



**FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
February 18, 2015
8:30 AM
Approximate Meeting Time: 2 Hours**

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE JANUARY 14, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING
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. Outreach Consulting Services

DISCUSSION ITEMS

5. Water Shortage Contingency Plan
6. Recycled Water Turf Removal Rebate Program
7. Rebate Application for Turf Removal and Synthetic Turf

INFORMATION ITEMS

8. Budget Kickoff
9. Enterprise Resource Planning (ERP) Update

10. Monthly Financial Report
 - a. Summary of Financial Results
 - b. Budget Comparison Report
 - c. Financial Statements
 - d. Restricted Cash and Investments with Fiscal Agent
 - e. Unrestricted and Restricted Fund Balances
 - f. Summary of Disbursements January 2015
11. 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]

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) 831-2500 at least forty-eight (48) 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 forty-eight (48) 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 seventy-two (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 and on the District website at www.mnwd.com.



DRAFT
MINUTES OF THE REGULAR MEETING OF THE
FINANCE & INFORMATION TECHNOLOGY BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT

January 14, 2015

A Regular Meeting of the Finance & Information Technology Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 9:00 AM on January 14, 2015. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Director
Richard Fiore	Director
Donald Froelich	President
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Marc Serna	Director of Engineering & Operations
Gina Hillary	Director of Human Resources
Kelly Winsor	Assistant to the General Manager
Paige Gulck	Board Secretary
Vivian Lim	Recording Secretary
Ruth Zintzun	Finance Manager
Drew Atwater	MNWD
Carole Wayman-Piasek	MNWD
Megan Schneider	MNWD
Michael Bell	Public Financial Management
Bill Dennehy	Chandler Asset Management

1. CALL MEETING TO ORDER

The meeting was called to order by Brian Probolsky at 9:01 a.m.

#2.

2. APPROVE THE MINUTES OF THE DECEMBER 17, 2014 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY DONALD FROELICH, MINUTES OF THE DECEMBER 17, 2014 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'. DIRECTOR RICHARD FIORE ABSTAINED.

3. PUBLIC COMMENTS

None.

PRESENTATION ITEMS

4. Quarterly Investment Report - Chandler Asset Management

Bill Dunahee presented the Quarterly Investment Report. Discussion ensued regarding the account profile, portfolio holdings, and economic update.

DISCUSSION ITEMS

5. Personnel & Salary Policy Revisions and MOU Side Letters

Joone Lopez provided background on this item. It was recommended that the Board of Directors adopt the resolution entitled, "Approving the Personnel & Salary Policy" and authorize the General Manager to sign Side Letter Agreement #1 for the General and Supervisory Units. The Board of Directors requested staff to provide legal opinion on the process.

6. Rebate Application for Turf Removal and Synthetic Turf

Matt Collings provided details on the rebate applications. It was recommended that the Board of Directors consider the rebate application for the identified projects without a limitation on the maximum allowable acreage for each project and direct staff accordingly. Discussion ensued regarding the rebate program, approval process, and requests for resident accounts #2-00532-9, #2-02231-4, #1-74087-3, #7-40542-3, #2-02233-2, #1-63616-2, and #3-07022-1.

INFORMATION ITEMS

7. Enterprise Resource Planning (ERP) Update

Matt Collings provided an Enterprise Resources Planning (ERP) update. Discussion

ensued regarding the testing phase, training, and schedule for the February go-live.

8. Monthly Financial Report

Ruth Zintzun presented the monthly financial report. A Fiscal Year 2014/15 Budget for Professional Services handout was provided.

9. Late Items (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT

The meeting was adjourned at 10:54 a.m.

Respectfully submitted,

Vivian Lim
Recording Secretary

DRAFT



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors **MEETING DATE:** February 18, 2015

FROM: Joone Lopez, General Manager

SUBJECT: Outreach Consulting Services

DIVISION: District-wide

SUMMARY:

Issue: The District continues to evaluate resources to provide adequate outreach to our customers and develop public information to convey the various activities impacting our customers.

Recommendation: This is an information item only.

Fiscal Impact: There are sufficient funds in the FY 2014-15 budget.

BACKGROUND:

For utility agencies throughout the State, there is a growing need to communicate to the public the current and pending challenges that impact our critical resources and to facilitate an understanding of what it takes to meet these challenges. Outreach has become an integral part of our business operation as the public’s appetite for transparency continues to grow and competition for limited funding opportunities require increased engagement of stakeholders both locally and regionally.

Over the last two years, the District has built an outreach program that has received significant positive responses from our customers and civic leaders. Additionally, our participation in regional and statewide policy discussions have brought recognition that has assisted in building stronger regional collaboration and advancing the interest of our customers.

We continue to evaluate the benefits and cost impacts of our outreach efforts, and in doing so, have expanded our efforts pragmatically and practically.

#4.

Outreach Consulting Services

February 18, 2015

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DISCUSSION:

The year 2014 has been unprecedented in California's history as we face record-setting drought, increasing statewide policy, and legislative actions that result in unfunded mandates, heightened regulatory requirements, and the public's demand for service reliability as agencies race to keep up with the aging infrastructure. In looking out to the years ahead, every indication is that these conditions will only amplify, and additional resources are needed to foster public support in meeting them.

To evaluate the most cost-effective approach to expanding the District's outreach efforts, staff met with several firms to identify which one can best assist in the assessment of District's outreach program and deliver services that are not currently available in-house. Based on these conversations, it's been determined that Fiona Hutton and Associates (FHA) possesses the expertise and knowledge necessary to provide these services.

