

# **AGENDA**

Board of Directors' Meeting

August 19, 2010

6:00 p.m.

Agenda exhibits and other writings that are disclosable public records distributed to all, or a majority of, the members of the Moulton Niguel Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the District Office, 27500 La Paz Road, Laguna Niguel, CA ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available in the reception area of the District Office at the same time as they are distributed, except that, if such writings are distributed immediately prior to, or during, the meeting, they will be available in the Board meeting room.

**BOARD OF DIRECTORS' MEETING  
MOULTON NIGUEL WATER DISTRICT  
27500 La Paz Road, Laguna Niguel  
August 19, 2010  
6:00 p.m. (PDT)  
Approximate Meeting Time: 2 Hours**

**\*THIS BOARD MEETING WILL INCLUDE TELECONFERENCING AT THE  
FOLLOWING LOCATION:  
12025 CEDAR SHORE ROAD, ELLISON BAY, WISCONSIN**

<b>I.</b>	<b>CALL MEETING TO ORDER</b>	
<b>II.</b>	<b>PLEDGE OF ALLEGIANCE</b>	
<b>III.</b>	<b>APPROVE MINUTES OF BOARD OF DIRECTORS' MEETING OF JULY 15, 2010</b>	
	<b><u>ROLL CALL VOTE</u></b>	
<b>IV.</b>	<b>PUBLIC COMMENTS</b>	
<b>V.</b>	<b>PRESIDENT'S REPORT</b>	
<b>VI.</b>	<b>BOARD/COMMITTEE OR OTHER REPORTS</b>	3
<b>VII.</b>	<b>CONSENT ITEMS* - <u>ROLL CALL VOTE</u></b>	
	A. Meters in Service – July 2010.....	4
	B. Meter Distribution – July 2010.....	4
	C. Wastewater Treatment Flows – July 2010.....	4
	D. Potable Water Imported – July 2010 .....	5
	E. Recycled Water Produced – July 2010 .....	5
	F. Recycled Water Goals – Thru July 2010 .....	5
	G. District Activity – July 2010.....	6
<b>VIII.</b>	<b>GENERAL MANAGER'S REPORT</b>	9
<b>IX.</b>	<b>OPERATIONS MATTERS</b>	9
<b>X.</b>	<b>FINANCIAL MATTERS</b>	10
<b>XI.</b>	<b>ENGINEERING MATTERS</b>	11
<b>XII.</b>	<b>LEGAL MATTERS</b>	11

\* Consent items: All items will be approved by Board action as received and filed. Requests for discussion of any specific item should be made to the President of the Board in conjunction with the discussion of the consent motion.

A copy of the agenda and attachments is available for review at the District office. The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 643-2006 at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least seventy-two (72) hours prior to the scheduled meeting. The next Regular Board Meeting will be held at 6:00 p.m. on September 16, 2010 at the Moulton Niguel Water District.

\* All votes must be by roll call vote.

**VI. BOARD/COMMITTEE OR OTHER REPORTS**

A.	<u>BOARD MEETINGS</u>	<u>CHAIRMAN</u>
	Community Relations	Probolsky
	Engineering & Facilities	Froelich
	Finance & IT	Buck
	Investment	Lizotte
	Personnel & Salary	McKenney

B. STANDING COMMITTEES - (MEETINGS ON CALL OF CHAIRMAN)

Audit	Buck
Citizens' Advisory	Probolsky
Legal & Legislation	McKenney
Rate Review	Kurtz

VII. CONSENT ITEMS

A. METERS IN SERVICE – July 2010

Description	Beginning of Month	Added/ (Subtracted)	End of Month	One Year Ago
Single Family	33,980	13	33,993	33,799
Multi Family	14,710	14	14,724	14,611
Commercial	2,845	1	2,846	2,792
Irrigation	2,640	0	2,640	2,616
Total	54,175	28	54,203	53,818
Est. Population	167,408	70	167,478	166,677

B. METER DISTRIBUTION \* – July 2010

Size	Beginning of Month	Added/ (Subtracted)	End of Month	One Year Ago
5/8"	109	1	110	106
3/4"	36,545	-3	36,542	36,635
1"	10,866	29	10,895	10,474
1½"	933	-1	932	924
2"	4,954	1	4,955	4,929
2-1/2"	16	0	16	11
3"	80	0	80	74
4"	150	1	151	150
6"	315	0	315	311
8"	186	0	186	183
10"	21	0	21	21
Total	54,175	28	54,203	53,818

\*Includes potable and recycled water meters.

