

MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
August 10, 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>.

PROPOSED BOARD CONSENT CALENDAR ITEMS

1. TREASURER'S REPORT
 - a. Revenue/Cash Receipt Report – July 2022
 - b. Disbursement Approval Report for the month of August 2022

- c. Disbursement Ratification Report for the month of July 2022
 - d. GM Approved Disbursement Report for the month of July 2022
 - e. Consolidated Summary of Cash and Investment – June 2022
 - f. OPEB and Pension Trust Fund statements
2. FINANCIAL REPORT
- a. Draft Combined Financial Statements and Budget Comparative for the Period Ending June 30, 2022
 - b. Quarterly Budget Review (deferred to FY 2021-22 Audited Annual Financials)

ACTION ITEMS

- 3. 2022 CONFLICT OF INTEREST CODE -- BIENNIAL REVIEW
- 4. AMEND ADMINISTRATIVE CODE SECTION 5003 - PAYMENT FOR WATER
- 5. ISDOC ELECTION CALL FOR NOMINATIONS
- 6. MWDOC'S RESPONSE LETTER TO ORANGE COUNTY GRAND JURY REPORT – WATER IN ORANGE COUNTY NEEDS "ONE VOICE"

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.)

- 7. SOLE SOURCE WITH BELL, BURNETT & ASSOCIATES (B. THOMAS)
- 8. RESERVE FUND POLICY UPDATE
- 9. SEMI-ANNUAL OVERTIME REPORT
- 10. DIRECTORS ACTIVITIES REPORT
- 11. DEPARTMENT ACTIVITIES REPORTS
 - a. Administration
 - b. Finance and Information Technology
- 12. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION

OTHER ITEMS

- 13. 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.

Item 1a

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

WATER REVENUES

<u>Date</u>	<u>From</u>	<u>Description</u>	<u>Amount</u>
7/01/2022	City of San Clemente	May 2022 Water deliveries	818,807.39
7/06/2022	City of La Palma	May 2022 Water deliveries	1,463.71
7/08/2022	City of Seal Beach	May 2022 Water deliveries	11,342.73
7/08/2022	South Coast Water District	May 2022 Water deliveries	517,416.75
7/11/2022	City of Buena Park	May 2022 Water deliveries	89,068.62
7/11/2022	East Orange Co Water District	May 2022 Water deliveries	880,282.45
7/11/2022	El Toro Water District	May 2022 Water deliveries	353,243.34
7/11/2022	Laguna Beach County Water District	May 2022 Water deliveries	373,288.04
7/11/2022	Santa Margarita Water District	May 2022 Water deliveries	2,790,319.49
7/11/2022	Santa Margarita Water District (ID9)	May 2022 Water deliveries	645,528.56
7/11/2022	Trabuco Canyon Water District	May 2022 Water deliveries	17,223.61
7/13/2022	City of Garden Grove	May 2022 Water deliveries	1,468,854.11
7/14/2022	City of Orange	May 2022 Water deliveries	1,146,714.57
7/14/2022	Yorba Linda Water District	May 2022 Water deliveries	438,073.61
7/15/2022	City of Brea	May 2022 Water deliveries	15,117.56
7/15/2022	Golden State Water Company	May 2022 Water deliveries	653,062.27
7/15/2022	Irvine Ranch Water District	May 2022 Water deliveries	3,333,064.16
7/15/2022	Moulton Niguel Water District	May 2022 Water deliveries	2,970,875.56
7/15/2022	Orange County Water District	May 2022 Water deliveries	423,775.93
7/15/2022	Serrano Water District	May 2022 Water deliveries	30,691.62
7/25/2022	City of Newport Beach	June 2022 Water deliveries	28,043.54
7/28/2022	City of Westminster	June 2022 Water deliveries	18,358.64
7/29/2022	City of San Clemente	June 2022 Water deliveries	832,126.28
7/25/2022	City of Huntington Beach	June 2022 Water deliveries	743,471.70

TOTAL WATER REVENUES \$ 18,600,214.24

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

MISCELLANEOUS REVENUES

<u>Date</u>	<u>From</u>	<u>Description</u>	<u>Amount</u>
7/06/2022	Orange County Water District	7/28/2022 ISDOC Luncheon	20.00
7/18/2022	Stan Sprague	August 2022 Retiree Health insurance	179.55
7/27/2022	Patricia Meszaros	August 2022 Retiree Health insurance	43.08
7/14/2022	Igoe and Company Inc	COBRA and Retiree Vision insurance	47.32
7/11/2022	Judy Pfister	Jul-Sep 2022 Retiree Health insurance	129.24
7/06/2022	Karl Seckel	July 2022 Retiree Health insurance	179.55
7/06/2022	Patricia Meszaros	July 2022 Retiree Health insurance	43.08
7/26/2022	US Bank Custodial Account	Sallie Mae, National Rural Utilities Coop, Capital One and Discover Bank inter	8,233.81
7/29/2022	US Bank	Monthly Interest	8.26
7/18/2022	Santa Margarita Water District	April 2022 Smartimer rebate program	39.99
7/06/2022	Irvine Ranch Water District	May 2022 Smartimer rebate program	693.23
7/18/2022	Santa Margarita Water District	May 2022 Smartimer rebate program	161.94
7/06/2022	City of Newport Beach	March 2022 Turf Removal rebate program	111.00
7/06/2022	City of Newport Beach	April 2022 Turf Removal and Spray to Drip rebate program	458.40
7/06/2022	2 Checks	May 2022 Turf Removal and Spray to Drip rebate program	4,465.40
7/08/2022	City of San Clemente	May 2022 Turf Removal and Spray to Drip rebate program	444.00
7/11/2022	City of Fountain Valley	May 2022 Turf Removal and Spray to Drip rebate program	333.00
7/22/2022	2 Checks	May 2022 Turf Removal and Spray to Drip rebate program	1,332.00
7/25/2022	City of Buena Park	May 2022 Turf Removal and Spray to Drip rebate program	333.00
7/18/2022	Laguna Beach County Water District	March 2022 Turf Removal, Spray to Drip and Rain Barrels rebate program	282.00
7/06/2022	Moulton Niguel Water District	May 2022 Smartimer, Rotating Nozzles, Turf Removal and Spray to Drip rebate program	49,465.65
7/21/2022	Mesa Water District	May 2022 Smartimer, Turf Removal and Spray to Drip rebate program	716.00
7/01/2022	City of San Clemente	May 2022 So Cal Watersmart rebate program	375.00
7/06/2022	El Toro Water District	May 2022 So Cal Watersmart rebate program	750.00
7/06/2022	Laguna Beach County Water District	May 2022 So Cal Watersmart rebate program	65.00
7/06/2022	Moulton Niguel Water District	May 2022 So Cal Watersmart rebate program	4,800.00
7/01/2022	City of San Clemente	Addition to the Choice School Program FY 21-22	987.00
7/15/2022	City of Fullerton	Jan-Jun 2022 School Billing	8,465.79
7/25/2022	City of Santa Ana	Jan-Jun 2022 School Billing	36,687.83
7/18/2022	Golden State Water Company	FY 2022-23 Annual Retail Service Connection Charge	520,681.73
7/20/2022	East Orange Co Water District	FY 2022-23 Annual Retail Service Connection Charge	255,018.57
7/20/2022	Serrano Water District	FY 2022-23 Annual Retail Service Connection Charge	27,783.36
7/21/2022	City of Westminster	FY 2022-23 Annual Retail Service Connection Charge	251,209.95
7/22/2022	City of Brea	FY 2022-23 Annual Retail Service Connection Charge	157,386.17
7/22/2022	City of Seal Beach	FY 2022-23 Annual Retail Service Connection Charge	65,698.62
7/22/2022	Trabuco Canyon Water District	FY 2022-23 Annual Retail Service Connection Charge	49,780.56
7/25/2022	City of La Habra	FY 2022-23 Annual Retail Service Connection Charge	186,658.80
7/25/2022	City of Newport Beach	FY 2022-23 Annual Retail Service Connection Charge	316,615.61
7/25/2022	Moulton Niguel Water District	FY 2022-23 Annual Retail Service Connection Charge	643,436.35
7/27/2022	City of Fountain Valley	FY 2022-23 Annual Retail Service Connection Charge	206,177.95
7/28/2022	Yorba Linda Water District	FY 2022-23 Annual Retail Service Connection Charge	310,512.06
7/15/2022	Orange County Water District	FY 2022-23 Groundwater Customer Charge	327,924.50
7/06/2022	California Water Efficiency Partnership	Partial refund for CalWep Peer to Peer Conference for Joe Berg	250.00
7/25/2022	City of Santa Ana	Participation in Streams of Hope Campaign	800.00
7/25/2022	Emerald Bay Service District	Water Loss Control Shared Services Year III	864.00
7/20/2022	East Orange Co Water District	2020 - 5 Year Update Urban Water Management Plan Final billing	2,850.00
7/25/2022	El Toro Water District	2020 - 5 Year Update Urban Water Management Plan Final billing	12,270.00
7/08/2022	City of La Palma	WEROC Emergency supplies for COVID-19	1,245.00
7/08/2022	South Coast Water District	WEROC Emergency supplies for COVID-19	3,765.00
7/11/2022	SOCWA	WEROC Emergency supplies for COVID-19	630.00
7/15/2022	Orange County Water District	WEROC Funding for FY 2022-23	134,825.50
7/25/2022	Orange County Sanitation District	WEROC Funding for FY 2022-23	52,851.60
TOTAL MISCELLANEOUS REVENUES			\$ 3,649,085.45
TOTAL REVENUES			\$ 22,249,299.69


Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

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

Vendor/ Invoice	Description	Amount to Pay
Core Disbursements:		
Ace Print Agency-Francisco Flores		
3487	Business cards for new staff member	67.43
Total		<u>67.43</u>
Ackerman Consulting-Richard C Ackerman		
1343	July 2022 Legal and regulatory specialized consulting services	3,500.00
Total		<u>3,500.00</u>
Aleshire & Wynder LLP		
69037	June 2022 Legal Services	1,975.00
Total		<u>1,975.00</u>
The Brattle Group Inc		
68333	June 2022 Services for the Economic Benefit Studies and Modeling Work	2,300.00
Total		<u>2,300.00</u>
California State University Fullerton		
20220030	Leadership Development for Public Agencies Program class from February 15, 2022 to May 26, 2022 - Registration for H. Baez and M. Haley	3,136.00
Total		<u>3,136.00</u>
CDM Smith		
90157298	July 2022 Services for water resource planning	6,349.00
Total		<u>6,349.00</u>
CDW Government		
BG97526	ARCServe Backup licenses for Exchange online (7/6/2022-7/5/2025)	6,534.40
Total		<u>6,534.40</u>
E Source Companies LLC		
21327	June 2022 Services for leak detection survey	6,340.00
21359	June 2022 Technical Assistance Program services for Water Loss Control	3,000.00
Total		<u>9,340.00</u>
GovConnection Inc		
73048880	Windows Server Data Center license for new Hyper-V Virtual Server	6,225.84
Total		<u>6,225.84</u>
Hashtag Pinpoint Corporation		
1603	July 2022 Social Media consultation & service	7,913.00
Total		<u>7,913.00</u>

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

Vendor/ Invoice	Description	Amount to Pay
IDS Group		
17x114.0-10	September 2021 Interior design for MWDOC office remodel	1,675.80
Total		1,675.80
KP Public Affairs LLC		
1032	Solve the Water Crisis Coalition Membership Fees	15,000.00
Total		15,000.00
Lawnscape Systems Inc		
428557	July 2022 Landscape Maintenance for Atrium	495.00
Total		495.00
Means Consulting LLC-Edward G Means III		
MWDOC-1104	July 2022 MET issues & strategic guidance to staff	1,000.00
Total		1,000.00
Mega Maids Cleaning Service		
12625	July 2022 Cleaning services for COVID-19 prevention	800.00
Total		800.00
Natural Resource Results LLC		
3974	July 2022 Federal legislative advocacy services	8,000.00
Total		8,000.00
NDS		
803902	7/8/22 Board packet delivery service	186.50
804047	7/15/22 Board packet delivery service	186.50
804180	7/29/22 Board packet delivery service	186.50
Total		559.50
ODP Business Solutions LLC		
253812461001	7/6/22 Office supplies	59.28
250323715001	7/11/22 Office supplies	101.10
Total		160.38
Office Solutions		
I-02029999	8/2/22 Office supplies	29.72
Total		29.72
Orange County Water District		
24444	June 2022 Postage, shared office and maintenance expense	12,125.71
Total		12,125.71

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

Vendor/ Invoice	Description	Amount to Pay
PARS		
6746050100-2022	FY 2022-23 Unfunded pension liability contribution	207,000.00
Total		<u>207,000.00</u>
Paul Redvers Brown Inc		
DOC010	July 2022 MWDOC Facilitated Member Agency Discussions Project services	2,175.00
Total		<u>2,175.00</u>
Ricoh USA Inc		
1093488884	Ricoh color copier for MWDOC office	54,463.08
Total		<u>54,463.08</u>
Mary Snow		
8312022	June 2022 - August 2022 Retiree medical premium	510.30
Total		<u>510.30</u>
Soto Resources-Joey C Soto		
GA-JUL-63	July 2022 Grant Research and Acquisition Assistance	3,250.00
Total		<u>3,250.00</u>
SPS Data Communications		
72211	Television and cable installation for conference room 103	1,463.50
Total		<u>1,463.50</u>
Water System Consulting Inc		
6915	June 2022 Water Use Efficiency Economic Analysis	14,735.00
Total		<u>14,735.00</u>
Total Core Expenditures		<u>370,783.66</u>
Choice Expenditures:		
Grainger		
9378534573	Supplies for Water Loss Control Shared Services staff and vehicles	118.70
Total		<u>118.70</u>
Mission RCD		
3241	July 2022 Field inspection and verification for Water Use Efficiency rebate programs	2,820.00
Total		<u>2,820.00</u>

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

Vendor/ Invoice	Description	Amount to Pay
Office Solutions		
I-02023111	Bottled water for Water Loss Control Shared Services field staff	38.95
I-02023290	Gatorade for the Water Loss Control Shared Services field staff	81.25
Total		<u>120.20</u>
Orange County Water District		
24444	June 2022 Postage for Water Use Efficiency rebate programs	34.08
Total		<u>34.08</u>
Total Choice Expenditures		<u>3,092.98</u>
Other Funds Expenditures:		
E Source Companies LLC		
21359	June 2022 Technical Assistance Program services for Water Loss Control	18,440.00
Total		<u>18,440.00</u>
EcoTech Services Inc		
2368	July 2022 Landscape Design and Landscape Maintenance Assistance Program	11,764.10
Total		<u>11,764.10</u>
Mission RCD		
3241	July 2022 Field inspection and verification for Water Use Efficiency rebate programs	5,328.00
Total		<u>5,328.00</u>
County of Orange		
SC13626	7/1/22-9/30/22 WEROC Radio System operations and maintenance costs	486.00
Total		<u>486.00</u>
The Plant Nerd		
7348	July 2022 Landscape Design and Landscape Maintenance Assistance Program	30,420.00
Total		<u>30,420.00</u>
TerraWorks Studio		
MW0014	July 2022 Landscape Design and Landscape Maintenance Assistance Program	2,625.00
Total		<u>2,625.00</u>
Total Other Funds Expenditures		<u>69,063.10</u>
Total Expenditures		<u><u>442,939.74</u></u>

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
Hilary Chumpitazi				
7/29/2022	EFT	62922	June 2022 Business expense	56.00
Total				56.00
Corodata Records Management Inc				
7/29/2022	EFT	RS4814716	June 2022 Records Storage Fees	58.22
Total				58.22
Rachel Davis				
7/29/2022	EFT	6302022	June 2022 Business expense	88.28
Total				88.28
Lina Gunawan				
7/29/2022	EFT	51922	May 2022 Business expense	20.00
7/29/2022	EFT	61922	June 2022 Business expense	20.00
Total				40.00
Cathleen Harris				
7/29/2022	EFT	72622	July 2022 Business expense	115.11
Total				115.11
Al Nederhood				
7/29/2022	EFT	60922	June 2022 Business expense	36.70
Total				36.70
Judy Roberts				
7/29/2022	EFT	61622	June 2022 Business expense	26.34
Total				26.34
Refund for 2020 - Five Year Update Urban Water Management Plan Final billing				
7/08/2022		17054	City of Brea	3,750.00
7/08/2022		17045	City of Buena Park	1,750.00
7/08/2022		17050	City of Fountain Valley	7,450.00
7/08/2022		17046	City of Fullerton	14,200.00
7/08/2022	EFT	17049	City of Huntington Beach	9,000.00
7/08/2022		17055	City of La Habra	5,300.00
7/08/2022		17051	City of Santa Ana	3,100.00
7/08/2022		17052	South Coast Water District	8,900.00
7/08/2022		17053	Trabuco Canyon Water District	2,500.00
7/08/2022		17047	City of Tustin	4,000.00
7/08/2022	EFT	17048	City of Westminster	7,100.00
Total				67,050.00

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
Megan Yoo Schneider				
7/29/2022	EFT	61122	June 2022 Business expense	7.14
Total				7.14
Spectrum Business				
7/18/2022	141102	343564071022	July 2022 Telephone expense for one analog fax line	39.99
7/05/2022	141078	375210063022	July 2022 Telephone and internet expense	1,423.48
Total				1,463.47
US Bank				
7/29/2022	141134	0208/4192/4279-JUN22	5/24/22-6/22/22 Cal Card Charges	18,861.13
Total				18,861.13
Verizon Wireless				
7/05/2022	141079	9909549871	June 2022 4G Mobile broadband unlimited service	114.03
Total				114.03
Total Core Disbursements				87,916.42
Choice Disbursements:				
Rachel Davis				
7/29/2022	EFT	6302022	June 2022 Business expense	3.98
Total				3.98
US Bank Voyager Fleet Systems				
7/29/2022	EFT	8694349932226	5/25/22-6/24/22 Fuel for Water Loss Control Shared Services vehicles	908.49
Total				908.49
Total Choice Disbursements				912.47
Other Funds Disbursements:				
AT&T				
7/15/2022	141090	18399788	June 2022 Telephone expense for WEROC Primary & N. EOC	453.22
Total				453.22
East Orange Co Water District				
7/15/2022	EFT	10835A	Credit for Service Connection OC-70 Meter Discrepancy	1,479,781.42
Total				1,479,781.42

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
Mesa Water District				
7/15/2022	EFT	10844	May 2022 Credit for Local Resources program	72,400.00
Total				72,400.00
Metropolitan Water District				
7/29/2022	EFT072922	10798	May 2022 Water deliveries	15,928,037.56
Total				15,928,037.56
Santa Margarita Water District				
7/29/2022	EFT	53122	May 2022 SCP Operation Surcharge	29,023.98
Total				29,023.98
Santiago Aqueduct Commission				
7/29/2022	141125	53122	May 2022 SAC Pipeline Operation Surcharge	6.79
Total				6.79
Spray to Drip Rebate				
7/29/2022	141111	S2D5-C-YLWD-44331-18486	Jondo Ltd (Yorba Linda)	1,674.50
7/29/2022	141131	S2D5-R-SM-46136-18468	C. Sun	132.50
Total				1,807.00
Turf Rebate				
7/29/2022	141103	TR15-C-MNT-44612-43258	Aliso Viejo Comm Assoc (Aliso Viejo)	35,956.00
7/29/2022	141105	TR15-C-MNT-45960-44603	Beacon Hill Planned Comm Assoc (Laguna Niguel)	22,800.00
7/29/2022	141128	TR15-C-SM-4463-44584	Sierra Verde Maintenance (Santa Margarita)	131,849.88
7/29/2022	141122	TR15-C-SOCO-42800-44924	Regatta Homeowners Assoc (Dana Point)	37,210.00
7/29/2022	141133	TR15-R-HB-46085-44721	M. Tabita	495.00
7/29/2022	141109	TR15-R-HB-46572-45215	D. Greenhut	264.00
7/29/2022	141129	TR15-R-MNT-44532-43183	A. Silbernagel	1,504.00
7/29/2022	141126	TR15-R-MNT-45933-44559	F. Saremi	800.77
7/29/2022	141127	TR15-R-MNT-46265-44901	D. Sawyer	5,680.00
7/29/2022	141123	TR15-R-MNT-46323-44950	M. Renert	4,712.00
7/29/2022	141116	TR15-R-O-44166-42818	A. Munoz	1,016.52
7/29/2022	141121	TR15-R-O-45985-44616	R. Ramirez	3,102.00
7/29/2022	141119	TR15-R-O-46829-45464	J. Occhipinti	942.00
7/29/2022	141135	TR15-R-SB-46202-44829	M. VanDine	1,575.00
7/29/2022	141124	TR15-R-SM-46124-44757	K. Roth	1,317.00
7/29/2022	141132	TR15-R-SM-46136-44767	C. Sun	1,656.00
7/29/2022	141117	TR15-R-SOCO-46126-44759	D. Nazarbegian	774.00
7/29/2022	141113	TR15-R-TUST-41594-40370	A. Martens	3,003.00
7/29/2022	141110	TR15-R-TUST-46410-45047	J. Haydel	7,458.00
Total				262,115.17

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
US Bank				
7/29/2022	141134	6066-JUN22	5/24/22-6/22/22 Cal Card Charges	986.09
Total				986.09
Verizon Wireless				
7/05/2022	141079	9909549871	June 2022 4G Mobile broadband unlimited service	76.02
Total				76.02
Total Other Funds Disbursements				17,774,687.25
Total Disbursements				17,863,516.14



Robert J. Hunter, General Manager



Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: June 22, 2022
Payment Date: July 29, 2022

Date	Description	Amount
R. Hunter Card:		
5/24/2022	ACWA DC2022 Water Conference in Washington, DC from July 12-14, 2022 - Airfare for H. Baez	1,360.47
5/24/2022	ACWA DC2022 Water Conference in Washington, DC from July 12-14, 2022 - Registration for H. Baez & M. Baum-Haley	1,520.00
5/27/2022	Water Education Foundation: Making Progress on Drought Management Event on June 9, 2022 - Registration for Director Nederhood	84.02
5/31/2022	Partial refund CALWep Peer to Peer in Sacramento, CA from May 31 to June 2, 2022 - Airfare for J. Berg	(102.99)
6/01/2022	BIA Southern California Water Conference in Ontario, CA on August 12, 2022 - Registration for Director Nederhood	99.00
6/02/2022	CALWep Peer to Peer conference in Sacramento, CA from May 31 to June 2, 2022 - Accommodations for S. Fetter	392.74
6/08/2022	OCBS's Sacramento Advocacy Trip in Sacramento, CA from March 21 - March 22, 2022 - Registration for H. Baez	1,200.00
6/10/2022	ACWA DC2022 Water Conference in Washington, DC from July 12-14, 2022 - Airfare one-way for M. Baum-Haley	707.48
6/11/2022	ACWA DC2022 Water Conference in Washington, DC from July 12-14, 2022 - Airfare one-way for M. Baum-Haley	587.60
6/14/2022	Urban Water Institute Annual Water Conference in San Diego, CA from August 24-26, 2022 - Registration credit adjustment for A. Heide	(50.00)
6/14/2022	Urban Water Institute Annual Water Conference in San Diego, CA from August 24-26, 2022 - Registration for D. Micalizzi, A. Heide, Director Nederhood, Director McVicker, & Director Thomas	2,675.00
Total:		8,473.32
C. Harris Card:		
5/18/2022	5/23/22 Office supplies	253.02
5/20/2022	Two FedEx delivery charges on May 23, 2022	36.58
5/24/2022	4/25/22-5/24/22 Web hosting service for MWDOC website	15.65
5/26/2022	Los Angeles Times annual digital subscription renewal	103.48
5/31/2022	First Class pizza for staff baby shower	486.50
6/02/2022	Promotional Item: Toilet water saver kits	1,800.00
6/05/2022	Web camera purchase for Director of Human Resources & Administration	76.11
6/07/2022	Replacement AC adapters	115.98
6/07/2022	Replacement iPad keyboard for Director Yoo Schneider	194.66
6/09/2022	Sympathy flowers for non-staff member	70.55
6/10/2022	OCWatersurvey.com domain annual renewal	20.17
6/14/2022	25 year anniversary gift card for S. Hedges	125.00
6/20/2022	Sacramento Bee Newspaper annual subscription renewal	359.99
6/20/2022	Replacement batteries for UPS units	2,049.21
Total:		5,706.90

Cal Card Charges
Statement Date: June 22, 2022
Payment Date: July 29, 2022

Date	Description	Amount
Public Affairs Card:		
5/26/2022	Art Kits for Poster Contest prizes	1,065.40
5/28/2022	Credit for 4/25/22 Fred's Mexican Cafe overcharge	(4.00)
6/01/2022	Yard Signs for Poster Contest	90.39
6/02/2022	6/2/22-7/1/22 Zoom Video Communications monthly fee with audio licenses	174.93
6/03/2022	June 2022 Public Storage Unit for Public Affairs	360.00
6/06/2022	Promotional item: Water Conservation playing cards	2,028.19
6/07/2022	CoSchedule annual subscription renewal	720.00
6/09/2022	CAPIO Webinar training: Reimagining Your Agency's Website on June 16, 2022 - Registration for S. Wilson	30.00
6/09/2022	WordPress annual subscription renewal for WEEA website	216.00
Total:		4,680.91
WEROC Card:		
5/24/2022	In-service staff meeting lunch	97.08
6/22/2022	Luncheon for WEROC Logistics Tabletop on June 22, 2022	889.01
Total:		986.09

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

Item 1d

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
ACWA Joint Powers Ins Auth				
7/29/2022	EFT	8834	7/1/22-6/30/23 Property insurance renewal	8,556.71
Total				<u>8,556.71</u>
CDM Smith				
7/29/2022	141107	90155491	June 2022 Services for water resource planning	9,749.50
Total				<u>9,749.50</u>
County of Orange				
7/29/2022	EFT	GA22230059	FY 2022-23 LAFCO Costs	38,264.25
Total				<u>38,264.25</u>
Steven Enterprises Inc				
7/29/2022	EFT	0001550-IN	Annual maintenance renewal for Plotter	634.00
Total				<u>634.00</u>
Total Core Disbursements				<u><u>57,204.46</u></u>
Choice Disbursements:				
ACWA Joint Powers Ins Auth				
7/29/2022	EFT	8834	7/1/22-6/30/23 Property insurance renewal	372.00
Total				<u>372.00</u>
Total Choice Disbursements				<u>372.00</u>
Other Funds Disbursements:				
Total Other Funds Disbursements				<u>-</u>
Total Disbursements				<u><u>57,576.46</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
 June 30, 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	32.64%
Grant & Project Cash Flow	1,500,000	13.09%
Election Expense	461,678	4.03%
Building Repair	436,542	3.81%
OPEB	297,147	2.59%
Total Designated Reserves	6,433,872	56.16%
General Fund	\$3,219,989	28.12%
Water Fund	1,801,613	15.73%
Conservation Fund	(470,376)	(4.11%)
WEROC Fund	451,325	3.94%
Trustee Activities	18,655	0.16%
Total	\$11,455,078	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.82%	\$201,426	\$201,426
Short-term investment			
• LAIF	12.57%	4,114,759	4,114,759
• OCIP	62.50%	4,038,983	4,038,983
Long-term investment			
• US Government Issues	1.94%	249,910	232,070
• Corporate Bond	10.89%	1,400,000	1,303,113
• Certificates of Deposit	11.28%	1,450,000	1,424,052
Total	100.00%	\$11,455,078	\$11,314,403

The average number of days to maturity/call as of June 30, 2022 equaled 143 and the average yield to maturity is 1.118%. During the month, the District's average daily balance was \$21,541,847.52. Funds were invested in US Bank Checking Account, Negotiable Certificate of Deposits, Corporate Bonds, US Government Issues, Local Agency Investment Funds (LAIF) and Orange County Investment Pool (OCIP) during the month of June 2022.

