

FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
June 15, 2011
9:00 a.m.

Approximate Meeting Time: 2 – 2-1/2 Hours

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

1. Call Meeting to Order
2. Approve the Minutes of the May 18, 2011 Finance & Information Technology Board of Directors' Meeting **ROLL CALL VOTE**
3. Public Comments
Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

PRESENTATION ITEMS

4. **Board Room Update and Technology Enhancement**

Mr. Bruce Elliott of SIRE Technologies will make a presentation regarding new technology enhancements for agenda workflow processing, action meeting minutes, and increased public transparency.

DISCUSSION ITEMS (Action will be taken when appropriate for certain items at the Thursday Board Meeting)

5. Review Financial Statements for the Period Ended May 31, 2011
6. Annual Contracts, Professional Service Agreements, Amendments, and Purchase Orders for Fiscal Year 2011/2012

7. Review Proposed Operating and Capital Improvement Budgets for FY 2011/2012
 - a. Resolution Approving a Budget Appropriation and Adopting Operating and Capital Improvement Budgets for FY 2011/2012
8. Review Resolution Establishing Tax Rates for the General Obligation Bond Assessment with the County of Orange

INFORMATION ITEMS

9. 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 present]
10. Adjournment

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.

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.

**MINUTES OF THE
MOULTON NIGUEL WATER DISTRICT
FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING**

MAY 18, 2011

The regular meeting of the Finance & Information Technology Board of Directors was held at the District office, 27500 La Paz Road, Laguna Niguel, California, at 9:00 a.m. on Wednesday, May 18, 2011. There were present and participating:

DIRECTORS

BRIAN PROBOLSKY	Chairman
SCOTT COLTON	Director
RICHARD S. FIORE	Director
DON FROELICH	Vice President
GARY R. KURTZ	Director
LARRY R. LIZOTTE	Director
LARRY MCKENNEY	President

Also present and participating were:

STAFF MEMBERS

ROBERT C. GUMERMAN	General Manager
DAVID D. CAIN	Director of Finance/Treasurer
MATT COLLINGS	Director of Engineering & Operations
CHARLES J. ROY	Director of Customer Service
JANE NGUYEN	MNWD
NANCY DESAI	MNWD
LESLIE GRAY	Board Secretary
KARREN MADDOX	MNWD
EVA PLAJSER	MNWD
FRANI BAILEY	MNWD

Absent was:

There were no absences.

Vice President Don Froelich called the meeting to order and Frani Bailey recorded the minutes thereof.

APPROVAL OF MINUTES OF APRIL 20, 2011 FINANCE & INFORMATION

TECHNOLOGY BOARD OF DIRECTORS MEETING

Vice President Froelich requested approval of the minutes of the April 20, 2011 Finance & Information Technology Board of Directors meeting.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR COLTON, THE MINUTES OF THE APRIL 20, 2011 FINANCE & INFORMATION TECHNOLOGY BOARD OF DIRECTORS MEETING WERE UNANIMOUSLY APPROVED AS PRESENTED.

PUBLIC COMMENTS

Vice President Froelich opened the Public Comments portion of the meeting. Hearing no public comments he closed the Public Comments portion of the meeting.

PRESENTATION ITEMS

Review Proposed Operating Budget for FY 2011/2012 and Capital Budget for FY 2011/2012

Mr. David Cain reported that staff has been working on the Operating Budget for the last several months and Ms. Desai would present an overview of the Budget. He explained that staff decided to do a one-year budget rather than the typical two-year budget because the new finance system will be implemented next year. Mr. Cain reported that once the new system is implemented staff will go back to preparing a two-year budget. He invited Ms. Desai to review the Budget with the Board.

Chairman Probolsky arrived at 9:05 a.m.

Ms. Desai reported that the Directors received a draft copy of the Budget in their financial packets. She reported that she would review with the Board the proposed O&M Budget, the Revenue Budget, and the Capital Improvements Budget. Ms. Desai reported that staff is projecting that revenues will increase by 1.8% from the budgeted amount and that O&M expenses will come in approximately 6.8% below budget; however, she believes it will be closer to 3% or 4% below budget based on the trend staff has seen over the last three years.

Ms. Desai reviewed the proposed O&M Budget and the Revenue Budget and outlined some of the major changes in the expense budget. She answered the Board's questions. A

discussion ensued regarding the increase in health insurance and Dr. Gumerman reported that the proposal the District received from Wells Fargo, the District's insurance broker, is a 22% increase for the same health insurance coverage. He explained that if the District were to change insurance coverage it would be a meet-and-confer issue with the MNWDEA, and the Closed Session item today will be to discuss the increased costs.

A discussion ensued regarding the O&M Budget and Dr. Gumerman commented that two years ago the Board asked staff to cut 10% from the O&M Budget, which meant that a lot of things that needed to be done were deferred and now need to be done. Director Lizotte commented that the Board asked for a 10% cut but did not get it and Dr. Gumerman commented that staff did make some cuts and now needs to pick up the things that were deferred.

Ms. Desai reported that staff projects that Operating Revenues will decrease by 11.0% due primarily to a decline in meter fees, bond fees, and plan check and inspection fees. She commented that staff expects a 32.5% decrease in investment income primarily because the securities that are coming due will be reinvested at lower rates.

Ms. Desai and Mr. Matt Collings reviewed the Capital Improvements Budget, highlighted some of the major projects, and answered the Board's questions. Mr. Collings reported that the projects in the Capital Improvements Budget are not projects he can just take off the list; it is work that needs to be done. He commented that he is hopeful that with the additional engineering staff and potentially some additional resources using contract engineering the District can accomplish the work. Mr. Collings commented that he is getting pricing for a contract engineer to assist with execution of the CIP because it is in the District's best interests to look at how these projects can be accomplished now rather than to continue to reduce how much is spent, push the projects farther down the line, and not meet the expectation of doing the projects staff budgeted to accomplish.

President McKenney commented that he does not want Mr. Collings to automatically cut projects that need to be done because he does not have the staff to do it. Mr. Collings commented that his estimates are based on the assumption that he can bring on some contract engineering staff to support the current staff to execute the projects in the budget. He commented that if he does not get the help he does not anticipate that he would spend \$12 million next year. Further discussion ensued.

Ms. Desai continued with her review of the Capital Improvements Budget and reported that SOCWA will not have an amount for its Capital Improvements Budget until next week so she projected \$6.9 million, and once she gets the final numbers she will adjust accordingly. Mr. Collings commented that part of the \$6.9 million is the JRWSS budget, and the JRWSS is proposing two large projects this year in conjunction with The Irvine Company for relocation of the JTM and some valve installations. Ms. Desai reviewed the Water Supply Reliability Projects and answered the Board members' questions.

Ms. Desai reviewed the Planning & Construction Projects and reported that staff expects a budget of \$2.7 million for FY 2011/2012. She reported that seven projects will be carried forward to FY 2011 from this fiscal year. Ms. Desai reviewed the major new proposed projects and answered the Board members' questions. She reviewed the Budget Summary and reported that staff expects to receive \$1.6 million in other funding sources, primarily comprised of the \$250,000 RPOI payment the District received for the Allen-McColloch Pipeline and the \$1.4 million in Federal subsidy received from the 2009 COPS. Ms. Desai reported that if all of the expenses are spent staff estimates that \$32 million will be expended from District reserves and bond proceeds in addition to all revenue sources. A discussion ensued regarding specific items in the Budget Summary and Ms. Desai, Mr. Cain, Ms. Nguyen, and Ms. King answered the Board's questions.

Ms. Desai reported that staff will bring back a final Budget that includes the General Manager's Letter and additional information for discussion at the Finance & IT Board meeting in June and approval at the June Board meeting.

DISCUSSION ITEMS

Review Financial Statements for the Period Ended April 30, 2011

Ms. Desai reviewed the Investment Activity Summary for the month of April 2011. She reported that there is currently \$10.3 million in LAIF, some of which is for the debt service payments due in September. Ms. Desai reported that there are no major changes to report on the Investment Activity Summary.

