

REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
18700 Ward Street, Fountain Valley, California
November 16, 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#

AGENDA

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

ROLL CALL

PUBLIC COMMENTS/PARTICIPATION

At this time, members of the public will be given an opportunity to address the Board concerning items within the subject matter jurisdiction of the Board. Members of the public may also address the Board about a particular Agenda item at the time it is considered by the Board and before action is taken. If the item is on the Consent Calendar, please inform the Board Secretary before action is taken on the Consent Calendar and the item will be removed for separate consideration.

The Board requests, but does not require, that members of the public who want to address the Board complete a voluntary "Request to be Heard" form available from the Board Secretary prior to the meeting.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

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>.

NEXT RESOLUTION NO. 2130**CONSENT CALENDAR (Items 1 to 5)**

(All matters under the Consent Calendar will be approved by one motion unless a Board member requests separate action on a specific item)

1. MINUTES

- a. October 5, 2022 Workshop Board Meeting
- b. October 19, 2022 Board Meeting

Recommendation: Approve as presented.

2. COMMITTEE MEETING REPORTS

- a. Planning & Operations Committee Meeting: October 3, 2022
- b. Administration & Finance Committee Meeting: October 12, 2022
- c. Executive Committee Meeting: October 20, 2022
- d. MWDOC/OCWD Joint Planning Committee Meeting: October 26, 2022

Recommendation: Receive and file as presented.

3. TREASURER'S REPORTS

- a. MWDOC Revenue/Cash Receipt Register as of October 31, 2022
- b. Disbursement Registers (October/November)

Recommendation: Ratify and approve as presented.

- c. Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of September 30, 2022
- d. PARS Monthly Statement (OPEB Trust)

Recommendation: Receive and file as presented.

4. FINANCIAL REPORT

- a. Combined Financial Statements and Budget Comparative for the Period Ending September 30, 2022
- b. Quarterly Budget Review
- c. FY 2021-22 Audit Report and Presentation regarding Audit Report

Recommendation: Receive and file as presented.

5. APPROVE CONTINUATION OF REMOTE MEETINGS PURSUANT TO AB 361 AND MAKE REQUIRED FINDINGS

Recommendation: Vote to continue virtual meetings pursuant to AB 361 for an additional 30 days based on the findings that (1) it has reconsidered the circumstances of the state of emergency for COVID-19, and (2) state and local officials continue to impose or recommend measures to promote social distancing.

End Consent Calendar

ACTION CALENDAR

6-1 MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE

Recommendation: Review and adopt the updated Legislative and Regulatory Policy Principles for 2023.

6-2 AWARD CONTRACT FOR WATER USE EFFICIENCY PROGRAM INSTALLATION VERIFICATION INSPECTION CONTRACTOR

Recommendation: Authorize the General Manager to enter into a professional services agreement with Mission Resource Conservation District to perform Water Use Efficiency Programs Installation Verification Inspections over the next five years using a combination of grant awards, contributions from member agencies, and no more than \$50,000 per year from MWDOC's Choice Water Use Efficiency Program.

6-3 AUTHORIZATION TO VOTE ON BEHALF OF MWDOC ON ACWA'S PROPOSED AMENDED AND RESTATED BYLAWS

Recommendation: Review the proposed bylaw amendments; authorize MWDOC Board President Megan Yoo Schneider or her designee, and an alternate, to cast the District's ballot at ACWA's Fall Conference on November 30, 2022; and authorize staff to submit Voter Designation and Information Form to ACWA as required.

INFORMATION CALENDAR (All matters under the Information Calendar will be Received/Filed as presented following any discussion that may occur)

7. GENERAL MANAGER'S REPORT, NOVEMBER 2022 (ORAL AND WRITTEN)

Recommendation: Receive and file report(s) as presented.

8. MWDOC GENERAL INFORMATION ITEMS

- a. Board of Directors - Reports re: Conferences and Meetings
- b. Requests for Future Agenda Topics

Recommendation: Receive and file as presented.

ADJOURNMENT

Note: 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 contacting 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.

**MINUTES OF THE WORKSHOP BOARD MEETING
OF THE BOARD OF DIRECTORS OF
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)
WITH THE MWDOC MET DIRECTORS**

October 5, 2022

At 8:30 a.m., President Yoo Schneider called to order the Regular Meeting of the Municipal Water District of Orange County via the Zoom Webinar application (due to the current state of emergency related to the spread of COVID-19 and pursuant to Government Code Section 54953(e)). General Manager Hunter led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Al Nederhood
Larry Dick*
Karl W. Seckel
Bob McVicker
Sat Tamaribuchi*
Jeffery M. Thomas
Megan Yoo Schneider

STAFF

Robert Hunter, General Manager
Harvey De La Torre, Asst. Gen. Mgr.
Joe Byrne, Legal Counsel
Maribeth Goldsby, Board Secretary
Melissa Baum-Haley, Prin. Water Resource Analyst
Alex Heide, Water Resources Analyst
Charles Busslinger, Dir. of Engineering/Dist. Eng.
Kevin Hostert, Water Resources Analyst
Damon Micalizzi, Director of Public Affairs
Heather Baez, Governmental Affairs Manager
Chris Lingad, Associate Engineer
Vicki Osborn, Director of Emergency Management

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Linda Ackerman
Dennis Erdman

OTHERS PRESENT

Gloria Gray
Adan Ortega
Sara Tucker
Garrett Durst
Syrus Devers
Dick Ackerman
Ed Means
Paul Jones
Dave Youngblood
Kathryn Freshley
Mike Gaskins
Kay Havens
Mark Monin
Jose Vergara
Dennis Cafferty
Sherri Seitz
Vu Chu
Steve LaMar

MET Chairwoman.
MET Director
NRR
NRR
Best, Best & Krieger
Ackerman Consulting
Means Consulting
Dopudja & Wells Consulting
East Orange County Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
Irvine Ranch Water District

Doug Reinhart
 Peer Swan
 Paul Weghorst
 Frank Prewoznik
 Jim Atkinson
 Stacy Taylor
 Dick Fiore
 Don Froelich
 Sherry Wanninger
 Laura Rocha
 Lindsay Stuvick
 Cathy Green
 Kelly Rowe
 Steve Sheldon
 Mike Markus
 John Kennedy
 Sandra Jacobs
 Justin McCusker
 Betty Olson
 Dan Ferons
 Jim Leach
 Chip Monaco
 Brad Reese
 Tom Eastman
 Fernando Paludi
 Brooke Jones
 Wayne Miller
 Marcelo Alvarez
 Lynda Lo-Hill
 Virginia Wei
 Sabrina Tsui
 Lisa Ohlund
 Liz Mendelson-Goossens
 Kristy Khachigian

Irvine Ranch Water District
 Irvine Ranch Water District
 Irvine Ranch Water District
 Irvine Ranch Water District
 Mesa Water
 Mesa Water
 Moulton Niguel Water District
 Moulton Niguel Water District
 Moulton Niguel Water District
 Moulton Niguel Water District
 Moulton Niguel Water District
 Orange County Water District
 Orange County Water District
 Orange County Water District
 Orange County Water District
 Orange County Water District
 Santa Margarita Water District
 Santa Margarita Water District
 Santa Margarita Water District
 Santa Margarita Water District
 Santa Margarita Water District
 Santa Margarita Water District
 Santa Margarita Water District
 Serrano Water District
 South Coast Water District
 Trabuco Canyon Water District
 Yorba Linda Water District
 Yorba Linda Water District
 Metropolitan Water District of So. Cal.
 Las Virgenes Municipal Water District
 Los Angeles Department of Water & Power
 Los Angeles Department of Water & Power
 Ohlund Management & Technical Services
 San Diego County Water Authority
 KK Consulting

PUBLIC PARTICIPATION/PUBLIC COMMENTS

President Yoo Schneider inquired whether any members of the public wished to comment on agenda items.

OCWD Director Kelly Rowe outlined a new project/endeavor he is involved with (Complete Coastal Network Initiative) which addresses groundwater recharge and seawater intrusion along the coast; he advised he would send information on this project to the Board.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

No items were presented.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

President Yoo Schneider inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting.

It was noted that a statement from MET Chair Candidate, Adan Ortega, was distributed to the Board and made available to the public.

PRESENTATION / DISCUSSION ITEMS**PRESENTATIONS BY CANDIDATES FOR MET CHAIR**

Mr. Adan Ortega (MET Director) outlined his goals (as submitted in his written statement), if elected as MET Chair.

Ms. Gloria Gray (current MET Chair) also outlined her goals as MET Chair, noting that she would need a waiver from the MET Board to seek a third term as Chair (which she will do at the October MET meeting).

Following a question/answer period, the Board received and filed the reports as presented.

METROPOLITAN'S DROUGHT RESPONSE AND NON-FUNCTIONAL TURF EFFORTS

Principal Water Resource Analyst, Dr. Melissa Baum-Haley, advised that the MET Board (on October 11) will consider adopting a resolution encouraging action to reduce or eliminate irrigation of non-functional turf (NFT) with potable water; in response to this, Dr. Baum-Haley outlined MET's drought response and NTF efforts. Her presentation included an explanation on what defines/constitutes NTF (turf that is solely ornamental and not regularly used for human recreational purposes or for civic or community events), as well as an overview of the State's regulatory actions (in place), how this action would fit into the federal drought response efforts (Colorado River), and a review of MET's proposed resolution and local responses to the resolution.

Considerable discussion ensued with emphasis on the positive effects of both functional and non-functional turf, how this action would create a large impact on the public, the levels of conservation already realized (and the impacts of asking for more), heat impacts by removing NTF, the need for addressing the Colorado River shortage with viable solutions, the belief that there is a water storage shortage/problem (rather than a supply shortage due to water being lost to the ocean, etc.), how this action would impact Orange County, property owner rights, impacts on disadvantaged communities, and the need to develop alternatives to reducing or eliminating NTF (including budget based rate options).

Director Tamaribuchi suggested that staff solicit input from the member agencies on this subject, and prepare an analysis of the impacts to Orange County.

Following discussion, the Board received and filed the report as presented.

LEGISLATIVE ACTIVITIES**a. Federal Legislative Report (NRR)**

Due to the absence of Sara Tucker (NRR) who had to leave the meeting early, Governmental Affairs Manager Heather Baez referenced NRR's written report in the packet, highlighting new legislation (H.R. 9084/Valadao) which was drafted in an effort to provide long-term water supply and regulatory reliability to drought-stricken California, and for other purposes.

Following a brief discussion regarding H.R. 9084 and H.R. 2467, the Board received and filed the report.

b. State Legislative Report

Mr. Syrus Devers of BBK, reviewed his report, highlighting AB 2142 (Gabriel), SB 1157 (Hertzberg), AB 2449 (Rubio/Blanca), SB 222 (Dodd), and the WEROC earmark funding.

Following discussion, the Board received and filed the report.

c. Legal and Regulatory Report (Ackerman)

Mr. Dick Ackerman referenced his report, highlighting the on-going battle between the State Water Resources Control Board and senior water rights.

The Board received and filed the report.

d. MWDOC Legislative Matrix**e. Metropolitan Legislative Matrix**

The Board received and filed the reports.

INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION

Director Ackerman provided updates on the Upper Feeder shutdown (finished one day early), \$450,000 geotechnical upgrades to the Weymouth Administration building, the \$690,000 increase for the Sepulveda Feeder Pump project, MET's portfolio projects (long and short-term), potable reuse, and Colorado River activities. She also highlighted the conservation MOU to expand water reuse, the recently adopted MET resolution regarding the Bay-Delta Policy Principles, the public relations/advertising drought campaign, MET's addition of 15 mega-watts to the power grid, and the election of MET's Chair (October) and Secretary (November).

Director Dick reported on MET's Legal & Claims Committee activities, including information regarding the lawsuit on damaged property (helicopter) which has reach settlement.

Director Erdman highlighted the MET Chair election.

Director Tamaribuchi commented on the desert housing issue and welcomed ideas to reduce the cost for renovation.

ACTION ITEMS**APPROVE CONTINUATION OF REMOTE MEETINGS PURSUANT TO AB 361 AND MAKE REQUIRED FINDINGS**

President Yoo Schneider advised that the proposal to continue remote meetings was before the Board for consideration.

Upon MOTION by Director Seckel, seconded by Director Dick, and carried (6-1), the Board voted to continue virtual meetings pursuant to AB 361 for an additional 30 days based on the findings that (1) it has reconsidered the circumstances of the state of emergency for COVID-19, and (2) state and local officials continue to impose or recommend measures to promote social distancing, by the following roll call vote:

AYES: Directors Dick, McVicker, Seckel, Tamaribuchi, Thomas and Yoo
Schneider
NOES: Director Nederhood
ABSENT: None
ABSTAIN: None

INFORMATION ITEMS**MWD ITEMS CRITICAL TO ORANGE COUNTY**

- a. MET Finance and Rate Issues
- b. MET Integrated Resources Plan Update
- c. MET Water Supply Conditions Update
- d. Water Quality Update
- e. Colorado River Issues
- f. Delta Conveyance Activities and State Water Project Issues

The Board received and filed the report as presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

- a. Summary regarding the September MET Board Meeting
- b. MET 4-Month Outlook on Upcoming Issues
- c. Review items of significance for the upcoming MET Board and Committee Agendas

The report was received and filed.

ADJOURNMENT

There being no further business, the meeting adjourned in memory of Kathleen Anne Gibson at 10:51 a.m.

Maribeth Goldsby
Board Secretary

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
October 19, 2022**

At 8:30 a.m., President Yoo Schneider called to order the Regular Meeting of the Municipal Water District of Orange County, via the Zoom Webinar application (due to the current state of emergency related to the spread of COVID-19 and pursuant to Government Code Section 54953(e)). Following a moment of silence in memory of SCWD Director Wayne Rayfield who recently passed away, Director of Water Use Efficiency Joe Berg led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Al Nederhood
Larry Dick
Bob McVicker
Karl Seckel
Sat Tamaribuchi
Jeffery M. Thomas
Megan Yoo Schneider

STAFF

Robert Hunter, General Manager
Harvey De La Torre, Assist. GM
Joe Byrne, Legal Counsel
Maribeth Goldsby, Board Secretary
Melissa Baum-Haley, Prin. Water Resources Analyst
Heather Baez, Governmental Affairs Manager
Alex Heide, Water Resource Analyst
Kevin Hostert, Water Resources Analyst
Charles Busslinger, Dir. of Engineering/Dist. Eng.
Hilary Chumpitazi, Accounting Manager
Tiffany Baca, Public Affairs Manager
Vicki Osborn, Director of Emergency Management
Joe Berg, Director of WUE Programs
Cathy Harris, Director of HR and Administration
Trent Blue, Water Loss Control Intern
Nate Shepard, Public Affairs Coordinator
Claire Johnson, Water Use Efficiency Intern
Tina Fann, WUE Analyst
Cristal Castro, WUE Program Assistant
Melissa Hurtado, WUE Intern
Dave Anderson, WEROC Specialist

ALSO PRESENT

Dennis Erdman
Linda Ackerman
Christine Carson
Doug Davert
Kathryn Freshley
Mike Gaskins
Kay Havens
Mark Monin
Dennis Cafferty
Doug Reinhart
Paul Weghorst
Jim Atkinson
Stacy Taylor
Don Froelich
Sherry Wanninger

MWDOC/MET Director
MWDOC/MET Director
Aleshire & Wynder
East Orange County Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
Irvine Ranch Water District
Irvine Ranch Water District
Mesa Water
Mesa Water
Moulton Niguel Water District
Moulton Niguel Water District

Kelly Rowe	Orange County Water District
Mike Markus	Orange County Water District
John Kennedy	Orange County Water District
Alicia Dunkin	Orange County Water District
Saundra Jacobs	Santa Margarita Water District
Justin McCusker	Santa Margarita Water District
Jim Leach	Santa Margarita Water District
Chip Monaco	Santa Margarita Water District
Erica Castillo	Santa Margarita Water District
Greg Mills	Serrano Water District
Jennifer Lopez	South Coast Water District
Glen Acosta	Trabuco Canyon Water District
Fernando Paludi	Trabuco Canyon Water District
Brooke Jones	Yorba Linda Water District
Wayne Miller	Yorba Linda Water District
Dick Ackerman	Ackerman Consulting
Lisa Ohlund	Ohlund Management & Technical Services
Kristy Khachigian	KK Consulting

PUBLIC PARTICIPATION/PUBLIC COMMENT

President Yoo Schneider announced that members of the public wishing to comment on agenda items could do so after the item has been discussed by the Board and requested members of the public identify themselves when called on. Ms. Yoo Schneider asked whether any member of the public had any comments on items that are not on the agenda.

No public comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

No items were received.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

President Yoo Schneider inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting.

No items were distributed.

EMPLOYEE INTRODUCTIONS

The following new employees were introduced to the Board: Trent Blue, Water Loss Control Intern, Claire Johnson, WUE Intern, Tina Fann, WUE Analyst, Cristal Castro, WUE Program Assistant, Melissa Hurtado, WUE Intern, Nate Shepard, Public Affairs Coordinator, and Dave Anderson, WEROC Specialist.

CONSENT CALENDAR

President Yoo Schneider stated all matters under the Consent Calendar would be approved by one MOTION unless a Director wished to consider an item separately.

Director Nederhood asked that Item No. 5 (Approve Continuation of Remote Meetings Pursuant to AB 361 and Make Required Findings) be pulled from the Consent Calendar for further discussion.

Upon MOTION by Director Seckel, seconded by Director Dick, and carried (6-0) the Board approved the balance of Consent Calendar items, by the following roll call vote:

AYES:	Directors Nederhood, Dick, McVicker, Seckel, Tamaribuchi, and Yoo Schneider
NOES:	None
ABSENT:	Director Thomas
ABSTAIN:	None

MINUTES

The following minutes were approved.

September 7, 2022 Workshop Board Meeting
September 21, 2022 Regular Board Meeting
September 21, 2022 MWDOC Water Facilities Corporation Board Meeting

COMMITTEE MEETING REPORTS

The following Committee Meeting reports were received and filed as presented.

Planning & Operations Committee Meeting:	September 6, 2022
Administration & Finance Committee Meeting:	September 14, 2022
Executive Committee Meeting:	September 21, 2022

TREASURER'S REPORTS

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of September 30, 2022
MWDOC Disbursement Registers (September/October)

The following items were received and filed as presented.

MWDOC Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of August 31, 2022

PARS Monthly Statement (OPEB Trust)

FINANCIAL REPORT

The following item was received and filed as presented.

Combined Financial Statements and Budget Comparative for the Period ending August 31, 2022

- END CONSENT CALENDAR -**ITEMS PULLED FROM CONSENT CALENDAR FOR FURTHER DISCUSSION**

(Director Thomas joined the meeting at 8:45 a.m.)

**APPROVE CONTINUATION OF REMOTE MEETINGS PURSUANT TO AB 361 AND
MAKE REQUIRED FINDINGS**

Director Nederhood reiterated his desire to hold in-person meetings, noting the benefits of in-person meetings. Director Seckel highlighted the increased number of meeting participants since the District commenced meetings via Zoom versus in-person meetings.

Director of Emergency Management, Vicki Osborn provided an overview of the status of COVID-19 in the County and State.

Upon MOTION by Director Seckel, seconded by Director Dick, and carried (6-1), the Board voted to continue virtual meetings pursuant to AB 361 for an additional 30 days based on the findings that (1) it has reconsidered the circumstances of the state of emergency for COVID-19, and (2) state and local officials continue to impose or recommend measures to promote social distancing, by the following roll call vote:

AYES:	Directors Nederhood, Dick, McVicker, Seckel, Tamaribuchi, Thomas and Yoo Schneider
NOES:	None
ABSENT:	None
ABSTAIN:	None

ACTION CALENDAR**2020 CENSUS POPULATION AND HOUSING UNIT DISAGGREGATION INTO
ORANGE COUNTY WATER PROVIDER SERVICE AREAS – CDR WORK ORDER #125**

Upon MOTION by Director Seckel, seconded by Director McVicker, and carried, the Board approved CDR Work Order #125 in the amount of \$13,805.52 to divide up the 2020 Census population and housing data into the Orange County water provider service areas (to be funded from Reserves), by the following roll call vote:

AYES:	Directors Nederhood, Dick, McVicker, Seckel, Tamaribuchi, Thomas and Yoo Schneider
NOES:	None
ABSENT:	None
ABSTAIN:	None

INFORMATION CALENDAR**GENERAL MANAGER'S REPORT, SEPTEMBER 2022**

General Manager Hunter advised that the General Manager's report was included in the Board packet.

Mr. Hunter highlighted the activities of the ad hoc committees regarding the reserves and facilitated discussions.

Following discussion, the Board received and filed the report as presented.

MWDOC GENERAL INFORMATION ITEMS**a. BOARD OF DIRECTORS**

The Board members each reported on their attendance at the regular (and special) MWDOC Board and Committee meetings. In addition to these meetings, the following reports were made on conferences and meetings attended on behalf of the District.

Director Nederhood advised that he attended all of the regularly scheduled MWDOC meetings except the Executive Committee meeting (Planning & Operations and Administration & Finance Committee meetings, as well as the Workshop and Regular Board meetings), the MET Board and Committee meetings, the WACO and WACO Planning meetings, a meeting with Mark Toy (YLWD's new General Manager), a meeting with Heather Baez regarding the Legislative Policy Principles, and the OC Water Summit.

Director Dick reported on attending all of the regularly scheduled MWDOC meetings (Planning & Operations, Administration & Finance, and Executive Committee meetings, as well as the Regular Board meeting) the regularly scheduled MET Board and Committee meetings, the Ad Hoc Committee meeting regarding the Grand Jury report, a meeting with Deven Upadhyay (MET staff), the OC Taxpayers Association meeting, the ISDOC Executive Committee meeting, the MET Caucus, the WACO and WACO Planning meetings, a MET legal ad hoc committee meeting, and a meeting with Heather Baez regarding the Legislative Policy Principles.

Director McVicker reported that he attended all of the regularly scheduled MWDOC meetings (Planning & Operations, Administration & Finance, and Executive Committee meetings, as well as the Workshop Board meeting and Regular Board meetings), the ISDOC Executive Committee meeting, the WACO meeting, the MET Board and Committee meetings, and the OCBC Infrastructure Committee meeting.

Director Seckel advised that he attended the regularly scheduled MWDOC meetings (Planning & Operations, Administration & Finance, and Executive Committee meetings, as well as the Workshop and Regular Board meetings), the WACO and WACO planning meetings, the OC Water Summit and associated planning meetings and speakers dinner, the Ad Hoc Committee meeting regarding the Grand Jury report (with OCWD), the MET Committee meetings (including the Executive Committee), the YLWD reception in honor of their new General Manager Mark Toy, the Southern California Water Dialogue Group meeting, the ad hoc committee meetings regarding the facilitated discussions and reserves), a meeting with Heather Baez regarding the

Legislative Policy Principles, the Coastal Commission's hearing regarding the Doheny Desalination Project, and an update on the California Water Plan

Director Tamaribuchi reported on attending the regularly scheduled MWDOC meetings (Planning & Operations, Administration & Finance, and Executive Committee meetings, as well as the Workshop and Regular Board meetings), the regularly scheduled MET Board and Committee meetings, the Ad Hoc Committee meeting regarding the Grand Jury report (with OCWD), Ethics and Harassment Prevention Trainings, two MWDOC/MET Director meetings, a meeting with MET staff regarding non-functional turf and IRP implementation, the YLWD Board meeting and reception in honor of their new General Manager Mark Toy, the Delta Conveyance webinar, the MET Caucus, the WACO meeting, the Coastkeepers annual dinner, and the Coastal Commission's hearing regarding the Doheny Desalination Project.

Director Thomas stated that he attended the regularly scheduled MWDOC meetings, except the Executive Committee meeting, (the Planning & Operations and Administration & Finance Committee meetings, as well as the Workshop and Regular Board meetings), the OC Water Summit and associated planning meetings and speakers dinner, the WACO meeting, Ethics and Harassment Prevention Trainings, and the Coastal Commission's hearing regarding the Doheny Desalination Project.

Director Yoo Schneider advised that she attended all of the regularly scheduled MWDOC meetings (Planning & Operations, Administration & Finance, and Executive Committee meetings, as well as the Workshop and Regular Board meetings), the SMWD Committee and Board meetings, the LBCWD Commission meeting, the Water Environment Federation (WEF) Utility Management and Diversity, Equity & Inclusion meetings, the Coastal Commission's hearing regarding the Doheny Desalination Project, the MET Board meeting, and the Laguna Beach City Council meeting.

a. REQUESTS FOR FUTURE AGENDA TOPICS

No requests for future agenda topics were received.

CLOSED SESSION ITEMS

At 9:01 a.m., Legal Counsel Byrne announced that the Board would adjourn to closed session to discuss the following items. It was noted that the Board would first meeting with Legal Counsel Carson regarding litigation, and would follow with the public employee performance evaluation.

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: General Manager
Government Code Section 54957

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water of Southern California on April 8, 2014, et al., former Los Angeles Superior Court Case No. BC547139, transferred on December 2, 2014, to San Francisco Superior Court, now Case No. CPF-14-514004.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California on April 12, 2016, effective January 1, 2017 and January 1, 2018, et al., former Los Angeles Superior Court Case No. BS161729, transferred to San Francisco Superior Court, now Case CPF-16-515282.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California on April 10, 2018 to be effective January 1, 2019, and Jan. 1, 2020, et al., Los Angeles Superior Court Case No. BS 173868, Transferred to San Francisco Superior Court, now Case CPF-18-516389.

RECONVENE/ANNOUNCEMENTS FROM CLOSED SESSION

The Board reconvened at 9:57 a.m., and Secretary Goldsby announced that no reportable action was taken in closed session with respect to the Public Employee Performance Evaluation.

She also announced that with respect to the litigation matters, Legal Counsel Carson advised the Board that a partner at Aleshire & Wynder may be drafting a conflict of interest code for San Diego, and the Board consented to continued representation of MWDOC on the San Diego County Water Authority v. Metropolitan Water District of Southern California litigation matters. This vote was motioned by Director Seckel, seconded by Director McVicker and approved by a vote of 6-0, by the following roll call vote:

AYES:	Directors Nederhood, McVicker, Seckel, Tamaribuchi, Thomas and Yoo Schneider
NOES:	None
ABSENT:	None
ABSTAIN:	Director Dick

ADJOURNMENT

There being no further business to come before the Board, President Yoo Schneider adjourned the meeting at 9:59 a.m.

Respectfully submitted,

Maribeth Goldsby, Secretary

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Jointly with the
PLANNING & OPERATIONS
October 3, 2022 – 8:30 a.m. to 9:29 a.m.

Due to the current state of emergency related to the spread of COVID-19 and pursuant to Government Code Section 54953(e), the meeting was held via the Zoom Webinar application; all Brown Act requirements were complied with.

Committee:

Director Tamaribuchi, Chair
Director McVicker
Director Nederhood

Staff:

Rob Hunter, Pari Francisco, Michelle DeCasas,
Tina Dubuque, Hilary Chumpitazi, Tiffany Baca
Damon Micalizzi, Heather Baez, Maribeth
Goldsby, Harvey De La Torre, Charles
Busslinger, Rachel Waite, Joe Berg, Janine
Schunk, Alex Heide, Vicki Osborn, Beth Fahl,
Kevin Hostert, Chris Lingad, Dave Anderson,
Melissa Baum-Haley, Sam Fetter, Sarah Wilson

Also, Present:

Director Larry Dick
Director Megan Yoo Schneider
Director Karl Seckel
Director Jeff Thomas

Dennis Erdman, MET Director
Linda Ackerman, MET Director
Doug Reinhart, Irvine Ranch WD
Dick Ackerman, Ackerman Consulting
Donald Froelich, Moulton Niguel WD
Brad Reese, Serrano WD
Chip Monaco, Santa Margarita WD
Joe Vergara, El Toro WD
Mike Markus, Orange County WD
John Kennedy, Orange County WD
Vu Chu, El Toro WD
Jim Atkinson, Mesa WD

Paul Weghorst, Irvine Ranch WD
Peer Swan, Irvine Ranch WD
Saundra Jacobs, Santa Margarita WD
Keith Van Der Maaten, Laguna Beach
County WD
Sherri Seitz, El Toro WD
Yarib Dheming, Inside the Outdoors
Frank Prewoznik, Irvine Ranch WD
Mike Gaskin, El Toro WD
Kathryn Freshley, El Toro WD
Jim Leach, Santa Margarita WD
Dennis Cafferty, El Toro WD
Alicia Dunkin, Orange County WD
Sherry Wanninger, Moulton Niguel WD
Betty Olson, Santa Margarita WD
Chuck Gibson, Santa Margarita WD
Justin McCusker, Santa Margarita WD

Chairperson Tamaribuchi called the meeting to order at 8:30 a.m.

Secretary Goldsby conducted a roll call of the Committee members' attendance, with Directors Tamaribuchi, Nederhood, McVicker being present and Directors Dick, Yoo Schneider, Seckel, and Thomas also present.

PUBLIC PARTICIPATION

There was no public participation.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

No items were received too late to be agendized.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO THE MEETING

No items were distributed to the Board less than 72 hours prior to the meeting.

ACTION ITEM**2020 CENSUS POPULATION AND HOUSING UNIT DISAGGREGATION INTO ORANGE COUNTY WATER PROVIDER SERVICE AREAS – CDR WORK ORDER #125**

Mr. Charles Busslinger explained that the request is to use \$10,000 already contained in the FY 2022-23 Budget under Cost Center 21 for On-Call work plus an additional \$31 overage to be taken from reserves to complete CDR Work Order #125.

Discussion ensued around if \$13,805.52 should be taken from the Reserves instead of using the budgeted funds. Director Nederhood and Director McVicker stated they favored utilizing the Reserves for the total payment amount. Director Dick stated that since the money was already included in the budget, it should be taken from the budgeted funds. Director Tamaribuchi agreed with Director Dick. Director Seckel suggested that the decision to utilize the Reserves for this item be postponed until the Reserves AdHoc Committee completes its discussions.

Upon MOTION by Director McVicker, seconded by Director Nederhood, and carried (2-1), the Committee recommended the Board of Directors approve CDR Work Order #125 for \$13,805.52 to divide up the 2020 Census population and housing data into the Orange County water provider service areas (to be funded from Reserves).

A roll call vote was taken, with Directors McVicker and Nederhood voting in favor and Director Tamaribuchi opposition. This item will be presented to the Board on October 19, 2022.

DISCUSSION ITEMS**MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE**

Ms. Heather Baez, Governmental Affairs Manager, one of the goals for the MWDOC Legislative Policy Principles Annual Update was to streamline some of the significant policies, i.e., Imported Water. Ms. Baez stated that several agencies had provided comments, and any suggested edits have been noted in the redlined document included in the packet.

Director Dick stated he felt a single open guideline that could reduce the document to one page would be beneficial.

Ms. Baez reviewed with Director Tamaribuchi the edits he and the committee members requested:

- Striking “and other infrastructure” from Imported Water Supply, #1 (d)
- Striking proposed new policy related to non-functional turf from Water Use Efficiency and Distribution System Water Loss, #8
- Adding “such as an Emergency Operations Center” to Emergency Response #3
- Adding language to the Overall Policy that addresses our focus on water reliability and delivery, local control, and the protection of private property rights.

The Committee received and filed this report. It will be presented again with the recommended edits to the Planning and Operations Committee for review on November 14, 2022.

UPDATE ON COVID-19 (ORAL REPORT)

Vicki Osborn, Director of Emergency Manager, provided an update on COVID-19, stating that Orange County has moved into a Low-Level rate of community spread.

The Committee received and filed this report.

UPPER FEEDER SHUTDOWN RECAP (ORAL REPORT)

Mr. Charles Busslinger, Director of Engineering, provided a brief recap of the Upper Feeder shutdown.

The Committee received and filed this report.

INFORMATION ITEMS

SOLE SOURCE CONTRACT WITH PLANET BIDS

The Committee received and filed this report.

RECAP OF 2022 OC WATER SUMMIT

The Committee received and filed this report.

UPDATE REGARDING CHOICE SCHOOL PROGRAM

The Committee received and filed this report.

STATUS REPORTS

- a. Ongoing MWD OC Reliability and Engineering/Planning Projects
- b. WEROC
- c. Water Use Efficiency Projects
- d. Public and Government Affairs

The Committee received and filed these reports.

REVIEW OF ISSUES RELATED TO PLANNING OR ENGINEERING PROJECTS,

**WEROC, WATER USE EFFICIENCY, FACILITY AND EQUIPMENT
MAINTENANCE, WATER STORAGE, WATER QUALITY, CONJUNCTIVE USE
PROGRAMS, EDUCATION, PUBLIC AFFAIRS PROGRAMS AND EVENTS,
PUBLIC INFORMATION PROJECTS, PUBLIC INFORMATION CONSULTANTS,
DISTRICT FACILITIES, and MEMBER-AGENCY RELATIONS**

ADJOURNMENT

There being no further business brought before the Committee, Chairperson Tamaribuchi adjourned the meeting at 9:29 a.m.

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

Jointly with the

ADMINISTRATION & FINANCE COMMITTEE

October 12, 2022 – 8:30 a.m. to 9:23 a.m.

Due to the current state of emergency related to the spread of COVID-19 and pursuant to Government Code Section 54953(e), the meeting was held via the Zoom Webinar application; all Brown Act requirements were complied with.

A&F Committee:

Director Karl Seckel
Director Larry Dick
Director Jeff Thomas

Staff:

Rob Hunter, Alexander Heide, Maribeth Goldsby,
Cathleen Harris, Charles Busslinger,
Chris Lingad, Heather Baez, Hilary Chumpitazi,
Janine Schunk, Joe Berg, Katie Davanaugh,
Kevin Hostert, Melissa Baum-Haley,
Michelle DeCasas, Pari Francisco,
Rachel Davis, Rachel Waite, Sam Fetter,
Steven Hung, Beth Fahl, Damon Micalizzi,
Vicki Osborn, Dave Anderson

Also Present:

Director Al Nederhood
Director Bob McVicker
Director Megan Yoo Schneider
Director Sat Tamaribuchi
Linda Ackerman, MWDOC MET Director

Paul Weghorst, Irvine Ranch Water District
Kristy Khachigian, KK Consulting
Brad Reese, Serrano Water District
Brooke Jones, Yorba Linda Water District
Doug Reinhart, Irvine Ranch Water District
Kay Havens, El Toro Water District
Jim Atkinson, Mesa Water
Greg Mills, Serrano Water District
Justin McCusker, Santa Margarita Water District
Keith Van Der Maaten, Laguna Beach Co. Water Dist.
John Kennedy, Orange County Water District
Kaden Young, Moulton Niguel Water District
Marwan Khalifa, Mesa Water
Don Froelich, Moulton Niguel Water District
Mike Gaskins, El Toro Water District

At 8:30 a.m., Director Seckel called the meeting to order, via the Zoom webinar application.

Secretary Goldsby conducted a roll call attendance of the Committee members with Directors Seckel and Thomas acknowledging attendance for the Administration and Finance Committee; and Directors McVicker, Nederhood, Tamaribuchi and Yoo Schneider also present. Director McVicker sat on the Committee in the absence of Director Dick.

PUBLIC COMMENTS

Melissa Baum-Haley provided a summary of the October 11 Metropolitan Water District of Southern California meeting, noting that Adan Ortega was voted as the Metropolitan Board Chairman.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

No items were presented.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

No items were presented.

It was noted that Director Dick had arrived (8:35 am) and took his seat on the Committee; he reported that he would be departing at approximately 9:00 a.m. Chair Seckel stated that Director McVicker would take his seat back on the Committee at that time.

PROPOSED BOARD CONSENT CALENDAR ITEMS**TREASURER'S REPORT**

- a. Revenue/Cash Receipt Report – September 2022
- b. Disbursement Approval Report for the month of October 2022
- c. Disbursement Ratification Report for the month of September 2022
- d. GM Approved Disbursement Report for the month of September 2022
- e. Consolidated Summary of Cash and Investment – August 2022
- f. OPEB and Pension Trust Fund monthly statement

The Committee reviewed the Treasurer's Report and upon MOTION by Director Thomas, seconded by Director Dick and carried (3-0), the Committee recommended approval of the Treasurer's Report at the October 19, 2022 Board meeting. The vote was taken via roll call with Directors Seckel, Thomas and Dick all voting in favor.

FINANCIAL REPORT

- a. Combined Financial Statements and Budget Comparative for the Period Ending August 31, 2022

The Committee reviewed the Financial Report and upon MOTION by Director Thomas seconded by Director Dick and carried (3-0), the Committee recommended approval of the Financial Report at the October 19, 2022 Board meeting. The vote was taken via roll call

with Directors Seckel, Thomas and Dick all voting in favor.

DISCUSSION ITEM

COVID-19 AND MEETING FORMAT (oral report)

Mr. Hunter reported that Orange County Water District (OCWD) staff have not returned to the office yet. OCWD Board will meet in January to review and discuss returning to work, depending on the status of COVID at that time. Ms. Osborn reported that COVID transmission levels remain relatively low, but the Public Health Order remains in place currently. She also attended the Orange County Water District Board meeting earlier this month wherein OCWD reviewed their office protocol related to COVID.

INFORMATION ITEMS

INDIVIDUAL CHARGES DISCLOSURE REPORT

The report was received and filed.

CALPERS ANNUAL VALUATION REPORT AS OF JUNE 30, 2021

It was reported that the District is nearly 100% funded.