The (\$140,675) difference between the book value and the market value on June 30, 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

June 30, 2022

6/30/2022	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,450,000.00	1,424,052.00	1,450,000.00	12.89	618	2.440
Corporate Bond	1,400,000.00	1,303,113.50	1,400,000.00	12.44	491	1.659
US Government Issues	250,000.00	232,070.00	249,910.52	2.22	57	0.860
Local Agency Investment Funds	4,114,758.94	4,114,758.94	4,114,758.94	36.56	1	0.858
Orange County Investment Pool	4,038,983.19	4,038,983.19	4,038,983.19	35.89	1	0.742
Total Investments	11,253,742.13	11,112,977.63	11,253,652.65	100.00	143	1.118
Cash						
Cash	201,425.78	201,425.78	201,425.78		1	0.00
Total Cash and Investments	11,455,167.91	11,314,403.41	11,455,078.43		143	1.118

Total Earnings	Month Ending June	Fiscal Year to Date
Current Year	17,046.97	140,233.19
Average Daily Balance	21,541,847.52	
Effective Rate of Return	1.118%	

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

Date

08/4/22


Hilary Chumbitazi, Treasurer

Date

08/04/22

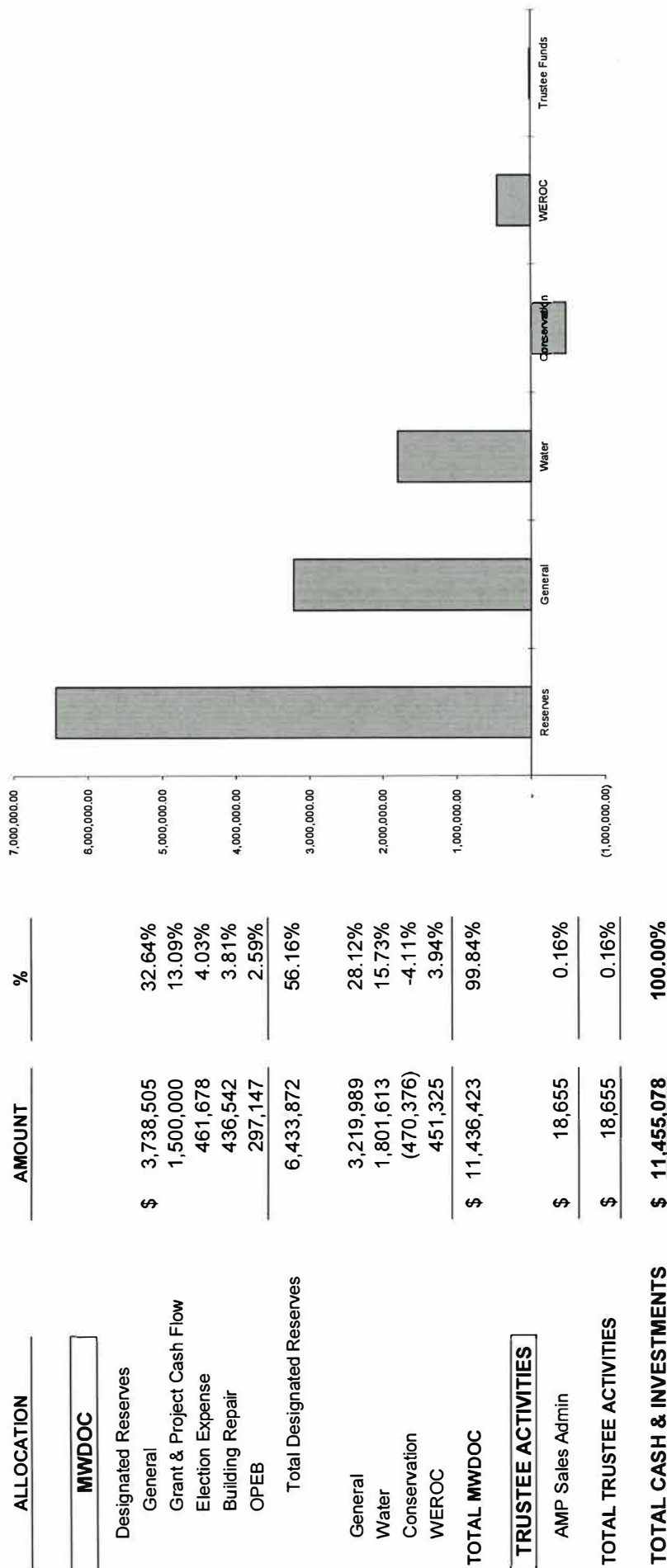
June 30, 2022

Current Year

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
June 30, 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	4,114,758.94	4,114,758.94	4,114,758.94	0.854	0.854	1	N/A
Sub Total			4,114,758.94	4,114,758.94	4,114,758.94	0.854	0.854	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	4,038,983.19	4,038,983.19	4,038,983.19	0.742	0.742	1	N/A
Sub Total			4,038,983.19	4,038,983.19	4,038,983.19	0.742	0.742	1	
Total Investments			8,153,742.13	8,153,742.13	8,153,742.13	0.799	0.799		
Cash									
Petty Cash Cash	CASH	7/1/2010	500.00	500.00	500.00	0.000	0.000	1	N/A
US Bank Cash	CASHUSBANK	7/25/2018	200,925.78	200,925.78	200,925.78	0.000	0.000	1	N/A
Total Cash			201,425.78	201,425.78	201,425.78	0.000	0.000	1	
Total Cash and Investments			8,355,167.91	8,355,167.91	8,355,167.91	0.799	0.799	1	
Total Earnings									
Current Year			12,500.73		Fiscal Year To Date				
						84,403.38			

**Municipal Water District of Orange County
Cash and Investments at June 30, 2022**



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS Post-Employment Benefits TrustAccount Report for the Period
7/1/2021 to 6/30/2022Hilary Chumpitazi
Accounting Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708

Account Summary

Source	Balance as of 7/1/2021	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 6/30/2022
OPEB	\$2,781,098.64	\$0.00	-\$356,247.25	\$16,252.13	\$0.00	\$0.00	\$2,408,599.26
PENSION	\$773,721.69	\$207,000.00	-\$127,611.02	\$5,457.63	\$0.00	\$0.00	\$847,653.04
Totals	\$3,554,820.33	\$207,000.00	-\$483,858.27	\$21,709.76	\$0.00	\$0.00	\$3,256,252.30

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	-5.14%	-10.13%	-12.87%	3.47%	4.74%	6.11%	10/26/2011
PENSION	-5.14%	-10.13%	-12.89%	3.44%	-	-	7/31/2018

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

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS Post-Employment Benefits TrustAccount Report for the Period
6/1/2022 to 6/30/2022Hilary Chumpitazi
Accounting Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708

Account Summary

Source	Balance as of 6/1/2022	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 6/30/2022
OPEB	\$2,540,365.79	\$0.00	-\$130,533.14	\$1,233.39	\$0.00	\$0.00	\$2,408,599.26
PENSION	\$894,025.35	\$0.00	-\$45,938.24	\$434.07	\$0.00	\$0.00	\$847,653.04
Totals	\$3,434,391.14	\$0.00	-\$176,471.38	\$1,667.46	\$0.00	\$0.00	\$3,256,252.30

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	-5.14%	-10.13%	-12.87%	3.47%	4.74%	6.11%	10/26/2011
PENSION	-5.14%	-10.13%	-12.89%	3.44%	-	-	7/31/2018

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

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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

NET PERFORMANCE FEE ANALYSIS

As of June 30, 2022

Over 1 Year

Over 3 Years

Over 5 Years

Over 10 Years

PARS/HIGHMARK		PARS/HIGHMARK		PARS/HIGHMARK		PARS/HIGHMARK	
Moderate (50% Fixed Income/Cash)	-12.97%	Moderate (50% Fixed Income/Cash)	3.51%	Moderate (50% Fixed Income/Cash)	4.77%	Moderate (50% Fixed Income/Cash)	6.01%
minus weighted PARS administration fee	(-) 0.25%	minus weighted PARS administration fee	(-) 0.25%	minus weighted PARS administration fee	(-) 0.25%	minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.35%	minus weighted HighMark investment management fee	(-) 0.35%	minus weighted HighMark investment management fee	(-) 0.35%	minus weighted HighMark investment management fee	(-) 0.35%
1-Year Net Return	-13.57%	3-Year Net Return	2.91%	5-Year Net Return	4.17%	10-Year Net Return	5.41%
CALPERS CERBT		CALPERS CERBT		CALPERS CERBT		CALPERS CERBT	
Strategy 2 (48% Fixed Income/Cash)	-12.54%	Strategy 2 (48% Fixed Income/Cash)	3.35%	Strategy 2 (48% Fixed Income/Cash)	4.66%	Strategy 2 (48% Fixed Income/Cash)	5.69%
minus fees	(-) 0.10%	minus fees	(-) 0.10%	minus fees	(-) 0.10%	minus fees	(-) 0.10%
1-Year Net Return	-12.62%	3-Year Net Return	3.27%	5-Year Net Return	4.57%	10-Year Net Return	5.59%

* Subject to change due to rebalancing; fees are based on assets under \$5 million.
Past performance does not guarantee future results.

PARS DIVERSIFIED PORTFOLIOS MODERATE

Q2 2022

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

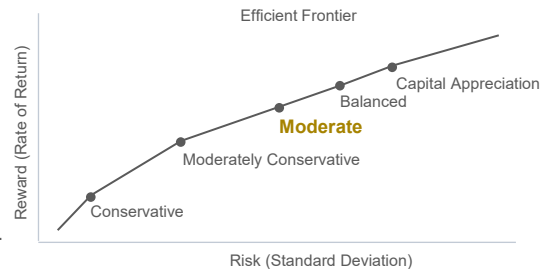
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	48%
Fixed Income	40 - 60%	45%	46%
Cash	0 - 20%	5%	6%

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

HighMark Plus Composite (Active)

Current Quarter*	-10.16%
Blended Benchmark*,**	-9.86%
Year To Date*	-14.71%
Blended Benchmark*,**	-14.34%
1 Year	-12.97%
Blended Benchmark**	-11.49%
3 Year	3.51%
Blended Benchmark**	3.77%
5 Year	4.77%
Blended Benchmark**	4.92%
10 Year	6.01%
Blended Benchmark**	6.19%

Index Plus Composite (Passive)

Current Quarter*	-9.45%
Blended Benchmark*,**	-9.86%
Year To Date*	-14.32%
Blended Benchmark*,**	-14.34%
1 Year	-11.58%
Blended Benchmark**	-11.49%
3 Year	3.48%
Blended Benchmark**	3.77%
5 Year	4.59%
Blended Benchmark**	4.92%
10 Year	5.85%
Blended Benchmark**	6.19%

* Returns less than one year are not annualized. **Breakdown for Blended Benchmark: From 10/1/2012 – Present: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM (net), 6% MSCI EAFE (net), 33.50% Bloomberg US Agg, 10% ICE BofA 1-3 Yr US Corp/Govt, 1.50% ICE BofA US High Yield Master II, 1.75% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE (net), 15% ICE BofA 1-3 Year Corp/Govt, 30% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 50% S&P 500, 15% ICE BofA 1-3Yr Corp/Govt, 30% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

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

HighMark Plus Composite (Active)

2008	-22.88%
2009	21.47%
2010	12.42%
2011	0.55%
2012	12.25%
2013	13.06%
2014	4.84%
2015	0.14%
2016	6.45%
2017	13.19%
2018	-4.03%
2019	17.71%
2020	12.92%
2021	9.31%

Index Plus Composite (Passive)

2008	-18.14%
2009	16.05%
2010	11.77%
2011	2.29%
2012	10.91%
2013	12.79%
2014	5.72%
2015	-0.52%
2016	7.23%
2017	11.59%
2018	-4.03%
2019	17.52%
2020	11.23%
2021	10.18%

PORTFOLIO FACTS

HighMark Plus (Active)

Composite Inception Date	10/2004
No of Holdings in Portfolio	20

Index Plus (Passive)

Composite Inception Date	05/2006
No of Holdings in Portfolio	13

HOLDINGS

HighMark Plus (Active)

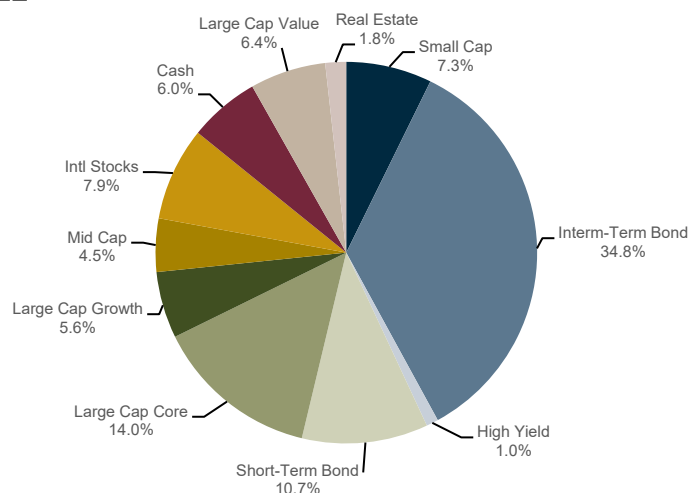
Columbia Contrarian Core I3
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
iShares S&P 500 Value ETF
Harbor Capital Appreciation - Retirement
T. Rowe Price Growth Stock - I
iShares Russell Mid-Cap ETF
Vanguard Real Estate ETF
Undiscovered Managers Behavioral Value-R6
Vanguard Small Cap Growth ETF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

Index Plus (Passive)

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

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

STYLE



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

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

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

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

HIGHMARK CAPITAL MANAGEMENT

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

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 100 years (including predecessor organizations) of institutional money management experience with \$8.8 billion in assets under management and \$8.8 billion in assets under advisement*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

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

Salvatore "Tory" Milazzo III, CFA®

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

J. Keith Stribling, CFA®

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

Christiane Tsuda

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

Anne Wimmer, CFA®

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

Asset Allocation Committee

Number of Members: 16
Average Years of Experience: 27
Average Tenure (Years): 15

Manager Review Group

Number of Members: 7
Average Years of Experience: 22
Average Tenure (Years): 10

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

ITEM 2

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

**UNAUDITED DRAFT
COMBINED FINANCIAL STATEMENTS**

AND

BUDGET COMPARATIVE

JULY 1, 2021 THRU JUNE 30, 2022

**THE FOLLOWING IS SUBJECT TO CHANGE AND ACTUALS ARE DEFERRED TO THE
AUDITED ANNUAL REPORT
TO BE PRESENTED ON NOVEMBER 09, 2022**

**Municipal Water District of Orange County
Combined Balance Sheet
As of June 30, 2022**

	<u>Amount</u>
<u>ASSETS</u>	
Cash in Bank	201,425.78
Investments	11,253,652.65
Accounts Receivable	38,148,063.37
Accounts Receivable - Other	5,661.85
Accrued Interest Receivable	46,343.27
Prepays/Deposits	241,484.19
Leasehold Improvements	6,059,805.67
Furniture, Fixtures & Equipment	780,261.60
Less: Accumulated Depreciation	<u>(3,553,454.03)</u>
TOTAL ASSETS	<u><u>53,183,244.35</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts Payable	37,989,518.73
Accounts Payable - Other	157.50
Accrued Salaries and Benefits Payable	561,536.58
Other Liabilities	843,960.81
Unearned Revenue	<u>443,410.26</u>
TOTAL LIABILITIES	<u><u>39,838,583.88</u></u>
<u>FUND BALANCES</u>	
<u>Restricted Fund Balances</u>	
Water Fund - T2C	<u>1,036,919.10</u>
Total Restricted Fund Balances	<u>1,036,919.10</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	145,193.58
WEROC	<u>246,196.60</u>
Total Unrestricted Fund Balances	<u>12,227,357.89</u>
<u>Excess Revenue over Expenditure</u>	
Operating Fund	(230,868.83)
Other Funds	<u>311,252.31</u>
TOTAL FUND BALANCES	<u><u>13,344,660.47</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>53,183,244.35</u></u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2021 thru June 30, 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>
REVENUES						
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	17,429.17	140,273.46	220,000.00	63.76%	0.00	79,726.54
Subtotal	17,429.17	8,832,890.46	8,912,617.00	99.11%	0.00	79,726.54
Choice Programs	7,568.00	1,314,284.98	1,515,775.00	86.71%	0.00	201,490.02
Miscellaneous Income	1,281.53	7,339.33	3,000.00	244.64%	0.00	(4,339.33)
Revenue - Other	0.00	1,360.00	0.00	0.00%	0.00	(1,360.00)
School Contracts	1,243.59	65,906.69	120,895.00	54.52%	0.00	54,988.31
Delinquent Payment Penalty	0.00	84.79	0.00	0.00%	0.00	(84.79)
Transfer-In from Reserve	0.00	0.00	95,745.00	0.00%	0.00	95,745.00
Subtotal	10,093.12	1,388,975.79	1,735,415.00	80.04%	0.00	346,439.21
TOTAL REVENUES	27,522.29	10,221,866.25	10,648,032.00	96.00%	0.00	426,165.75

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2021 thru June 30, 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>
EXPENSES						
Salaries & Wages	363,936.57	4,276,100.84	4,178,542.00	102.33%	0.00	(97,558.84)
Salaries & Wages - Grant Recovery	(2,107.27)	(37,825.12)	(18,665.00)	(202.65)%	0.00	19,160.12
Director's Compensation	22,265.24	260,961.71	288,800.00	90.36%	0.00	27,838.29
MWD Representation	12,442.34	144,069.20	165,029.00	87.30%	0.00	20,959.80
Employee Benefits	89,630.47	1,326,181.01	1,356,730.00	97.75%	0.00	30,548.99
Employee Benefits - Grant Recovery	(431.61)	(9,175.58)	0.00	0.00%	0.00	9,175.58
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Director's Benefits	9,215.18	112,284.89	161,248.00	69.63%	0.00	48,963.11
Health Insurance for Retirees	12,351.50	85,275.16	101,099.00	84.35%	0.00	15,823.84
Training Expense	30.00	19,472.50	52,000.00	37.45%	908.10	31,619.40
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	507,332.42	6,384,344.61	6,501,783.00	98.19%	908.10	116,530.29
Engineering Expense	42,490.62	396,196.87	380,000.00	104.26%	169,970.50	(186,167.37)
Legal Expense	11,764.37	153,239.38	225,000.00	68.11%	71,760.62	0.00
Audit Expense	0.00	57,566.00	30,220.00	190.49%	0.00	(27,346.00)
Professional Services	125,062.88	985,101.95	1,475,640.00	66.76%	646,811.08	(156,273.03)
Professional Fees	179,317.87	1,592,104.20	2,110,860.00	75.42%	888,542.20	(369,786.40)
Conference - Staff	3,770.00	15,084.00	44,560.00	33.85%	0.00	29,476.00
Conference - Directors	1,659.02	9,714.02	16,845.00	57.67%	0.00	7,130.98
Travel & Accom. - Staff	3,128.42	21,690.79	69,825.00	31.06%	0.00	48,134.21
Travel & Accom. - Directors	14.19	5,251.66	21,250.00	24.71%	0.00	15,998.34
Travel & Conference	8,571.63	51,740.47	152,480.00	33.93%	0.00	100,739.53
Membership/Sponsorship	0.00	129,573.27	143,041.00	90.58%	0.00	13,467.73
CDR Support	0.00	55,189.31	65,249.00	84.58%	0.00	10,059.69
Dues & Memberships	0.00	184,762.58	208,290.00	88.70%	0.00	23,527.42
Business Expense	28.39	1,223.90	2,500.00	48.96%	0.00	1,276.10
Office Maintenance	10,539.93	106,798.31	147,400.00	72.45%	38,359.50	2,242.19
Building Repair & Maintenance	3,904.31	38,630.14	15,000.00	257.53%	5,894.12	(29,524.26)
Storage Rental & Equipment Lease	58.22	1,732.84	1,800.00	96.27%	67.16	0.00
Office Supplies	978.76	18,264.79	35,000.00	52.19%	3,505.96	13,229.25
Supplies - Water Loss Control	132.20	3,960.39	4,000.00	99.01%	0.00	39.61
Postage/Mail Delivery	720.63	10,646.46	9,243.00	115.18%	680.60	(2,084.06)
Subscriptions & Books	463.47	1,162.47	1,000.00	116.25%	0.00	(162.47)
Reproduction Expense	56,409.57	65,558.15	82,700.00	79.27%	2,046.88	15,094.97
Maintenance - Computers	192.09	5,234.41	8,000.00	65.43%	0.00	2,765.59
Software Purchase	3,741.96	63,560.92	36,040.00	176.36%	0.00	(27,520.92)
Software Support	6,285.45	68,732.85	48,640.00	141.31%	(1,031.05)	(19,061.80)
Computers and Equipment	2,243.87	40,445.65	23,450.00	172.48%	0.00	(16,995.65)
Maintenance Expense	0.00	0.00	6,000.00	0.00%	0.00	6,000.00
Automotive Expense	129.13	1,527.80	16,000.00	9.55%	0.00	14,472.20
Vehicle Expense	918.49	5,391.61	5,800.00	92.96%	0.00	408.39
Toll Road Charges	7.56	294.62	1,250.00	23.57%	0.00	955.38
Insurance Expense	13,391.34	151,670.53	130,000.00	116.67%	0.00	(21,670.53)
Utilities - Telephone	1,577.33	35,318.12	42,840.00	82.44%	0.00	7,521.88
Bank Fees	0.00	2,339.61	3,200.00	73.11%	0.00	860.39
Miscellaneous Expense	2,025.34	46,728.47	85,181.00	54.86%	430.96	38,021.57
MWDOC's Contrb. to WEROC	21,695.50	260,346.00	260,346.00	100.00%	0.00	0.00
Depreciation Expense	5,860.59	70,327.46	0.00	0.00%	0.00	(70,327.46)
Other Expenses	131,304.13	999,895.50	965,390.00	103.57%	49,954.13	(84,459.63)
Capital Aquisition	10,478.53	281,547.14	267,256.00	105.35%	88,368.60	(102,659.74)
Building Expense	735.00	958,340.58	441,973.00	216.83%	34,453.76	(550,821.34)
TOTAL EXPENSES	837,739.58	10,452,735.08	10,648,032.00	98.17%	1,062,226.79	(866,929.87)
NET INCOME (LOSS)	(810,217.29)	(230,868.83)	0.00	0.00%	(1,062,226.79)	1,293,095.62