FHA has provided consulting services to several industry entities such as Association of California Water Agencies (ACWA), Southern California Water Committee (SCWC), State Water Contractors along with other local water agencies, municipalities and public agencies. Their understanding of statewide water-related issues and legislative/policy strategies will aid the District in monitoring and responding to conditions that will impact our customers. FHA also has extensive experience in packaging complex information for public communication to promote awareness and participation. Their network of resources will allow the District to partner with statewide agencies as well as strengthen the relationships with civic organizations and media outlets.

FHA will be attained under the General Manager's signing authority for the next six months, during which time, there will be updates to the Board regarding the progress and deliverables. The scope of work was developed in conjunction with FHA and staff after an in-depth discussion about District's current needs. Future consideration of additional scope/services from FHA or any other firms will be brought before the Board.

Attachments:

1. Information about FHA
2. Draft agreement with scope of work



What we do



Fiona Hutton & Associates (FH&A) connects you to strategic communications solutions. Since 2001, Los Angeles-based FH&A has been one of California's leading communications and public affairs consulting firms. From statewide public education efforts to targeted local outreach, our firm is known for our creative strategies and planning, disciplined and tenacious implementation, accountability to our clients and unparalleled service.

As an independent, nonpartisan, issues-focused public affairs firm, FH&A specializes in complex and often controversial policy issues, public education and issue advocacy efforts, corporate branding, image enhancement, litigation support, ballot measure campaigns, permitting, entitlements and other regulatory processes. Our firm represents corporate, nonprofit, government, public agency, trade association and political clients engaged in a wide variety of interests including: health care, municipal government, land development, infrastructure, transportation, scientific and medical research, water, finance, agriculture, the environment and conservation.

At FH&A, we are large enough to meet all your public affairs needs – but just the right size to ensure your project will be our top priority. You can be assured our experienced senior principals will deliver the results you need, expect and should demand.

**Message Development/
Communications Planning**

Every successful communications and public affairs or public relations program is predicated on two key elements: developing a cohesive, thoughtful and strategic communications plan and creating effective, concise and targeted messaging. Our firm has decades of communications experience developing the plans and messages that ensure our clients' communication success. Whether you're mounting a statewide communication program or targeting a specific local community, our firm will work closely with you to research and capture the core messages and develop the right plan to persuade and motivate your key audiences.

Our firm has decades of communications experience developing the plans and messages that ensure our clients' communication success.

Media Relations

In today's constantly evolving media landscape, successful communications programs depend on strong relationships and continuing engagement with the broad range of outlets supplying news and commentary. Our firm has invested the time and resources to build

those relationships and keep pace with the rapidly changing media environment. Our firm's experienced principals are skilled at managing challenging, controversial and crisis

situations, leveraging issues and identities and ultimately achieving prominent placement in international, national, state and regional broadcast and print news media, blogs and other Internet outlets. Our firm has served as the official spokespersons for high-profile campaigns and public education efforts and can do the same for you. At FH&A, we design and implement the proactive, strategic media relations programs you need to succeed. [more >](#)



What we do



**Coalition-Building,
Ally Development & Outreach**

The successful promotion or defeat of a project, program, policy or ballot initiative often requires engaging the public and core constituencies, developing strong allies and mobilizing their support. Our firm's wide array of contacts in civic

groups, business and consumer organizations, regulatory bodies and environmental and other critical communities has made us a leader in creating winning coalitions for public education efforts, projects, legislation, initiatives, new policies and causes. By conducting intensive outreach to targeted stakeholder groups, educating these groups and building strong coalitions, our firm effectively generates and mobilizes the support you need to achieve your goals.

Paid Media & Collateral Development

Persuasive research, skillful messaging and writing, distinctive design and powerful imagery are vital to the creation of compelling and convincing communications in all forms of media. With a broad base of experience in paid media and collateral development, our firm will develop the TV and radio advertising, websites, videos, presentations, brochures, direct mail, reports and other critical materials to build your brand, make your case, persuade your target audiences or promote your project or product.

Social Media

Social media and online success depend on more than just the technology and the tools. Today's digitally-focused world demands a team that can harness the power of the social web and join the online conversation for its clients. With a proven record of social media success, FH&A will identify your target audiences, analyze how they interact and receive information and create the right online program to achieve your goals, build your brand and protect your reputation online.

Media Coaching

Striking the right tone, being fully prepared and maximizing each opportunity are fundamental skills for effectively delivering the desired messages in any media encounter. With FH&A's vast experience in the media and as spokespersons for some of the most controversial of issues, our experienced team will prepare you for even the most challenging of situations. Our firm anticipates the questions you're likely to face, assists in the preparation of answers and provides the essential advice to ensure you shine when you're in the spotlight.

Litigation Support

Winning or losing in the court of public opinion can be just as important as what happens in the halls of justice. Damaging litigation can ruin reputations, destroy employee morale, frighten off potential investors and cause you to lose your credibility in the marketplace. With a strong background in successful litigation support, FH&A will work with you and your legal team to develop the messages and the targeted communications strategies to support your objectives in the courtroom and protect your reputation, reassure employees, customers and investors and maintain your credibility inside and outside the halls of justice.

Crisis Management

Controversial litigation, corporate bankruptcies, job site accidents, angry activists and land-use disputes all require sound judgment, a cool head and a balanced and integrated approach within targeted audiences. FH&A has quickly and effectively managed a variety of crisis communications situations in the public and private sectors, including bankruptcies and reorganizations, land-use and environmental challenges, corporate espionage and controversial international political/business partnerships. Our firm's experience will ensure that you are adroitly guided through the most challenging of situations, minimizing the potential impact on your reputation and your interests.



