Payable	20,230,358.28	21,077,643.10	25,713,420.59	31,602,402.18	36,400,063.21	39,517,566.22	40,835,254.36	38,376,429.18	40,625,648.25	43,721,554.56	32,527,032.69	21,245,226.57
Accounts Payable - Other	154.58	157.06	-	-	26.34	38.24	64.82	64.82	64.82	64.82	64.82	64.82
Accrued Salaries and Benefits Payable	483,985.21	550,081.91	590,919.22	616,476.46	656,078.99	575,895.19	626,045.36	677,786.50	703,068.54	755,406.28	589,930.76	613,682.29
Other Liabilities	2,084,825.74	2,089,027.55	1,841,385.93	1,702,351.34	1,564,103.15	2,667,076.37	2,466,006.23	2,406,429.00	2,353,860.00	2,242,416.94	2,309,644.65	2,388,157.41
Unearned Revenue	642,897.15	642,897.15	642,897.15	642,897.15	642,897.15	443,410.26	443,410.26	443,410.26	443,410.26	443,410.26	443,410.26	443,410.26
TOTAL LIABILITIES	23,442,220.96	24,359,806.77	28,788,622.89	34,564,127.13	39,263,168.84	43,203,986.28	44,370,781.03	41,904,119.76	44,126,041.87	47,162,852.86	35,870,083.18	24,690,541.35
FUND BALANCES												
Restricted Fund Balances												
Water Fund - T2C	1,031,203.97	1,031,702.22	1,032,099.09	1,032,478.49	1,033,226.83	1,033,557.17	1,033,847.70	1,034,174.05	1,034,459.42	1,034,737.80	1,035,035.88	1,035,277.97
Total Restricted Fund Balances	1,031,203.97	1,031,702.22	1,032,099.09	1,032,478.49	1,033,226.83	1,033,557.17	1,033,847.70	1,034,174.05	1,034,459.42	1,034,737.80	1,035,035.88	1,035,277.97
Unrestricted Fund Balances												
Designated Reserves												
General Operations	3,738,505.00	3,738,505.00	3,738,505.00	3,738,505.00	3,738,505.00	3,738,505.00	3,738,505.00	3,738,505.00	3,738,505.00	3,738,505.00	3,738,505.00	3,738,505.00
Grant & Project Cash Flow	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
Election Expense	1,333,000.00	1,333,000.00	1,333,000.00	1,333,000.00	1,333,000.00	1,333,000.00	1,333,000.00	1,333,000.00	1,333,000.00	1,333,000.00	1,333,000.00	1,333,000.00
Building Repair	436,542.00	436,542.00	436,542.00	436,542.00	436,542.00	436,542.00	436,542.00	436,542.00	436,542.00	436,542.00	436,542.00	436,542.00
OPEB	297,147.00	297,147.00	297,147.00	297,147.00	297,147.00	297,147.00	297,147.00	297,147.00	297,147.00	297,147.00	297,147.00	297,147.00
Total Designated Reserves	7,305,194.00	7,305,194.00	7,305,194.00	7,305,194.00	7,305,194.00	7,305,194.00	7,305,194.00	7,305,194.00	7,305,194.00	7,305,194.00	7,305,194.00	7,305,194.00
General Fund	4,089,121.68	4,089,121.68	4,089,121.68	4,089,121.68	4,089,121.68	3,566,614.99	3,566,614.99	3,566,614.99	3,566,614.99	5,028,867.71	5,028,867.71	5,028,867.71
General Fund Capital	964,158.72	964,158.72	964,158.72	964,158.72	964,158.72	964,158.72	964,158.72	964,158.72	964,158.72	373,228.00	373,228.00	373,228.00
WEROC Capital	159,687.58	159,687.58	159,687.58	159,687.58	159,687.58	159,687.58	159,687.58	159,687.58	159,687.58	159,687.58	159,687.58	159,687.58
WEROC	239,613.59	239,613.59	239,613.59	239,613.59	239,613.59	246,196.60	246,196.60	246,196.60	246,196.60	246,196.60	246,196.60	246,196.60
Total Unrestricted Fund Balances	12,757,775.57	12,757,775.57	12,757,775.57	12,757,775.57	12,757,775.57	12,241,851.89	12,241,851.89	12,241,851.89	12,241,851.89	12,241,851.89	12,241,851.89	12,241,851.89
Excess Revenue over Expenditure												
Operating Fund	1,795,889.68	836,640.23	(97,520.39)	(955,405.88)	(1,983,917.48)	7,802,105.72	7,968,963.73	7,099,450.01	6,193,647.19	5,195,264.48	4,378,973.36	3,585,508.96
Other Funds	(342,439.82)	(369,381.70)	(294,900.32)	(354,012.82)	(490,276.47)	224,773.84	84,127.76	116,438.96	47,583.94	(27,200.80)	31,937.63	(97,809.94)
TOTAL FUND BALANCES	15,242,429.40	14,256,736.32	13,397,453.95	12,480,835.36	11,316,808.45	21,302,288.62	21,328,791.08	20,491,914.91	19,517,542.44	18,444,653.37	17,687,798.76	16,764,828.88
TOTAL LIABILITIES AND FUND BALANCES	38,684,650.36	38,616,543.09	42,186,076.84	47,044,962.49	50,579,977.29	64,506,274.90	65,699,572.11	62,396,034.67	63,643,584.31	65,607,506.23	53,557,881.94	41,455,370.23