Ms. Desai reviewed the Budget Comparison for the ten months ending April 30, 2011. She reported that the District is under budget by 12%; however, there are still some major line items that will probably be fully expended by the end of the fiscal year, such as

Salaries, SOCWA O&M, Water Purchases, and Utilities. She reported that the District will probably be under budget by 4% or 6%. Ms. Desai called the Board's attention to Footnote 6, regarding an increase in the County charges for property tax administration. She explained that the District budgeted \$102,000 for FY 2011 and the actual expense is \$127,000.

Ms. Desai reviewed the Comparative Income Statement for the year-to-date ending March 31, 2011. She reported that there is nothing out of the ordinary to report and offered to answer the Board's questions. There were none.

Ms. Desai reviewed the Comparative Income Statement for April 30, 2011. She commented that there is nothing significant to report.

Ms. Desai reviewed the Comparative Statement of Net Assets for April 30, 2011 and commented that there are no major changes to report.

Ms. Desai reviewed the Budget vs. Actual Report for the ten-month period ending April 30, 2011. She reported that the District received the April installment of the property tax revenue, and the District is ahead of the FY to date budget and the overall budget.

Ms. Desai reviewed the Summary of Disbursements for the month of April 2011, which staff will ask the Board to receive and file at the Board meeting on Thursday.

Purchasing Policy – Overview of Current Policy

Mr. Cain reported that the Board members received a copy of the District's current Purchasing Policy, and staff would bring a revised Purchasing Policy before the Board in July. He commented that the Purchasing Policy is silent in several areas that he and staff feel need to be addressed in a revised policy as it relates to change orders, contracts, internal processes that need to be documented, etc.

Contracts and Change Orders

Mr. Cain reported that the items outlined in his memorandum regarding new agreements and amendments to existing professional services agreements from various vendors will be on the agenda for Board approval on Thursday. He reported that two of the contracts currently in place for professional services have a change in scope and two are contracts for additional services.

Mr. Cain explained that the first item is a change order related to the Professional Services Agreement with NexLevel for additional ERP services in the amount of \$17,415, which

will increase the original cost to \$101,115. The second item is an amendment to the existing contract with Info Send to provide E-bill services in the amount of approximately \$58,000, which will increase the total approximate agreement amount to \$319,000. Mr. Cain reported that Ms. Debbie King, Billing Supervisor, is in attendance to answer any questions the Board might have regarding Info Send, bill printing, posting, etc.

Chairman Probolsky asked Ms. King to explain the rationale for having Info Send provide E-billing services. Ms. King explained that currently another vendor provides E-billing services for the District and staff would like to use one vendor for all of the billing because it would be more cost effective, save staff time, and be a better fit with the ERP. A discussion ensued and Ms. King answered the Board members' questions.

Mr. Cain reported that the next item is the approval of a contract for professional services with RedOak in the amount of \$28,198 for services related to updating the Ten-Year Cash Flow Model. He reported that RedOak would be building off of the current rate model and the Model would flow into the financial model in terms of the Ten-Year Cash Flow and give staff the ability to run various financial scenarios and produce graphical interfaces. Mr. Cain reported that in August he will bring back to the Board a recommendation for a financial analyst to help staff with contract-related issues and help with the financial aspects to redistribute some of the existing workload.

Mr. Cain reported that the final item is the approval of a contract for professional services with NexLevel in the amount of \$10,690 to provide an update to the 2008/09 IT Strategic Plan. He reported that he also received a price from Weston, and NexLevel's price was \$9,000 less than Weston's price.

INFORMATION ITEMS

Updated ERP 2012 Risk Tracking Log

Mr. Cain reported that pursuant to the Board's request in May he distributed an updated ERP 2012 Project Risk Tracking Log. President McKenney asked if Item 6, District resources, is an ongoing issue. Mr. Cain explained that the lack of resources creates a potential for delays and staff and NexLevel will identify where resources will be needed, how many hours the selected vendor would be putting into the implementation of the ERP, and where backfilling will be necessary.

CalPERS Local Elected Official Toolkit – Pension Funds and Retiree Health Benefits Funding
(March 2011)

Mr. Cain reported that he provided the CalPERS Local Elected Official Toolkit to the Board for informational purposes.

Closed Session

Chairman Probolsky reported that in accordance with Government Code Section 54957.6 a Closed Session would be held to confer with labor negotiators regarding the Moulton Niguel Water District Employees Association.

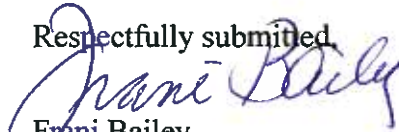
The Board adjourned to Closed Session at 10:40 a.m.

The Closed Session was adjourned at 11:14 a.m. and the open session was reconvened. Chairman Probolsky reported that there was no reportable action from the Closed Session.

ADJOURNMENT

THEREAFTER, UPON A MOTION DULY MADE AND SECONDED, THE MEETING WAS ADJOURNED AT 11:15 A.M.

Respectfully submitted,



Frani Bailey
Recording Secretary

Moulton Niguel Water District

MEMORANDUM



TO: Finance Board Members **MEETING DATE:** June 15, 2011
FROM: David D. Cain, Director of Finance/Treasurer
SUBJECT: Board Room Update and Technology Enhancement

SUMMARY

Issue: Board Room technology update, improvement of internal agenda workflow processing, action meeting minutes, document management and increased public transparency.

Recommendation: Authorize staff to move forward with selection and implementation of Board Room Enhancements with SIRE Technologies. Award a contract with SIRE Technologies and authorize the General Manager to execute all necessary documents on behalf of the District.

Fiscal Impact:

- Software, configuration, training and implementation costs will be approximately \$132,500 (includes contingency) which is budgeted in the 2011/2012 Fiscal Year.
- There will be offset savings obtained by improved staff efficiency and utilizing paperless agendas and action meeting minutes of about \$36,000 per year.

Previously Related Action: Staff has provided Board with a preliminary overview of solutions being considered for the Board Room enhancement and improving public transparency in February and March.

DISCUSSION

MNWD Current Situation

- Recording audio on Lanier cassette system to review and create finalized verbatim minutes – Vendor can no longer repair equipment
- Staff is documenting meetings using free hand notes and MS Word
- Extensive staff resources are being used to draft, review, and create detailed minutes for approximately four to six meetings per month
- Visual presentations are done on wall and viewing/lighting are difficult for audience members
- No public transparency on Web - No live meeting broadcast or streaming solution
- Staff is creating agendas in MS Word, scanning some documents into outdated

"1 Suite". Staff hand-delivering printed/bound agendas to Board Members

District Needs

- Address meeting recording issues
- Simplify the agenda, meeting, and post meeting processes
- Provide workflow efficiency in both the creation and distribution of agenda/minutes both internal and external
- Increase transparency of meetings via Web (Audio/Agenda/Staff Reports)
- Improve visual presentations in Board Room and resolve lighting issues
- Engage and educate more constituents about the District (Conservation/Water Budget/Capital Projects)
- Legislative Management

Proposed Enhancement Solutions

- Update computer hardware and software for agenda distribution, meeting notes, document management and legislative management action items
- Computerized equipment for recording all District meetings
- Automated Staff Report workflow, enhanced web posting of meeting agendas and attached Staff Reports, electronic delivery of agenda to Board Members
- Provide live audio streaming of Board Meetings and post audio recording on the MNWD website with direct link to each agenda item
- Manage meeting minutes during meeting with action notes linked to each agenda item – Date stamp each agenda item to audio recording of item
- Utilize LED monitor technology and touch screen monitors or small touch screen devices for meeting presentations, updated microphone and audio switching equipment
- Digital speaker queue, vote and roll call automation

Proposed Solution Savings

Formal public records can be integrated with the audio presentation of public meetings. Information is the source of public debate and access to it is a critical force that enables public entities to function, engage rate payers, and facilitates the resolution of public issues. With linked minutes, governing bodies can now:

- **Improve public access** by offering citizens a single source for searching and hearing/viewing all public meetings, agendas, minutes and related documents
- **Save money** by more efficiently delivering public information to all public stakeholders from citizens to the Board of Directors
- **Reduce administrative burdens** by giving staff software that enables them to save hours of manual and inefficient effort

It is estimated that the District could **save approximately \$36,000** per year by streamlining the assembly and delivery of agendas along with revising the preparation process and review of verbatim minutes for more than 64 meetings per year. This cost does not include the cost of Legal Counsel reviewing each set of Board Meeting minutes. (See attached Exhibit A)

Proposed Vendor Solution and Comparison

Two major vendors have the majority of the public sector jurisdictions utilizing their specific solutions for public meeting efficiency, government transparency, and productive citizen participation.