OPEB ACTUARIAL REPORT AS OF JULY 1, 2022

The District's funding status for the OPEB liability is 117%, which does vary based on the District's trust account investment earnings status. Staff will continue to monitor, due to the nature of the distribution constraints of the trust account where funds are held.

UPDATE REGARDING MEMBER AGENCY FACILITATED DISCUSSIONS

Director Seckel remarked that he does participate in the facilitated meeting discussions and that the meetings with member agencies are going well, with valuable information being shared.

UPDATE REGARDING RESERVE FUND DISCUSSIONS

The Committee reviewed staff's presentation on the District's Reserve Fund Policy, noting that additional meetings are scheduled. Brian Thomas, the District's consultant, is working on a draft report and will provide a report to the Board once it is complete. An update will be provided at next month's Administration & Finance Committee meeting.

DEPARTMENT ACTIVITIES REPORTS

- a. Administration
- b. Finance and Information Technology

MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION

The informational reports were received and filed.

OTHER ITEMS

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

No information was presented.

ADJOURNMENT

There being no further business brought before the Committee, the Administration & Finance meeting was adjourned at 9:23 a.m.

MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
jointly with the
EXECUTIVE COMMITTEE
October 20, 2022, 8:30 a.m. to 9:28 a.m.
Zoom Webinar Application

Committee:

Director Yoo Schneider, President
Director McVicker, Vice President
Director Tamaribuchi, Immediate Past President

Staff:

R. Hunter (absent), H. De La Torre, M. Goldsby

Also Present:

Director Nederhood
Director Seckel
Director Dick
Director Thomas (absent)
Linda Ackerman, MWDOC/MET Dir.
Dennis Erdman, MWDOC/MET Dir.
Dave Anderson, WEROC Specialist
Sherry Wanninger, MNWD
Justin McCusker, SMWD
Chip Monaco, SMWD
Greg Mills, Serrano Water District
Brad Reese, Serrano Water District
Dick Ackerman, Ackerman Consulting
Kristy Khachigian, KK Consulting

At 8:30 a.m., President Yoo Schneider called the meeting to order via the Zoom Webinar application (pursuant to the Governor's Executive Order due to the spread of the COVID-19 virus, the meeting was conducted via Zoom). Secretary Goldsby called the roll.

PUBLIC PARTICIPATION

No items were presented.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

No items were presented.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Assistant General Manager De La Torre advised that the draft agendas for the upcoming month were distributed to the Board and made available to the public.

EXECUTIVE COMMITTEE REVIEW OF FUTURE AGENDAS

The Committee reviewed and discussed the draft agendas for each of the meetings and made revisions/additions as listed below.

a. MWDOC/OCWD Joint Planning Committee

Mr. De La Torre provided a brief overview of the tentative presentation regarding the Fisheries Regulation Standards and the State Water Project Operations, advising that this presentation would be a brief overview. The Committee discussed the presentation and suggested it may also be a good topic for a future Workshop Board meeting (more detailed), Elected Officials Forum, and a WACO or ISDOC meeting. Mr. De La Torre advised that the topic was listed tentative as staff was waiting on the availability of MET staff to do the presentation; he advised that a series of similar presentations would be made over the next few months to the MWDOC Board.

b. Planning & Operations Committee

Following discussion, the Committee asked that a recap on the OC Water Summit (to include financial information) be added to the agenda.

Mr. De La Torre advised that the OC Reliability Study would be presented in January 2023.

c. Workshop Board Meeting

No new items were added to the agenda.

d. Administration & Finance Committee

Although no new items were added to the agenda, Mr. De La Torre advised that a detailed report regarding the Reserves would be made in December.

DISCUSSION REGARDING UPCOMING ACTIVITIES OF SIGNIFICANCE

Mr. De La Torre highlighted the MET Board Chair election and advised that the MET Board would elect its Secretary in November. Director Erdman noted that Director Pressman is seeking the Secretary office and he suggested MWDOC support him.

Mr. De La Torre also provided brief updates on the IRP implementation and business model, and the Colorado River activities.

Discussion ensued regarding the drought and the potential for allocations in 2023. Mr. De La Torre outlined the timing for MET calling for allocations, which would happen after the Table A allocations are set (most likely April 2023), as well as the restrictions on State Water Project dependent areas.

Director Tamaribuchi commented on the Water Supply Reports that are sent to the elected officials for each division, suggesting a revision or simplification (less technical and shorter) would make them more appealing and easy to read. Following discussion regarding ways

to streamline the report, it was recommended that Directors Tamaribuchi, Seckel, and Nederhood meet to refine their ideas, and then discuss these changes with staff.

MEMBER AGENCY RELATIONS

Mr. De La Torre provided an update on the Ad Hoc Committee discussions regarding the facilitated discussions, noting they have been successful.

GENERAL MANAGER'S REPORTS

No new information was presented.

REVIEW AND DISCUSS DISTRICT AND BOARD ACTIVITIES

It was noted that MET inspection trips have been reinstated.

ADJOURNMENT

There being no further business to be brought before the Committee, the meeting adjourned at 9:28 a.m.

MEETING REPORT
JOINT PLANNING COMMITTEE WITH BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY and
ORANGE COUNTY WATER DISTRICT
October 26, 2022 - 8:30 a.m. – 9:27 a.m.
Zoom Webinar Application

MWDOC DIRECTORS

Al Nederhood
Larry Dick
Bob McVicker
Karl W. Seckel (absent)
Sat Tamaribuchi
Jeffery M. Thomas
Megan Yoo Schneider

MWDOC STAFF

Rob Hunter
Maribeth Goldsby
Harvey De La Torre
Melissa Baum-Haley
Alex Heide
Kevin Hostert
Damon Micalizzi
Heather Baez
Charles Busslinger

ALSO PRESENT

Linda Ackerman
Dennis Erdman
Peer Swan
Keith Van Der Maaten
Jim Atkinson
Dick Fiore
Sherry Wanninger
Laura Rocha
Saundra Jacobs
Justin McCusker
Jim Leach
Chip Monaco
Greg Mills
Fernando Paludi
Brooke Jones
Wayne Miller
Liz Mendelson-Goossens
Philip Bogdonoff
Kristy Khachigian

OCWD DIRECTORS

Dina Nguyen (absent)
Denis Bilodeau
Roger Yoh
Tri Ta
Steve Sheldon
Cathy Green (absent)
Kelly Rowe
Nelida Mendoza
Gloria Ma'ae
Bruce Whitaker

OCWD STAFF

Mike Markus (absent)
John Kennedy
Alicia Dunkin

MWDOC/MET Director
MWDOC/MET Director
Irvine Ranch Water District
Laguna Beach County Water District
Mesa Water
Moulton Niguel Water District
Moulton Niguel Water District
Moulton Niguel Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
Serrano Water District
Trabuco Canyon Water District
Yorba Linda Water District
Yorba Linda Water District
San Diego County Water Authority
City of Anaheim
KK Consulting

MWDOC Director Megan Yoo Schneider chaired the meeting. Due to the current state of emergency related to the spread of COVID-19 and pursuant to Government Code Section 54953(e), the meeting was held via the Zoom Webinar application; all Brown Act requirements were complied with.

PUBLIC COMMENTS

No public comments were received.

IMPORTED WATER SUPPLY UPDATE AND DROUGHT ACTIONS

MWDOC Water Resources Analyst Kevin Hostert updated the Boards on the current imported water supply conditions, highlighting the Northern California 8-station index's accumulated precipitation, snowpack, run-off percentages, key reservoir storage levels and "take" capacities, Colorado River status and Lake Mead's storage levels, the current SWP Table "A" allocation of 5%, and the State's drought monitor conditions. Following discussion regarding the Colorado River and Lake Mead, the Committees received and filed the presentation.

SUMMARY OF ELECTION OF NEW MET BOARD CHAIR

Principal Water Resource Analyst, Dr. Melissa Baum-Haley provided an overview of the MET Chair election, noting that Gloria Gray did not receive a waiver to run for a third term, leaving Adan Ortega to run unopposed. Mr. Ortega was elected as MET Chair for a two-year term.

STATUS OF OCWD GROUNDWATER BASIN

OCWD Executive Director of Engineering and Water Resources John Kennedy updated the Committee on the status of OCWD operations, which included updates on the Prado Dam operations, MET replenishment water purchases, the OCWD groundwater basin accumulated overdraft, and OCWD's plans to purchase MET untreated water.

UPDATE REGARDING AD-HOC COMMITTEES FORMED TO REVIEW THE GRAND JURY REPORT

Mr. John Kennedy reported that the ad hoc committees met twice (with the third meeting scheduled for early November) and have been discussing a formal agreement between the two agencies (rather than consolidation discussions). He advised that the terms for the potential agreement will be presented and discussed at the next meeting.

Mr. Hunter outlined issues discussed at the meetings, including MET director appointments, costs (pension, etc.), and the number of member agencies not in support of consolidating the two agencies.

ANY FUTURE AGENDA ITEMS

Director Sheldon requested an update on the Colorado River at the next meeting, as well as how the Table A allocations are determined (formula).

FUTURE COMMITTEE MEETINGS: JANUARY 25, 2023

It was noted that the next MWDOC/OCWD Joint Planning Committee meeting would be held on January 25, 2023 and would be chaired by OCWD.

ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at 9:27 a.m.

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

WATER REVENUES

<u>Date</u>	<u>From</u>	<u>Description</u>	<u>Amount</u>
10/03/2022	City of La Palma	August 2022 Water deliveries	1,511.82
10/03/2022	City of Seal Beach	August 2022 Water deliveries	353,854.89
10/05/2022	Mesa Water District	August 2022 Water deliveries	92.96
10/07/2022	City of Brea	August 2022 Water deliveries	15,070.71
10/07/2022	City of San Clemente	August 2022 Water deliveries	858,787.55
10/07/2022	El Toro Water District	August 2022 Water deliveries	637,537.09
10/07/2022	Laguna Beach County Water District	August 2022 Water deliveries	397,204.36
10/07/2022	Trabuco Canyon Water District	August 2022 Water deliveries	227,088.33
10/11/2022	Santa Margarita Water District	August 2022 Water deliveries	2,922,993.60
10/11/2022	Santa Margarita Water District (ID9)	August 2022 Water deliveries	765,523.60
10/11/2022	Serrano Water District	August 2022 Water deliveries	167,338.24
10/12/2022	City of Garden Grove	August 2022 Water deliveries	873,708.49
10/13/2022	City of Buena Park	August 2022 Water deliveries	295,262.50
10/13/2022	City of Orange	August 2022 Water deliveries	1,332,869.16
10/13/2022	City of Westminster	August 2022 Water deliveries	14,362.85
10/13/2022	East Orange Co Water District	August 2022 Water deliveries	1,015,641.39
10/13/2022	Yorba Linda Water District	August 2022 Water deliveries	496,369.47
10/14/2022	Golden State Water Company	August 2022 Water deliveries	729,012.38
10/14/2022	Irvine Ranch Water District	August 2022 Water deliveries	4,025,198.46
10/14/2022	Moulton Niguel Water District	August 2022 Water deliveries	2,694,308.97
10/14/2022	Orange County Water District	August 2022 Water deliveries	373,346.13
10/21/2022	City of Huntington Beach	September 2022 Water deliveries	909,151.60
10/24/2022	City of Fountain Valley	September 2022 Water deliveries	7,715.58
10/28/2022	City of San Clemente	September 2022 Water deliveries	786,070.59
10/31/2022	City of Buena Park	September 2022 Water deliveries	258,343.60
10/31/2022	City of La Habra	September 2022 Water deliveries	36,195.03
10/31/2022	City of Newport Beach	September 2022 Water deliveries	103,843.43
10/31/2022	Serrano Water District	September 2022 Water deliveries	7,538.24

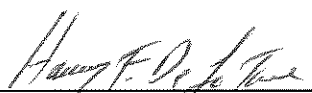
TOTAL WATER REVENUES \$ 20,305,941.02


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

MISCELLANEOUS REVENUES

<u>Date</u>	<u>From</u>	<u>Description</u>	<u>Amount</u>
10/03/2022	WePay	9/16/2022 OC Water Summit registrations	5,879.04
10/24/2022	ACWA	9/16/2022 OC Water Summit registration	140.00
10/19/2022	The Dew Water	9/16/2022 OC Water Summit sponsorship	4,000.00
10/24/2022	MWH Constructors	9/16/2022 OC Water Summit sponsorship	2,140.00
10/31/2022	ACWA	OC Water Summit Room charge reimbursement	489.06
10/13/2022	Ricoh USA Inc	Rebate for RICOH Copier purchase	4,000.00
10/11/2022	Tina Dubuque	Reimbursement for personal copies	25.00
10/11/2022	Tina Dubuque	Reimbursement for staff gift	103.98
10/12/2022	US Bank Custodial Account	Barclays Bank partial interest payment	16.13
10/31/2022	US Bank	Monthly Interest	10.61
10/03/2022	Karl Seckel	October 2022 Retiree Health insurance	179.55
10/03/2022	Keith Lyon	October 2022 Retiree Health insurance	179.55
10/07/2022	Patricia Meszaros	October 2022 Retiree Health insurance	43.08
10/17/2022	Judy Pfister	Oct-Dec 2022 Retiree Health insurance	129.24
10/17/2022	Stan Sprague	November 2022 Retiree Health insurance	179.55
10/31/2022	Keith Lyon	November 2022 Retiree Health insurance	179.55
10/31/2022	Patricia Meszaros	Nov-Dec 2022 Retiree Health insurance	86.16
10/24/2022	Santa Margarita Water District	June 2022 Smartimer rebate program	99.99
10/14/2022	City of Tustin	June 2022 Turf Removal rebate program	888.00
10/31/2022	City of Newport Beach	July 2022 Turf Removal rebate program	333.00
10/11/2022	Moulton Niguel Water District	August 2022 Turf Removal rebate program	6,121.00
10/21/2022	City of San Clemente	August 2022 Turf Removal rebate program	222.00
10/24/2022	Laguna Beach County Water District	August 2022 Turf Removal rebate program	222.00
10/24/2022	Mesa Water District	August 2022 Turf Removal rebate program	222.00
10/31/2022	City of Buena Park	August 2022 Turf Removal rebate program	111.00
10/31/2022	El Toro Water District	August 2022 Turf Removal rebate program	2,248.00
10/07/2022	Laguna Beach County Water District	May 2022 Turf Removal and Spray to Drip rebate program	222.00
10/31/2022	City of Newport Beach	May 2022 Turf Removal and Spray to Drip rebate program	222.00
10/07/2022	City of Tustin	August 2022 Turf Removal and Spray to Drip rebate program	444.00
10/11/2022	City of Fountain Valley	August 2022 Turf Removal and Spray to Drip rebate program	786.74
10/17/2022	City of Orange	August 2022 Turf Removal and Spray to Drip rebate program	1,776.00
10/31/2022	City of Newport Beach	August 2022 Turf Removal and Spray to Drip rebate program	985.05
10/31/2022	Irvine Ranch Water District	August 2022 Turf Removal and Spray to Drip rebate program	16,631.40
10/24/2022	Moulton Niguel Water District	June 2022 Smartimer, Turf Removal and Spray to Drip rebate program	6,935.15
10/31/2022	Moulton Niguel Water District	September 2022 So Cal Watersmart rebate program	6,400.00
10/31/2022	Department of Water Resources	Partial payment for Jan-Jun 2022 Prop 1 grant	113,143.81
10/14/2022	South Coast Water District	Water Loss Control Shared Services FY 2022-23	13,342.00
10/31/2022	City of Fountain Valley	Water Loss Control Shared Services FY 2022-23	8,377.00
10/03/2022	City of Buena Park	FY 2022-23 Choice Programs Billing invoice	10,073.13
10/14/2022	City of Fullerton	FY 2022-23 Choice Programs Billing invoice	568.43
10/17/2022	El Toro Water District	FY 2022-23 Choice Programs Billing invoice	66,551.97
10/31/2022	Laguna Beach County Water District	FY 2022-23 Choice Programs Billing invoice	4,168.24
10/03/2022	City of Laguna Beach	WERO Emergency supplies for COVID-19	2,166.30
10/14/2022	Yorba Linda Water District	WERO Emergency supplies for COVID-19	594.00
10/17/2022	Moulton Niguel Water District	WERO Emergency supplies for COVID-19	2,970.00
10/24/2022	SOCWA	WERO Emergency supplies for COVID-19	1,188.00
10/24/2022	Costa Mesa Sanitary District	WERO Emergency Supplies for COVID-19	249.00
10/31/2022	El Toro Water District	WERO Emergency supplies for COVID-19	235.20
10/31/2022	El Toro Water District	WERO Emergency supplies for COVID-19	594.00
10/24/2022	Santa Margarita Water District	WUE Economic Analysis Shared Services Agreement	25,000.00

TOTAL MISCELLANEOUS REVENUES \$ 311,870.91
TOTAL REVENUES \$ 20,617,811.93


Robert J. Hunter, General Manager


Hilary Chumplitazi, Treasurer

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

Vendor/ Invoice	Description	Amount to Pay
Core Disbursements:		
Ackerman Consulting-Richard C Ackerman		
1351	October 2022 Legal and regulatory specialized consulting services	3,500.00
Total		3,500.00
ACWA		
10123	2023 Annual membership dues	24,655.00
Total		24,655.00
ACWA Joint Powers Ins Auth		
100122	10/1/22-9/30/23 Auto and General Liability Insurance	129,437.33
Total		129,437.33
Aleshire & Wynder LLP		
71483/71484	October 2022 Legal Services	975.00
Total		975.00
Alta FoodCraft		
12250193	October 2022 Coffee and tea supplies	121.11
12252783	November 2022 Coffee supplies	125.00
Total		246.11
American Water Works Assoc		
7002053202	2023 Annual membership renewal	1,977.00
Total		1,977.00
Assoc of Metropolitan Water Agencies		
12312022	2023 Annual membership renewal	25,900.00
Total		25,900.00
BearCom Wireless Worldwide		
5438797	Radios for 9/16/22 OC Water Summit	278.40
Total		278.40
Best Best and Krieger LLP		
55401-SEP22	September 2022 Legal Services	12,310.50
948755	September 2022 State Advocacy Agreement services	8,000.00
Total		20,310.50
Black & Veatch		
1382218	September 2022 Hydraulic Model Work with SCWD	3,337.50
Total		3,337.50

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

Vendor/ Invoice	Description	Amount to Pay
California Special Districts Association		
352-2023	2023 Annual membership renewal	8,810.00
Total		<u>8,810.00</u>
CDM Smith		
90164001	October 2022 Services for water resource planning	6,977.00
Total		<u>6,977.00</u>
Elevated Health Inc		
October 2022	Pre-employment physical for new staff member	275.00
Total		<u>275.00</u>
Flume Inc		
1585	October 2022 Flume End Use Study services	20,000.00
Total		<u>20,000.00</u>
GovConnection Inc		
73456750	Office 365 Exchange Online annual renewal licenses for staff	6,712.87
73456769	MS Office 365 Professional upgrade licenses for 45 staff	5,774.85
Total		<u>12,487.72</u>
Green Thumb (Indoor Plant Care) LLC		
20221035	Purchase of office plants and planters with installation for MWDOC office	4,254.43
20221036	November 2022 Indoor plant care for MWDOC office	305.50
Total		<u>4,559.93</u>
Hashtag Pinpoint Corporation		
1658	October 2022 Social Media consultation and services	7,913.00
Total		<u>7,913.00</u>
Irvine Window Cleaning		
3843	10/5/22 window cleaning	400.00
Total		<u>400.00</u>
Lawnscape Systems Inc		
430450	October 2022 Landscape Maintenance for Atrium	495.00
Total		<u>495.00</u>
Means Consulting-Edward G Means III		
MWDOC-1107	October 2022 MET issues & strategic guidance to staff	1,250.00
MWDOC-1307-A	October 2022 East Orange County Feeder #2 Emergency Pilot Project Consulting Services	687.50
Total		<u>1,937.50</u>

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

Vendor/ Invoice	Description	Amount to Pay
Natural Resource Results LLC		
4092	October 2022 Federal legislative advocacy services	8,000.00
Total		8,000.00
NDS		
807790	10/7 and 10/14/22 Board packet delivery service	428.50
Total		428.50
ODP Business Solutions LLC		
258226823001	8/2/22 Office supplies	41.56
258227628001	8/3/22 Office supplies	24.35
272026108001	10/21/22 Office supplies	92.52
274289936001	10/20/22 Office supplies	40.18
274292318001	10/20/22 Office supplies	83.13
Total		281.74
Office Solutions		
I-02056956	10/20/22 Office supplies	293.33
I-02057233	10/20/22 Office supplies	384.43
I-02060208	10/31/22 Office supplies	100.85
I-02060584	11/1/22 Utility cart for office	269.43
Total		1,048.04
County of Orange		
PW230233	FY22-23 Cooperative Agreement for South Orange County Watershed Management Area	7,987.76
Total		7,987.76
Orange County Business Council		
0011430-IN	2023 Annual membership renewal	5,000.00
Total		5,000.00
Orange County Water District		
24731	September 2022 Postage, shared office & maintenance expense	11,662.24
Total		11,662.24
Paul Redvers Brown Inc		
DOC013	October 2022 MWDOC Facilitated Member Agency Discussions Project services	3,480.00
Total		3,480.00
Mary Snow		
113022	September-November 2022 Retiree medical premium	510.30
Total		510.30

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

Vendor/ Invoice	Description	Amount to Pay
Soto Resources-Joey C Soto		
GA-OCT-68	October 2022 Grant Research and Acquisition Assistance	3,250.00
Total		3,250.00
SPS Data Communications		
102232	IT Cabinet Fans replacement	765.00
Total		765.00
USAFact Inc		
2103264	October 2022 Background check for new hire	35.06
Total		35.06
Total Core Expenditures		316,920.63
 Choice Expenditures:		
Building Block Entertainment Inc		
3547-2	October 2022 Choice Elementary School Program K-2	8,150.00
Total		8,150.00
Mission RCD		
3294	October 2022 Field inspection and verification for Water Use Efficiency rebate programs	1,030.00
Total		1,030.00
Office Solutions		
I-02060932	11/2/22 Supplies for Water Loss Control Shared Services	94.30
I-02061813	11/3/22 Supplies for Water Loss Control Shared Services	56.93
Total		151.23
Orange County Dept of Education		
94SI1320	September 2022 Choice School Programs for 3-5 grade	2,069.30
Total		2,069.30
Orange County Water District		
24731	September 2022 Postage, shared office & maintenance expense	29.02
Total		29.02
Westerly-Lane M Matsuno		
17150	September 2022 Meter Accuracy Testing for the City of Fountain Valley	8,412.94
17164	October 2022 Meter Accuracy Testing for Trabuco Canyon Water District	2,239.47
Total		10,652.41
Total Choice Expenditures		22,081.96

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

Vendor/ Invoice	Description	Amount to Pay
Other Funds Expenditures:		
EcoTech Services Inc		
2438	September 2022 Landscape Design and Landscape Maintenance Assistance Program	3,527.60
Total		<u>3,527.60</u>
El Toro Water District		
111	August and September 2022 services for Soft Costs & Site Grading South EOC	33,048.71
Total		<u>33,048.71</u>
Mission RCD		
3294	October 2022 Field inspection and verification for Water Use Efficiency rebate programs	7,895.25
Total		<u>7,895.25</u>
County of Orange		
SC13693	10/1/22-12/31/22 WEROC Radio System operations and maintenance costs	621.00
Total		<u>621.00</u>
The Plant Nerd		
7545	October 2022 Landscape Design and Landscape Maintenance Assistance Program	28,480.00
Total		<u>28,480.00</u>
TerraWorks Studio		
MW0016	October 2022 Landscape Design and Landscape Maintenance Assistance Program	3,500.00
Total		<u>3,500.00</u>
Total Other Funds Expenditures		<u>77,072.56</u>
Total Expenditures		<u><u>416,036.98</u></u>

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
Letty Aguilar				
10/31/2022	EFT	81722	August 2022 Business expense	150.00
Total				150.00
Heather Baez				
10/31/2022	EFT	71522	July 2022 Business expense	371.36
10/31/2022	EFT	82522	August 2022 Business expense	479.01
10/31/2022	EFT	93022	September 2022 Business expense	103.71
Total				954.08
Joseph Berg				
10/31/2022	EFT	100322	October 2022 Business expense	106.09
Total				106.09
Corodata Records Management Inc				
10/14/2022	EFT	RS4841331	September 2022 Records Storage Fees	58.22
Total				58.22
Rachel Davis				
10/31/2022	EFT	102022	October 2022 Business expense	238.66
Total				238.66
Tina Jocelyn Fann				
10/31/2022	EFT	100622	October 2022 Business expense	59.60
Total				59.60
Lina Gunawan				
10/31/2022	EFT	93022	September 2022 Business expense	20.00
Total				20.00
Alexander Heide				
10/31/2022	EFT	82522	August 2022 Business expense	423.82
Total				423.82
Laguna Beach County Water District				
10/14/2022	141299	101322	Refund 9/16/22 OC Water Summit canceled registration for Mark Lewis	140.00
Total				140.00
Petty Cash				
10/31/2022	141378	JUL-SEP22	Jul-Sep 2022 Petty Cash reimbursements	151.51
Total				151.51

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
Judy Roberts				
10/31/2022	EFT	90622	September 2022 Business expense	26.34
Total				<u>26.34</u>
Alana Salas-Yoshii				
10/31/2022	EFT	101122	October 2022 Business expense	12.75
Total				<u>12.75</u>
Karl Seckel				
10/31/2022	EFT	92622	September 2022 Business expense	60.00
Total				<u>60.00</u>
Nathan Shepherd				
10/31/2022	EFT	93022	September 2022 Business expense	171.67
Total				<u>171.67</u>
Spectrum Business				
10/14/2022	141304	343564101022	October 2022 Telephone expense for one fax line	39.99
10/03/2022	141290	375210093022	October 2022 Telephone and internet expense	1,426.93
Total				<u>1,466.92</u>
Jeffery Thomas				
10/31/2022	EFT	82622	August 2022 Business expense	97.50
Total				<u>97.50</u>
US Bank				
10/14/2022	141306	0208/4192/4279-SEP22	8/23/22-9/22/22 Cal Card Charges	26,785.97
Total				<u>26,785.97</u>
Verizon Wireless				
10/03/2022	141291	9916557653	September 2022 4G Mobile broadband unlimited service	114.03
Total				<u>114.03</u>
Katie Vincent				
10/31/2022	EFT	93022	September 2022 Business expense	49.64
Total				<u>49.64</u>
Sarah Wilson				
10/31/2022	EFT	93022	September 2022 Business expense	238.69
Total				<u>238.69</u>
Total Core Disbursements				<u>31,325.49</u>

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
Choice Disbursements:				
Cristal Castro				
10/31/2022	141372	101122	October 2022 Business expense	44.25
Total				44.25
Rachel Davis				
10/31/2022	EFT	102022	October 2022 Business expense	64.69
Total				64.69
Petty Cash				
10/31/2022	141378	JUL-SEP22	Jul-Sep 2022 Petty Cash reimbursements	40.00
Total				40.00
Alana Salas-Yoshii				
10/31/2022	EFT	101122	October 2022 Business expense	29.25
Total				29.25
US Bank				
10/14/2022	141306	4279-SEP22	8/23/22-9/22/22 Cal Card Charges	1,716.44
Total				1,716.44
US Bank Voyager Fleet Systems				
10/31/2022	EFT	8694349932239	8/25/22-9/24/22 Fuel for Water Loss Control Shared Services vehicles	781.18
Total				781.18
Total Choice Disbursements				2,675.81
Other Funds Disbursements:				
AT&T				
10/14/2022	141296	18835003	September 2022 Telephone expense for WEROC Primary & N. EOC	473.70
Total				473.70
Metropolitan Water District				
10/31/2022	EFT103122	10885	August 2022 Water deliveries	20,111,427.05
Total				20,111,427.05
Santa Margarita Water District				
10/31/2022	EFT	83122	August 2022 SCP Operation Surcharge	48,942.57
Total				48,942.57

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
Santiago Aqueduct Commission				
10/31/2022	141379	83122	August 2022 SAC Pipeline Operation Surcharge	2,828.05
Total				2,828.05
Spray to Drip Rebate				
10/28/2022	141320	S2D5-C-IRWD-41400-18156	Deerfield Community Assoc (Irvine)	25,000.00
10/28/2022	141357	S2D5-C-IRWD-46991-18736	RiverRock Real Estate Group (Irvine)	3,280.00
10/28/2022	141348	S2D5-C-SM-42878-18246	Rancho Santa Margarita Landscape & Recreation Corp (Avenida Empresa)	3,400.00
10/28/2022	141349	S2D5-C-SM-42878-18247	Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Cascada)	6,444.50
10/28/2022	141350	S2D5-C-SM-42878-18343	Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Paraiso)	2,361.50
10/28/2022	141351	S2D5-C-SM-42878-18344	Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Ria)	5,532.50
10/28/2022	141336	S2D5-C-SM-44331-18411	Marbella Golf & Country Club (San Juan Capistrano)	11,500.00
10/28/2022	141363	S2D5-R-ETWD-45865-18573	E. Shickler	513.00
10/28/2022	141366	S2D5-R-HB-46308-18504	D. Tran	635.00
10/28/2022	141360	S2D5-R-LH-46263-18816	G. Samaradivakara	541.00
10/28/2022	141309	S2D5-R-MESA-45881-18968	C. Abbott	395.50
10/28/2022	141322	S2D5-R-NWPT-46198-18879	R. Eckhardt	458.50
10/28/2022	141341	S2D5-R-O-44464-19043	J. Niebla	2,500.00
10/28/2022	141315	S2D5-R-O-47407-18875	J. Chang	189.24
10/28/2022	141317	S2D5-R-SOCO-42337-18188	S. Chun	559.00
10/28/2022	141369	S2D5-R-YLWD-44662-18359	J. Worden	521.50
Total				63,831.24
Turf Rebate				
10/05/2022	141292	TR15-R-IRWD-44765-43393	H. Yow	788.00
10/28/2022	141358	TR14-C-IRWD-46970-45609	RiverRock Real Estate Group (Irvine)	8,756.00
10/28/2022	141339	TR15-C-HB-45936-44563	B. Mcmillan	13,488.00
10/28/2022	141367	TR15-C-MESA-4463-44426	Westbluff Village Homeowners Association (Costa Mesa)	29,696.63
10/28/2022	141319	TR15-C-MNT-4463-44678	Country Village Association (Laguna Niguel)	176,898.41
10/28/2022	141344	TR15-C-SM-26835-44568	Oso Valley Greenbelt Association (Mission Viejo)	26,751.00
10/28/2022	141352	TR15-C-SM-42878-44448	Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Paraiso)	20,400.00
10/28/2022	141353	TR15-C-SM-42878-44449	Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Paraiso)	14,169.00
10/28/2022	141354	TR15-C-SM-42878-44450	Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Ria)	33,195.00
10/28/2022	141355	TR15-C-SM-42878-44452	Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Cascada)	38,667.00


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

Name/ Date	Check/ EFT	Invoice	Description	Amount
Turf Rebate-Continued				
10/28/2022	141337	TR15-C-SM-44331-43154	Marbella Golf & Country Club (San Juan Capistrano)	69,000.00
10/28/2022	141318	TR15-C-SM-45861-45406-PA	City of Mission Viejo (La Paz Rd)	14,457.00
10/28/2022	141343	TR15-C-SOCO-42533-44740	Niguel Beach Terrace Condominium Assoc (Dana Point)	35,670.00
10/28/2022	141332	TR15-R-BP-46672-45303	F. Lamanski	4,644.00
10/28/2022	141347	TR15-R-ETWD-44578-43226	J. Ramos	13,852.00
10/28/2022	141364	TR15-R-ETWD-45865-44500	E. Shickler	4,180.00
10/28/2022	141313	TR15-R-FV-39292-45122	E. Barreca	3,789.51
10/28/2022	141346	TR15-R-FV-44764-43392	M. Ramirez	942.00
10/28/2022	141359	TR15-R-HB-39501-46176	R. Ryder	1,209.00
10/28/2022	141345	TR15-R-HB-46268-44897	J. Prabhu	3,711.51
10/28/2022	141327	TR15-R-HB-46336-44964	N. Hanley	1,497.00
10/28/2022	141326	TR15-R-HB-46438-45075	S. Greene	5,742.00
10/28/2022	141362	TR15-R-HB-46869-45501	S. Shackelford	5,054.50
10/28/2022	141329	TR15-R-HB-46881-45534	C. Jones	849.00
10/28/2022	141368	TR15-R-IRWD-44251-42885	R. Wong	4,200.00
10/28/2022	141314	TR15-R-IRWD-46148-44779	D. Brown	5,060.00
10/28/2022	141324	TR15-R-IRWD-46606-45276	P. Evans	3,324.00
10/28/2022	141311	TR15-R-IRWD-47178-45782	T. Banh	2,996.00
10/28/2022	141330	TR15-R-IRWD-47722-46308	M. Kimble	1,193.08
10/28/2022	141334	TR15-R-IRWD-48129-46688	K. Lepore	2,100.00
10/28/2022	141340	TR15-R-LH-44538-43191	P. Nguyen	2,271.00
10/28/2022	141361	TR15-R-LH-46263-44892	G. Samaradivakara	3,246.00
10/28/2022	141310	TR15-R-MESA-45881-44514	C. Abbott	2,367.00
10/28/2022	141335	TR15-R-MNT-44688-43328	M. Majidi	2,160.00
10/28/2022	141328	TR15-R-MNT-46264-44893	S. Hentschel	5,104.00
10/28/2022	141371	TR15-R-MNT-47123-45734	L. Yarvis	3,288.00
10/28/2022	141312	TR15-R-MNT-47602-46189	C. Barnett	681.02
10/28/2022	141356	TR15-R-MNT-48067-46628	L. Rickhoff	7,116.00
10/28/2022	141323	TR15-R-NWPT-46198-44825	R. Eckhardt	2,751.00
10/28/2022	141342	TR15-R-O-44464-43109	J. Niebla	15,000.00
10/28/2022	141316	TR15-R-O-47407-46008	J. Chang	1,537.18
10/28/2022	141321	TR15-R-SM-45967-44600	A. Della Ripa	5,514.00
10/28/2022	141365	TR15-R-SM-45981-44613	C. Thomas	1,146.00
10/28/2022	141333	TR15-R-SWD-46917-45542	S. Lauro	15,000.00
10/28/2022	141331	TR15-R-WEST-47690-46274	C. Kuwahara	2,547.00
10/28/2022	141370	TR15-R-YLWD-44662-43305	J. Worden	4,020.00
10/28/2022	141325	TR15-R-YLWD-46866-45495	K. Fulle	5,475.00
10/28/2022	141338	TR16-R-SM-46885-45514	M. Mascola	2,100.00
Total				627,602.84

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
US Bank				
10/14/2022	141306	6066-SEP22	8/23/22-9/22/22 Cal Card Charges	6,817.07
Total				6,817.07
Verizon Wireless				
10/03/2022	141291	9916557653	September 2022 4G Mobile broadband unlimited service	76.02
Total				76.02
Total Other Funds Disbursements				20,861,998.54
Total Disbursements				20,895,999.84


Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: September 22, 2022
Payment Date: October 14, 2022

Date	Description	Amount
R. Hunter Card:		
8/26/2022	Urban Water Institute conference in San Diego, CA from August 24-26, 2022 - Accommodations for D. Micalizzi, and Directors Thomas, Tamaribuchi, Nederhood, and McVicker	2,672.04
8/29/2022	National Notary Association class in Garden Grove, CA on 9/23/22 with four year membership - Registration for M. Goldsby	990.90
9/01/2022	CAPIO conference in San Diego, CA from August 29-September 1, 2022 - Accommodations for T. Baca and S. Wilson	1,646.10
9/02/2022	WaterSmart Innovations Conference in Las Vegas, NV from October 4-6, 2022 - Registration for R. Davis	325.00
9/06/2022	WaterSmart Innovations Conference in Las Vegas, NV from October 4-6, 2022 - Accommodations Deposit for J. Berg, R. Davis, T. Fann and S. Fetter	384.20
9/08/2022	2022 Yorba Linda State of the City in Yorba Linda, CA on October 19, 2022 - Registration for Director Nederhood	75.00
9/08/2022	CalWEP Board Meeting and Plenary in Oakland, CA on September 8, 2022 -Accommodations for J. Berg	228.75
9/12/2022	ACWA Fall conference in Indian Wells, CA from November 29-December 1, 2022 - Registration for H. De La Torre, M. Baum-Haley, H. Baez, D. Micalizzi, and Directors McVicker, Nederhood, and Seckel	5,425.00
9/12/2022	WaterSmart Innovations Conference from October 4-6, 2022 in Las Vegas, NV - Airfare for J. Berg, R. Davis, T. Fann and S. Fetter	453.83
9/14/2022	Gift Basket for staff member	103.98
9/19/2022	Doodle Poll Pro annual subscription	83.40
Total:		12,388.20

C. Harris Card:

8/18/2022	FedEx shipment on 08/18/22	10.80
8/22/2022	Replacement laptop for Director of Water Use Efficiency	1,529.60
8/22/2022	Return credit for chair mats to Costco from Invoice 287034768	(73.93)
8/22/2022	FedEx shipment 08/22/22	18.55
8/22/2022	Two docking stations for staff	289.26
8/23/2022	FedEx shipment on 08/23/22	38.99
8/23/2022	ESRI annual license renewals for WEROC, Water Use Efficiency, and Water Loss Control Shared Services	2,816.44
8/24/2022	7/25/22-8/24/22 webhosting charge for Mwdoc.com	15.65
8/24/2022	Standard SSL Certificate two year renewal for EP.Mwdoc.com	199.98
8/25/2022	Online Supervisor/Reasonable Suspicion training on September 13, 2022 - Registration for K. Davanaugh	50.00
8/26/2022	Two laptops for Water Use Efficiency interns	1,780.58
8/26/2022	Sympathy flowers for staff member	55.11
8/29/2022	Desk name plate for new staff member	21.03
8/30/2022	HP Toner cartridges for office printers	157.22
8/30/2022	Return credit for two docking stations from Amazon Invoice 6757058	(170.48)
9/01/2022	Get well flowers for staff member	69.58
9/08/2022	FedEx shipment on 9/8/22	25.35


Cal Card Charges
Statement Date: September 22, 2022
Payment Date: October 14, 2022

Date	Description	Amount
C. Harris Card-Continued:		
9/08/2022	Flowers for Board member	75.41
9/09/2022	AC Adapter for WEROC Laptop	31.90
9/10/2022	Poster Contest Awards Ceremony luncheon on 9/10/22 from Panera Bread for 150 guests	2,103.97
9/10/2022	Two desk name plates for new staff members	37.86
9/12/2022	FedEx shipment on 9/12/22	18.78
9/13/2022	Four docking stations and monitor cables for Water Use Efficiency interns	517.10
9/15/2022	9/16/22 OC Water Summit Speakers' dinner on 9/15/22 at Catal Restaurant for 24 guests	1,723.37
9/15/2022	Senior Engineer/Principal Engineer job posting with Brown and Caldwell	200.00
9/16/2022	Desk nameplate for new staff member	21.03
Total:		11,563.15
Public Affairs Card:		
8/19/2022	Community events and Girl Scouts EXPO display supplies	173.91
8/25/2022	August 2022 D. Micalizzi Business expense	251.28
8/31/2022	New Public Affairs Coordinator welcome lunch	42.29
9/01/2022	9/16/2022 OC Water Summit table centerpieces	276.17
9/01/2022	Storage unit key duplication for new employee	3.46
9/02/2022	9/2/22-10/1/22 Zoom Video Communications fee with audio licenses	174.93
9/03/2022	September 2022 Public Storage Unit for Public Affairs	360.00
9/06/2022	9/16/22 OC Water Summit speakers' dinner deposit at Catal Restaurant on 9/15/22	1,500.00
9/06/2022	9/16/22 OC Water Summit centerpiece supplies	33.98
9/06/2022	9/16/22 OC Water Summit succulents for centerpieces from Green Touch Nursery	140.16
9/06/2022	9/16/22 OC Water Summit downloadable designs for signage and decor	31.12
9/07/2022	9/16/2022 OC Water Summit Speaker gifts	182.92
9/07/2022	Poster Contest adult and child size rain ponchos for outside event	146.71
9/07/2022	Public Affairs Team lunch to welcome new team member	105.96
9/09/2022	09/16/22 OC Water Summit Centerpieces themed postcards from Zazzle	409.60
9/10/2022	Balloons for the Poster Contest awards ceremony	18.10
9/12/2022	9/16/22 OC Water Summit table centerpieces supplies	291.33
9/12/2022	9/16/22 OC Water Summit speaker gift from California Fruit Gifts	58.99
9/15/2022	9/16/22 OC Water Summit MWDOC Staff Dinner during setup on 9/15/22	159.72
9/15/2022	One month Flipsnack.com website subscription to digitally display 9/16/22 OC Water Summit program	48.00
9/15/2022	9/16/22 OC Water Summit Succulents for centerpieces from Home Depot	39.33
9/20/2022	PRSA Membership renewal for T. Baca	335.00
Total:		4,782.96
WEROC Card:		
9/02/2022	1,100 COVID-19 Acon Flowflex Rapid Test Kits for member agencies	6,533.30
9/12/2022	New staff member lunch	51.87
Total:		6,585.17

¹ Expense reimbursed by MWDOC staff

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

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
Stoneside Blinds & Shades				
10/31/2022	141381	SO98814Final	Final payment on Window Coverings for the Office	8,330.82
Total				8,330.82
Melinda Terry				
10/31/2022	141382	101222	9/16/22 OC Water Summit speaker travel reimbursement	66.12
Total				66.12
Total Core Disbursements				8,396.94
Choice Disbursements:				
Total Choice Disbursements				-
Other Funds Disbursements:				
Total Other Funds Disbursements				-
Total Disbursements				8,396.94


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
September 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	19.10%
Grant & Project Cash Flow	1,500,000	7.66%
Election Expense	461,678	2.36%
Building Repair	436,542	2.23%
OPEB	297,147	1.52%
Total Designated Reserves	6,433,872	32.87%
General Fund	\$10,637,561	54.36%
Water Fund	2,186,100	11.17%
Conservation Fund	(363,796)	(1.86%)
WEROC Fund	659,663	3.37%
Trustee Activities	18,462	0.09%
Total	\$19,571,862	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.54%	\$105,333	\$105,333
Short-term investment			
• LAIF	62.91%	12,315,373	12,315,373
• OCIP	20.71%	4,051,239	4,051,239
Long-term investment			
• US Government Issues	1.28%	249,917	221,125
• Corporate Bond	6.13%	1,200,000	1,070,996
• Certificates of Deposit	8.43%	1,650,000	1,588,090
Total	100.00%	\$19,571,862	\$19,352,156

The average number of days to maturity/call as of September 30, 2022 equaled 114 and the average yield to maturity is 1.553%. During the month, the District's average daily balance was \$29,495,679.79. 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 September 2022.