**Administration Activities Report****March 4, 2022 – April 7, 2022**

Activity	Summary of items completed or in progress by staff
Administration/ Board	<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; worked with Public Affairs regarding Agreements.• Reviewed Insurance documents for all District Agreements.• Responded to three Public Records Act requests; various discussions with legal counsel• Worked with staff re Admin Code policies.• Continued to update Board related information on the website regarding division boundaries, financial information, forms, etc.• Participated in the office art work committee.• Coordinated Conf. Room 101 training with new system.• Completed the Form 700 process and coordinated the Form 460/470 filings with Registrar.• Conferred with MET Ethics personnel regarding Form 700s.• Coordinated the invitations for the Elected Officials Forum.• Updated the District Calendars.• Coordinated with staff on 5 year contracts; prepared the appropriate documentation and RFP amendments for staff review• Coordinated additional OCWA memberships for staff• Prepared and coordinated compensation publication for OC Register• Coordinated Zoom meetings and solicited availability, set-up and hosted Zoom Meetings for General Manager and Engineering.• Processed agreements for Engineering.• Posted RFP for Accounting.• Registered Staff and Directors for various training and conferences, made travel accommodations and handled expenses.• Worked with instructor to create a custom Microsoft Word class for the Admin Group.• Reviewed and provided input for the MWD OC – Member Agency Facilitated Discussion Report.• Updated and distributed ISDOC 2022 Membership/Directory.• Hosted Zoom ISDOC Executive Committee Meeting.



	<ul style="list-style-type: none"> Created and mailed ISDOC Quarterly Meeting (April) invitation through Constant Contact.
Records Management	<ul style="list-style-type: none"> Continued to review incoming mail and log necessary documents into the Laserfiche system. Staff continues to review documents and update information in Laserfiche. Conducted Records Management training for new employees. Attended Webcast – Coming Attractions in Laserfiche.
Health and Welfare Benefits	<ul style="list-style-type: none"> Reviewed dental plan options for the 2023 policy year. The Wellness Grant from JPIA has been well-received over the past couple years. For the current year, healthy cookbooks were provided to all staff member and the remaining funds are being used to purchase fruit as a healthy snack option.
Recruitment / Departures	<ul style="list-style-type: none"> Recruitment activities are under consideration, noting the upcoming departure of Bryce Roberto, Public Affairs Coordinator on April 15th Staff hosted a retirement party for Jeff Stalvey as his last day at the District was March 31st.
Projects/ Activities	<ul style="list-style-type: none"> Continue to coordinate with the furniture vendor on punch list and back-ordered items to be delivered. Continue to evaluate concepts for artwork throughout the office. The General Manager continues to hold bi-monthly staff meetings via Zoom. A lunch and learn will be held on 4/12 for staff with a representative of Empower that is aimed to answer basic questions about retirement planning in general, investment and tax considerations and coordination with other retirement plan vehicles such as CalPERS Continue to coordinate with the Director of Emergency Management on COVID-19 protocols, OSHA ETS and State guidelines. Continue to coordinate additional office cleanings in the office twice a week. Hosting of Board, Committee and Department meetings via zoom. Hold weekly virtual meetings with the Administration Team.



INFORMATION ITEM

April 13, 2022

TO: Administration & Finance Committee
(K. Seckel (Chair), J. Thomas, L. Dick)

FROM: Robert J. Hunter, General Manager

Staff Contact: Steven Hung

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 2021-22.

Finance

Description	% of Completion	Estimated Completion date	Status
Further Implementation of WUE Landscape Programs Databases and Web Site.	On-going	On-going	In Progress
2022 W-9 collection for conservation rebates. Currently holding 4 rebate checks awaiting a W-9 form.	On-going	On-going	On-going
Government Compensation in California FY 2020-21	90%	04-30-2022	In Progress
State Controller Report preparation FY 2020-21	100%	03-17-2022	Completed
Preparation of documents for FY 2022-23 budget process.	90%	04-30-2022	In Progress
RFP for new Annual Financial Statement Auditors	95%	04-20-2022	In Progress
Prepare RFP for new Financial Consultant	10%	06-30-2022	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
Batteries replacement for UPS	10%	06-30-2022	In Progress
Replace End-Of-Life Cisco Voice Gateway router (hardware and software)	30%	3-30-2022	In Progress
Upgrade backbone Gigabit network switch (hardware)	30%	3-30-2022	In Progress
Software and hardware upgrade for Hyper-V Virtual Server	50%	6-30-2022	In Progress
Exchange E-mail Online Migration for the District	90%	03-31-2022	In Progress
Critical Security Controls Review by Tevora	90%	03-31-2022	In Progress