Staff has reviewed both vendor proposals and pricing structure and is recommending the SIRE Software – client driven solution.

Cost to own over a five-year period of time is about \$135,600 or about \$21,000 less than the competing vendor for the same modules. (See attached Exhibit B) This cost includes software licensing, training/ implementation, ongoing maintenance, software upgrades and support costs. The SIRE solution has more functionality and more effectively meets the current and future needs of MNWD.

SIRE includes the following overall solutions:

- Meeting Agenda: Simplified staff report preparation – automated report approval workflow – simple web posting – electronic agenda routing
- Transparency: Streaming audio of meeting and web posting of recorded meeting linked to agenda items – record roll call, speaker notes, motions and votes in a single, simple interface
- Meeting Management and Voting: Automatically access agenda and motions – request-to-speak queues – manage speakers – view supporting documents on each agenda item – real time votes results
- Document Management: District wide document management which integrates with the ERP solution, meeting agenda including staff reports)

Staff will be bringing back to the Board at a future meeting, a recommendation for vendors required for the purchase and installation of hardware and equipment and upgrading lighting fixtures. The remaining costs will be about \$40,000 for hardware and installation and \$20,000 for lighting upgrades.

Exhibit A

Solution Cost Savings

Meeting Minutes Prep and review*	Annual Time	Staff Cost
Finance	108	\$5,111
Engineering	120	\$5,679
Investment	22	\$1,041
P&S	40	\$1,893
Community Relations	22	\$1,041
Board Meeting	66	\$3,123
Special Meetings/Closed	44	\$2,082
<i>(*Does not include cost of legal counsel review)</i>		
Sub Total	422	\$19,970
Delivery of Agenda	64	\$4,182
Sub Total	64	\$6,970
Agenda Assembly		
Finance	36	\$2,321
Engineering	36	\$1,704
Investment	8	\$556
P&S	12	\$568
Community Relations	16	\$757
Board Meeting	36	\$2,503
Special Meetings/Closed	24	\$1,136
Sub Total	168	\$9,544
Paper/Binders/Covers		\$2,097
Tapes / Recording Maint		\$807
Total Cost	486	<u>\$36,600</u>

Exhibit B

SIRE

Granicus

	Licensing	Training Implementation	Annual Maintenance	Licensing	Training Implementation	Monthly Maintenance	Annual Maintenance
Phase 1a: Meeting Agenda: Preparation - Workflow - Posting - Electronic Routing	\$32,885	\$26,150	\$6,097	\$6,038	\$3,000	\$810	\$9,720
Meeting Action Item Minutes / Meeting Agenda linking to Audio				\$4,650		\$430	\$5,160
				\$12,488		\$38	\$450
Audio Recording and Record Retention							
Sub Total - One Time Costs	\$59,035						
Phase 1b: Voting and Meeting Management	\$18,360	\$9,300	\$3,672	\$0	\$1,500	\$0	\$0
				\$18,113		\$473	\$5,670
				\$2,738		\$45	\$540
Sub Total - One Time Costs	\$27,660						
				\$44,026	\$4,500	\$1,795	\$21,540
Sub Total - One Time Costs	\$86,695						
Total Cost	\$94,022	Annual Maintenance - 5 yrs	\$48,845		Annual Maintenance - 5 yrs		\$107,700
		Five Year Cost to Own	\$135,540		Five Year Cost to Own		\$156,226
Phase 1c: Document Management (Scanning / Electronic Storage)							
Sub Total - One Time Costs	\$24,845						
Total Cost	\$26,344						
First Year Cost (9 months Support)	\$120,366						
10% Contingency	\$12,037						
Total Cost to Implement	\$132,403						

Granicus solution does not have automated workflow or link to Districtwide document management system

**MOULTON NIGUEL WATER DISTRICT
INVESTMENT ACTIVITY SUMMARY
FOR THE MONTH OF MAY 2011**

Investment Summary 5/31/2011	TOTAL	1 YEAR	2 YEARS	3 YEARS	4-5 YEARS	5+ YEARS	% OF PORTFOLIO
LAIF-State of California	\$ 13,253,498	13,253,498	0	0	0	0	10.462%
Cash-Wells Fargo Bank	642,076	642,076	0	0	0	0	0.507%
Money Market	874,027	874,027	0	0	0	0	0.690%
Corporate & Discount Notes	37,907,723	1,054,584	7,594,656	13,363,897	15,894,586	0	29.923%
Federal Agencies	55,745,722	919,801	2,117,650	12,167,148	14,158,954	26,382,169	44.003%
U.S. Treasuries	18,262,826	0	4,627,114	2,069,813	4,255,828	7,310,071	14.416%
Total Market Value	\$ 126,685,872	16,743,987	14,339,420	27,600,858	34,309,368	33,692,240	100.000%

1 Investments SOCWA & SCWD April 2011	5,395,224
Total Investment Portfolio May 2011	\$ 132,081,096
Total Investment Portfolio May 2010	\$ 122,680,091

Maturity Distribution Percentages						
13.2%	11.3%	21.8%	27.1%	26.6%	May-11	
10.2%	13.4%	17.0%	33.5%	25.9%	Apr-11	
12.5%	12.9%	20.1%	27.1%	27.4%	May-10	

5/31/2011		
General Fund	\$ 63,031,795	49.75%
Planning and Construction Fund	28,522,021	22.51%
Self Insurance Fund	1,202,205	0.95%
Replacement & Refurbishment Fund	11,047,359	8.72%
Rate Stabilization Fund	8,870,155	7.00%
Water Supply Reliability Fund	2,763,170	2.18%
Total Market Value Unrestricted	\$ 115,436,705	

Restricted Funds:		
Fiduciary Fund-Employee Deferred Compensation	4,060,839	3.21%
2003 GOB Consolidated Refunding	6,876,677	5.43%
Capital Facilities Fund	311,652	0.25%
Total Market Value Restricted	11,249,167	

Total Market Value Restricted & Unrestricted \$ 126,685,872 100.00%

Investments SOCWA & SCWD 5,395,224

Total Investment Portfolio \$ 132,081,096

Restricted Trust Accounts	Final Debt Service Date	
DWR Trust Reserves	10/2015	\$ 615,709
2003 COPS Trust Reserves	09/2023	2,337,055
2009 COPS Trust Reserves	09/2039	6,184,206
2009 COPS Project Fund	09/2039	28,390,460
2010 COPS Trust Reserves	09/2017	2,531,597
Total Restricted Trust Accounts		\$ 40,059,026

** Per GAAP the investment balance includes \$5,337,431.38 unrealized gains as investment balances are reflected as a marked to market value.

(1) May totals were unavailable for this report.

Note: I certify that this report reflects the investments of the Moulton Niguel Water District and is in conformity with the Government Code requirements and the Districts 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 expenditures. The source for the market values are Chandler Asset Management, Inc. and stock quote from IDC Pricing.

