

POSTED October 10, 2014

Regular Meeting  
Utilities Yard  
Administration Building  
19001 Huntington Street  
Huntington Beach, California  
Wednesday, October 15, 2014  
4:00 P.M.

# AGENDA WEST ORANGE COUNTY WATER BOARD

## **MEETING ASSISTANCE NOTICE – AMERICANS WITH DISABILITIES ACT**

In accordance with the Americans with Disabilities Act (ADA) the following services are available to members of our community who require special assistance to participate in West Orange County Water Board meetings. If you require special assistance, 48-hour prior notification will enable the Board to make reasonable arrangements. To make arrangements for an assisted listening device (ALD) for the hearing impaired, American Sign Language interpreters, a reader during the meeting and/or large print agendas, please contact the Secretary's Office at (714) 375-5160.

## **LATE COMMUNICATION**

Staff and members of the public have the opportunity to submit information related to an agenda item following distribution of the agenda packet to the West Orange County Water Board. This information is identified as "Late Communication" and is assembled into a packet by the Secretary on the day of the West Orange County Board meeting. The Brown (Open Meetings) Act requires that copies of Late Communication be made available to the public immediately upon distribution of material to a majority of the West Orange County Water Board. Communication received by any individual at the meeting will be made available to the public in the Secretary's Office the following morning.

## ***CALL MEETING TO ORDER***

## ***PLEDGE OF ALLEGIANCE***

***ROLL CALL:*** Beard, Carchio, Harper, Miller, Quach,

**PUBLIC COMMENTS**

**1. MINUTES**

RECOMMENDATION: Motion to approve and adopt minutes of the July 16, 2014, Regular Meeting as prepared and mailed by the Secretary.

**2. FUND REPORT & RATIFY BILLS**

RECOMMENDATION: Motion to approve and file Maintenance and Operation Fund Reports as prepared by the Fiscal Agent for the West Orange County Water Board and ratify bills as approved for payment by the Manager and paid by the City of Huntington Beach, Fiscal Agent for West Orange County Water Board.

**3. TREASURER'S REPORT AS PREPARED BY CITY TREASURER – Alisa Cutchen**

RECOMMENDATION: Receive and File.

**4. ANNUAL AUDIT – Chris Davis**

RECOMMENDATION: Receive and File

**5. OPERATIONS & MAINTENANCE REPORT – Jay Kleinheinz**

RECOMMENDATION: Receive and File.

**6. MANAGEMENT AND ENGINEERING REPORT – Brian Ragland**

RECOMMENDATION: Receive and File.

**7. COMMENTS, QUESTIONS OR CONCERNS FROM DIRECTORS**

**8. ADJOURNMENT**

The next meeting will be a regular meeting held on January 21, 2015 at 4:00 p.m. at the Utilities Yard, Administration Building, 19001 Huntington Street, Huntington Beach, California.

**MINUTES OF JULY 16, 2014 MEETING**

**AGENDA ITEM NO.1**

# MINUTES OF THE WEST ORANGE COUNTY WATER BOARD

Regular Meeting  
Public Works Utilities Yard  
Administration Building  
19001 Huntington Street  
Huntington Beach, California  
Wednesday, July 16, 2014

The Regular Meeting of the West Orange County Water Board was called to order by Chairman Harper at the City of Huntington Beach Public Works Utilities Yard, Administration Building, 19001 Huntington Street, Huntington Beach, California on Wednesday, April 16, 2014 at 4:10 p.m.

Members Present: Director Carchio – City of Huntington Beach  
Chairman Harper – City of Huntington Beach  
Director Miller – City of Seal Beach  
Director Quach – City of Westminster

Members Absent: Director Beard

Others Present: Brian Ragland – City of Huntington Beach  
Alisa Cutchen – City of Huntington Beach  
Andy Ferrigno – City of Huntington Beach  
Chris Davis – City of Huntington Beach  
Sean Crumby – City of Seal Beach  
Cody Nicolae – City of Garden Grove

## PUBLIC COMMENTS

None

## LATE COMMUNICATION – NONE

### 1. MINUTES

On a motion by Director Carchio, and seconded by Director Quach, the Board approved and adopted the Minutes of April 16, 2014.

**Motion approved 4-0-1 (Absent – Beard).**

### 2. FUND REPORT & RATIFY BILLS

On a motion by Director Carchio, and seconded by Director Quach, the Board moved to receive and file the fund report and approved the ratification of bills for payment by the Manager and paid by the City of Huntington Beach, Fiscal Agent for the West Orange County Water Board.

**Motion approved 4-0-1 (Absent - Beard).**

**3. TREASURER'S REPORT AS PREPARED BY THE CITY TREASURER**

Treasurer Alisa Cutchen presented the Treasurer's Report and the quarterly LAIF Report.

On a motion by Chairman Harper, and seconded by Director Quach, the Board moved to receive and file the Treasurer's Report.

**Motion approved 4-0-1 (Absent – Beard).**

**4. ELECTRONIC DISTRIBUTION OF DIRECTOR'S PACKETS**

Chris Davis inquired of the Board Director's if they would prefer to receive their quarterly meeting packets electronically rather in paper form via regular mail. No vote was taken but the Directors individually stated that each should be given the option of choosing which means of delivery they prefer.

**5. FISCAL YEAR 2014-15 BUDGET**

Chris Davis presented the updated Fiscal Year 2014-15 proposed budget for adoption.

On a motion by Chairman Harper, and seconded by Vice Chair Miller, the Board moved to adopt the Fiscal Year 2014-15 budget contingent upon each member agency approving the budget.

**Motion approved 4-0-1 (Absent – Beard).**

**6. OPERATIONS AND MAINTENANCE REPORT**

In Jay Kleinheinz absence, Brian Ragland reported that all maintenance is on schedule and up to date.

On a motion by Vice Chair Miller, and seconded by Director Carchio, the Board moved to receive and file the Management and Engineering Report.

**Motion approved 4-0-1 (Absent – Beard).**

**7. MANAGEMENT AND ENGINEERING REPORT**

None

**8. COMMENTS, QUESTIONS OR CONCERNS FROM THE DIRECTORS**

None

**9. ADJOURNMENT**

Chairman Harper adjourned the Regular Meeting of the West Orange County Water Board to the next Regular Meeting scheduled for October 15, 2014 at 4:00 p.m. at the Utilities Yard, Administration Building, 19001 Huntington Street, Huntington Beach, California.

WEST ORANGE COUNTY WATER BOARD

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Laurie Hill  
Secretary

ATTEST: \_\_\_\_\_  
Matthew Harper, Chairman

**FUND REPORT & RATIFY BILLS**

**West Orange County Water Board  
Expense Summary for October 15, 2014, Regular Board Meeting**

<b>Southern California Edison</b>		<u>Amount</u>
June 2014 Charges		\$419.54
July 2014 Charges		\$384.51
August 2014 Charges		\$397.76
	<b>subtotal</b>	<u><b>\$1,201.81</b></u>
<b>Insurance</b>		
ACWA JPIA		\$4,786.00
		<u><b>\$4,786.00</b></u>
<b>Directors - July Meeting</b>		
Carchio, Harper, Miller, Quach		\$400.00
	<b>subtotal</b>	<u><b>\$400.00</b></u>
<b>Inventory Charges</b>		
Inventory Charges 7/1/14 to 9/30/14		\$7,897.45
	<b>subtotal</b>	<u><b>\$7,897.45</b></u>
<b>City of Huntington Beach - July through September 2014 Charges</b>		
Labor		\$21,158.56
Equipment Charges		\$5,574.63
	<b>subtotal</b>	<u><b>\$26,733.19</b></u>
<b>Total</b>		<u><u><b>\$41,018.45</b></u></u>