Our clients



California Association of Health Plans

The California Association of Health Plans, a statewide trade association representing 39 full-service health care plans, chose Fiona Hutton & Associates to provide strategic counsel and help

implement the association's advocacy and communications goals. Our firm continues to provide strategic and media relations counsel to the association on critical issues facing health plans.



Clear Channel Outdoor

Clear Channel Outdoor, the world's largest outdoor advertising company, has retained Fiona Hutton & Associates to help manage communications and outreach in the Los Angeles market, helping build awareness for the company's business operations and philanthropic efforts, as well as build upon and expand the company brand.



Prop 39: Clean Energy Act

At a crucial stage in the election cycle, Fiona Hutton & Associates was sought out to provide statewide coalition building services to support the proposition that would close a tax loophole, funding public schools and creating clean energy jobs. Our firm quickly mobilized a successful infrastructure that resulted in a robust coalition of more than 325 respected regional and statewide organizations to support the proposition that ultimately won with strong support on Election Day.



Metro

Metro ExpressLanes

Continuing its work in regional transportation issues, Fiona Hutton & Associates was brought on the Metro ExpressLanes project to assist in media planning and strategic communications for the year-long pilot program that will improve traffic flow and increase travel options on the I-10 and I-110 freeways in Los Angeles County by converting High Occupancy Vehicle (HOV) lanes to High Occupancy Toll (HOT) lanes. Tasked with encouraging participation and community support for the project, FH&A is engaging in an ongoing and proactive communications strategy that includes media outreach, media event planning, opinion editorial placement, editorial board strategies and rapid response program.



California Water Foundation

The California Water Foundation partnered with Southern California Water Committee and Fiona Hutton & Associates to help raise awareness and provide information to key stakeholders across Southern California about the importance and potential of stormwater as an additional local water supply resource. Our firm created a branded program, "Pump Up The Volume," complete with key messages, a brand identity and suite of collateral materials. Through the program we conducted direct outreach and briefings with elected officials, business organizations, water agencies, and other opinion leaders in Los Angeles County and across the Southland, in addition to providing testimony at hearings. Our firm also mounted a media relations campaign to educate regional media and secured op-eds on stormwater in regional, industry, trade association and municipal publications and blogs.



Our clients



Southern California Water Committee

The Southern California Water Committee, an organization dedicated to informing Southern California about the state's ongoing water issues, selected Fiona Hutton & Associates

to provide organizational support and manage outreach efforts for its communications, education and advocacy goals. Fiona Hutton & Associates revitalized the Southern California Water Committee and brought the organization to the forefront of the ongoing discussion about the Sacramento-San Joaquin Delta and the state's water crisis.



State Water Contractors

The State Water Contractors, representing 27 of California's public water agencies, has retained Fiona Hutton & Associates to provide ongoing strategic counsel as well as comprehensive communications, media relations and outreach planning to advocate for public policy, regulatory and legislative efforts that involve statewide water supply, water quality and environmental restoration issues.



Vulcan Materials

Vulcan Materials, the nation's largest producer of construction aggregates, retained Fiona Hutton & Associates to provide strategic communications, coalition documents and tool kit materials for projects moving through the environmental review process.



City of Hermosa Beach

When the Hermosa Beach City Council needed a team to handle its communications and public information programs, they turned to Fiona Hutton & Associates. City leaders wanted a firm they could trust to manage the City's public information function – a team with the experience and knowledge of the specific communications challenges and public information needs facing cities – that is why they hired us. Our firm worked with city leaders to develop a public information plan and handles the City's overall communications and media relations function — making sure that there was a system in place to communicate with the public.



Metro Gold Line Foothill Extension Construction Authority

After a competitive bid process, Fiona Hutton & Associates was selected by the Metro Gold Line Foothill Extension Construction Authority to provide strategic communications, media relations and media event planning services to the agency as it undertakes construction of one of the region's largest and most important transit projects.



The Home Depot

The Home Depot, one of the nation's largest home improvement retailers, selected Fiona Hutton & Associates to provide strategic communications and media relations counsel in Southern California, as the company moved forward with the entitlement of new stores, management of ongoing operations and community partnerships.



Our clients ▲



Health Net®
COMMUNITY SOLUTIONS

Health Net

When Health Net was selected by the state to implement a new healthcare program in Los Angeles County, Fiona Hutton & Associates was brought on to provide communications and outreach services. FH&A's deep understanding of California's healthcare landscape, as well as the provider and patient advocacy communities, allows us to support and promote the new program ensuring key stakeholders are educated and ultimately helping boost enrollment.



Alameda County Water District

The Alameda County Water District brought in Fiona Hutton & Associates to develop a communications strategy for the District. Wanting to raise awareness and improve communications with customers and community leaders, the District needed a comprehensive plan to reach multiple audiences. Using a 360-degree approach, including a customer survey, interviews with stakeholders and thorough research, Fiona Hutton & Associates is providing the District with the tools and ideas it needs to implement an effective communications and outreach program.



Crimson Pipeline

Crimson Pipeline, an operator of 700 miles of oil pipelines in Southern California, retained Fiona Hutton & Associates to develop a full suite of collateral materials, including a new brand identity, company brochure and website, and craft a proactive communications program for the company, ultimately raising the company's profile where they operate. The firm continues to provide strategic and crisis communications counsel.



CALIFORNIA HOSPITAL ASSOCIATION

California Hospital Association

California Hospital Association sought out Fiona Hutton & Associates to provide strategic communications and coalition building services in Southern California as they prepared to oppose a ballot measure that would have been detrimental to their members. The initial earned media efforts and coalition outreach by our team helped lead to the ultimate compromise that stopped the measure from even reaching the ballot.