Approved: 
David D. Cain
Director of Finance/Treasurer

	COST VALUE		AVG PUR YTM
TOTAL CHANDLER OPERATING FUND	\$108,392,143		\$3,235,777
AVERAGE PURCHASE YIELD TO MATURITY (YTM) RATE			2.99%
MNWD RATE OF RETURN CALCULATION FOR MAY 2011			
TOTAL CHANDLER OPERATING FUND	\$108,392,143		\$3,235,777
FISCAL YEAR ESTIMATED LAIF INTEREST	13,236,791	0.413%	37,000
FISCAL YEAR ESTIMATED CASH-WFB INTEREST	642,076	0.010%	64
FISCAL YEAR ESTIMATED CHANDLER FEES			(104,693)
FISCAL YEAR TO DATE REALIZED GAIN/(LOSS)			1,594,475
TOTAL ALL INVESTMENTS	\$122,271,011		\$4,762,624
MNWD RATE OF RETURN ON INVESTMENTS			3.895%
ONE MONTH PERCENTAGE RATE			0.3246%



PORTFOLIO CHARACTERISTICS		ACCOUNT SUMMARY		TOP ISSUERS	
Average Duration	3.47	Beg. Values as of 4/30/11	End Values as of 5/31/11	Issuer	% Portfolio
Average Coupon	3.85 %	111,419,955	112,790,297	Government of United States	16.2 %
Average Purchase YTM	2.99 %	1,236,868	1,101,917	Federal Home Loan Mortgage Corp	12.0 %
Average Market YTM	1.50 %	112,656,822	113,892,214	Federal National Mortgage Assoc	11.3 %
Average S&P Rating	AAA	Income Earned	264,069	Tennessee Valley Authority	11.0 %
Average Final Maturity	3.95 yrs	Cont/W/D	0	Federal Home Loan Bank	8.9 %
Average Life	3.83 yrs	Par	103,939,210	Federal Farm Credit Bank	6.3 %
		Book Value	107,080,355	Goldman Sachs FDIC Insured	2.3 %
		Cost Value	107,927,620	PNC Funding FDIC Insured	1.9 %
					69.9 %

SECTOR ALLOCATION		MATURITY DISTRIBUTION		CREDIT QUALITY	
Money Market Fund	0.8 %	0-5	1.7 %	AAA	56.2 %
FDIC Insured US Corporate	6.7 %	5-1	0.8 %	A	16.7 %
US Corporate	26.8 %	1-2	12.7 %	TSY	16.2 %
Agency	49.5 %	2-3	25.2 %	AA	10.2 %
US Treasury	16.2 %	3-5	29.7 %	NR	0.8 %
		5-7	25.2 %		
		7-10	4.8 %		
		10+			

PERFORMANCE REVIEW		Annualized			
Total Rate of Return As of 5/31/2011		3 Yrs	5 Yrs	10 Yrs	Since 9/30/1995
Moulton Niguel Water District Operating Reserve	1.10 %	2.30 %	2.60 %	2.60 %	5.78 %
1-10 yr Govt	1.20 %	2.16 %	2.24 %	4.88 %	5.94 %
1-10 Year Govt/A Rated or better Corporate	1.15 %	2.24 %	2.50 %	4.11 %	5.57 %
		4.92 %	5.17 %	5.79 %	5.12 %
					N/A
					146.83 %
					133.76 %



Moulton Niguel Water District Operating Reserve
 May 31, 2011

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with State law and with the District's investment policy.

Category	Standard	Comment
Treasury/Agency issues	No Limit	Complies
Banker's Acceptances	A1/P1 ; ≤40%; 180 days	Complies - 0.0%
Commercial Paper	A1/P1	Complies - 0.0%
Max. maturity < 270 days	25% maximum	Complies
Repurchase Agreements	≤10%; ≤ one year	Complies - 0.0%
Rev. Repo Agreements	≤90 days; ≤10%	Complies - 0.0%
Time CDs	110% collateral over \$100,000	Complies - 0.0%
Negotiable CDs	30%; A1/P1; ≤2 yrs	Complies - 0.0%
Medium Term Notes	30% max; A-rated	Complies - 26.8%
Mutual Funds	≤20%	Complies - 0.8%
LAIF	Not used by outside adviser; \$50 million maximum imposed by LAIF	Complies - \$13.2MM
Mortgage Pass Thrus, including CMOs and ABS	20% Maximum	Complies - 0.0%
Inverse floaters, range notes	Prohibited	Complies
Interest only strips	Prohibited	Complies
Zero interest accruals	Prohibited	Complies
Per issuer max	5% (except gov'ts)	Complies
Modified duration	+/- 20% of 1-10 Year benchmark duration	Complies - 3.47
% invested less than 2 years	≥10%	Complies - 15.2%
% invested beyond 5 years	≤40%	Complies - 29.9%
Maximum maturity	10 years	Complies
Maximum maturity of corp.	5 years	Complies

Bill Lockyer, State Treasurer



Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
5/26/2011	0.41	0.51	197
5/27/2011	0.40	0.50	189
5/28/2011	0.40	0.50	189
5/29/2011	0.40	0.50	185
5/30/2011	0.40	0.50	185
5/31/2011	0.40	0.50	185
6/1/2011	0.40	0.50	192
6/2/2011	0.39	0.49	195
6/3/2011	0.39	0.49	194
6/4/2011	0.39	0.49	194
6/5/2011	0.39	0.49	194
6/6/2011	0.39	0.49	192
6/7/2011	0.39	0.49	192
6/8/2011	0.39	0.49	195

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

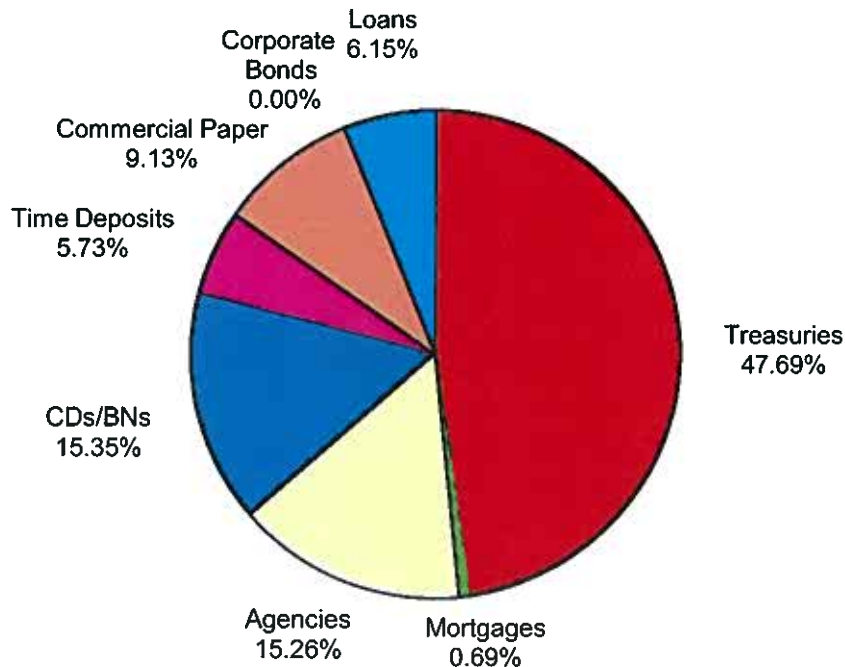
Quarter ending 03/31/2011

Apportionment Rate: 0.51%
 Earnings Ratio: .00001390282087521
 Fair Value Factor: 1.001262155
 Daily: 0.45%
 Quarter To Date: 0.52%
 Average Life: 193