<b>Distribution</b>	<u>Percentage</u>	<u>Amount</u>
Garden Grove	4.20%	\$1,722.77
Huntington Beach	56.10%	\$23,011.35
Seal Beach	14.30%	\$5,865.64
Westminster	25.40%	\$10,418.69
<b>Total</b>		<u><b>\$41,018.45</b></u>

WEST ORANGE COUNTY WATER BOARD  
FUND REPORT SEPTEMBER 2014

EXPENDITURES:	Budget	Expended	Balance
<u>OPERATING EXPENSE</u>			
Utilities Expenses, Electricity	\$4,500	\$4,352	\$148
Repair and Maintenance Expense	\$60,000	\$58,057	\$1,943
Audit Fees	\$5,000	\$4,990	\$10
Contractual Services, Legal	\$3,000	\$441	\$2,560
Meeting, Board Members	\$2,000	\$1,800	\$200
Liability Ins., Transmission Lines	\$8,000	\$8,996	(\$996)
Other Contract Services	\$2,500		\$2,500
	\$0		\$0
Total Operating Expense	\$85,000	\$78,636	\$6,364
<u>CAPITAL COSTS</u>			
	\$80,000	\$53,548	\$26,452
<u>EXPENDITURE SUMMARY</u>			
	\$165,000	\$132,184	\$32,816
<u>REVENUE SUMMARY</u>			
	Budget	Received	Balance
	\$163,858	\$163,858	\$0



Go paperless at [www.sce.com/ebilling](http://www.sce.com/ebilling). It's fast, easy and secure.

P.O. Box 300  
Rosemead, CA  
91772-0001  
[www.sce.com](http://www.sce.com)

# Your electricity bill

WESTERN ORANGE CO WATER BOARD / Page 3 of 20

For billing and service inquiries call 1-800-990-7788,  
Mon - Fri 7 a.m. to 7 p.m. and Saturday 8 a.m. to 5 p.m.  
For emergency services call 24 hrs a day, 7 days a week

**Customer account** 2-21-891-9520  
KEN DILLS  
PO BOX 190  
HUNTINGTON BEACH, CA  
92648-0190

Date bill prepared: Jul 9 '14

## Your account summary

Amount of your last bill	\$349.89
Payment we received on Jun 24 '14 - thank you	-\$349.89
Balance forward	\$0.00
Your new charges	\$419.54
<b>Total amount you owe by Jul 28 '14</b>	<b>\$419.54</b>

## You Received a California Climate Credit

California is fighting climate change and so can you! Your bill includes a Climate Credit from a state program to cut carbon pollution while also reducing your energy costs. Find out how at [EnergyUpgradeCA.org/credit](http://EnergyUpgradeCA.org/credit).

## Summary of your billing detail

Service account	Service address	Billing period	Your rate	New charges
3-000-6276-98	BOLSA/NEWLAND MIDWAY CITY, CA	Jun 5 '14 to Jul 7 '14	TOU-GS-1-A	\$33.14
3-002-6702-34	WS SPGDALE/SO PE RR HUNTINGTON BEACH, CA	Jun 5 '14 to Jul 7 '14	TOU-GS-1-A	\$57.97
3-003-5176-40	DALE N/O KATELLA STANTON, CA	Jun 5 '14 to Jul 7 '14	TOU-GS-1-A	\$65.09
3-003-5426-86	8462 STANFORD AVE WTR GARDEN GROVE, CA	Jun 5 '14 to Jul 7 '14	TOU-GS-1-A	\$26.75
3-003-5454-54	8502 KATELLA GARDEN GROVE, CA	Jun 5 '14 to Jul 7 '14	TOU-GS-1-A	\$71.43

(Continued on next page)

Please return the payment stub below with your payment and make your check payable to Southern California Edison.  
If you want to pay in person, call 1-800-747-8908 for locations, or you can pay online at [www.sce.com](http://www.sce.com).

4-574) Tear here

Tear here



Customer account 2-21-891-9520  
Please write this number on your check. Make your  
check payable to Southern California Edison.

**Amount due by Jul 28 '14** **\$419.54**

Amount enclosed \$

STMT 07092014 P4



WESTERN ORANGE CO WATER BOARD  
% HUNTINGTON BEACH WATER DIV  
PO BOX 190  
HUNTINGTON BEACH, CA 92648-0190

P.O. BOX 300  
ROSEMEAD, CA 91772-0001

21 891 9520 00000059 00000000000000419540000041954

Go paperless at [www.sce.com/ebilling](http://www.sce.com/ebilling). It's fast, easy and secure.





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Rosemead, CA  
91772-0001  
[www.sce.com](http://www.sce.com)

# Your electricity bill

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Mon - Fri 7 a.m. to 7 p.m. and Saturday 8 a.m. to 5 p.m.  
For emergency services call 24 hrs a day, 7 days a week

**Customer account** 2-21-891-9520  
KEN DILLS  
PO BOX 190  
HUNTINGTON BEACH, CA  
92648-0190

Date bill prepared: Sep 6 '14

## Your account summary

Amount of your last bill  
Payment we received on Aug 25 '14 - thank you  
Balance forward  
Your new charges

OP/OC/OD/OJ/OW #	13115
Supplier #	18029
Order Co#	508
Account #	5088510161210
Approved	MDL 9.11.14
Batch#	

**Total amount you owe by Sep 25 '14**

## You Received a California Climate Credit

California is fighting climate change and so can you! Your bill includes a Climate Credit from a state program to cut carbon pollution while also reducing your energy costs. Find out how at [EnergyUpgradeCA.org/credit](http://EnergyUpgradeCA.org/credit).

## Summary of your billing detail

Service account	Service address	Billing period	Your rate	New charges
3-000-6276-98	BOLSA/NEULAND MIDWAY CITY, CA	Aug 5 '14 to Sep 4 '14	TOU-GS-1-A	\$31.05
3-002-6702-34	WS SPGDAL/SO PE RR HUNTINGTON BEACH, CA	Aug 5 '14 to Sep 4 '14	TOU-GS-1-A	\$55.55
3-003-5176-40	DALE N/O KATELLA STANTON, CA	Aug 5 '14 to Sep 4 '14	TOU-GS-1-A	\$61.04
3-003-5426-86	8462 STANFORD AVE WTR GARDEN GROVE, CA	Aug 5 '14 to Sep 4 '14	TOU-GS-1-A	\$25.08
3-003-5454-54	8502 KATELLA GARDEN GROVE, CA	Aug 5 '14 to Sep 4 '14	TOU-GS-1-A	\$68.88

(Continued on next page)

Please return the payment stub below with your payment and make your check payable to Southern California Edison.  
If you want to pay in person, call 1-800-747-8908 for locations, or you can pay online at [www.sce.com](http://www.sce.com).

(14-574) Tear here

Tear here



Customer account 2-21-891-9520  
Please write this number on your check. Make your  
check payable to Southern California Edison.