The (\$219,706) difference between the book value and the market value on September 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

September 30, 2022

9/30/2022		Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
	Negotiable Certificate Of Deposit	1,650,000.00	1,588,089.50	1,650,000.00	8.48	951	2.762
	Corporate Bond	1,200,000.00	1,070,996.00	1,200,000.00	6.16	516	1.518
	US Government Issues	250,000.00	221,125.00	249,916.68	1.28	57	0.860
	Local Agency Investment Funds	12,315,372.91	12,315,372.91	12,315,372.91	63.27	1	1.505
	Orange County Investment Pool	4,051,238.77	4,051,238.77	4,051,238.77	20.81	1	1.260
	Total Investments	19,466,611.68	19,246,822.18	19,466,528.36	100.00	114	1.553
	Cash						
	Cash	105,333.55	105,333.55	105,333.55		1	0.00
	Total Cash and Investments	19,571,945.23	19,352,155.73	19,571,861.91		114	1.553

Total Earnings **Month Ending September** **Fiscal Year to Date**

Current Year **36,861.08** **86,533.73**

Average Daily Balance **29,495,679.79**


Effective Rate of Return **1.553%**

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

11/03/2022


Hilary Chumbitazi, Treasurer

Date

11/03/2022

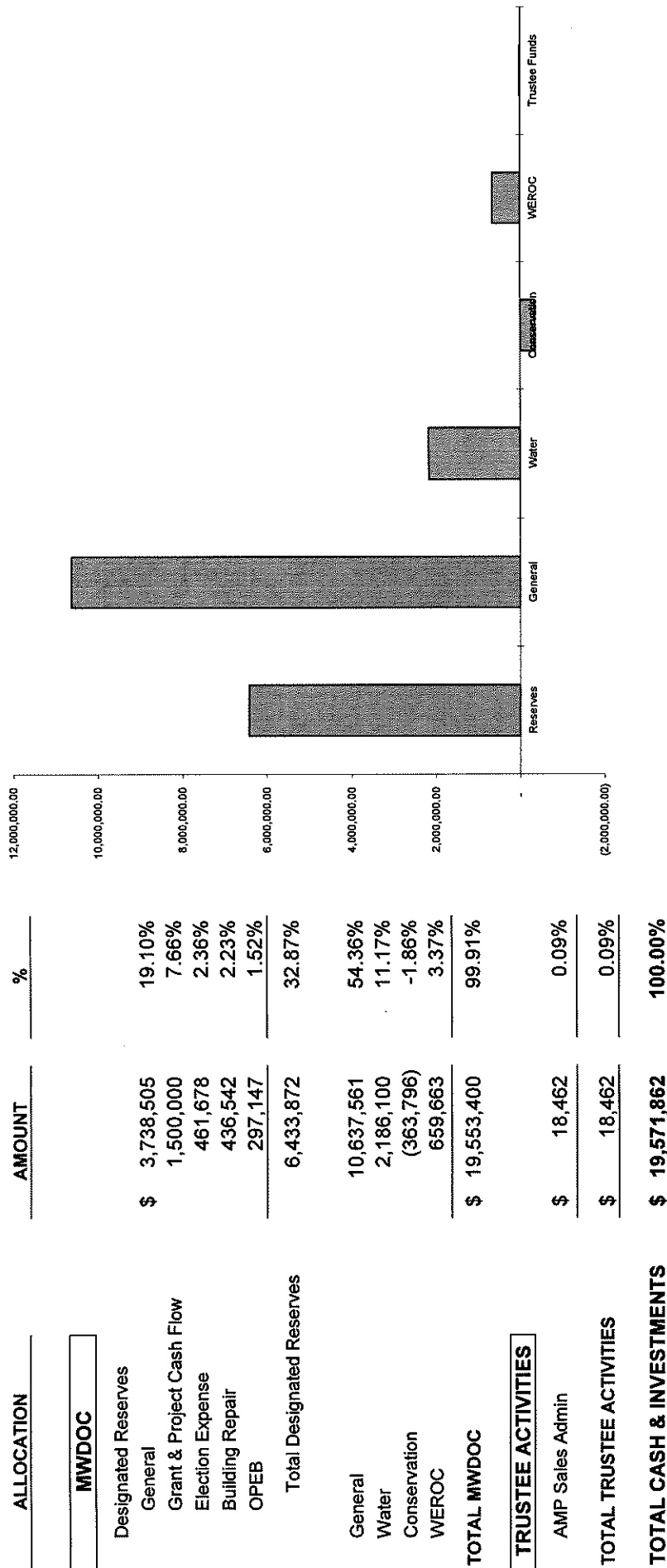
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
September 30, 2022

Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Negotiable Certificate Of Deposit									
American Express Bank	02589ADE9	7/20/2022	200,000.00	190,808.00	200,000.00	3.350	3.350	1,754	7/20/2027
Capital One Bank	14042TBQ9	8/7/2019	250,000.00	241,015.00	250,000.00	2.250	2.250	677	8/7/2024
Capital One NA	14042RMAJ7	7/24/2019	250,000.00	241,002.50	250,000.00	2.200	2.200	663	7/24/2024
Discover Bank	254673RV0	7/25/2018	250,000.00	248,592.50	250,000.00	3.300	3.300	298	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	248,585.00	250,000.00	3.350	3.350	312	8/8/2023
Sallie Mae Bank	7954507A7	7/14/2021	200,000.00	176,794.00	200,000.00	1.000	1.000	1,383	7/14/2026
Toyota Financial SGS Bank	89235MPD7	9/27/2022	250,000.00	241,312.50	250,000.00	3.650	3.650	1,818	9/22/2027
Sub Total			1,650,000.00	1,588,089.50	1,650,000.00	2.762	2.762	951	
US Government Issues									
FFHLB	3130ALGR9	3/1/2021	250,000.00	221,125.00	249,916.68	0.850	0.860	57	2/26/2026
Sub Total			250,000.00	221,125.00	249,916.68	0.850	0.860	57	
Corporate Bond									
Bank of America Corp	06048WK41	12/7/2020	250,000.00	213,737.50	250,000.00	0.650	0.800	1,162	11/25/2025
Citigroup Global Markets	17328WFZ6	9/16/2020	250,000.00	219,410.00	250,000.00	1.000	1.000	77	9/16/2025
J.P. Morgan Chase	48128GV56	8/18/2020	250,000.00	221,960.00	250,000.00	0.800	0.800	688	8/18/2025
Morgan Stanley Fin LLC	61766YKH3	6/29/2022	200,000.00	193,346.00	200,000.00	4.500	4.500	638	6/29/2027
Societe Generale	83369MD25	8/19/2020	250,000.00	222,542.50	250,000.00	1.000	1.088	50	8/19/2025
Sub Total			1,200,000.00	1,070,996.00	1,200,000.00	1.469	1.518	516	
Total Investments									
			3,100,000.00	2,880,210.50	3,099,916.68	2.107	2.127	711	
Total Earnings									
Current Year		Month Ending September	Fiscal Year To Date						
		5,080.08	15,462.48						

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
September 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	12,315,372.91	12,315,372.91	12,315,372.91	1.505	1.505	1	N/A
Sub Total			12,315,372.91	12,315,372.91	12,315,372.91	1.505	1.505	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	4,051,238.77	4,051,238.77	4,051,238.77	1.260	1.260	1	N/A
Sub Total			4,051,238.77	4,051,238.77	4,051,238.77	1.260	1.260	1	
Total Investments			16,366,611.68	16,366,611.68	16,366,611.68	1.444	1.444		
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	104,833.55	104,833.55	104,833.55	0.000	0.000	1	N/A
Total Cash			105,333.55	105,333.55	105,333.55	0.000	0.000	1	
Total Cash and Investments			16,471,945.23	16,471,945.23	16,471,945.23	1.444	1.444	1	
Total Earnings									
Current Year			31,781.00		Fiscal Year To Date				71,071.25

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



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS Post-Employment Benefits TrustAccount Report for the Period
9/1/2022 to 9/30/2022Hilary Chumpitazi
Accounting Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708

Account Summary

Source	Balance as of 9/1/2022	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 9/30/2022
OPEB	\$2,452,500.04	\$0.00	-\$154,141.65	\$1,208.33	\$0.00	\$0.00	\$2,297,150.06
PENSION	\$1,067,446.70	\$0.00	-\$67,089.19	\$467.81	\$0.00	\$0.00	\$999,889.70
Totals	\$3,519,946.74	\$0.00	-\$221,230.84	\$1,676.14	\$0.00	\$0.00	\$3,297,039.76

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	-6.29%	-4.49%	-15.86%	1.61%	3.12%	5.16%	10/26/2011
PENSION	-6.29%	-4.46%	-15.83%	1.57%	-	-	7/31/2018

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

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

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
COMBINED FINANCIAL STATEMENTS
AND
BUDGET COMPARATIVE
JULY 1, 2022 THRU SEPTEMBER 30, 2022**

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

	<u>Amount</u>
<u>ASSETS</u>	
Cash in Bank	105,333.55
Investments	19,466,528.36
Accounts Receivable	34,372,579.68
Accounts Receivable - Other	128,408.43
Accrued Interest Receivable	82,104.82
Prepays/Deposits	346,350.80
Leasehold Improvements	7,001,517.44
Furniture, Fixtures & Equipment	885,094.81
Less: Accumulated Depreciation	<u>(3,770,604.41)</u>
TOTAL ASSETS	<u><u>58,617,313.48</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts Payable	35,159,292.64
Accounts Payable - Other	182.00
Accrued Salaries and Benefits Payable	706,811.86
Other Liabilities	883,760.31
Unearned Revenue	<u>1,063,950.05</u>
TOTAL LIABILITIES	<u><u>37,813,996.86</u></u>
<u>FUND BALANCES</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	5,811,879.95
General Fund Capital	83,747.32
WEROC	<u>286,584.21</u>
Total Unrestricted Fund Balances	<u>12,616,083.48</u>
<u>Excess Revenue over Expenditure</u>	
Operating Fund	7,954,679.05
Other Funds	<u>232,554.09</u>
TOTAL FUND BALANCES	<u><u>20,803,316.62</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>58,617,313.48</u></u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2022 thru September 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>
<u>REVENUES</u>						
Retail Connection Charge	0.00	8,885,401.25	8,885,401.25	100.00%	0.00	0.00
Ground Water Customer Charge	0.00	367,806.00	367,805.72	100.00%	0.00	(0.28)
Water Rate Revenues	0.00	9,253,207.25	9,253,206.97	100.00%	0.00	(0.28)
Interest Revenue	37,110.21	87,964.98	145,971.00	60.26%	0.00	58,006.02
Subtotal	37,110.21	9,341,172.23	9,399,177.97	99.38%	0.00	58,005.74
Choice Programs	0.00	1,173,403.90	1,757,951.87	66.75%	0.00	584,547.97
Miscellaneous Income	20.00	596.44	3,000.00	19.88%	0.00	2,403.56
Transfer-In from Reserve	0.00	0.00	457,061.00	0.00%	0.00	457,061.00
Subtotal	20.00	1,174,000.34	2,218,012.87	52.93%	0.00	1,044,012.53
TOTAL REVENUES	37,130.21	10,515,172.57	11,617,190.84	90.51%	0.00	1,102,018.27

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2022 thru September 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>
<u>EXPENSES</u>						
Salaries & Wages	372,398.27	1,118,358.26	4,429,129.50	25.25%	0.00	3,310,771.24
Salaries & Wages - Grant Recovery	(1,799.93)	(1,799.93)	(20,000.00)	(9.00)%	0.00	(18,200.07)
Director's Compensation	22,920.10	68,432.87	275,041.20	24.88%	0.00	206,608.33
MWD Representation	12,769.77	35,035.01	157,166.40	22.29%	0.00	122,131.39
Employee Benefits	120,513.48	360,863.75	1,441,831.24	25.03%	0.00	1,080,967.49
Employee Benefits - Grant Recovery	(368.66)	(368.66)	0.00	0.00%	0.00	368.66
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Director's Benefits	8,767.85	27,033.22	132,976.50	20.33%	0.00	105,943.28
Health Insurance for Retirees	9,623.31	17,770.02	94,554.00	18.79%	0.00	76,783.98
Training Expense	1,040.90	1,875.90	53,000.00	3.54%	0.00	51,124.10
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	545,865.09	1,834,200.44	6,780,698.84	27.05%	0.00	4,946,498.40
Engineering Expense	11,799.00	45,189.46	410,000.00	11.02%	199,174.07	165,636.47
Legal Expense	13,192.00	31,595.50	235,750.00	13.40%	203,404.50	750.00
Audit Expense	0.00	7,000.00	35,000.00	20.00%	24,500.00	3,500.00
Professional Services	57,366.05	161,479.49	1,516,256.00	10.65%	745,952.78	608,823.73
Professional Fees	82,357.05	245,264.45	2,197,006.00	11.16%	1,173,031.35	778,710.20
Conference - Staff	3,425.00	6,552.00	56,205.00	11.66%	0.00	49,653.00
Conference - Directors	2,400.00	3,134.00	23,905.00	13.11%	0.00	20,771.00
Travel & Accom. - Staff	3,607.25	7,820.66	90,325.00	8.66%	0.00	82,504.34
Travel & Accom. - Directors	2,571.79	2,571.79	32,900.00	7.82%	0.00	30,328.21
Travel & Conference	12,004.04	20,078.45	203,335.00	9.87%	0.00	183,256.55
Membership/Sponsorship	335.00	58,495.25	145,847.00	40.11%	0.00	87,351.75
CDR Support	0.00	14,365.50	57,462.00	25.00%	43,096.50	0.00
Dues & Memberships	335.00	72,860.75	203,309.00	35.84%	43,096.50	87,351.75
Business Expense	158.55	262.41	2,500.00	10.50%	0.00	2,237.59
Office Maintenance	11,816.35	35,451.07	151,400.00	23.42%	55,648.93	60,300.00
Building Repair & Maintenance	1,284.30	2,304.05	22,056.00	10.45%	8,174.25	11,577.70
Storage Rental & Equipment Lease	58.22	174.66	1,800.00	9.70%	625.34	1,000.00
Office Supplies	3,131.22	5,188.97	35,000.00	14.83%	3,457.77	26,353.26
Supplies - Water Loss Control	128.90	1,101.30	4,000.00	27.53%	0.00	2,898.70
Postage/Mail Delivery	1,175.30	2,548.79	11,300.00	22.56%	1,931.92	6,819.29
Subscriptions & Books	203.40	203.40	1,000.00	20.34%	0.00	796.60
Reproduction Expense	2,308.35	7,764.91	84,000.00	9.24%	5,995.53	70,239.56
Maintenance - Computers	635.88	1,847.31	7,000.00	26.39%	651.56	4,501.13
Software Purchase	14,896.22	28,565.64	95,093.00	30.04%	43,983.74	22,543.62
Software Support	3,456.55	20,424.89	55,615.00	36.73%	0.00	35,190.11
Computers and Equipment	6,662.42	10,561.40	43,950.00	24.03%	0.00	33,388.60
Maintenance Expense	0.00	0.00	6,000.00	0.00%	0.00	6,000.00
Automotive Expense	336.65	700.81	13,500.00	5.19%	0.00	12,799.19
Vehicle Expense	821.18	3,380.59	7,343.00	46.04%	0.00	3,962.41
Toll Road Charges	0.00	0.00	2,100.00	0.00%	0.00	2,100.00
Insurance Expense	13,965.33	45,393.45	140,000.00	32.42%	0.00	94,606.55
Utilities - Telephone	2,940.95	8,844.40	43,690.00	20.24%	1,026.27	33,819.33
Bank Fees	0.00	452.34	2,600.00	17.40%	0.00	2,147.66
Miscellaneous Expense	2,535.99	5,153.52	69,520.00	7.41%	3,240.00	61,126.48
MWDOC's Contrb. to WEROC	24,690.83	74,072.53	296,290.00	25.00%	0.00	222,217.47
Depreciation Expense	7,951.32	23,853.94	0.00	0.00%	0.00	(23,853.94)
Other Expenses	99,157.91	278,250.38	1,095,757.00	25.39%	124,735.31	692,771.31
Election Expense	0.00	0.00	300,728.00	0.00%	0.00	300,728.00
Capital Acquisition	26,390.07	96,589.09	113,280.00	85.27%	58,240.81	(41,549.90)
Building Expense	13,249.96	13,249.96	723,077.00	1.83%	24,706.82	685,120.22
TOTAL EXPENSES	779,359.12	2,560,493.52	11,617,190.84	22.04%	1,423,810.79	7,632,886.53
NET INCOME (LOSS)	(742,228.91)	7,954,679.05	0.00	0.00%	(1,423,810.79)	(6,530,868.26)

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
July 1, 2022 thru September 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	13,119,007.80	49,249,612.00	157,620,717.70	31.25%	108,371,105.70
Readiness to Serve Charge	1,014,375.00	3,043,126.45	11,142,354.00	27.31%	8,099,227.55
Capacity Charge CCF	449,265.00	1,347,794.86	5,396,060.00	24.98%	4,048,265.14
SCP/SAC Pipeline Surcharge	31,200.16	101,825.74	318,000.00	32.02%	216,174.26
Interest Revenue	0.00	0.00	4,547.00	0.00%	4,547.00
TOTAL WATER REVENUES	14,613,847.96	53,742,359.05	174,481,678.70	30.80%	120,739,319.65
<u>WATER PURCHASES</u>					
Water Sales	13,119,007.80	49,249,612.00	157,620,717.70	31.25%	108,371,105.70
Readiness to Serve Charge	1,014,375.00	3,043,126.31	11,142,354.00	27.31%	8,099,227.69
Capacity Charge CCF	449,265.00	1,347,795.00	5,396,060.00	24.98%	4,048,265.00
SCP/SAC Pipeline Surcharge	31,200.16	101,825.74	318,000.00	32.02%	216,174.26
TOTAL WATER PURCHASES	14,613,847.96	53,742,359.05	174,477,131.70	30.80%	120,734,772.65
EXCESS OF REVENUE OVER EXPENDITURE	0.00	0.00	4,547.00	0.00%	4,547.00

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

	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
Spray To Drip Conversion			
Revenues	30,766.89	434,927.51	7.07%
Expenses	31,826.72	434,927.51	7.32%
Excess of Revenues over Expenditures	(1,059.83)	0.00	0.00%
Member Agency Administered Pass-Thru			
Revenues	0.00	255,000.00	0.00%
Expenses	0.00	255,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	0.00%
ULFT Rebate Program			
Revenues	0.00	1,000.00	0.00%
Expenses	0.00	1,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	0.00%
HECW Rebate Program			
Revenues	8,428.14	60,000.00	14.05%
Expenses	7,470.00	60,000.00	12.45%
Excess of Revenues over Expenditures	958.14	0.00	0.00%
CII Rebate Program			
Revenues	0.00	2,000.00	0.00%
Expenses	0.00	2,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	0.00%
Turf Removal Program			
Revenues	951,202.17	6,061,364.00	15.69%
Expenses	953,534.29	6,061,364.00	15.73%
Excess of Revenues over Expenditures	(2,332.12)	0.00	0.00%
Comprehensive Landscape (CLWUE)			
Revenues	41,315.38	321,700.00	12.84%
Expenses	41,315.37	321,700.00	12.84%
Excess of Revenues over Expenditures	0.01	0.00	0.00%
Recycled Water Program			
Revenues	0.00	50,000.00	0.00%
Expenses	0.00	50,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	0.00%
WSIP - Industrial Program			
Revenues	0.00	32,645.00	0.00%
Expenses	0.00	32,645.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	0.00%
Land Design Program			
Revenues	105,629.70	331,303.00	31.88%
Expenses	105,629.70	331,303.00	31.88%
Excess of Revenues over Expenditures	0.00	0.00	0.00%
Pressure Regulation Program			
Revenues	14,795.00	26,960.50	54.88%
Expenses	14,795.00	26,960.50	54.88%
Excess of Revenues over Expenditures	0.00	0.00	0.00%
Rotating Nozzle			
Revenues	1.15	1,750.00	0.07%
Expenses	0.00	1,750.00	0.00%
Excess of Revenues over Expenditures	1.15	0.00	0.00%
Dedicated Irrigation Meters Measurement Project (DIMM)			
Revenues	0.00	966,624.00	0.00%
Expenses	0.00	966,624.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	0.00%

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

	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
Total WUE Projects			
Revenues	1,152,138.43	8,545,274.01	13.48%
Expenses	<u>1,154,571.08</u>	<u>8,545,274.01</u>	<u>13.51%</u>
Excess of Revenues over Expenditures	(2,432.65)	0.00	0.00%
 WEROC			
Revenues	343,723.55	565,941.00	60.73%
Expenses	<u>277,686.03</u>	<u>565,941.00</u>	<u>49.07%</u>
Excess of Revenues over Expenditures	66,037.52	0.00	0.00%

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget Summary Report
Fiscal Year to Date ending September 2022 (Unaudited)
(\$000 Omitted)
General Fund and Reserve Fund

GENERAL FUND

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
<u>REVENUES</u>			
Water Rate revenues:			
Retail Connection Charge	8,885	8,885	100.00%
Ground Water Customer Charge	368	368	100.00%
Subtotal	<u>9,253</u>	<u>9,253</u>	<u>100.00%</u>
Other Revenues:			
Interest Income ⁽¹⁾	88	146	60.26%
Choice Programs ⁽²⁾	1,173	1,758	66.75%
Other Income	1	3	19.90%
Transfer in from Reserve ⁽³⁾	0	457	0.00%
Subtotal	<u>1,262</u>	<u>2,364</u>	<u>53.39%</u>
TOTAL REVENUES	<u><u>10,515</u></u>	<u><u>11,617</u></u>	<u><u>90.52%</u></u>
<u>EXPENSES</u>			
Personnel Expenses (including Directors)	1,834	6,781	27.05%
Professional Services ⁽⁴⁾	168	1,551	10.86%
Outside Engineering ⁽⁴⁾	45	410	11.02%
Legal Expense	32	236	13.40%
Travel & Conference ⁽⁵⁾	20	203	9.87%
Dues and Memberships	73	203	35.84%
General & Admin Expense	278	1,396	19.89%
Building Repair & Expense ⁽⁶⁾	13	723	1.83%
Capital Acquisition ⁽⁶⁾	97	113	85.27%
TOTAL EXPENSES	<u><u>2,560</u></u>	<u><u>11,617</u></u>	<u><u>22.04%</u></u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>7,955</u></u>		

RESERVE FUND

Beginning Balance	7,305
Nov 2021 - draw from FY 2020-21 Reserves	(871)
TOTAL RESERVE FUND	<u><u>6,434</u></u>

(1) Interest rates rising quickly

(2) Choice Programs are funded at beginning of year

(3) Transfer in from Reserves is moved at year-end

(4) Projects in process

(5) Travel and Conferences are scheduled throughout the fiscal year

(6) Building and Capital are scheduled to occur throughout the fiscal year

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending September 2022 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
REVENUES			
Retail Connection Charge	8,885,401	8,885,401	100.00%
Ground Water Customer Charge	367,806	367,806	100.00%
Water Rate Revenues	9,253,207	9,253,207	100.00%
Choice Programs	1,173,404	1,757,952	66.76%
Interest Revenue	87,965	145,971	60.26%
Miscellaneous Income	597	3,000	19.90%
Transfer in from Reserve	0	457,061	0.00%
Other Revenues	1,261,966	2,363,984	53.38%
TOTAL REVENUES	10,515,173	11,617,191	90.51%

OPERATING EXPENSES			
Salaries & Wages	1,118,358	4,429,130	25.25%
less Recovery's	(1,800)	(20,000)	9.00%
Directors' Compensation	68,433	275,041	24.88%
MWD Representation	35,035	157,166	22.29%
Employee Benefits	360,864	1,441,831	25.03%
less Recovery's	(369)	0	0.00%
CALPERS Unfunded Liability Contribution	207,000	207,000	100.00%
Directors Benefits	27,033	132,977	20.33%
Health Insurances for Retirees	17,770	94,554	18.79%
Training Expense	1,876	53,000	3.54%
Tuition Reimbursement	0	5,000	0.00%
Temporary Help Expense	0	5,000	0.00%
Personnel Expenses	1,834,200	6,780,699	27.05%
Engineering Expense	45,189	410,000	11.02%
Legal Expense	31,596	235,750	13.40%
Audit Expense	7,000	35,000	20.00%
Professional Services	161,480	1,516,256	10.65%
Professional Fees	245,265	2,197,006	11.16%
Conference-Staff	6,552	56,205	11.66%
Conference-Directors	3,134	23,905	13.11%
Travel & Accom.-Staff	7,821	90,325	8.66%
Travel & Accom.-Directors	2,572	32,900	7.82%
Travel & Conference	20,079	203,335	9.87%
Membership/Sponsorship	58,495	145,847	40.11%
CDR Support	14,366	57,462	25.00%
Dues & Memberships	72,861	203,309	35.84%

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending September 2022 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
Business Expense	262	2,500	10.48%
Maintenance Office	35,451	151,400	23.42%
Building Repair & Maintenance	2,304	22,056	10.45%
Storage Rental & Equipment Lease	175	1,800	9.72%
Office Supplies	5,189	35,000	14.83%
Supplies - Water Loss Control	1,101	4,000	27.53%
Postage/Mail Delivery	2,549	11,300	22.56%
Subscriptions & Books	203	1,000	20.30%
Reproduction Expense	7,765	84,000	9.24%
Maintenance-Computers	1,847	7,000	26.39%
Software Purchase	28,566	95,093	30.04%
Software Support	20,425	55,615	36.73%
Computers and Equipment	10,561	43,950	24.03%
Maintenance Expense	0	6,000	0.00%
Automotive Expense	701	13,500	5.19%
Vehicle Expense	3,381	7,343	46.04%
Toll Road Charges	0	2,100	0.00%
Insurance Expense	45,393	140,000	32.42%
Utilities - Telephone	8,844	43,690	20.24%
Bank Fees	452	2,600	17.38%
Miscellaneous Expense	5,154	69,520	7.41%
MWDOC's Contribution to WEROC	74,073	296,290	25.00%
Depreciation Expense	23,854	0	0.00%
Election Expense	0	300,728	0.00%
MWDOC Building Expense	13,250	723,077	1.83%
Capital Acquisition	96,589	113,280	85.27%
Other Expenses	388,089	2,232,842	17.38%
TOTAL EXPENSES	2,560,494	11,617,191	22.04%
EXCESS OF REVENUES OVER EXPENSES	7,954,679	0	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Revenues and Expenditures
Fiscal Year to Date ending September 2022 (Unaudited)
Water Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>Water Revenues</u>			
Water Sales	49,249,612	157,620,718	(108,371,106)
Readiness to Serve Charge	3,043,126	11,142,354	(8,099,228)
Capacity Charge CCF	1,347,795	5,396,060	(4,048,265)
SCP/SAC Pipeline Surcharge	101,826	318,000	(216,174)
Interest	-	4,547	(4,547)
Total Water Revenues	<u>53,742,359</u>	<u>174,481,679</u>	<u>(120,739,320)</u>
<u>Water Purchases</u>			
Water Sales	49,249,612	157,620,718	(108,371,106)
Ready to Serve Charge	3,043,126	11,142,354	(8,099,228)
Capacity Charge CCF	1,347,795	5,396,060	(4,048,265)
SCP/SAC Pipeline Surcharge	101,826	318,000	(216,174)
Total Water Purchases	<u>53,742,359</u>	<u>174,477,132</u>	<u>(120,734,773)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>4,547</u>	<u>(4,547)</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending September 2022 (Unaudited)
Other Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>WEROC</u>			
Revenues	343,724	565,941	(222,217)
Expenditures	277,686	565,941	(288,255)
Excess of Revenues over Expenditures	<u>66,038</u>	<u>0</u>	<u>66,038</u>

WUE Projects (details on next page)

Revenues	1,152,138	8,545,274	(7,393,136)
Expenditures	1,154,571	8,545,274	(7,390,703)
Excess of Revenues over Expenditures	<u>(2,433)</u>	<u>0</u>	<u>(2,433)</u>

Footnote:

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

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending September 2022 (Unaudited)
Water Use Efficiency Projects

	Actual	Variance %	Fiscal Year Budget	% of Budget	Projected Final FY Budget
<u>Spray to Drip Conversion</u>					
Revenues	30,767		434,928	7.07%	434,928
Expenditures	31,827		434,928	7.32%	434,928
Excess of Revenues over Expenditures	(1,060)	-3%			

Actual Variance: All reporting current. Payments to Program Participants slightly ahead of Grant (DWR & USBR), Metropolitan (on water bill), and Retail Water Agencies reimbursements.

Budget Variance:

Member Agency Administered Pass thru

Revenues	0		255,000	0.00%	255,000
Expenditures	0		255,000	0.00%	255,000
Excess of Revenues over Expenditures	0	0%			

Actual Variance: Some MWDOC projects have been billed to Metropolitan, others, like those for the Retail Water Agencies have not begun reporting their projects.

Budget Variance: No Member Agency Administered (MAA) pass through funding is anticipated this year as all MAA funding is allocated to programs implemented regionally. This program will be removed from this report next quarter.

ULFT Rebate Program

Revenues	0		1,000	0.00%	1,000
Expenditures	0		1,000	0.00%	1,000
Excess of Revenues over Expenditures	0	0%			

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

Budget Variance:

HECW Rebate Program

Revenues	8,428		60,000	14.05%	60,000
Expenditures	7,470		60,000	12.45%	60,000
Excess of Revenues over Expenditures	958	11%			

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

Budget Variance:

CII Rebate Program

Revenues	0		2,000	0.00%	2,000
Expenditures	0		2,000	0.00%	2,000
Excess of Revenues over Expenditures	0	0%			

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

Budget Variance:

Notes:

- 1) Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.
- 2) Fiscal year budget versus Actual
- 3) With each quarterly report the projected fiscal year end budget may be re-adjusted.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending September 2022 (Unaudited)
Water Use Efficiency Projects

	Actual	Variance %	Fiscal Year Budget	% of Budget	Projected Final FY Budget
<u>Turf Removal Program</u>					
Revenues	951,203		6,061,364	15.69%	6,061,364
Expenditures	953,534		6,061,364	15.73%	6,061,364
Excess of Revenues over Expenditures	(2,331)	0%			

Actual Variance: Posted revenues from Grants (DWR & USBR) lagging slightly behind expenses. All revenue reporting for reimbursement is up to date.

Budget Variance:

<u>Comprehensive Landscape (CLWUE)</u>					
Revenues	41,315		321,700	12.84%	321,700
Expenditures	41,315		321,700	12.84%	321,700
Excess of Revenues over Expenditures	0	0%			

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

Budget Variance:

<u>Recycled Water Program</u>					
Revenues	0		50,000	0.00%	50,000
Expenditures	0		50,000	0.00%	50,000
Excess of Revenues over Expenditures	0	0%			

Actual Variance: Projects are currently being implemented with activity reported over the course of the fiscal year.

Budget Variance:

<u>WSIP - Industrial Program</u>					
Revenues	0		32,645	0.00%	32,645
Expenditures	0		32,645	0.00%	32,645
Excess of Revenues over Expenditures	0	0%			

Actual Variance: Projects are currently being implemented with activity reported over the course of the fiscal year.

Budget Variance:

<u>Land Design Program</u>					
Revenues	105,630		331,303	31.88%	331,303
Expenditures	105,630		331,303	31.88%	331,303
Excess of Revenues over Expenditures	0	0%			

Actual Variance: All local, State, and Federal Grant reporting is current.

Budget Variance: This program is tied directly to activity in the turf program. The turf program is expected to increase significantly and this program will increase proportionately.

Notes:

- 1) Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.
- 2) Fiscal year budget versus Actual
- 3) With each quarterly report the projected fiscal year end budget may be re-adjusted.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending September 2022 (Unaudited)
Water Use Efficiency Projects

	Actual	Variance %	Fiscal Year Budget	% of Budget	Projected Final FY Budget
<u>Pressure Regulation Valve Program</u>					
Revenues	14,795		26,961	54.88%	26,961
Expenditures	14,795		26,961	54.88%	26,961
Excess of Revenues over Expenditures	0	0%			

Actual Variance: Expenses out ahead of grant reimbursements. All local, State, and Federal Grant reporting current.