USC - Marshall School of Business

Fiona Hutton & Associations was selected to provide media training services to faculty at the USC Marshall School of Business, one of the nation's most highly regarded business schools in the nation's second-largest media market. During the day-long training, our team prepared the faculty members to capitalize on positive news stories, further develop their reputations as "expert sources," and successfully manage even the most challenging of situations.



State Parks Initiative

Fiona Hutton & Associates was retained to manage the collateral development, media relations, social media and outreach for the California State Parks Initiative, a statewide ballot initiative on the November 2010 California ballot that sought to ensure that all of California's state parks stay open for future generations to enjoy.



Our clients



Best, Best & Krieger - Litigation Support

One of the most respected California law firms specializing in land-use, municipal government and water/natural resources regularly retains Fiona Hutton & Associates for litigation support, requiring our public affairs firm to carefully craft communications strategies and programs that integrate with and support the broader legal strategy.



City of Malibu

The City of Malibu retained Fiona Hutton & Associates to help manage the City's communications and media relations on a variety of issues. Our firm's media relations efforts led to a variety of coverage in Malibu's local newspapers and primetime television news stories.



CALIFORNIA STATE PARKS FOUNDATION

California State Parks Foundation

The California State Parks Foundation turned to Fiona Hutton & Associates when they wanted help engaging the business community in efforts to speak out against state park closures. FH&A took the lead on coalition building and business outreach for the Foundation's "Closing Parks is Bad for Business" education and advocacy campaign. By creating a vast and diverse coalition of business interests, the Foundation acquired a valuable set of messengers to urge the Governor and state lawmakers to keep parks open.



Conserving California

Fiona Hutton & Associates was retained to create and implement Conserving California, a statewide public education program about the value of investing in land, water and parks. Conserving California was presented by Audubon California, California Council of Land Trusts, Ocean Conservancy, The Nature Conservancy and WILD COAST.



Woodside Natural Gas

Woodside Natural Gas (a subsidiary of Woodside Petroleum — a global energy firm) chose Fiona Hutton & Associates to develop its strategic planning, communications and media relations for the complex and comprehensive entitlement and environmental review process for its OceanWay natural gas project in California. Working closely with a team of governmental affairs, legal, community outreach and technical professionals, our firm formulated external messaging, produced collateral materials, provided media training and helped manage OceanWay's media relations.



Los Angeles Dodgers

In spring 2004, the fabled Los Angeles Dodgers were sold by News Corporation to private owners, Frank and Jamie McCourt, after unanimous approval of the \$430 million transaction by Major League Baseball. New to the Los Angeles region, the McCourt family retained Fiona Hutton & Associates to manage initial messaging and all communications surrounding the actual ownership vote, its accompanying national news conference, announcement of new key executive management and the 2004 season's Opening Day.



Our clients



Proposition 71: California Stem Cell Research & Cures Initiative

Fiona Hutton & Associates played a leading role in the overwhelming voter approval of Proposition 71, the California Stem Cell Research & Cures initiative, in 2004. Fiona Hutton served as the campaign spokesperson and managed all national and statewide communications, earned media and coalition-building efforts for this intensely watched, high-profile and controversial statewide ballot measure. An aggressive earned media campaign garnered extensive coverage on the Today Show, 20/20, NBC Nightly News, CNN, ABC World News Tonight, Entertainment Tonight and Fox News, as well as more than a thousand additional news stories. Fiona Hutton & Associates also built and managed one of the largest coalitions ever for a statewide health care initiative.



Greater Los Angeles Zoo Association

The Greater Los Angeles Zoo Association (GLAZA), the nonprofit organization formed to support the Los Angeles Zoo, sought out Fiona Hutton & Associates to assist in the development and implementation of a comprehensive public affairs and media relations program to support initiatives undertaken by GLAZA to support the zoo. GLAZA has taken a primary role in funding zoo educational and conservation efforts, as well as the construction of new animal exhibits.



Santa Margarita Water District

Santa Margarita Water District

One of the largest water districts in Orange County, Santa Margarita Water District (SMWD) has retained Fiona Hutton & Associates to provide communications, collateral development and media relations services for the public water agency. As the district seeks to ensure a reliable water supply for its ratepayers, it requires a comprehensive communications program to proactively and efficiently disseminate accurate and timely information to the public.



Proposition 84 : Clean Water, Parks and Coastal Protection Bond

Fiona Hutton & Associates played a critical role in the successful campaign to win voter approval of Proposition 84, the largest conservation bond ever on a state ballot. We provided strategic communications counsel, media relations and statewide coalition-building efforts for the campaign. Our outreach ultimately secured the largest coalition of supporters of any ballot measure on that year's November ballot, a key element in the Election Day victory.



Los Angeles Coalition for the Economy and Jobs

The Los Angeles Coalition is an independent, bipartisan organization established to unite top leaders from the region's business, labor, academic and nonprofit communities to develop and advance policy initiatives that foster the economy and create jobs. FH&A was tapped to assist the organization in enhancing its profile, promoting its policy agenda and organizing outreach during the 2013 citywide election.



Our clients ▲



City of Santa Clarita

Fiona Hutton & Associates provided the strategic counsel and communications guidance that helped the City of Santa Clarita reach a compromise in a long-running dispute with a large mining operation, resulting in a solution both sides called a “win-win.” *The Los Angeles Daily News* heralded the compromise as “an object lesson in the value of community leadership and organization.” Our firm continued to work with the city to build support for federal legislation that implemented the “win-win” agreement.