FY 2021-22 Completed Special Tasks

Description	% of Completion	Completion date	Status
<u>Finance</u>			
Preparation of documents for FY2021-22 revised budget.	100%	10-31-2021	Completed
Annual audit of our financial statements. Final audit week of Sept 13 th .	100%	11-04-2021	Completed
Prepare Annual Financials	100%	11-02-2021	Completed
<u>Information Technology</u>			
Upgrade 2 IT laptops for check-out	100%	12-31-2021	Completed
Upgrade Conference room 101 and 102 with new Audio/Video equipment.	100%	10-31-2021	Completed
Replace 10 computers and monitors for Staff	100%	12-31-2021	Completed



INFORMATION ITEM

April 13, 2022

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

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 **2022 was above average compared to the last 5 years.** We are projecting a decrease in overall water usage compared to FY 2020-21. On July 8th 2021, state officials have ask California residents to voluntary reduce their water usage by 15% compared to 2020 levels.
- Historical OC Water Consumption Orange County M & I water consumption is **projected** to be **533,000 AF in FY 2021-22** (this includes ~11 TAF of agricultural usage and non-retail water agency usage). This is about **27,000 AF less than FY 2020-21** and is about **200 AF more than FY 2019-20**. Water usage per person is projected to be slightly lower in **FY 2021-22 for Orange County at 151 gallons per day** (This includes recycled water usage). 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

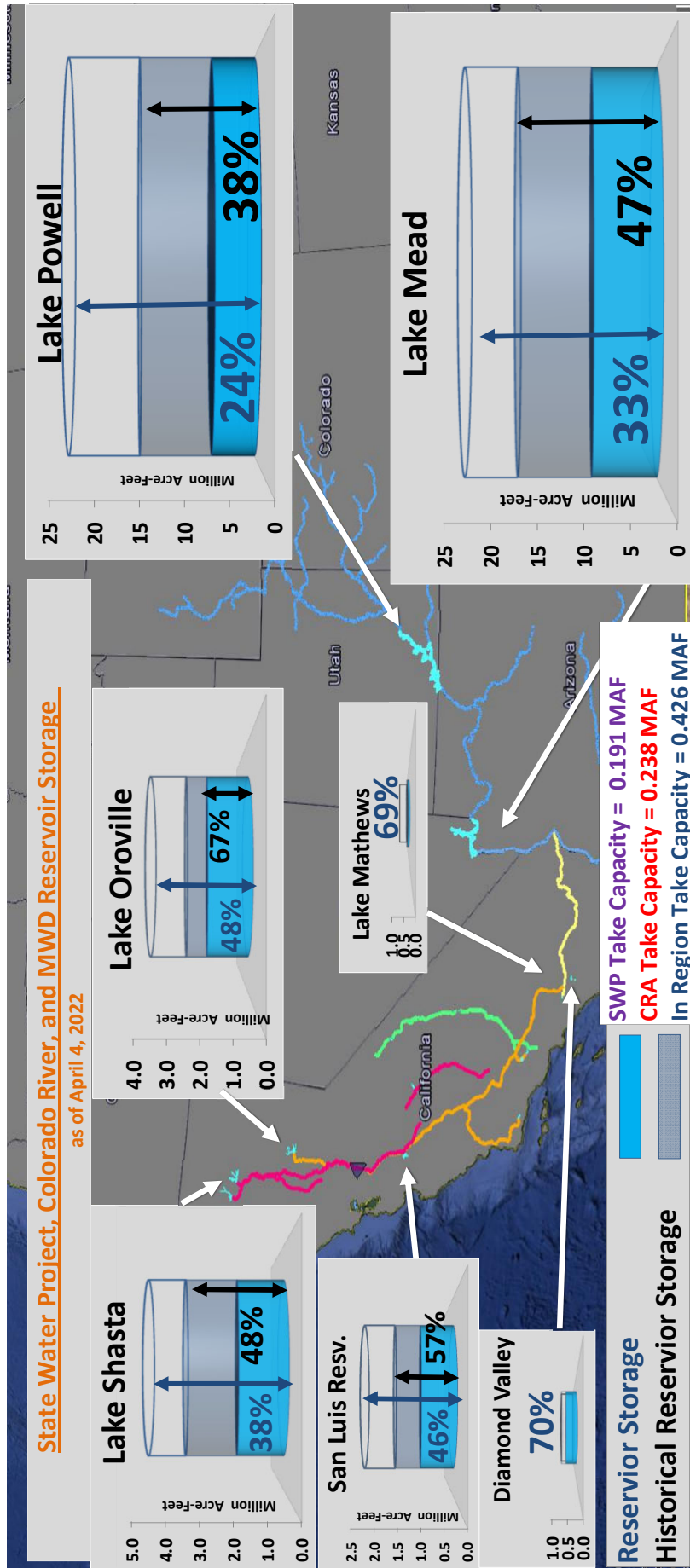
Budgeted (Y/N): N	Budgeted amount: N/A	Core <u>X</u>	Choice <u> </u>
Action item amount: N/A		Line item:	
Fiscal Impact (explain if unbudgeted):			

Efficiency (water conservation) efforts. ***O.C. Water Usage for the period of Fiscal Years FY 2015-16 to FY 2019-20 was the lowest since the 1982-83 Fiscal Year*** (FY 1982-83 was the third wettest year on record). ***O.C. Water Usage in FY 2020-21 was the highest since FY 2010-11.***

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.