Budget Variance:

<u>Rotating Nozzle Program</u>					
Revenues	0		1,750	0.00%	5,000
Expenditures	0		1,750	0.00%	5,000
Excess of Revenues over Expenditures	0	0%			

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

Budget Variance:

<u>Dedicated Irrigation Meters Measurement Project (DIMM)</u>					
Revenues	0		966,624	0.00%	966,624
Expenditures	0		966,624	0.00%	966,624
Excess of Revenues over Expenditures	0	0%			

Actual Variance:

Budget Variance: This is a new program developed FY 2020-21 to assist retail agencies prepare for compliance with new WUE Standards.

Notes:

- 1) Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.
- 2) Fiscal year budget versus Actual
- 3) With each quarterly report the projected fiscal year end budget may be re-adjusted.



FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Independent Auditor's Report

Municipal Water District of Orange County
Board of Directors
Fountain Valley, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Municipal Water District of Orange County (the District), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Other Post-Employment Benefit Plan: Schedule of Changes, Other Post-Employment Benefit Plan: Schedule of OPEB Contributions, Cost Sharing Retirement Plan: Schedule of the District's Proportionate Share of the Net Pension Liability, and Cost Sharing Retirement Plan: Schedule of Contributions* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance

on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information


The financial statements of the Municipal Water District of Orange County for the year ended June 30, 2021 were audited by other auditors whose report dated November 4, 2021 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Davis Farn LLP

Irvine, California
November 2, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2022**

The following is a brief discussion of the Municipal Water District of Orange County's (District) activities and financial performance for the year ended June 30, 2022. Please read it in conjunction with the District's basic financial statements and accompanying notes which follow this section.

FINANCIAL HIGHLIGHTS

- The District's revenues were \$214.9 million in FY 2021-22, compared to \$167.1 million in the prior fiscal year, a 28.7% increase.
- The District's expenses were \$213.6 million in FY 2021-22, compared to \$167.9 million in the prior fiscal year, a 27.2% increase.
- The District's assets at June 30, 2022 were \$55.6 million, a 5.0% increase compared to total assets of \$52.9 million at June 30, 2021.
- The District's liabilities at June 30, 2022 were \$43.0 million, a 1.6% increase compared to total liabilities of \$42.3 million at June 30, 2021.
- The District's net position at June 30, 2022 was \$12.3 million, a 12.6% increase compared to net position of \$11.0 million at June 30, 2021.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's financial statements, prepared in accordance with generally accepted accounting principles (GAAP), offer key, high-level financial information about the District activities during the reporting period. The financial statements of the District consist of three interrelated statements designed to provide the reader with relevant information on the District's financial condition and operating results. These statements offer short-term and long-term financial information about the District's activities utilizing the full accrual basis of accounting.

The *Statement of Net Position* includes all of the District's assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference being reported as Net Position. It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the District's operations over the past year and can be used to determine whether the District has successfully recovered all its projected costs through its rates and other service related charges.

The final required financial statement is the *Statement of Cash Flows*, which presents information about the District's cash receipts and cash payments during the reporting period classified as cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities. This statement also provides comparative information on the sources and uses of the District's cash during the reporting period.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is: "Is the District, as a whole, financially better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) as one way to measure financial health or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in economic conditions, population growth, changes in rates and charges and new or changed government legislation or accounting standards.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2022**

STATEMENT OF NET POSITION

Net position is the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, and may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's Statement of Net Position.

**TABLE 1
Condensed Statements of Net Positions
(In thousands of dollars)
June 30:**

	FY 2022	FY 2021	Variance	Total Percent Change
Current Restricted Assets	\$ 3,303	\$ 2,985	\$ 318	10.7%
Current Unrestricted Assets	48,030	46,494	1,536	3.3%
Capital Assets	4,141	3,362	779	23.2%
Other Assets	104	89	15	16.9%
Total Assets	55,578	52,930	2,648	5.0%
Deferred Outflows of Resources	1,345	898	447	49.8%
Current Liabilities Payable from Restricted Assets	1,351	852	499	58.6%
Current Liabilities Payable from Unrestricted Liabilities	40,556	38,649	1,907	4.9%
Noncurrent Unrestricted Liabilities	1,098	2,845	(1,747)	(61.4%)
Total Liabilities	43,005	42,346	659	1.6%
Deferred Inflows of Resources	1,579	519	1,060	204.2%
Net Position:				
Investment in Capital Assets	4,141	3,362	779	23.2%
Restricted for Trustee Activities	1,952	2,132	(180)	(8.4%)
Unrestricted	6,246	5,468	778	14.2%
Total Net Position	\$ 12,339	\$ 10,962	\$ 1,377	12.6%

- Total Assets increased by \$2.6 million due to an increase in Accounts Receivable for June Water Sales, the addition of capital assets, which are explained in Table 3, and an increase in the net OPEB asset.
- Total Liabilities increased by \$659 thousand due to a prefunded grant under restricted assets, higher Water Sales in June for unrestricted and a decrease in net pension liability for noncurrent liabilities.
- Net Position increased due to the addition of capital assets from the office remodel/retrofit and unrestricted increased due to increased water sales.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2022**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

While the Statement of Net Position shows the financial position at year-end, the Statement of Revenues, Expenses and Changes in Net Position provides information as to the results of operations of the District during the year. The District reported an increase in net position of \$1.4 million for the year ended June 30, 2022, as compared to a decrease of \$(824) thousand for the year ended June 30, 2021. The following is a summary of the change in the District's net position.

**TABLE 2
Condensed Statements of Revenues
Expenses, and Changes in Net Assets
(In thousands of dollars)**

	FY 2022	FY 2021	Variance	Total Percent Change
Water Sales	\$ 210,432	\$ 164,209	\$ 46,223	28.1%
Special Project Revenues	4,663	2,757	1,906	69.1%
Non-operating Revenues/(Expenses)	(166)	90	(256)	(284.4%)
Total Revenues	214,929	167,056	47,873	28.7%
Operating Expenses	208,609	164,895	43,714	26.5%
Special Projects Expenses	4,662	2,756	1,906	69.2%
Depreciation Expense	281	229	52	22.7%
Total Expenses	213,552	167,880	45,672	27.2%
Change in Net Position	1,377	(824)	2,201	(267.1%)
Beginning Net Position	10,962	11,786	(824)	(7.0%)
Ending Net Position	\$ 12,339	\$ 10,962	\$ 1,377	12.6%

The sources of change in net position are the following:

- Water Sales Revenues and Operating Expenses are higher due to higher water sales for the year.
- Special Projects Revenue and Expense are higher due to increased conservation and Federal Grant activity in conservation rebates.
- Non-operating Revenues are lower due to a decrease in interest revenue and fair market value of investments.
- Net position increased due to capital and building expense projects being capitalized from the final phase of our office remodel/retrofit.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2022**

CAPITAL ASSETS

The following is a summary of the District's capital assets at June 30, 2022 and June 30, 2021.

**TABLE 3
Capital Assets
(In thousands of dollars)**

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Variance</u>	<u>Total Percent Change</u>
Leasehold Improvements	\$ 7,002	\$ 6,060	\$ 942	15.5%
Furniture, Equipment & Computer Equipment	885	780	105	13.5%
Subtotal	<u>7,887</u>	<u>6,840</u>	<u>1,047</u>	<u>15.3%</u>
Less Accumulated Depreciation	<u>(3,745)</u>	<u>(3,478)</u>	<u>(267)</u>	<u>7.7%</u>
Net Capital Assets	<u><u>\$ 4,142</u></u>	<u><u>\$ 3,362</u></u>	<u><u>\$ 780</u></u>	<u><u>23.2%</u></u>

The District completed the office remodel and retrofit project. Additional information regarding capital assets can be found in Notes 1 and 4 of the notes to the financial statements.

DEBT ADMINISTRATION

The District had no debt outstanding as of June 30, 2022. The District does not plan to issue new debt in the year ending June 30, 2023.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2022**

BUDGETARY HIGHLIGHTS

The District is governed by a Board of Directors consisting of seven elected members. The Board adopts an annual appropriated budget prior to the start of the fiscal year. The Budget may be revised by Board action during the fiscal year. All amendments to the budget, or transfers of operating budget appropriations to or from reserve accounts, require Board notification. The General Manager is authorized to transfer budget amounts within programs and cost centers. The legal level of budgetary control is at the total fund level. An actual vs. budget comparison schedule for FY 2021-22 is presented in Table 4 to demonstrate compliance with the adopted budget.

**TABLE 4
FY 2022 Actual vs FY 2022 Budget
(In thousands of dollars)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Total Percent Change</u>
Revenues:				
From Operations	\$ 215,095	\$ 184,517	\$ 30,578	16.6%
Non-operating Revenues	(166)	234	(400)	(170.9%)
Total Revenues	214,929	184,751	30,178	16.3%
Expenses:				
From Operations				
Cost of Water	200,130	171,316	(28,814)	(16.8%)
Other Operating	13,141	13,489	348	2.6%
Depreciation	281	278	(3)	(1.1%)
Total Expenses	213,552	185,083	(28,469)	(15.4%)
Change In Net Assets	\$ 1,377	\$ (332)	\$ 1,709	(514.8%)

The variances on the budget to actual are as follows:

- Revenues from Operations were \$30.6 million more than budget due to actual water sales being higher than expected and the increase in conservation activity.
- Non-Operating Revenues are lower due to a decrease in the fair value of investments.
- Expenses from Cost of Water purchased were \$28.8 million higher than budget due to actual water sales being higher than expected.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2022**

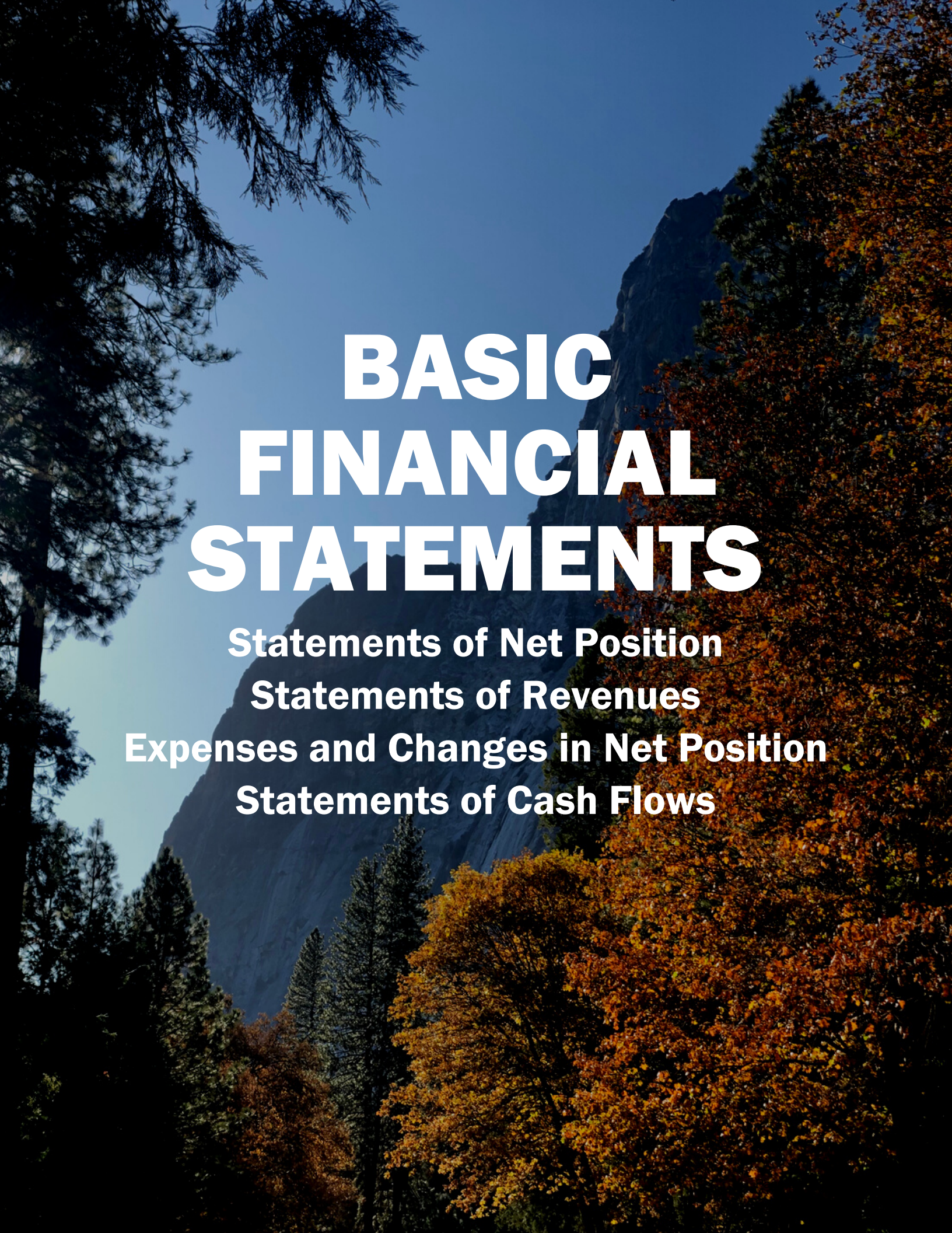
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors during the preparation and approval of the annual budget for FY 2022-23. The budgeted operating expenses total \$185.8 million and operating revenues total \$185.6 million.

Beginning FY 2016-17 MWDOC has established two classes of customers, a retail meter and a groundwater customer. The District's budget is allocated between retail meter customers and groundwater customers. In addition MWDOC's agencies will also pay for the resale cost of imported water.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is intended to provide the Board of Directors, customers, taxpayers, creditors, and other interested parties with a general overview of the District's financial operations and condition as of and for the year ended June 30, 2022, and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional information, you may contact the Municipal Water District of Orange County, Finance Dept., at 18700 Ward Street, Fountain Valley, CA 92708, (714) 963-3058, www.mwdoc.com.



BASIC FINANCIAL STATEMENTS

Statements of Net Position

Statements of Revenues

Expenses and Changes in Net Position

Statements of Cash Flows

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Net Position

June 30, 2022

(with comparative data as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Restricted Assets (Note 3):		
Cash and Cash Equivalents (Note 2)	\$ 946,679	\$ 1,871,973
Accounts Receivable Other	2,355,276	1,112,402
Accrued Interest Receivable	978	540
Total Restricted Assets	<u>3,302,933</u>	<u>2,984,915</u>
Unrestricted Assets:		
Cash and Cash Equivalents (Note 2)	7,291,393	9,219,011
Investments (Note 2)	2,962,367	3,144,568
Accounts Receivable:		
Water Sales	37,502,695	33,665,658
Other	85,033	230,826
Accrued Interest Receivable	47,085	40,561
Deposits and Prepaid Expenses	141,139	193,053
Total Unrestricted Assets	<u>48,029,712</u>	<u>46,493,677</u>
Total Current Assets	<u>51,332,645</u>	<u>49,478,592</u>
Noncurrent Assets:		
Unrestricted Assets:		
Capital Assets, Net (Note 4)	4,141,177	3,362,201
Net Other Post Employment Benefits (OPEB) Asset (Note 8)	104,284	89,196
Total Noncurrent Assets	<u>4,245,461</u>	<u>3,451,397</u>
TOTAL ASSETS	<u>55,578,106</u>	<u>52,929,989</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Amount Related to Pensions (Note 7)	1,008,822	865,988
Deferred Amount Related to OPEB (Note 8)	336,022	31,791
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,344,844</u>	<u>897,779</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Net Position (Continued)

June 30, 2022

(with comparative data as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Payable from Restricted Assets		
Accrued Liabilities	\$ 275,981	\$ 440,453
Advances from Participants	1,074,951	412,042
Total Payable from Restricted Assets	<u>1,350,932</u>	<u>852,495</u>
Unrestricted Liabilities:		
Accounts Payable, Metropolitan Water District of Southern California	38,268,338	34,290,284
Accrued Liabilities	2,288,018	4,359,106
Total Unrestricted Liabilities	<u>40,556,356</u>	<u>38,649,390</u>
Total Current Liabilities	<u>41,907,288</u>	<u>39,501,885</u>
Noncurrent Liabilities:		
Unrestricted Liabilities:		
Net Pension Liability (Note 7)	1,097,925	2,844,833
Total Noncurrent Liabilities	<u>1,097,925</u>	<u>2,844,833</u>
TOTAL LIABILITIES	<u>43,005,213</u>	<u>42,346,718</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Amount Related to Pensions (Note 7)	1,195,031	237,042
Deferred Amount Related to OPEB (Note 8)	383,875	281,591
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,578,906</u>	<u>518,633</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	4,141,177	3,362,201
Restricted	1,952,001	2,132,420
Unrestricted	6,245,653	5,467,796
TOTAL NET POSITION	<u>\$ 12,338,831</u>	<u>\$ 10,962,417</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Revenues, Expenses and
Changes in Net Position

For the Fiscal Year Ended June 30, 2022
(with comparative data as of June 30, 2021)

	2022	2021
Operating Revenues:		
Water Sales	\$ 210,432,332	\$ 164,209,371
Special Projects Revenue	2,796,851	1,819,848
Federal Grant Revenue	702,714	314,942
State Grant Revenue	1,162,824	621,614
Total Operating Revenues	<u>215,094,721</u>	<u>166,965,775</u>
Operating Expenses:		
Cost of Water Sold	200,130,346	154,404,997
Salaries and Employee Benefits	5,275,533	6,609,558
General and Administrative	3,203,110	3,880,352
Special Project Expenses	4,662,389	2,756,404
Depreciation	281,210	228,688
Total Operating Expenses	<u>213,552,588</u>	<u>167,879,999</u>
Operating Income	<u>1,542,133</u>	<u>(914,224)</u>
Nonoperating Revenues:		
Investment Income/(Loss)	(174,503)	75,669
Other Income	8,784	14,552
Total Nonoperating Revenues	<u>(165,719)</u>	<u>90,221</u>
Change in Net Position	<u>1,376,414</u>	<u>(824,003)</u>
NET POSITION - BEGINNING OF YEAR	<u>10,962,417</u>	<u>11,786,420</u>
NET POSITION - END OF YEAR	<u><u>\$ 12,338,831</u></u>	<u><u>\$ 10,962,417</u></u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2022

(with comparative data for the Year Ended June 30, 2021)

	2022	2021
Cash Flows from Operating Activities:		
Cash received from member agencies-water deliveries	\$ 206,595,295	\$ 160,394,843
Cash (payments) to Metropolitan Water District of Southern California	(196,152,292)	(151,269,630)
Cash (payments) for salaries and employee benefits	(6,424,321)	(6,425,041)
Cash (payments) for general and administrative expenses	(5,076,491)	(2,845,194)
Cash received from special projects	3,255,043	3,202,393
Cash (payments) for special projects	(3,999,480)	(3,002,454)
Other income	8,784	14,552
Net Cash Provided (Used) by Operating Activities	(1,793,462)	69,469
Cash Flows from Capital and Related Financing Activity:		
Acquisition of capital assets	(1,060,186)	(1,960,652)
Cash Used by Capital and Related Financing Activity	(1,060,186)	(1,960,652)
Cash Flows from Investment Activities:		
Investment income	80,136	75,669
Investments matured/(purchased)	(79,400)	(388,525)
Cash Provided (Used) by Investment Activities	736	(312,856)
Net increase (decrease) in cash and cash equivalents	(2,852,912)	(2,204,039)
Cash and Cash equivalents at beginning of year	11,090,984	13,295,023
Cash and Cash Equivalents at End of Year	\$ 8,238,072	\$ 11,090,984
Financial Statement Presentation:		
Cash and Cash Equivalents (Restricted)	\$ 946,679	\$ 1,871,973
Cash and Cash Equivalents (Unrestricted)	7,291,393	9,219,011
Totals	\$ 8,238,072	\$ 11,090,984

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2022

(with comparative data for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 1,542,133	\$ (914,224)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	281,210	228,688
Other Income	8,784	14,552
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable - Water Sales	(3,837,037)	(3,814,528)
(Increase)/Decrease in Accounts Receivable - Other	145,793	618,522
(Increase) in Deposits and Prepaid Expenses	51,914	15,409
(Increase) in OPEB asset	(15,088)	(89,196)
(Increase)/Decrease in Accounts Receivable - Special Projects	(1,242,874)	445,414
(Increase)/Decrease in Deferred Outflows - Pension/OPEB Related	(447,065)	66,744
Increase/(Decrease) in Accrued and Other Liabilities	(2,071,088)	401,227
Increase/(Decrease) in Restricted Accrued Liabilities	(164,472)	575
Increase/(Decrease) in Advances from Participants	662,909	(246,050)
Increase/(Decrease) in Accounts Payable to Metropolitan Water District of Southern California	3,978,054	3,135,367
Increase/(Decrease) in Net Pension and OPEB Liability	(1,746,908)	12,612
Increase in Deferred Inflows - Pension/OPEB Related	1,060,273	194,357
Total Adjustments	<u>(3,335,595)</u>	<u>983,693</u>
Net Cash Provided by Operating Activities	<u>\$ (1,793,462)</u>	<u>\$ 69,469</u>
Noncash investing activity:		
Unrealized gain/(loss) on investments*	\$ (318,469)	\$ (130,536)
Total noncash investing activity	<u>\$ (318,469)</u>	<u>\$ (130,536)</u>



NOTES TO BASIC FINANCIAL STATEMENTS

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

(1) Organization and Summary of Significant Accounting Policies

Reporting Entity

The Municipal Water District of Orange County (the District) was formed as a municipal water district on January 11, 1951 under the Municipal Water District Act of 1911. The District is a wholesale water supplier and resource planning agency that serves all of Orange County through 27 cities and water agencies (except the Cities of Anaheim, Fullerton, and Santa Ana which are independent member agencies of Metropolitan Water District of Southern California (Metropolitan). As a public agency member of Metropolitan, the District purchases imported water from Metropolitan and provides water to the District's 27 member agencies, which provide retail or wholesale water services to over 3.2 million residents within the District's service area of approximately 600 square miles. The District's primary sources of water from Metropolitan are the California State Water Project (SWP) and the Colorado River Aqueduct.

The District is an independent special district of the State of California governed by an elected seven-member board. On January 2001, the District merged with the Coastal Municipal Water District (Coastal) under the recommendation of the Local Agency Formation Commission of Orange County (LAFCO) as part of an effort to streamline local government. The consolidation of the two agencies allows the new district to more efficiently provide wholesale water services for the benefit of residents living throughout the service area.

The District's reporting entity includes the accounts of the District and the Municipal Water District of Orange County Water Facilities Corporation (WFC). Formed as a separate California nonprofit corporation on April 20, 1978 to assist in the financing of the Allen-McColloch Pipeline (AMP) and the Flow Augmentation Project (FAP), the WFC has no employees. The WFC is governed by a seven-member board comprised of the District's board members. The WFC had no activity or balances for the year ended June 30, 2022 and is kept active for potential future financing arrangements. WFC is a blended component unit of the District and the District has operational responsibility for WFC.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting.

Under the economic resources measurement focus, all assets, deferred inflows and outflows of resources, and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Basic Financial Statements

The District's basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Basic Financial Statements.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

(1) Organization and Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The District accounts for its activities as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's basic financial statements have been prepared on the accrual basis of accounting, and are presented on an economic measurement focus reporting all economic resources and obligations as of and for the year ended June 30, 2022.

Net Position

In the Statement of Net Position, net position is classified in the following categories:

- Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets as applicable.
- Restricted net position – This amount consists of restricted assets reduced by liabilities. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported or a resource subject to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This amount is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first and then unrestricted resources, as they are needed.

Operating and Nonoperating Revenues and Expenses

The District's primary purpose is to provide a dependable wholesale supply of imported water for its 27 member agencies. Accordingly, operating revenues such as water sales result from exchange transactions associated with the principal activity of the District, which is the purchase and resale of imported water to the District's member agencies.

Revenues from federal and state grants, reimbursements from participants and special projects, as well as special project expenses are defined as operating revenues and expenses, respectively. Nonoperating revenues consist of investment income and other miscellaneous income.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(1) Organization and Summary of Significant Accounting Policies (Continued)

Water Sales and Cost of Water Sold

Historically, the District's primary source of revenue has been from the resale of imported water to the District's 27 member agencies located in Orange County. Based on Metropolitan's cost of water, each year Metropolitan's Board of Directors approves water rates comprised of a capacity charge, readiness to serve charge and a per acre-foot charge. Metropolitan's rates are based on cost of service studies performed on a biennial basis. Water rates are not subject to regulation by the California Public Utilities Commission or by any other local, state, or federal agency. Revenue from sales of water is recognized on the accrual basis as water is delivered.

The District's revenue is from a per retail meter connection charge and a groundwater customer charge. Choice services are charged directly to the agencies as a "fee for service" on a subscription basis. The member agencies also pay for the resale of imported water in addition to the other charges noted.

Investments

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investment policy and delegation of investment authority, is reviewed and approved each year by the Board of Directors. The investment policy authorizes the Treasurer to invest, reinvest, sell or exchange permitted fixed income securities in accordance with the California Government Code. Investment income from restricted assets remains restricted.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and short-term, highly liquid investments (i.e., Local Agency Investment Fund and Orange County Investment Pool) which are readily convertible to cash and mature within ninety (90) days of original purchase.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management believes all accounts receivable are collectible. In the event any accounts receivable are determined they are uncollectible, an allowance is recorded.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life greater than one (1) year. Upon retirement, sale or other disposition of capital assets, the cost and related accumulated depreciation are removed from their respective accounts and any gains or losses are recognized. Depreciation is computed using the straight-line method over the estimated useful

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

(1) Organization and Summary of Significant Accounting Policies (Continued)

life of the asset, which range from 3 to 10 years for furniture, fixtures, and equipment, and up to 30 years for leasehold improvements.

Deposits and Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as Deposits and Prepaid Expenses in the basic financial statements.

Deferred Outflows and Inflows of Resources

The District reported deferred outflows and inflows of resources related to pensions and OPEB. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the district that is applicable to a future period. Refer to Note 7 and 8 for items identified as deferred inflows and outflows of resources as of June 30, 2022.

Compensated Absences

As vacation leave is a vested employee benefit, the District is obligated to compensate employees for all earned but unused vacation days. Employee vacation days are accrued each pay period and reported as accrued liabilities. Depending on the length of employment, employees earn a minimum of 10 up to a maximum of 21 vacation days per year. Accumulated vacation days may not exceed 2 times the number of days earned per year without prior approval of the General Manager. Sick leave time is a non-vested employee benefit (i.e. accumulated sick leave is not payable in the event of employee termination), is considered a contingent liability, and is not reflected in the accompanying financial statements.

Unearned Revenue / Advances from Participants

Unearned revenue and advances from participants represent grant and agency revenues received in advance of the recognition of the related expense.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees Retirement System (CalPERS) plan and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

(1) Organization and Summary of Significant Accounting Policies (Continued)

the time of purchase of one year or less, which are reported at cost.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that could affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates. Also, the preparation of the financial statements inherently requires rounding of amounts and estimates. Management believes that any differences due to rounding are not material.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

(2) Cash and Investments

Cash and investments at June 30, 2022, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents (restricted)	\$ 946,679
Cash and cash equivalents (unrestricted)	7,291,393
Investments (unrestricted)	<u>2,962,367</u>
Total Cash and Investments	<u><u>\$ 11,200,439</u></u>

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	200,926
Investments	<u>10,999,013</u>
Total Cash and Investments	<u><u>\$ 11,200,439</u></u>

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy). The table also identifies certain provisions of the California Government Code (or the District's investment policy) that address interest rate risk and concentration of credit risk. The District's investment policy allows for funds to be divided into two categories. The Operating Fund authorized investments are below:

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

(2) Cash and Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One
U.S. Treasuries	5 years	100%	100%
U.S. Government Agencies	5 years	100%	50%
Corporate Securities	5 years	30%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Bankers' Acceptances	180 days	40%	5%
Repurchase Agreements	1 year	20%	10%
Money Market Mutual Funds	N/A	20%	20%
Collective Investment Pool	N/A	20%	10%
County Investment Pool	N/A	100%	100%
State Investment Pool	N/A	100%	100%

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25-60 Months
Negotiable Certificate of Deposits	\$ 1,424,052	\$ 250,270	\$ 502,238	\$ 671,544
Corporate Securities	1,303,113	199,808	-	1,103,305
US Government Issues	232,070	-	-	232,070
Orange County Investment Pool	3,977,995	3,977,995	-	-
State Investment Pool	4,061,783	4,061,783	-	-
	<u>\$ 10,999,013</u>	<u>\$ 8,489,856</u>	<u>\$ 502,238</u>	<u>\$ 2,006,919</u>

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(2) Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or District's investment policy, or debt agreements, and the actual rating by Standard and Poor's (S&P) as of the year end of each investment type. The District purchases all investments at the minimum rating but some investments' ratings may downgrade during its life but it is the District's policy to hold investments until their maturity.

Investment Type	Total	Minimum Legal Rating	Ratings as of Year End			
			AA+	A	A-**	Not Rated
Negotiable Certificate of Deposits	\$ 1,424,052	N/A	\$ -	\$ -	\$ -	\$1,424,052
Corporate Securities	1,303,113	A	-	452,485	850,628	-
US Government Issues	232,070	A	232,070	-	-	-
Orange County Investment Pool	3,977,995	N/A	-	-	-	3,977,995
State Investment Pool	4,061,783	N/A	-	-	-	4,061,783
	<u>\$10,999,013</u>		<u>\$232,070</u>	<u>\$452,485</u>	<u>\$850,628</u>	<u>\$9,463,830</u>

** Investments conformed to District's Investment Policy at time of acquisition

Disclosures Relating to Fair Value Measurement and Application

Investments categorized as Level 2 are valued using a market approach using quoted market prices. Values are determined using pricing models and discounted cash flow models and includes management judgement and estimation. Uncategorized investments include investments in a non 2a-7 like pool, such as the Local Agency Investment Fund (LAIF) and the Orange County Investment Pool (OCIP). These investments do not have a legally binding guarantee for its share price and cannot have a measured amortized cost.

The District had the following recurring fair value measurements as of June 30, 2022:

Investment Type	Total	Fair Value Application			
		1	2	3	Uncategorized
Negotiable Certificate of Deposits	\$ 1,424,052	\$ -	\$ 1,424,052	\$ -	\$ -
Corporate Securities	1,303,113	-	1,303,113	-	-
US Government Issues	232,070	-	232,070	-	-
Orange County Investment Pool	3,977,995	-	-	-	3,977,995
State Investment Pool	4,061,783	-	-	-	4,061,783
	<u>\$10,999,013</u>	<u>\$ -</u>	<u>\$ 2,959,235</u>	<u>\$ -</u>	<u>\$ 8,039,778</u>

Investments in LAIF and OCIP are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, these investments are uncategorized.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(2) Cash and Investments (Continued)

Concentration of Credit Risk

The District's investment policy contains limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. At June 30, 2022, the District did not have investments in more than one issuer (other than U.S. Treasury securities, mutual funds, external investment pools) that represented 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. The Government Code also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2022 the District's deposits with financial institutions are covered by the Federal Deposit Insurance Corporation up to \$250,000, the remaining amounts of \$1,599,916 were collateralized as described above.

Investment in State and County Investment Pool

The District is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California, and in the OCIP under the oversight of the Orange County Treasurer. The fair market value of the District's investment in these pools are reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair market value provided by LAIF and OCIP for the entire LAIF and OCIP portfolios (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCIP, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office.

The District is a participant in OCIP. The OCIP is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in OCIP at June 30, 2022, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

(2) Cash and Investments (Continued)

For further information regarding OCIP, refer to the County of Orange Annual Comprehensive Financial Report.

(3) Restricted Assets

Restricted assets are monies held in restricted funds or accounts by the District for the benefit of member agencies, including a rate stabilization fund. As of June 30, 2022, \$946,679 was reported as restricted assets related to member agency activities.

(4) Capital Assets

The following is a summary of capital assets at June 30, 2022 with changes therein:

	2021	Additions	Deletions	2022
Furniture, Fixtures and Equipment	\$ 780,262	\$ 118,474	\$ (13,641)	\$ 885,095
Leasehold Improvements	6,059,806	941,712	-	7,001,518
	<u>6,840,068</u>	<u>1,060,186</u>	<u>(13,641)</u>	<u>7,886,613</u>
Less Accumulated Depreciation:				
Furniture, Fixtures and Equipment	(474,458)	(75,588)	13,641	(536,405)
Leasehold Improvements	<u>(3,003,409)</u>	<u>(205,622)</u>	<u>-</u>	<u>(3,209,031)</u>
	<u>(3,477,867)</u>	<u>(281,210)</u>	<u>13,641</u>	<u>(3,745,436)</u>
Net Capital Assets	<u>\$ 3,362,201</u>	<u>\$ 778,976</u>	<u>\$ -</u>	<u>\$ 4,141,177</u>

(5) Deferred Pension Plan

The District sponsors a Money Purchase Pension Plan (the Pension Plan), a defined contribution plan, under Internal Revenue Code Section 401(a). Currently the MWDOC Board of Directors, MWDOC MET Directors and the General Manager actively participate in the Pension Plan. In accordance with section 3401(c) of the Internal Revenue Code, the term employee includes officers, whether elected or appointed. The Directors contribute 7.5 percent of their covered compensation to the Pension Plan, in lieu of contributing to Social Security. The Directors' contributions to the Pension Plan totaled \$40,120 for the year ended June 30, 2022. Participants become vested in the Pension Plan at a rate of 20% per year of service until they are fully vested after five (5) years.

District employees were previously part of the Pension Plan until March 2003 when they became members of the CalPERS plan. See Note 7.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(6) Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPJA) (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage for participating member agencies.

The Insurance Authority bills the District a deposit premium at the beginning of each year, which is placed in a reserve fund to cover the self-insurance portion of any claim. Settlements and/or expenses related to claims during the year are then charged to the reserve. If the balance of the reserve at the end of the year is deemed too low in relation to the amount of outstanding claims, the District is billed for additional premiums. When the claims are fully settled, any amounts remaining in the reserve are refunded to the District.

At June 30, 2022, the District participated in the self-insurance programs as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500 million. The District has a \$1,000 deductible for buildings, personal property and fixed equipment and \$500 for licensed vehicles/trailers.

General, Auto and Public Officials Liability - The Insurance Authority has pooled self-insurance up to \$5 million per occurrence, and has purchased excess insurance coverage up to \$55 million per occurrence.

Crime Policy/Fidelity Bond - The Insurance Authority has a total coverage limit of \$3 million, per loss. The District has a \$1,000 deductible and coverage in excess has a \$100,000 deductible.

Cyber Liability – The Insurance Authority has a coverage limit of \$5 million aggregate with a \$75,000 to \$100,000 deductible.

Workers' Compensation Program – The District is a member of the Special District Risk Management Authority (SDRMA) and participates in its Workers' Compensation Program for special districts and other public agencies. The SDRMA provides responsive claims management, cost containment, combined with tailored safety and loss prevention and an unequalled full-service workers' compensation program. All claims are handled by a third party administrator, Sedgwick. Comprehensive Coverage includes Statutory Workers' Compensation Limits, \$5 million Employer's Liability, Zero Member Deductible, and SDRMA maintains a Self-Insured Retention that is periodically adjusted based on market conditions.

The District pays annual premiums for all policy coverages and to date does not have any active/open claims or pending settlements.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(7) Cost-Sharing Defined Benefit Plan

General Information about the Pension Plan

Plan Descriptions – Effective March 1, 2003, all qualified regular full-time employees working over 1,000 hours in a fiscal year are eligible to participate in the District's employee pension plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. The CalPERS Plans (the Plans) consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Funds C (PERF C). Benefit provisions under the Plans are established and may be amended by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, membership information, and related financial information can be found on the CalPERS website at: <http://www.calpers.ca.gov>.