City National Bank

City National Bank, the largest independent bank headquartered in Southern California, sought out Fiona Hutton & Associates to provide strategy and manage outreach efforts for City National Bank’s advocacy and communications goals. Our firm created and managed a public affairs campaign that helped raise awareness among opinion leaders and key policymakers about the billions of tax dollars California has lost to the federal government and the need to get California its fair share of these funds.



Weintraub Financial Services

Weintraub Financial Services, a full service real estate firm, retained Fiona Hutton & Associates to provide strategic communications, collateral development and outreach services for retail and mixed-use projects in Southern California as they moved through permitting and entitlement processes.



No on 27

The campaign opposing Proposition 27, a statewide measure on the November 2010 ballot that would have overturned the groundbreaking independent redistricting commission established by Proposition 11, turned to Fiona Hutton & Associates in the latter and most crucial stages of the campaign to build and mobilize a broad coalition of support against a powerful and amply funded group of interests. On Election Day, our coalition handily defeated the politician power-grab and preserved historic voter-approved reforms.



Coalition to Protect California's Budget & Economy

Fiona Hutton & Associates played a critical role in the winning campaign in support of Propositions 94, 95, 96 and 97, the Indian gaming agreements California voters overwhelmingly approved. In one of the most expensive initiative campaign battles in the state’s history, the campaign trusted Fiona Hutton to serve as one of the campaign’s spokespersons for television and radio news outlets. Our firm also wrote and placed dozens of opinion editorials in newspapers throughout California and ran an aggressive newspaper editorial board outreach program that resulted in the endorsement of major publications, such as the *Los Angeles Times* and the *San Diego Union-Tribune*.



Coachella Valley Water District

The Coachella Valley Water District, a multi-faceted water agency serving 1,000 square miles of the Inland Empire, chose Fiona Hutton & Associates to provide strategic counsel and communications guidance as it grappled with numerous challenges.



Our clients



Sterling Financial

Fiona Hutton & Associates developed a comprehensive communications program for Sterling Financial Corporation (NASDAQ:SLFI), a diversified financial institution serving the Eastern seaboard, after the financial firm was hit

with a major operational and public relations crisis. Sterling hired our firm again when it announced its acquisition by PNC Financial Services in a \$565 million merger.



Front Porch

Fiona Hutton & Associates managed the communications, coalition-building and community outreach that helped lead to the approval of Cypress Knolls, a 700+ unit housing community on a 186-acre site formerly occupied by Fort Ord on the Monterey Peninsula. Front Porch, California's largest not-for-profit operator of senior living communities, is the developer of the project.



Metropolitan Water District of Southern California

The Metropolitan Water District of Southern California is a consortium of 26 cities and water districts that provides drinking water to nearly 18 million people in Southern California. With its expertise in water issues, Fiona Hutton & Associates has provided strategic counsel to the agency on issues including water quality, supply and reliability.



Association of California Water Agencies

The Association of California Water Agencies, a coalition of 450 public water agencies, sought out Fiona Hutton & Associates to manage and implement a multi-million dollar public education program. The program educated Californians about critical challenges to the state's water supply and delivery system through television, radio and print advertising, as well as Internet and community outreach. As a result of that program, Californians' awareness of the issues grew by 34 percent in just two months, according to a poll of state residents.



Association of California Egg Farmers

Association of California Egg Farmers

The Association of California Egg Farmers, a nonprofit statewide trade association representing the state's egg producers, selected Fiona Hutton & Associates to provide strategic communications and media relations counsel, as the organization advocated for clear-cut standards for complying with Proposition 2 and other critical issues.



National Penn Bank

National Penn Bancshares, Inc. (Nasdaq:NPBC), the parent company of National Penn Bank and Investors Trust Company, retained Fiona Hutton & Associates to provide communications and crisis management strategies after it discovered more than \$6 million in bank funds had been stolen by an employee. Our firm handled message development and media relations strategy, as well as investor, community and internal relations communications.



Our clients



MORONGO
BAND OF
MISSION
INDIANS



Morongo Band of Mission Indians

Through our extensive outreach skills, Fiona Hutton & Associates built a coalition of supporters that helped the Morongo Band of Mission Indians win legislative and gubernatorial approval

of Assembly Bill 266. The measure ratified the tribe's gaming compact, which brings millions of dollars annually to the state's general fund. Our outreach program garnered the support of statewide business, public health, medical, environmental and seniors' organizations for AB 266.



The Nature Conservancy & Proposition 40

A wide-ranging consortium of interests came together in a successful campaign to enact Proposition 40, the California Clean Water, Clean Air, Coastal Protection and Safe Neighborhood Parks Bond Act. With long-term relationships in the business, environmental, water and land-use communities, Fiona Hutton & Associates was retained by The Nature Conservancy, the single largest contributor to Proposition 40, to serve on and manage the campaign's finance committee, developing and implementing goals and strategies for the \$7 million fundraising effort.



Knowaste LLC

Fiona Hutton & Associates managed the public affairs, coalition-building and communications efforts in the successful launch of the United States' first diaper recycling program. Based in Toronto, Knowaste had spent a decade developing and optimizing a unique, patented process for recycling disposable baby diapers. It trusted our firm to launch that inaugural program in the Los Angeles region and to increase media awareness of diaper recycling in the United States, European Union and Asian markets.

Through our extensive media relationships, the diaper recycling program garnered an unprecedented level of regional, statewide, national and international media coverage, including the *New York Times*, *The Economist*, Associated Press, CNN, BBC, Discovery Channel and all major network affiliates. The program is included today as the answer to a question in the Hasbro board game, Trivial Pursuit, volume 6.