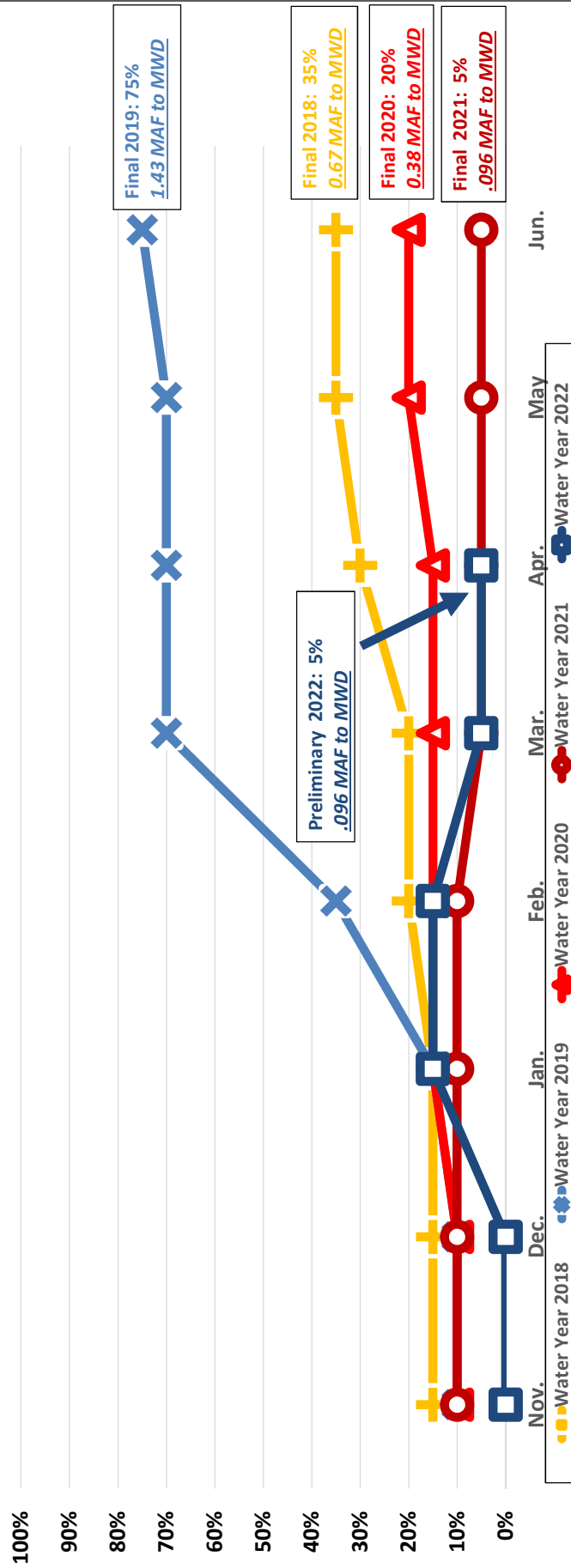
- Orange County's accumulated precipitation through ***early April was below average*** for this period. Water year to date rainfall in Orange County is ***7.31 inches***, which is ***63% of normal***.
- Northern California accumulated precipitation through ***early April was 81% of normal for this period***. Water Year 2021 was 48% of normal while water year 2020 was 63% of normal. The ***Northern California snowpack was 27% as April 1st, 2022. As of late March, 100.0%*** of California is experiencing ***moderate to extreme drought conditions***. The State Water Project Contractors Table A Allocation was decreased in March to 5% for WY 2022.
- Colorado River Basin accumulated precipitation through ***early April was 97% of normal*** for this period. The ***Upper Colorado Basin snowpack was 84% of normal*** as of April 4th 2022. ***Lake Mead and Lake Powell*** combined have about ***43.0% of their average storage volume*** for this time of year and are at ***28.5% of their total capacity***. For the first time on the Colorado River, Lake Mead's ***levels have fallen below the "trigger" limit of 1,075 ft. at the end of a calendar year***. The US Bureau of Reclamation (USBR) has declared a shortage at Lake Mead, impacting Colorado River water deliveries to the Lower Basin states. Lake Mead as of early April, were ***14.16' BELOW the "trigger" limit***. The USBR has declared a ***shortage on the Colorado River starting January 1st 2022. There is and a 97% chance of shortage continuing in 2023, 95% in 2024, 96% in 2025 and 93% in 2026.***

State Water Project, Colorado River, and MWD Reservoir Storage as of April 4, 2022