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Formula	2.0% @55	2.0% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.750%
Required employer contribution rates	10.88%	7.59%
Pensionable Compensation Cap*	No Cap	\$161,969

* Will increase to reflect changes in the Consumer Price Index

Contributions – Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

Contributions recognized by the Plans from the employer for the year ended June 30, 2022 were \$622,104.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

(7) Cost-Sharing Defined Benefit Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows / Inflows of Resources Related to Pensions

As of June 30, 2022, the District's proportionate share of the net pension liability of the Plan is as follows:

	Net Position Liability
Balance at: December 31, 2020	\$ 3,026,400
Balance at: December 31, 2021	1,097,925
Net change during 2021	<u>\$ (1,928,475)</u>

The District's net pension liability was measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The District's net pension liability was measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 were as follows:

	Miscellaneous
Proportion - June 30, 2021	0.06744%
Proportion - June 30, 2022	0.05782%
Change - Increase (Decrease)	<u>-0.00962%</u>

For the year ended June 30, 2022, the District recognized pension credit of \$309,650.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 123,120	\$ -
Differences between Projected and Actual Investment Earnings	-	958,430
Change in Employer's Proportion	263,598	-
Differences between Employers Contributions and Proportionate Share of Contributions	-	236,601
Pension Contributions Made Subsequent to Measurement Date	622,104	-
Total	<u>\$ 1,008,822</u>	<u>\$ 1,195,031</u>

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(7) Cost-Sharing Defined Benefit Plan (Continued)

The amount of \$622,104 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	
2023	\$ (164,395)
2024	(175,313)
2025	(203,744)
2026	(264,861)
	\$ (808,313)

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuation with update procedures used to roll forward the total pension liability to June 30, 2021, was based on the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CALPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(7) Cost-Sharing Defined Benefit Plan (Continued)

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account, both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1-10 ^{2,4}	Real Return Years 11+ ^{3,4}
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

¹ In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period

³ An expected inflation of 2.92% used for this period

⁴ Figures are based on previous ALM of 2017

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, as well as what the District's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
District's Net Pension Liability/(Asset)	\$ 3,201,407	\$ 1,097,925	\$ (640,994)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

(7) Cost-Sharing Defined Benefit Plan (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARS�) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

(8) Retiree Medical Plan – Other Post-Employment Benefits (OPEB)

Plan Description:

Effective October 1, 2011, the District established a Post-Retirement Healthcare Plan (Health Plan), and has contributed to a Section 115 Irrevocable Exclusive Benefit Trust for the pre-funding of post-employment health care costs. Currently, the District provides health benefits for employees, retirees and their dependents with a choice of medical plans through the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority. Employees and retirees select from the same plans. Retired employees (hired prior to July 1, 2012) who are at least 55 years of age are eligible for these health and welfare benefits based on their years of full-time accrued service. There are two benefit tiers for the years of accrued service:

Tier 1: Employees retiring with a minimum of 10 consecutive years of full-time service with the District, earn medical coverage on the following terms: The District will pay for Retiree only or couples coverage on the same basis as active employees. Retiree and spouse/domestic partner have the option to continue dental and vision benefits at their own cost and COBRA coverage is offered. Upon becoming Medicare eligible, the retiree must enroll and transition to Medicare coverage. The District will reimburse retiree only up to the annual cap of \$3,080.82 for a Medicare Advantage Plan, a supplemental Medigap insurance policy, Medicare Prescription Drug Insurance or Medicare Part B coverage. If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage, enrollment in another plan or becoming Medicare eligible.

Tier 2: Employees retiring with a minimum of 25 consecutive years of full-time service with the District earn medical, dental and vision benefits on the following terms: The District will pay for retiree only or couples coverage on the same basis as active employees. The District pays the following for dental and vision coverage: Dental for retiree only 90%; couples coverage 80%. Vision coverage for retiree only 100%; couples coverage 80%. Retirees and their spouses/domestic partner are required to enroll in Medicare Parts A and B upon eligibility. The District will reimburse for Medicare Part B for both retiree and their eligible spouse/domestic partner. If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage or enrollment in another plan.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

The following guidelines apply to both tiers:

1. The District does not make contributions to Health Savings Accounts on behalf of retirees.
2. Reenrollment is not permitted if a retiree discontinues medical coverage.
3. Annual open enrollment is not permitted for retirees.
4. Reimbursement requires proper verification and is made on a quarterly to yearly basis.

Employees hired on or after July 1, 2012 are ineligible for District-paid retiree health benefits. Plan benefits and contribution requirements of Health Plan members and the District are established, and may be amended, by the District's Board of Directors.

The following parties are responsible for administration of the Health Plan:

- Public Agency Retirement Services (PARS) serves as Trust Administrator and Consultant
- US Bank serves as Trustee, and
- HighMark Capital Management (HighMark) serves as Investment Manager

PARS issues monthly account reports to the District and HighMark publishes quarterly performance reports.

Plan membership at June 30, 2022, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	13
Active plan members	9
Total	<u>22</u>

Funding Policy:

The contribution requirements of Health Plan members and the District are established, and may be amended, by the District's Board of Directors. The District has fully funded the OPEB obligation with the addition of an OPEB Designated Reserve account.

Net OPEB Liability/(Asset):

The District's Net OPEB Liability/(Asset) was measured as of June 30, 2022 and the Total OPEB Liability/(Asset) used to calculate the Net OPEB Liability/(Asset) was determined by an actuarial valuation as of July 1, 2022 (June 30, 2022). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Actuarial assumptions:

The total OPEB liability/(asset) was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair value of assets.
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Investment rate of return	6.00 percent, net of OPEB plan investment expense
Healthcare cost trend rate	6.50 percent for 2022 decreasing to 5.30 percent for 2025-2030, 5.50 percent for 2031-2040, 5.20 percent for 2041-2050, 5.10 for 2051-2060, 5.00 percent for 2061-2069, and 4.50 percent for 2070 and later years; Medicare ages: 4.50 percent for all years.
Preretirement Mortality	Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Postretirement Mortality	Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. Equity	50%	4.4%
U.S. Fixed	50%	1.1%

Discount rate:

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability/(asset) is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments	Fidelity GO AA 20-Year Municipal Index	Discount Rate
June 30, 2021	June 30, 2021	6.00%	1.92%	6.00%
June 30, 2022	June 30, 2022	6.00%	3.69%	6.00%

The components of the net OPEB liability/(asset) at June 30, 2022, were as follows:

Total OPEB liability	2,304,315
Plan fiduciary net position	2,408,599
Net OPEB liability (asset)	(104,284)
Measurement date	June 30, 2022
Reporting date	June 30, 2022
Covered employee payroll	1,351,622
Net OPEB liability (asset) as a percentage of covered payroll	-7.72%
Plan fiduciary net position as a percentage of the total OPEB liability	104.53%

Schedule of Changes in Net OPEB Liability/(Asset) (June 30, 2021 to June 30, 2022):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balances at June 30, 2021	\$ 2,691,904	\$ 2,781,100	\$ (89,196)
Changes for the year:			
Service Cost	15,920	-	15,920
Interest	159,271	-	159,271
Differences between expected and actual experience	(609,684)	-	(609,684)
Change in assumptions	155,101	-	155,101
Net investment income	-	(356,249)	356,249
Contributions			
Employer - cash subsidy	-	108,197	(108,197)
Benefit payments, including implicit subsidy	(108,197)	(108,197)	-
Administrative expense	-	(16,252)	16,252
Net changes	(387,589)	(372,501)	(15,088)
Balances at June 30, 2022	\$ 2,304,315	\$ 2,408,599	\$ (104,284)

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the net OPEB liability/(asset) to changes in the discount rate:

The following presents the net OPEB liability/(asset), as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability (asset)	\$186,023	\$(104,284)	\$(344,853)

Sensitivity of the net OPEB liability/(asset) to changes in the healthcare cost trend rates:

The following presents the net OPEB liability/(asset), as well as what the net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease ²	Trend Rate	1% Increase ³
Net OPEB liability (asset)	(\$321,893)	\$(104,284)	\$159,289

² Trend rate for each future year reduced by 1%

³ Trend rate for each future year increased by 1%

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District made a total contribution of \$85,275, which represent actual health care costs for its retirees and their covered dependents. Total contribution inclusive of implicit subsidy amounted to \$108,197.

At June 30, 2022, the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 238,366	\$ -
Differences between expected and actual experience	-	383,875
Changes in assumptions	97,656	-
Total	<u>\$ 336,022</u>	<u>\$ 383,875</u>

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2022

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Fiscal Year ending June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ -	\$ (122,253)
2024		(69,776)
2025	36,301	-
2026	107,875	-
	<u>\$ 144,176</u>	<u>\$ (192,029)</u>

Investments

For the year ended June 30, 2022 the annual money-weighted rate of return on investments, net of investment expense, was (12.87%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by the District's management and Board of Directors. The current investment selection is the Moderate HighMark PLUS. 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.


<u>Asset Class</u>	<u>Strategic Asset Allocation Ranges</u>
Equity	40-60%
Fixed income	40-60%
Cash	0-20%

(9) Commitments and Contingencies

The District is involved in various litigation from time to time arising from the normal course of business. In the opinion of management and legal counsel, the District is not involved in any litigation that is expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

(10) Subsequent Events

The District's Board of Directors approved the return of our Tier 2 Restricted Reserve fund as a credit to member agencies on their annual Retail Meter and Groundwater customer charge invoices, billed in July 2022.



REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2022

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Measurement Periods Ended June 30

Measurement Period	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 15,920	\$ 32,103	\$ 30,118	\$ 34,408	\$ 33,406
Interest on the total OPEB liability	159,271	155,170	148,417	140,392	134,254
Actual and expected experience difference	(609,684)	-	(86,201)	-	-
Changes in assumptions	155,101	-	102,437	-	-
Changes in benefit terms	-	-	-	-	-
Benefit Payments	(108,197)	(97,452)	(71,334)	(71,021)	(59,870)
Net change in total OPEB liability	(387,589)	89,821	123,437	103,779	107,790
Total OPEB liability - beginning	2,691,904	2,602,083	2,478,646	2,374,867	2,267,077
Total OPEB liability - ending (a)	2,304,315	2,691,904	2,602,083	2,478,646	2,374,867
Plan Fiduciary Net Position					
Contribution - employer	108,197	97,452	71,334	71,021	59,870
Net investment income	(356,249)	509,846	85,732	140,186	128,809
Benefit payments	(108,197)	(97,452)	(71,334)	(71,021)	(59,870)
Administrative expense	(16,252)	(14,829)	(11,886)	(5,669)	(11,456)
Net change in plan fiduciary net position	(372,501)	495,017	73,846	134,517	117,353
Plan fiduciary net position - beginning	2,781,100	2,286,083	2,212,237	2,077,720	1,960,367
Plan fiduciary net position - ending (b)	2,408,599	2,781,100	2,286,083	2,212,237	2,077,720
Net OPEB liability/(asset) - ending (a)-(b)	\$ (104,284)	\$ (89,196)	\$ 316,000	\$ 266,409	\$ 297,147
Plan fiduciary net position as a percentage of the total OPEB liability	104.53%	103.31%	87.86%	89.25%	87.49%
Covered-employee payroll	\$ 1,351,622	\$ 1,889,365	\$ 1,975,686	\$ 1,956,477	\$ 1,933,612
Net OPEB liability as a percentage of covered-employee payroll	-7.72%	-4.72%	15.99%	13.62%	15.37%

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2022

**Schedule of OPEB Contributions
Last Ten Fiscal Years***

Fiscal Year Ended June 30	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 51,962	\$ 50,448	\$ 46,537	\$ 49,847	\$ 48,878
Contributions in relation to the ADC	(108,197)	(97,452)	(71,334)	(71,021)	(59,870)
Contribution deficiency (excess)	<u>\$ (56,235)</u>	<u>\$ (47,004)</u>	<u>\$ (24,797)</u>	<u>\$ (21,174)</u>	<u>\$ (10,992)</u>
Covered-employee payroll	\$ 1,351,622	\$ 1,889,365	\$ 1,975,686	\$ 1,956,477	\$ 1,933,612
Contributions as a percentage of covered-employee payroll	8.00%	5.16%	3.61%	3.63%	3.10%

* Fiscal year 2018 was the first year of implementation, therefore only five years are shown

Notes to Schedule:

The District's Net OPEB Liability was measured as of June 30, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2022 (June 30, 2022). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

The Total OPEB Liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair Value of Assets
Recognition of deferred inflows and outflows of resources	Solely on the applicable GASB 75 rate. Net of expected future retiree contributions.
Salary increases	3.00%
Inflation Rate	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Pre-Retirement Mortality	CalPERS Experience Study (2000-2019)
Post-Retirement Mortality	CalPERS Experience Study (2000-2019)

Medical Trend:	Year	Pre-Medicare	Medicare	Dental/Vision
	2022	6.50%	4.50%	3.50% / 2.50%
	2023	6.00%	4.50%	3.50% / 2.50%
	2024	5.50%	4.50%	3.50% / 2.50%
	2025-2030	5.30%	4.50%	3.50% / 2.50%
	2031-2040	5.50%	4.50%	3.50% / 2.50%
	2041-2050	5.20%	4.50%	3.50% / 2.50%
	2051-2060	5.10%	4.50%	3.50% / 2.50%
	2061-2069	5.00%	4.50%	3.50% / 2.50%
	2070+	4.50%	4.50%	3.50% / 2.50%

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2022

Cost Sharing Retirement Plan
Schedule of the District's Proportional Share of the Net Pension Liability
Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.06744%	0.06744%	0.06283%	0.05877%	0.05774%	0.05387%	0.05019%	0.02186%
Proportionate share of the net pension liability	\$ 1,097,925	\$ 2,844,833	\$ 2,516,221	\$ 2,214,703	\$ 2,276,032	\$ 1,871,472	\$ 1,376,955	\$ 1,360,017
Covered Payroll	\$4,204,889	\$3,792,545	\$3,482,913	\$3,295,260	\$3,022,872	\$2,748,796	\$2,640,576	\$2,601,571
Proportionate share of the net pension liability as a percentage of covered payroll	26.11%	75.01%	72.24%	67.21%	75.29%	68.08%	52.15%	52.28%
Plan fiduciary net position as a percentage of the total pension liability	90.49%	75.10%	75.26%	75.26%	73.31%	75.87%	78.40%	79.82%

* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown

Notes to Schedule:

Fiscal Year End:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Valuation Date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine liability:

Actuarial Cost Method	Entry Age Normal Level Dollar Amount	Entry Age Normal Level Percent of Payroll	Entry Age Normal Level Percent of Payroll	Entry Age Normal Level Percent of Payroll	Entry Age Normal Level Percent of Payroll	Entry Age Normal Level Percent of Payroll	Entry Age Normal Level Percent of Payroll	Entry Age Normal Level Percent of Payroll
Amortization Method	Fair Value	Fair Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Asset Valuation Method	Fair Value	Fair Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%
Projected Salary Increase	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	2.75%	2.75%	2.75%	3.25%	3.00%	3.00%	3.00%	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2022

Cost Sharing Retirement Plan
Schedule of Contributions
Last Ten Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 622,104	\$ 413,399	\$ 349,145	\$ 302,458	\$ 273,125	\$ 252,815	\$ 220,517	\$ 288,065
Contributions in relation to the actuarially determined contribution	(622,104)	(413,399)	(349,145)	(302,458)	(273,125)	(252,815)	(220,517)	(288,065)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - ¹	\$ - ¹
Covered Payroll	\$4,448,997	\$4,204,889	\$3,792,545	\$3,482,913	\$3,295,260	\$3,022,872	\$2,748,796	\$2,640,576
Contributions as a percentage of covered-employee payroll	13.98%	9.83%	9.21%	8.68%	8.29%	8.36%	8.02%	10.91%

* Fiscal year 2015 was the first year of implementation, therefore only eight years are shown

¹ Restated Covered Payroll

Summary of Changes of Benefits or Assumptions

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Changes of Assumptions and Methods: In Fiscal Year 2020-21 there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses as well as a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

Board of Directors
Municipal Water District of Orange County
Fountain Valley, California

We have audited the financial statements of the Municipal Water District of Orange County (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated November 2, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our proposal accepted by the Board, dated March 22, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included proposing journal entries detected during the audit

process. To mitigate the risk, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

As a result of a new accounting pronouncement, Governmental Accounting Standards Board 87: Leases, we identified the new standard as a significant risk as part of the audit risk assessment. Our procedures included evaluating transactions for potential applicability of the standard in addition to our standard audit approach.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements include:

- Judgments regarding the fair value of investments
- Judgements involving the calculation of the net pension liability and related transactions
- Judgements involving the calculation of the other post-employment benefit (OPEB) liability and related transactions.

We evaluated the key factors and assumptions used to develop the fair value measurement and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of investment fair value in note 2 to the financial statements
- The disclosure of pensions in note 7 to the financial statements.
- The disclosure of OPEB in note 8 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. Professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated November 2, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Davis Fere LLP

Irvine, California
November 2, 2022

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Municipal Water District of Orange County
18700 Ward Street
Fountain Valley, California

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Municipal Water District of Orange County (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The following item has been identified as a recommendation to the District and does not represent a significant deficiency or material weakness:

IT Environment

During our audit, we performed a review of the District's information systems internal controls. We noted the following area where controls could be strengthened:

The District has a single information technology full time employee supporting approximately 50 District personnel. It was noted during inquiry that the Chief Information Officer (CIO) retired approximately 3 years ago. The District is training a Finance staff to act as a backup for certain IT functions.

Recommendation

As a best practice, the District should consider the following:

Determine if an additional full-time employee is required to support the District. Another option, if a full-time employee is not deemed necessary, is to contract with a third-party IT services provider to act as a backup in the event the primary IT employee is no longer available.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Davis Farr LLP". The signature is written in a cursive, flowing style.

Irvine, California
November 2, 2022



CONSENT CALENDAR ITEM

November 16, 2022

TO: Board of Directors

FROM: Joe Byrne, General Counsel

SUBJECT: APPROVE CONTINUATION OF REMOTE MEETINGS PURSUANT TO AB 361 AND MAKE REQUIRED FINDINGS

STAFF RECOMMENDATION

That the Board of Directors vote to continue virtual meetings pursuant to AB 361 for an additional 30 days based on the findings that (1) it has reconsidered the circumstances of the state of emergency for COVID-19, and (2) state and local officials continue to impose or recommend measures to promote social distancing.

COMMITTEE RECOMMENDATION

This item was not presented to a Committee.

SUMMARY

At the October 4, 2021 Board meeting, pursuant to AB 361, the Board of Directors adopted Resolution No. 2115 and authorized the Board to continue to have remote meetings based upon the continued state of emergency for COVID-19 and the finding that state and local officials have imposed or recommended measures to promote social distancing. At the past several meetings, including the November 2, 2022 Board meeting, the Board voted to continue such remote meetings for additional 30 day periods. As previously indicated, if the Board wishes to continue to hold remote meetings pursuant to AB 361, and assuming a state of emergency still is in place, it must make similar findings within every 30 days.

At the time this report was prepared, there is a continued state of emergency for COVID-19 and state and local officials continue to recommend measures to promote social distancing. This item is on the Agenda for the Board to consider whether to continue remote meetings pursuant to AB 361 for an additional 30 days and to make the appropriate findings.

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



ACTION ITEM
November 16, 2022

TO: Planning and Operations Committee
(Directors Tamaribuchi, McVicker, Nederhood)

FROM: Robert Hunter, General Manager

Staff Contact: Heather Baez

SUBJECT: MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE

STAFF RECOMMENDATION

Staff recommends the Board of Directors review and adopt the updated Legislative and Regulatory Policy Principles for 2023.

COMMITTEE RECOMMENDATION

The Committee will review this item on November 14, 2022 and make a recommendation to the Board.

REPORT

MWDOC maintains a set of legislative policy principles that serve as guidelines for staff and our legislative advocates on issues that are of importance to the District. The policy principles here are a culmination of current policies and initial changes recommended by staff from all departments within the agency.

Staff solicited feedback from the Board, member agencies, as well as any additional input from MWDOC Department Managers, and updated the document accordingly.

At the September P&O Committee, it was recommended that staff further streamline the full document as it has become overly long and redundant in many sections over the years. At the October P&O Committee, staff was given direction to make the following edits:

- Strike “and other infrastructure” from Imported Water Supply, #1(d)

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

- Strike proposed new policies related to non-functional turf from Water Use Efficiency and Distribution System Water Loss, #8 and #8 alternative
- Add “such as an Emergency Operations Center” to Emergency Response #3
- Add language to the Overall Policy that emphasizes water reliability and delivery, local control, and the protection of private property rights.

All updates and feedback received have been incorporated to the attached document. The focus of this month’s action is for staff to receive input from the committee on the updated, draft policy principles to advance the Board’s objective of establishing legislative and regulatory policy principles to help guide for both our federal and state legislative programs.

BOARD OPTIONS

Option #1

- Adopt the Legislative and Regulatory Policy Principles as updated for 2023

Fiscal Impact: None

Business Analysis: The updated Legislative and Regulatory Policy Principles enable the Board, staff, and MWDOC’s legislative advocates to work in Washington D.C. and Sacramento to further the District’s goals and interests that benefit Orange County. Updating them yearly allows for the inclusion of new and/or additional issues that arise throughout the previous year.

Option #2

- Do not approve the Legislative and Regulatory Policy Principles as updated for 2023

Fiscal Impact: None

Business Analysis: MWDOC’s Board, staff, and legislative advocates would continue to operate under the approved Legislative and Regulatory Policy Principles adopted in 2022, potentially hampering their ability to advocate on certain issues.

STAFF RECOMMENDATION

Option #1

Attached: **Draft Legislative Policy Principles for 2023**

Municipal Water District of Orange County **Legislative and Regulatory Policy Principles**

OVERALL POLICY

~~Legislation and regulations addressing water resource management issues should be guided by local and regional water resource officials with knowledge and experience in addressing opportunities, threats and needs for success within the water industry.~~

Legislation and regulations concerning water resource management should focus on high-level goals and defer to local water managers on matters of implementation, and in determining which options to conserve water and secure a reliable water supply best fit their district or region. Legislation and regulations should also respect private property rights and not attempt to dictate specific actions to conserve water to property owners.

IMPORTED WATER SUPPLY

It is MWDOC's policy to support legislation, regulations and administrative actions that:

1) ~~Facilitates the implementation of~~ a Sacramento-San Joaquin Delta Improvement program, such as the Delta Conveyance Project that addresses the co-equal goals of reliable water supply, improve water quality, and ecosystem restoration, and related policies ~~that to~~ provide long-term, comprehensive solutions ~~for the San Francisco Bay/Sacramento-San Joaquin River Delta that:~~

- a) Improves the reliability and quality of water delivered through the Delta;
- b) Employs validated sound scientific research and evaluation ~~to advance the co-equal goals of improved water supply and ecosystem health and sustainability;~~
- c) Expedites the completion of the State Water Project and EcoRestore through the use of state, federal and user funding sources ~~initiative~~;
- d) Encourages regular infrastructure maintenance and upkeep of the levees and other infrastructure;
- e) Deals with the issue of loss of storage of water in the mountain areas in the form of snow.

2) Resolve supply conflicts on the Colorado River, protects Metropolitan's and California's rights to supply and storage and allows flexibility, promote longterm balance between supplies and demands, promote funding, promote coordination between states for the

~~salinity control program, and support funding to resolve issues with the Salton Sea, in the negotiations of the 2026 management guidelines including actions that:~~

- ~~a) Promote continued federal funding and coordination between states for the Colorado River Basin Salinity Control Program under the Federal Departments of Agriculture and Interior.~~
- ~~b) Protect and preserve Metropolitan Water District of Southern California's interest in binational water conservation programs.~~
- ~~c) Promote continued coordination between states for the Colorado River Basin Salinity Control Program, including work to secure funding for the continued operation of USBR's Paradox Valley salinity control project to reduce salt loads to the Colorado River~~
- ~~d) Resolve issues with the Salton Sea with key funding to be provided by the State and Federal sources.~~

Staff Note: Subsections combined into one

~~3) Authorizes, appropriates, and expeditiously distributes the state and federal share of funding to improve the State Water Project and EcoRestore initiative.~~ **Staff Note: Redundant**

4) Supports the completion of the Central Valley Project (CVP) which may include the construction of conveyance facilities in the Sacramento-San Joaquin Bay Delta ~~and the raising of Shasta Dam.~~ **Staff Note: If this issue comes up, it will be taken to the Board for consideration**

LOCAL WATER RESOURCES

It is MWDOC's policy to support legislation and regulation that:

- 1) Supports the development of, provides funding for, and authorizes and/or facilitates the development and expanded use of local water resources, such as cost-effective, water recycling, potable reuse, conservation, water use efficiency, groundwater recovery and recharge, storage, brackish and ocean water desalination and surface water development projects where water supply quality and/or reliability is improved and the beneficiaries of the project pay for the portions of the project not funded by state or federal funds.
- 2) Reduces and/or streamlines regulatory burdens. Including those on augmented or alternative water supply projects, and provides protections for the use of these supplies during water supply shortages, through incentives, exemptions or provisions of credit during state-mandated reductions.
- 3) Supports ecosystem restoration to improve the water resources, increased stormwater capture where the capture avoids impact to others, and sediment management activities that are cost-effective and enhance the quality and/or reliability of water supplies.

4) Support the inclusion of environmental infrastructure projects the Army Corps of Engineers must consider in its Report to Congress.

~~5) Allows Investor Owned Utilities to invest in redundancy and reliability projects.~~ **Staff Note: If this issue comes up, would be taken to the Board for consideration**

~~6) Encourages the State and Federal government to foster investments in water quality, storage, and/or reliability projects.~~ **Staff Note: Redundant**

7) Recognizes that desalinated water, recycled water, and potable reuse are important components of water use efficiency and drought resiliency.

8) Promote science-based and peer-reviewed standards; take economic feasibility and impact into consideration, respect existing water rights, include reasonable time for implementation and compliance, and, be subject to Legislative oversight and review biennially.

9) Authorizes, promotes, and/or provides incentives for the development of extraordinary emergency water supplies for voluntary use by local water agencies during times of drought or water shortages.

~~10) Is inclusive of transparent collaboration techniques for legislation and regulation regarding water use efficiency.~~ **Staff Note: Captured in the Water Use Efficiency section below**

WATER STORAGE

It is MWDOC's policy to support legislation and regulation that:

1) Supports "beneficiaries pay" for water storage that ensure full cost recovery.

2) Supports the siting and construction of surface storage in Southern California, which is sited to receive either State Water Project (SWP) or Colorado River Aqueduct (CRA) supplies.

3) Supports funding at the state and federal level for surface and groundwater storage to deal with the loss of storage in the mountains in the form of snow, including reauthorization and expansion of the WIIN Water Storage Program and bifurcation of Surface and Groundwater Storage Funding at the state and federal levels.

4) Supports the development of both a state and federal funding program to provide funding for local and regional dam safety/improvement projects and programs to repair conveyance facilities that have been damaged due to subsidence.

WATER USE EFFICIENCY AND DISTRIBUTION SYSTEM WATER LOSS

It is MWDOC's policy to support legislation and regulation that:

1) Furthers increasing reasonable water use efficiency, throughout the state, and— water conservation for local, regional, or statewide emergencies.

2) Would allow flexibility and fosters local and regional collaboration to develop and implement options for compliance in achieving statewide water reduction goals.

3) Seeks to cost-effectively improve water efficiency standards and policies for water-using devices such as, but not limited to, the EPA Water Sense Program and Cal Green Building Standards.

4) Reasonably improves Commercial, Institutional and Industrial (CII) water use efficiency programs while preserving community choice and the local economy.

5) Provides financially appropriate incentives, funding, and other assistance to facilitate market transformation and gain wider implementation of water-efficient indoor and outdoor technologies and practices.

6) Recognizes and protects local control, and recognizes past investments, and incentivizes future investments by agencies and customers in water use efficiency measures, especially from the demand—hardening perspective including that, which decreases non-beneficial outdoor water use. Staff Note: Edits recommended by MWDOC staff and Mesa Water District

7) Provides federal and state tax exemptions for water conservation or efficiency incentives for measures including, but not limited to, turf replacement~~removal~~, devices, and other measures to reduce consumption of water or enhance the absorption and infiltration capacity of the landscape.

~~8) Recognizes the authority of local municipality's right to determine functionality of landscape material, and maintain the utilization of recycled water for landscape irrigation as a beneficial use.~~ Staff Note: Recommended by MWDOC staff.

~~Alt 8) Protects landowners' choice to include functional turf in outdoor landscapes, including turf that is: low water using*; irrigated for health and safety needs; irrigated with recycled water; on/near perennial non-turf plantings or trees; and/or, used for events, pet relief, or recreation/sports. *Low water using turf has a plant factor of 0.3 or less, with irrigation that uses less than 40% of reference evapotranspiration.~~ Staff Note: Recommended by Mesa Water District

It is MWDOC's policy to oppose legislation or regulations that:

1) Places ~~s~~ unreasonable conservation measures on residential, commercial, industrial and institutional customers that would negatively impact water affordability or limit the potential for economic growth.

2) Requires ~~s~~ water efficiency standards or performance measures that are infeasible, not practical or fail to have a positive cost-benefit ratio when comparing the cost of meeting the standard or implementing the performance measure with the value of the volume of water saved.

WATER QUALITY AND ENVIRONMENTAL IMPACTS

It is MWDOC's policy to support:

- 1) Legislation that protects the quality of surface water and groundwater including salinity management and the reduction of salt-loading to groundwater basins.
- 2) The establishment and/or implementation of standards for water-borne contaminants based on sound science and with consideration for cost-effectiveness.
- 3) A science-based regulatory process that has been established under the Safe Drinking Water Act and that considers feasibility, benefits and cost, and is the best approach for any consideration and development of drinking water regulations to address any contaminant or family of contaminants, including per- and polyfluoroalkyl (PFAS).
- 4) The investment in the development of analytical methods to more reliably and accurately measure various contaminants, including PFAS, in drinking water.
- 5) Administrative/legislative actions to improve clarity and workability of CEQA, and eliminate other duplicative state processes.
- 6) Streamlining water, recycled and desalinated water, wastewater ~~projects~~, and/or environmental restoration projects, from the California Environmental Quality Act (CEQA).
- 7) Administrative, legislative and/or regulatory actions that p~~rovides~~ liability protections to public water districts, and related wholesale water providers, seeking to consolidate with or serve as the administrator for troubled water systems that cannot consistently demonstrate that they are able to provide safe, clean and reliable water supplies to their customers.
- 8) State-funded groundwater basin contamination studies and associated economic or environmental impacts.
- 9) ~~Supports the e~~Efforts by the water industry to promote policies that enhance the pace and scale of headwaters and forest management, including improved planning, coordination, and implementation; increase financing, research, and resources to protect water supply and quality; bring management practices in line with modern challenges; and provide multiple benefits to the State's water users.
- 10) ~~Support the~~The eradication and prevention of invasive species from becoming established in or around water supplies.
- 11) Legislation and/or regulations that enforce against cannabis growers' water theft and/or negative impacts to water quality.

It is MWDOC's policy to oppose:

- 1) Legislation or regulation that would mandate an unscientifically supported federal or state maximum contaminant level, or that would ~~mandate~~ing an artificial deadline for promulgating a maximum contaminant level for drinking water.

2) Legislation, regulation or other policy that would hold drinking water and wastewater facilities liable for PFAS contamination caused by third parties; or that does not clearly state that the party directly responsible for the PFAS pollution is solely liable for the costs associated with the contamination cleanup.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

It is MWDOC's policy to oppose legislation or regulation that:

1) Compromises the existing governance structure and the representation of member agencies on the Metropolitan Water District Board of Directors.

2) Would restrict MET's rate-making ability.

WATER TRANSFERS

It is MWDOC's policy to support legislation and regulation that:

1) Encourages and facilitates voluntary water transfers, or streamlines the transfer approval process.

2) Provides appropriate protection or mitigation for impacts on the environment, aquifers, water-rights holders, and third-parties to the transfer, including those with interests in the facilities being used.

It is MWDOC's policy to oppose legislation or regulation that:

1) Undermines the operations and maintenance of the conveyance system conveying the water.

2) Interferes with the financial integrity of a water utility, or compromises water quality and/or reliability.

WATER INFRASTRUCTURE FINANCING AND PROJECT FUNDING

It is MWDOC's policy to support legislation and regulation that:

1) Employs a "beneficiary pays" principle that establishes a clear nexus between the costs paid to the direct benefit received.

2) Reduces the cost of financing water infrastructure planning and construction, and establishes grants or other funding and finance opportunities.

3) Considers local investments made in infrastructure, programs, mitigation and restoration in determining appropriate cost-shares for water infrastructure, and project investments.

It is MWDOC's policy to oppose legislation or regulation that:

- 1) Establishes a fee or tax that does not result in a clear and proportional benefit to the District, its member agencies, and their customers.
- 2) Would reduce the total available water infrastructure financing measures such as WIFIA, state-revolving funds, and others.

ENERGY

It is MWDOC's policy to support legislation or regulation that:

- 1) Facilitates the development and expansion of clean, and cost-effective renewable energy in California, and recognizes hydroelectric power as a clean, renewable energy source and that its generation and use meets the greenhouse gas emission reduction compliance requirements called for in the Global Warming Solutions Act of 2006 (AB 32 and SB 100).
- 2) Facilitates voluntary and cost-effective local investments in renewable energy, energy management and storage, and energy efficiency which improve the water-energy nexus and reduce local agency costs.
- 3) Provides water agencies greater flexibility to run backup generators to support critical facilities during energy crises, de-energization and PSPS events.

FISCAL POLICY

It is MWDOC's policy to support legislation or regulation that:

- 1) Allows retail water providers to voluntarily offer localized Water Rate Assistance Programs that comply with Proposition 218 of California's Constitution and/or are funded either voluntarily or via non-restricted/non-water-rates revenues.
- 2) Supports Proposition 13 as embodied in Article XIII A of the California Constitution, and oppose the "split roll" efforts that would increase property taxes on businesses.
- 3) Changes how inverse condemnation liability is determined for water service providers in order to limit water agency liability for impacts of wildfire.

It is MWDOC's policy to oppose legislation or regulation that:

- 1) Is inconsistent with the District's current investment policies and practices.
- 2) Pre-empts the District's or its member agencies' ability to impose or change cost-of-service-based water rates, fees, or assessments, or requires them to submit their rates or charges to any state agency for approval.
- 3) Impairs the District's or its member agencies' ability to maintain levels of reserve funds that they deem necessary and appropriate. Staff Note: Recommend by Mesa Water District

- 4) Makes any unilateral reallocation of District revenues, or those of its member agencies, by the state unless the state takes compensatory measures to restore those funds.
- 5) Mandates a specific rate structure for water agencies.
- 6) Imposes a “public goods charge” “water user fee”, or “water tax” on public water agencies or their ratepayers.

GOVERNANCE

It is MWDOC's policy to support legislation or regulation that:

- 1) Advances good government practices and public transparency measures in a manner that does not take a "one-size-fits-all" approach, respects local government control, and facilitates technological efficiencies to meet state reporting and disclosure requirements.
- 2) Supports or facilitates responsible programs, procedures, and methods that promote collaboration, transparency and open government.

It is MWDOC's policy to oppose legislation or regulation that:

- 1) Imposes unnecessarily broad burdens or new costs upon all local governments absent a clear and necessary benefit.
- 2) Reduces or diminishes the authority of the District to govern its affairs.
- 3) Resolves state budget shortfalls through shifts in the allocation of property tax revenue or through fees for which there is no direct nexus to benefits received.

PUBLIC EMPLOYEE PENSION REFORM

It is MWDOC's policy to support legislation that:

- 1) Seeks to contain public employee pension and other post-employment benefit (OPEB) cost obligations that are borne by public agencies via taxpayers and ratepayers.

EMERGENCY RESPONSE

It is MWDOC's policy to support legislation that:

- 1) Increases coordination on Homeland Security and emergency response efforts among the federal, state, and local governments with clearly defined roles and responsibilities for each.
- 2) Provides continued funding to enhance and maintain local Homeland Security infrastructure, including physical and cyber protection of critical infrastructure.

- 3) Ensures adequate funding for expenditures related to disaster response and all phases of emergency management; including [an Emergency Operations Center](#), the earthquake early notification system and efforts to enhance water infrastructure resiliency.
- 4) Strengthens intergovernmental planning and preparation coordination for emergency response and drills.
- 5) Enhances protection of information and cyber security for critical infrastructure through policy and funding for local efforts.
- 6) Supports water utility capability to notify customers of emergency protective measures through mass notification systems.
- 7) Properly recognizes water agencies' role in emergency response to wildfires and other natural disasters, where water service is needed or may be impacted, because water and wastewater services are essential public utilities that ensure public health and safety.



ACTION ITEM
November 16, 2022

TO: Board of Directors

FROM: **Planning & Operations Committee**
(Directors Tamaribuchi, McVicker, Nederhood)

Robert Hunter, General Manager
Staff Contact: J. Berg, Director of WUE

SUBJECT: Water Use Efficiency Programs Installation Verification Inspection Contractor

STAFF RECOMMENDATION

Staff recommends the Board of Directors authorize the General Manager to enter into a professional services agreement with Mission Resource Conservation District to perform Water Use Efficiency Programs Installation Verification Inspections over the next five years using a combination of grant awards, contributions from member agencies, and no more than \$50,000 per year from MWDOC's Choice Water Use Efficiency Program.

COMMITTEE RECOMMENDATION

The Planning & Operations Committee will review this item on November 14, 2022 and make a recommendation to the Board.

SUMMARY

Installation verification inspections are an important component of MWDOC's quality control of water use efficiency program implementation to ensure public funds are spent appropriately. The Mission Resource Conservation District (Mission) has been providing installation verification inspection services for MWDOC for many years. Mission is a not-for-profit organization and "non-regulatory unit of local government committed to helping property owners conserve natural resources on their land. Mission advises and assists private landowners and public agencies in the conservation and use of soil and interrelated resources including water, plant materials and wildlife."

These services include installation verification of smart timers, sprinkler nozzles, spray-to-drip irrigation, and turf removal at both residential and commercial properties and are funded primarily through grant awards to MWDOC from the Bureau of Reclamation and/or

Budgeted (Y/N): Yes	Budgeted amount: \$50,000	Core <u> </u>	Choice <u>X</u>
Action item amount: 5-year term		Line item:	
Fiscal Impact (explain if unbudgeted): Installation verification inspections will be funded through a combination of MWDOC choice funds not to exceed \$50,000 per year and by grants and contributions from member agencies.			

the Department of Water Resources, as well as contributions from MWDOC and member agencies. MWDOC's funding contribution is necessary to meet grant funding obligations.

Since existing Board authorizations with Mission are nearing completion and the Administrative Code requires competitive bidding every five years, staff conducted a Request for Proposals (RFP) process to hire a new inspection contractor.

DETAILED REPORT

Installation verification inspections are a standardized task included in every MWDOC grant application. Inspections are broken into two categories - device-based and area-based inspections. Device-based inspections target a random sampling of devices, such as irrigation timers and sprinkler nozzles, and are funded with a combination of MWDOC and grant funds.