C. WASTEWATER TREATMENT FLOWS (MGD) – July 2010

Description	Current Month	One Year Ago
Total Flow	13.162	13.364

D. POTABLE WATER IMPORTED – July 2010

Source	Current Month Average Flow (cfs)	Current Month Volume (af)	Since 7/01/10 To Date Volume (af)	Year Ago To Date Volume (af)
Joint Transmission Main	5.9	361.5	361.5	325.8
Allen-McColloch Pipeline	11.8	728.8	728.8	977.4
Central Intertie Pipeline	29.5	1,818.4	1,818.4	1,862.6
Interties	-3	-15.5	-15.5	0.0
<b>Total</b>	<b>46.9</b>	<b>2,893.2</b>	<b>2,893.2</b>	<b>3,165.8</b>

E. RECYCLED WATER PRODUCED – July 2010

<b>UOR Storage at End of Month: 689.33 af</b>	Current Month Average Flow (mgd)	Current Month Volume (af)	Since 7/01/10 To Date Volume (af)	Year Ago To Date Volume (af)
Source				
Regional AWT	7.28	692.7	692.7	789.6
Plant 3A AWT	1.44	136.7	136.7	128.4
SCWD AWT**	.17	15.74	15.74	23.8
<b>Total Produced</b>	<b>8.89</b>	<b>845.14</b>	<b>845.14</b>	<b>941.8</b>
To(-)/From(+) Storage	.92	87.83	87.83	172.2
<b>Total Delivered</b>	<b>9.81</b>	<b>932.97</b>	<b>932.97</b>	<b>1,114.0</b>

\*\*MNWD delivered recycled water to SCWD during month.

F. RECYCLED WATER GOALS – Thru July 2010

Fiscal Year	Users Planned	Users Online	Acreage Planned	Acreage Online
02-03	1,100	1,096	3,400	3,364
03-04	1,130	1,141	3,688	3,641
04-05	1,155	1,166	3,700	3,694
05-06	1,189	1,183	3,736	3,727
06-07	1,220	1,197	3,798	3,748
07-08	1,250	1,206	3,858	3,768
08-09	1,250	1,218	3,858	3,797
09-10	1,260	1,251	3,900	3,870

G. DISTRICT ACTIVITY – July 2010

	<u>July 2010</u>	<u>July 2009</u>
<u>Cross Connection</u>		
Backflow notices	156	1,564
Inspections	18	28
<u>Customer Inquiries</u>		
Board room use	9	8
Letters of credit	7	10
Record changes	93	109
Website hits	6,325	5,810
<u>Delinquent Accounts</u>		
Delinquent Notices	583	822
Shut-offs	89	142
<u>Education Programs</u>		
Number of students	0	0
<u>Maintenance</u>		
Meter maintenance	71	694
Meter checks	217	155
Angle stop	9	17
Meter lids	22	291
Meter replacements	226	162
Meter box replacements	3	8
Vault replacements	5	5
<u>Meter Activity</u>		
Construction meters	34	39
Meter sales	47	20
New services	29	8
Turn-offs	209	210
Turn-ons	620	644
<u>Meters Read</u>		
Hand-held	602	1,717
Touch read	39,642	38,408
Radio-read	14,532	13,846
<u>Service Orders</u>		
Customer inquiries	101	56
Hydrants	2	3
Valve can/Manhole lids	2	4
Fire flow tests	1	2
Leaks	15	17
Pressure tests	12	13
Turn-offs for repairs	25	43
Site visits	953	2,011
Non-MNWD leaks/breaks	48	56
Water quality	0	0
Other service orders	4	12
<u>Total Service Orders</u>	1,833	3,644



**VIII. GENERAL MANAGER'S REPORT**

*At this time, members of the public may present testimony as to why an item should be*