PMIA Average Monthly Effective Yields

MAY 2011 0.413%
 APR 2011 0.588%
 MAR 2011 0.500%

Pooled Money Investment Account Portfolio Composition \$69.4 Billion 05/31/11



**MOULTON NIGUEL WATER DISTRICT
BUDGET COMPARISON
FOR 11 MONTHS ENDING MAY 31, 2011**

DESCRIPTION	ADOPTED BUDGET	ADJUSTED BUDGET	CURRENT MONTH	MO %	YEAR TO DATE ACTUAL	%	REMAINING BUDGET
1 Accounting Services	206,100	203,650	59,143	29.0%	147,382	72.4%	56,268
2 Annual Audit	43,500	43,500	-	0.0%	31,627	72.7%	11,873
3 Member Agencies O&M-District's Portion	1,112,392	1,244,392 ¹	128,092	10.3%	930,327	74.8%	314,065
4 Director's Fees	168,000	168,000	11,571	6.9%	111,317	66.3%	56,684
5/6 Dues and Memberships	73,041	74,234	5,462	7.4%	59,700	80.4%	14,534
7 Election Expense/Registrar of Voters'	45,000	45,000	-	0.0%	34,042	75.6%	10,958
8 Consulting Services	295,000	256,635	1,145	0.4%	102,119	39.8%	154,516
9 Equipment Rental	132,730	131,130	8,858	6.8%	93,250	71.1%	37,880
10 Gasoline and Oil	239,375	239,375	36,933	15.4%	220,378	92.1%	18,997
11 Insurance - General	435,763	435,763	13,856	3.2%	368,076	84.5%	67,687
12 Insurance - Workers Comp/Unemployment	392,320	390,820	23,932	6.1%	188,011	48.1% ²	202,809
13 Insurance-Life, Dental, Health & Disability	1,589,800	1,589,800	122,374	7.7%	1,336,897	84.1%	252,903
14 Legal Services - General Counsel	150,000	150,000	8,906	5.9%	140,843	93.9%	9,157
14 Legal Services - Outside Counsel	100,000	100,000	13,332	13.3%	103,358	103.4%	(3,358)
15 Management Information Systems	409,500	430,305	13,431	3.1%	212,342	49.3%	217,963
16 Operating Supplies-Main Office	387,510	385,461	14,347	3.7%	274,719	71.3%	110,742
16 Community Relations/Conservation Supplies	374,000	372,679	17,373	4.7%	151,249	40.6%	221,430
17 Operating Supplies-Field Office	344,021	411,846	33,203	8.1%	325,149	78.9%	86,697
18 Other	71,250	79,400	2,231	2.8%	72,849	91.7%	6,551
19/20 Contracts & Agreements - Equipment Repairs	1,208,645	951,920	68,402	7.2%	708,025	74.4%	243,895
21 Contracts & Agreements - Facilities Repairs	2,123,300	2,220,007	81,316	3.7%	1,729,097	77.9%	490,910
22 Retirement Program	1,854,305	1,948,260 ³	146,028	7.5%	1,677,417	86.1%	270,843
23 Safety Equipment and Supplies	66,180	78,741	3,237	4.1%	63,004	80.0%	15,738
24 Salaries	7,504,995	7,679,052 ⁴	562,062	7.3%	6,571,881	85.6%	1,107,171
25 Non-Capitalized Equipment (Small Tools)	32,252	43,135	2,002	4.6%	28,381	65.8%	14,754
26 SOCWA O&M	8,353,340	8,443,340	714,624	8.5%	7,148,664	84.7%	1,294,676
27 Special Assessments	202,775	196,775	14,451	7.3%	231,284	117.5% ⁵	(34,509)
28 Tax Collection Charges	60,000	60,000	698	1.2%	52,592	87.7%	7,408
29 Training and Education	91,830	78,976	3,825	4.8%	26,413	33.4%	52,563
30 Travel and Meetings	64,250	74,480	6,733	9.0%	50,954	68.4%	23,526
31 Utilities	2,101,920	2,106,430	150,248	7.1%	1,227,116	58.3%	879,314
32 Water Purchases	23,766,459	23,766,460	2,045,916	8.6%	18,713,987	78.7%	5,052,473
33 Meter Purchases	40,000	40,000	20,944	52.4%	54,144	135.4% ⁶	(14,144)
34 Contingency	200,000	25,943					25,943
	54,239,553	54,465,509	4,334,674	8.0%	43,186,591	79.3%	11,278,918

**Eleven Month Period
Under/(Over) 91.7%
12.38%**

- 1 Appropriated \$132,000 in additional funds to provide for the additional costs related to the East Orange County Feeder #2.
- 2 Applied the Workers Compensation refund from ACWA/JPIA for \$51,222.34.
- 3 Appropriated an additional \$93,955 for the additional funding of the Annual Required Contribution (ARC) for OPEB liability.
- 4 Transfer of \$40,000 from the Contingency line item to Salaries for the GIS program costs.
Transfer of \$134,057 for Merit Pool per MOU.
- 5 Increase due to County charges for Property Tax administration and Fees related to Sales & Use Tax.
- 6 Meters are purchased to replenish inventory as needed as determined by meter sales. YTD meter sales are \$29,578

**MOULTON NIGUEL WATER DISTRICT
COMPARATIVE INCOME STATEMENT
For the Year to Date Ending May 31**

	FY 2010/11	FY 2009/10	
<u>OPERATING INCOME</u>			
Water Sales	\$ 20,559,157	\$ 18,859,769	9%
Recycled Water Sales	3,820,346	3,963,666	-4%
Sewer Sales	13,316,617	11,575,788	15%
Other Operating Income	365,824	522,479	-30%
TOTAL OPERATING REVENUE	38,061,944	34,921,702	9%
<u>OPERATING EXPENSES</u>			
Source of Supply			
Utilities	1,040,750	1,612,111	-35%
Meter Purchases	54,144	66,789	-19%
Water Purchases	18,713,987	18,505,898	1%
Pumping	367,289	302,645	21% ¹
Treatment	7,777,977	8,233,976	-6% ²
Transmission & Distribution	3,375,001	3,596,196	-6% ³
Customer Service	281,313	290,907	-3%
General & Administrative	9,126,021	8,971,708	2%
Post Retirement Medical Benefits (OPEB)	573,854	464,503	24% ⁴
CalPERS Sidesfund Amortization	37,092	34,425	8%
Engineering	1,423,574	1,283,495	11%
Vehicles/Equipment	209,459	286,646	-27% ⁵
Depreciation	13,913,041	13,366,682	4%
TOTAL OPERATING EXPENSES	56,893,501	57,015,981	0%
OPERATING INCOME (LOSS)	(18,831,558)	(22,094,279)	-15%
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment Income	4,184,012	3,838,991	9%
Investment Income - Restricted	562,771	340,218	65%
Unrealized Gain (Loss)	(490,710)	1,150,794	-143% ⁶
Taxes and Acreage Assessments			
General Fund	21,118,014	21,318,744	-1%
General Obligation Bonds	5,822,021	5,674,369	3%
Interest Expense	(7,039,700)	(5,629,099)	25% ⁷
Amortization of Bond Issue Costs	(821,695)	(415,886)	98% ⁸
Intergovernmental Revenue - 2009 COPS Federal Subsidy	1,434,642	274,973	422%
Cellular Lease Income	1,366,035	1,367,591	0%
Other Non-Operating Revenues (Expenses)	26,722	1,100,213	
TOTAL NONOPERATING REVENUES (EXPENSES)	26,162,111	29,020,908	
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	7,330,554	6,926,629	
CAPITAL CONTRIBUTIONS:			
Grant Funding	20,530	54,212	
Donated Facilities	-	-	
Connection Fees	182,491	15,723	
CHANGE IN NET ASSETS	7,533,574	6,996,564	
NET ASSETS - AT JULY 1	389,373,359	382,585,672	
NET ASSETS - AS OF MAY 31	\$ 396,906,934	\$ 389,582,236	

*** Change in Net Assets does not include Fiduciary Fund activity.

(1) Increase due to the refurbishment of the auxiliary generators at various lift stations.

(2) Decrease due to the SOCWA Use Audit refund of \$973,792 applicable to O&M.

(3) For FYE 2010, Reclassified \$297,000 in costs from Capital to O&M.

(4) Due to the change in funding policy.

(5) Due to the decrease in Support Services for outside services and a decrease in salaries related to Support Services

(6) Due to a rise in interest rates and change in market environment.

(7) Increase due to the addition of the 2009 COPS for WSR Projects.