**Amount due by Sep 25 '14** **\$397.76**

Amount enclosed \$

STMT 09062014 P4

WESTERN ORANGE CO WATER BOARD  
% HUNTINGTON BEACH WATER DIV  
PO BOX 190  
HUNTINGTON BEACH, CA 92648-0190

P.O. BOX 300  
ROSEMEAD, CA 91772-0001

21 891 9520 00000050 000000000000039776000039776



ASSOCIATION OF CALIFORNIA WATER AGENCIES  
**JOINT POWERS**  
INSURANCE AUTHORITY

# INVOICE

## AUTO and GENERAL LIABILITY PROGRAM FOR POLICY YEAR 10/1/2014 - 10/1/2015

Member # W019  
West Orange County Water Board  
PO Box 190  
Huntington Beach, CA 92648

Invoice Date: 08/21/2014

DESCRIPTION:

Deposit Premium for the 10/1/2014-2015 Policy Year  
(Due on October 1, 2014)

\$4,786.00

*ok* *CLD*

WILL BE DELINQUENT AND SUBJECT TO PENALTY AND INTEREST CHARGES, IF NOT  
PAID OR POST MARKED BY OCTOBER 31, 2014

PLEASE MAKE CHECK PAYABLE TO:  
ACWA/JOINT POWERS INSURANCE AUTHORITY

OP/ OC/ OD/ OJ/ OW #	
Supplier #	12156
Order Co#	508
2-way or 3-way	
Account #	50885101.73010
Approved	
PV#	Batch#

ACWA/JOINT POWERS INSURANCE AUTHORITY  
LIABILITY PROGRAM  
E-MOD/PREMIUM CALCULATION WORK SHEET  
AT 8/21/2014

West Orange County Water Board

10/1/2014-2015 ANNUAL ESTIMATED PAYROLL: \$67,000

LOSSES FOR PERIOD 10/1/2010 THRU 9/30/2013

RETRO ALLOCATION POINT: \$2,500

YEAR	CLAIM #	TOTAL LOSS	RAP	CLAIMS OVER RAP (or \$15,000)*	AMOUNT USED IN E-MOD CALC (Capped at \$75,000)
10/1/2010-2011	No Claims	\$0.00	\$0	\$0.00	\$0.00
10/1/2011-2012	No Claims	\$0.00	\$0	\$0.00	\$0.00
10/1/2012-2013	No Claims	\$0.00	\$0	\$0.00	\$0.00
THREE YEAR LOSS TOTAL		\$0.00		\$0.00	\$0.00

**EXPERIENCE MODIFICATION FORMULA**

**STEP 1**

$$\begin{aligned}
 & \$2,250 + ( \text{Payroll} \times \text{P/R Modifier} \times ( 7 / \text{Log of Payroll} ) ) = \text{Basic Premium} \\
 & \$2,250 + ( \$67,000 \times 0.068501 \times ( 7 / 11.112448 ) ) = \$5,141
 \end{aligned}$$

**STEP 2**

$$\begin{aligned}
 & ( \text{Three Year Loss Total} / 3 ) / \text{Basic Premium} = \text{District Rate} \\
 & ( \$0 / 3 ) / \$5,141 = 0.0000
 \end{aligned}$$

**STEP 3**

$$\begin{aligned}
 & \text{District Rate} / \text{Average Rate} = \text{Unweighted Modification Factor} \\
 & 0.000000 / 0.166228 = 0.000000
 \end{aligned}$$

**STEP 4**

$$\begin{aligned}
 & \text{Square root of } ( \text{Basic Premium} / \$2,000,000 ) = \text{Credibility Factor} \\
 & \text{Square root of } ( \$5,141 / \$2,000,000 ) = 0.0507
 \end{aligned}$$

**STEP 5**

$$\begin{aligned}
 & ( \text{Credibility Factor} \times \text{Unweighted Modification Factor} ) + ( 1.0 - \text{Credibility Factor} ) = \text{E-MOD} \\
 & ( 0.0507 \times 0.0000 ) + ( 1.0 - 0.0507 ) = 0.9500
 \end{aligned}$$

**DEPOSIT PREMIUM FORMULA**

**STEP 1**

$$\begin{aligned}
 & \text{Basic Premium} \times \text{E-MOD} = \text{Gross Premium} \\
 & \$5,141 \times 0.9500 = \$4,884
 \end{aligned}$$

**STEP 2 (2 Programs = 2.00%)**

$$\begin{aligned}
 & \text{Gross Premium} \times \text{Multiple Program Discount Factor} = \text{Deposit Premium} + \text{Adjustment} = \text{Adjusted Deposit Premium} \\
 & \$4,884 \times 0.98 = \$4,786 + \$0 = \$4,786
 \end{aligned}$$

THE MINIMUM RAP FOR THE PREMIUM SHOWN ABOVE IS \$2,500

YOUR CURRENT RAP IS \$2,500

IF YOU WISH TO SELECT A HIGHER RAP, PLEASE CONTACT MEMBER SERVICES

\*AMOUNT DERIVED BY DETERMINING THE LOWER OF THE CHOSEN RAP VS \$15,000. IF 'TOTAL LOSS' COLUMN EXCEEDS THIS FIGURE THEN THE TOTAL LOSS IS ENTERED HERE.

**STATEMENT**

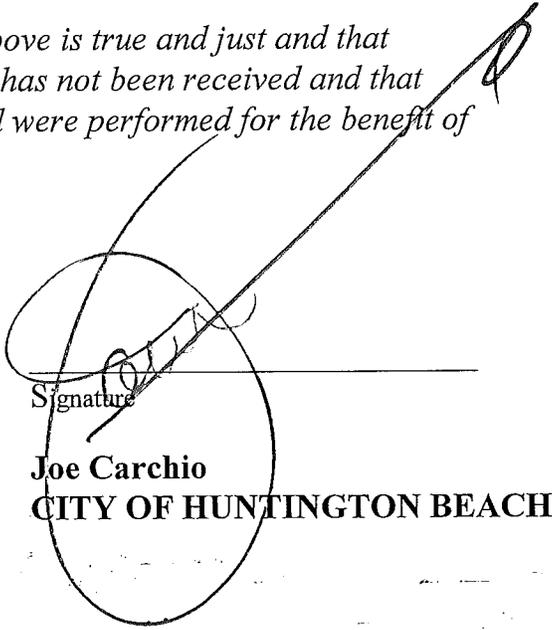
WEST ORANGE COUNTY WATER BOARD  
CITY HALL  
2000 MAIN STREET  
HUNTINGTON BEACH, CALIFORNIA

Services for the month of July 2014

\$100.00

*I certify that the above is true and just and that payment therefore has not been received and that services performed were performed for the benefit of the Board.*

Date: July 16, 2014

  
Signature

**Joe Carchio**  
**CITY OF HUNTINGTON BEACH**

50885101.75410      \$56.1000  
50885101.75420      \$4.2000  
50885101.75430      \$14.3000  
50885101.75440      \$25.4000  
35373                      \$100.0000

OP/OC/OD/OJ/OW #	49982
Supplier #	35373
Order Co#	508
2-way or 3-way	
Account #	
Approved	JKL 7.22.14
PV#	Batch#

**STATEMENT**

WEST ORANGE COUNTY WATER BOARD  
CITY HALL  
2000 MAIN STREET  
HUNTINGTON BEACH, CALIFORNIA

Services for the month of July 2014

**\$100.00**

*I certify that the above is true and just and that  
payment therefore has not been received and that  
services performed were performed for the benefit of  
the Board.*

Date: July 16, 2014

Signature



**Matthew Harper  
CITY OF HUNTINGTON BEACH**

50885101.75410	\$56.1000
50885101.75420	\$4.2000
50885101.75430	\$14.3000
50885101.75440	\$25.4000
38334	\$100.0000

OP/ OC/ <u>OD</u> / OJ/ OW #	49985
Supplier #	38334
Order Co#	508
<u>2-way or 3-way</u>	
Account #	
Approved <i>[Signature]</i>	7.22.14
PV#	Batch#

102118

**STATEMENT**

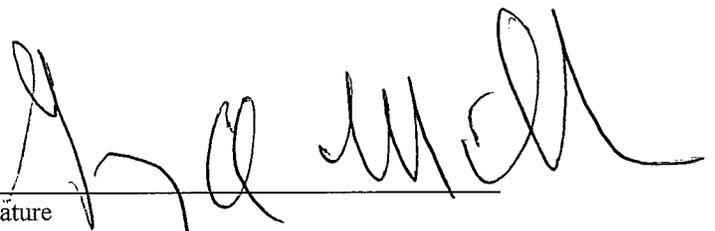
WEST ORANGE COUNTY WATER BOARD  
CITY HALL  
2000 MAIN STREET  
HUNTINGTON BEACH, CALIFORNIA