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
July 1, 2021 thru June 30, 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	18,931,818.10	183,013,058.50	155,126,337.00	117.98%	(27,886,721.50)
Readiness to Serve Charge	1,038,008.86	11,752,318.78	11,142,354.00	105.47%	(609,964.78)
Capacity Charge CCF	449,265.14	5,035,206.30	4,732,610.00	106.39%	(302,596.30)
SCP/SAC Pipeline Surcharge	16,957.30	329,762.70	315,000.00	104.69%	(14,762.70)
Interest Revenue	0.00	3,692.27	10,500.00	35.16%	6,807.73
TOTAL WATER REVENUES	20,436,049.40	200,134,038.55	171,326,801.00	116.81%	(28,807,237.55)
<u>WATER PURCHASES</u>					
Water Sales	18,931,818.10	183,013,058.50	155,126,337.00	117.98%	(27,886,721.50)
Readiness to Serve Charge	1,038,009.00	11,747,644.07	11,142,354.00	105.43%	(605,290.07)
Capacity Charge CCF	449,265.00	5,039,881.01	4,732,610.00	106.49%	(307,271.01)
SCP/SAC Pipeline Surcharge	16,957.30	329,762.70	315,000.00	104.69%	(14,762.70)
TOTAL WATER PURCHASES	20,436,049.40	200,130,346.28	171,316,301.00	116.82%	(28,814,045.28)
EXCESS OF REVENUE OVER EXPENDITURE	0.00	3,692.27	10,500.00	35.16%	6,807.73

**Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Use Efficiency
July 1, 2021 thru June 30, 2022**

	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
Spray To Drip Conversion			
Revenues	294,279.58	117,480.00	250.49%
Expenses	350,700.19	117,480.00	298.52%
Excess of Revenues over Expenditures	(56,420.61)	0.00	
Member Agency Administered Pass-Thru			
Revenues	167,390.30	573,201.00	29.20%
Expenses	149,900.30	573,201.00	26.15%
Excess of Revenues over Expenditures	17,490.00	0.00	
ULFT Rebate Program			
Revenues	350.00	2,000.00	17.50%
Expenses	410.00	2,000.00	20.50%
Excess of Revenues over Expenditures	(60.00)	0.00	
HECW Rebate Program			
Revenues	59,431.53	84,300.00	70.50%
Expenses	58,940.00	84,300.00	69.92%
Excess of Revenues over Expenditures	491.53	0.00	
CII Rebate Program			
Revenues	1,400.00	6,500.00	21.54%
Expenses	1,400.00	6,500.00	21.54%
Excess of Revenues over Expenditures	0.00	0.00	
Turf Removal Program			
Revenues	2,068,555.80	993,924.00	208.12%
Expenses	2,336,922.53	993,924.00	235.12%
Excess of Revenues over Expenditures	(268,366.73)	0.00	
Comprehensive Landscape (CLWUE)			
Revenues	857,987.46	303,100.00	283.07%
Expenses	306,225.95	303,100.00	101.03%
Excess of Revenues over Expenditures	551,761.51	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	309,747.00	297,330.00	104.18%
Expenses	309,747.00	297,330.00	104.18%
Excess of Revenues over Expenditures	0.00	0.00	
Pressure Regulation Program			
Revenues	5,555.00	66,919.00	8.30%
Expenses	23,045.00	66,919.00	34.44%
Excess of Revenues over Expenditures	(17,490.00)	0.00	
Smart Water Monitoring Devices(Flume)			
Revenues	65,615.48	89,000.00	73.73%
Expenses	65,615.48	89,000.00	73.73%
Excess of Revenues over Expenditures	0.00	0.00	
Dedicated Irrigation Meters Measurement Project (DIMM)			
Revenues	94,238.45	636,202.00	14.81%
Expenses	180,314.34	636,202.00	28.34%
Excess of Revenues over Expenditures	(86,075.89)	0.00	

**Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Use Efficiency
July 1, 2021 thru June 30, 2022**

	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
Total WUE Projects			
Revenues	3,937,956.85	3,254,956.00	120.98%
Expenses	<u>3,796,627.04</u>	<u>3,254,956.00</u>	<u>116.64%</u>
Excess of Revenues over Expenditures	141,329.81	0.00	
 WEROC			
Revenues	520,692.00	520,692.00	100.00%
Expenses	<u>468,250.46</u>	<u>520,692.00</u>	<u>89.93%</u>
Excess of Revenues over Expenditures	52,441.54	0.00	

DRAFT



ACTION ITEM
August 17, 2022

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Maribeth Goldsby, Board Secretary

SUBJECT: 2022 CONFLICT OF INTEREST CODE -- BIENNIAL REVIEW

STAFF RECOMMENDATION

Staff recommends the Board of Directors: (1) Review the District's Conflict of Interest Code; (2) determine whether updates are needed; and (3) authorize staff to submit the 2022 Biennial Review Code changes to the Orange County Clerk of the Board of Supervisors.

COMMITTEE RECOMMENDATION

To be determined.

SUMMARY

The Board of Supervisors for the County of Orange (MWDOC's Code Reviewing Body) assists the District in reviewing its Conflict of Interest Codes every two years, pursuant to Fair Political Practices Commission (FPPC) requirements.

At this time the Board is required to review the Code to determine whether changes are necessary, and direct staff to notify the County of Orange that changes to the Code are or are not necessary.

A preliminary staff and legal counsel review indicates that the addition of one position (Director of Engineering/District Engineer), and the deletion of other positions (as presented in the attached document) are necessary. These are the only changes recommended by staff.

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

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ADMINISTRATIVE CODE**

CONFLICT OF INTEREST AND DISCLOSURE OF PERSONAL FINANCES	§7000-§7006
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§7000 GENERAL REQUIREMENTS

The Political Reform Act, Government Code Sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Section 18730) which contains the terms of a standard Conflict of Interest Code, which may be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference.

§7001 MWDOC CONFLICT OF INTEREST CODE

MWDOC has adopted the Fair Political Practices Commission Model Code (2 Cal. Code of Regs., Section 18730) as its Conflict of Interest Code (Code) and has promulgated a list of Designated Positions and Disclosure Categories as required therein (see Appendix A to Section 7005). This Code incorporates, by reference, the definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission and any amendments to the Act or regulations. This regulation and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the Conflict of Interest Code of the Municipal Water District of Orange County.

In accordance with Government Code 82011(b), the Board of Supervisors for the County of Orange (Board of Supervisors) has been designated as the Code Reviewing Body for MWDOC. Amendments to the MWDOC Conflict of Interest Code, including Appendix "A", will be submitted to the Board of Supervisors for approval within 90 days after the circumstances necessitating the amendments have become apparent. (Government Code Section 87306(a).)

Res. No. 1874 – 2/17/10

§7002 FILING OFFICER/OFFICIAL

The District Secretary is designated as the filing official responsible for receiving and forwarding original statements of economic interest (statements) for MWDOC Directors to the Clerk of the Board of Supervisors. The District Secretary shall retain one copy of each such statement for MWDOC records. The District Secretary is designated as filing officer for all other designated filers of MWDOC and as such shall be responsible for receiving and retaining the original statements of such filers in the official records of MWDOC. The District Secretary shall follow the duties of filing officer denoted in Title 2, Section 18115(a) and of filing official denoted in Title 2, Section 18115(b).

Motion - 4/20/94; Motion - 9/21/94; M – 9/20/06; M-9/21/16

§7003 FILING OF STATEMENTS OF ECONOMIC INTERESTS

Persons in designated positions are required to file statements with the District Secretary as follows:

- 1) Initial Statements - Within 30 days after adoption of the Code or amendments to the Code. Includes all reportable interests during 12 months prior to the effective date of the Code or

amendments thereto.

2) Assuming Office Statements - Within 30 days after assuming the designated position. Includes all reportable interests during the 12 months prior to the date of assuming office or date of appointment or nomination

3) Annual Statements - No later than April 1 each year. Includes all reportable interests during the previous calendar year.

4) Leaving Office Statements - Within 30 days after leaving office. Includes all reportable interests during period between the closing of the last statement filed and the date of leaving office.

Motion - 4/20/94;

§7004 OPINIONS OF LEGAL COUNSEL

A. Opinion Requests - Any designated employee who is unsure of any right or obligation arising under this Code may request an opinion from MWDOC's Legal Counsel or the Fair Political Practices Commission.

B. Evidence of Good Faith - If an opinion is rendered by the Fair Political Practices Commission, stating in full the facts and the law upon which the opinion is based, compliance by a designated employee with such opinion may be evidence of good faith in any civil or criminal proceeding brought pursuant to the Political Reform Act of 1974 or this Code. The designated employee's good faith compliance with the opinion of the Fair Political Practices Commission shall also act as a complete defense to any disciplinary action that MWDOC may bring under Section 91003.5 of said Act or this Code (Government Code Section 83114).

Motion 4/20/94

§7005 DESIGNATED POSITIONS AND CATEGORIES

Designated employees shall file statements of economic interests with the Municipal Water District of Orange County's Political Reform Act Filing Officer, District Secretary, who will make the statements available for public inspection and reproduction (Government Code Section 82008). This Conflict of Interest Code does not require the reporting of gifts from outside the District's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position for which reporting is required (2 Cal. Code of Regs., Section 18730.1).

Upon receipt of the statements of the Members of the Board of Directors, General Manager, Treasurer, Deputy Treasurer, Director of Finance, and Legal Counsel the Filing Officer shall make and retain a copy and forward the original of these statements to the Clerk of the Orange County Board of Supervisors, who is the Filing Officer for these positions

Statements for all other designated employees will be retained by the Filing Officer.

Motion – 9/20/06; Res. No. 1861 – 11/18/09; Res. No. 1874 – 2/17/10; M-11/17/10; M-11/19/14; M-9/21/16

APPENDIX A **MUNICIPAL WATER DISTRICT OF ORANGE COUNTY** **CONFLICT OF INTEREST CODE**

Designated Positions	Disclosure Categories
Board Member	OC-01

General Manager	OC-01
Treasurer	OC-01
Deputy Treasurer	OC-01
Director of Finance	OC-01
Legal Counsel	OC-01
Accounting Manager	OC-01
Administrative Services Manager	OC-02
Associate General Manager	OC-01
Assistant General Manager	OC-01
Consultant	OC-30
Governmental Affairs Manager	OC-01
District Secretary	OC-02
Director of Engineering/District Engineer	OC-01
Director of Public Affairs	OC-01
Director of Emergency Management	OC-02
Director of Human Resources and Administration	OC-02
Director of Water Use Efficiency	OC-02
Principal Engineer	OC-02
Principal Water Resources Analyst	OC-02
Sr. Water Resources Analyst	OC-02
WEROC Programs Manager	OC-02
New Position*	Oc-01**

* Individuals serving in a new position created since this Code was last approved that make or participate in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

** The General Manager may determine that, due to the range of duties, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code Sec. 82019; FPPC Regulations 18219 and 18734.). The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code Sec. 81008.).

DISCLOSURE CATEGORIES MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Disclosure Category	Disclosure Description
OC-01	All interests in real property in Orange County or the District, as well as investments, business positions and sources of income (including gifts, loans and travel payments).
OC-02	All investments, business positions and sources of income (including gifts, loans and travel payments).
OC-30	Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest category in the code subject to the following limitation: The Department Head/Director/General Manager/Superintendent/etc. may determine that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure required. The determination of disclosure is a public record and shall be filed with the Form 700 and retained by the Filing Officer for public inspection.

Minute action - 6/24/81; R1132 - 6/23/82; R1306 - 6/4/86; R1386 - 7/5/89; Minute action - 4/3/91; R1468 - 9/2/92; Motion - 7/21/93; Motion - 3/16/94; Motion - 4/20/94; R1519 - 9/21/94; R1564 - 9/18/96; Motion - 11/15/00; Motion - 11/20/02; Motion - 9/20/06; Motion 9/19/12; Motion 11/19/14; Motion 9/21/16; Motion - 6/20/18; Motion - 07/15/20

§7006 ARTICLE 2, POLITICAL REFORM ACT

Pursuant to Article 2 of the Political Reform Act (Government Code Section 87200 et seq.) those positions which involve the management of public investments are required to report their economic interests under the provisions of Article 2 rather than under MWDOC's Conflict of Interest Code, on Form 700. Those positions with MWDOC who are required to report their economic interests are as follows:

- General Manager
- Members of the Board of Directors
- Treasurer
- Deputy Treasurer
- Director of Finance

Filing requirements will be followed as listed under Administrative Code §7003.

R1519 - 9/21/94; R1538 - 4/19/95; R1564 - 9/18/96; Motion – 11/15/00; M-11/19/14



ACTION ITEM
August 17, 2022

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Charles Busslinger

SUBJECT: **Amend Administrative Code Section 5003 - Payment for Water**

STAFF RECOMMENDATION

It is recommended that the Board of Directors consider amending MWDOC Administrative Code Section 5003 as described below.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Staff recommends the Board approve a proposed amendment to MWDOC Administrative Code Section 5003 - Payment for Water, to align MWDOC's Administrative Code with MET's Administrative Code Sections 4506 and 4507 concerning discovery of mistakes or errors in the metering and billing of water.

BOARD OPTIONS

**Option #1 Approve amendments to MWDOC Administrative Code Section 5003
Payment for Water.**

Fiscal Impact:

Business Analysis: Aligns the duration of the period for reimbursement for any mistakes or errors in the metering and billing of water to match MET's Administrative Code.

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

Option #2 Do not approve amendments to MWDOC Administrative Code Section 5003 Payment for Water.

Fiscal Impact:

Business Analysis: Leaves MWDOC open to being responsible to pay the difference between durations called out in MET and MWDOC Administrative Codes for adjustments to charges due mistakes or errors in the metering and billing of water.

Attachments:

- Proposed revisions to MWDOC Administrative Code Section 5003 Payment for Water.
- Current version of MWDOC Administrative Code Sections 4000 & 5000 amended May 2021.
- MET Administrative Code Sections 4506 Metering of Water and 4507 Billing and Payment for Water Deliveries amended January 2022.

Bend OR
(541) 382-3011

Indian Wells
(760) 568-2611

Irvine
(949) 263-2600

Ontario
(909) 989-8584



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Memorandum

To: Charles Busslinger, District Engineer **File No.:** 55401.00000
From: Patrick D. Skahan
Date: July 1, 2022
Re: Proposed Revision to MWDOC Administrative Code

Proposed Revisions to § 5003 Payment for Water

The Member Agency shall pay MWDOC for all quantities of water delivered subject to the price, rates, classification and conditions established by MWDOC from time to time according to the use to be made of such water. All deliveries shall be metered by MET and monthly statements will be presented by MWDOC to the Member Agency. Statements are due and payable within the time and according to the conditions established by MWDOC from time to time.

Any Member Agency may have any meter through which water is served from MET's facilities to any area within such Member Agency tested by MET at any time. Any Member Agency affected shall have the right to be represented by a qualified observer at and during any such tests. In the event that any such test shall disclose an error exceeding 2 percent, an adjustment shall be made in charges made to the affected Member Agency, covering the known or estimated period of duration of such error, but in no event exceeding six months, and the expenses of such test shall be borne by MET; otherwise, such expense shall be borne by the Member Agency requesting such test. This paragraph is consistent with MET Administrative Code Section 4506.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ADMINISTRATIVE CODE**

WATER SERVICE, CLASSIFICATION AND RATES POLICIES	§4000 – 4001
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§4000 GENERAL WATER SERVICE POLICY

Municipal Water District of Orange County is authorized and directed by Section 71616 of the California Water Code to establish water rates and charges for the sale of water which will result in revenues sufficient to meet the operating expenses of MWDOC, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with the bonded debt.

§4001 CLASSIFICATION AND WATER RATES

A copy of the current Ordinance on file with MWDOC establishing classifications and the current Water Rate Resolution may be obtained from the District Secretary.

The procedures for establishing water rates resolutions and ordinances are outlined under Section 1117.

§4002 DISCOVERY OF MISTAKES OR ERRORS

In the event a mistake or error is discovered in a District water sales record, the General Manager shall initiate appropriate corrective action. No mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District. In the event a mistake or error is discovered by a member agency in its water sales record or certifications, no mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District.

If an incorrect invoice has been issued to a member agency, the General Manager shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.

M-6/17/15

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
ADMINISTRATIVE CODE**

SERVICE CONNECTIONS	§5000-§5013
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§5000 GENERAL

Upon formal request by a Member Agency for a service connection, the General Manager is authorized to prepare for the Board's consideration, a formal agreement for the sale and delivery of water with the Member Agency being required to accept and comply with the terms and conditions of the Administrative Codes, rate resolutions, and rate ordinances put forth by MWDOC and MET which may be amended from time to time. MWDOC will furnish the Member Agency with the appropriate provisions and conditions with respect to completion of any service connection agreement.

The Member Agency shall make arrangements for the completion of service connections with MWDOC. The Member Agency shall make all deposits required and execute and furnish all necessary documents within sixty (60) days of notification by MWDOC. If necessary deposits and documents are not submitted within the required time, MWDOC will consider application for service connection canceled, no longer pending and of no force and effect.

The service connection agreements shall have provisions covering the topics in Sections 5001-5013.

M-6/17/15

§5001 DELIVERY OF WATER

Upon completion of said connection, MWDOC will deliver from said connection such quantities of water as requested, subject to the capacity of the connection, the availability of the water and the terms and conditions subject to the agreements between MWDOC and MET. Delivery of water by MWDOC is subject to its ability to purchase said water from MET.

M-6/17/15

§5002 TITLE

Delivery of water to Member Agency shall occur as the water is discharged from MET to MWDOC to the Member Agency, and thereafter such water shall be the property of the member agency, which shall be solely responsible for it.

M-6/17/15

§5003 PAYMENT FOR WATER

The Member Agency shall pay MWDOC for all quantities of water delivered subject to the price, rates, classification and conditions established by MWDOC from time to time according to the use to be made of such water. All deliveries shall be metered by MET and monthly statements will be presented by MWDOC to the Member Agency. Statements are due and payable within the time and according to the conditions established by MWDOC from time to time.

§5004 EQUIPMENT AND RIGHT OF WAY

The Member Agency must furnish without cost to MWDOC and MET all facilities, including any rights of way, meter or meters or other measuring devices, vaults, facilities and equipment for the securing of water from the lines of MET and will pay all costs, charges and expenses incurred in connecting its lines to, maintaining said connection and disconnecting said lines from the lines of MET. The Member Agency must agree to install and maintain such flow control device or devices in connection with the service connection as required by MWDOC and MET.

The Member Agency must furnish, operate and maintain its own lines for the distribution of any water received by it from MET and MWDOC who shall not be under any duty relative thereto or obligated therefor in any way.

§5005 AMOUNT OF WATER DELIVERED

If any question arises as to the amount of water delivered to the Member Agency and/or others, the decision of MWDOC's General Manager shall be final as to determining the amount and the apportionment thereof. The method of measure of water used by the member agency shall also be as determined by MWDOC's General Manager, who is also authorized and empowered to fix and apportion to the Member Agency the loss, if any, incurred in the transportation of water at and below the place of measuring of said water.

M-6/17/15

§5006 RESPONSIBILITY FOR FACILITIES AND ACCESS

MWDOC is not the owner of any meter, vaults, facilities and equipment, nor is it responsible in any way for any vaults, meter, facilities and equipment used in serving its Member Agencies. However MWDOC's General Manager shall have access at all times to any such facilities and equipment furnishing water to the Member Agencies and used in measuring water purchased by member agencies from MWDOC, whether connected to the source of supply of MET, or otherwise, and if such devices are under lock or located in any structure, MWDOC's General Manager shall have free and unobstructed access to any and all facilities in which such devices are kept. Said MWDOC General Manager has the right, power and authority to test any such device, used by the member agency or on its behalf, if it is believed to be inaccurate or faulty in any way, and any devices found defective shall be promptly repaired or replaced without cost to MWDOC.

M-6/17/15

THE METROPOLITAN WATER DISTRICT ADMINISTRATIVE CODE

Disclaimer

THIS ADMINISTRATIVE CODE REFLECTS THE ACTIONS OF METROPOLITAN'S BOARD OF DIRECTORS THROUGH ITS MEETING ON January 11, 2022, AND MAY NOT REFLECT THE MOST CURRENT ACTIONS OF METROPOLITAN'S BOARD. IN CASE OF ANY DISCREPANCY BETWEEN THIS ONLINE VERSION AND METROPOLITAN'S OFFICIAL RECORDS, THE OFFICIAL RECORDS WILL PREVAIL.

§ 4506. Metering of Water.

All water delivered by the District shall be metered. Meter readings shall be made on or about the last day of each calendar month for billing purposes. Meters and control valves on water lines of the District shall be owned and operated by the District. Any member public agency may have any meter through which water is served from the District's facilities to any area within such member public agency tested by the District at any time. Any member public agency affected shall have the right to be represented by a qualified observer at and during any such tests. In the event that any such test shall disclose an error exceeding 2 percent, an adjustment shall be made in charges made to the affected member public agency, covering the known or estimated period of duration of such error, but in no event exceeding six months, and the expenses of such test shall be borne by the District; otherwise, such expense shall be borne by the member public agency requesting such test.

Section 322.7 based on Res. 7260 - May 12, 1970; amended by M.I. 33642 - March 10, 1981. Section 322.7 repealed and Section 4506 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.

§ 4507. Billing and Payment for Water Deliveries.

(a) **Timeframe for Billing and Payment.** Except as noted herein below, invoices shall be mailed electronically, or, if requested by the member agency, by hardcopy via United States mail, not later than the tenth day of the month following delivery to a member public agency. Each such invoice shall indicate the date of mailing and the date on which the payment thereunder becomes delinquent and shall show the total amount of water delivered for each class of service, the charges for water sold and delivered for each class, the readiness-to-serve and capacity charges, as applicable, and the total amount due and owing, all as determined by the General Manager. Payment of the amount shown on any such invoice shall be due on the last business day of that month and shall be delinquent if not received by the Treasurer of the District before the close of crediting activity on the last business day of the first month following such date of mailing. When making any such payment the member public agency shall specify the invoice or invoices to which the payment shall be credited by the District.

(1) For purposes of Section 4507(a), "business day" shall mean any day other than a Saturday, a Sunday, or a Holiday (as defined in Section 1106).

(2) For purposes of Section 4507(a), "received by the Treasurer of the District" shall mean receipt either (1) in the office of the Treasurer or (2) by crediting pursuant to advance agreement with the Treasurer to the District's general demand account at the District's principal depository bank, in such form that the funds are immediately available for investment or other use or disposal by the District.

(3) For purposes of Section 4507(a), "crediting activity" shall mean either (1) 2:00 p.m. if payment is delivered to the office of the Treasurer, or (2) the cutoff time for crediting by the District's principal depository bank of that day's transactions if payment is initiated by wire transfer, automated clearinghouse transfer, interbranch transfer, direct deposit, or by other means pursuant to advance agreement with the Treasurer.

If, under advance agreement with the Treasurer, a member agency has authorized payment of any invoice by automated clearinghouse transfer initiated by the Treasurer, the

Treasurer shall initiate such transfer for processing two business days prior to the business day on which such payment shall be delinquent. Failure of such transfer shall not relieve such member agency from liability for such payment or charges in the event such payment should become delinquent, except as specifically provided under advance agreement with the Treasurer.

(b) Full Service and Emergency Storage Program Facility. In cases where water through a particular facility is delivered during any month for full service or Emergency Storage Program Service, the bill for water delivered in such month will be prepared by applying the rates for water sold and delivered in full service to the total quantity of water delivered. If the member public agency desires to receive credit for water used in Emergency Storage Program Service, the facts concerning the quantities of water so used must be certified to the District via the District's electronic certification and billing system by an authorized user for the member public agency purchasing such water as provided for in Section 4507 (c). The amount of such credits shall be based on the difference in water rates in effect at the time the water is used.

(c) Late Certifications. Based on available information, the District will notify a member agency for any certification that it has not received, if known, three months from the end of the month for which the agency would normally certify. No certification received after six months following the end of any month in which such a credit is claimed will be accepted. Certifications must be received by Metropolitan before 3:30 p.m. on the third working day after the end of the month to receive credit for any preceding month on the next bill, subject to the provisions with respect to late certifications in this Section. This Section applies to all cases where a certification is required to receive a credit, whether or not specifically named in this Section, unless otherwise provided by this Code.

(d) Determination by General Manager as to Type of Delivery. In the event the respective quantities of water sold and delivered in any month on order of any member public agency for use therein in any water program or contract requiring certification, are not determinable to the satisfaction of the General Manager in time for preparing regular monthly bills, then billing and payment for all water sold and delivered in such month to such member public agency shall be made at the rates prescribed for water used in full service in Section 4401(a)(1) hereof. Upon the determination by the General Manager of the correct quantities of water sold and delivered and used in any water program or contract requiring certification, any adjustment which is necessary to give effect to the applicable credit for the water used in any water program or contract requiring certification, shall be made by application of credits on subsequent purchases of water from the District by such member public agency. Such adjustments shall not be made in cases where a claim for the applicable credit is not submitted within the period provided in Section 4507(c).

(e) Obligation to Pay for Appropriate Class of Service. If water has been sold and delivered at the rates prescribed for water sold in any water program or contract and appropriate certifications have been submitted for the water so used, but the water has in fact been used in full service or another class of service, the member public agency shall be obligated to pay the difference between the rates prescribed for water sold for the applicable water program or contract and the rates prescribed for the class of service actually used.