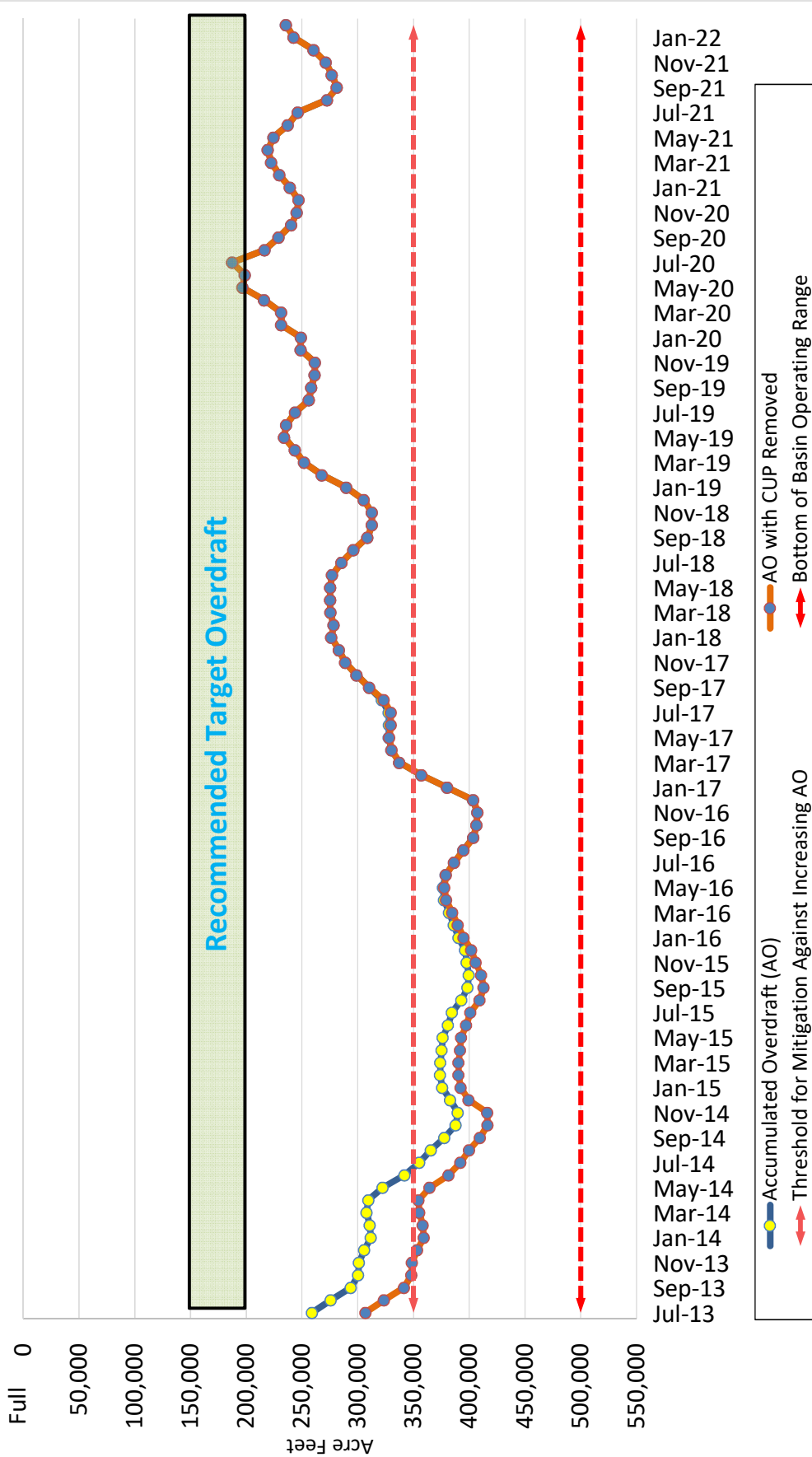


SWP TABLE A ALLOCATION PERCENTAGE

FOR STATE WATER PROJECT CONTRACTORS



Accumulated Overdraft of the OCWD Groundwater Basin as of February 2022

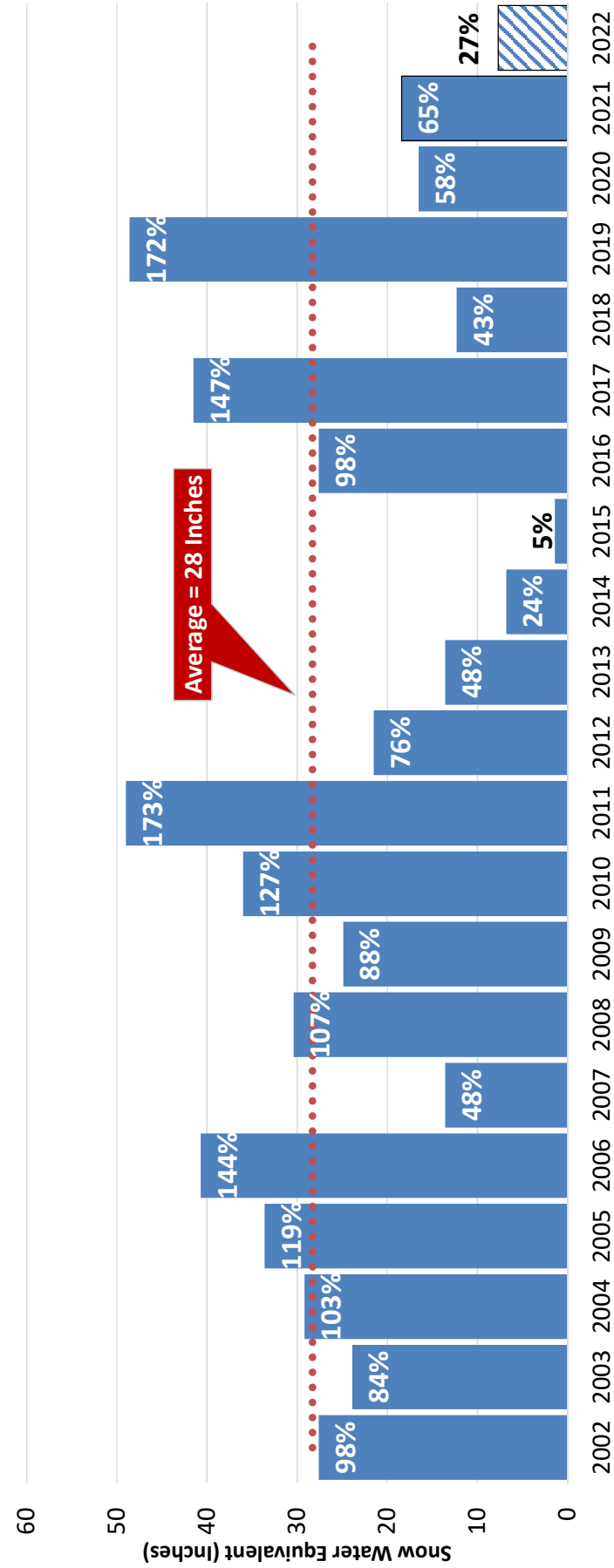


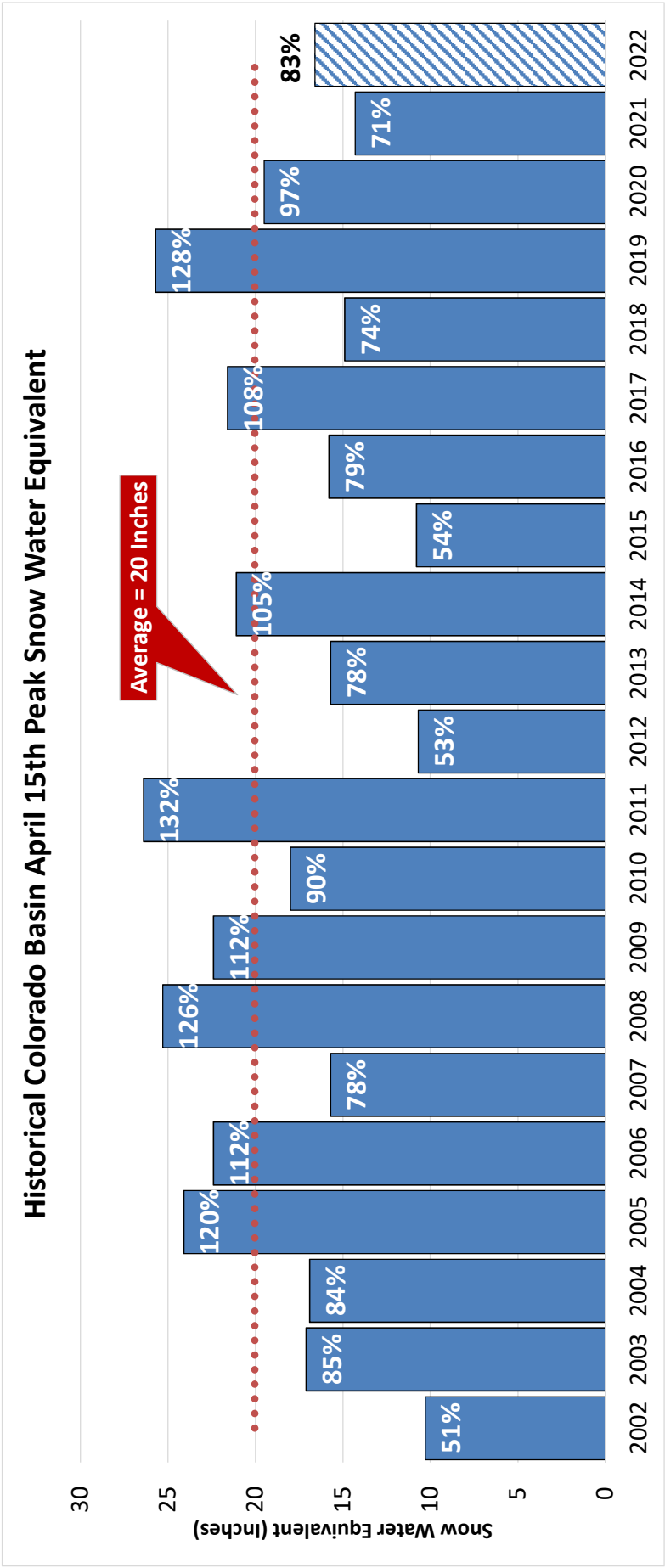
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
AO (AF)	187,392	216,548	229,124	240,414	245,441	246,998	239,329	229,738	222,470	219,388	224,458	237,335
AO w/CUP removed (AF)	187,392	216,548	229,124	240,414	245,441	246,998	239,329	229,738	222,470	219,388	224,458	237,335
AO (AF)	246,350	272,443	281,354	276,909	271,455	260,387	242,510	235,744				
AO w/CUP removed (AF)	246,350	272,442	281,354	276,909	271,455	260,387	242,510	235,744				