Services for the month of July 2014

**\$100.00**

*I certify that the above is true and just and that  
payment therefore has not been received and that  
services performed were performed for the benefit of  
the Board.*

Date: July 16, 2014

  
\_\_\_\_\_  
Signature

**Gary Miller  
CITY OF SEAL BEACH**

50885101.75410      \$56.1000  
50885101.75420      \$4.2000  
50885101.75430      \$14.3000  
50885101.75440      \$25.4000  
63470                      \$100.0000



OP/OC/OD/ OI/OW #	49986
Supplier #	63470
Order Co#	508
2-way or 3-way	
Account #	
Approved	Miller 7.22.14
PV#	Batch#

102119

**STATEMENT**

WEST ORANGE COUNTY WATER BOARD  
CITY HALL  
2000 MAIN STREET  
HUNTINGTON BEACH, CALIFORNIA

Services for the month of July 2014

**\$100.00**

*I certify that the above is true and just and that  
payment therefore has not been received and that  
services performed were performed for the benefit of  
the Board.*

Date: July 16, 2014



Signature

**Andy Quach  
CITY OF WESTMINSTER**

50885101.75410	\$56.1000
50885101.75420	\$4.2000
50885101.75430	\$14.3000
50885101.75440	\$25.4000
	\$100.0000

101387



OP/OC	OD/OJ/OW #	49987
Supplier #		101387
Order Co#		508
<input checked="" type="checkbox"/> 2-way or 3-way		
Account #		
Approved		7.22.14
PV#	Batch#	

102120



# Work Order Charges Summary

Report Range: From 07/01/2014 To 9/30/2014

Program/Category	WOID	WO Description	Other Charges	WO Count	Labor Hours	Labor Charges	Equip. Charges	Materials Charges	Total
508-WOCWB				<b>10</b>	<b>476</b>	<b>\$21,158.56</b>	<b>\$5,574.63</b>	<b>\$7,897.45</b>	<b>\$34,630.63</b>
Contracts for Rep and Maint (50885101.64620)									
WO: 133645	July	BacT Can Installs:		3	414	\$17,882.24	\$4,341.93	\$7,856.53	\$30,080.69
WO: 144380	August	BacT Can Installs:		1	152.5	\$6,976.95	\$1,701.98	\$6,129.75	\$14,808.68
WO: 144381	September	BacT Can Installs:		1	189	\$7,662.06	\$2,006.33	\$1,726.78	\$11,395.17
Miscellaneous (50885101.64620)									
WO: 130043	WOCWB	OT		1	72.5	\$3,243.23	\$633.62	\$0.00	\$3,876.85
Other Cont Svcs (50885101.69505)									
WO: 130168	WOCWB	July		1	34	\$1,991.14	\$304.92		\$2,296.06
WO: 130169	WOCWB	August		1	34	\$1,991.14	\$304.92		\$2,296.06
WO: 130170	WOCWB	September		6	28	\$1,285.18	\$927.78	\$40.92	\$3,113.74
WO: 130192	WOCWB	- Blow Offs		1	4	\$176.95	\$176.72		\$353.67
WO: 130193	WOCWB	- DK OC-9 Inst. & Controls		1	14	\$674.82	\$309.26		\$984.08
				1	4	\$159.04	\$176.72		\$335.76
				1	6	\$274.37	\$265.08		\$539.45
				1				\$40.92	\$40.92

Labor Charges \$21,158.56  
 Equipment Charges \$5,574.63

Total Huntington Beach Charges \$26,733.19

Materials Charges are not assessed as these are purchased by WOCWB but also display automatically in the City's work order system. Assessing those charges would therefore be charging WOCWB twice. They are shown so that the Board members can review the quarterly work order.

**TREASURER'S REPORT AS PREPARED BY**  
**CITY TREASURER**



CITY OF HUNTINGTON BEACH  
INTERDEPARTMENTAL COMMUNICATION  
OFFICE OF THE CITY TREASURER

TO: West Orange County Water Board (WOCWB) c/o Chris Davis

FROM: Alisa Cutchen, City Treasurer *Alisa Cutchen*

DATE: October 8, 2014

**SUBJECT: WEST ORANGE COUNTY WATER BOARD (WOCWB) - QUARTERLY  
INVESTMENT REPORT – OCTOBER 15, 2014 MEETING**

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Enclosed are the Investment Reports for July, August and September 2014.

Please distribute to the WOCWB Board Members and place these items on the next WOCWB agenda. We are missing the September 2014 LAIF Market Value Report, as it is not yet available. If this report becomes available prior to the WOCWB meeting date of October 15, 2014, Linda Wine will send you a copy as a late item.

cc: Laurie Hill  
Joyce M. Zacks



City of Huntington Beach  
2000 Main St.  
Huntington Beach,

**West Orange County Water Board  
Portfolio Management  
Portfolio Summary  
July 31, 2014**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Local Agency Investment Funds	208,215.99	208,215.99	208,215.99	79.93	1	1	0.241	0.244
Passbook/Checking Accounts - UBOC	52,277.61	52,277.61	52,277.61	20.07	1	1	0.049	0.050
<b>Investments</b>	<b>260,493.60</b>	<b>260,493.60</b>	<b>260,493.60</b>	<b>100.00%</b>	<b>1</b>	<b>1</b>	<b>0.202</b>	<b>0.205</b>

**Fiscal Year Ending**

	July 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
<b>Total Earnings</b>			
Current Year	43.55	437.77	
Current Budget	40.00	400.00	480.00
Last Year Actual	60.00	600.00	720.00
<b>Average Daily Balance</b>	<b>260,441.35</b>	<b>259,538.78</b>	
<b>Effective Rate of Return</b>	<b>0.20%</b>	<b>0.20%</b>	

I certify that this report accurately reflects all WOCWB investments and is in conformity with all State laws and the investment policy statement filed with the WOCWB Board of Directors on January 14, 2014. A copy of this policy is available in the office of WOCWB. The investment program herein shown provides sufficient cash flow liquidity to meet the next six month's budgeted expenditures.

*Alisa Cutchen*  
Alisa Cutchen, Treasurer

10.7.14

Reporting period 07/01/2014-07/31/2014

Run Date: 10/07/2014 - 08:03

Portfolio WOCW  
AC  
PM (PRF\_PMT) 7.3.0  
Report Ver. 7.3.3b

West Orange County Water Board  
 Portfolio Management  
 Portfolio Details - Investments  
 July 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Local Agency Investment Funds</b>												
SYS100	100	Local Agency Investment Fund	208,164.15		208,215.99	208,215.99	208,215.99	0.244		0.244	1	
		<b>Subtotal and Average</b>			208,215.99	208,215.99	208,215.99	0.244		0.244	1	
<b>Passbook/Checking Accounts - UBOC</b>												
SYS101	101	Union Bank of California			52,277.61	52,277.61	52,277.61	0.050		0.050	1	
		<b>Subtotal and Average</b>			52,277.61	52,277.61	52,277.61	0.050		0.050	1	
		<b>Total and Average</b>			260,493.60	260,493.60	260,493.60			0.205	1	

**West Orange County Water Board**  
**Portfolio Management**  
**Activity By Type**  
**July 1, 2014 through July 31, 2014**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Local Agency Investment Funds (Monthly Summary)</b>							
SYS100	100	Local Agency Investment Fund	0.244		114.78	0.00	
		<b>Subtotal</b>			<b>114.78</b>	<b>0.00</b>	<b>208,215.99</b>
<b>Passbook/Checking Accounts - UBOC (Monthly Summary)</b>							
SYS101	101	Union Bank of California	0.050		0.43	0.00	
		<b>Subtotal</b>			<b>0.43</b>	<b>0.00</b>	<b>52,277.61</b>
		<b>Total</b>			<b>115.21</b>	<b>0.00</b>	<b>260,493.60</b>