(f) Submission of Documentation by Member Agency. With respect to water sold and delivered at the rates prescribed for water sold under water programs or contract (unless otherwise specified in an agreement with the District), original documentation supporting the use

of such water as certified must be submitted no later than December 31 following the end of the fiscal year for which a certification is submitted, unless otherwise specified in an agreement with the District. If the documentation is not submitted by December 31 following the end of the fiscal year for which a certification was submitted, an agency will receive a late penalty of \$2,500. If the agency does not submit documentation by February 28/29 following the end of the fiscal year for which a certification was submitted, it shall be conclusively presumed that:

(1) The water sold from the District was used for full service, and the District's next monthly billing shall reflect such adjustment; or

(2) The yield was not produced as certified and the District's next monthly billing shall reflect such adjustment.

This provision will apply individually to each program or agreement that an agency or sub-agency participates in separately.

(g) **Review Process.** With respect to water sold and delivered at the rates prescribed for water sold under water programs or contract (unless otherwise specified in an agreement with the District) the District will complete its review within twelve months from date of receipt of the original supporting documentation.

(1) Should the District not complete its review within twelve months of the submittal of all source documentation, the review will be considered complete and the certifications final.

(2) When the review is completed, the District will notify the member agency of its initial findings for its comments. The member agency will provide its comments within 60 days. Metropolitan staff and the agency will work together to reconcile any differences.

(3) If the member agency and Metropolitan staff cannot reconcile the differences, Metropolitan's Water System Operations' Group Manager has the responsibility to consult with the member agency and make a final ruling, subject to the General Manager's oversight. If the ruling is unsatisfactory to the agency, it can be appealed to Metropolitan's Finance and Insurance Committee.

(4) If the member agency does not provide further documentation correcting Metropolitan staff findings within the 60 day comment period as specified in (g) (2), then it shall be conclusively presumed that the District's findings are correct and the District's next monthly billing shall reflect such adjustment.

(h) **Discovery of Mistakes or Errors.** In the event a mistake or error is discovered in a District water sales record, the General Manager shall initiate appropriate corrective action. No mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District. In the event a mistake or error is discovered by a member agency in its water sales record or certifications, no mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District.

(1) A District water sales record shall include a water billing invoice, or district invoice for other water-related charges.

(2) If the District finds the mistake or error, the discovery of the mistake or error shall be documented in writing to the member agency. The date of discovery for corrective action purposes shall be the date notice is sent to the member agency.

(3) If the member agency discovers the mistake or error, the discovery of the mistake or error shall be documented in writing to the District by either a revised certification form or letter, whichever is applicable. The date of discovery for corrective action purposes shall be the date the certification or letter is received by the District.

(4) If an incorrect invoice has been issued to a member public agency, the General Manager shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.

(5) Mistakes or errors shall also include but are not limited to mistakes or errors in metering or recording deliveries to member agencies, entry or calculation errors in fixed charges, discovery of errors in either a member agency or sub-agency submitted certification(s), or processing of a certification(s) for the Local Projects Program, the Local Resources Program, the Groundwater Recovery Program, Conservation Credit Program, or any other water management program or storage programs or agreements unless specified otherwise in the contract.

(6) Any mistakes or error for a fiscal year period that is less than five acre-feet cumulative by agency or sub-agency, by program or agreement, shall be waived.

(i) **Rate Change.** In the event that deliveries of water are made by the District to member public agencies over a billing period during which the District's water rates change, the General Manager may cause the meters recording deliveries of water during such period to be read at the end of the period and the statement of charges for such deliveries of water may be based on a proration between the previous and new water rates for the periods of time during which each were in effect as determined by the General Manager.

Section 322.8 based on Res. 7291 – October 13, 1970; amended, paragraphs (c) through (h) [formerly Sections 322.8.3 through 322.8.8] added, and paragraph (i) [formerly Section 312.9] amended and renumbered by M.I. 33642 – March 10, 1981; paragraphs (c) and (f)(2) amended by M.I. 33691 – April 14, 1981; paragraph (a) [formerly Section 322.8.1] amended and paragraphs (a)(1) through (a)(3) added by M.I. 34215 – May 11, 1982; paragraph (d) amended by M.I. 35430 – December 11, 1984; paragraph (a) amended by M.I. 36374 – November 18, 1986. Section 322.8 repealed and Section 4507 adopted by M.I. 36464 – January 13, 1987, effective April 1, 1987; paragraph (a) amended by M.I. 37271 – August 23, 1988; amended by M.I. 37764 – July 11, 1989; paragraph (c) amended by M.I. 39082 – July 9, 1991; paragraph (f) amended by M.I. 40389 – August 24, 1993; paragraphs (a), (a)(2) and (3) amended by M.I. 40463 – September 21, 1993; paragraphs (c), (d), (f) through (i)(1) and (2) and (j), (k) and (l) amended by M.I. 40865 – June 14, 1994; paragraph (a) amended by M.I. 41468 – June 13, 1995; paragraphs (e) and (f) amended by M.I. 41617 – October 10, 1995; paragraphs (a), (b), (d)-(m) amended by M.I. 42278 – February 11, 1997; Titles added to paragraphs (a)-(n), original paragraphs (b)-(l) renumbered and amended, new paragraphs (k)-(m) (1)-(6) added, and paragraph (m) amended and (m) (1)-(6) added by M. I. 44005 – May 17, 2000; paragraph (l)(3) amended by M.I. 44582 – August 20, 2001; paragraphs (a) and (f) amended and new paragraph (o) added by M. I. 44812 – March 12, 2002; paragraphs (a), (d), (e), (i), (j), (k), (l), (m)(5) amended by M. I. 45249 – March 11, 2003; paragraphs (e), (i), and (j) amended by M.I. 45941 – October 12, 2004; paragraph (a) amended by M. I. 46148 – March 8, 2005; paragraph (l)(3) amended by M. I. 46983 – February 13, 2007; paragraphs (c), (i)(3), (j) amended, paragraph (g) added and renumbered by M. I. 47259 – October 9, 2007; paragraphs (l), (m), (n)(1)-(6), (o), (p) amended by M.I. 47672 – October 14, 2008; paragraphs (c), (e), (i)(3), (j) amended by M.I. 47998 – August 18, 2009;

paragraph (3) amended by M.I. 48534 - January 11, 2011; deleted paragraph (p) by M.I. 49952 - November 18, 2014; deleted former paragraphs (b), (c), (d), (g), (h), and (i), renumbered former paragraph (e) to current paragraph (b), renumbered former paragraph (f) to current paragraph (c), renumbered former paragraph (j) to current paragraph (d), renumbered former paragraph (k) to current paragraph (e), renumbered former paragraph (l) to current paragraph (f), renumbered former paragraph (m) to current paragraph (g), renumbered former paragraph (n) to current paragraph (h), renumbered former paragraph (o) to current paragraph (i), amended paragraphs (b), (d), (e), (f), (g), and (h) by M.I. 50323 - December 8, 2015.

§ 4508. Additional Payment and Reporting in the Event of Delinquency in Payment for Water.

In the event any member public agency shall be delinquent in the payment for water delivered and other charges as invoiced by the District, an additional charge equal to two (2) percent of such delinquent payment for each month or portion thereof that such payment remains delinquent shall be assessed, and the member public agency shall pay such charge to the District in addition to the amount of such delinquent payment. Notwithstanding the above, if the total period of delinquency does not exceed five (5) business days, the additional charge shall be equal to one (1) percent of such delinquent payment. Invoices for delinquencies including additional charges shall be mailed not later than the tenth day of each month. In the event any member public agency shall be delinquent for more than thirty (30) days in the payment for water, such delinquency shall be reported by the General Manager to the Board of Directors of the District at its next meeting. The Board, in its discretion and upon such other conditions as it may prescribe after giving the member public agency a reasonable opportunity to be heard, may order the termination of service to such member public agency until all delinquent payments, including additional charges, are made to the District or may authorize such other actions as may be legally available to effectuate collection.

Section 322.9 based on Res. 7291 - October 13, 1970; amended by M.I. 33642 - March 10, 1981; amended by M.I. 34215 - May 11, 1982 effective July 1, 1982. Section 322.9 repealed and Section 4508 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987; amended by M.I. 41468 - June 13, 1995.

§ 4509. Water Restricted to Use Within the District.

In order to insure that water served by the District is not used for the direct or indirect benefit of areas outside the District, the amount of water served by the District's facilities that shall be made available to any member public agency shall be limited to an amount equal to that required for uses within the area of the District lying within, or served by or through, such member public agency. No area lying outside the boundaries of the District shall be served with water from the District's facilities, except as service to such area may, when found to be such by the Board, be a reasonably unavoidable incident to the service of such water within the District, and under such circumstances the amount of water served by the District that shall be made available to any member public agency shall be limited to an amount equal to that required for uses within the area of the District lying within, or served by or through, such member public agency. Any question of fact involved in the application of this Section 4509 shall be finally determined by the Board, after giving the member public agency concerned adequate opportunity to present pertinent factual evidence and the views of such member public agency.

Section 312.10 based on Res. 7260 - May 12, 1970; amended by M.I. 33642 - March 10, 1981. Section 322.10 repealed and Section 4509 adopted by M.I. 36464 - January 13, 1987, effective April 1, 1987.



ACTION ITEM
August 17, 2022

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

FROM: Robert Hunter, General Manager

Staff Contact: Heather Baez

SUBJECT: ISDOC CALL FOR NOMINATIONS

STAFF RECOMMENDATION

Staff recommends the Board of Directors discuss and determine if a member of the MWDOC Board would like to be nominated as a candidate for the ISDOC Executive Committee and direct staff as appropriate.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

The Independent Special Districts of Orange County (ISDOC) is holding its bi-annual officer elections via mail in September and October 2022. An official Notice of Election & Call for Candidates was recently distributed to all member districts. That notice along with an election timeline is attached for your reference.

Per the ISDOC Bylaws, officials who wish to seek election/appointment as an officer of ISDOC must first secure from their district an official endorsement in the form of a board resolution. In accordance with these Bylaws, the MWDOC Board must endorse a Director's candidacy through Resolution of the Board.

Budgeted (Y/N): n/a	Budgeted amount: n/a	Core X	Choice ____
Action item amount: None	Line item:		
Fiscal Impact (explain if unbudgeted):			

Nominations for the ISDOC Executive Committee close on September 14 and all Board resolutions must be received at that time. Ballots will be sent out via mail and email on September 16 and must be received no later than October 21.

BOARD OPTIONS

Option #1

- Discuss if a member of the MWDOC Board of Directors would like to be considered for a position on the ISDOC Board.

Fiscal Impact: None

Business Analysis: MWDOC would have a member of their Board of Directors serving in a leadership position for ISDOC.

Option #2

- Take no action

Fiscal Impact: None

Business Analysis: A member of the MWDOC Board will not have a position on the ISDOC Board.

ATTACHED:

- ISDOC Call for Nominations
- 2022 Election Timeline



August 1, 2022

PLEASE DISSEMINATE TO ALL BOARD MEMBERS

Mailing Address

P.O. Box 20895
Fountain Valley, CA 92728

Meeting Location

MWDOC/OCWD
18700 Ward Street
Fountain Valley, CA 92708

(714) 963-3058
(714) 964-5930 fax

<https://isdoc.specialdistrict.org/>

Executive Committee

President

Hon. Mark Monin
El Toro Water District

1st Vice President

Hon. Arlene Schafer
Costa Mesa Sanitary District

2nd Vice President

Hon. Bob McVicker
Municipal Water District Orange County

3rd Vice President

Brooke Jones
Yorba Linda Water District

Secretary

Hon. Greg Mills
Serrano Water District

Treasurer

Hon. Bill Green
South Coast Water District

Immediate Past President

Hon. Sandra Jacobs
Santa Margarita Water District

Staff Administration

Heather Baez

Municipal Water District of Orange County

Tina Dubuque

Municipal Water District of Orange County

This email shall serve as official notice and call for candidates for the positions of President, First Vice President, Second Vice President, Third Vice President, Secretary and Treasurer on the Executive Committee of the Independent Special Districts of Orange County (ISDOC).

Terms of office are for two years, commencing on January 1, 2023.

The election will be by mail ballot and new officers will be announced at the October 27, 2022 Quarterly Meeting. Ballots will be mailed to all regular ISDOC members in good standing on **Friday, September 16, 2022 and are due by October 21, 2022.**

Nominations will close on Wednesday, September 14, 2022. Any Board Member/Trustee of a regular ISDOC member agency is eligible for nomination to any of the open positions. Individuals who wish to be considered for a position should submit a letter of interest for that position, together with a resolution from their Board authorizing their candidacy.

Responsibilities of the positions are as follows:

PRESIDENT: The President is the chief executive officer of ISDOC. He or she presides at all meetings of the Board of Directors and the Executive Committee, appoints all committees, and represents ISDOC as its official spokesperson.

FIRST VICE PRESIDENT: The First Vice President chairs the Program Committee. Duties include planning the Quarterly Luncheon program, inviting and coordinating with the invited speaker, and in the absence of the President, shall perform all duties of the President.

SECOND VICE PRESIDENT: The Second Vice President chairs the Membership Committee. Duties include maintaining a list of current regular and associate members, follow up with any outstanding membership dues as needed, and in the absence of the President and First Vice President, shall perform all duties of the President.

THIRD VICE PRESIDENT: The Third Vice President chairs the Legislative Committee. Duties include providing a legislative update, making legislative position recommendations to the Executive Committee, and in the absence of the President, First Vice President, and Second Vice President, shall perform all duties of the President.

SECRETARY: The Secretary is responsible for all correspondence and the dissemination of information to members. Duties include preparing and distributing agendas and minutes for the Executive Committee meeting, and editing and publishing the quarterly newsletter. All official correspondence to the members will be approved in advance by the President or President's designee.

TREASURER: The Treasurer maintains the complete financial records and bank accounts in the name of the Organization, and pays all bills duly approved by the Executive Committee, with a report to be presented to the membership at the Organizations next membership meeting.

Meetings of the Executive Committee are held virtually on the first Tuesday of each month at 7:30 a.m. Please see ISDOC website for details. <https://isdoc.specialdistrict.org/>

If you are seeking nomination to a position on the Executive Committee, please send your letter/email of interest and a copy of your Board's authorizing resolution to Heather Baez at hbaez@mwdoc.com. All nomination requests must be received by **Wednesday, September 14, 2022.**

If you have any questions about the any of the positions or the election process, please contact either Heather Baez at hbaez@mwdoc.com or Tina Dubuque at tdubuque@mwdoc.com.

Mailing Address

P.O. Box 20895
Fountain Valley, CA 92728

Meeting Location

MWDOC/OCWD
18700 Ward Street
Fountain Valley, CA 92708

(714) 963-3058
(714) 964-5930 fax

Executive Committee

President

Hon. Mark Monin
El Toro Water District

1st Vice President

Hon. Arlene Schafer
Costa Mesa Sanitary District

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Hon. Bill Green
South Coast Water District

Immediate Past President

Hon. Sandra Jacobs
Santa Margarita Water District

Staff Administration

Heather Baez

*Municipal Water District of Orange
County*

Tina Dubuque

*Municipal Water District of Orange
County*

Independent Special Districts of Orange County

2022 Election Timeline

August 1, 2022	Call for nominations sent out for the 2023-2024 Executive Committee officer positions. We are seeking candidates for President, 1 st Vice President, 2 nd Vice President, 3 rd Vice President, Secretary, Treasurer, Programs, membership and legislation to the 1 st , 2 nd , 3 rd VP.
September 14, 2022	The Nomination period for Executive Committee officer positions closed. Nominations should include the following: <ol style="list-style-type: none"> 1. Board Resolution authorizing your candidacy; 2. Position for which you are running; 3. What you will bring to ISDOC, and; 4. Introductory about yourself.
September 16, 2022	Ballots sent out – Via US mail and email.
October 21, 2022	Ballots are due – Via US mail or email to Heather Baez: P.O. Box 20895 Fountain Valley, CA 92728 or hbaez@mwdoc.com
October 27, 2022	The names of officers elected announced at ISDOC quarterly meeting.
January 1, 2023	Executive Committee officers begin new term.



ACTION ITEM
August 17, 2022

TO: Board of Directors

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

Robert J. Hunter
General Manager

Staff Contact: Harvey De La Torre, Assistant General Manager

**SUBJECT: MWDOC'S RESPONSE LETTER TO ORANGE COUNTY GRAND JURY
REPORT – WATER IN ORANGE COUNTY NEEDS “ONE VOICE”**

STAFF RECOMMENDATION

It is recommended that the Board of Directors approve MWDOC's response letter on the Orange County Grand Jury's findings and recommendations, and have staff submit such letter to the Presiding Judge of the Superior Court before September 20, 2022.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

On June 22, 2022, the Orange County Grand Jury released a 24-page report titled **Water in Orange County Needs “One Voice.”** The report included six findings and two recommendations calling for a “single leadership structure, whether through consolidation of existing dual entities (OCWD and MWDOC) or creation of a new water authority” to “lead all aspects of Orange County wholesale water” in order to “operate with ‘one water voice.’”

MWDOC is required to provide a response letter to all of the report's findings and recommendation no later than September 20, 2022 (90 days after the report has been published).

Budgeted (Y/N): N/A	Budgeted amount: None	Core X	Choice _
Action item amount: None			
Fiscal Impact (explain if unbudgeted): Not applicable			

Our response letter will be send to the Board and posted for review and consideration on Monday, August 8.

Attachments: MWDOC's Response Letter to the Orange County Grand Jury's findings and recommendations

Orange County Grand Jury Report – *Water in Orange County Needs "One Voice,"* June 2022

BOARD OPTIONS

Option #1 – Have the Board of Directors approve MWDOC's response letter on the Orange County Grand Jury's findings and recommendations, and have staff submit the letter to the Presiding Judge of the Superior Court before September 20, 2022

Fiscal Impact: There is no financial impact identified

Business Analysis: Approving our response letter will allow other Orange County agencies, that fall under "request to respond" to the Grand Jury's Report, to review and analyze our position. Moreover, it will provide some guidance to our Ad Hoc Committee in the discussions with OCWD's Ad Hoc Committee on the Grand Jury Report.

Option #2 – Not approve the response letter at this time and have staff modify the letter for review and approval next month.

Fiscal Impact: There is no financial impact identified

Business Analysis: Delaying approval of MWDOC's letter may not give guidance to our Ad Hoc Committee in the early discussions with OCWD. It may also delay our retail agencies' responses to the Grand Jury's findings and recommendations by the submittal date.

STAFF RECOMMENDATION

Option #1

Water in Orange County Needs “One Voice”



GRAND JURY 2021-2022

Water in Orange County Needs “One Voice”

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Water in Orange County Needs “One Voice”

SUMMARY

The future of a reliable water supply for California, as well as Orange County (OC), is at risk. The intense dry spell in the West, the worst in 1,200 years, is being labeled a “Mega Drought.”¹ Multiple years of drought and inconsistent availability of imported surface water from Northern California and the Colorado River should inspire OC leaders responsible for a reliable water supply to consider new ways to offset the likely depletion of aquifers and reservoirs.

Ronald Reagan once said: “No government ever voluntarily reduced itself in size.” However, it is important that Orange County water providers consolidate their resources and establish a unified voice to lead the County more efficiently in its water policies and planning. Multiple water experts agree it is time to coordinate strategies in water conservation, development of new supply and infrastructure, and preparation for the possibility of continued drought, disaster, and State-mandated water cutbacks.

Providing water to Orange County residents is a complicated process and requires the work of water wholesalers and retailers. Retail water agencies (districts and cities) are the direct link to residential and commercial customers. It is they who set the retail price for the water that is delivered. Providers of drinkable water to these retail entities are the wholesalers (suppliers) of imported and local groundwater from the aquifer.

The current structure of wholesale water supply and operations in Orange County, although fragmented between Orange County Water District (OCWD), Metropolitan Water District of Southern California (MET), and Municipal Water District of Orange County (MWDOC), has been successful in providing reliable, high-quality drinking water. While differences in geology and geography dictate different water supplies, no single governmental body is solely responsible for wholesale water policy and operations in Orange County, even though providing future reliable water supply is becoming more challenging.

While the processes of supplying wholesale groundwater and imported water are arguably dramatically different, complex, and should remain separated in OC, the Orange County Grand Jury (OCGJ) has determined that all sources of water are interconnected and would be best administered by one governmental entity. All the water flowing to OC taps looks the same, whether imported or groundwater, so why do we need two wholesale agencies?

This single leadership structure, whether through consolidation of existing dual entities (OCWD and MWDOC) or creation of a new water authority, is achievable through a combination of governance and local and State legislative changes that authorizes the single organization to lead all aspects of Orange County wholesale water. Although any consolidation or formation of a new water agency would pose political, administrative, and operational challenges, the OCGJ concluded that, at long last, it is time for Orange County to operate with “one water voice.”

¹ February 14, 2022, Peer reviewed study published in the journal *Nature Climate Change*
<https://doi.org/10.1038/s41558-022-01290-z>

Water in Orange County Needs “One Voice”

BACKGROUND

Multiple prior Grand Jury Reports have addressed water issues, including water challenges and opportunities jointly being faced by all of Orange County. One report pointed out disparities between the North/Central and South County’s water sources, the fragmented governance, and the significant differences in topography.² Another report informed the public about sustainability of the local water supply and future needs, along with evaluating the efforts of the two major wholesale water agencies in the County.³

Orange County relies heavily on imported water for its ongoing supply, as well as some of its groundwater storage replenishment needs. Metropolitan Water District of Southern California (MET) supplies imported water to Southern California. Municipal Water District of Orange County (MWDOC) buys imported water from MET and sells it to Orange County’s retail water agencies (cities and special districts). Orange County Water District (OCWD) supplies ground water to the retail water agencies and cities geographically served by the aquifer and wells.

REASON FOR THE STUDY

The consolidation of OCWD and MWDOC has been explored in the past, debated by wholesale and retail water agencies, but ultimately never accomplished. The formation of a new Joint Powers Authority is one option. But no matter how a consolidation would be accomplished, the OCGJ concluded that now is the time to have a single wholesale water supply agency in Orange County. Based on statements made during numerous OCGJ interviews, multiple water professionals support moving from two to one wholesale entity for Orange County.

The OCGJ is concerned that opportunities to operate, innovate, lobby, capitalize and coordinate communication are not being optimized with Orange County’s current wholesale water structure, which is split between two key, but very different, agencies. This report will, among other things, address the merits related to the formation of “One Voice” in the Orange County wholesale water structure. It will highlight ways in which Orange County can better address water supply, operations, and infrastructure. The report will not recommend specifically how a single structure comes to fruition legislatively.

METHOD OF STUDY

The Grand Jury evaluated the efforts of the existing primary water entities in Orange County—MWDOC and OCWD—to determine what is working well, and the challenges and opportunities currently existing. In its investigation, the OCGJ used the following sources.

² 2009-2009 Grand Jury report titled *Paper Water*

³ 2012-2013 Grand Jury report titled *Orange County Water Sustainability: Who Cares?*

Water in Orange County Needs “One Voice”

- In-person and virtual interviews. Specifically, interviews of current and former Water District Managers, City and Regional Water Managers and other involved State entities and individuals.
- Water District website meeting minutes and document review.
- Independent research (articles, websites, reports, minutes, documents, etc.).
- Research of applicable State and local water-related statutes and ordinances.
- Site tours of water and sanitation districts’ operations.
- Past Grand Jury reports.
- 2021 Orange County Water Summit.

The interviews included personnel from water agencies that represented a cross section of regional and local wholesalers and retailers to obtain a diversity of perspectives based on geography, demographics, and practices. The investigation took into consideration the variety of characteristics that exist in the County, including:

- North compared to South County sources of water supply (reliance on imported water).
- Variety of projects to provide water supplies during normal and emergency times.
- Diversity of projects and plans to increase reliable sources of water supply including categories related to conservation, recycling for irrigation and potable use, storage, desalination options, etc.
- Multi-agency collaboration.

INVESTIGATION AND ANALYSIS

Overall, California water sources come from imported supplies (State Water Project in Northern California and the Colorado River), groundwater, stormwater, water transfers, desalination, and water recycling. Orange County, like the rest of California, relies on a variety of sources, with the exception of desalination which is currently in the planning stage.

Status Quo

To best understand the background of wholesale water in California, and specifically Orange County, one must examine the three major governmental agencies involved: Metropolitan Water District of Southern California (MET), Municipal Water District of Orange County (MWDOC), and Orange County Water District (OCWD). These agencies have similar names but very different responsibilities. The role of retail water districts will also be explained.

Metropolitan Water District of Southern California

MET provides water from the Colorado River and the State Water Project from Northern California to Southern California. It wholesales this imported water to its Orange County member agencies, MWDOC and the independent cities of Anaheim, Fullerton, and Santa Ana.

Water in Orange County Needs “One Voice”

MET provides most of the water imported into Orange County. MET currently delivers an average of 1.7 billion gallons of water per day to a 5,200 square mile service area. MET is a group of 26 cities and water districts providing drinking water to over 19 million people in Los Angeles, Orange, San Diego, Riverside, San Bernardino, and Ventura counties.



Municipal Water District of Orange County

MWDOC acts as a pass-through agency for MET's imported water. This imported water is sold to MWDOC's 27 member agencies which, except for Fullerton, Anaheim and Santa Ana, covers the entire County. MWDOC also sell untreated water to OCWD for ground water discharge. MWDOC does not own or operate any water infrastructure.