California Institute for Regenerative Medicine

Fiona Hutton & Associates continued its highly regarded work in the stem cell research advocacy community by spearheading communications for the California Institute for Regenerative Medicine ("the Institute") as this new state agency opened its doors for business. The Institute was established in 2004 with the passage of Proposition 71, the California Stem Cell Research and Cures Initiative, to make grants and provide loans for stem cell research and facilities.

www.fionahuttonassoc.com : 818.760.2121
12711 Ventura Blvd. | Suite 280 Studio City, CA 91604

**AGREEMENT FOR CONSULTING SERVICES BETWEEN
MOULTON NIGUEL WATER DISTRICT AND FIONA HUTTON & ASSOCIATES
MNWD PROJECT: COMMUNICATIONS AND OUTREACH SERVICES
CONTRACT NO. OM14-15.026**

THIS AGREEMENT (the “Agreement”) is dated as of _____, 2015 (the “Effective Date”), by and between FIONA HUTTON & ASSOCIATES, hereinafter referred to as the “CONSULTANT” and MOULTON NIGUEL WATER DISTRICT hereinafter referred to as “MNWD,” and provides for the furnishing of CONSULTING services to MNWD by CONSULTANT. MNWD and CONSULTANT may sometimes be referred to in this Agreement individually as “party” and together as “parties.”

RECITALS

CONSULTANT proposes to provide communications and outreach services to MNWD (the “Services”). The scope of work to be performed by CONSULTANT under this Agreement is described in **Exhibit A** hereto, which is incorporated herein (the “Scope of Services”).

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

AGREEMENT

SECTION I - CONSULTING SERVICES

Section 1.1 CONSULTANT shall provide communications and outreach services to MNWD as further defined in **Exhibit A**. This Agreement, including all attached Exhibits form the Agreement between the parties.

SECTION II – SCOPE OF SERVICES AND PERFORMANCE

Section 2.1 CONSULTANT shall perform the Services in accordance with **Exhibit A**, the terms of this Agreement, and as directed by MNWD. MNWD reserves the right to develop additional Services and related requirements as it deems appropriate to meet the needs and objectives of MNWD and this Agreement.

Section 2.2 CONSULTANT acknowledges and agrees that MNWD does not guarantee any minimum or maximum amount of Services and MNWD may use other Consultants for the Services in its sole discretion.

Section 2.3 CONSULTANT shall provide all labor, materials, tools, equipment, supplies, utilities and transportation required to perform the Services, subject to compliance with the Agreement requirements, and complete all Services in a thorough, professional manner in accordance with generally accepted industry practices and principles, and to the satisfaction of MNWD. CONSULTANT shall have the sole and absolute discretion in determining the methods, details and means of performing the Services, and MNWD shall not have any right to direct the methods, details and means of the Services, provided that CONSULTANT must receive prior written approval from MNWD before using any subconsultants for the provision of Services under this Agreement. In performing the Services under this Agreement, CONSULTANT shall observe and abide by the terms and conditions of all applicable laws, regulations, ordinances, or other rules of the United States, of the State of California, or any political subdivisions thereof, or of any other duly constituted public authority or agency including but not limited to MNWD.

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Section 2.4 MNWD may request or CONSULTANT may recommend, that CONSULTANT perform work in addition to or different from that delineated in the original Scope of Services, or delete services from the Scope of Services. Upon MNWD's request for additional or changed Services, CONSULTANT shall provide a cost estimate and written description of the additional or changed work. Prior to any such addition, changes, or deletion to the Scope of Services, MNWD and CONSULTANT shall negotiate an adjustment of the compensation and completion date and shall execute a written addendum. Upon execution of each addendum, (i) the Scope of Services shall thereafter be as described in the Agreement, respectively, as modified by the addendum and any previously executed addendum; and (ii) the time for completing the Services shall be as set forth in the addendum. Following execution of any amendment, all terms and provisions of the Agreement, except as expressly modified by such amendment, shall remain in full force and effect. MNWD will not be required to pay for any additional or changed work rendered in advance of the execution of an amendment covering the additional or changed work.

Section 2.5 CONSULTANT agrees to coordinate the work to ensure its timely completion and shall promptly notify MNWD of any anticipated delays or causes or casualties beyond CONSULTANT'S control which may affect the work schedule. CONSULTANT shall not begin work on any Services pursuant to this Agreement until receipt of MNWD'S written direction to proceed. Upon receipt of such notice, CONSULTANT shall immediately commence the work described in **Exhibit A**. The Services shall be completed in an expeditious manner and in any event no later than the completion date listed on the Scope of Services. Time is of the essence in this Agreement.

Section 2.6 CONSULTANT's manager in charge of the Services is Fiona Hutton.

Section 2.7 Without prior written approval of MNWD, CONSULTANT will not make any changes in CONSULTANT'S manager in charge, in consultants, in outside labor arrangements, or associations or joint ventures which are required to accomplish any part of the Scope of Services. CONSULTANT is responsible to MNWD for the acts and omissions of its subcontractors as it is for persons directly employed by CONSULTANT. Nothing contained in this Agreement creates any contractual relationship between any subcontractor and MNWD. CONSULTANT shall not allow any subcontractor to commence work or services under any subcontract until all insurance required of CONSULTANT has been obtained for the subcontractor.

Section 2.8 MNWD shall make available to CONSULTANT at no cost all technical data in MNWD's possession, including maps, past reports, prior studies, prior plan operating data, and other information reasonably required by CONSULTANT and relating to the work to be performed under this Agreement.