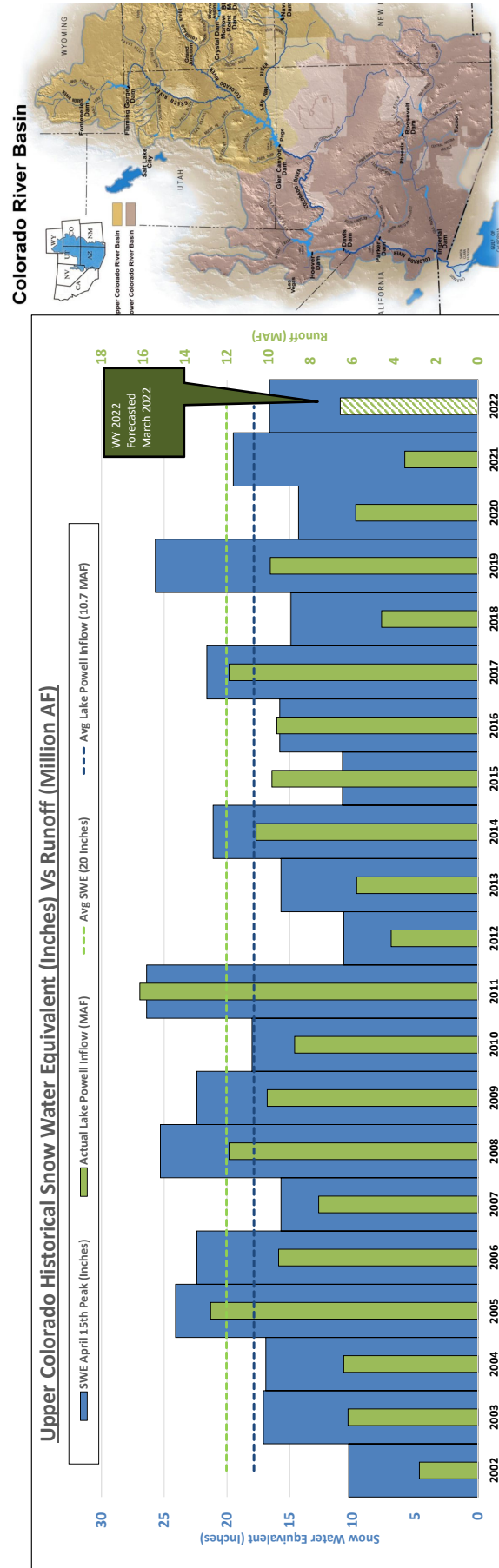
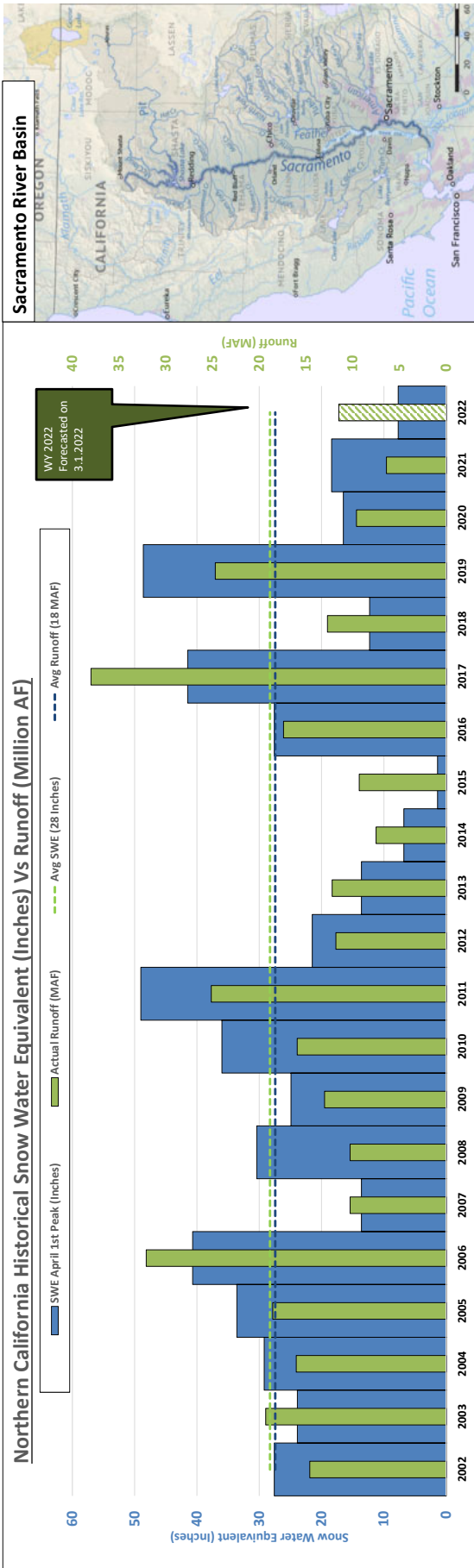
* Source ~ OCWD Monthly Board of Directors Packet, Water Resources Summary