Water in Orange County Needs “One Voice”

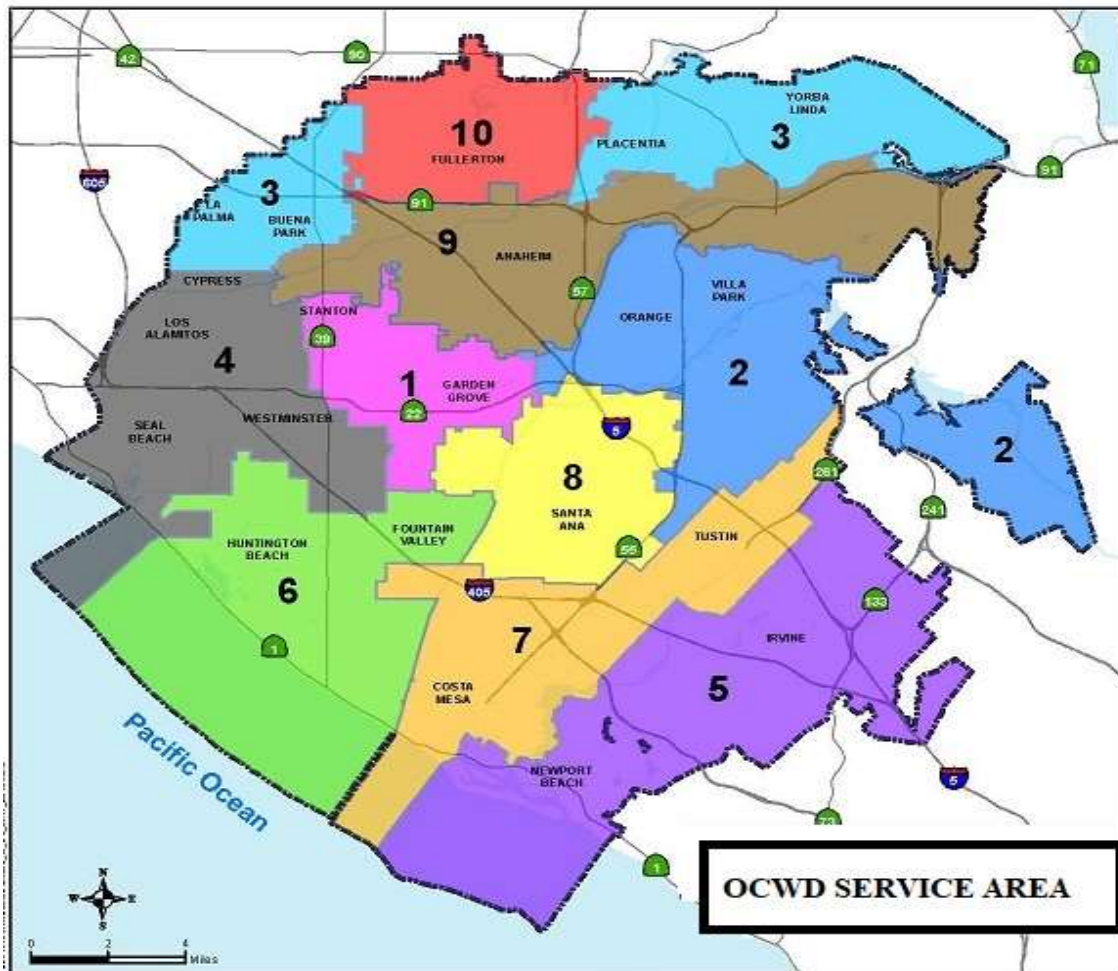


Orange County Water District

OCWD manages the groundwater basin in the north and central part of the County. OCWD does not directly provide water to any residents or businesses, except treated wastewater for irrigation in the Green Acres Project. The Green Acres Project is a water reuse effort that provides recycled water for landscape irrigation at parks, schools and golf courses and some industrial

Water in Orange County Needs “One Voice”

uses.⁴ OCWD’s primary role is to manage the basin and provide local water retailers with a reliable, adequate, and high-quality supply of water.⁵ In addition, OCWD operates the Groundwater Replenishment System (GWRs) in partnership with the Orange County Sanitation District (OCSAN). This state-of-the-art water purification project can produce over 100 million gallons of high-quality potable water per day for aquifer recharge. OCWD provides groundwater to 19 municipal and special water districts and supplies approximately 77 percent of the water



supply for North and Central Orange County. OCWD is the only wholesale groundwater agency for Orange County and is a customer of MWD OC for imported needs to supplement the aquifer recharge serving North/Central County. OCWD currently has \$1.5 billion in capital infrastructure assets.

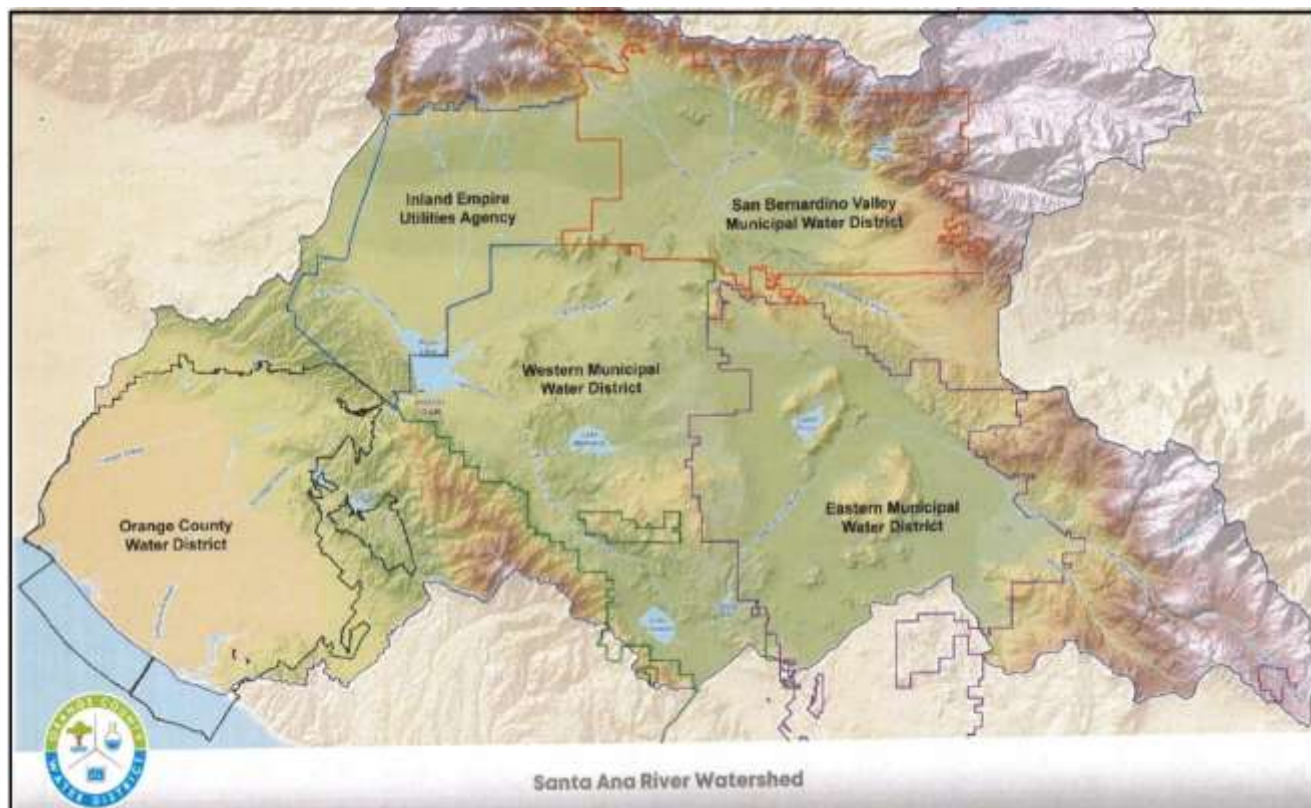
⁴ www.ocwd.com/about/

⁵ *Ibid.*

Water in Orange County Needs “One Voice”

Additional Supply for OCWD

The Santa Ana River is the largest coastal stream in Southern California. Flowing west from the San Bernardino Mountains, the river winds through San Bernardino and Riverside Counties before reaching Orange County at Prado Dam, then traveling through the OCWD aquifer to supplement recharge, before terminating at the Pacific Ocean. The river is joined by Santiago Creek and flows to the ocean between Huntington Beach and Newport Beach.⁶



Retail Water Districts

Retail water organizations are the direct connection of supplying water to residential and commercial consumers. There are 29 retail water providers throughout Orange County. These water providers include cities, special water districts/agencies and one private water company.

⁶ www.ocwd.com/what-we-do/

Water in Orange County Needs “One Voice”



Differences in Supply Sources

South Orange County’s approximate 600,000 residents rely primarily on imported water (70-100 percent of needed supply depending on location) from hundreds of miles away. The imported water is purchased through the Municipal Water District of Orange County (MWDOC).⁷

North and Central County’s roughly 2.8 million residents rely primarily (19-99 percent depending on location) on groundwater supplied OCWD, which refills the Orange County Groundwater Basin with many different water supplies: water from the Santa Ana River; local rainfall; treated and purified wastewater through the Groundwater Replenishment System (GWRs); and imported water from the Colorado River and Northern California.⁸

⁷ www.ocwd.com/about & www.mwdoc.com/wp-content/uploads/2017/05/Water-Supply.pdf

⁸ www.mwdoc.com/wp-content/uploads/2017/05/Water-Supply.pdf

Water in Orange County Needs “One Voice”

History, Governance and Authorizing Legislation

MET

In 1928, the Metropolitan Water District Act was established by the California Legislature. The original purpose was to construct and operate the 242-mile Colorado River Aqueduct, which runs from an intake at Lake Havasu on the California-Arizona border to an endpoint at Lake Mathews reservoir in Riverside County. MET has a 38-member board of directors representing the district’s 26 agencies. Orange County is represented on the MET Board by seven Board members. MET has imported water from the Colorado River since 1941 and from Northern California since the early 1970s.⁹

MWDOC

MWDOC is a wholesale water supplier and resource planning agency that was established in 1951. Governed by a seven-member Board of Directors,¹⁰ MWDOC is MET’s third largest member agency and appoints four representatives to advocate the interests of Orange County on the Metropolitan Water District Board.¹¹

OCWD

The Orange County Water District was formed in 1933 by a special act of the California Legislature to protect Orange County’s rights to water in the Santa Ana River. OCWD is governed by a 10-member Board of Directors, seven of whom are elected, and three are appointed by the city councils of Anaheim, Fullerton, and Santa Ana.¹²

Retail Water Districts

Each retail water district was established throughout Orange County’s history and provides water directly to consumers. They are each governed by an elected board of directors, respective city councils, or private investors.

Local Agency Formation Commission (LAFCO)

As part of California’s water governance, LAFCO oversees geographic boundaries, evaluates cost-effective and efficient public service delivery, and explores potential alternatives to meet the service demands of the existing and future County population. Orange County LAFCO was founded in 1963 and strives to ensure the delivery of effective and efficient public services, including water, by local governments to the County’s residents.¹³ Orange County water

⁹ www.mwdoc.com/about-mwdoc; www.mwdh2o.com/who-we-are/our-story/

¹⁰ www.mwdoc.com/about-us/about-mwdoc

¹¹ www.mwdoc.com/wp-content/uploads/2017/06/So-Cal-Water-Wholesale-Retailers.pdf

¹² www.ocwd.com/about/

¹³ www.oclafco.org/about-us/agency/

Water in Orange County Needs “One Voice”

professionals believe the process of creating one wholesale water agency would first go through LAFCO formation before moving on to State legislation and approval.

Services Provided by Wholesalers & Retailers

The following water services are currently in operation for Orange County.

MET

- Delivering wholesale water supplies from the Colorado River and State Water Project.
- Managing water resources including water storage programs (groundwater banking and reservoir), transfers and exchanges, groundwater recovery, recycling, stormwater capture, and potential seawater desalination.
- Operating water system including treatment, quality monitoring, conveyance, distribution, and support.
- Engineering, safety, and regulatory services such as infrastructure protection, maintenance, and improvement programs.
- Managing energy operations.
- Planning for emergency water supply interruption due to earthquake, fire, power failure, public health, and other unexpected crises.
- Planning for capital investment.

MWDOC

- Purchases wholesale water from MET, approximately 70.2 billion gallons of water annually, and delivers to its 27 member agencies.
- Provides studies, analysis and programs related to water supply development, including desalination, and system reliability and use efficiency.
- Offers planning assistance and local resource development in areas of water recycling, groundwater recharge, and conservation.
- Offers residential and commercial rebate programs.
- Offers leak detection services to its members.
- Develops and administrates disaster preparedness, response, and recovery strategies through the Water Emergency Response Organization of Orange County (WEROC). This organization involves both water and wastewater agencies.
- Provides public education and community outreach.

OCWD

- Manages Orange County’s wholesale groundwater supplies: the basin consisting of a large underground aquifer to ensure a reliable supply, the Santa Ana River watershed, and the Groundwater Replenishment System (GWRS).

Water in Orange County Needs “One Voice”

- Replaces groundwater that is pumped out of the basin every year with Santa Ana River watershed, recycled, imported, storm and natural incidental water recharge.
- Ensures groundwater supply safety and quality through monitoring and testing.
- Recycles water primarily through the GWRS which takes treated wastewater that otherwise would be sent to the Pacific Ocean and purifies it for aquifer recharge.
- Participates in legislative and community engagement and education.
- Develops additional innovative programs such as Forecast Informed Reservoir Operations (FIRO) at Prado Dam, capturing and recharging stormwater in the Santa Ana River, and anticipating and optimizing stormwater runoff.
- Coordinates contaminant treatment, financial resource needs, and policy such as for Per- and polyfluoroalkyl substances (PFAS) which enter the aquifer and wells primarily through the Santa Ana River flows. Additionally, organizes litigation and accountability for the contaminant sources.

Retail Water Districts

In addition to being the direct link to consumers, retail agencies provide several additional services beyond those provided by wholesalers. Those services include maintaining water quality and testing throughout their distribution systems, repair and replacement of critical infrastructure, regulatory compliance, customer service, water use conservation, recycled water for irrigation or other non-potable uses, and public outreach and health-related services.

Where Do We Go from Here?

Assessment of Current State

Reliable sources shared opinions with the OCGJ that the current OC wholesale structure is “dysfunctional”, “prevents speaking with one voice for all of Orange County water interests” involving the aquifer and imported water sources, and “currently provides redundant services with redundant costs.” Also, multiple member agencies of MWDOC have expressed dissatisfaction with MWDOC’s operating effectiveness related to MET board and legislative representation, member charges for provided services, and the scope of emergency preparedness.¹⁴

In addition, this dual structure of MWDOC and OCWD has resulted in missed opportunities for the County in the form of more extensive multiple agency collaboration, increased operating efficiency, decreased reliance on imported water, and the creation of a more reliable water

¹⁴ Information based on multiple interviews, past agreements between MWDOC and MWDOC member agencies, and LAFCO Municipal Service Reviews.

Water in Orange County Needs “One Voice”

supply.¹⁵ Currently, many projects are undertaken by individual or small groups of retail agencies that could be more expansive if guided by a single wholesale water supplier providing diverse water sources.

Another missed opportunity is a lack of coordinated County analysis about the benefits and drawbacks related to potential desalination projects. Even though desalination projects potentially impact the water supply for all of Orange County, OCWD and MWDOC independently consider these desalination projects and their impact.

Furthermore, many water experts believe that this fragmentation results in less than optimum legislative lobbying effectiveness. This affects programs such as water conservation, related water consumption standards such as State storage projects to capture more water supply during wet years, contamination treatment standards, and the Delta Conveyance System, which is a proposed more efficient and effective system to move water from Northern California to the central and southern part of the State.

Benefits of a Single County Agency - “One Voice”

The Orange County Grand Jury found that creation of a single County wholesale water agency to serve as a conduit for both imported and groundwater would be most effective in coordinating water supply diversification, major infrastructure investments, and developing forward-thinking policies and practices. This single agency would also help facilitate fiscal and environmental responsibility.

Orange County water agencies have earned a tremendous reputation for innovative projects and strategies related to increasing a reliable water supply, even in drought conditions. How do we leverage what already is exemplary and collaborative in Orange County water operations?

- Groundwater Replenishment System (GWRS)
- Santa Ana River Conservation and Conjunctive Use program (SARCCUP)¹⁶
- Inter-county perspective with neighboring jurisdictions of the Inland Empire, San Diego, and Los Angeles Counties.
- Purple water recycling for irrigation coming from treated waste and stormwater capture.
- Burris Basin conversion to Anaheim Coves Trail (OCWD / City partnership).¹⁷

Water experts believe “One Voice” would result in increased influence on the MET Board. The OCJG concluded that having all types (groundwater and imported water) of wholesale water

¹⁵ Information based on multiple water professional interviews.

¹⁶ www.ieua.org/read-our-reports/santa-ana-river-conservation-and-conjunctive-use-program/

¹⁷ http://www.santa-ana-river-trail.com/trail/burris_basin.asp

Water in Orange County Needs “One Voice”

providers occupy “seats at the table” would be beneficial to Orange County as a whole and for MET. Additional benefits of a one wholesale water entity include:

- Increased coordination of financial support and capital resources from local, State, and federal sources. An example is in the funding for well contamination remediation utilizing an ionization process.
- More influence at the local, State, and federal levels. Examples include the Delta Conveyance¹⁸ system, additional storage capacity, and preservation of imported supplies from the State Water Project.
- Increased collaboration leading to additional infrastructure shared by wholesale and retail, both for emergency and longer-term everyday use, to move water around as needed.
- Centralized planning for emergency water supply interruptions rather than independent efforts of wholesale and retail water organizations.
- Increased coordination between North and South County for matters such as water banking in Central County for use in South County.
- Cost savings by eliminating duplication of administrative, professional, consultant, lobbying and other expenses currently existing at OCWD and MWDOC.
- Singular County leadership in forming conservation strategies, public outreach, and education.

Concerns related to creating “One Voice”

The Orange County Grand Jury recognizes that with any governance or business model change obstacles will exist to forming a consolidated or new wholesale water agency. Overall, proponents of this change are concerned that there is a lack of political will and that “protecting my own turf” philosophies will get in the way of doing the right thing for reliable water supply in the future. Some additional hesitation exists from some Orange County water board and management professionals that believe:

- Imported versus groundwater requires specialized knowledge and a unique operational approach and should not be combined.
- Staff reductions will occur.
- Merging of retirement pension and benefit liabilities will be complicated and expensive.
- Development of a new Board of Directors structure may cause a loss of representation of the unique water needs of different parts of the County.

¹⁸ www.mwdoc.com/wp-content/uploads/2020/06/Delta-Conveyance-Project-and-EcoRestore.pdf

Water in Orange County Needs “One Voice”

- Consolidation of the existing two wholesale water districts, OCWD and MWDOC, or the forming of a new agency would be complicated. The process would likely begin through Orange County LAFCO before moving to State legislative level, both of which would be divisive and risk political influence and interference when revising local and State water acts.

Despite these complications and challenges, the OCGJ concluded that the County will be better served by creating a “one voice” agency to lead and represent all aspects of wholesale water operations in Orange County.

FINDINGS

- F1 A singular water authority for Orange County’s wholesale water supply likely would result in further opportunities at the local, State, and federal levels in legislation, policy making and receiving subsidies and grants.
- F2 The current fragmented water system structure and operations provides challenges as it relates to development of new interconnected infrastructure as well as maintenance of existing systems.
- F3 There is a great disparity between the North/Central and South Orange County water sources, management, and operations carried out by OCWD and MWDOC.
- F4 South Orange County has many smaller retail water districts that lack a formal centralized leadership. Notwithstanding this lack of structure, South Orange County retail water districts have displayed effective collaboration when dealing with one another.
- F5 Orange County Water District is a recognized worldwide leader in groundwater resource management and reclamation. Its leadership, innovation, and expertise can be further utilized to serve all of Orange County in developing additional innovative and beneficial programs.
- F6 Orange County currently does not have a countywide coordinated policy regarding water conservation, which results in difficulty when complying with any new State-mandated conservation regulations.

RECOMMENDATIONS

- R1 By January 2023, Orange County wholesale water agencies should formally begin analysis and collaboration towards forming a single wholesale water authority or comparable agency to operate and represent wholesale water operations and interests of all imported and ground water supplies. (F1, F2, F3, F4, F6)

Water in Orange County Needs “One Voice”

- R2 Any future “One Voice” consolidated Orange County wholesale water authority should have Directors that examine and vote on issues considering the unique needs of all water districts. (F1, F2, F3, F4, F6)

COMMENDATIONS

- Orange County Water District (OCWD) commitment to sound planning and state-of-the-art technology to provide water to the people of Orange County. Highly recognized, OCWD, along with Orange County Sanitation District, has the world’s largest Groundwater Replenishment System (GWRS).
- Municipal Water District of Orange County (MWDOC) for many provided services related to emergency planning, public education, water reliability and delivery reports, leak detection service, rebate and conservation programs and many other “choice” services.
- All the current wholesale and retail water districts in Orange County for their efforts to collaborate and strategize to better serve Orange County Citizens despite the lack of a centralized administration.

RESPONSES

The following excerpts from the California Penal Code provide the requirements for public agencies to respond to the Findings and Recommendations of this Grand Jury report:

California Penal Code Section 933 requires the governing body of any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the governing body. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court). Additionally, in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such elected County official shall comment on the findings and recommendations pertaining to the matters under that elected official’s control *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code Section 933.05 specifies the manner in which such comment(s) are to be made as follows:

(a) As to each Grand Jury finding, the responding person or entity shall indicate one of the following:

(1) The respondent agrees with the finding.

Water in Orange County Needs “One Voice”

- (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) As to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:

- (1) The recommendation has been implemented, with a summary regarding the implemented action.
- (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
- (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.
- (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) If a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary /or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Responses Required

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code §933.05 are required from:

90 Day Response Required	F1	F2	F3	F4	F5	F6
OCWD Board of Directors	X	X	X		X	X

90 Day Response Required	R1	R2
OCWD Board of Directors	X	X

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90 Day Response Required	F1	F2	F3	F4	F5	F6
MWDOC Board of Directors	X	X	X	X	X	X

90 Day Response Required	R1	R2
MWDOC Board of Directors	X	X

Responses Requested

90 Day Response Requested	F1	F2	F3	F4	F5	F6
East Orange County Water District	X	X	X		X	X

90 Day Response Requested	R1	R2
East Orange County Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
El Toro Water District	X	X	X		X	X

90 Day Response Requested	R1	R2
El Toro Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Emerald Bay Service District	X	X	X		X	X

90 Day Response Requested	R1	R2
Emerald Bay Service District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Golden State Water Co	X	X	X		X	X

90 Day Response Requested	R1	R2
Golden State Water Co	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Irvine Ranch Water District	X	X	X	X	X	X

90 Day Response Requested	R1	R2
Irvine Ranch Water District	X	X

Water in Orange County Needs “One Voice”

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Laguna Beach County Water District	X	X	X	X	X	X

90 Day Response Requested	R1	R2
Laguna Beach County Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Mesa Water District	X	X	X		X	X

90 Day Response Requested	R1	R2
Mesa Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Moulton Niguel Water District	X	X	X	X	X	X

90 Day Response Requested	R1	R2
Moulton Niguel Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Santa Margarita Water District	X	X	X	X	X	X

90 Day Response Requested	R1	R2
Santa Margarita Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Serrano Water District	X	X	X	X	X	X

90 Day Response Requested	R1	R2
Serrano Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
South Coast Water District	X	X	X		X	X

90 Day Response Requested	R1	R2
South Coast Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Trabuco Canyon Water District	X	X	X	X	X	X

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90 Day Response Requested	R1	R2
Trabuco Canyon Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Yorba Linda Water District	X	X	X		X	X

90 Day Response Requested	R1	R2
Yorba Linda Water District	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
City of Anaheim	X	X	X		X	X

90 Day Response Requested	R1	R2
City of Anaheim	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
City of Fullerton	X	X	X		X	X

90 Day Response Requested	R1	R2
City of Fullerton	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
City of Santa Ana	X	X	X		X	X

90 Day Response Requested	R1	R2
City of Santa Ana	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
City of Brea	X	X	X		X	X

90 Day Response Requested	R1	R2
City of Brea	X	X

90 Day Response Requested	F1	F2	F3	F4	F5	F6
Metropolitan Water District	X	X				X

90 Day Response Requested	R1	R2
Metropolitan Water District	X	X

Water in Orange County Needs “One Voice”

GLOSSARY

AQUEDUCT	A structure for transporting water from one place to another by means of a pipeline, canal, conduit, tunnel, or a combination of these things.
AQUIFER	A geologic formation of sand, rock and gravel through which water can pass and which can store, transmit and yield significant quantities of water to wells and springs.
DELTA CONVEYANCE SYSTEM	Refers to State Water Project (SWP) infrastructure in the vast network of waterways comprising the Sacramento-San Joaquin Delta (Delta) that collects and moves fresh, clean, and affordable water to homes, farms, and businesses throughout major regions of the State from the Bay Area to Southern California.
FIRO	Forecast Informed Reservoir Operations is a flexible water management approach that uses data from watershed monitoring and improved weather forecasting to help water managers selectively retain or release water from reservoirs for increased resilience to droughts and floods.
GWRS	Groundwater Replenishment System. A process where water is replaced in the aquifer.
GREEN ACRES PROJECT	OCWD's Green Acres Project (GAP) is a water reuse effort that provides recycled water for landscape irrigation at parks, schools, and golf courses; industrial uses, such as carpet dying; toilet flushing; and power generation cooling.
GROUNDWATER BANKING	A process of diverting surface water into an aquifer where it can be stored until needed
JPA	Joint Power Authority. two or more public agencies to join together, under a joint powers authority (JPA), to provide more effective or efficient government services or to solve a service delivery problem.