Area-based inspections target every rebate applicant in the Turf Removal and Spray-to-Drip Rebate Programs and include pre- and post-retrofit inspections to verify eligibility and calculate rebate amounts. The area measured through an area-based inspection is used to calculate the rebate. For example, if 800 square feet of turf is removed, and the rebate is \$3/sqft, the rebate is \$2,400.

MWDOC administers the Turf Removal and Spray-to-Drip Rebate Programs on behalf of our member agencies. We require our member agencies to complete area based pre- and post-retrofit inspections on all applicants within their respective service areas. Member agencies have the option to utilize either their own staff to complete these inspections or MWDOC's installation verification inspection contractor. If an agency elects to utilize MWDOC's contractor, they are obligated to pay all associated costs. Currently, there are twelve agencies utilizing MWDOC's inspection contractor.

Staff prepared an RFP that defined the scope of work for installation verification inspections, including requirements for:

- Inspector training
- Inspection scheduling
- Device-based installation verification inspection procedures
- Area-based installation verification inspection procedures, and
- Reporting and invoicing

The Installation Verification Inspection RFP was distributed to eight prospective contractors on September 2, 2022, and was also posted to the MWDOC website. On September 15, 2022, a pre-proposal meeting was held in order to summarize the desired services and answer questions from prospective vendors. Three vendors attended this meeting. Staff received two proposals by the September 22, 2022 submittal deadline: one from Mission Resource Conservation District (Mission) and one from WaterWise Consulting, Inc. Staff convened an RFP review panel to review and score the proposals and make a recommendation to the Board. RFP review panel members included staff from MWDOC, the City of Brea, the City of San Clemente, and Moulton Niguel Water District.

The review panel evaluated the proposals in the following areas: Completeness and Organization of the Submittal; Understanding Approach/Scope of Work/Methodology; Team/Project Manager Experience/Capabilities; References/Record of Performance; Firm

Resources and Team Qualifications; and Cost. Each panel member scored each criteria from zero to 10. Scores from each panel member were then averaged and weighted by area into a final score for each proposal. Through this process, the panel found Mission to have the best combination of qualifications to provide these inspection services. MWDOC's experience with Mission over the past several years has been very positive. The quality of their work has been superior to other contractors, and their staff is professional and responsive to our needs.

As a result, it is the review panel's recommendation that the Board of Directors authorize the General Manager to enter into a professional services agreement with Mission to perform installation verification inspections over the next five years.

Funding for inspections will come from a variety of sources. Because of the 5-year term and varying program participation rates from year to year, staff is unable to provide a firm estimate of the total contract amount; however, an investment of nearly \$579,000 has been made over the past five years. We anticipate a similar investment for the next five years.

BOARD OPTIONS

Option #1: Staff recommends the Board of Directors authorize the General Manager to enter into a professional services agreement with Mission Resource Conservation District to perform Water Use Efficiency Programs Installation Verification Inspections for a term of up to five years.

Fiscal Impact: \$50,000 per year of MWDOC Choice funds, with the balance sourced from grant funding and contributions from Member Agencies.

Business Analysis: The Installation Verification Inspections will allow MWDOC to continue to provide high quality water use efficiency programs on behalf of its Member Agencies and the community, while ensuring that program funds are being used appropriately.

Option #2: The Board does not approve the staff recommendation.

Fiscal Impact: None

Business Analysis: MWDOC will no longer be able to ensure that program funds are being used appropriately.



ACTION ITEM
November 16, 2022

TO: **Planning and Operations Committee**
(Directors Tamaribuchi, McVicker, Nederhood)

FROM: **Robert Hunter, General Manager**

Staff Contact: Heather Baez

**SUBJECT: AUTHORIZATION TO VOTE ON BEHALF OF MWDOC ON ACWA'S
PROPOSED AMENDED AND RESTATED BYLAWS**

STAFF RECOMMENDATION

Staff recommends that the Board:

- Review the proposed bylaw amendments
- Authorize MWDOC Board President Megan Yoo Schneider or her designee, and an alternate, to cast the District's ballot at ACWA's Fall Conference on November 30, 2022
- Authorize staff to submit Voter Designation and Information Form to ACWA as required

COMMITTEE RECOMMENDATION

The Committee will review this item on November 14, 2022 and make a recommendation to the Board.

REPORT

There will be a General Session Membership Meeting at the ACWA 2022 Fall Conference on Wednesday, November 30, 2022, at 12:30 p.m. The meeting will be held in the Crystal Ballroom, Renaissance Esmeralda Resort Hotel, Indian Wells. The purpose of the meeting is to conduct a vote by the membership on proposed Amended and Restated Bylaws of the Association of California Water Agencies as recommended by the Board of Directors at its meeting on September 23, 2022.

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

Proposed Amended and Restated Bylaws

As part of ongoing efforts to ensure ACWA's Bylaws are current and reflect consistency with other governance documents and daily operations and to implement changes related to the election of ACWA's Board Officers, the Board of Directors is recommending proposed Amended and Restated Bylaws for consideration by the membership. Staff worked with Dale Stern, Downey Brand LLP, to prepare the proposed Amended and Restated Bylaws, which include the following changes:

- Amendments to clarify language and to reflect consistency with other governance documents and daily operations
- Amendments to implement changes to the Board Officers' election process as recommended by the Election Task Force
- Amendments to incorporate California Corporations Code provisions allowing meetings to be held by electronic communication
- Restructuring and reformatting to incorporate a new numbering system

Redline and clean versions of these amendments are attached.

Voting Process

Consistent with ACWA's Bylaws, Article 9, Section 5:

- Each member of the Association shall be entitled to one vote that shall be cast by its authorized representative.
- Voters must be present at the membership meeting to vote.

ACWA will be using a voting system called Live-Tally, which will allow voters to vote using a handheld keypad.

- Member agencies must indicate their voting representative and alternate on the attached Voter Designation & Information Form as well as provide all of the information identified on the form in order for ACWA to facilitate all aspects of the membership meeting and voting processes.

Deadline and Changes

The deadline for submitting the Voter Designation & Information Form is **Wednesday, November 23, 2022**. This form identifies both a voting delegate and an alternate voting delegate for the ACWA member agency. If for any reason the member agency desires for the alternate voting delegate to vote at the membership meeting in place of its designated voting delegate, the member agency must notify ACWA in advance of its exchange of voting delegates no later than 5:00 p.m. on **Tuesday, November 29, 2022**.

BOARD OPTIONS

Option #1

- Review the proposed changes to the ACWA bylaws and authorize MWDOC Board President, Megan Yoo Schneider or her designee and an alternate, to cast the District's ballot for the Proposed Amended and Restated Bylaws at ACWA's Fall Conference on November 30, 2022. In addition, authorize MWDOC staff to file the Voter Designation and Information Form with ACWA.

Fiscal Impact: None

Business Analysis: ACWA is the leading statewide organization representing water agencies in Sacramento and Washington D.C. Having all members participate in their bylaws review is a key function to its success. As members, MWDOC should participate in the review and voting process.

Option #2

- Take no action

Fiscal Impact: None

Business Analysis: MWDOC would not have an opportunity to vote for ACWA's updated bylaws.

STAFF RECOMMENDATION

Option #1

Attachments: General Session Membership Meeting Notification Memo
Proposed ACWA Bylaws Amendments – Redline Version
ACWA Voter Designation and Information Form

Via U.S. Mail and Electronic Mail

TO: ACWA Member Agency Board Presidents and General Managers
CC: ACWA Board of Director
FROM: Dave Eggerton, ACWA Executive Director
DATE: October 5, 2022
SUBJECT: Notice of General Session Membership Meeting — November 30, 2022

There will be a General Session Membership Meeting at the ACWA 2022 Fall Conference on **Wednesday, November 30, 2022, at 12:30 p.m.** The meeting will be held in the Crystal Ballroom, Renaissance Esmeralda Resort Hotel, Indian Wells. The purpose of the meeting is to conduct a vote by the membership on proposed Amended and Restated Bylaws of the Association of California Water Agencies as recommended by the Board of Directors at its meeting on September 23, 2022.

Proposed Amended and Restated Bylaws

As part of ongoing efforts to ensure ACWA's Bylaws are current and reflect consistency with other governance documents and daily operations and to implement changes related to the election of ACWA's Board Officers, the Board of Directors is recommending proposed Amended and Restated Bylaws for consideration by the membership.

Staff worked with Dale Stern, Downey Brand LLP, to prepare the proposed Amended and Restated Bylaws, which include the following changes:

- Amendments to clarify language and to reflect consistency with other governance documents and daily operations
- Amendments to implement changes to the Board Officers' election process as recommended by the Election Task Force
- Amendments to incorporate California Corporations Code provisions allowing meetings to be held by electronic communication
- Restructuring and reformatting to incorporate a new numbering system

Legal Affairs Committee (LAC) Chair, Jennifer Buckman, appointed LAC member, Doug Coty, to serve as the committee's representative to review the proposed Amended and Restated Bylaws and provide an analysis pursuant to ACWA Bylaws (Article 9, Section 8). The proposed Amended and Restated Bylaws reflect the LAC's recommended edits as adopted by the ACWA Board on September 23.

Redline and clean versions of the proposed Amended and Restated Bylaws are available on ACWA's website at the link listed below. The materials have also been emailed to member agency general managers and board presidents.

<https://www.acwa.com/2022-membership-meeting/>

Voting Process

Consistent with ACWA's Bylaws, Article 9, Section 5:

- Each member of the Association shall be entitled to one vote that shall be cast by its authorized representative.
- Voters must be present at the membership meeting to vote.

ACWA will be using a voting system called Live-Tally, which will allow voters to vote using a handheld keypad.

- Member agencies must indicate their voting representative and alternate on the attached Voter Designation & Information Form as well as provide all of the information identified on the form in order for ACWA to facilitate all aspects of the membership meeting and voting processes.

Deadline & Changes

The deadline for submitting the Voter Designation & Information Form is **Wednesday, November 23, 2022**. While this form identifies both a voting delegate and an alternate voting delegate for the ACWA member agency, if for any reason the member agency desires for the alternate voting delegate to vote at the membership meeting in place of its designated voting delegate, the member agency must notify ACWA in advance of its exchange of voting delegates by contacting the Senior Clerk of the Board Donna Pangborn at donnap@acwa.com or 916-669-2425 **no later than 5:00 p.m. on Tuesday, November 29, 2022**.

ACWA General Session Desk

ACWA staff will be available at the **ACWA General Session Desk**, located in the Crystal Ballroom Foyer, Renaissance Esmeralda Resort Hotel, on **Wednesday, November 30**, between **9:00 a.m. and 11:45 a.m.** to answer questions about the membership meeting and voting process.

Voters need to check in at the ACWA General Session Desk on Wednesday, November 30, between 10:00 and 11:45 a.m. to pick up handheld keypads.

If you have any questions regarding the proposed Amended Bylaws and Restated or voting process, please contact Senior Clerk of the Board Donna Pangborn at 916-669-2425 or donnap@acwa.com.

dgp

Attachments:

1. Voter Designation & Information Form
2. Proposed Amended and Restated Bylaws (redline version) – see website link above
3. Proposed Amended and Restated Bylaws (clean version) – see website link above



As recommended by the Board of Directors at its meeting on 9/23/2022.

AMENDED AND RESTATED BYLAWS of the Association of California Water Agencies

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(As amended and restated by the Members on November 29, 2017 , 2022)

ARTICLE 1 ~~Article 1~~ – General

Section 1.01. ¹Name. The name of this California nonprofit corporation shall be the Association of California Water Agencies (hereinafter referred to as the Association).

Section 1.02. Principal Office. The principal office for the transaction of business of the Association ~~is shall be~~ located ~~at 910 K Street, Suite 100, in~~ Sacramento, California; ~~provided, however, that the Board of Directors may change the location of the principal office by resolution and without amendment of these bylaws.~~

Section 1.03. Purposes. The purposes of the Association shall be to work together with its members and others for the best interests of California and its citizens and landowners who use, need and depend upon water; to encourage the orderly development of the waters of the state; to seek means of obtaining and making available to all of California a dependable water supply of the best possible quality at the lowest possible cost, giving due consideration to environmental factors involved therein; to provide inspiration and leadership in meeting and solving the water supply problems of this state; to propose and advocate such policies and measures—local, state and federal—that serve the best interests of the Association, opposing those of contrary nature; to assist in promoting the health, safety and welfare of the employees of its members; and to do all other things that are in the best interests of its members.

¹ Section numbers have been reformatted to incorporate a new numbering system throughout this document.

ARTICLE 2~~Article 2~~ – Membership and Dues

Section 2.01. Membership.

- (a) **Members.** Only a public district, public agency, or public organization created and operated for the purpose of controlling, treating, developing, acquiring, using or supplying water for any purpose for inhabitants or lands within the state of California, or for the protection, drainage or reclamation of lands within the state of California, may become a member of the Association. Such an entity will become a member upon written application, approval by the Board of Directors, and the payment of the required dues. Acceptance to membership shall authorize full participation in Association activities. Except as otherwise provided in ~~subsection~~ Section 2.01(b) below, in no case may an organization other than a state, a political subdivision (as defined in § 1.103-1(b) of the Income Tax Regulations) of a state or an entity the income of which is excluded from gross income under § 115 of the Internal Revenue Code be a member of the Association. A member of the Association shall be in good standing if in compliance with all bylaws and requirements of membership, including timely payment of annual dues and emergency assessments.
- (b) **Honorary Life Members.** Any person who has rendered conspicuous service in furthering the purposes of the Association may, by vote of the Board of Directors, be granted an honorary life membership in the Association without payment of dues or assessments. All past presidents of the Association shall automatically be honorary life members without vote of the Board of Directors. Honorary life members shall not be entitled to a vote or to hold office automatically because of their status as honorary life members.
- (c) **Termination of Members.** Membership shall cease upon the failure of any member to pay the dues provided for in Section 2.02 of this Article. The membership of any member may be terminated at any time by such member sending written notification of its intention to withdraw to the Association's principal office. The Board of Directors may terminate the membership of any member upon 30 days' written notice by first-class mail when it is determined at any regular Board meeting or at any special Board meeting called for that purpose that continuance of such membership would not be in the best interests of the Association. Withdrawal or termination of membership ends any participation in Association activities and shall terminate a member's interest in the Association's assets.

Section 2.02. Dues. The annual dues of each member of the Association shall be established by the Board of Directors; provided, however, that any member may apply for a change in its dues because of conditions that differentiate such applicant from other members.

Section 2.03. Liability of Members. No member shall be liable for any obligation incurred by the Association with the following exception: (1) the payment of the annual dues while it remains a member;

and (2) the payment of emergency assessments, which shall not exceed 10 percent of current annual dues for each member in any calendar year while it remains a member. No emergency assessment may be levied against any member during its first two years of membership in the Association.

ARTICLE 3~~Article 3~~ - Officers

Section 3.01. President and Vice President.

- (a) **General.** The president and vice president of the Association shall be the elected officers of the Association. At the time of their election the president and vice president shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association. The president and vice president shall be elected by the members of the Association ~~at its fall conference~~ by written ballot in each odd-numbered year ~~before the Association's annual meeting, shall be announced at the Association's annual meeting,~~ shall take office on January 1 of the calendar year following election, and shall hold office until such time as their successors take office or are appointed. An elected president shall not be permitted to succeed himself/herself to that office. Except as provided in this Article, should vacancies occur in either office of the president or vice president, the Board of Directors shall appoint persons to fill such offices for the unexpired terms thereof.
- (b) **President.** The president shall preside at all meetings of the Board of Directors, the Executive Committee, and the general membership; shall appoint members of all committees, including the chair and vice chair of each, upon recommendation from members and regions (as communicated by the region chairs), with each such committee chair and vice chair ratified by the Board of Directors; and shall perform all other duties necessary to carry out the functions of the office. The president shall be a non-voting *ex officio* member of each committee, but shall not be an *ex officio* member of the Nominating Election Committee or the region boards.
- The president may be expelled from office with or without cause, upon the satisfaction of the following two events: (1) a two-thirds vote of the Board of Directors; and (2) a subsequent simple majority vote of the members of the Association during a meeting of the membership.
- (c) **Vice President.** The vice president shall, in the absence of the president, assume all of the duties of that office and, if a vacancy occurs, succeed thereto for the unexpired term. The vice president shall sit as a member of the Executive Committee of the ACWA Joint Powers Insurance Authority and shall perform such other duties as assigned by the president.

Section 3.02. Executive Director/Secretary and Controller/Treasurer.

- (a) **General.** The executive director/secretary and controller/treasurer of the Association shall also be officers of the Association. The executive director/secretary shall be appointed by and hold office at the pleasure of the Board of Directors of the Association.
- (b) **Executive Director/Secretary.** The executive director/secretary shall: (1) advise and assist the Board of Directors, all committees, the boards of each region, and the workgroups of each region; (2) be responsible for administering the total operations of the Association; (3) employ, direct, and release all employed staff in accordance with the policies adopted by the Board of Directors and consistent with the budget adopted by the Board of Directors; (4) provide relevant information to the Board of Directors needed by the Board to take actions; (5) give members notice and record minutes of all meetings of the membership, Board of Directors, and Executive Committee; and (6) have such other powers and perform such other duties as may be provided and assigned by the Board of Directors directly or through the president of the Board or the Executive Committee. The executive director/secretary, with the assistance of the controller/treasurer, shall render a report to the Board of Directors at the first meeting following the close of each calendar year showing the membership of the Association, the receipts and expenditures during the year, and the work accomplished during the previous year.
- (c) **Controller/Treasurer.** The controller/treasurer shall report to and act under the direction of the executive director/secretary. The controller/treasurer shall be a signatory on all accounts held by the Association and shall act as a fiduciary for all assets of the Association.

ARTICLE 4~~Article 4~~ – Board of Directors

Section 4.01. Membership. The Board of Directors shall consist of:

- (a) The Association president and vice president.
- (b) The chair and vice chair of each region.
- (c) The chair of each standing committee.
- (d) The most immediate active past president.
- (e) The vice president of the ACWA/Joint Powers Insurance Authority.

Section 4.02. Term of Office. The term of office of all members of the Board of Directors shall commence on January 1 of the calendar year following election of the president and vice president, except for those persons who serve on the Board of Directors by nature of their position as chairs of standing committees, whose terms shall instead commence upon their ratification by the Board of Directors.

Except as provided in Article 4, Section 11, the term of office for all members of the Board of Directors shall terminate on December 31 of the following odd-numbered year two years later, or until their successors take office.

Section 4.03. Attendance Requirement. Any member of the Board of Directors who misses two consecutive regular Board meetings without being excused by the Board will no longer be a member of the Board of Directors.

Section 4.04. Regular Meetings. Regular meetings of the Board of Directors shall be held bimonthly at such times and places as the Board may determine.

Section 4.05. Special Meetings. Special meetings may be called by the president upon the president's own volition or shall be called by the president when requested in writing by five directors. Prior to conducting such a special meeting, the president shall consult with the Executive Committee to ensure that adequate information is available to the Board of Directors for any necessary decisions; and where such meeting is called upon the president's own volition, the president shall also consult with the Executive Committee as to the necessity of the special meeting. Notice for special meetings shall be provided in the following manner: (1) upon 10 days' written notice sent by mail to each director and addressed to each at the address as shown upon the records of the Association; or (2) upon 48 hours' notice with notice provided by electronic means. When the meeting is called upon the president's own volition, the president shall choose the form of notice; when the meeting is called by a request of five directors, the five directors shall choose the form of notice and the president shall promptly call the meeting. No business except those items described in the notice shall be transacted at any special meeting, except by consent of three-fourths of the members of the Board of Directors present.

Section 4.06. ~~Meeting Requirements and Quorums.~~ Meetings by Electronic Communication. Any meeting, regular of the Board of Directors, region boards, or special, any committee may be held conducted, in person whole or in part, by telephone ~~conference, web video conference, or other,~~ electronic transmission, or by electronic video screen communication. A member of the Board of Directors, a region board, or electronic transmission, any committee shall be deemed present in person at the meeting if the following apply:

- (a) Each director, region board, or committee member participating in the meeting can communicate concurrently with all other directors, region board, or committee members.
- (b) Each director, region board or, committee member is provided the means of participating in all matters before the board, region board, or committee, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Association.

Section 4.07. Quorum. At any meeting of the Board of Directors, the attendance of 50 percent of the voting members of the Board of Directors, or their permitted alternates as specified in these bylaws, shall constitute a quorum for the transaction of any business. The Board may hold a closed session for discussion of personnel matters or enforcement of violations of the code of conduct.

Section 4.08. Alternates. Each region shall designate an alternate for each chair and vice chair, who shall meet the qualification requirements for chair and vice chair, to act at meetings of the Board of Directors when the chair or vice chair is unable to attend. The vice chair of each standing committee will be the alternate to act at meetings of the Board of Directors when the [standing committee](#) chair is unable to attend. An alternate may not act or vote on behalf of more than one member of the Board of Directors. A member of the Board of Directors may not act as an alternate for any other member.

Section 4.09. Vacancies for Standing Committee Chairs and Vice Chairs. Should a vacancy occur in the office of any standing committee chair or vice chair before the end of the term, the president shall appoint a new committee chair or vice chair to fulfill the unexpired term of such committee chair or vice chair subject to ratification by the Board of Directors. A vacancy in the office of any such standing committee chair or vice chair as described in the previous sentence shall be deemed to exist when the chair or vice chair: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 4.10. Duties, Authorities, and Delegation. Subject to the provisions and limitations of California Nonprofit Corporation Law, other applicable laws, and the provisions of these bylaws, the Association's activities and affairs are to be exercised by or under the direction of the Association's Board of Directors. The Board of Directors is responsible for the overall supervision, control, and direction of the Association. The Board of Directors shall: (1) employ and release the executive director/secretary; (2) set performance expectations for the executive director/secretary; (3) receive, review, and consider approval of executive director/secretary recommended compensation, other terms and conditions of employment, and annual evaluations as prepared by the Executive Committee; (4) annually adopt a budget; and (5) set the level of dues for the Association. Except as to the duties listed in the previous sentence, and subject to Article 3, Section 2, the Board of Directors may delegate the supervision, control, and direction of the Association's affairs to any person or group, including a committee, provided the Association Board retains ultimate responsibility for the actions of such person or group. Where such powers are delegated, the delegation shall be documented in writing.

Section 4.11. Immediate Past President. The immediate past president automatically assumes this position after serving as the Association's elected president and is a voting member of the Board of Directors and Executive Committee. The term of office for the immediate past president shall commence on January 1 of the calendar year following election of the president and vice president and shall terminate on December 31 of the following odd-numbered year two years later. In the event the most immediate active past president is unavailable to serve, the most recent and available active past president in succession shall serve in this capacity.

Section 4.12. Code of Conduct of Board Members.

- (a) **Code of Conduct: Purpose and Adoption.** The Board of Directors shall establish, and update as appropriate, a code of conduct for its Directors that recognizes the

Association's commitment of integrity, respect, and fair representation to its members and the public they serve and establishes minimum ethical standards for the performance of the duties of office. The code shall be consistent with the procedural processes contained in this section. The code shall be distributed to all new Directors and shall be distributed annually to all members of the Association.

- (b) **Violations and Enforcement Process.** A violation of the code of conduct may result in removal, public censure, or private reprimand of a Director, or such other action as contained in the code of conduct. However, removal and public censure shall be reserved only for serious violations. A Director may not be removed or publically censured absent an affirmative vote of two-thirds of the voting members of the Board of Directors. A Director may be privately reprimanded for a violation of the code of conduct upon the majority vote of the quorum. Complaints of violation of the code of conduct may be filed with the president, or the vice-president if the allegations are made against the president. The president may refer a complaint of violation to the executive director/secretary for investigation. The executive director/secretary may retain a special investigator or special counsel to conduct or assist the investigation. A Director accused of a violation shall be provided a copy of the complaint. A Director that takes any hostile or retaliatory action, directly or indirectly, against a complainant is subject to removal from the Board in conformance with the process identified above. Prior to scheduling a Board action on a complaint, the president shall consult with the Executive Committee and the chair of the Legal Affairs Committee. A Director accused of a violation of the code of conduct shall be provided at least 15 days' written notice of any meeting of the Board at which a determination of enforcement will be considered. A determination of enforcement may be made only at a regular meeting of the Board and shall be made in closed session. The determinations of the Board under this section shall not be admissible in any criminal or civil proceeding brought against the Director for conduct that violates any other law.

ARTICLE 5~~Article 5~~ – Regions

Section 5.01. Boundaries of Each Region.

- (a) There shall be a maximum of 10 regions within the state. The Board of Directors shall determine the regional boundaries. Insofar as is practicable, the regions shall have a numerical balance in members of the Association; make geographic sense; and promote regional problem solving.
- (b) A member of the Association may file a written petition to the Board of Directors requesting a change in regions. Such petition shall set forth the reasons for such requested change. The Board shall, within a reasonable time, act upon such petition and set forth the reasons for its action. Such action by the Board shall be based on factors in

[Section 5.01](#)(a) above, as well as others deemed by the Board of Directors to be relevant to the decision.

Section 5.02. Officers.

- (a) The officers of each region shall be a chair and vice chair and three to five region board members who shall be elected by the region ~~by September 30, or the preceding Friday if September 30 falls on a weekend, of~~ in each odd-numbered ~~years~~year. A region may maintain a board of fewer than five but not less than three members as provided in the region's rules and regulations. The officers of the region board shall take office on January 1 of the calendar year following election and shall hold office for two years, or until their successors take office. Regions shall hold elections by electronic ballot. ACWA staff shall verify the legitimacy of the ballots.
- (b) The officers of each region shall: (1) exercise the powers and perform duties of the region during the interim between region meetings; and (2) make recommendations to the president regarding appointments to committees. The chair and vice chair shall be the region's representatives to the ACWA Board of Directors.
- (c) Each officer of a region shall be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the office, the individual may not serve during the remaining term of that office unless that individual can again meet the criteria for the office and is appointed to complete the term. The region board may adopt more stringent criteria for board member qualifications as part of the region's rules and regulations.
- (d) Should a vacancy occur in any of the region board positions before the end of the term, the remaining members of the region board shall appoint a new member. A vacancy in the office of any region board position shall be deemed to exist when a region board member: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 5.03. Nominating Committees. There shall be a nominating committee for each region consisting of three or more designees, each representing a member of the Association located within the region, appointed by the chair of the region and approved by the region board. Nominating committees shall be formed by February 28 of each odd-numbered year. ~~The nominating committee shall announce its nominations for chair, vice chair, and region board members by August 1 of an election year. All regions must complete the election process by September 30 of the election year, or the preceding Friday if the September 30 falls on a weekend.~~

Section 5.04. Meetings. The meetings of each region shall be held at both the spring and fall conferences and at such other times and places as may be determined by the region chair. Representatives of five or more members of the Association from the region present at any region meeting shall constitute a quorum for purposes of conducting the business of the region. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission, [as set forth in Section 4.06](#).

Section 5.05. Workgroups. Workgroups may be appointed by the region chair as needed.

Section 5.06. Rules. Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association. Each region shall abide by the code of conduct adopted by the Board of Directors of the Association.

ARTICLE 6~~Article 6~~ – Executive Committee

Section 6.01. Membership. There shall be an Executive Committee consisting of the following: the president of the Association, who shall be the chair thereof; the vice president; the most immediate active past president; the chair of the Finance Committee; and three at-large representatives selected from and by the members of the Board of Directors. The election of the three at-large representatives to the Executive Committee shall occur at the first Board of Directors meeting held in each even-numbered year and the elected representatives shall serve immediately following their election and until such time as their successors take office. To the extent practical, the Executive Committee should be constituted so as to reflect the geographic extent of the Association and the functions of the members of the Association.

Section 6.02. Powers. The Executive Committee shall have the following authority:

- (a) Personnel.** Subject to the budget adopted by the Board of Directors, the Executive Committee shall perform the following personnel actions: (1) recommend compensation for the executive director/secretary to the Board of Directors for approval; (2) perform annual reviews of the executive director/secretary and submit that review to the Board of Directors; (3) review and approve the classification and compensation plan and publicly posted salary schedule for Association employees submitted by the executive director/secretary, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors; (4) establish personnel policies for the conduct and behavior of employees, which shall be reviewable by the Board of Directors; and (5) undertake such other personnel actions as may be requested by the executive director/secretary in support of his or her oversight of all other personnel matters, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors.

- (b) **Delegation.** The Executive Committee may act pursuant to any authority specifically delegated to it by the Board of Directors. The delegation shall indicate whether the authority is still subject to the ultimate authority of the Board.
- (c) **Authority to Act Between Meetings.** The Executive Committee may act for the Board of Directors between Board meetings when calling a special meeting of the Board of Directors is impracticable, provided that no such action of the Executive Committee shall be binding on the Board of Directors until authorized or approved by the Board. The Executive Committee has the authority to authorize actions recommended by the Legal Affairs Committee (such as the filing of letter briefs and amicus curiae briefs) by electronic means without the need for an in-person or telephonic meeting, but such actions shall be ratified by the Board of Directors at its next meeting.

Section 6.03. Reporting. The president, or any person designated by the president, shall report to the Board of Directors, at each regular Board meeting, any action taken by the Executive Committee since the last preceding regular Board meeting. The minutes of Executive Committee meetings, which at that time may still be in draft form, shall be mailed (using the U.S. Postal Service, express delivery, electronic means, or otherwise) to each member of the Board of Directors at least five days prior to Board meetings, except in cases in which the Executive Committee meets during or immediately prior to a conference of the Association or immediately prior to a Board meeting, in which case the minutes, which may still be in draft form, shall be mailed to each director promptly thereafter.

Section 6.04. Meetings. The Executive Committee shall hold regularly scheduled meetings as set by the president. Special meetings of the Executive Committee may be called by the president upon notice to the members of that committee or upon written request of three Executive Committee members. Notice for special Executive Committee meetings shall be provided to the entire Board: (1) upon five days' written notice sent by mail, or (2) upon 24 hours' notice with notice provided by electronic means; and all such meetings shall be open to the Board of Directors. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission, as set forth in Section 4.06. All members of the Board of Directors may attend any meeting of the Executive Committee. Meetings of the Executive Committee may be closed to others at the discretion of the president or committee. Only members of the Executive Committee are allowed to vote on matters at a meeting of the committee.

Section 6.05. Minutes. The minutes of the Executive Committee meetings shall be kept by the executive director/secretary at the Association's principal office. Actions of the Executive Committee shall be reported to the Board of Directors as provided in Section 3 of this Article and shall be available to any member of the Board of Directors upon request to the executive director/secretary.

ARTICLE 7~~Article 7~~ – Standing Committees

Section 7.01. Qualification. In order to serve on any ACWA standing committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other

representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the appointment, the individual may not serve during the remaining term of that appointment unless that individual can again meet the criteria for appointment and is appointed to complete the term.

Section 7.02. Term of Office. The term of office of standing committee members shall be two years commencing on January 1 of each even-numbered year. The term of office of standing committee chairs and vice chairs shall be approximately two years and shall commence as soon after January 1 of the even-numbered year as they may be appointed by the president and ratified by the then-seated Board of Directors, and shall terminate on December 31 of the odd-numbered year approximately two years later or until their successors are appointed and ratified.

Section 7.03. Meetings. Meetings of standing committees may be called at such times and places designated by the respective chair thereof except where provided otherwise by these bylaws. [Any meetings of standing committees may be conducted, in whole or in part, by electronic transmission or by electronic video screen communication, as set forth in Section 4.06.](#) Subject to the provisions of these bylaws and any actions that may be taken by the Board of Directors, the chairs of each standing committee may establish their own rules for the efficient operation of the committee they each chair. The chairs of each standing committee are authorized to create subcommittees and workgroups in order to complete the work of the committee.

Section 7.04. Committee Composition. Each limited standing committee shall have a membership composition that is comprised of members in the quantity and with qualifications as defined by the provisions of these bylaws. The committee chair position shall not be included in the maximum count for determining the committee composition total of any given limited committee. The committee chair shall, however, be a voting member of their respective committees subject to the rules and procedures of each committee. [If the chair is absent, the vice chair shall fill the role of the chair during such absence.](#)

Section 7.05. Agriculture Committee. There shall be an Agriculture Committee whose duty it shall be to recommend Association policy, positions and programs to the Board of Directors, State Legislative Committee, Federal Affairs Committee or other committees, as appropriate, regarding agricultural issues affecting the interests of ACWA and its members. The committee shall consist of at least one member from each region.

Section 7.06. Business Development Committee. There shall be a Business Development Committee whose duty it is to develop and recommend to the Board of Directors programs and activities to be provided or administered by the Association that generate non-dues revenue and provide a service or benefit to member agencies. The committee shall consist of at least one member from each region and may include members from any of the other standing committees.

Section 7.07. Communications Committee. There shall be a Communications Committee whose duty it shall be to develop and make recommendations to the Board of Directors regarding a comprehensive internal and external communications program for the Association and to promote development of sound

public information and education programs and practices among member agencies. The committee shall consist of no more than 40 members. The committee shall consist of at least one member from each region.

Section 7.08. Energy Committee. There shall be an Energy Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one member from each region.

Section 7.09. Federal Affairs Committee. There shall be a Federal Affairs Committee whose duty it shall be to review all federal legislative proposals and regulatory proposals affecting member agencies, after consulting with other appropriate committees, and to develop Association positions consistent with existing policy, where it has been established; recommend sponsorship of bills that will resolve problems or improve conditions for member agencies; and assist in the establishment of the Association's federal legislative program. The committee shall consist of at least one, but no more than five members from each region.

Section 7.10. Finance Committee. There shall be a Finance Committee whose duty it shall be to make recommendations to the Board of Directors regarding annual budgets, dues formula and schedules and other revenue-producing income, annual audit and selection of an auditor, and investment strategies. The committee shall consist of the president and vice president of the Association as *ex officio* members, either the chair or vice chair from each of the Association's 10 region boards, and one additional member from each region with experience in financial matters.

Section 7.11. Groundwater Committee. There shall be a Groundwater Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one member from each region.

Section 7.12. Legal Affairs Committee. There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to member agencies, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the member agencies and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between 34 and 44 attorneys, each of whom shall be a member of the California Bar and shall be, or act as, counsel for a member agency, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. The committee shall consist of at least one member from each region.

Section 7.13. Local Government Committee. There shall be a Local Government Committee whose duty it shall be to recommend policies to the State Legislative Committee, as appropriate, and Board of Directors on matters affecting water agencies as a segment of local government in California. The committee shall consist of at least one, but no more than three members from each region.

Section 7.14. Membership Committee. There shall be a Membership Committee whose duty it shall be to assist staff in developing membership recruitment and retention programs, make recommendations to the Board of Directors regarding membership policies, eligibility, and applications for membership and review and make recommendations to the Finance Committee regarding an equitable dues structure. The committee shall consist of at least one member from each region.

Section 7.15. State Legislative Committee. There shall be a State Legislative Committee whose duty it shall be to review all state legislative proposals affecting member agencies and to establish Association positions, consistent with existing policy, where it has been established; sponsor bills that will resolve problems or improve conditions for member agencies; and assist in the establishment of the Association's legislative program. The committee shall consist of members representing a variety of types of member agencies and at least one, but no more than four members from each region.

Section 7.16. Water Management Committee. There shall be a Water Management Committee whose duty it shall be to recommend policy and programs to the Board of Directors on any area of concern in water management. The committee shall consist of at least one, but no more than four members from each region.

Section 7.17. Water Quality Committee. There shall be a Water Quality Committee whose duty it shall be to develop and recommend Association policy, positions, and programs to the Board of Directors, to promote cost-effective state and federal water quality regulations that protect the public health, to enable interested member agencies to join together to develop and coordinate with other organizations, and to present unified comments regarding agricultural and domestic water quality regulations. The committee shall consist of at least one member from each region.

ARTICLE 8 ~~Article 8~~ – Special Councils, Committees, and Task Forces

Section 8.01. Council of Past Presidents. There shall be a Council of Past Presidents composed of all past presidents of the Association who serve on the council until each is no longer able to or wishes to serve. The council shall provide a mechanism for past presidents to continue to make valuable contributions to the Association. With approval of the Board of Directors, the president and/or executive director/secretary may assign specific responsibilities to the council from time to time. Members of the Council of Past Presidents are invited to attend and participate in the Association's Board meetings.

Section 8.02. ~~Nominating Election~~ Committee. There shall be ~~a Nominating an Election~~ Committee consisting of ~~five or more persons appointed by the president prior to the Association's fall conference~~ eleven representatives established by February 28 of ~~in~~ each odd-numbered year, whose

purpose shall be to ~~nominate~~present qualified individuals for the offices of president and vice president of the Association. The ~~Nominating~~Election Committee shall ~~publish its nominations for the offices of yet all candidates to determine if the eligibility criteria have been met. The Election Committee will endorse a preferred candidate for~~ president and vice president ~~of the Association not less than 10 or more than 90 days before the membership meeting is held at fall conference. Additional nominations may be made by any member of the Association presenting an open ballot with all qualifying candidates to the members for candidates for the office of president a vote in the manner set forth in Section 9.10 and vice president. Additional nominations~~Section 9.11.

(a) Selection. The Election Committee shall be ~~made~~ selected in the following manner:

(1) Each of the 10 currently seated Region Boards in the odd-numbered year shall appoint a representative from ~~the floor~~ their respective regions to serve on the Election Committee.