Historical Northern California April 1st Peak Snow Water Equivalent

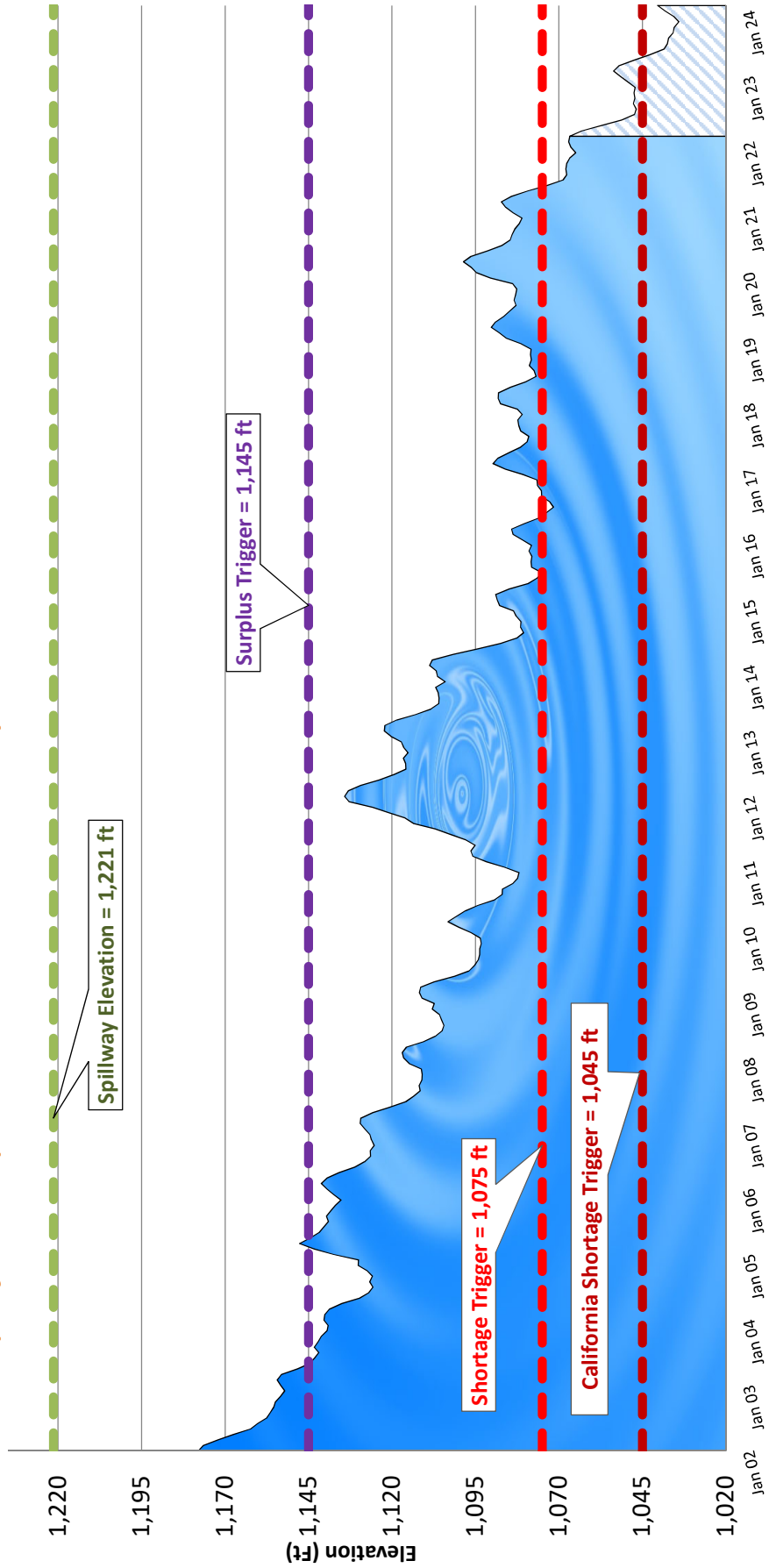








Lake Mead Levels: Historical and Projected projection per USBR 24-Month Study





Lake Powell Levels: Historical and Projected projection per USBR 24-Month Study

■ Historical □ Projected