*removed from the Consent Calendar for separate discussion. Unless a member of the public, General Manager, or the Board requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote.*

A. SUMMARY AND DISCUSSION:

1. 2010 WATER BOND ACT – STATUS UPDATE
2. CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA)  
NEWSLETTER ARTICLE  
"COMPREHENSIVE STRATEGIC PLANNING: A MUST FOR SPECIAL DISTRICTS IN THESE TIMES"
3. MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) – UPDATE ON RESOLUTION WITH CLIENT AGENCIES COST FUNDING FOR MWDOC ACTIVITIES
4. WATER SUPPLY ALLOCATION AND WATER CONSERVATION PROGRAM UPDATE

B. LATE ITEMS (Appropriate Findings to be Made)

- a. Need to take immediate action; and
- b. Need for action came to District's attention after Agenda posting  
[Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

IX. OPERATIONS MATTERS

*At this time, members of the public may present testimony as to why an item should be removed from the Consent Calendar for separate discussion. Unless a member of the public, General Manager, or Board requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote.*

A. No report.

B. LATE ITEMS (Appropriate Findings to be Made)

- a. Need to take immediate action; and
- b. Need for action came to District's attention after Agenda posting  
[Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

X. FINANCIAL MATTERS

*At this time, members of the public may present testimony as to why an item should be removed from the Consent Calendar for separate discussion. Unless a member of the public,*

*General Manager, or the Board requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote.*

A. CONSENT CALENDAR ITEMS: (ROLL CALL VOTE)

1. RECEIVE AND FILE SUMMARY OF DISBURSEMENTS IN THE AMOUNT OF \$7,770,238 DATED JULY 31, 2010 AND FINANCIAL STATEMENTS DATED JULY 31, 2010.
2. GASB 45 ACTUARIAL VALUATION REPORT (OPEB) UPDATE

Moulton Niguel Water District provides medical benefits to eligible retirees. As such, the District is required to comply with Government Accounting Standard Board (GASB) Statement 45 beginning in 2008. Staff has implemented the financial reporting requirements to comply with Generally Accepted Accounting Principles (GAAP) related to GASB 45.

Over the past several years, the District has reported and funded the post-retirement medical expenses with pay-as-you-go and the Annual Requirement Contribution (ARC). The ARC payment less the pay-as-you-go payments are made to the California Employers Retiree Benefit Trust (CERBT) based on an annual actuarial calculation performed by The Epler Company each June. Both GASB and CERBT require that the ARC be based on the actuarial assumption used by the CERBT. Based on this requirement, The Epler Company is required to use a 7.75% investment rate of return and a funding period of 28 years. The result of this calculation is an ARC payment of \$419,017. However, the District may at it's option, fund an amount greater than the required ARC payment.

At the July Finance Board Meeting, the Board of Directors directed staff to run a scenario that would use a 5% investment rate of return and a funding period of 20 years. The Epler Company has completed this calculation and as a result of this alternative, the ARC payment for 2010-11 will be \$626,022. The District's 2010-11 adopted budget contains an appropriation of \$532,067 for the 2010-11 ARC payment.

Staff recommends that the Board 1) Authorize staff to make the 2010-11 ARC payment using the Districts revised actuarial policy as outlined and fund the OPEB obligation at an amount greater than required by CERBT actuarial assumptions; and 2) Approve an appropriation of \$93,955 from the unappropriated reserves of the District's General Fund to fund the additional payment required above the 2010-11 budgeted appropriation.

RECOMMENDED ACTION: (ROLL CALL VOTE)

THE BOARD OF DIRECTORS AUTHORIZE THE DIRECTOR OF FINANCE TO FUND THE DISTRICT'S ANNUAL REQUIRED CONTRIBUTION FOR ITS POST RETIREMENT MEDICAL OBLIGATION TO THE CALIFORNIA EMPLOYER RETIREMENT BENEFIT TRUST FOR THE 2010-11 FISCAL YEAR AT \$626,022 AND APPROPRIATE \$93,955 FROM UNAPPROPRIATED RESERVES FOR THE 2010-11 BUDGET.