**West Orange County Water Board  
Portfolio Management  
Activity Summary  
July 2013 through July 2014**

Month End	Year	Number of Securities	Average Balance	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
July	2013	2	423,355.25	0.248	0.251	0.267	0	0	1	1
August	2013	2	336,053.41	0.249	0.253	0.271	0	0	1	1
September	2013	2	308,679.18	0.250	0.254	0.257	0	0	1	1
October	2013	2	280,026.22	0.257	0.261	0.266	0	0	1	1
November	2013	2	219,156.47	0.225	0.228	0.263	0	0	1	1
December	2013	2	248,658.57	0.225	0.228	0.263	0	0	1	1
January	2014	2	248,941.62	0.209	0.212	0.244	0	0	1	1
February	2014	2	264,722.25	0.188	0.191	0.236	0	0	1	1
March	2014	2	274,891.00	0.188	0.191	0.236	0	0	1	1
April	2014	2	274,956.90	0.186	0.188	0.233	0	0	1	1
May	2014	2	262,738.39	0.190	0.192	0.228	0	0	1	1
June	2014	2	260,378.39	0.190	0.192	0.228	0	0	1	1
July	2014	2	260,441.35	0.202	0.205	0.244	0	0	1	1
<b>Average</b>		<b>2</b>	<b>282,075.33</b>	<b>0.216%</b>	<b>0.219%</b>	<b>0.249</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

**West Orange County Water Board  
Portfolio Management  
Interest Earnings Summary  
July 31, 2014**

	July 31 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	( 0.00)	( 0.00)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
<b>Pass Through Securities:</b>		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	( 0.00)	( 0.00)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
<b>Cash/Checking Accounts:</b>		
Interest Collected	115.21	589.10
Plus Accrued Interest at End of Period	-3,308.46	-3,308.46
Less Accrued Interest at Beginning of Period	( -3,236.80)	( -3,157.13)
Interest Earned during Period	43.55	437.77
<b>Total Interest Earned during Period</b>	<b>43.55</b>	<b>437.77</b>
<b>Total Adjustments from Premiums and Discounts</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Capital Gains or Losses</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Earnings during Period</b>	<b>43.55</b>	<b>437.77</b>





City of Huntington Beach  
2000 Main St.  
Huntington Beach,

**West Orange County Water Board  
Portfolio Management  
Portfolio Summary  
August 31, 2014**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Local Agency Investment Funds	208,215.99	208,215.99	208,215.99	79.93	1	1	0.256	0.260
Passbook/Checking Accounts - UBOC	52,278.02	52,278.02	52,278.02	20.07	1	1	0.049	0.050
<b>Investments</b>	<b>260,494.01</b>	<b>260,494.01</b>	<b>260,494.01</b>	<b>100.00%</b>	<b>1</b>	<b>1</b>	<b>0.215</b>	<b>0.218</b>

**Fiscal Year Ending**

	August 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Total Earnings	46.16	483.93	
Current Year	40.00	440.00	480.00
Current Budget	60.00	660.00	720.00
Last Year Actual			
Average Daily Balance	260,493.64	259,627.14	
Effective Rate of Return	0.21%	0.20%	

I certify that this report accurately reflects all WOCWB investments and is in conformity with all State laws and the investment policy statement filed with the WOCWB Board of Directors on January 14, 2014. A copy of this policy is available in the office of WOCWB. The investment program herein shown provides sufficient cash flow liquidity to meet the next six month's budgeted expenditures.

*Alisa Cutchen*  
10-7-14

Alisa Cutchen, Treasurer

Reporting period 08/01/2014-08/31/2014

Run Date: 10/07/2014 - 09:04

Portfolio WOCW  
AC  
PM (PRF\_PM1) 7.3.0  
Report Ver. 7.3.3b

West Orange County Water Board  
 Portfolio Management  
 Activity By Type  
 August 1, 2014 through August 31, 2014

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Local Agency Investment Funds (Monthly Summary)</b>							
		Subtotal					208,215.99
<b>Passbook/Checking Accounts - UBOC (Monthly Summary)</b>							
SYS101	101	Union Bank of California	0.050		0.41	0.00	
		Subtotal			0.41	0.00	52,278.02
		Total			0.41	0.00	260,494.01

**West Orange County Water Board  
Portfolio Management  
Activity Summary  
August 2013 through August 2014**

Month End	Year	Number of Securities	Average Balance	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
August	2013	2	336,053.41	0.249	0.253	0.271	0	0	1	1
September	2013	2	308,679.18	0.250	0.254	0.257	0	0	1	1
October	2013	2	280,026.22	0.257	0.261	0.266	0	0	1	1
November	2013	2	219,156.47	0.225	0.228	0.263	0	0	1	1
December	2013	2	248,858.57	0.225	0.228	0.263	0	0	1	1
January	2014	2	248,941.62	0.209	0.212	0.244	0	0	1	1
February	2014	2	264,722.25	0.188	0.191	0.236	0	0	1	1
March	2014	2	274,891.00	0.188	0.191	0.236	0	0	1	1
April	2014	2	274,956.90	0.186	0.188	0.233	0	0	1	1
May	2014	2	262,738.39	0.190	0.192	0.228	0	0	1	1
June	2014	2	260,378.39	0.190	0.192	0.228	0	0	1	1
July	2014	2	260,441.35	0.202	0.205	0.244	0	0	1	1
August	2014	2	260,493.64	0.215	0.218	0.260	0	0	1	1
<b>Average</b>		<b>2</b>	<b>269,326.06</b>	<b>0.213%</b>	<b>0.216%</b>	<b>0.248</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

**West Orange County Water Board**  
**Portfolio Management**  
**Interest Earnings Summary**  
**August 31, 2014**

	August 31 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	( 0.00)	( 0.00)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
<b>Pass Through Securities:</b>		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	( 0.00)	( 0.00)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
<b>Cash/Checking Accounts:</b>		
Interest Collected	0.41	589.51
Plus Accrued Interest at End of Period	-3,262.71	-3,262.71
Less Accrued Interest at Beginning of Period	( -3,308.46)	( -3,157.13)
Interest Earned during Period	46.16	483.93
Total Interest Earned during Period	46.16	483.93
Total Adjustments from Premiums and Discounts	0.00	0.00
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	46.16	483.93





City of Huntington Beach  
2000 Main St.  
Huntington Beach,

**West Orange County Water Board  
Portfolio Management  
Portfolio Summary  
September 30, 2014**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Local Agency Investment Funds	208,215.99	208,215.99	208,215.99	95.82	1	1	0.256	0.260
Passbook/Checking Accounts - UBOC	9,078.97	9,078.97	9,078.97	4.18	1	1	0.049	0.050
<b>Investments</b>	<b>217,294.96</b>	<b>217,294.96</b>	<b>217,294.96</b>	<b>100.00%</b>	<b>1</b>	<b>1</b>	<b>0.243</b>	<b>0.251</b>

**Total Earnings**

	September 30	Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	45.34	529.27	529.27	529.27
Current Budget	40.00	480.00	480.00	480.00
Last Year Actual	60.00	720.00	720.00	720.00
<b>Average Daily Balance</b>	<b>228,814.58</b>	<b>257,094.60</b>		
<b>Effective Rate of Return</b>	<b>0.24%</b>	<b>0.21%</b>		

I certify that this report accurately reflects all WOCWB investments and is in conformity with all State laws and the investment policy statement filed with the WOCWB Board of Directors on January 14, 2014. A copy of this policy is available in the office of WOCWB. The investment program herein shown provides sufficient cash flow liquidity to meet the next six month's budgeted expenditures.