(8) The remaining issuance costs related to the 93 COPS was expensed as a result of the 2010 COPS (93 COP Refunding)

**MOULTON NIGUEL WATER DISTRICT
COMPARATIVE STATEMENT OF NET ASSETS
For May 31**

	FY 2010/11	FY 2009/10
<u>CURRENT ASSETS</u>		
Cash and Investments (due within 1 year)	12,683,148	11,221,035
Accounts Receivable		
Water & Sanitation Charges	4,403,520	4,073,133
Accounts Receivable - Other	175,283	224,969
Interest Receivable	1,107,455	1,336,901
AMP Receivable - Current Portion	206,846	203,841
Meters & Supplies Inventory, at Cost	1,633,326	1,564,948
Prepaid Expenses	1,101,742	1,154,884
CalPERS Sidefund Prepaid Expense	3,076,731	3,116,953
Investment in Joint Projects	395,600	395,600
TOTAL CURRENT ASSETS	24,783,649	23,292,264
<u>NONCURRENT ASSETS</u>		
Investments	109,941,885	105,879,969
Restricted Cash and Investments with Fiscal Agent	40,059,026	50,608,046
Retrofit Contracts Receivable	721,008	755,762
AMP Receivable - Long Term	1,075,910	1,282,756
Bond Discounts/Issuance Costs	2,882,255	3,603,753
Capital Assets, net of accumulated depreciation	344,610,014	341,490,627
Capital Assets, not being depreciated		
Land	1,091,910	1,091,910
Construction in Progress	27,263,907	23,204,774
TOTAL NONCURRENT ASSETS	527,645,916	527,917,597
TOTAL ASSETS	\$ 552,429,565	\$ 551,209,861

**MOULTON NIGUEL WATER DISTRICT
COMPARATIVE STATEMENT OF NET ASSETS
For May 31**

	FY 2010/11	FY 2009/10
<u>CURRENT LIABILITIES (due within 1 year)</u>		
Accounts Payable	\$ 4,065,904	\$ 4,304,448
Interest Payable	1,908,326	2,054,926
Compensated Absences	1,040,424	1,034,194
Post Retirement Medical Benefits (OPEB)	331,054	281,758
Current Portion of Long-Term Liabilities		
Bonds Payable	4,645,000	4,340,000
Certificates of Participation Payable	1,625,000	1,625,000
Loans Payable	2,096,583	1,648,484
	15,712,291	15,288,810
<u>LONG-TERM LIABILITIES</u>		
Premium on COPS Payable	860,000	-
Long-term debt		
Certificates of Participation	86,805,000	87,031,021
Bonds Payable	32,755,000	37,400,000
Loans Payable	19,336,197	21,841,001
	139,756,196	146,272,022
TOTAL LIABILITIES	155,468,487	161,560,832
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	336,000,256	325,489,821
Restricted for Capital Projects	119,402	98,855
Unrestricted, designated	19,915,949	25,624,778
Unrestricted, undesignated	40,925,470	38,435,571
	396,961,078	389,649,025
TOTAL LIABILITIES AND NET ASSETS	\$ 552,429,565	\$ 551,209,858

MOULTON NIGUEL WATER DISTRICT
 BUDGET VS. ACTUAL REPORT
 FOR 11 MONTHS ENDING MAY 31, 2011

SOURCES	ADOPTED		FISCAL YEAR TO DATE		VARIANCE	
	BUDGET	BUDGET	BUDGET	ACTUAL	DOLLARS	PERCENT
WATER SALES	23,908,150	21,414,530	20,559,157		(855,373)	-3.99%
POTABLE	5,888,000	5,228,544	3,820,346		(1,408,198)	-26.93%
RECYCLED	14,797,000	13,690,031	13,316,617		(373,415)	-2.73%
SEWER SALES	2,654,000	2,432,833	4,184,012		2,313,949	95.11%
INTEREST EARNED			562,771			
INTEREST EARNED - RESTRICTED						
OTHER	2,328,760	2,134,697	1,982,509		(152,187)	-7.13%
AD VALOREM PROPERTY TAX (DISTRICT'S SHARE OF 1%)	19,265,050	19,072,400	21,118,014		2,045,614	10.73%
GENERAL OBLIGATION BOND, PROPERTY TAX	6,160,200	6,098,598	5,822,021		(276,577)	-4.54%
INTERGOVERNMENTAL REVENUE	1,434,642	1,434,642	1,434,642		-	0.00%
CIP, R&R & WSR RESERVE FUNDS	30,488,680	27,947,957	14,307,683		(13,640,274)	-48.81%
TOTAL SOURCES	106,924,482	99,454,231	87,107,770		(12,346,461)	-12.41%
USES						
OPERATIONS & MAINTENANCE EXPENSES	54,465,509	49,926,717	43,186,591		(6,740,126)	-12.38%
REPLACEMENT & REFURBISHMENT						
MINWD	4,704,400	4,312,367	1,802,621		(2,509,746)	-58.20%
SOCWA & JRWSS	5,938,880	5,443,973	3,304,965		(2,139,008)	-39.29%
CAPITAL IMPROVEMENT PROJECTS						
WATER SUPPLY RELIABILITY FUND	18,300,000	16,775,000	8,784,495		(7,990,505)	-47.63%
PLANNING & CONSTRUCTION FUND	1,545,400	1,416,617	415,602		(1,001,015)	-70.66%
G.O. BOND DEBT SERVICE	6,159,813	6,159,813	6,159,813		-	0.00%
LONG TERM DEBT SERVICE	9,458,412	9,458,412	9,024,198		(434,214)	-4.59%
TOTAL USES	100,572,414	93,492,898	72,678,285		(20,814,613)	-22.26%
OTHER OPERATING INCOME						
RECONNECT FEES	37,100	34,008	28,385		(5,623)	-16.54%
TAG FEES	127,300	116,692	127,155		10,463	8.97%
RECONNECT FEES/AFTER HOURS	4,240	3,887	3,350		(537)	-13.81%
BACK FLOW NOTICE	7,100	6,508	6,850		342	5.25%
SERVICE INSTALLATION CHARGES/RW SUR CHARGES	95,500	87,542	91,754		4,212	4.81%
SITE VISIT CHARGES	1,000	917	675		(242)	-26.36%
RECYCLED WATER SUR CHARGES	-	-	3,344		3,344	
METER REMOVAL/RE-SET FEE	600	550	200		(350)	-63.64%
WATER CONSERVATION PENALTIES	15,000	13,750	10,400		(3,350)	-24.36%
PLAN CHECK & INSPECTION FEES	70,000	64,167	29,440		(34,727)	-54.12%
FOG PROGRAM	75,000	68,750	11,100		(57,650)	-83.85%
METER SALES	65,700	60,225	45,893		(14,332)	-23.80%
MISC	120	110	10,623		10,513	
TOTAL OTHER OPERATING INCOME	498,660	457,105	369,168		(87,937)	-19.24%
NON-OPERATING INCOME						
CONNECTION FEES	320,000	293,333	182,491		(110,842)	-34.64%
RETURNED CHECKS	10,600	9,717	8,075		(1,642)	-15.49%
CELLULAR LEASES	1,466,000	1,343,833	1,366,035		22,202	1.51%
BOARD ROOM RENTAL	5,900	5,408	6,600		1,192	20.20%
MISC	27,600	25,300	53,532		28,232	
TOTAL NON-OPERATING INCOME	1,830,100	1,677,592	1,616,734		(60,858)	-3.33%
TOTAL - OTHER	2,328,760	2,134,697	1,985,902		(148,795)	-6.97%

1 Received credit for interest income.
 2 Issued more late notices than the prior year.
 3 Refund for 2A Pond aeration system.
 4 Connection fees for the 144 homes being constructed at Los Alisos/Jeronimo.

MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF MAY 2011

GENERAL FUND TOTAL \$ 3,068,167

RESTRICTED FUNDS

REPLACEMENT & REFURBISHMENT FUND	\$	225,745	
WATER SUPPLY RELIABILITY FUND		715,106	
PLANNING & CONSTRUCTION FUND		28,480	
TOTAL RESTRICTED FUNDS			969,330

TOTAL DISBURSEMENTS ALL FUNDS \$ 4,037,497

The major expenditures for May 2011 include the following:

- | | | | |
|----|---|-----------|------------------|
| 1. | Municipal Water District of Orange County (MWDOC) | | |
| | Mar Water Purchases AF 1829.1 | \$ | 1,371,171 |
| | Feb Reclaimed Rebates AF 259.5 | | (39,963) |
| | Mar Capacity Charges | | 28,206 |
| | Mar RTS Charges | | 101,061 |
| | Mar SCP Operation Surcharge | | 6,678 |
| | | <u>\$</u> | <u>1,467,154</u> |
| 2. | Santa Margarita Water District | \$ | 488,907 |
| | C# 2008.032 Upper Chiquita Reservoir | | |
| 3. | Municipal Water District of OC | \$ | 140,000 |
| | C# 2008.049 - South Orange Coastal Ocean Desalination Project | | |
| 4. | South Coast Water District | \$ | 91,094 |
| | C# 2010.120 - 5B-1 Reservoir Refurbishment | | |

Moulton Niguel Water District



MEMORANDUM

TO: Finance Board **MEETING DATE:** June 15, 2011

FROM: David D. Cain, Director of Finance / Treasurer

SUBJECT: Annual Contracts, Professional Service Agreements, Amendments, and Purchase Orders for Fiscal Year 2011/2012

Issue: The District's current Purchasing Policy requires the Board to approve any contract or purchase order exceeding \$45,000. Attached is a consolidated list of Suppliers/Vendors which District staff is recommending that the Board of Directors authorize the General Manager to enter into contracts, issue purchase orders, and execute all necessary documents. These items represent routine annual contracts for the provision of services necessary for District operations.

Recommendation: Authorize the General Manager to enter into annual contracts and amendments, issue open purchase orders, and execute all necessary documents on behalf of the District.

Fiscal Impact: None. Sufficient funds have been appropriated in the Fiscal Year 2011/2012 Budget for these purchases.

DISCUSSION:

The Board of Directors will be asked to approve the Fiscal Year 2011/2012 Annual Operating and Capital Improvement Project Budget for the District. Included in the Budget is the appropriation of funds for the items contained in this report. This list is for contracts or open purchase orders that the District will enter into for the coming fiscal year. This list does not include utility companies, CIP contractors, or JPA agency agreement obligations (SOCWA, etc.).

No.	SUPPLIER / VENDOR	AMOUNT
1	<u>Aqua Metrics Sales Company</u> Provides for the purchase of spread spectrum radio-read meters, touch-read and commercial meters. One third of the District's commercial meters will be replaced this year. Aqua Metric Sales Company is an authorized supplier of Invensys meters. This allows the District to maintain compatibility with current automated equipment. Open purchase order administered by Customer Service.	\$110,000
2	<u>Anthem Blue Cross</u> Provides for medical and life insurance for District employees, Board Members and eligible retirees (medical only). A portion of the cost is offset by employee and Board member payroll deductions. Eligible retirees are billed monthly for their portion of the medical cost. Open purchase order administered by Administration and Human Resources.	\$1,600,000
3	<u>Aramark Uniform Services</u> Provides for purchase and cleaning of uniforms for District staff. Open Purchase Order administered by Purchasing.	\$49,000
4	<u>Armorcast Products Company</u> Provides equipment and tools required for the Air Vac and Street Crews. Open purchase order administered by the Operations Department.	\$135,000
5	<u>AT & T Mobility</u> Provides access to dial tone for alarm dialers at critical district facilities, circuits systems required for our SCADA information between stations and Plant 2A. Contract administered by IT staff.	\$105,000
6	<u>BARR Engineering</u> Provides for A/C maintenance for Main Office and Plant 2A. Open purchase order administered by Operations staff.	\$60,000
7	<u>Bayshore</u> Provides for contract services for fleet and generator maintenance services. Contract administered by Operations staff.	\$85,000
8	<u>Bowie, Arneson, Wiles & Giannone</u> Provides legal counsel for the District. Contract administered by Administration, Human Resources, and Finance staff.	\$150,000
9	<u>CWells Pipeline / Fergusons Waterworks</u> Provides inventory items for large (4" - 36" lines) underground line repairs: clamps, saddles, piping, valves, etc. Open purchase is administered by Purchasing on behalf of Operations and Customer Service.	\$150,000
10	<u>Chandler Asset Management</u> Provides for professional services related to the District Investment program. Contract is administered by Finance staff.	\$105,000

No.	SUPPLIER / VENDOR	AMOUNT
11	<u>ECIS</u> Provides contract service for inspection and support of the District's Fats, Oils, and Grease (FOG) program. Contract administered by Operations staff.	\$140,000
12	<u>Great Scott Tree Service</u> Provides for on-going District tree maintenance program. Contract is administered by Engineering staff.	\$95,000
13	<u>Gresham Savage Nolan & Tilden</u> Provides legal counsel for the District. Contract administered by Administration and Human Resources staff.	\$115,000
14	<u>Infosend</u> Provides for the printing and mailing of utility bills and processing e-bill payments. Contract administered by Finance staff.	\$298,000
15	<u>Irvine Pipe & Supply</u> Provides inventory items for small (3/4" - 2" lines) underground line repairs: piping, valves, various brass, copper, galvanized and P.V.C. fittings, etc. Open purchase orders is administered by Purchasing.	\$46,000
16	<u>Key Government Finance</u> Finance leasing company for the District CISCO landline telephone system. Equipment and lease managed by IT staff.	\$48,000
17	<u>L.G. Supply</u> They are a wholesale distributor of meter boxes, lids, vaults. Their products include both concrete and polymer. They represent different manufacturers with a variety of products. This includes customer service, field repairs, replacements and outside sales through the purchasing /warehouse inventory on behalf of Customer Service Division.	\$85,000
18	<u>Laer Pearce & Associates</u> Public relations services, WaterLines, media relations and community outreach. Contract administered by Customer Service staff.	\$60,000
19	<u>Lincoln National Life</u> Provides dental insurance for District employees and Board members. Open purchase order administered by Administration and Human Resources.	\$160,000
20	<u>Mayer Hoffman McCann P.C.</u> Provides for auditing services of the District and Public Finance Corporation Comprehensive Annual Financial Reports. Contact authorized by the Board of Directors and administered by Finance staff.	\$40,020

No.	SUPPLIER / VENDOR	AMOUNT
21	<u>Measurement Control Systems (MCS)</u> Provides for the purchase of fixed based, radio-read and touch read meters. MSC is an authorized supplier of Neptune meters, a sole source supplier, in order to maintain compatibility with automated equipment already purchased. Open purchase order administered by Customer Service staff.	\$420,000
22	<u>Mutual of Omaha Companies</u> Provides disability insurance for District employees and Board Members. Open purchase order administered by Administration and Human Resources.	\$62,000
23	<u>Nickey Petroleum Co. / SC Fuels</u> Provides fuel for District owned vehicles and equipment. Staff works on best obtainable pricing based on market pricing to support product schedule. Open Purchase Orders administered by Purchasing.	\$280,000
24	<u>Orange County Pest Control</u> Provides for pest control services, including bee removal, for various district facilities. Purchase order is administered by Operations staff.	\$60,000
25	<u>Nobel Systems</u> Provides for GIS Database conversion for changes to District Sectional maps. Contract administered by Engineering staff.	\$45,000
25	<u>Process Solutions</u> Provides for parts and labor for maintenance and repair to the Tank Chlor-tec Facilities. Purchase order administered by Operations staff.	\$95,000
26	<u>Project Partners</u> Provides contract engineering services to assist with the execution of the CIP and other district functions. Purchase order is administered by Engineering staff.	\$150,000
27	<u>PSOMAS</u> Provides GIS Database Maintenance and Drafting support services. Contract administered by Engineering staff.	\$105,000
28	<u>South Bay Foundry</u> Provides inventory items related to air and vacuum relief valves and polymer covers. Open purchase administered by Purchasing.	\$46,000
29	<u>Sunset Landscape Management, Inc.</u> Provides landscape maintenance for the Main Office, 2A building site and various District facilities. Contract administered by Engineering staff.	\$250,000
30	<u>TW Nieman</u> Provides support services for on-site recycled water retrofit (Constructions and Inspection) Open purchase order administered by Engineering staff.	\$135,000

No.	SUPPLIER / VENDOR	AMOUNT
31	<u>Verizon Wireless</u> Provides for network services associated with the District's cellular telephones and wireless internet. Open purchase orders administered by Purchasing and Operations staff.	\$55,000
32	<u>Westamerica Graphics Corp</u> Prints the monthly WaterLines newsletter, the annual water quality report, miscellaneous billing inserts and a variety of community outreach materials.	\$58,000

Moulton Niguel Water District



MEMORANDUM

TO: Finance Board

MEETING DATE: June 15, 2011

FROM: Nancy Desai, Controller

SUBJECT: Establishing Budget Appropriations for Fiscal Year 2011-2012

SUMMARY

Issue:

Requesting approval of the Fiscal Year 2011-2012 Operating & Capital Improvements Budget.