Water in Orange County Needs “One Voice”

LAFCO	Local Agency Formation Commission. Governed by State law, the Commission oversees proposed changes to local agency and county unincorporated boundaries and prepares special studies to encourage the orderly and efficient delivery of public services to Orange County residential and business communities.
MET	Metropolitan Water District, provides water from the Colorado River and the State Water Project from northern California to Southern California.
MWDOC	Municipal Water District of Orange County represents all of Orange County, excluding the three independent city members of MET, and acts as a pass-through agency for MET water sold to its constituent members and sells additional untreated water to OCWD for groundwater recharge.
OCSAN	Orange County Sanitation District treats and recycles sewer and grey water.
OCWD	Orange County Water District manages the groundwater basin of the north and central part of the County.
ONE VOICE	Orange County needs to have a central entity to speak for water and legislative matters.
PAPER WATER	Transfer water via paper, not physically.
PFAS	Per and polyfluoroalkyl substances chemical by product of past aerospace manufacturing in Orange County.
PURPLE WATER	Recycled water that has been treated for reuse in landscaping, agriculture, and commerce.
SAR	Santa Ana River.
SARCCUP	Santa Ana River Conservation and Conjunctive Use program. Guides the use and conservation of the Santa Ana River basin.
SPECIAL DISTRICTS	Special districts are public agencies created to provide one or more specific services to a community, such as water service, sewer service, and parks.

Water in Orange County Needs “One Voice”

WATER TRANSFERS	A water transfer is a voluntary sale of water proposed and initiated by willing sellers who have legal rights to a supply of water to an interested buyer.
WEROC	Water Emergency Response Organization of Orange County, administered through MWDOC, develops disaster preparedness, response, and recovery strategies.

ITEM 7

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY*Fiscal Year 2019-20****Sole Source Procurement Justification
for Projects under \$25,000****

Supplier Information/Name of Company and Prime Contact at the Supplier and at MWDOC:
Bell, Burnett & Associates

A. Contract awards to Supplier over prior 36-months:

None.

B. Product(s) or Service(s) to be provided and Deliverables:

BBA will prepare a technical report detailing its findings and observations. This report will include:

- a. Description of MWDOC's current policy
- b. Rationale for financial reserve(s)
- c. Alternative reserve targets and associated risk mitigation
- d. Reserve criteria and targets from credit rating agencies, GFOA and AWWA

BB&A will produce a draft report for MWDOC staff review, and meet with MWDOC staff to discuss the report and make changes as needed. BB&A will provide a final report for MWDOC's use. BB&A will review any MWDOC agenda reports as requested by MWDOC.

C. Justification Definition -

Expertise. Familiarity of the MWDOC reserve policy.

D. Narrative Explanation:

The Municipal Water District of Orange County ("MWDOC") has requested a review of its reserve policy. This policy includes targets and amounts for various unrestricted and restricted reserve funds. Bell, Burnett & Associates ("BB&A") proposes to conduct this review to include evaluating changes in circumstances since the policy was last adopted by the MWDOC Board of Directors. This review will include identifying changed circumstances (if any), a summary of rating agency criteria regarding sufficient reserves, and reserve analyses recommended by the American Water Works Association ("AWWA") and Government Finance Officers Association ("GFOA"). BB&A will provide alternative uses of reserves in Draft and Final Reports. BB&A will participate in meetings to discuss reserve policy and Metropolitan issues, including budget and rates as requested.

* Projects over \$25,000 must go to a Committee of the Board.

** Possible justifications include but are not limited to: Only qualified bidder; Proprietary item; Urgent necessity; Bid process did not produce competitors; Governmental agency, association or Utility; Prior phase of professional services contract completed successfully by same Consultant; and Special technical expertise by Consultant for tasks desired.

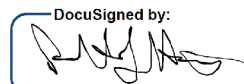
E. Budget Line Item Reference & Amount:

7040 – 2000 – 41 \$20,000

F. Core or Choice designation:

Core

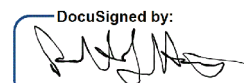
G. Signature/Approvals:

DocuSigned by:

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Requestor

4/12/2022 | 8:16 AM PDT

Date

DocuSigned by:

E3285F9B8EC9497...

Robert J. Hunter, General Manager

4/12/2022 | 8:16 AM PDT

Date

* Projects over \$25,000 must go to a Committee of the Board.

** Possible justifications include but are not limited to: Only qualified bidder; Proprietary item; Urgent necessity; Bid process did not produce competitors; Governmental agency, association or Utility; Prior phase of professional services contract completed successfully by same Consultant; and Special technical expertise by Consultant for tasks desired.



INFORMATION ITEM

August 10, 2022

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

FROM: Robert Hunter, General Manager

Staff Contact: Harvey De La Torre, Assistant General Manager
Hilary Chumpitazi, Accounting Manager

SUBJECT: Reserve Fund Policy Update

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

On July 26, MWDOC held its 2nd Reserve Policy workgroup discussion with the member agency managers and the Ad Hoc Committee of MWDOC Directors (Seckel and McVicker) and facilitated by Mr. Brian Thomas. Attached for your review is a copy of the workgroup meeting #2 presentation, along with a letter from Orange County Water District (OCWD) on recommended changes to our existing reserve policy.

The second meeting covered a description of each designated reserve fund target including its risks, a list of MWDOC's financial activities, a breakdown of last year's (FY2021-22) monthly revenue and expenses, as well as the District's Water Use Efficiency (WUE) cash flow gap from July 2021 to May 2022. From this information and data, there was a list of suggested changes to the reserve policy that was presented to the workgroup for review and discussion.

The list of changes included combining the General Operation fund with the Grant & Project cash flow fund into one General Operations reserve to share the risk and provide the cash flow needed. The second suggestion was to retain the Building Reserve fund and set the

Budgeted (Y/N): NA	Budgeted amount: None	Core __	Choice __
Action item amount: NA	Line item:		
Fiscal Impact (explain if unbudgeted):			

target at \$200,000 to provide cash flow and cover the deductible for emergency repairs. Lastly retain the Election and WEROC reserves.

The member agency feedback included, providing additional historical data (5 years) for the cash flow gap for WUE in order to get a better estimate of the revenue gap need, further cash flow analysis for the fund targets in order to establish stronger rationale, and a discussion of revising the existing policy in determine the use of excess unrestricted reserve funds. There appeared general support for combining reserves into one General Operations fund as well as retaining the Election and WEROC reserves.

The next workgroup meeting will be schedule for next month, where staff will provide additional data and analysis on the cash flow and risks assessment to support new funding targets. In addition, there will be a discussion on the use of available funds after “rebalancing” these reserves; and identification of revisions to the existing policy pertaining to future excess reserves.

**Attachments: MWDOC Reserve Policy Discussion, Meeting #2 Presentation
OCWD Letter to MWDOC on Reserve Policy, July 21, 2022**

RESERVE POLICY DISCUSSION MEETING 2

July 26, 2022

Agenda



- 💧 **Discuss Designated Reserves and MWD OC risks**
- 💧 **Identify reserve targets and how reserves will be used**
- 💧 **Suggested Changes to Existing Policy**
- 💧 **Next Meeting**

Stable Financial Activities

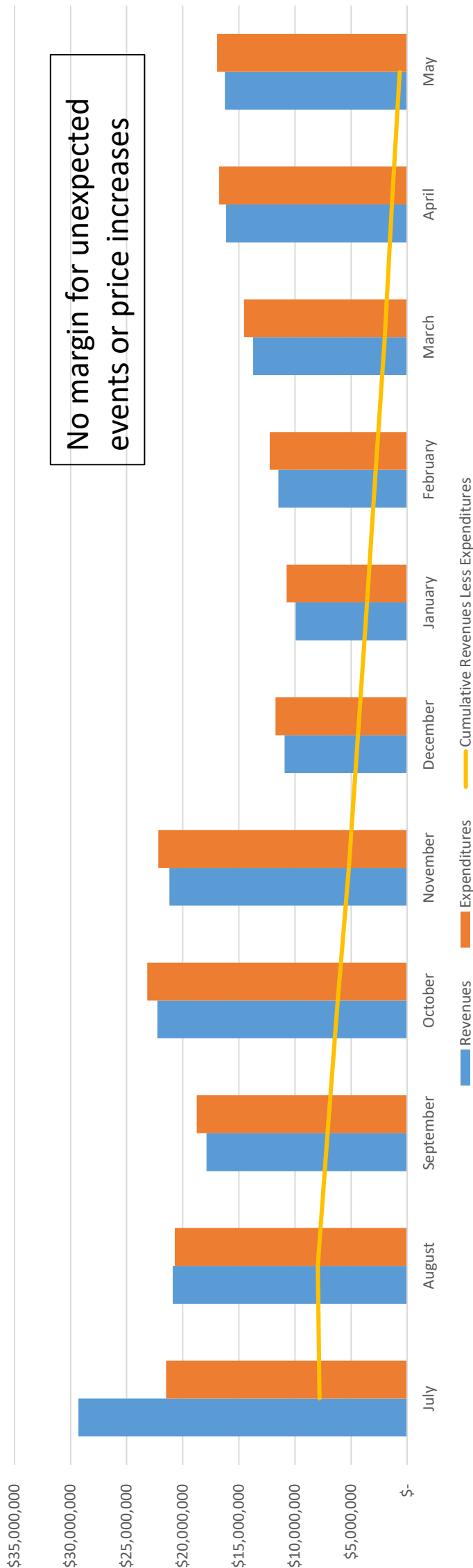


- 💧 The vast majority of MWD OC expenditures other than water purchases are predictable and stable
- 💧 Water purchase expenses are pass through expenses and revenues are collected in the same period expenses are paid
- 💧 The majority of revenues to fund MWD OC operations are fixed and collected in the first two months of the fiscal year
- 💧 MWD OC's member agencies have sound payment history

Revenues Cover Expenses

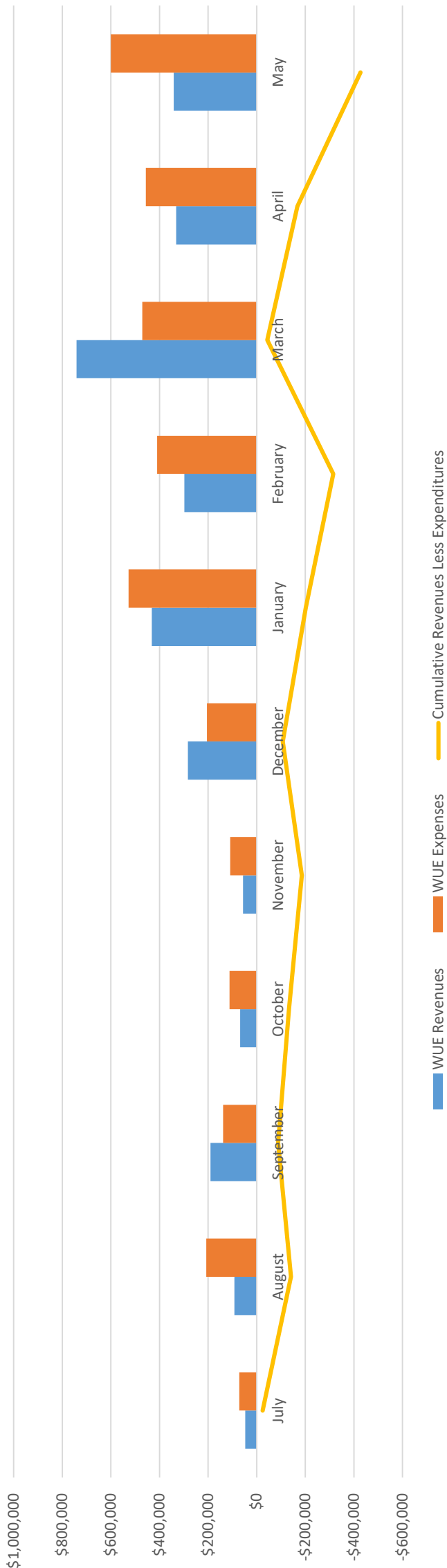


Revenues vs. Expenses July 2021 thru May 2022 (includes Water Purchases)








WUE Revenues vs. Expenses July 2021 thru May 2022



Reserves are Prudent



-  MWD OC revenues are predictable – and based on budget
-  MWD OC needs designated reserves to cover cash flow and unexpected, unbudgeted expenses
-  MWD OC reserves help mitigate unexpected meter charge increases and ensure smooth operations

Some Reserves Cover Unexpected Events and Cash Flow





- 💧 **General Operating Reserve funds are to be used as a source of working capital and to pay for unexpected and unplanned events (“rainy day” fund)**
- 💧 **Grant & Project Cash Flow reserves ensure expenditures for grant funded projects can be made in anticipation of reimbursement from the granting authority**
- 💧 **Building Repair reserves are to be used for repairs and maintenance of the building – a minimum balance is provided for unexpected expenses (e.g., earthquake)**

Some Reserves Smooth Budgets



Election reserve

-  Election reserve funds are used to pay for elections every four years – this fund will rise and fall
-  Should MWD OC initiate capital works, a capital reserve would be appropriate

Some Reserves are Held for Others

WEROC Reserves

 Operating funds

 Capital funds



Current Reserve Fund Targets



- 💧 General Operations plus Grant & Project Cash Flow target is equal to 90-180 days cash on hand
- 💧 Building Repair target balance is equal to 10-15 days cash on hand
- 💧 Tier 2 Contingency Fund target balance is equal to 40 days cash on hand
- 💧 Election expense target is based on anticipated expenses
- 💧 OPEB target is based on actuarial analysis



- 💧 **Combine General Operations and Grant and Project Cash Flow reserves into one General Operations Reserve to meet emergency costs, unbudgeted expenditures, working capital and cash flow needs**
 - 💧 **Set target to 120 days cash on hand**
- 💧 **Retain Building Reserve to provide cash flow and deductible for emergency repairs**
 - 💧 **Set target to \$200,000**
- 💧 **Retain Election Reserve**
- 💧 **Retain WEROC Reserves**
 - 💧 **Set Target as approved by the board**



Suggestions/Comments

Next Steps



- 🔹 **Unrestricted and Undesignated balances**
 - 🔹 **General Fund balance can be used for any lawful purpose – a portion of these funds are “carryover” from unfinished projects from prior fiscal years**
 - 🔹 **General Fund – Capital funds are amounts carried over from prior capital projects, including the building remodel/retrofit project work and remaining amounts will be transferred to the General Fund**
- 🔹 **Identify available funds after “rebalancing” of reserves**
- 🔹 **Develop staff report and recommendation**

- 💧 Meeting 3 – determine use of uncommitted amounts, if any
 - 💧 Set a Date
- 💧 Draft agenda report for Finance and Administrative Committee
 - 💧 Aug./Sept.
- 💧 Board consideration and action on changes to policy
 - 💧 Sept. or Oct.

DIRECTORS

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TRI TA
BRUCE WHITAKER
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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

July 21, 2022

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

SUBJECT: Municipal Water District of Orange County Reserves Policy

Dear Mr. ^{RLB}Hunter:

The Municipal Water District of Orange County (MWDOC) is in the process of reviewing its reserves policy. One reserve workshop has occurred, and more are scheduled for this summer. Orange County Water District (OCWD) thanks you for this review.

OCWD's general comment regarding the MWDOC reserves is that MWDOC's operations and revenues are safe, predictable and stable, thus there is no need for MWDOC to carry any significant amount of reserves. Specific reasons for this conclusion are listed below:

- MWDOC's revenues are very secure as they are tied to the amount of retail meters in its service area. Most other water agencies revenues are tied to varying degrees to fluctuating water sales.
- MWDOC receives its revenues at the beginning of the fiscal year which reduces collection risk and gives MWDOC time to respond to possible revenue shortfalls.
- MWDOC does not maintain or operate any infrastructure other than its administrative building which has just been renovated.
- MWDOC's operating expenses are relatively constant and very predictable.
- MWDOC has no plans to implement any new substantial programs.
- Using credit rating agency metrics to establish reserve targets is inappropriate given MWDOC has no outstanding debt and no plans to implement any projects requiring the issuance of debt.
- A large amount of money annually passes through MWDOC via its member agency imported water purchases. However, these financial transactions are relatively seamless with little risk.
- MWDOC's customers are government agencies thus there is little to no collection risk.

Robert Hunter
July 21, 2022
Page 2 of 2

Based upon our assessment, OCWD is providing the recommended changes to the reserve policy:

1. Reduce the General Operations reserve to 90 days.
2. Reduce the Project Cash Flow reserve to \$500,000.
3. Reduce the Building Reserve to \$200,000.

Recommended changes to sections 2008 and 2009 of the MWDOC Administrative Code (that deal with the reserves) to incorporate these recommendations are attached and provided for your consideration. Section 2008 can be eliminated given MWDOC has already decide to eliminate the Tier Two Contingency Fund.

Please forward these comments to the MWDOC Board and include them in future meeting discussions of this subject. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Michael R. Markus', with a stylized flourish at the end.

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

Attachment: Recommended Changes to Sections 2008 and 2009 of the MWDOC
Administrative Code

cc: OCWD Board of Directors

Recommended Changes to Sections 2008 and 2009 of the MWDOC Administrative Code

~~§2008 TIER TWO CONTINGENCY FUND~~

MET has a tiered rate structure, wherein Tier 1 rates apply to a specified annual volume. The higher Tier 2 rates apply to purchases above that specified volume.

1. ~~Creation of Tier Two Contingency Fund:~~ MWDOC has established the Tier Two Contingency fund for the uses and purposes specified herein, as well as other uses as approved by the MWDOC Board. From time to time it may be necessary to increase the level of funds, utilize the funds for the purposes specified herein, or to reduce the level of funds being held by MWDOC. Historically, MWDOC has funded the Tier Two Contingency Fund by assessing a “melded water supply rate” on all firm water sales by increasing the supply rate from that charged by MET by an amount equal to the melded water rate increment.
2. ~~Uses of Tier Two Contingency Fund:~~ Funds deposited into the Tier Two Contingency Fund shall not be expended or transferred except for the following purposes:
 - (a) ~~Payment of Tier Two Costs:~~ Funds from the Tier Two Contingency Fund may be expended to pay the difference between MET’s Tier One and Tier Two water rates, in the event MWDOC’s water purchases from MET exceed the Tier One block of allowable purchases.
 - (b) ~~Cash Flow Management:~~ Funds from the Tier Two Contingency Fund may be advanced to the General Fund to pay those charges which are imposed on MWDOC by MET, when the revenues designated to pay for such charges are collected by MWDOC over a different period. Advances made for such purposes shall be repaid into the Tier Two Contingency Fund, as the revenues designated to pay such charges are collected by MWDOC.
 - (c) ~~Rate Stabilization:~~ To the extent funds from the Tier Two Contingency Fund are not immediately needed for the purposes set forth in subsections (a) and (b) hereof, the Board may utilize such funds to purchase water or offset any increase in water rates or charges imposed by MET which would otherwise necessitate an increase in MWDOC’s water rate.

3. ~~**Maximum and Minimum Fund Targets:**~~ The Fund balance will be reviewed from time to time and managed by MWDOC to achieve a calendar year end above the minimum target based on a risk analysis performed by MWDOC staff regarding the likelihood of having to purchase Tier 2 water under various hydrologies and demand situations.
- (a) As of January 2015, the MWDOC Board established the Minimum Fund Target at approximately \$1,000,000, due to the diminished likelihood of purchasing MET water above the Tier 1 limit. At the current differential between Tier 1 and Tier 2, the minimum level of funding provides the ability to purchase about 7,500 AF of water.
- (b) The Board may consider changes in the Policy of utilizing these funds to pay for the Tier 2 purchases differential based on the circumstances that are involved at such time as MWDOC purchases exceed the Tier 1 limit. The Tier 2 Contingency Fund was established within MWDOC to provide a regional mechanism to fund purchases above the Tier 1 limit such that any single MWDOC Member Agency would avoid direct exposure. Also, it avoided the need for MWDOC to allocate a Tier 1 limit to its Member Agencies. Tier 2 purchases can be triggered by a number of events in the County such as large purchases of water into Irvine Lake, large purchases of water for groundwater replenishment and large purchases of imported water due to a decrease in the OCWD Basin Production Percentage (BPP). Based upon how such circumstances arise, the Board may consider changes to this policy if they determine there is a more appropriate manner of dealing with Tier 2 costs. MWDOC's A&F Committee and Board reviewed the issues of Tiered or Melded Water Rates for Tier 1 and Tier 2 purchases from MET in November 2004, and retained the Melded Rate, with a provision for further review should OCWD's BPP fall below 60% in the future.
4. ~~**Disposition of Excess Funds:**~~ After the conclusion of each calendar year, the General Manager will review the year end Tier 2 Fund Balance (adjusted for certifications of non firm water purchases) and report this amount to the Board of Directors. The Board may consider issuing a credit to the member agencies. In the event credits are to be provided, the credit will be provided to each member agency either in check form or as a credit on the monthly water invoice (at the choice of the member agency).

§2009 RESERVE POLICY –

The MWDOC Reserve Policy categorizes the reserves as follows:

Unrestricted Reserves

- General Operations
- Grant & Project Cash Flow
- Election Expense
- Building Repair

Restricted Reserves

- OPEB
- ~~Tier 2 Contingency Fund~~

WEROC Reserves

- Operational Reserve
- Capital Reserve

Reserve Fund Targets in Days Cash on Hand or a specific amount

Working Capital Reserve

(General Operations, plus Grant & Project Cash Flow):	90-180 days
Building Repair:	<u>\$200,000</u> 10-15 days
<u>Grant & Project Cash Flow</u>	<u>\$500,000</u>
Tier 2 Contingency Fund	40 days

The Election Expense and OPEB are designated and are maintained separately to cover specific liabilities.

Unrestricted Reserves

General Operations Reserves:

Depending upon end of year cash flow, grant payments and other factors influencing the District's cash balance. ~~the General District Reserve should increase by the inflation rate each year.~~

Grant & Project Cash Flow:

In the past, trailing payments for District funds advanced for water use efficiency payments from MET and Federal and State grants payments have increased. The reserve should be replenished from trailing grant payments as they occur, and from rates if needed. Cash flow reserves should be reviewed from time to time for appropriateness based on the District's current operational needs.

Election Expense:

MWDOC's election reserve shall be managed to fund seven elections every four years. Based on the year 2016 election costs we have determined that \$1.22 million (or \$174,000 per division) is sufficient to cover seven elections. This requires that \$304,000 be contributed to the election reserve annually. These estimates will be updated annually as part of the budget process. In the event the election funds are not fully utilized, the Board may consider other uses that would lower the long-term costs of the District.

Building Repair:

MWDOC Building Reserves should be kept at a minimum of \$200~~350~~,000 and adjusted from time to time to reflect the improvement needs of the office facility.

Restricted Reserves**OPEB:**

Staff examined the demographics of MWDOC's OPEB liability and estimated that the bulk of the liability will occur by 2023 as long term MWDOC employees who had access to lifetime medical coverage retire. The Board requested staff to fully fund the OPEB liability in 2016. The Actuarial recommendation is to fund between 85%-95% and put the remaining amount in a reserve fund, as to not overfund the OPEB trust. This recommendation was implemented in September 2016 with the reserve balance of \$209,006 to equal our current Unfunded Liability. This reserve will be re-evaluated every two years beginning in 2018 after each actuarial and funds may be transferred to the OPEB trust to stay within the funding range.

~~Tier 2 Contingency Fund:~~

~~MWDOC has established the Tier Two Contingency fund to pay the difference between MET's Tier One and Tier Two water rates, in the event MWDOC's water purchases from MET exceed the Tier One block of allowable purchases. From time to time it may be necessary to increase the level of funds, or to reduce the level of funds being held by MWDOC. The MWDOC Board established the minimum fund target at approximately 40 days or \$1,000,000, due to the diminished likelihood of purchasing MET water above the Tier 1 limit.~~

WEROC Reserves

WEROC reserves fluctuate on an as needed basis with Operational Reserve being held for unforeseen expenses and a Capital Reserve to enhance infrastructure and emergency systems. Both reserves are approved by the MWDOC Board and the WEROC contracted contributors.