*Alisa Cutcher* 10.7.14

Alisa Cutcher, Treasurer

Reporting period 09/01/2014-09/30/2014

Run Date: 10/07/2014 - 09:05

Portfolio WOCWB  
AC  
PM (PRF\_PM1) 7.3.0  
Report Ver: 7.3.3b

West Orange County Water Board  
 Portfolio Management  
 Portfolio Details - Investments  
 September 30, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Local Agency Investment Funds</b>												
	100	Local Agency Investment Fund	208,215.99		208,215.99	208,215.99	208,215.99	0.260		0.260	1	
		<b>Subtotal and Average</b>	<b>208,215.99</b>		<b>208,215.99</b>	<b>208,215.99</b>	<b>208,215.99</b>	<b>0.260</b>		<b>0.260</b>	<b>1</b>	
<b>Passbook/Checking Accounts - UBOC</b>												
	101	Union Bank of California			9,078.97	9,078.97	9,078.97	0.050		0.050	1	
		<b>Subtotal and Average</b>	<b>20,598.59</b>		<b>9,078.97</b>	<b>9,078.97</b>	<b>9,078.97</b>	<b>0.050</b>		<b>0.050</b>	<b>1</b>	
		<b>Total and Average</b>	<b>228,814.58</b>		<b>217,294.96</b>	<b>217,294.96</b>	<b>217,294.96</b>			<b>0.251</b>	<b>1</b>	

West Orange County Water Board  
 Portfolio Management  
 Activity By Type  
 September 1, 2014 through September 30, 2014

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Local Agency Investment Funds (Monthly Summary)</b>							
Subtotal							
<b>Passbook/Checking Accounts - UBOC (Monthly Summary)</b>							
SYS101	101	Union Bank of California	0.050		0.18	43,199.23	
Subtotal							
Total							
							208,215.99
							9,078.37
							217,294.96

West Orange County Water Board  
 Portfolio Management  
 Activity Summary  
 September 2013 through September 2014

Month End	Year	Number of Securities	Average Balance	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
September	2013	2	308,679.18	0.250	0.254	0.257	0	0	1	1
October	2013	2	280,026.22	0.257	0.261	0.266	0	0	1	1
November	2013	2	219,156.47	0.225	0.228	0.263	0	0	1	1
December	2013	2	248,858.57	0.225	0.228	0.263	0	0	1	1
January	2014	2	248,941.62	0.209	0.212	0.244	0	0	1	1
February	2014	2	264,722.25	0.188	0.191	0.236	0	0	1	1
March	2014	2	274,891.00	0.188	0.191	0.236	0	0	1	1
April	2014	2	274,956.90	0.186	0.188	0.233	0	0	1	1
May	2014	2	262,738.39	0.190	0.192	0.228	0	0	1	1
June	2014	2	260,378.39	0.190	0.192	0.228	0	0	1	1
July	2014	2	260,441.35	0.202	0.205	0.244	0	0	1	1
August	2014	2	260,493.64	0.215	0.218	0.260	0	0	1	1
September	2014	2	228,814.58	0.248	0.251	0.260	0	0	1	1
Average			261,012.41	0.213%	0.216%	0.248	0	0	1	1

**West Orange County Water Board  
Portfolio Management  
Interest Earnings Summary  
September 30, 2014**

	September 30 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	( 0.00)	( 0.00)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
<b>Pass Through Securities:</b>		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	( 0.00)	( 0.00)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
<b>Cash/Checking Accounts:</b>		
Interest Collected	0.18	589.69
Plus Accrued Interest at End of Period	-3,217.55	-3,217.55
Less Accrued Interest at Beginning of Period	( -3,262.71)	( -3,157.13)
Interest Earned during Period	45.34	529.27
Total Interest Earned during Period	45.34	529.27
Total Adjustments from Premiums and Discounts	0.00	0.00
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	45.34	529.27

**ANNUAL AUDIT**

**WEST ORANGE COUNTY WATER BOARD**

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2013

**WEST ORANGE COUNTY WATER BOARD**

**SEPTEMBER 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
West Orange County Water Board  
Huntington Beach, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the West Orange County Water Board (Board) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of September 30, 2013, and the 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.

### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, the Board adopted Governmental Accounting Standards Board (GASB) Statements No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 5 be presented to supplement the basic financial statements. Such information, 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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues, Expenses, and Change in Net Position by Participant and Budgetary Comparison Schedule (schedules) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Vavrich, Tomic, Day & Co., LLP*

Laguna Hills, California  
June 20, 2014

**WEST ORANGE COUNTY WATER BOARD**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2013**

This section of the West Orange County Water Board's (Board) annual financial report presents our analysis of the Board's financial performance during the year ended September 30, 2013. Please read it in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

During the year, the Board's current liabilities increased by \$40,687.

During the year, the Board's maintenance and operating charges to participants increased by \$82,274.

During the year, the Board's maintenance and operating expenses increased by \$81,475.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts: Management's Discussion and Analysis and Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

**REQUIRED FINANCIAL STATEMENTS**

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of net position includes all of the Board's investments and resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Board and assessing the liquidity and financial flexibility of the Board. 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 success of the Board's operations over the past year.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Board's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers as to the nature of where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**FINANCIAL ANALYSIS OF THE BOARD**

One of the most important questions asked about the Board's finances is "Is the Board as a whole better off or worse 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 Board's activities in a way that will help answer this question. These two statements report the net position of the Board and changes in them. You can think of the Board's net position – the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Board'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, zoning and new or changed government legislation.

**WEST ORANGE COUNTY WATER BOARD**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2013**

**NET POSITION**

To begin our analysis, a summary of the Board's Statement of Net Position is presented below:

**Table A**  
**Statement of Net Position**

	<u>September 30, 2013</u>	<u>September 30, 2012</u>	<u>\$ Change</u>	<u>% Change</u>
Current	\$ 288,093	\$ 267,873	\$ 20,220	7.5%
Total Assets	<u>288,093</u>	<u>267,873</u>	<u>20,220</u>	7.5%
Current	61,826	21,139	40,687	192.5%
Noncurrent	226,267	246,734	(20,467)	-8.3%
Total Liabilities	<u>288,093</u>	<u>267,873</u>	<u>20,220</u>	7.5%
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	0.0%

As can be seen from the table above, current liabilities increased from \$21,139 in fiscal year ended September 30, 2012, to \$61,826 in fiscal year ended September 30, 2013, mainly due to timing of payments for expenses incurred in fiscal year ended September 30, 2013. Further, noncurrent liabilities decreased from \$246,734 in fiscal year ended September 30, 2012, to \$226,267 in fiscal year ended September 30, 2013, mainly due to payment of prepaid expenses to be incurred in a future period.

**Table B**  
**Statement of Revenue, Expenses and Changes in Net Position**

	<u>September 30, 2013</u>	<u>September 30, 2012</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues	\$ 209,144	\$ 126,870	\$ 82,274	64.8%
Nonoperating Revenues	1,003	1,802	(799)	-44.3%
Total Revenues	<u>210,147</u>	<u>128,672</u>	<u>81,475</u>	63.3%
Operating Expenses	210,147	128,672	81,475	63.3%
Total Expenses	<u>210,147</u>	<u>128,672</u>	<u>81,475</u>	63.3%
Changes in Net Position	-	-	-	0.0%
Beginning Net Position	-	-	-	0.0%
Ending Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	0.0%

**WEST ORANGE COUNTY WATER BOARD**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2013**

While the Statement of Net Position shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provide answers as to the nature and source of these changes. As can be seen above, operating expenses increased from \$128,672 for the fiscal year ended September 30, 2012, to \$210,147 for the fiscal year ended September 30, 2013, mainly due to increased maintenance costs charged by the City of Huntington Beach. Also, revenues and expenses equal as the Board allocates all expenses to the participants for reimbursement.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*CAPITAL ASSETS* - The Board does not own any capital assets. Costs incurred for repairs and maintenance did not meet the Board's capitalization threshold.