(2) One representative appointed by the president in the odd-numbered year shall also serve on the Election Committee. Neither the president nor the vice president qualifies to be appointed to this position.

(b) Qualification. In order to serve on the Election Committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the election of president and vice president at the membership meeting scheduled for said purposes cycle, the individual may not continue to serve. When the disqualified member represented a Region Board, the affected Region Board shall select a replacement representative. When the disqualified member represented the President, the President shall select an alternate representative.

Section 8.03. Other Committees and Task Forces. Other committees and task forces may be appointed by the president from time to time as needed, consistent with and supportive of the mission of the Association.

ARTICLE 9~~Article 9~~ – Meetings of Members

Section 9.01. Meetings. Meetings of the members of the Association shall be held at the Association's conferences ~~at such times as may be determined by to provide a report to the Board of Directors to~~

~~conduct necessary business and to elect members on~~ the Association's activities during the past year, provide an overview of the Association's finances, announce the newly elected president and vice president, ~~which occurs at~~ of the fall conference Association in each odd-numbered year, ~~and to transact such other proper business as may come before the meeting.~~

Section 9.02. Special Meetings. Special meetings of the members of the Association may be called by the Board of Directors, the president of the Board of Directors, or by 5 percent or more of the members of the Association. Except when called by the Board, a request for a special meeting must be in writing and must be delivered in person or mailed by first-class mail addressed to the president of the Board at the principal office of the Association, with a copy to the executive director/secretary. The request must state the general nature of the business proposed to be transacted at the meeting.

A special meeting that has been called by written request of 5 percent of the member agencies of the Association to the Board of Directors shall be set by the Board of Directors on a date that is not less than 35 or more than 90 days after receipt of the request.

Section 9.03. Meetings by Remote Communication. ~~Any meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the Association or by electronic video screen communication. The member shall be deemed present in person at the meeting if the following apply:~~

- ~~(a) The Association implements reasonable measures to provide the member a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings.~~
- ~~(b) If any member votes or takes other action at the meeting by means of electronic transmission to the Association or electronic video screen communication, a record of that vote or action is maintained by the Association.~~
- ~~(c) The Association verifies that each person participating remotely is an authorized representative of a voting member.~~

~~Section 9.03.~~ **Section 9.04. Notice Requirements for Membership Meetings.** Written notice of any membership meeting shall be given to each voting member of the Association. The notice shall state the date, time, and place of the meeting; the means by which members may participate; and the general nature of the business to be transacted. ~~The notice of any meeting at which Board officers are to be formally nominated and elected shall include the names of the recommended slate of candidates for the offices of president and vice president in addition to the election procedures.~~ The member notification information shall also be posted on the Association's website.

Except as otherwise provided in these bylaws or California law, a written notice of regular membership meetings shall be given not less than 10 or more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote; provided, however, that if

notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting.

~~Section 9.04.~~**Section 9.05.** **Notice Requirements for Special Meetings.** The executive director/secretary shall cause notice to be given to all members of the Association of the date, time, and place of the meeting and the general nature of the business to be transacted at the meeting. No business except that specified in the request and notice may be transacted at said special meeting. If notice of the requested special meeting is not given within 20 days after receipt of the request, the person or persons requesting the meeting may give the notice.

~~Section 9.05.~~**Section 9.06.** **Voting.** Each member of the Association in good standing at the time of the annual or special meeting shall be entitled to one vote that shall be cast by its authorized representative. Each member must designate its authorized representative prior to the annual or special meeting. It is the member's responsibility to designate or update its authorized representative as needed. The Association may confirm with any member the identify of that member's authorized representative for the purpose of casting ballots in any election of president and vice president. All questions, except amendments or revisions of these bylaws, shall be determined by a majority of the members present and voting. A roll call may be requested by any authorized representative.

~~Section 9.06.~~**Section 9.07.** **Amendment of Bylaws.** These bylaws may be amended or revised by two-thirds of the member agencies of the Association present and voting at any meeting.

~~Section 9.07.~~**Section 9.08.** **Quorums.** The presence of the authorized representative of 50 members of the Association at any meeting of the members shall constitute a quorum for transacting business. Written ballots timely received from the authorized representative of 50 members shall constitute a quorum for elections of president and vice president.

~~Section 9.08.~~**Section 9.09.** **Amendments, Revisions, and Resolutions.** Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least 90 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association not less than 10 days or more than 90 days prior to presentation at such meeting. The written notice of the membership meeting shall be given to each voting member of the Association consistent with the provisions defined in Section 39.04. The 90-day rule may be suspended at any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections 59.06 and 6 of this Article 9.07.

~~Section 9.09~~Section 9.10. **Nomination of President and Vice President.**

- (a) Qualification. At the time of their election, the president and vice president of the Association shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association.
- (b) Nominating ~~Committee Process~~Resolutions. All nominations for the positions of president and vice president shall be accompanied by an official resolution from the Association member agency on whose board the nominee serves. Said resolution shall be signed by an authorized signatory of the member agency's Board of Directors.

~~Section 9.09 (a) Nominations from the Floor. Additional nominations may be made by any member of the Association for the office of president and vice president. Said nominations and seconds shall be made from the floor during the election of the offices of president and vice president at the membership meeting scheduled for said purposes (as provided for in the penultimate sentence of Article 8, Section 2). Such nominations and seconds shall be made by a member of the Association and must be supported by a resolution of the governing body of the member making and seconding such nomination. The member agency on whose board the nominee serves shall submit a resolution of support if they are not the agency making the floor nomination or second.~~

Section 9.11. Election of President and Vice President. Each member of the Association in good standing at the time a vote is cast is entitled to one vote for election of the president and vice president that shall be cast by its authorized representative by written ballot. The ballot and any related material may be sent by first class, registered, or certified mail or electronic transmission by the Corporation that meets the requirements of Corporations Code section 20, and responses may be returned to the Corporation by mail or electronic transmission. On any written ballot for the election of president or vice president, an authorized representative acting on behalf of the member may write in a qualified candidate for election.

Section 9.12. Write-In Candidates. If a write-in candidate prevails in any election for president or vice president, such individual shall not be officially elected into such position until the Election Committee confirms that the individual meets the eligibility criteria and qualifications requirements.

Section 9.13. Run-off Election for President and Vice President. In the event a nominee does not receive a majority of the votes for president or vice president, a run-off election shall be held for the office or offices for which a majority of the votes have not been received. The run-off election shall only involve the nominees who received the two highest amounts of votes. The run-off election shall be conducted in the same manner as the initial election.

~~Section 9.10~~Section 9.14. **Additional Procedures for Election of ~~Officers~~President and Vice President.** The Board shall have the authority to develop additional procedures~~adopt policies~~ for elections

("Election Policy") of president and vice president [setting forth the details for the election of such positions](#) when not otherwise [contrary to or](#) covered by these bylaws.

ARTICLE 10~~Article 10~~ – Indemnification of Directors, Officers, and Other Agents

Section 10.01. Right of Indemnity. To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

Section 10.02. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the Board shall authorize indemnification.

Section 10.03. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 10.04. Insurance. The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's or agent's status as such.

ARTICLE 11~~Article 11~~ – Miscellaneous

Section 11.01. Conduct of Meetings. All meetings of the Association shall be conducted in accord with the code of conduct and in substantial accordance with the latest edition of Robert's Rules of Order Newly Revised unless the Board adopts alternate rules of conduct for itself and/or its committees, region boards, and region workgroups.

Section 11.02. Funds. The funds of the Association shall be used to further the aims and purposes of this Association. They shall be kept by the controller/treasurer and paid out by checks or other electronic means, which shall only be valid with two authorized signatures. The Board of Directors shall designate

by resolution which persons, other than the controller/treasurer, may sign for expenditures. The Finance Committee shall implement procedures to ensure necessary internal controls over the receipt and expenditures of Association funds and arrange for an external audit. Audit reports shall be presented to the Board of Directors.

Section 11.03. Disposition of Assets upon Dissolution. The Association's properties and assets are irrevocably dedicated to the fulfillment of the Association's purposes as described in Article 2 of the Articles of Incorporation. No part of the Association's net earnings, properties and assets, on dissolution or otherwise, may inure to the benefit of any private person. Upon the dissolution of the Association, all debts thereof shall be paid and its affairs settled, and all remaining assets shall be distributed to the Association's member political subdivisions for a public purpose, consistent with the provisions of the California Nonprofit Corporation Law relating to public-mutual benefit corporations then in effect and with the Articles of Incorporation.

Section 11.04. Definitions. As used in these bylaws, the term "notice provided by electronic means" shall refer to notice given by fax or e-mail.

Amended comprehensively December 1, 2010

Amended May 9, 2012

Amended May 7, 2014

Amended December 2, 2015

Amended November 29, 2017

Amended & Restated _____, 2022

To: Donna Pangborn, Senior Clerk of the Board

Email: donnap@acwa.com

Fax: 916-669-2425

The person designated below will be attending the ACWA General Session Membership Meeting(s) on Wednesday, November 30, 2022 (and December 1, 2022 if necessary) as our voting delegate. Please designate an alternate voting delegate to facilitate any change to your voting representation at the meeting. To change your alternate, however, you must notify Donna Pangborn of the change no later than 5:00 p.m. on Tuesday, November 29, 2022.

Member Agency's Name

Agency's Phone No.

Print Member Agency's Authorized Signatory Name

Authorized Signatory Signature

Voting delegate must be present at the membership meeting to vote.

Voting Delegate's Name	Voting Delegate's Email	Voting Delegate's Phone No.
Alternate Voting Delegate's Name	Alternate Voting Delegate's Email	Alternate Voting Delegate's Phone No.
Voting Delegate's Affiliation (if different from assigning agency)*		Date

*If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above.



GENERAL MANAGER REPORT OF STAFF ACTIVITIES

November 2022

MWDOC AGENCIES MANAGERS MEETING

MWDOC held its Member Agency Managers' meeting via Zoom on Thursday, October 20, 2022.

In attendance were: M. McGee – Buena Park, D. Youngblood – EOCWD, D. Cafferty – El Toro WD, M. Sprague & H. Jin Lee – Fountain Valley, C. Pasillas – Garden Grove, A. Papa – Huntington Beach, P. Weghorst – Irvine Ranch WD, D. Atwater, J. Cruz, L. Rocha, & K. Young – Moulton Niguel WD, S. Catron – Newport Beach, A. Hutchinson – OCWD, J. Diaz – Orange, D. Rebensdorf – San Clemente, D. Ferons – Santa Margarita WD, I. Lee – Seal Beach, J. Vilander – Serrano WD, J. Lopez & R. Shintaku – South Coast WD, F. Paludi – Trabuco Canyon WD, S. Miller - Westminster, M. Toy & D. Davert – Yorba Linda WD

Staff attendance included: H. De La Torre, A. Heide, C. Lingad, C. Busslinger, V. Osborn, M. Baum-Haley, H. Baez, D. Anderson, and J. Berg, K. Hostert

General Meeting Information/Discussion Items:

- MWDOC Draft Agendas
- Status Update on Facilitated Discussions and Reserves
- Metropolitan Update
 - Non-functional Turf Update
 - Metropolitan Chair Election
- SWRCB Water Loss Performance Standards
- WEROC Update

Announcements:

- MWDOC Reserves Discussion

The next meeting will tentatively be held on November 17, 2022.

ENGINEERING & PLANNING

MEETINGS

- Charles Busslinger attended the California Coastal Commission meeting in San Diego on October 13, 2022, in support of South Coast Water District's Coastal Development Permit for the Doheny Desalination Project.
- Charles Busslinger attended the Southern California Salinity Coalition Salinity Management Summit on October 25, 2022.
- Charles Busslinger attended a meeting on October 27, 2022, regarding a concept presentation of a new desalination technology that claims to desalinate ocean water using very little energy. The patented technology includes a submersible reverse osmosis desalination apparatus that relies wholly upon hydrostatic pressure to drive seawater through the filter membranes and continuously desalinates seawater without using any submerged moving parts that would be subject to wear or breakage. The concept is still in the developmental stage.

RELIABILITY STUDY UPDATE

Staff has been working with consultant CDM Smith and Metropolitan Water District (MET) staff on an update to the 2018 OC Water Reliability Study (2022 OC Study). This update was launched because of significant changes in conditions since the publication of the 2018 OC Study. Updating the planning assumptions and understanding the implications will be useful to our staff, Directors, MET Directors, and member agencies for future decision considerations.

Preliminary findings were presented at the September 2022 P&O Committee.

Staff has additionally been asked to investigate and, if possible, include likely impacts of Sites Reservoir on State Water Project supplies. A preliminary investigation of Sites Reservoir indicates that the WEAP model used for the OC Study is not the appropriate model to analyze Sites Reservoir's benefits to the SWP.

Staff is currently working with MET staff to obtain CALSIM modeling results from the Sites Project Authority. Once these results are obtained, they can be analyzed and, if possible, included in the OC Study. This will push report completion to January 2023.

WATER USE EFFICIENCY STANDARDS ANALYSIS

On May 2, 2022, the Board approved entering into an agreement with Water Systems Consulting (WSC) and sub-consultant M. Cubed to complete an economic analysis of proposed State water use efficiency standards. MWDOC has partnered with SMWD to fund this project. There are four main components of the scope of work:

1. A customized version of the recently completed Urban Water Use Objective Analyzer (Model) developed by M. Cubed for the Department of Water Resources (DWR). M. Cubed customized the Model to allow individual retail

agencies to evaluate the impacts of the proposed standards on their operations and customers.

2. Evaluate the relative impact of the proposed standards on Disadvantaged Communities (DACs).
3. Evaluate compliance cost estimates for MWDOC retail water agencies with information on water service affordability.
4. Develop a web interface of the Model using a visual analytics platform (i.e., dashboard).

The updated Model has been completed.

Initial findings of the analysis were presented to MWDOC's member agencies on August 9, 2022. The study findings were presented at the September 14, 2022, A&F Committee meeting, where a draft report was also provided.

The next steps include including feedback from the A&F meeting and completing the web interface portion of the project to allow agencies access to the customized Water Use Objective Analyzer for their own evaluation and planning efforts.

DOHENY OCEAN DESALINATION PROJECT

South Coast Water District (SCWD) continues to develop the Doheny Ocean Desalination Project. SCWD estimates an online date of 2026 if approved by the SCWD Board.

SCWD held a Special Board Meeting on September 2, 2021, to discuss the financial implications of the project. Clean Energy Capital (CEC) presented a water cost analysis for the project where CEC presented cost projections for a 2 MGD project with an estimated 1st-year water cost of \$1,928/AF in 2021\$ and a 5 MGD project with an estimated 1st-year water cost of \$1,479/AF in 2021\$ (later updated to \$1,807/AF in 2027\$ vs. \$1,545/AF MET Rate in 2027\$).

On March 9, 2022, the San Diego Regional Water Quality Control Board approved the Tentative Orders related to the NPDES permits for discharge associated with the Doheny Desalination Project operation.

On October 13, 2022, the California Coastal Commission unanimously approved South Coast Water District's Coastal Development Permit to construct and operate up to a 5 MGD seawater desalination facility in Dana Point.

SAN JUAN BASIN AUTHORITY

The San Juan Basin Authority (SJBA) has been conducting a hydrogeology study of the San Juan Basin to understand better how groundwater flows through the lower portions of San Juan Basin under various conditions. How groundwater flows in the vicinity of Stonehill Drive is important due to potential impacts on pumping within the basin and may potentially influence pumping for the Doheny Desalination project.

A technical review panel consisting of three teams of hydrogeologists presented their preliminary findings at a special meeting on May 12, 2022. The presentation is available from the SJBA website: <https://www.sjbaauthority.com/meetings/meetings-2022.html> (2022-05-12 SJBA Board Meeting TRP).

The preliminary findings are:

1. The Basin behaves like two separate areas or 'buckets' that are connected by a bedrock ledge area in the vicinity of Stonehill Drive. The bedrock ledge operates similarly to a spillway, which, although not a boundary, somewhat restricts flows under normal groundwater conditions.
2. Groundwater flows through the bedrock ledge area (spillway) are greatly restricted between the upper and lower portions of the basin when groundwater levels are low. This occurs during dry or excessive pumping periods.
3. Pumping on either side of the spillway (north or south) influences portions of the basin on the other side of the spillway. Without recharge and with continued pumping, groundwater levels at the divide could decline precipitously.
4. Saline intrusion in the basin result from seasonal or longer-term declines in freshwater recharge coupled with pumping. Pumping to the north contributes by restricting the flow of freshwater across the spillway. Pumping south of the spillway exacerbates saline intrusion more than pumping to the north.

The Technical Review Panel is continuing additional geologic and geophysical assessment of the area and additional monitoring of groundwater levels and flow across the spillway. The next SJBA meeting is scheduled for September 28, 2022.

SHUTDOWNS

Upper Feeder

A recap of the completion of the Upper Feeder shutdown will be presented at this month's meeting.

Orange County Feeder

The purpose of the shutdown is to remove and dispose of the existing lining, reline the pipeline with cement mortar, weld straps, replace valves and install manholes on this 85+-year-old pipeline from the Willits Street Pressure Control Structure (north of South Coast Plaza) to the Irvine Cross Feeder (south of UC Irvine).

The Orange County Feeder shutdown began on September 18, 2022, and will continue through July 15, 2023. As described below, the shutdown schedule was revised to accommodate a requested schedule change for the Orange County Feeder Extension shutdown.

Orange County Feeder Extension

MET is preparing to reline the final 300 linear feet of the OC Feeder extension from the Irvine Cross Feeder to the terminus affecting the City of Newport Beach, Irvine Ranch WD, and Laguna Beach County WD.

LBCWD raised concerns about the shutdown timing given recent fire events. MET originally proposed shutdown dates for the extension of June 18, 2023 through July 14, 2023. MET worked with their contractor and rescheduled the shutdown to coincide with the shutdown work between Willits PCS and the Irvine Cross Feeder for January 3 – 31, 2023. The Contractor will engage four separate crews to complete the work as re-scheduled.

A meeting was held on September 6, 2022, with MWDOC staff, MET, and all affected agencies to discuss the shutdown. The affected agencies appreciated MET's flexibility and confirmed they could support the new shutdown dates.

Lake Mathews Facility Shutdown

The shutdown of the Lake Mathews Facility has been rescheduled for March 13-14, 2023. The following agencies will be affected during the shutdown: OCWD, YLWD, Serrano WD, IRWD, TCWD, ETWD, SMWD, MNWD, and the City of San Clemente.

Orange County Reservoir

The decommissioning of the Orange County Reservoir has been rescheduled to March 20, 2023, through March 25, 2023. This work will affect the cities of Brea and La Habra.

Diemer Water Treatment Plant

MET is planning to repair a chlorine diffuser pipe at the Diemer WTP, which will require a seven-day full-plant shutdown. Shutdown dates for the repair of the Diemer chlorine diffuser pipe are being reevaluated by MET staff at this time with consideration of the R6 Reservoir shutdown (below). A meeting was held on February 3, 2022, to inform MET of the agencies' local supply conditions for this calendar year. MET reported that the diffuser pipe was not an imminent failure risk.

Diemer also recently experienced a backwash valve failure in the filter backwash system. Two 48 filters will remain out of service through the summer, slightly limiting Diemer's maximum flow capacity by 4%.

Joint Transmission Main

South Coast WD will shut down the JTM from October 17-20, 2022, to replace a takeout meter located in Laguna Woods for ETWD. The plan is to increase flow on the South County Pipeline while staying within the AMP flow allocations during the shutdown. In the unlikely event that demands increase unexpectedly, a flow waiver for the AMP would be required.

R6 Reservoir Rehabilitation

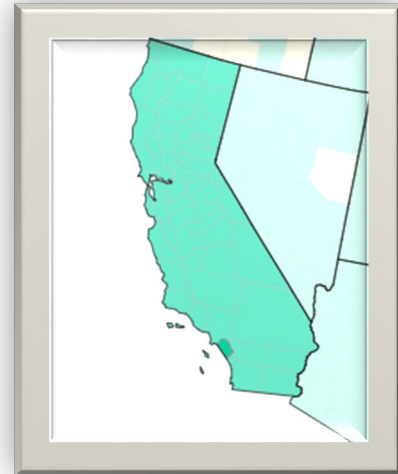
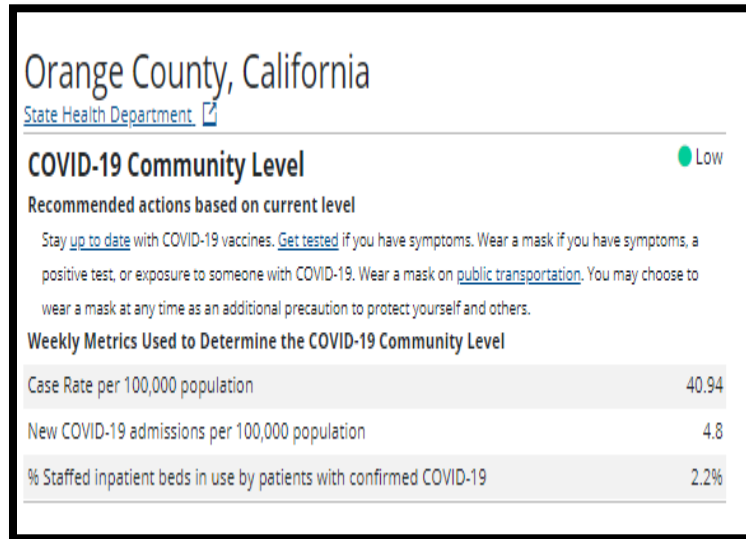
El Toro WD will shut down the 275 Million Gallon R6 Reservoir to replace the aging reservoir liner and cover. The reservoir will be offline from November 2022 through July 2023.

EMERGENCY PREPAREDNESS

COVID-19 (CORONA VIRUS) COORDINATION

- Orange County remains in the LOW-LEVEL rate of Community Spread

Current Data as of 11/4/22



FEDERAL PUBLIC HEALTH EMERGENCY EXTENDED TO JANUARY 2023

On 10/13/22, the Federal Public Health Emergency was extended for another 90 days until January 11, 2023

CALIFORNIA STATE OF EMERGENCY UPDATE

Governor Newsom to End the COVID-19 State of Emergency - February 28, 2023

FEMA PUBLIC ASSISTANCE

Once the Federal Public Health Emergency ends, the 60-day project submission clocks and those still wishing to enter a request for public assistance application.

AB 361 - Open meetings: state and local agencies: teleconferences.

For those agencies continuing to protect employees' safety with the provisions of the use of teleconference for Board Meetings, the following is still effect for the requirements of AB 361

- The California State of Emergency is still active
- As of the time of this report, the County of Orange Health Officer Order remained unchanged even with the CDC changes, still including Vulnerable Populations

and social distancing is still referenced in the Orange County Health Officer Order (9/23/22)

- ***For Vulnerable Populations.*** *In general, the older a person is, the more health conditions a person has, and the more severe the conditions, the more important it is to take preventive measures for COVID-19, such as getting vaccinated, including boosters, social distancing and wearing a mask when around people who don't live in the same household and practicing hand hygiene. For more information, see <https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/people-with-medical-conditions.html>.*
- WEROC continues to host monthly coordination calls with member agencies to provide updates regarding COVID and other items occurring in the OA.

OCTOBER/NOVEMBER INCIDENTS/EVENTS (NON-COVID)

****The following event(s) in which WEROC provided information and/or coordination.**

- Suspicious Activity (1 Agency)
- Water Impact (1 Agency)
- Weather Event/ Debris Flow Coordination Calls

Vicki can provide an additional oral update to WEROC activities specific to the event as required/requested.

COORDINATION/PARTICIPATION WITH MEMBER AGENCIES AND OUTSIDE AGENCIES MEETINGS OUTSIDE OF PROGRAMS AREAS AND EMERGENCY RESPONSE

- On 9/28, Dave and Janine attended the County/OA Technology Subcommittee Meeting
- On 10/4, Vicki attended the ISDOC Executive Committee Meeting.
- On 10/6, the WEROC Team attended the Monthly OCEDO meeting. Planning discussions focused on Aviation, Mass Fatality, and Mass Care and Shelter in addition to the normal subcommittee report-outs.
- On 10/6, Vicki and Dave attended the OCEDO Exercise Design subcommittee, which is starting planning for the 2023 Functional Exercise in May 2023. WEROC will be working with member agencies on participation in this exercise.
- On 10/7, Vicki attended the WACO meeting and provided the WEROC update.
- On 10/7, Vicki participated in the CalWARN kickoff meeting for the CalWarn Strategy Plan.
- On 10/10, Vicki met with OCFA and MNWD on the training and mapping project. Vicki provided a training bulletin to OCFA regarding WEROC and its services. Action items were developed, and a timeline to move forward. The outcome will be a video on the basics of water for recruits and engineers. Also discussed was providing the

line size for water pipes to hydrants to the existing mapping we already shared with the fire. As the project moves forward, we will provide more updates. One last outcome agreed upon is a coordination by WEROC to have a joint operations meeting with the Battalion Chiefs at least once a year so that interactions and networking can occur before an event. These meetings continue to develop a positive relationship with OCFA.

- On 10/10, I attended the weather update webinar with San Diego National Weather Service.
- On 10/11, Vicki attended the MVWD H2O for HOAs event. Vicki was part of an emergency preparedness panel.
- On 10/13, Vicki met with IRWD regarding AlertOC and IRWD joining.
- On 10.17, Vicki had a perp meeting with OCWD regarding their evacuation drill exercise
- On 10/19, Vicki and Dave evaluated the OCWD evacuation exercise.
- On 10/20. Vicki attended the MWDOC Managers Meeting.
- On 10.21, Vicki and Dave attended Director Dick's Inspection Trip.
- On 10/24, Vicki had a planning meeting with MNWD.
- On 10/27, Vicki attended the Mutual Aid Regional Advisory Council (MARAC) State Coordination meeting as the Region1 Public Utility Rep/Special District.
- On 11/1, Vicki, Dave, and Janine conducted the WEROC Quarterly Meeting with WEROC member agencies.
- On 11/1, Vicki conducted WEROC 101 course containing (see training section)
- On 11/3, Vicki, Dave, and Janine attended the monthly Orange County Emergency Management Organization (OCEMO) Meeting. The City of Fountain Valley Hazardous Material Incident Response presented the presentation, which included a water and wastewater issue.
- On 11/7, Vicki was part of the Bond Fire Debris Flow Coordination meetings based on the weather coming in.

PLANNING AND PROGRAM EFFORTS

AlertOC

Janine continues working with special district member agencies participating in the AlertOC program. In October, Janine hosted an AlertOC training, and we had over 25 participants.

Coastal Fire Reimbursement

Vicki continues to work with CalOES and FEMA on the FMAG for the Coastal Fire and trying to get the water used for the suppression an eligible claimable cost based on changes to Prop 218 concerning PUC 2713, AB 1432, and Governor EO N-10-19. This will be a long-term goal for WEROC to update this Law to align with Public Assistance in

the future as the state responded with a denial of water as a claimable cost under the citation of PUC 2713.

Vicki has had conversations with the Deputy Director of CalOES Recovery and will continue to work on this project.

Cyber Security

WEROC continues to send out important information to the Cyber Security Distribution Group as received from DHS or the OCIAC.

National Incident Management System

- Annual 2022 NIMS Implementation Assessment Survey due November 18th
- Other FEMA Guidance being evaluated and commented on by WEROC
 - NIMS National Qualification System
 - Restoration and Recovery
 - Economic Development Strategy and Hazard Mitigation Plan Alignment

Orange County Fire Authority Project

In partnership with MNWD, Vicki has been working with OCFA to create training videos for OCFA recruits and engineers. This is an ongoing project based on the needs of OCFA. Additionally, Vicki has provided a training bulletin regarding WEROC that was distributed to the Battalion Chiefs and Dispatch to aid with education about WEROC to help coordinate efforts for incidents.

Training and Exercises

On 11/1, Vicki conducted a WEROC 101, Mutual Aid/Assistance Request, and Resource Request Training (Paper & WebEOC). Approximately 20 people received this training in a Hybrid format.

Vicki has finalized the Agency Representative Training (AREP) as requested by the agencies. This course will assist agencies when they send someone to interact at an Incident Command post (ex wildland fire). Training will occur on November 14th in the city of Yorba Linda (In Person)

WEROC Recovery, Federal Disaster Programs (Public Assistance and FMAG), and Initial Damage Estimate (IDE) Introduction Training on November 10th (Virtual)

WEROC 101, Mutual Aid/Assistance Request and Resource Request Training (Paper & WebEOC) (Hybrid In Person and Virtual)

Vicki is collaborating with MET on an exercise at Diemer on November 17. This will establish a Multi-Agency Coordination (MAC) Policy Group coordination call to share information and allow agencies who have not been impacted by recent real world event

to see how this coordination will work. WEROC will be communicating with member agencies to establish a communications and coordination drill as part of the exercise.

WEROC Emergency Operations Center

75% of designs were received from the architect. The design phase will continue until completion.

Vicki met with an agency regarding some use of space. As this agency looks at its space use for future planning, WEROC will continue to discuss if this may be a viable alternative to the building of the WEROC EOC due to the funding discussions over the past few months.

WEROC Emergency Water Distribution Plan

At the quarterly meeting, Vicki distributed a draft plan that all the agencies can adopt and use for a tiered structure for water distribution based on the event's severity. Additionally, planning meetings with agencies will occur at the beginning of 2023, so the regional WEROC plan can be drafted based on the identified gaps and capabilities provided by agencies.

WEROC GIS Dashboard

At the WEROC Quarterly Meeting, Dave led the discussion with the agencies on creating a dashboard so agencies can access different resources for both planning and response purposes. This dashboard will bring together various open-source resources and water and wastewater information needs.

WEROC Planning Documents Updated in October

- WEROC Training Bulletin for OCFA
- WEROC Training, Planning, and Exercise Matrix 2023

WEROC Quarterly Meeting

Was held with member agencies was held on November 1st In Person

- Agenda included
 - Water Commodity Distribution Planning
 - Logistics Planning
 - Cyber
 - NIMS
 - Training and Exercise Plan Update
 - Monthly Tests
 - OA Exercise2023
 - GIS Solutions/Dashboard
 - Safety Center
 - AlertOC

- OA Planning Efforts

Operational Area and Member Agency Plan Review/Working Groups

Vicki has reviewed and provided written changes or feedback to the following Annexes/Plans. These are currently being reviewed in working group meetings focusing on 1-2 chapters at a time:

- Threat Hazard Identification and Risk Assessment (THIRA)
- Mass Care
- Mass Fatality
- Recovery
- Aviation

MET ITEMS CRITICAL TO ORANGE COUNTY

MET FINANCE AND RATE ISSUES

Water transactions for July 2022 totaled 141.3 thousand acre-feet (TAF), which was 10.8 TAF higher than the budget of 130.5 TAF and translates to \$133.6 million in revenues for July 2022, which was \$12.3 million higher than the budget of \$121.3 million.

As of July 31, 2022, Metropolitan's investment portfolio balance was \$1.3 billion.

On July 7, 2022, Metropolitan issued \$279,570,000 Water Revenue Refunding Bonds, 2022 Series A. Bond proceeds were used to refund portions of outstanding revenue bonds, other debt obligations, and fund costs of issuance. Average annual debt service savings of approximately \$3.2 million per year will be realized over the 15-year term of the bonds.

On July 27, 2022, Metropolitan issued \$253,365,000 Water Revenue Refunding Bonds, 2022 Series B, and \$282,275,000 Water Revenue Refunding Bonds, 2022 Series C (Taxable). This will provide average annual debt service savings of approximately \$1.8 million per year over the 18-year term of the bonds. Bond proceeds were used to refund portions of outstanding revenue bonds and fund issuance costs.

MET INTEGRATED RESOURCES PLAN UPDATE

To provide member agency access to an equivalent level of water supply reliability through the necessary adaptive implementation of the IRP findings:

- The Board approved the Call to Action to support reliable and equitable access to water and storage across the six-county service area. Agencies in the SWP-dependent area continue to operate within the Emergency Water Conservation Program, remaining on target for full use of SWP supplies through August. The metropolitan staff made progress on planning for facility modifications to expand the use of the Colorado River throughout the Metropolitan system.
- Alongside ongoing Colorado River negotiations, Metropolitan collaborated with several urban water agencies in Nevada and Colorado to sign an MOU that commits to further water conservation and efficiency efforts and expand water reuse. The MOU has been transmitted to the Bureau of Reclamation, with additional information to be provided in the coming months about specific steps to be taken by each organization.

To advance the long-term reliability and resilience of the region's water sources through a One Water approach that recognizes the interconnected nature of imported and local supplies, meets both community and ecosystem needs, and adapts to a changing climate:

- Metropolitan staff began a study to evaluate potential stormwater targets for the IRP and focused on stormwater strategic planning efforts.
- Phase 2 has been initiated for the Delta Island Adaptation project to develop conceptual plans for alternative land uses on Metropolitan's Bouldin Island.

Water reserves continued to be managed according to Water Surplus and Drought Management (WSDM) principles, operational objectives, and the current 5 percent State Water Project (SWP) allocation. Deliveries of SWP supplies were minimized to preserve SWP Carryover and Flexible Storage. Releases from DVL through PC-1 to connections on the Lakeview Pipeline and the DVL to Mills plant operation continued in August to conserve SWP use in that area. Returns from the Semitropic and Kern Delta SWP Banking Programs also continued in August. Metropolitan staff continued Greg Avenue pump operations to minimize SWP usage by about 3,300 AF per month. In addition, Metropolitan staff continued coordination with member agencies, shifting their deliveries from SWP connections to Colorado River water connections when possible. Metropolitan staff continues to develop additional drought mitigation actions to help with the low SWP allocation in 2022.

MET'S SUPPLY CONDITION UPDATE

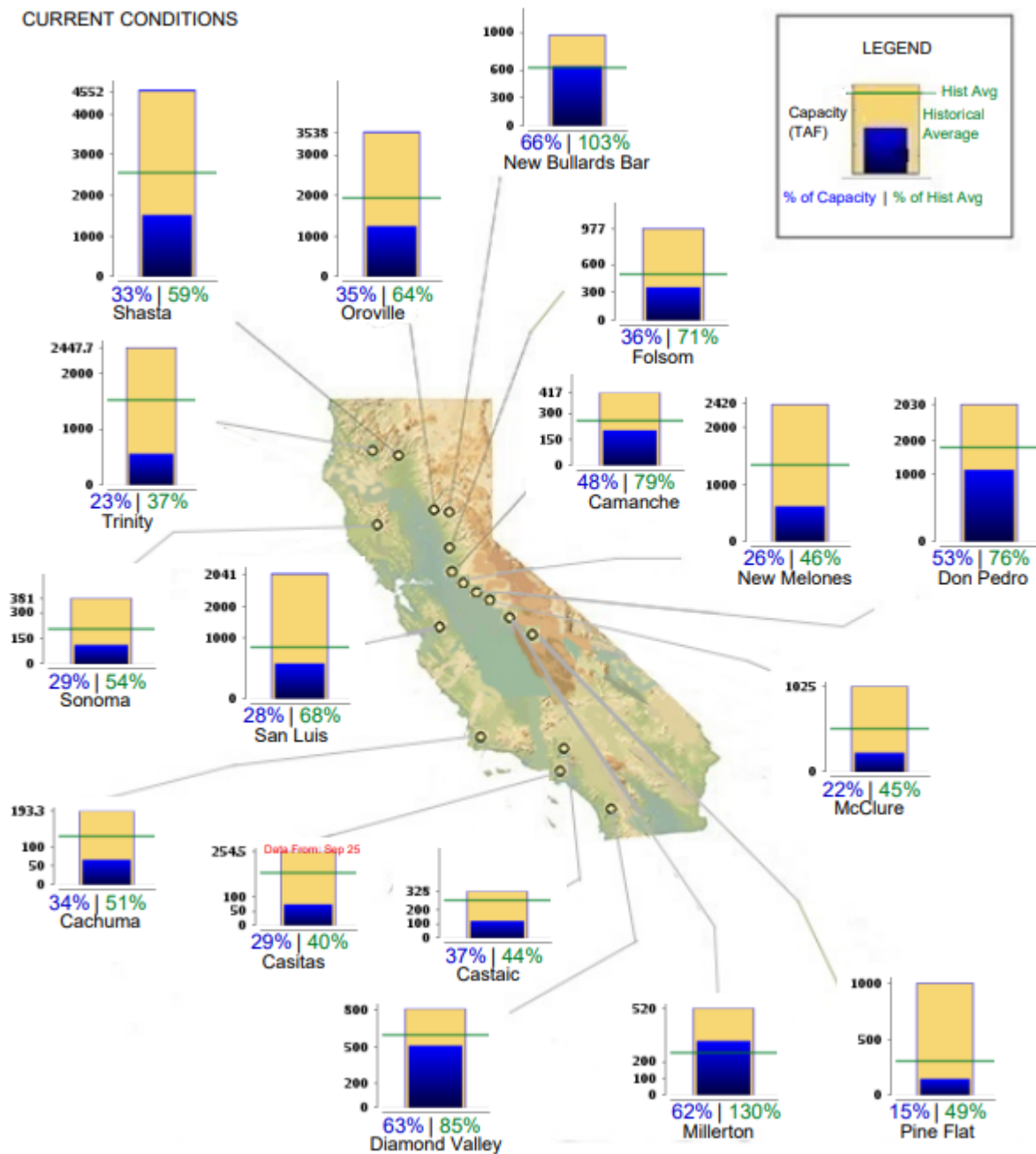
The 2021-22 Water Year (2021-22 WY) officially started on October 1, 2021. Thus far, Northern California accumulated precipitation (8-Station Index) reported **43.0 inches or 86% of normal** as of July 25th. For 2021-22 WY, the Northern Sierra Snow Water Equivalent was at **7.7 inches on April 1st**, which is **27% of normal** for that day. Due to historically low precipitation/snowfall from January to March 2022, the Department of Water Resources (DWR) has decreased the State Water Project (SWP) **"Table A" allocation to 5%**. This allocation provides Metropolitan with approximately **95,575 AF in SWP deliveries this water year**. Metropolitan will also receive 134,000 AF for Human Health and Safety Supplies. DWR's SWP Allocation considers several factors including existing storage in SWP, conservation reservoirs, SWP operational regulatory constraints, and the 2022 contractor demands.