Municipal Water District of Orange County
Semi-Annual Comparison for Overtime Hours Worked
for the six-month periods ending June 2022 and 2021

Employee	1/1/2022 - 6/30/2022		1/1/2021 - 6/30/2021	
	Hours Worked	Dollar Equivalent ⁽¹⁾	Hours Worked	Dollar Equivalent ⁽¹⁾
Antony-Morr, Andrea	5.00		0.00	
Fahl, Beth	0.25		3.25	
Gunawan, Lina	0.00		6.00	
Harrison, Daniel	29.50		28.00	
Muldoon, Traci	0.00		3.00	
Roberto, Bryce	5.50		0.00	
Roberts, Judy	14.00		4.00	
Thorsell, Jason	0.00		1.00	
Vincent, Katie	23.75		3.00	
Waite, Rachel	17.00		34.50	
Wilson, Sarah	1.00		7.00	
Zavala, Guillermo	1.00		0.00	
TOTAL	97.00	\$6,198	89.75	\$ 5,999

(1) Dollar equivalent calculated at 1.5 x hourly rate

(2) Overtime hours at straight time

Municipal Water District of Orange County
Director's Activity Report
Reporting Period from 07/01/2021 to 6/30/2022

Activity Description	MWDOC Director's							MET Director's					Director's Total
	Dick	McVicker	Nederhoood	Seckel	Tamaribuchi	Thomas	Yoo Schneider	Subtotal	Ackerman	Dick	Erdman	Tamaribuchi	
Per Diem													
MWDOC Committee & Board mtg	18,009	20,301	19,646	20,628	20,301	18,336	20,301	137,522	5,566	982	6,549	-	13,097
MET Committee & Board mtg	327	2,292	327	2,619	-	-	-	5,565	16,044	15,062	15,389	17,681	64,176
Meetings with Member Agencies	2,292	-	3,929	982	3,274	1,310	12,115	23,902	-	-	-	-	-
Other Misc meetings & activities	12,115	16,699	15,062	13,752	10,805	18,664	6,876	93,973	16,372	19,318	16,372	14,734	66,796
Benefits	20,665	21,330	4,150	4,018	4,880	21,128	21,286	97,457	3,991	3,554	4,024	3,258	14,827
Subtotal-Per Diem	53,408	60,622	43,114	41,999	39,260	59,438	60,578	358,419	41,973	38,916	42,334	35,673	158,896
Travel, Conferences & Misc. ⁽¹⁾													
ACWA	-	2,202	2,417	2,677	762	235	235	8,528	37	-	-	-	37
CRWUA	-	-	1,349	-	-	1,400	-	2,749	-	-	-	-	-
Urban Water Institute	-	525	1,100	250	-	1,100	-	2,975	-	-	-	-	-
So Cal Water Committee	-	-	300	-	-	-	-	300	-	-	-	-	-
Other Travel Expenses	-	-	164	47	75	-	2	288	-	-	14	-	14
Mileage	31	-	358	81	34	321	110	935	-	-	-	-	-
Toll Charges	-	-	8	-	-	-	-	8	-	-	-	-	-
Miscellaneous	-	-	-	-	-	60	-	60	-	-	-	-	-
Subtotal-Travel, Conferences & Misc.	31	2,727	5,696	3,055	871	3,116	347	15,843	37	-	14	-	51
Total	53,439	63,349	48,810	45,054	40,131	62,554	60,925	374,262	42,010	38,916	42,348	35,673	158,947
													533,209

(1) Includes conference registration, travel, lodging, meals, transportation, mileage and other miscellaneous related costs; does not include Per Diem.

8/4/2022

ITEM 10

**Administration Activities Report****July 8, 2022 – August 4, 2022**

Activity	Summary
Administration/ Board	<p>Staff worked on the following:</p> <ul style="list-style-type: none">• Scheduled meetings for Rob Hunter, Harvey De La Torre and Board members.• Assisted Rob and Harvey 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; conferred with staff re processes• Conferred with legal counsel regarding Conflict of Interest Code• Responded to two Public Records Act requests.• Solicited availability, set-up and hosted Zoom meetings for General Manager and Assistant General Manager.• Arranged in-person meetings between the Assistant GM and member agencies.• Solicited availability for a meeting with MET/OCWD/MWD OC/Fullerton/Anaheim/Santa Ana• Began coordination for a meeting between MWD OC & LADWP• Attended meetings regarding Phase 2 of the Facilitated Discussion project.• Processed agreements for Engineering & Governmental Affairs• Registered Staff and Directors for various training and conferences, made travel accommodations and handled expenses.• ISDOC Quarterly Luncheon: communicated with speakers, ordered catering, assisted in room set-up, checked-in and collected money from attendees.• Printed, emailed and mailed the ISDOC election timeline and Call to Nomination form.
Records Management	<p>Staff worked on the following:</p> <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.• Upgrade to Laserfiche 11 was completed. Worked with ECS and IT to help resolve minor issues resulting from upgrade.
Health and Welfare Benefits	<ul style="list-style-type: none">• Life and long-term disability insurance policy renewal information has been received from Alliant for the 2023 and 2024 policy years and is being reviewed and will be provided next month.

Recruitment / Departures	<ul style="list-style-type: none"> • Interviews are underway for the Public Affairs Coordinator I/II and WEROC Specialist positions. • Recruitment efforts are underway for the WUE intern and Water Loss Control Intern positions.
Projects/ Activities	<p>Staff worked on the following:</p> <ul style="list-style-type: none"> • Staff is coordinating on refreshing the landscape in the atrium in those areas where needed. • The new Ricoh copier was delivered and staff is coordinating installation in the upcoming weeks. • A survey regarding IT staffing levels and use of consultants was completed. • Continue to coordinate with the Director of Emergency Management on COVID-19 protocols, OSHA ETS and State guidelines. • Hosting of Board, Committee and Department meetings via zoom. • Update changes to the District Act Database and to the District Contacts in Outlook. • Provided assistance with WACO on the following items: Meetings via Zoom, PowerPoint presentations and various correspondence. • Staff participated in Water Use Efficiency Intern, Public Affairs Coordinator and WEROC Specialist Interviews. • Staff participated in MWDOC/OCWD Building Committee Meeting • Staff assisted with preparation, distribution and compilation of GM Performance and Goal Setting Forms. • Staff completed annual filing of Voya Census information on District's 401a Plan. • MWDOC All Employee Meeting was held on July 28th. • The District's Property Insurance renewed as of July 1 and premiums increased by 20%. JPIA, advised that several recent program years are in a significant deficit and that, with both the cost of self-insuring to a higher limit and sharply increased excess costs, it was likely that the Property Program would need to increase rates by approximately 15-20% per year for the foreseeable future to properly fund anticipated losses, build up reserves, and balance out years with negative equity. In addition, it has been now multiple years whereby reports have shown the United States and countries around the globe have experienced unprecedented catastrophic losses and the property market is responding accordingly. • Cyber Liability Insurance will also be renewed this month and it is anticipated that there will also be a rate increase.

**INFORMATION ITEM**

August 10, 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 2022-23.

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 no rebate checks awaiting a W-9 form.	On-going	On-going	On-going
Prepare RFP for new Financial Consultant	25%	N/A	On Hold
Annual Financial Audit	25%	09/16/2022	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	100%	09-30-2022	Completed

Replace End-Of-Life Cisco Voice Gateway router (hardware and software)	30%	03-31-2023	In Progress
Upgrade backbone Gigabit network switch (hardware)	30%	03-31-2023	In Progress
Software and hardware upgrade for Hyper-V Virtual Server	100%	07-31-2022	Completed

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
State Controller Report preparation FY 2020-21	100%	03-17-2022	Completed
Government Compensation in California FY 2020-21	100%	04-11-2022	Completed
Preparation of documents for FY 2022-23 budget process.	100%	04-30-2022	Completed
RFP for new Annual Financial Statement Auditors	100%	04-20-2022	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
Exchange E-mail Online Migration for the District	100%	03-31-2022	Completed
Critical Security Controls Review by Tevora	100%	03-31-2022	Completed
Transparent California report submittal	100%	06-22-2022	Completed



INFORMATION ITEM

August 10, 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 June.**
- Estimated OC Water Usage, Monthly, Comparison to Previous Years Water usage in June **2022 was 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 **approximately 543,500 AF in FY 2021-22** (this includes ~11 TAF of agricultural usage and non-retail water agency usage). This is about **16,000 AF less than FY 2020-21** and is about **11,000 AF more than FY 2019-20**. Water usage per person is projected to be slightly lower in **FY 2021-22 for Orange County at 153 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):			

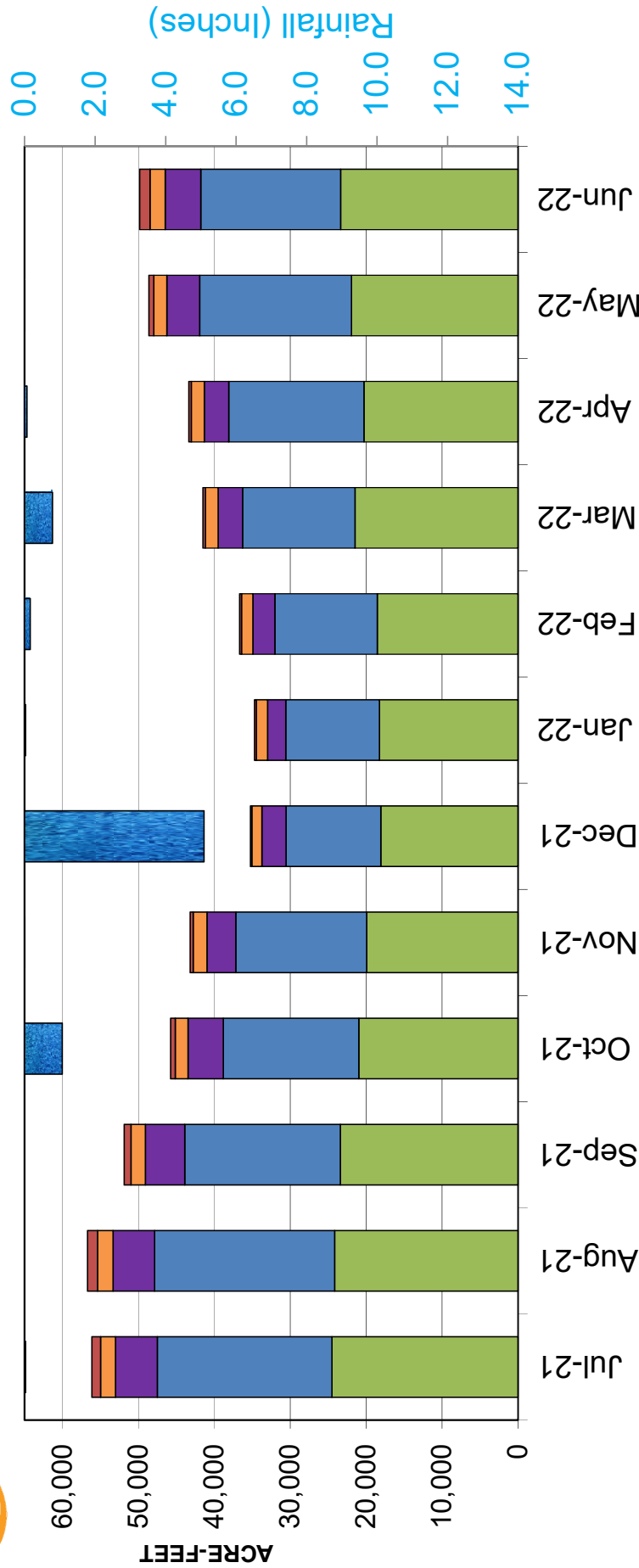
Efficiency (water conservation) efforts. ***O.C. Water Usage for the period of Fiscal Years FY 2015-16 to FY 2019-20 was the lowest since the 1982-83 Fiscal Year (FY 1982-83 was the third wettest year on record). O.C. Water Usage in FY 2020-21 was the highest since FY 2010-11.***

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 August was below average*** for this period. Water year to date rainfall in Orange County is ***7.43 inches***, which is ***59% of normal***.
- Northern California accumulated precipitation through ***early August was 84% 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 July, 99.78%*** of California is experiencing ***moderate to severe drought conditions***. ***59.81%*** of California is experiencing ***extreme to exceptional 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 August was 99% of normal*** for this period. The ***Upper Colorado Basin snowpack was 86% of normal*** as of April 15th 2022. ***Lake Mead and Lake Powell*** combined have about ***36.0% of their average storage volume*** for this time of year and are at ***26.4% 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 August was ***35.00' BELOW the "trigger" limit***. The USBR has declared a ***shortage on the Colorado River starting January 1st 2022. There is a 100% chance of shortage continuing in 2023, 93% in 2024, 100% in 2025 and 87% in 2026.*** Lake Mead as of early August was ***5.00' BELOW the State of California "trigger" limit. There is and a 3% chance of shortage for California in 2023 (-180 TAF), 70% in 2024 (-272 TAF), 66% in 2025 (-290 TAF) and 56% in 2026 (-299 TAF).***



**Fig. 1 OC Water Usage, Monthly by Supply
with projection to end of fiscal year**



[1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water and deliveries into Irvine Lake.

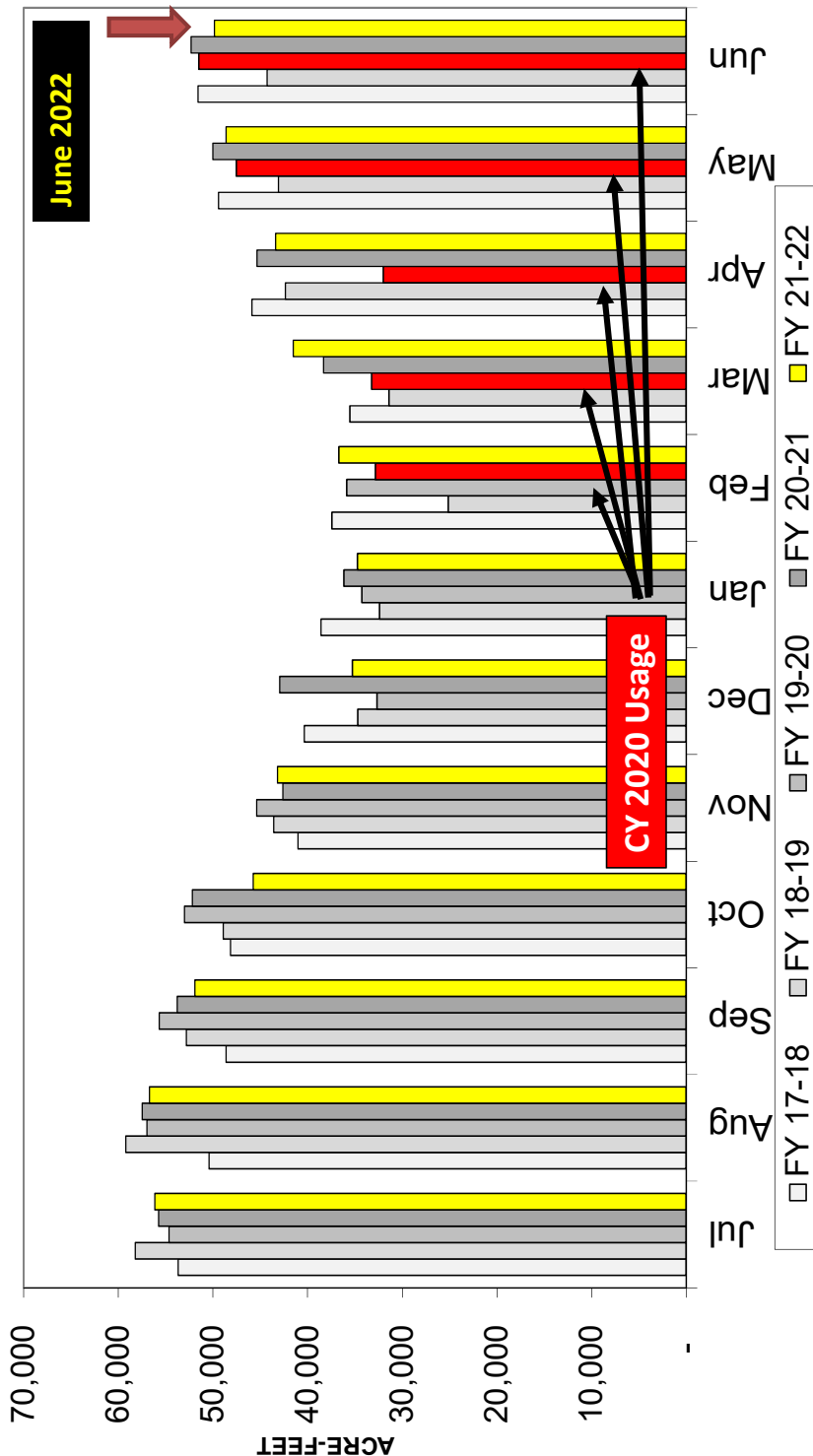
[2] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '21-22 is 77%.

[3] MWD OC's estimate of monthly demand is based on the projected 5 Year historical retail water demand and historical monthly demand patterns.

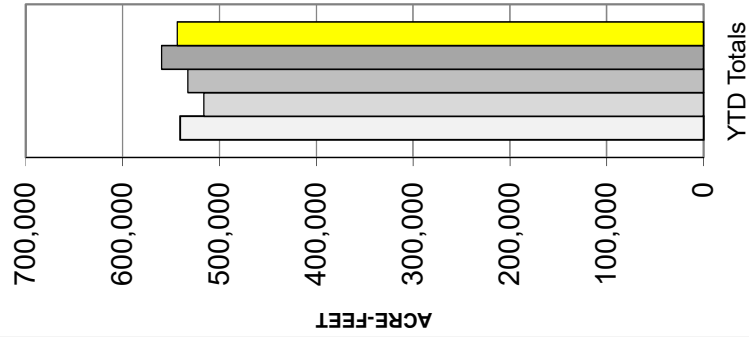
[4] Total water usage includes IRWD groundwater agricultural use and usage by non-retail water agencies.



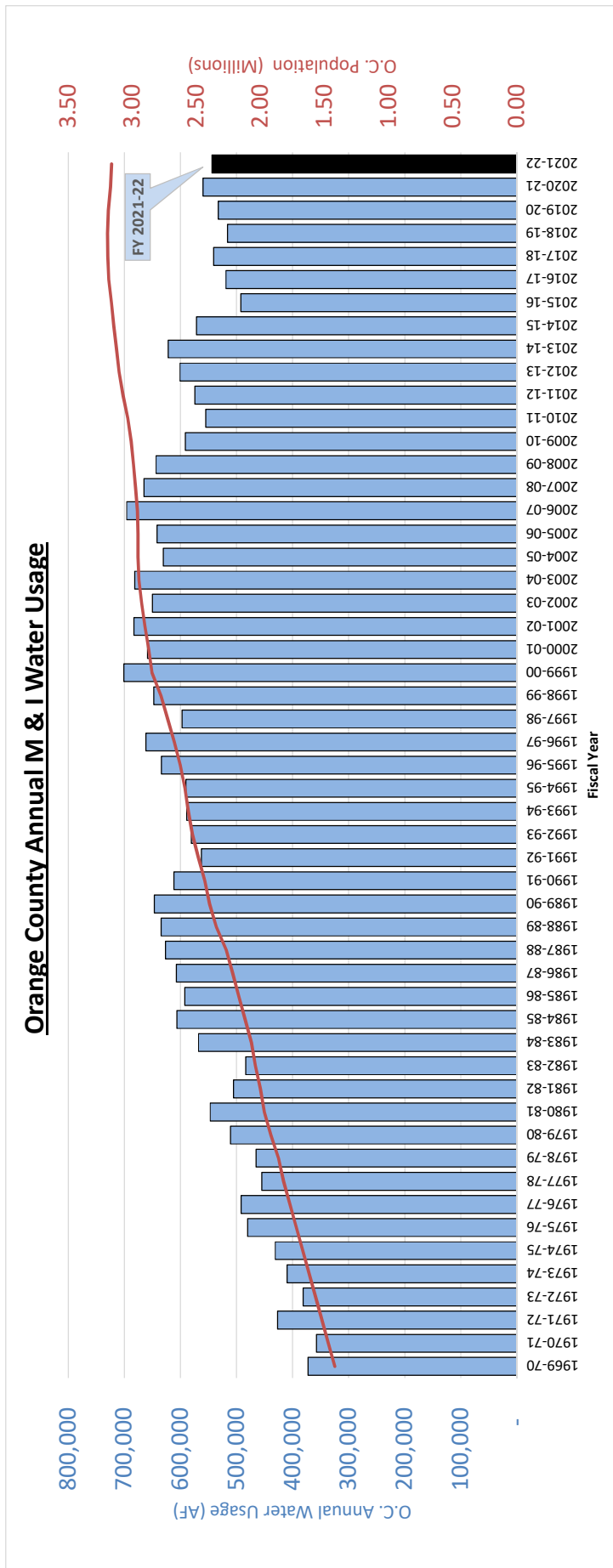
Fig. 2 OC Monthly Water Usage [1]: Comparison to Last 4 Fiscal Years



Partial Year Subtotals

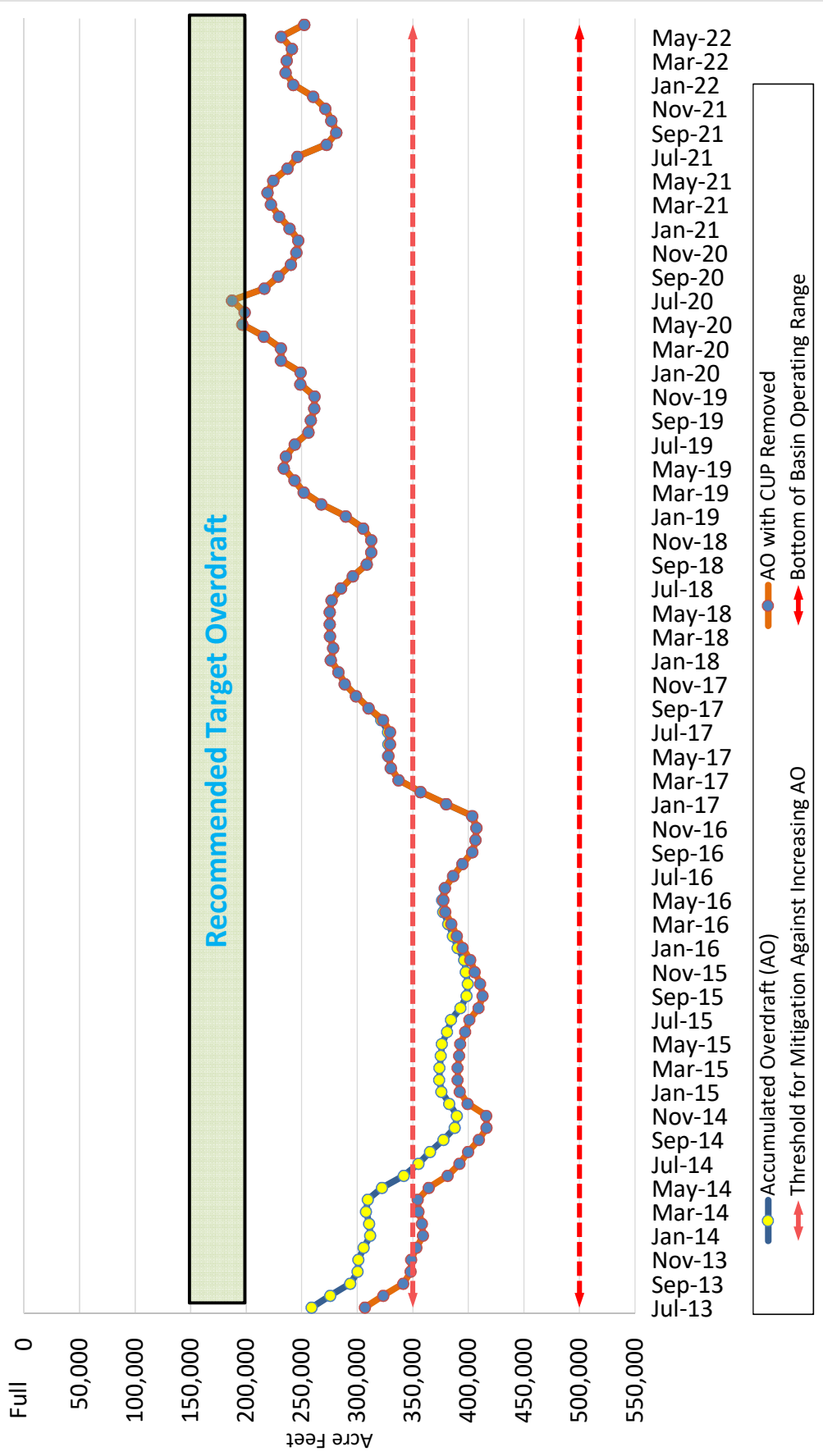


[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment" and "Barrier Replenishment") and Local water for consumptive use (includes recycled and non-potable water and excludes GWRS production) Recent months numbers include some estimation.