*DEBT ADMINISTRATION* - The only long-term liability the Board has is amounts due to each participant and is used for cash flow purposes.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Directors and management considered many factors when setting the Fiscal Year 2013/2014 budget. One of those factors is the economy. Inflation in the area continues to be somewhat higher than the National Consumer Price Index (CPI) increase. The budget has been structured to contain costs while always continuing the Board's philosophy of providing excellence in service.

**CONTACTING THE BOARD'S FINANCIAL MANAGER**

This financial report is designed to provide our citizens and participants with a general overview of the Boards finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Chris Davis, Senior Administrative Analyst, at 19001 Huntington Street, Huntington Beach, California 92648, Phone (714) 374-1641 or e-mail [chris.davis@surfcity-HB.org](mailto:chris.davis@surfcity-HB.org).

**WEST ORANGE COUNTY WATER BOARD**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

**Assets:**

Current assets:

Cash and cash equivalents held by fiscal agent	\$ 282,149
Prepaid insurance	5,944

<b>Total Assets</b>	<u>288,093</u>
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**Liabilities:**

Current liabilities:

Accounts payable	<u>61,826</u>
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Noncurrent Liabilities:

Due to participants:

City of Huntington Beach	117,388
City of Garden Grove	15,348
City of Seal Beach	35,730
City of Westminster	<u>57,801</u>

Total due to participants	<u>226,267</u>
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<b>Total Liabilities</b>	<u>288,093</u>
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**Net Position:**

Unrestricted	<u>-</u>
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<b>Total Net Position</b>	<u>\$ -</u>
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The accompanying notes to the basic financial statements.

**WEST ORANGE COUNTY WATER BOARD**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2013**

<b>Operating revenues</b>	
Maintenance and operating charges to participants	<u>\$ 209,144</u>
<b>Operating expenses</b>	
Maintenance and operating expenses	<u>210,147</u>
Operating loss	(1,003)
<b>Nonoperating revenues</b>	
Interest income	<u>1,003</u>
Change in net position	-
Net Position, Beginning of year	<u>-</u>
Net Position, End of year	<u><u>\$ -</u></u>

The accompanying notes to the basic financial statements.

**WEST ORANGE COUNTY WATER BOARD**

**STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2013**

<b>Cash flows from operating activities:</b>	
Receipts from participants	\$ 188,677
Payments to suppliers	<u>(169,713)</u>
<b>Net cash provided by operating activities</b>	<u>18,964</u>
<b>Cash flows from investing activities:</b>	
Interest received	<u>1,003</u>
Net increase in cash and cash equivalents	19,967
<b>Cash and cash equivalents, beginning of year</b>	<u>262,182</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 282,149</u>
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>	
Operating (loss)	<u>\$ (1,003)</u>
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Net cash provided by operating activities:	
(Increase) in prepaid insurance	(253)
Increase in accounts payable	40,687
(Decrease) in due to participants	<u>(20,467)</u>
<b>Net cash provided by operating activities</b>	<u>\$ 18,964</u>

The accompanying notes to the basic financial statements.

# WEST ORANGE COUNTY WATER BOARD

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2013

### NOTE 1 – ORGANIZATION AND HISTORY

The West Orange County Water Board (Board) was created on February 9, 1955, through a joint powers agreement with subsequent supplements and amendments to provide for the construction, operation and maintenance of water transportation. Current participants under the agreement are the Cities of Huntington Beach, Westminster, Seal Beach and Garden Grove who own the facilities. All operating costs are allocated to and recovered from the participants, and accordingly, the Board has no net income from operations.

Effective February 1, 1996, the City of Huntington Beach purchased 3.8 cubic feet per second (cfs) of capacity in Feeder No.1. Revenues and expenses are now being allocated using the following percentages

City of Huntington Beach	56.1%
City of Garden Grove	4.2%
City of Seal Beach	14.3%
City of Westminster	25.4%
	<hr/>
	100.0%

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

The accounting methods and procedures adopted by the Board conform to generally accepted accounting principles as applied to governmental enterprise funds as prescribed by the Governmental Accounting Standards Board (GASB).

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations, 2) Accounting Principles Board Opinions, and 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in Paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretation that do not conflict with contract GASB pronouncements. The Board implemented this pronouncement, effective October 1, 2012.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and amends the net asset reporting requirements in Statement No. 34, *Based Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Statement is effective for periods beginning after December 15, 2011. The Board implemented this pronouncement, effective October 1, 2012.

**WEST ORANGE COUNTY WATER BOARD**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(a) Basis of Accounting (Continued)**

The Board, as an enterprise fund, accounts for its operations in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The focus of enterprise fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The Board's operating revenues and expenses are those that result from providing services and producing and delivering goods.

**(b) Cash Equivalents**

The City of Huntington Beach acts as fiscal agent of the Board and all funds of the Board are held and managed by the City of Huntington Beach's Treasurer. For purposes of the financial statements, the Board considers highly liquid debt instruments (excluding assets whose use is limited) purchased with a maturity of three months or less to be cash equivalents. Money market account and funds invested with the Local Agency Investment Fund (LAIF) are considered to be cash equivalents.

**(c) Investments**

Investments are generally stated at fair value, which is based on quoted market prices as of the valuation date. The gain/loss resulting from valuation is reported in the revenue account interest income on the statement of revenues, expenses and changes in net position.

**(d) Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(e) Due to Participants**

Due to participants are the residual amounts allocated to the participating agencies based on the allocation of revenues and expenses throughout the year.

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of September 30, 2013, consist of the following:

Money market account	\$	4,509
Investments in LAIF		<u>277,640</u>
Total Cash and Investments	\$	<u><u>282,149</u></u>

**WEST ORANGE COUNTY WATER BOARD**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

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

The table below identifies the investment types that are authorized for the Board by the California Government Code (or the Board's investment policy, where more restrictive). The table also identifies certain provisions of the Board's investment policy that address interest rate risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Certificates of Deposit	5 years	30%*	**
California Local Agency Investment Fund (LAIF)	N/A	No Limit	\$30 million*
Money Market Mutual Funds	60 day Wgt Avg	20%	10%

\* The following investment types are authorized for the Board by the California Government Code. However, the Board's investment policy is more restrictive than the California Government Code:

Certificates of Deposit - The California Government Code allows a city to invest up to 100% of its portfolio in this investment type and up to 10% of its portfolio in a single issuer.

LAIF - The State Treasurer limits the participants to \$40 million.

\*\*The Board's investment policy does not include a policy for the maximum investment in one issuer for certificate of deposits. As such, the Board follows the California Government Code's maximum investment in one issuer, for time certificate of deposits and negotiable certificates of deposit, of 10%.

***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 value to change in market interest rates. The Board mitigates interest rate risk by maintaining its fund in LAIF which may be drawn upon daily. At September 30, 2013, the Board was only invested in LAIF which had a weighted average maturity of 239 days.

***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. At September 30, 2013, the LAIF pool is not rated.

**WEST ORANGE COUNTY WATER BOARD**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013**

***NOTE 3 – CASH AND INVESTMENTS (Continued)***

***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., brokerdealer) 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 Board'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 agencies. California law also allows financial institutions to secure Board deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At September 30, 2013, the Board's deposits with financial institutions did not exceed federal depository insurance limits.

***Local Agency Investment Fund (LAIF)***

The Board is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Board's investment in the pool is reported in the accompanying financial statements at an amount based upon the Board's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis. The total amount invested by all public agencies in LAIF as of September 30, 2013, was \$19.3 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at September 30, 2013, had a balance of \$56.6 billion, of that amount, 2.25% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 239 days as of September 30, 2013.