Section 2.9 All documents and information generated by CONSULTANT and any of CONSULTANT'S subcontractors pursuant to this Agreement shall remain confidential and shall not be copied, distributed, or otherwise provided or referenced by CONSULTANT or CONSULTANT'S subcontractors to any third parties other than with MNWD's written consent, or as compelled by order of court. All original drawings and other documents, including detailed calculations developed for the Project shall, upon payment in full for the services described in this Agreement or as otherwise provided in SECTION IV herein, be furnished to and become the property of MNWD.

CONSULTANT may retain a copy of all reports and documents for their files.

Section 2.10 CONSULTANT understands that all documents, records, reports, data or other materials (collectively "Materials") provided by MNWD to CONSULTANT pursuant to this Agreement are to be considered confidential for all purposes.

SECTION III – TERM

Section 3.1 This Agreement shall commence as of the Effective Date and continue in effect through **August 20, 2015** unless otherwise terminated by either party pursuant to Section VII herein.

SECTION IV – FEES AND PAYMENT TERMS

Section 4.1 MNWD will pay CONSULTANT for its performance of services pursuant to the Agreement, a monthly retainer in the amount of **Ten Thousand Five Hundred Dollars (\$10,500.00)** per month, plus direct expenses, as further described in **Exhibit B**, which is attached hereto and incorporated herein by this reference. Total payments under this Agreement shall not exceed **Seventy-Five Thousand Dollars (\$75,000.00)**.

Section 4.2 Payments will be made based on submittal of invoices by CONSULTANT. Invoices will include the date or period of Services, a complete description of the Services performed, the total amount due and, when requested by MNWD, any support documentation sufficient to validate the charges for each invoice item. Only one bill per month shall be submitted by CONSULTANT, showing amounts due for CONSULTANT during the monthly billing period. Incomplete invoices will be returned unpaid to CONSULTANT.

SECTION V - INSURANCE AND INDEMNIFICATION

Section 5.1 Professional Liability Insurance. CONSULTANT and each of its sub-consultants/subcontractors shall maintain throughout the term of this Agreement a professional liability (errors and omissions) policy of insurance having coverage of not less than One Million Dollars (\$1,000,000) for each claim and in annual aggregate. The following provisions shall apply if the professional liability coverage is written on a claims-made basis:

- (a) The retroactive date of the policy must be shown and must be dated before the date of this Agreement.
- (b) Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of this Agreement or the services hereunder.
- (c) If coverage is canceled or not renewed and it is not replaced with another claims made policy form with a retroactive date that precedes the date of this Agreement, CONSULTANT must provide extended reporting coverage for a minimum of five (5) years after completion of the services. MNWD shall have the right to exercise at the CONSULTANT'S cost any extended reporting provisions of the policy should the CONSULTANT cancel or not renew the coverage.
- (d) A copy of the claims reporting requirements must be submitted to MNWD prior to the commencement of any work under this Agreement.

Section 5.2 General/Automobile Liability Insurance. CONSULTANT and each of its sub-consultants/subcontractors shall maintain throughout the term of this Agreement a general liability policy of insurance for bodily injury and/or death, personal injury and property damage claims which may arise from or in connection with the performance of the work under this Agreement by CONSULTANT and its sub-consultants/subcontractors, and each of their agents, representatives, or employees. Such public liability and property damage insurance (which shall cover claims, injury, death, loss or damage or accidents from the use or operation of any automobiles, trucks and/or other mobile or stationary equipment, whether owned, non-owned or

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hired) shall be comprehensive in form and shall be on a “per occurrence” basis in a minimum amount of One Million Dollars (\$1,000,000) per occurrence and an annual aggregate limit in a minimum amount at least twice the per occurrence limit specified in this Section.

All insurance provided under this Section 5.2 shall name MNWD and its’ directors, officers, employees and representatives as additional insureds under each such policy (“additional insureds”) and an additional insured endorsement shall be provided in form acceptable to MNWD.

Section 5.3 Worker’s Compensation. By its signature hereunder, CONSULTANT certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and that CONSULTANT will comply with such provisions before commencing the performance of work under this Agreement. CONSULTANT and subcontractors shall maintain throughout the term of this Agreement workers’ compensation insurance with limits no less than the statutory limits, and Employer’s Liability insurance with limits no less than One Million Dollars (\$1,000,000) per accident and per disease for their employees and shall file with the MNWD the certificate required by Labor Code Section 3700. The workers compensation/Employer’s Liability insurance shall be endorsed with a waiver of subrogation in favor of MNWD and its’ directors, officers, employees and representatives.

Section 5.4 Requirements of All Policies. All policies of insurance required under this SECTION V shall be from insurance providers who are either admitted or licensed to do business in California, or are Surplus Lines Carriers authorized to do business in California, and who have financial size and ratings of no less than A-, Class VII, and in either case are otherwise acceptable to MNWD. All such policies shall include a provision and executed endorsement for thirty (30) days prior written notice by certified mail, return receipt requested, to MNWD of any cancellation or material alteration of such insurance. CONSULTANT shall provide original certificates and endorsements for all such insurance on forms approved by MNWD in conformity with all requirements of this Agreement prior to commencement of any work or professional services. The policies required hereunder shall be endorsed to include contractual liability.

In the case of additional insured provisions, any insurance afforded the additional insureds by this Agreement is primary insurance as to the additional insureds. Any insurance or self-insurance maintained by the additional insureds shall be excess of the CONSULTANT’S (and its subcontractor’s) insurance, and shall not contribute to such insurance.