Recommendation:

Adopt Resolution 11-__ establishing the appropriation limit for the Fiscal Year 2011-2012 Operating & Capital Improvements Budget.

Fiscal Impact: Operating and Capital Improvements total appropriations of \$109,407,945. Net Increase (Decrease) in available reserves - \$28,148,402 decrease from available reserves.

Previously Related Action: Presentation and in-depth review of the District's "Draft" Operating & Capital Improvements Budget for Fiscal Year 2011-2012 on May 18, 2011.

BACKGROUND

The Fiscal Year 2011-2012 Operating and Capital Improvements Budget ("Budget") is prepared by the Finance Division with the final copy attached. The Budget was prepared in accordance with generally accepted accounting principals (GAAP) and guidelines set forth by the Governmental Accounting Standards Board (GASB).

ISSUE/ANALYSIS

The District is requesting an Operations & Maintenance (O&M) budget appropriation of \$57,671,718. The O&M budget provides for costs that are determined to be maintenance in nature and do not extend the useful life of the District's assets. The District's nine debt service obligations total \$9,360,312 and comprise of both principal and interest. The Capital Improvement Projects (CIP) budget is delineated in three sections: Replacement & Refurbishment (R&R), Water Supply Reliability (WSR), and Planning & Construction (P&C). The District is requesting an R&R projects budget of

\$18,878,964 for projects that maintain and/or replace District facilities and equipment. These projects materially extend the useful life of the District's assets. Included in the R&R budget is \$6,479,010 in project costs attributable to SOCWA & JRWSS facilities improvements. The District is requesting a WSR projects budget of \$14,746,345. The WSR projects are intended to increase the reliability of the potable water system during planned and emergency outages of the water supply importation system. Lastly, the District is requesting \$2,471,300 for Planning & Construction of new facilities. The CIP budget includes multi-year projects as well as single year projects and the amount requested is anticipated to be spent for Fiscal Year 2011-2012 only.

RESOLUTION NO. 11-__

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT
APPROVING A BUDGET APPROPRIATION AND
ADOPTING AN OPERATING AND
CAPITAL IMPROVEMENT BUDGET FOR FISCAL YEAR 2011/2012**

WHEREAS, on June 15 and 16, 2011, the Board of Directors of the Moulton Niguel Water District held public meetings and reviewed the proposed Operating and Capital Improvement Budget for Fiscal Year 2011/2012. A Budget Summary is attached as Exhibit A.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the Moulton Niguel Water District that:

SECTION 1. The Moulton Niguel Water District Operating and Capital Improvement Budget in the amount of \$109,407,945 is adopted for the Fiscal Year beginning July 1, 2011 and ending June 30, 2012.

ADOPTED, SIGNED and APPROVED this 16th day of June, 2011.

President/Vice President
MOULTON NIGUEL WATER DISTRICT
and of the Board of Directors thereof

Secretary
MOULTON NIGUEL WATER DISTRICT
and of the Board of Directors thereof

Moulton Niguel Water District



MEMORANDUM

TO: Finance Board

MEETING DATE: June 15, 2011

FROM: Nancy Desai, Controller

SUBJECT: Establishing Tax Rates for the General Obligation Bond Assessment

SUMMARY

Issue:

Requesting authorization to assess the residents of Improvement District (ID) 6, 7, and 8 for General Obligation Bond indebtedness.

Recommendation:

Adopt Resolution 11-__ establishing the tax rates for Fiscal Year 2011-2012 for General Obligation Bond indebtedness in ID 6, ID 7, and ID 8.

Fiscal Impact:

The District will collect the funds necessary in ID 6, ID 7, and ID 8 to meet the District's General Obligations Bond indebtedness totaling \$6,279,306 for FY 2011-2012 for said improvement districts.

Previously Related Action: None.

BACKGROUND

The Water Code permits consolidated bonds to be issued upon voter approval. The District issued General Obligation Bonds (GOBs) to fund water and sewer infrastructure development in Improvement District (ID) 6, 7, & 8.

ISSUE/ANALYSIS

The total outstanding principal for IDs 6, 7, and 8 are \$26,215,000, \$11,030,000, and \$155,000 respectively. Interest rates accrue between 2% and 5%. Interest is payable on September 1 and March 1 of each year. Principal is paid on September 1 of each year.

RESOLUTION NO. 11-___

**RESOLUTION OF BOARD OF DIRECTORS OF
MOULTON NIGUEL WATER DISTRICT SETTING TAX RATES
FOR FISCAL YEAR 2011/2012**

WHEREAS, the Board of Directors of MOULTON NIGUEL WATER DISTRICT has fully considered the financial needs of the MOULTON NIGUEL WATER DISTRICT and its IMPROVEMENT DISTRICTS NOS. 6, 7, and 8, for the Fiscal Year 2011/2012 and the funds available and estimated to become available for meeting said financial needs, and

WHEREAS, pursuant to Section 37206 of the Water Code of the State of California, the Board of Directors shall furnish to the Board of Supervisors of Orange County and the County Auditor, on or before August 1, an estimate in writing of the amount of money needed to be raised by the District during the 2011/2012 Fiscal Year for the payment of its proportion of the amount required for the purpose of paying voter approved indebtedness of the District for the next fiscal year;

NOW, THEREFORE, the Board of Directors of MOULTON NIGUEL WATER DISTRICT does hereby resolve, determine and order as follows:

Section 1. That the amount of money necessary to be raised by taxation upon the taxable property within the IMPROVEMENT DISTRICT NO. 6 of MOULTON NIGUEL WATER DISTRICT as revenue to pay the voter approved indebtedness for said district for the 2011/2012 Fiscal Year is the sum of \$4,462,418. The estimated tax rate to be levied shall be .12315 percent (.001231462) of full value. The tax rate herein is levied pursuant to Section 93 and 93.61 (a) (l) of the Revenue and Taxation Code for the purpose of paying voter approved indebtedness of the MOULTON NIGUEL WATER DISTRICT by IMPROVEMENT DISTRICT NO. 6.

Section 2. That the amount of money necessary to be raised by taxation upon the taxable property within the IMPROVEMENT DISTRICT NO. 7 of MOULTON NIGUEL WATER DISTRICT as revenue to pay the voter approved indebtedness for said district for the 2011/2012 Fiscal Year is the sum of \$1,436,384. The estimated tax rate to be levied shall be .11336 percent (.001133599) of full value. The tax rate herein is levied pursuant to Section 93 and 93.61 (a) (l) of the Revenue and Taxation Code for the purpose of paying voter approved indebtedness of the MOULTON NIGUEL WATER DISTRICT by IMPROVEMENT DISTRICT NO. 7.

Section 3. That the amount of money necessary to be raised by taxation upon the taxable property within the IMPROVEMENT DISTRICT NO. 8 of MOULTON NIGUEL WATER DISTRICT as revenue to pay voter approved indebtedness for said district for the 2011/2012 Fiscal year is the sum of \$72,794. The estimated tax rate to be levied shall be .00621 percent (.000062137) of full value. The tax rate herein is levied pursuant to Section 93 and 93.61 (a) (l) of the Revenue and Taxation Code for the purpose of paying voter approved indebtedness of the MOULTON NIGUEL WATER DISTRICT by IMPROVEMENT DISTRICT NO. 8.

Section 4. That the Secretary and Treasurer of the District are hereby requested to furnish a certified copy of this resolution to the Auditor of the County of Orange.

ADOPTED, SIGNED and APPROVED this 16th day of June, 2011.

President/Vice President
MOULTON NIGUEL WATER DISTRICT and
the Board of Directors thereof

Secretary/Assistant Secretary
MOULTON NIGUEL WATER DISTRICT and
the Board of Directors thereof