***NOTE 4 – RELATED PARTY TRANSACTIONS***

The City of Huntington Beach, besides being a participant of the Board, performs the duties of manager/engineer, all accounting functions and bills the Board for monthly operation and maintenance costs incurred. Total administrative, operations and maintenance costs billed for the year were \$40,282. As of September 30, 2013, the City of Huntington Beach was owed \$56,562 for cash overdrafts.

**SUPPLEMENTARY INFORMATION**

**WEST ORANGE COUNTY WATER BOARD**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION BY PARTICIPANT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	City of Huntington Beach	City of Garden Grove	City of Seal Beach	City of Westminster	Total
<b>Operating revenues</b>					
Maintenance and operating charges to participants	\$ 117,330	\$ 8,784	\$ 29,908	\$ 53,122	\$ 209,144
<b>Operating expenses</b>					
Maintenance and operating expenses	117,893	8,826	30,051	53,377	210,147
<b>Operating loss</b>	(563)	(42)	(143)	(255)	(1,003)
Nonoperating revenues					
Interest income	563	42	143	255	1,003
Change in net position	-	-	-	-	-
Net Position, Beginning of Year	-	-	-	-	-
Net Position, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying note to supplementary information.

**WEST ORANGE COUNTY WATER BOARD**

**BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Revenues</b>			
Operating	\$ 188,677	\$ 209,144	\$ 20,467
Nonoperating	900	1,003	103
<b>Total Revenues</b>	<u>189,577</u>	<u>210,147</u>	<u>20,570</u>
<b>Operating expenses</b>			
Maintenance and operating:			
Board members	2,000	1,400	(600)
Legal	3,000	-	(3,000)
Audit fees	5,000	5,000	-
Insurance	8,000	8,396	396
Power	4,000	4,030	30
Maintenance, repair and operation	60,000	87,135	27,135
Other contract services	2,500	2,966	466
Capital	<u>105,000</u>	<u>101,220</u>	<u>(3,780)</u>
			-
<b>Total Operating Expense</b>	<u>189,500</u>	<u>210,147</u>	<u>20,647</u>
<b>Change in Net Position</b>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ (77)</u>

See accompanying note to supplementary information.

**WEST ORANGE COUNTY WATER BOARD**

**NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

*Budgetary Comparison Schedule*

Annual budgets are adopted by the West Orange County Water Board's (Board) Board of Directors. The Board prepares its budgets on the accrual basis of accounting. No budget transfers were requested during the year. The legal level of budgetary control (that is, the level at which expenses cannot legally exceed the appropriated amount) for the operating budget is at the entity level.

**OPERATIONS & MAINTENANCE REPORT**

**To:** Laurie Hill  
**From:** Jay A. Kleinheinz  
**Date:** August 5, 2014  
**Subject:** WOCWB Water Use for July, 2014



The water use billing allocations for the West Orange County Water Board members supplied by feeder connections OC-9 and OC-35 are as follows:

	<u>Acre Feet</u>	
	<u>OC-9</u>	<u>OC-35</u>
<b>Garden Grove</b>	0.0	0.0
<b>Seal Beach</b>	0.0	297.8
<b>Huntington Beach</b>	626.6	374.5
<b>Westminster</b>	81.9	4.5
<b>WOCWB (flushing)</b>	0.0	0.0

If you have any questions, please contact Jay Kleinheinz at (714) 374-1512

Very truly yours,

Jay A. Kleinheinz  
Water Production Supervisor

JAK:ss

**To:** Laurie Hill  
**From:**  Jay A. Kleinheinz  
**Date:** September 5, 2014  
**Subject:** WOCWB Water Use for August, 2014



The water use billing allocations for the West Orange County Water Board members supplied by feeder connections OC-9 and OC-35 are as follows:

	<u>Acre Feet</u>	
	<u>OC-9</u>	<u>OC-35</u>
<b>Garden Grove</b>	0.0	0.0
<b>Seal Beach</b>	0.0	316.7
<b>Huntington Beach</b>	627.4	139.2
<b>Westminster</b>	77.3	0.0
<b>WOCWB (flushing)</b>	0.0	0.0

If you have any questions, please contact Jay Kleinheinz at (714) 374-1512

Very truly yours,

Jay A. Kleinheinz  
Water Production Supervisor

JAK:ss

**To:** Laurie Hill  
**From:** Jay A. Kleinheinz  
**Date:** October 7, 2014  
**Subject:** WOCWB Water Use for September, 2014



The water use billing allocations for the West Orange County Water Board members supplied by feeder connections OC-9 and OC-35 are as follows:

	<u>Acre Feet</u>	
	<u>OC-9</u>	<u>OC-35</u>
<b>Garden Grove</b>	0.0	0.0
<b>Seal Beach</b>	0.0	172.4
<b>Huntington Beach</b>	588.4	20.6
<b>Westminster</b>	76.8	3.3
<b>WOCWB (flushing)</b>	0.0	0.0

If you have any questions, please contact Jay Kleinheinz at (714) 374-1512

Very truly yours,

Jay A. Kleinheinz  
Water Production Supervisor

JAK:ss

**MANAGEMENT AND ENGINEERING REPORT**

# *West Orange County Water Board*

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*General Manager, Engineer, Secretary, Fiscal Agent*  
City of Huntington Beach  
19001 Huntington Street  
Huntington Beach, California 92648  
(714) 536-5921 FAX (714) 847-1067

*Bowie, Arneson, Wiles and Giannone*  
4920 Campus Drive, Suite A  
Newport Beach, California 92660

Date: October 15, 2014  
To: West Orange County Water Board  
From: Brian A. Ragland, P.E., General Manager  
Subject: Management and Engineering Report

## Poseidon Ocean Desalination Project - Ocean Intake Independent Scientific and Technical Advisory Panel (ISTAP) Draft Report

On September 29 a public meeting was held at the Huntington Beach Main Library to discuss the draft report findings. The Panel evaluated a total of 9 subsurface infiltration alternatives as potential intake alternatives to the proposed utilization of the existing AES power plant ocean intake and discharge pipelines. The Panel rejected 7 of 9 concepts for not being "technically feasible". In this first phase of the study, cost was not a consideration. The two alternatives that will be subjected to further evaluation are the "Surf Zone Infiltration Gallery" and the "Engineered Subsurface Infiltration Gallery".

For Phase II, there will likely be additional experts added to the current panel, who will analyze the two remaining alternatives to determine if they are feasible from a broader perspective, which will include environmental and economic considerations.

## Financial Analysis of Proposed Huntington Beach (Poseidon Resources) Ocean Water Desalination Project

OCWD recently released, for public review and comment, the draft financial analysis report prepared by Clean Energy Capital. CEC advised the San Diego Water Authority during their negotiations with Poseidon Resources on the Carlsbad Ocean Desalination Project which is currently under construction. The report indicated that Poseidon's estimates, figures and financing plan were reasonable and found that the price of the product water would be close to Poseidon's 2014 estimate of \$1,871 per acre foot. The report included consideration of the design, construction, operating and maintenance, energy, financing and other project related costs.

Once finalized, the report will be used as a tool by OCWD in their deliberations concerning entering into an agreement with Poseidon Resources to purchase all of the product water and possibly assisting with the funding of the project to lower the unit cost of the water. In addition, the potential new MWD Local Resources Program funding of \$340 per acre-foot may also be available to reduce the cost of the water.

Public comments are being taken until November 7 and a public meeting with the OCWD board and the groundwater producers will be held in January to address the results of the report and other concerns.

**COMMENTS, QUESTIONS OR CONCERNS FROM DIRECTORS**

**ADJOURNMENT**