######

Accumulated Overdraft of the OCWD Groundwater Basin as of June 2022

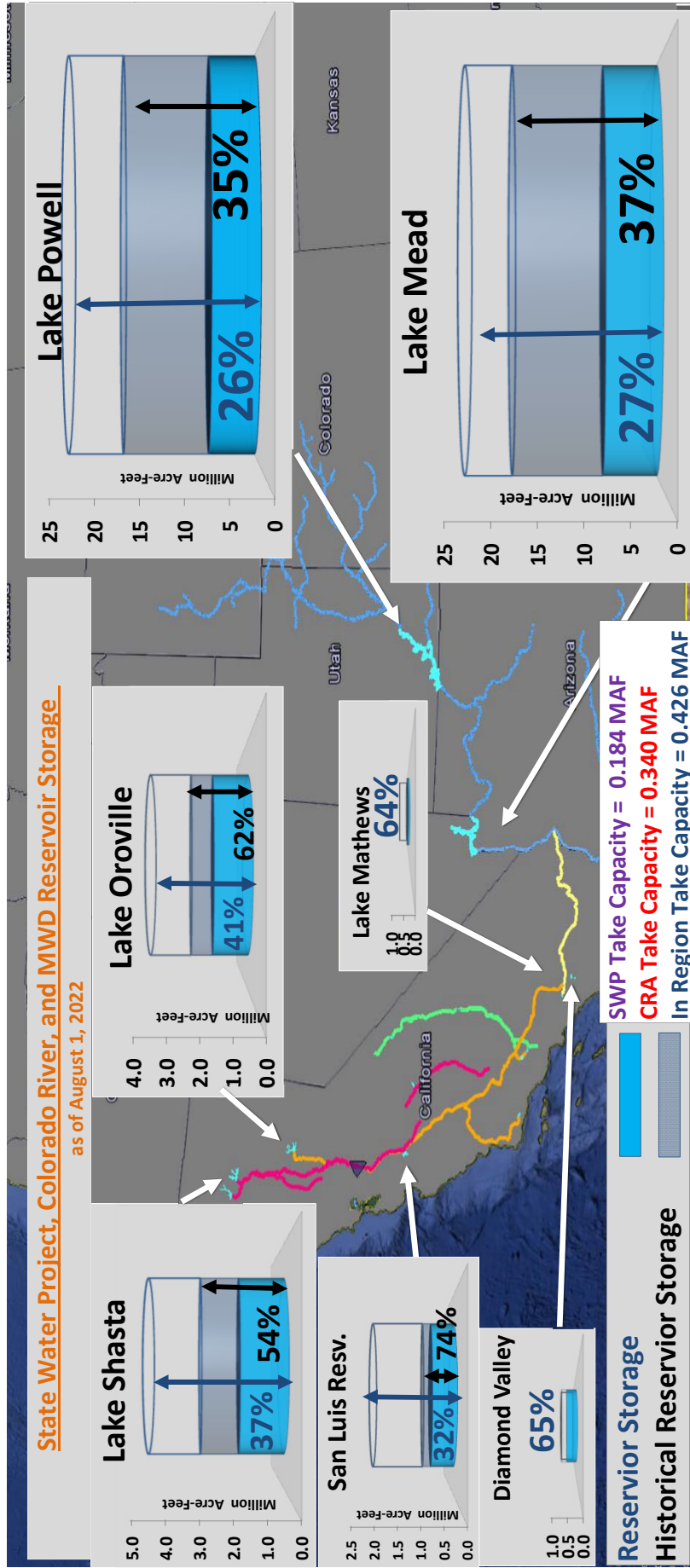


	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
AO (AF)	187,392	216,548	229,124	240,414	245,441	246,998	239,329	229,738	222,470	219,388	224,458	237,335
AO w/CUP removed (AF)	187,392	216,548	229,124	240,414	245,441	246,998	239,329	229,738	222,470	219,388	224,458	237,335
	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
AO (AF)	246,350	272,443	281,354	276,909	271,455	260,387	242,511	235,744	236,708	241,450	231,699	252,348
AO w/CUP removed (AF)	246,350	272,442	281,354	276,909	271,455	260,387	242,510	235,744	236,708	241,450	231,699	252,348

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

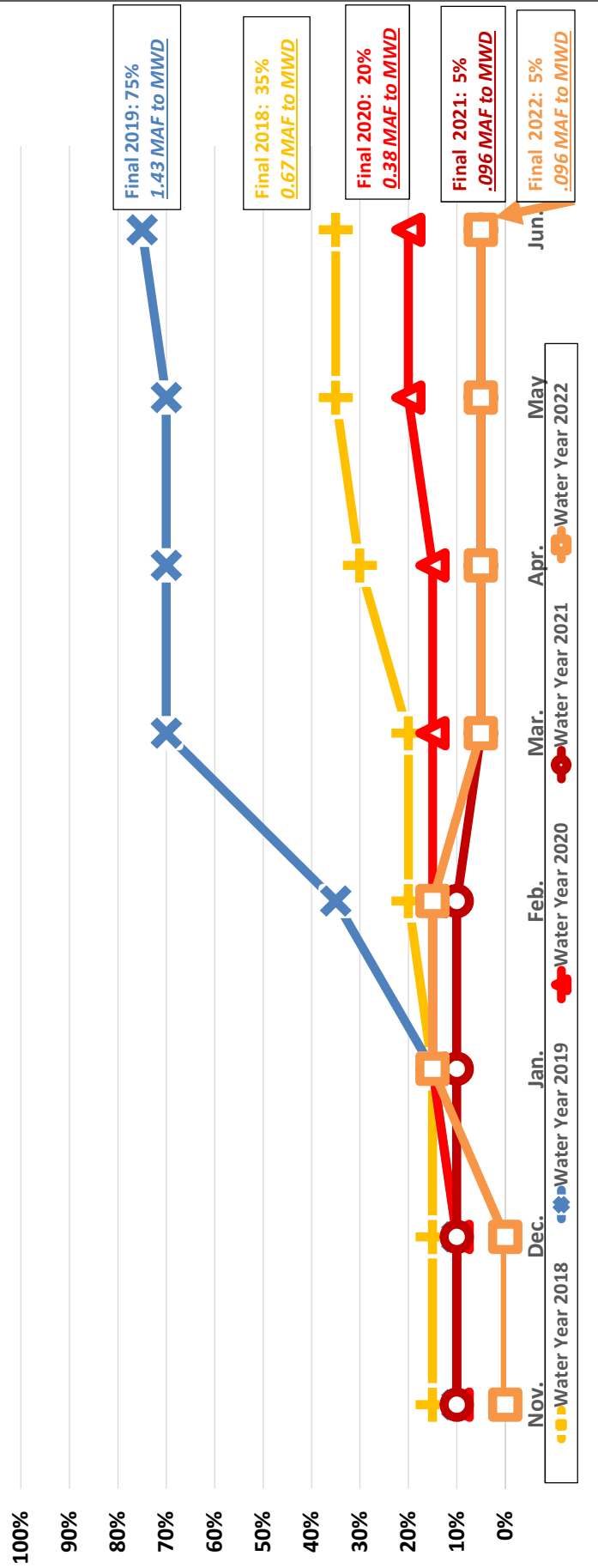


State Water Project, Colorado River, and MWD Reservoir Storage as of August 1, 2022

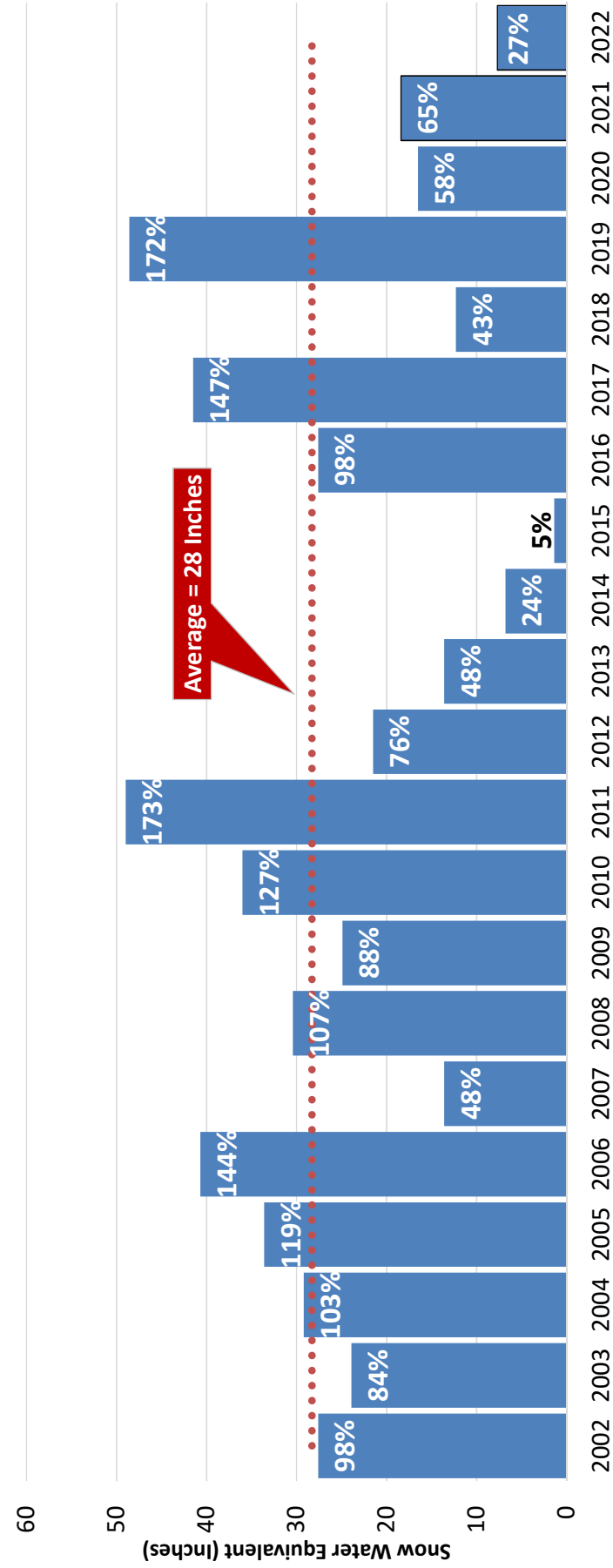


SWP TABLE A ALLOCATION PERCENTAGE

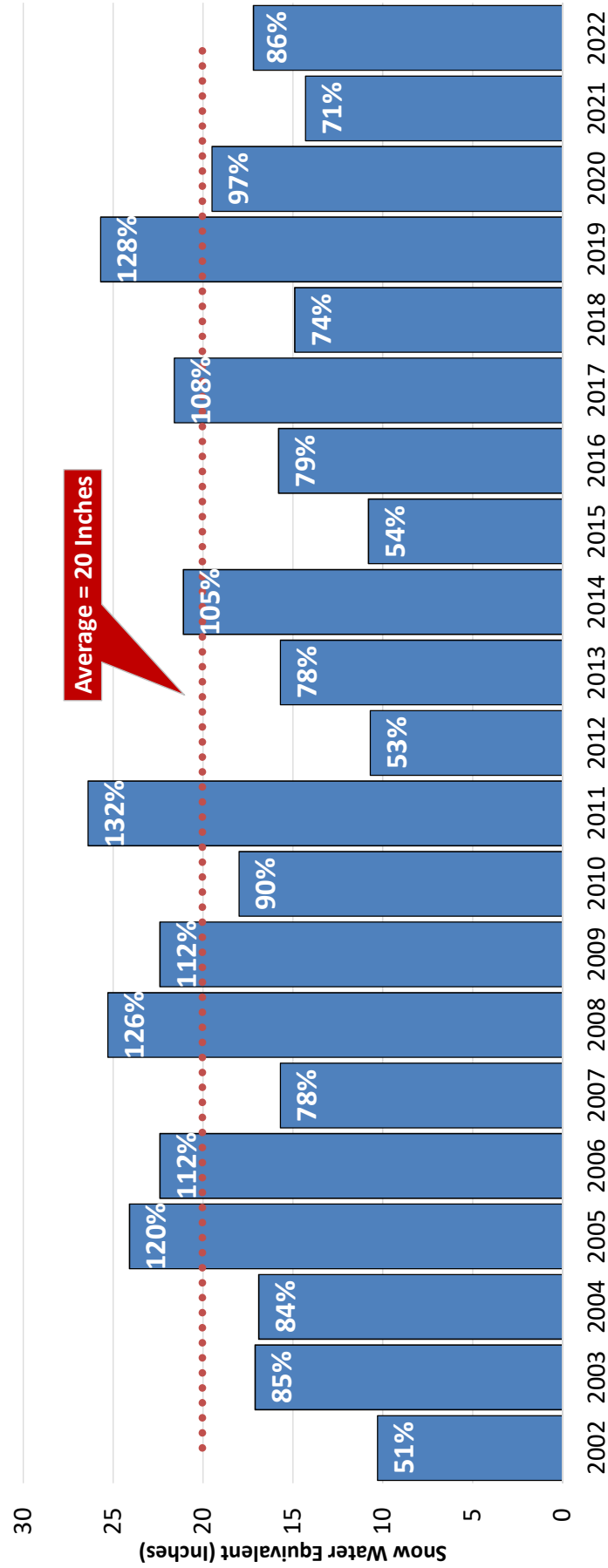
FOR STATE WATER PROJECT CONTRACTORS

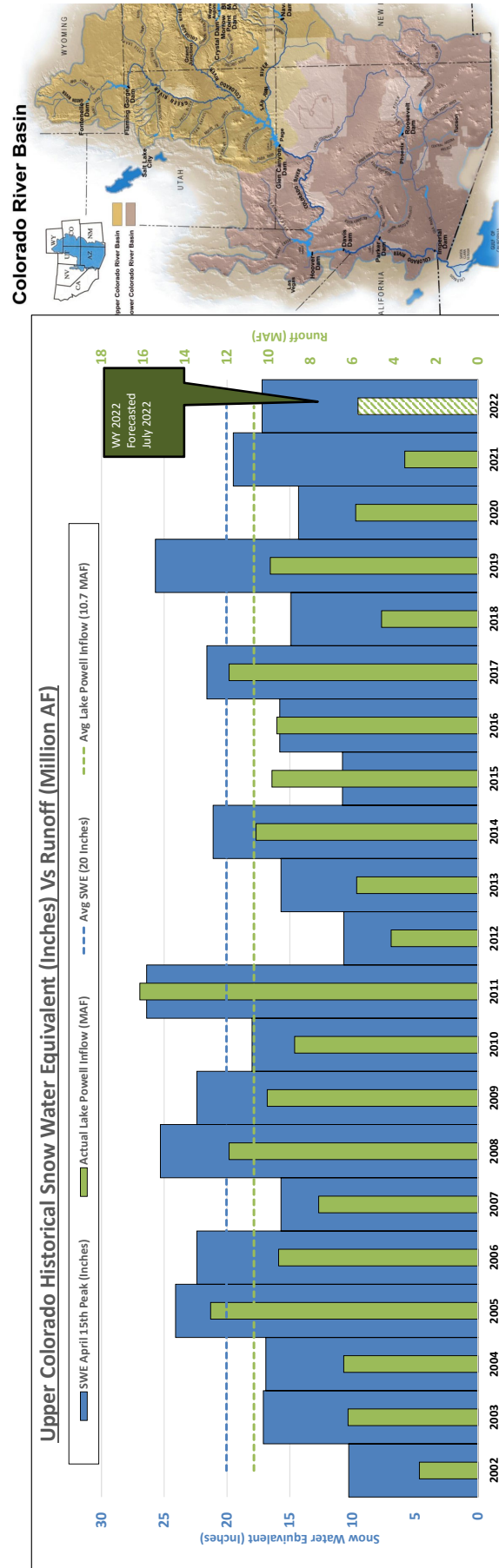
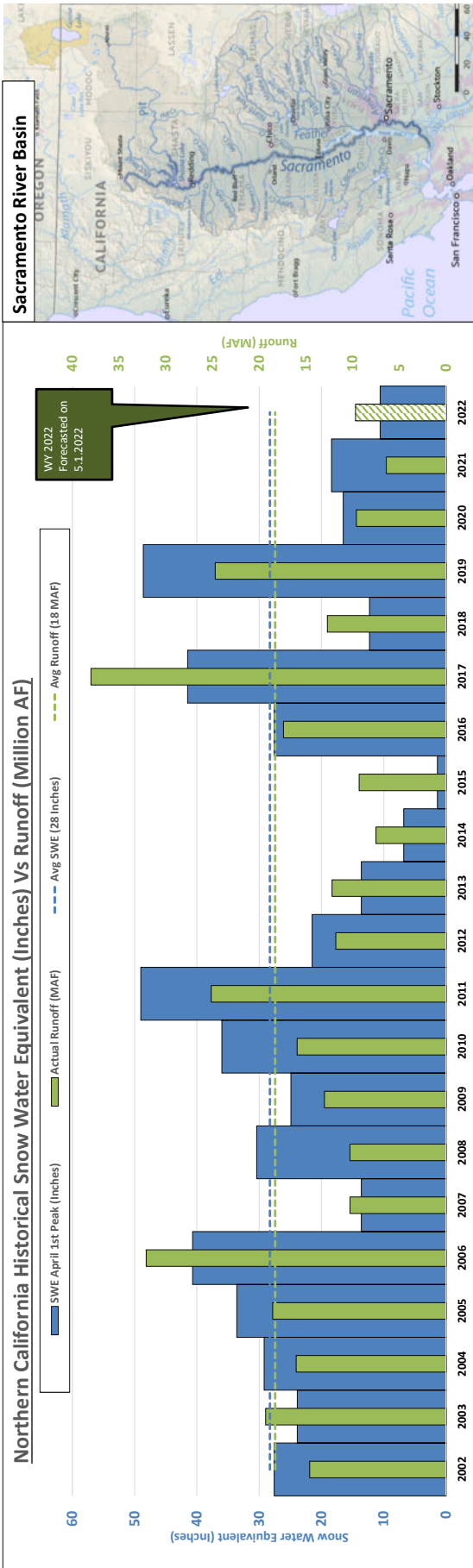


Historical Northern California April 1st Peak Snow Water Equivalent



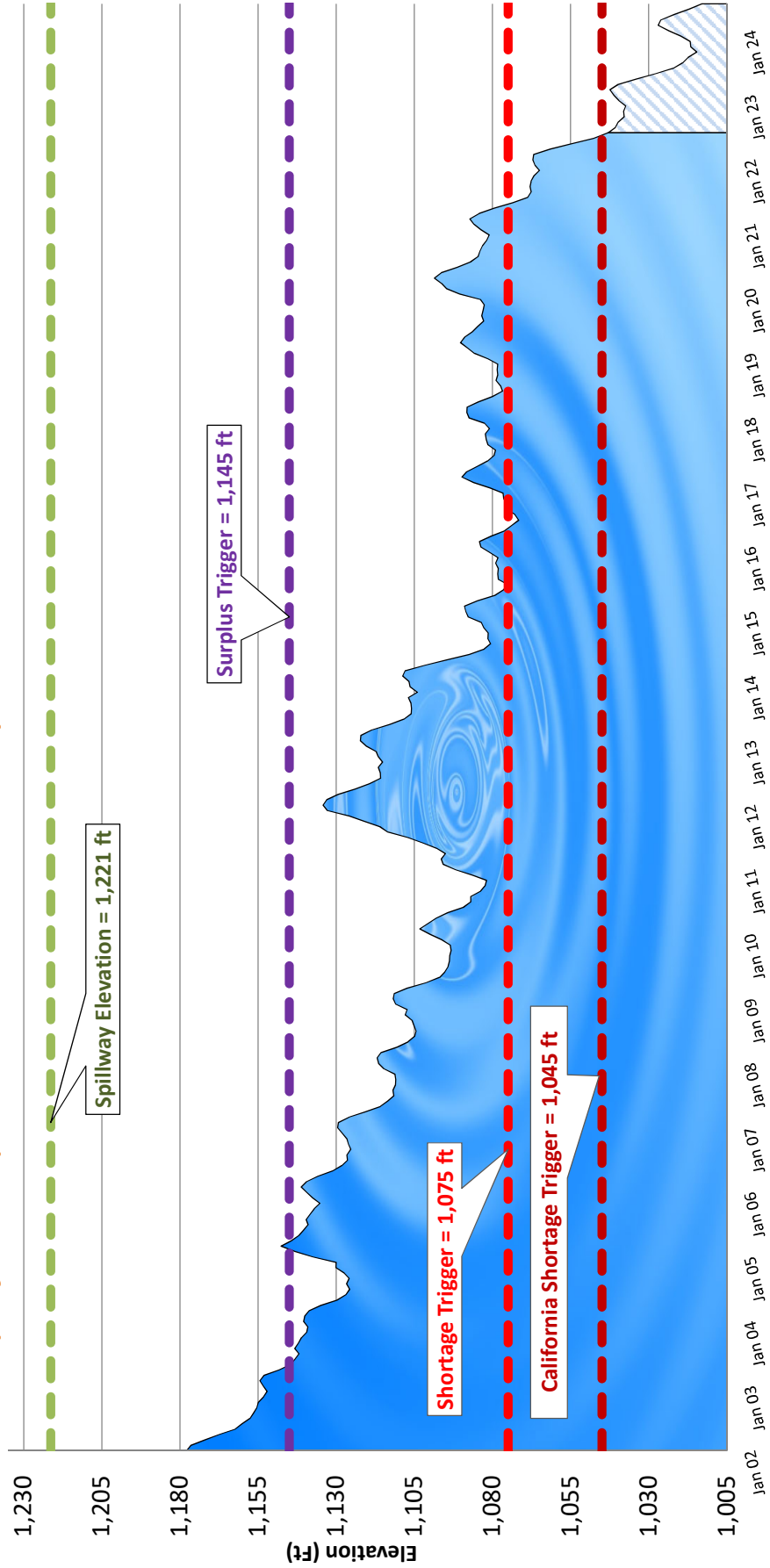
Historical Colorado Basin April 15th Peak Snow Water Equivalent







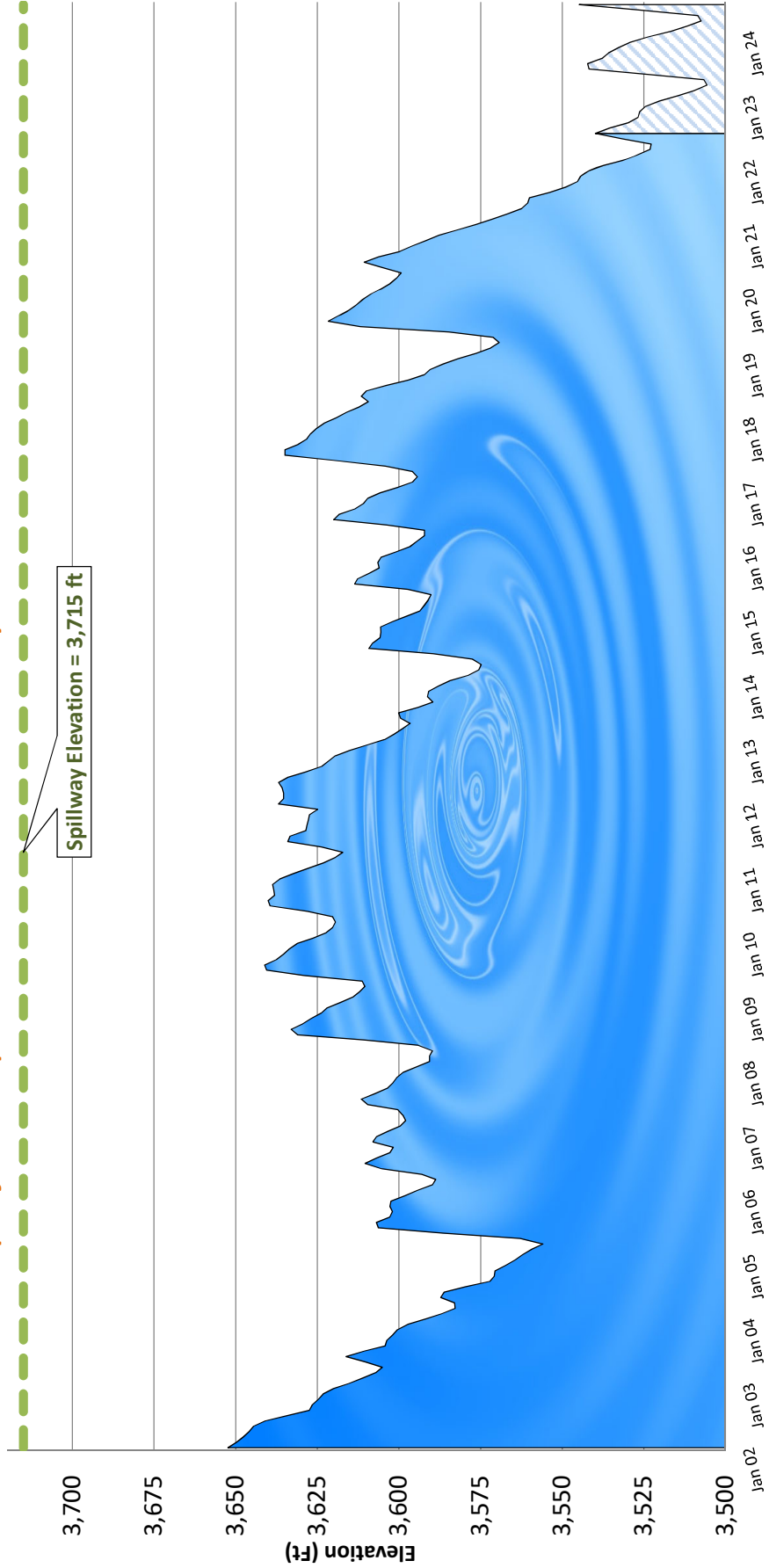
Lake Mead Levels: Historical and Projected projection per USBR 24-Month Study





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

■ Historical □ Projected



Lake Mead Historical Water Elevation Level