B. LATE ITEMS (Appropriate Findings to be Made)

- a. Need to take immediate action; and
- b. Need for action came to District's attention after Agenda posting)  
[Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

## **XI. ENGINEERING MATTERS**

*At this time, members of the public may present testimony as to why an item should be removed from the Consent Calendar for separate discussion. Unless a member of the public, General Manager, or the Board requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote.*

### **A. CONSENT CALENDAR ITEMS: (ROLL CALL VOTE)**

#### **1. CAPITAL CONSTRUCTION PROJECTS' STATUS AND PROJECT BUDGET SUMMARY**

RECEIVE AND FILE.

### **B. LATE ITEMS: (Appropriate Findings to be Made)**

- a. Need to take immediate action; and
- b. Need for action came to District's attention after Agenda posting)  
[Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

## **XII. LEGAL MATTERS**

### **A. GRANT FUNDING AGREEMENT WITH MWDOC AND PARTICIPANT MWDOC MEMBERS FOR WATER BUDGET BASED TIERED RATE GRANT STUDY**

#### **SUMMARY AND DISCUSSION:**

MNWD has developed cost of service studies and other related information for the District's 2009 water service rate adjustments, and is currently undertaking studies and additional work to consider budget based tiered water rates, all in response to the State's water supply crisis and the furtherance of water conservation efforts in the District. The District has already participated with MWDOC and other Participants (including among others Santa Margarita Water District, South Coast Water District, El Toro Water District, and the cities of San Juan Capistrano, Huntington Beach, Newport Beach and Fountain Valley) in the digital mapping services required for developing estimates of irrigable areas for parcels within the District's service area. MWDOC previously submitted a grant application to the California Department of Water Resources (DWR) for funds related to these efforts to develop budget based tiered water rates, and DWR has awarded grant funds up to a maximum amount of \$685,000, subject to a 71% collective local match requirement. The District intends to participate in the other two phases of the Grant Study: Rate Development and Billing/Accounting System Needs, pursuant to its own consulting contracts, both already underway. The District's maximum share of the grant funds is \$71,000, with an approximate local match obligation of \$174,000.

The Grant Funding Agreement requires the Participants to use reasonable efforts to maximize local match opportunities for full grant funding utilization, and to take the other cooperative efforts and complete the tasks necessary to preserve the DWR funding. Certain annual reporting data will be required of the District, along with MWDOC, for a period of five years after the grant period ends (May 2012). The District's own schedule for adoption and implementation of budget

based tiered rates is currently anticipated to be on a faster track than the Grant Study schedule. **Attachment L-1** to the Agenda is the proposed Grant Study Agreement.

**RECOMMENDED ACTION: (BY ROLL CALL VOTE)**

THE BOARD OF DIRECTORS APPROVE THE “AGREEMENT FOR PARTICIPATION IN WATER BUDGET BASED TIERED RATE GRANT PROGRAM” AND AUTHORIZE EXECUTION OF THE AGREEMENT BY THE GENERAL MANAGER, SUBJECT TO NON-SUBSTANTIVE CHANGES APPROVED BY THE GENERAL MANAGER AND LEGAL COUNSEL.

B. IN ACCORDANCE WITH GOVERNMENT CODE SECTION 54956.96 (a) (1) AND (b), A CLOSED SESSION WILL BE CONDUCTED TO CONFERENCE ON EXISTING LITIGATION OF SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) : TWO CASES

1. Petition to State Water Resources Control Board for Region 9 Failure to Modify NPDES Permit [SCWD Groundwater Recovery Facility]: SWRCB/OCC File A-2072; *South Orange County Wastewater Authority, South Coast Water District vs. San Diego Regional Water Quality Control Board, Petition for Writ of Mandate (OCSC Case No. 30-2010-00364016)* [\$204,000 Mandatory Minimum Penalties for GRF discharge under San Juan Outfall NPDES Permit]
2. *South Orange County Wastewater Authority v. City of Dana Point, Makar Properties LLC, (OCSC Case No. 30-2009-00283523)*

C. LATE ITEMS: (Appropriate Findings to be Made)

- a. Need to take immediate action; and
- b. Need for action came to District’s attention after Agenda posting)  
[Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]