On the Colorado River system, the snowpack is measured across four states in the Upper Colorado River Basin. The Upper Colorado River Basin accumulated precipitation is reporting 29.9 inches or 100% of normal as of September 26th. The Upper Colorado River Basin Snow Water Equivalent reported **17.2 inches as of April 15th**, which is **86% of normal** for that day. Due to the below-average precipitation/snowfall in 2020-21 WY, the United States Bureau of Reclamation **declared a shortage at Lake Mead starting January 1st, 2022**. There is a 100% chance of the shortage continuing in 2023.

As of September 26th, Lake Oroville storage is at **35% of total capacity and 64% of normal**. As of September 26th, San Luis Reservoir has a current volume of **28% of the reservoir's total capacity and is 68% of normal**.

CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS CURRENT CONDITIONS

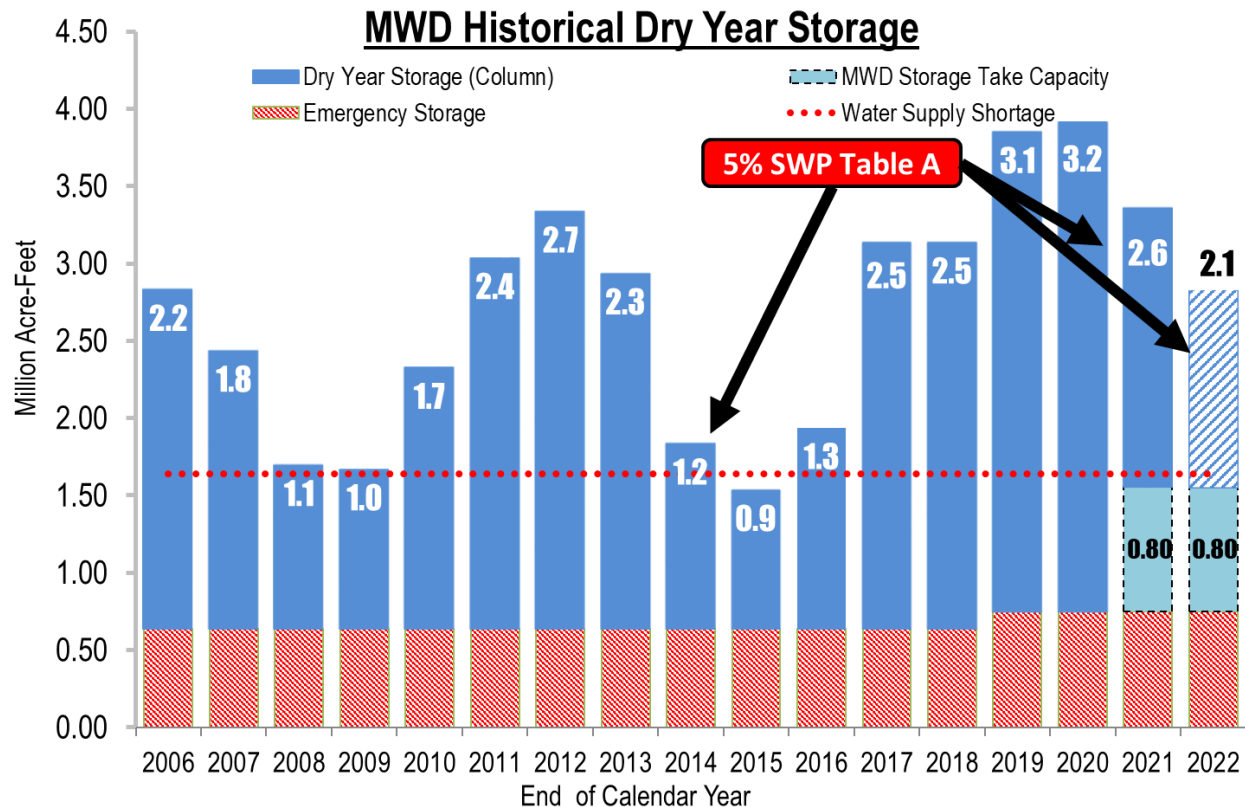
Midnight - September 26, 2022

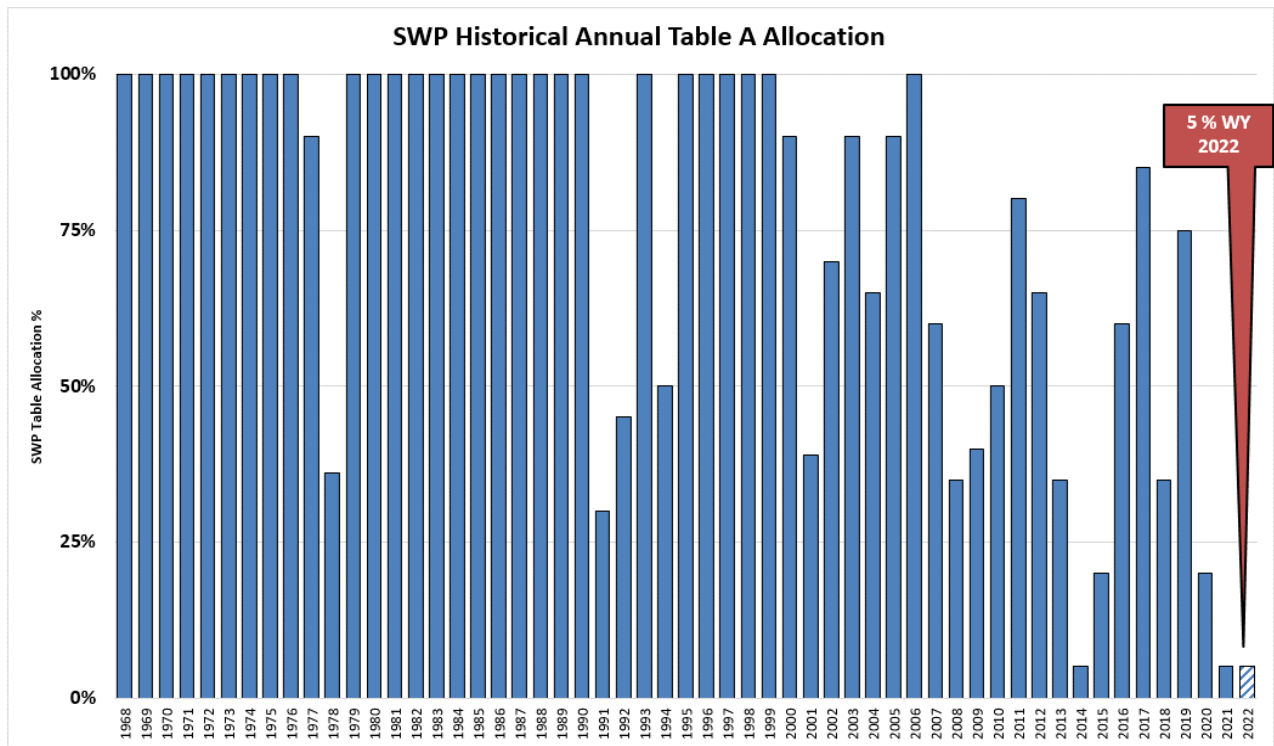


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With early CY 2022 estimated total demands and losses of 1.707 million acre-feet (MAF) and with a 5% SWP Table A Allocation, Metropolitan is projecting that demands will exceed supply levels in Calendar Year (CY) 2022. Based on this, Metropolitan's estimated dry-year storage at the end of ***CY 2022 will go down to approximately 1.955 MAF.***

A projected dry-year storage supply of **2.124 MAF** would still be about **1.124 MAF above**, where **MWD has historically declared a water supply allocation**. A large factor in maintaining a high water storage level is lower than expected water demands. We are seeing regional water demands reaching a 38-year low. **With a majority of MWD's water supplies stored in Lake Mead and the uncertainty of another dry year in California, there is potential for Water Supply Allocation in CY 2023.**





2022 WSDM Storage Detail

	1/1/2022 Estimated Storage Levels	CY 2022 Take Capacity ¹	2022 Total Storage Capacity
WSDM Storage			
Colorado River Aqueduct Delivery System	1,252,000	179,000	1,657,000
Lake Mead ICS	1,252,000 ²	179,000 ³	1,657,000
State Water Project System	636,000	188,000	1,879,000
MWD SWP Carryover ⁴	38,000	38,000	350,000
DWCV SWP Carryover ⁴			
MWD Articles 14(b) and 12(e)	0	0	N/A
Castaic Lake (DWR Flex Storage)	0	0	154,000
Lake Perris (DWR Flex Storage)	49,000	49,000 ⁵	65,000
Arvin Edison Storage Program	136,000	17,000 ⁶	350,000
Semitropic Storage Program	218,000	51,000 ⁷	350,000
Kern Delta Storage Program	149,000	33,000	250,000
Mojave Storage Program	19,000	0	330,000
AVEK Storage Program	27,000	0	30,000
In-Region Supplies and WSDM Actions	795,000	426,000	1,246,000
Diamond Valley Lake	600,000	343,000	810,000
Lake Mathews and Lake Skinner	179,000	67,000	226,000
Conjunctive Use Programs (CUP) ⁸	16,000	16,000	210,000
Other Programs	674,000	11,000	1,181,000
Other Emergency Storage	381,000	0	381,000
DWCV Advanced Delivery Account	293,000	11,000	800,000
Total	3,357,000	804,000	5,963,000
Emergency	750,000	0	750,000
Total WSDM Storage (AF) ⁹	2,607,000	804,000	5,213,000

¹ Take capacity assumed under a 5 percent SWP Table A Allocation. Storage program losses included where applicable.

² Reflects USBR's final accounting for 2021, released in May 2022. This amount is net of the water Metropolitan stored for IID in Lake Mead in an ICS sub-account, which IID can access to avoid an overrun.

³ Take capacity based on planned maintenance activities and current CRA supply estimate and includes return of water to IID.

⁴ Total storage capacity varies year to year based on prior year remaining balance added to current year contractual limits.

⁵ Available for withdrawal from Castaic Lake in 2022 pursuant to an MWD-DWR agreement.

⁶ Take amounts dependent on exchange capabilities.

⁷ Includes leasing 5,000 AF of return capacity from SDCWA. This provides Metropolitan the ability to withdraw more of its groundwater stored in the program.

⁸ Total of all CUP programs including IEUA/TVMWD (Chino Basin); Long Beach (Central Basin); Long Beach (Lakewood); Foothill (Raymond and Monk Hill); MWD OC (Orange County Basin); Three Valleys (Live Oak); Three Valleys (Upper Claremont); and Western.

⁹ Total WSDM Storage level subject to change based on accounting adjustments.

MET'S WATER QUALITY UPDATE

Water System Operations

Metropolitan member agency water deliveries were 165,300 acre-feet (AF) for August, with an average of 5,332 AF per day, 307 AF per day higher than in July. Treated water deliveries increased by 1,936 AF from July for 82,200 AF or 50 percent of total deliveries for the month. The Colorado River Aqueduct (CRA) continued operating at an

eight-pump flow with 105,840 AF pumped for the month. State Water Project (SWP) imports averaged 1,145 AF per day, totaling about 35,500 AF per month, accounting for approximately 21 percent of Metropolitan's deliveries. The target SWP blend remained at zero percent for Diemer and Skinner plants. The Weymouth plant began transitioning to a 100 percent SWP blend on August 30 in preparation for the 15-day Upper Feeder shutdown during September.

Water Treatment and Distribution

The State Water Project (SWP) target blend entering the Weymouth plant was less than 5 percent in August 2022 because of a small flow from Live Oak Reservoir to refresh the La Verne pipeline in preparation for the Upper Feeder shutdown in September. The SWP target blend entering the Diemer plant and Lake Skinner was zero percent in August.

Flow-weighted running annual averages for total dissolved solids from June 2021 through May 2022 for Metropolitan's treatment plants capable of receiving a blend of supplies from the SWP and the Colorado River Aqueduct were 594, 590, and 585 mg/L for the Weymouth, Diemer, and Skinner plants, respectively.

Source Water Quality

On August 3, Metropolitan staff participated in the quarterly stakeholder meeting on perchlorate cleanup at the former Tronox site in Henderson, Nevada. The Nevada Environmental Response Trust reviewed the remedial program status, which includes the completion of remedial investigation and risk assessment reports in 2023 and 2024 for the Operable Units that represent the most significant source of perchlorate contamination at the site. Metropolitan staff continues to monitor the overall development of the long-term remedial plan and distribution of the Trust's funds for site cleanup to ensure continued protection of Colorado River water quality.

Water Quality Compliance, Worker Safety, and Environmental Protection.

Metropolitan complied with all water quality regulations and primary drinking water standards in July 2022. Because of the removal of permanent residences from the Whitsett Intake pumping plant village, the Intake domestic water system is no longer classified as a small state system, as approved by the County of San Bernardino Division of Environmental Health Services on July 29. As a result, Metropolitan is not required to comply with regulatory requirements for domestic water treatment and distribution at this facility. However, Metropolitan will continue to operate and routinely monitor the Intake of the domestic water system to ensure safe and reliable drinking water at the pumping plant.

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No violations of State or Federal regulations were recorded during the current period.



MWD water quality goals meet or exceed all State and Federal regulations.

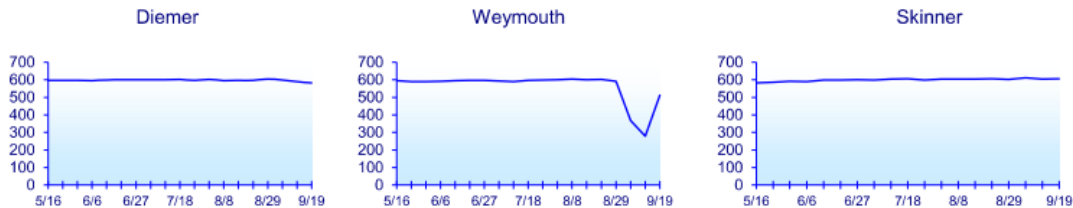
Water Quality Section Weekly TDS Report

For the week of 9/18/2022

Percent SPW Needed to Achieve TDS Goal of 500 mg/L				Estimated TDS for Reservoirs		
Source Water TDS		SPW Required		Reservoir (Effluent)	Date	mg/L
Plant	CRW	SPW	Percent			
Weymouth	584	283	28%	Lake Havasu (Table D)	7/13/22	599
Diemer	584	283	28%	Lake Mathews (DFPI-LWR/FDR)	9/19/22	584
Skinner-Silverwood	593	283	30%	Lake Skinner (Outlet Structure)	9/19/22	590
Skinner-Perris	593	308	33%	Castaic Lake (JFPI)	9/18/22	297
CRW for Diemer and Weymouth is Lake Mathews and San Jacinto - West Portal for Skinner.				DVL (Mills Inf)	9/18/22	283
				Lake Perris (Table D)	7/5/22	308
				DVL Outlet (Table D)	7/11/22	286

SUNDAY COMPOSITE ESTIMATED TDS FOR 05/15/22 - 09/18/22

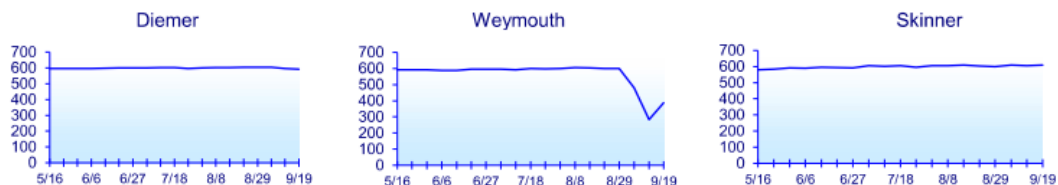
TDS For Week of 9/18	
Plant Eff.	mg/L
Diemer	583
Weymouth	511
Skinner	607
Jensen	327
Mills	296



Sunday composite estimated TDS measured from plant effluent composite samples collected on Sunday and analyzed for hardness and electrical conductivity.

WEEKLY COMPOSITE ESTIMATED TDS FOR 05/15/22 - 09/18/22

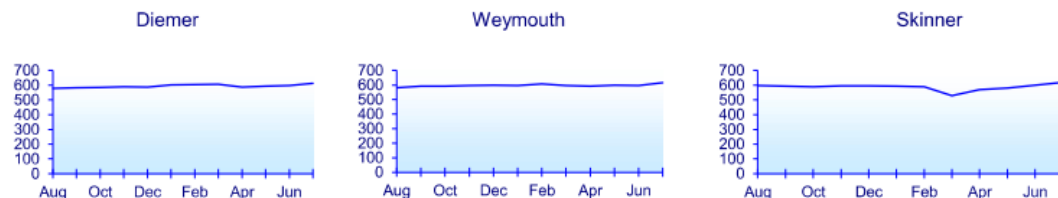
TDS For 9/12 - 9/18	
Plant Eff.	mg/L
Diemer	593
Weymouth	387
Skinner	608



Weekly composite estimated TDS measured from plant effluent composite samples collected Monday through Sunday and analyzed for hardness and electrical conductivity.

MONTHLY COMPOSITE CALCULATED TDS FOR August 2021 - July 2022

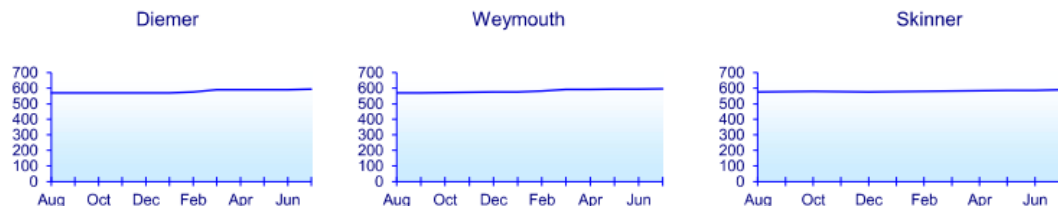
TDS For Jul 2022	
Plant Eff.	mg/L
Diemer	614
Weymouth	387
Skinner	620
Jensen	319
Mills	300



Monthly calculated TDS calculated from plant effluent monthly composite sample for total anions and cations. These results are also used for Table D.

FLOW WEIGHTED RAA TDS FOR August 2021 - July 2022

Flow-Weighted RAA TDS Aug 2021 - Jul 2022	
Plant	mg/L
Diemer	593
Weymouth	597
Skinner	590
Jensen	325
Mills	294



Seasonal flow weighted RAA TDS calculated from plant effluent monthly composite sample for total anions and cations. Results are based on average monthly flows.

COLORADO RIVER ISSUES

Status of Colorado River Protection Volume Discussions

In June of this year, Bureau of Reclamation (Reclamation) Commissioner Camille Touton identified the need for Colorado River Basin water users to reduce their use by two to four million acre-feet of water per year to address critical reservoir elevations at Lake Powell and Lake Mead, starting in 2023, and gave a deadline of mid-August to come up with a plan. The Lower Basin States met almost weekly to see if a consensus-based plan could be developed to meet the Commissioner's call by the deadline. While they made significant progress, a plan was not ready when the Colorado River Basin August 2022 24-Month Study (24-month study) was released. The 24-month study determined a level 2 shortage of the Colorado River Basin, which affected Arizona, Nevada, and Mexico. California was not affected by the determination. At that time, Reclamation acknowledged the significant work of the Basins States and committed to continue working with the Lower Basin to see if a plan could be completed to be rolled out in 2023.

Additionally, Reclamation states that they would refine options that the federal government could take if needed to reduce demands to protect the Colorado River Basin reservoirs. Those options include sharing systems and evaporative losses by all Lower Basin States and developing new definitions for what constitutes beneficial water use. The metropolitan staff has actively participated in the process. It is committed to working with our partners to see what actions could be implemented next year to reduce the decline of Lake Mead. That plan may include a recommendation to take additional conservation actions in our service area to conserve water to reduce Metropolitan's Colorado River deliveries in 2023.

DELTA CONVEYANCE ACTIVITIES AND STATE WATER PROJECT ISSUES

Delta Islands Adaptation Planning Grant

Metropolitan staff manages the Delta Island Adaptations project funded by a California Department of Fish and Wildlife Proposition 1 Planning Grant. The project's overall goal is to make progress toward improving the resilience and sustainability of Metropolitan's Delta islands by: (1) reducing subsidence, (2) limiting or reversing greenhouse gas emissions, while (3) providing additional wildlife habitat, (4) maintaining economically viable agriculture, and (5) receiving and incorporating public input. Phase 1 of the project is complete, including a preliminary assessment of the islands and selecting one for more developed island-wide study, assessment, and planning. The use of a structured decision-making tool was beneficial for identifying Bouldin Island as the location to begin and the focus for further study for Phase 2.

The grant team began Phase 2, which includes developing conceptual plans for alternative land uses for the identified study island based on land characteristics and other criteria. Potential land uses being considered include paludiculture, floating marsh (floating peat), sustainable agriculture practices, rice farming, ecoculture, tidal wetlands (with setback levees), and flooded managed wetlands. Concept plans for pilot projects are currently being developed to test the viability of these alternative land uses. The seven draft landscape alternatives are

being developed for further discussion and input by stakeholders and the Technical Advisory Committee at its next scheduled meetings in the fall.

Delta Conveyance

The Department of Water Resources (DWR) released the public Draft Environmental Impact Report (EIR) under the California Environmental Quality Act for the Delta Conveyance Project (DCP) on July 27, 2022. It describes project alternatives and potential environmental impacts and identifies mitigation measures to help avoid or minimize impacts. The Draft EIR is available for public review, and the comment has been extended through December 16, 2022.

The U.S. Army Corps of Engineers, as part of its permitting review under the Clean Water Act and Rivers and Harbors Act, is preparing an Environmental Impact Statement (EIS) to comply with the National Environmental Policy Act and is planning to release a draft EIS for public review later this year.

Joint Powers Authorities

During the regularly scheduled Board of Directors meeting on August 18, the Delta Conveyance Design and Construction Authority (DCA) Board of Directors approved a resolution to extend virtual board and committee meetings pursuant to AB 361. The DCA also released the final draft of Engineering Project Reports (EPRs) for the DCP options on its website (www.dcdca.org) in the DCA document library. The EPRs are detailed conceptual engineering design narratives that helped to inform DWR as it crafted official project descriptions for its environmental review process. The EPRs are separated into four sections:

- Narrative Report: highlights the key findings and conclusions of the Technical Memoranda and focuses primarily on describing the proposed facilities and the key drivers for their configuration and siting.
- Technical Memoranda: provide the basis of design criteria, design assumptions, siting analyses, and planned siting and configurations based upon existing physical information.
- Engineering Concept Drawings: include final site plans, construction phase site plans where locations of features would be substantially different than final site plans, site ingress and egress layouts, and major cross sections through the structures of key facilities.
- Map books: display the proposed facility sites and features in the context of the region. The EPRs also evaluate two fish screen options: a cylindrical tee screen and vertical flat plate fish screens.

There was no regularly scheduled Delta Conveyance Finance Authority meeting in August.

Sites Reservoir

In their August meetings, the Sites Project Authority Board (Authority Board) and the Sites Reservoir Committee (Reservoir Committee) approved moving the Terminal Regulating Reservoir (TRR) from the previously identified east site location to the more suitable west site

location, which is on the west side of the Glenn-Colusa Irrigation District Main Canal. It was found that the TRR west site location would have fewer real estate impacts, approximately the same environmental impact and that the geotechnical data indicate more favorable subsurface conditions.

Science Activities

Metropolitan staff continued to participate in the collaborative groups called for in the 2019 Biological Opinions (BiOp) for the State Water Project (SWP) and Central Valley Project (CVP) and in the 2020 Incidental Take Permit (ITP) for Long-term Operation of the SWP, to address science needs and to inform management and operation of the water projects. In August, Metropolitan staff presented the results of a modeling study regarding contaminant effects on Delta smelt and associated management actions to the Delta Coordination Group. The 2022 Summer Fall Habitat Action (SFHA) Plan included the use of Expert Elicitation and Relative Risk Modeling to identify the effects of contaminants and changes in those effects with the two proposed actions for the 2022 SFHA. Results suggesting contaminant impacts will be evaluated using field studies.

Metropolitan staff continued participating in the Collaborative Science and Adaptive Management Program (CSAMP), including participation on the Collaborative Adaptive Management Team (CAMT). At the August CAMT meeting, Metropolitan staff commented on the draft CSAMP Triennial Report and provided input on the next steps for the CAMT Monitoring Assessment and planning for an adaptive management discussion. Metropolitan staff efforts also focused on key CSAMP collaborative science projects, including the Delta smelt Structured Decision-Making Project and the Salmon Recovery Initiative.

Delta Levee Stability and Monitoring Efforts

Delta levee stability and monitoring efforts are ongoing with the implementation of an instrumentation pilot project on Metropolitan's Bouldin Island to evaluate the effectiveness of detecting real-time changes in levee conditions. This capability could provide both long-term levee management benefits and the ability to assess conditions quickly in the event of an earthquake in the region. Efforts also include storing real-time data produced from the instrumentation network in a manner that Metropolitan can easily access for immediate evaluation, including real-time alerts following a seismic event within the Delta region. Metropolitan staff is working with consultants to finalize the draft Investigation, Instrumentation, and Monitoring Assessment—Delta Islands Levees (Bouldin Island Pilot) Report, which could be completed as early as fall 2022.

PUBLIC/GOVERNMENT AFFAIRS

MEMBER AGENCY RELATIONS

Public Affairs Staff:

- Hosted a booth at Moulton Niguel Water District's annual H2O for HOAs
- Designed the winter Bill Inserts

Government Affairs Staff:

- Circulated the monthly Grants Tracking and Acquisition report to the member agencies
- Attended the monthly MWDOC Member Agency Managers meeting

COMMUNITY RELATIONS

Public Affairs Staff:

- Coordinated a Metropolitan Water District of Southern California inspection trip to the State Water Project with Director Ackerman
- Staffed a booth with the Metropolitan Water District of Southern California at the Orange County Children's Book Festival
- Met with GP Generate to discuss a potential partnership with the Orange County Children's Book Festival in 2023
- Organized infrastructure inspection trip with Director Dick on October 21st
- Led a booth at the annual Orange County Girl Scouts STEM Expo, engaging girls in a hands-on water engineering activity
- Met with OC Boy Scouts leaders to restart the Soil and Water Conservation Merit Badge Program
- Gathered interest from MWDOC Member Agencies to host MWDOC Scouts Program clinics in 2023

Government Affairs Staff:

- Participated in the OCBC Infrastructure Committee meeting
- With Melissa Baum-Haley, staffed Director Ackerman's State Water Project Inspection trip along with Central Basin MWD Director Phil Hawkins
- Participated in the Solve the Water Crisis Stakeholder Engagement Working Group meeting
- Attended the South Orange County Economic Coalition Legislative Meet & Greet
- Participated in the OCBC Legislative Committee meeting

EDUCATION

Public Affairs Staff

- Participated in the monthly California Environmental Literacy Initiative's Green Careers Innovation Hub meeting

- Coordinated distribution of Water Energy Education Alliance (WEEA) water and energy career brochures with WEEA sponsors
- Speakers Bureau - Presented current education initiatives at the Metropolitan Water District of Southern California's Education Coordinator's meeting
- Speakers Bureau - Hosted and led the Water Energy Education Alliance (WEEA) Leadership Roundtable #12
- Attended Water Injustice Webinar hosted by the University of Irvine
- Provided MWDOC Choice School Program information to Trabuco Canyon Water District, Mesa Water, South Coast Water District, Moulton Niguel Water District, City of La Palma, City of Anaheim, City of Santa Ana, and City of San Clemente
- Attended MWDOC Choice 6-8 Middle School Program presentation with contractor Orange County Department of Education's Inside the Outdoors at Columbus Tustin Middle School
- Attended MWDOC Choice K-2 Elementary School Program presentation with contract Shows That Teach at Anderson Elementary
- Met with the Los Angeles Department of Water and Power to discuss current education initiatives and programs

MEDIA RELATIONS

Public Affairs Staff

- Prepared and distributed content for social media
- Prepared and submitted articles to the Association of California Water Agencies News:
 - <https://www.acwa.com/news/mwdoc-offers-hands-on-water-supply-activity-for-oc-girl-scouts/>
 - <https://www.acwa.com/news/takin-it-to-the-streets-mwdoc-presents-latest-person-on-the-street-video-series/>
 - <https://www.acwa.com/news/6-things-to-know-about-mwdocs-water-awareness-poster-contest-awards-ceremony-transformation/>
 - <https://www.acwa.com/news/mwdocs-leak-detection-program-saves-member-agencies-and-customers-water-and-money/>
- Distributed weekly news digests to MWDOC managers and Board
- Distributed weekly AMWA Monday briefings for member agencies
- Interviewed participants of MWDOC's rebate program to feature in publications, newsletters, and social media
- Prepared and distributed eCurrents
- Shadowed MWDOC's Leak Detection team to gather field photos for media

SPECIAL PROJECTS

Public Affairs Staff:

- Responded to MWDOC department requests for website information and published website updates
- Updated briefing papers and updated them on the website
- Secured The Westin for February 9, 2023, Water Policy Dinner featuring Adán Ortega

- Reviewed a joint industry call to action for career promotion that mentions the Water Energy Education Alliance - prepared by California Water Environment Association, CA-Nevada American Water Works Association, Association of California Water Agencies
- Met with the Centers of Excellence for Labor Market Research on the statewide water and wastewater workforce needs assessment survey initiation by the Water Energy Education Alliance

Governmental Affairs Staff:

- Staffed the ISDOC Executive Committee meeting
- Coordinated details (bio, slide deck, program title) with the October WACO program speaker
- Met with OCWD staff to discuss and prepare for upcoming WACO meetings and the 2023 calendar
- Staffed the October WACO meeting featuring speaker Malinda Stalvey, outlining Met's Climate Action Plan
- Completed cyber security training
- Staffed the WACO Planning Committee meeting
- Circulated an announcement to the WACO Planning Committee calling for candidates for WACO Chair and Vice Chair for 2023-2024
- Confirmed November WACO speaker and coordinated necessary details (bio, program title, slide deck, etc.)
- Followed up on emails regarding upcoming ISDOC and WACO meetings
- Staffed the November ISDOC Executive Committee meeting
- Staffed the November WACO meeting featuring speaker Jennifer Hernandez, who spoke on the housing crisis, climate, and water

LEGISLATIVE AFFAIRS

Governmental Affairs Staff:

- Met with staff from EMWD and IEUA to discuss Met's non-functional turf proposal
- Met with Lana Haddad of Metropolitan to discuss upcoming legislative issues affecting the region
- Participated in the Southern California Water Coalition Legislative Task Force meeting
- Attended the October OCBC Governmental Affairs meeting
- Reported and filed the 3rd Quarter Lobbying Report on behalf of MWDOC to the Secretary of State
- Participated in the ACWA/CMUA SB 200 working group meeting
- Attended the CNRA Water and Drought Webinar
- Participated in the CMUA Regulatory Committee meeting
- Attended the CA Natural Resources Agency Webinar – Drought to Flood
- Along with Melissa Baum-Haley, participated in Metropolitan's Annual Legislative Planning Meeting
- Followed up on the ACWA Region 10 prep meeting call regarding the upcoming ACWA State Legislative Committee meeting
- Attended the CSDA Annual Legislative Planning meeting in Sacramento
- Attended the ACWA Annual Legislative Planning meeting in Sacramento

WATER USE EFFICIENCY

ORANGE COUNTY DATA ACQUISITION PARTNERSHIP (OCDAP) MEETING

On October 11, Rachel Waite attended the OCDAP Working Group meeting. The working group collaborates on and organizes a regional effort to cost-share the acquisition of high-resolution aerial imagery and related products. Topics on the agenda included:

- Status update on Cycle 2 and MOU between County and OCCOG
- Cycle 2 and 3 Membership costs and timeline
- OCDAP Data Sharing/Efforts/Projects Underway/Cycle 2 Derived Products
- Cycle 3 RFP timeline

The next meeting is scheduled for November 8.

ORANGE COUNTY WATER USE EFFICIENCY WORKGROUP MEETING

On October 13, Joe Berg, Beth Fahl, Rachel Davis, Sam Fetter, Tina Fann, and Rachel W. hosted the Orange County Water Use Efficiency Workgroup meeting. Items on the agenda included:

- MWDOC Updates
- Agency Problem Solving Roundtable
- Metropolitan's Non-Functional Turf Efforts – Melissa Baum-Haley
- DWR Water Use Efficiency Recommendations to SWRCB
- Metropolitan Update
 - New Residential Virtual Survey Site
 - MWD Update on Activity for Last Biennial Budget Cycle
 - Innovative Conservation Program Launch
- Water Use Efficiency Updates
 - Bill Inserts
 - Turf Removal Program Update
 - Turf Removal Phone Number
 - Grant Funding/Turf Activity Update
 - Landscape Design Assistance Program
- CalWEP Update
- Future Agenda Items

The next meeting is scheduled for November 3.

PROJECT AGREEMENT (PA) 22 ADVISORY WORKGROUP MEETING

On October 17, Rachel W. attended the PA 22 Advisory Workgroup meeting hosted by SAWPA. Topics on the agenda included:

- Prop 1 Enhanced Decision Support Tool Update

- Reclamation Imagery Analysis
- SARCCUP Water Budget Assistance
 - Update on Retail Water Agency Status
 - Further Discussion on the Budget Allocation

The next PA 22 Advisory Workgroup is scheduled for November 21, and the PA 22 Committee Meeting is scheduled for December 13.

CALIFORNIA WATER EFFICIENCY PARTNERSHIP (CALWEP) PROGRAM COMMITTEE MEETING

On October 19, Tina and Sam attended the CalWEP Program Committee Meeting. Topics on the agenda included:

- Firescaping Resources
- Landscape Maintenance for Customers
- Planning for the CII Reclassification Guidance Document

The next meeting is scheduled for December 14.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA WATER USE EFFICIENCY WORKGROUP MEETING

On October 20, Joe, Beth, Rachel W., Rachel D., Sam, and Tina participated in Metropolitan's Water Use Efficiency Workgroup meeting via Zoom. Topics on the agenda included:

- Welcome
- PlanetScape AI Turf Dashboard
- Metropolitan Board - One Water Committee
 - Metropolitan Update on Activity for Last Biennial Budget Cycle
 - Metropolitan Nonfunctional Turf Resolution
 - Answering Board Presentations
 - Update on Current Activity
- External Affairs Updates
- Member Agency Roundtable

The next meeting is scheduled for November 17.

OC LOCAL SUPPLY WORKGROUP – RECYCLED WATER END USE: LOCAL RESOURCES PROGRAM (LRP) AND ON-SITE RETROFIT PROGRAM (OSRP)

On October 26, Sam and Rachel W., in coordination with Melissa Baum-Haley, Alex Heide, and Metropolitan Staff, hosted an LRP and OSRP Workgroup meeting for MWDOC member agencies. Attendees included staff from the City of Fountain Valley, Irvine Ranch WD, Moulton Niguel WD, City of San Clemente, Santa Margarita WD, Trabuco Canyon WD, and the City of

Tustin. The meeting goals were to discuss recent program refinements and receive feedback from MWDOC's member agencies on their experiences expanding customer connectivity to recycled water through the LRP and OSRP programs. Topics on the agenda included:

- Refinements to OSRP
- Metropolitan's GIS Online Map
- Discussion: Success Stories
- Discussion: Challenges and Barriers

Future meetings will be scheduled as needed.

LANDSCAPE DESIGN ASSISTANCE PROGRAM MEETING

On October 27, Rachel W and Beth met via Zoom with Alexa Hendricks and Craig Jones of Las Virgenes Municipal Water District (LVMWD) to discuss MWDOC's Landscape Design Assistance Program as LVMWD is considering implementing its program. Topics discussed included the request for proposals process, program implementation and agreements, and program successes and challenges/areas for refinement.

ORANGE COUNTY WATER USE EFFICIENCY WORKGROUP MEETING

On November 3, Joe, Beth, Rachel W., Sam, and Tina hosted the Orange County Water Use Efficiency Workgroup meeting. Items on the agenda included:

- MWDOC Updates
- Agency Problem Solving Roundtable
- WSI Presentation: Drawing in the Next Wave of Program Participants with User-Centered Design Tools
- WSI Presentation: Strategies for Expanding Participation in Water Use Efficiency Programs
- Water Use Efficiency Updates
 - Turf Removal Program Update
 - Cancellation of Old Apps
 - Grant Funding/Turf Activity Update
- CalWEP Update
- Future Agenda Items

The next meeting is scheduled for December 1.

INFORMATION CALENDAR

**MWDOC GENERAL INFORMATION
ITEMS**

MWDOC BOARD OF DIRECTORS

- Al Nederhood
- Larry D. Dick
- Bob McVicker
- Karl W. Seckel
- Sat Tamaribuchi
- Jeffery M. Thomas
- Megan Yoo Schneider