Any deductibles or self-insured retentions must be declared in writing and approved by MNWD. At the option of MNWD, either: the insurance provider(s) shall reduce or eliminate such deductibles or self-insured retentions as respects the MNWD and its’ directors, officers, employees and representatives; or the CONSULTANT shall provide a financial guarantee satisfactory to MNWD guaranteeing payment of losses and related investigations, claim administration and defense expenses. Maintenance of insurance coverage as specified in this Agreement is a material term of this Agreement, and any failure to maintain or renew coverage, or to provide evidence thereof, as required by the terms is a material breach of this Agreement.

Section 5.5 Indemnity.

CONSULTANT shall hold harmless, defend and indemnify, including the cost to defend, MNWD and its directors, officers, employees and representatives from liability, claims, damages, demands, actions, attorneys’ fees, costs and expenses (i) for personal injury, bodily injury or property damage that arise out of, pertain to, or relate to the operations and work of the

CONSULTANT and its subcontractors under this Agreement, or (ii) that arise out of, pertain to, or relate to CONSULTANT'S or its subcontractor's negligence including negligent acts, errors or omissions, recklessness, or willful misconduct in the performance (or actual or alleged non-performance) of the services under this Agreement.

The foregoing provisions of this Section are intended to be, and shall be interpreted in a manner that is, consistent with Civil Code Section 2782.8 as it exists as of the dated date of this Agreement. The CONSULTANT's obligations pursuant to this Section shall survive the expiration or termination of this Agreement and/or the performance or completion of any or all Services and work provided under this Agreement. This indemnity obligation shall apply to all liability regardless of whether any insurance is applicable, and the policy limits of any insurance shall not act as a limitation upon the indemnification, and amounts related thereto, to be provided by CONSULTANT hereunder.

SECTION VI - SUBCONTRACTING

Section 6.1 No obligations under this Agreement shall be subcontracted without prior written approval by MNWD, which approval shall not be unreasonably withheld or delayed.

Section 6.2 In the event that subcontracting is approved by MNWD, CONSULTANT shall ensure that:

- 1) Each subcontractor complies in all respects with the provisions of this Agreement.
- 2) Its subcontractor maintains the same level of insurance coverage as required of CONSULTANT in Section V of this Agreement.

Section 6.3 CONSULTANT is as responsible to MNWD for the acts and omissions of its subcontractor as it is for persons directly employed by CONSULTANT. Nothing contained in this Agreement creates any contractual relationship between any subcontractor and MNWD. Supplier shall remain the primary debtor and be responsible for the due and timely performance by any subcontractor.

SECTION VII - TERMINATION OR ABANDONMENT

Section 7.1 This Agreement may be terminated in whole or in part in writing by either party provided that no such termination may be effected unless the other party is given not less than thirty (30) calendar days' written notice (deliver by certified mail, return receipt requested) of intent to terminate. Additionally, MNWD may suspend performance by CONSULTANT of any or all services listed in the Scope of Services under this Agreement by providing written notice to CONSULTANT at least five (5) working days prior to the date on which MNWD wishes to suspend; provided, upon receipt of such notice, CONSULTANT shall immediately suspend any work or services hereunder, unless otherwise instructed by MNWD in such notice.

Section 7.2 CONSULTANT shall not perform further work under this Agreement after the effective date of suspension until receipt of written notice from MNWD to resume performance. MNWD and CONSULTANT agree that in the event MNWD suspends or terminates performance by CONSULTANT for any cause other than the intentional or negligent error or omission of CONSULTANT, CONSULTANT shall be entitled to payment of compensation incurred prior to the effective date of the suspension or termination, as determined under Section IV of this Agreement.

Section 7.3 In the event of any suspension or termination herein, MNWD shall have the right to take possession and shall immediately own all original drawings and other documents

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developed for that portion of the work completed and/or being suspended or abandoned.

SECTION VIII - GENERAL

Section 8.1 CONSULTANT represents that it is aware of no facts or circumstances which would impair its ability to provide fair and unbiased advice to MNWD in the course of performing the consulting services hereunder, or which would impact its objectivity in performing such services hereunder.

Section 8.2 This Agreement represents the entire understanding of MNWD and CONSULTANT as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be amended, modified or altered except in writing, signed by the parties. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared it. In the event of any inconsistency between this Agreement and any other agreement or document between the parties, either written or verbal, including any CONSULTANT proposal document, this Agreement shall control unless such other agreement provides explicitly to the contrary.

Section 8.3 Any notice required or permitted to be given hereunder if not otherwise specified herein may be given or delivered by depositing the same in the United States Post Office, registered or certified, postage prepaid, or by personal service a hand delivery, and addressed to:

To MNWD - Attn: Matt Collings, Assistant General Manager
 Moulton Niguel Water District
 27500 La Paz Road
 Laguna Niguel, CA 92677

To CONSULTANT - Attn: Fiona Hutton, President
 Fiona Hutton & Associates
 12711 Ventura Blvd., Suite 280
 Studio City, CA 91604

Section 8.4 California law shall govern the interpretation of this Agreement. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure 394.

Section 8.5 In the event an action is commenced by either party to enforce its rights or obligations arising from this Agreement, the prevailing party in such action, in addition to any other relief and recovery awarded by the court, shall be entitled to recover all costs and expenses, including court costs, plus a reasonable amount for attorney's fees.

Section 8.6 If any section of this Agreement or provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

Section 8.7 It is expressly understood and agreed that CONSULTANT is retained as an

independent contractor for the sole purpose of rendering the professional and/or special services, and is not an employee or agent of MNWD. CONSULTANT warrants that it will not represent, at any time or in any manner, that CONSULTANT is an employee or agent of MNWD. CONSULTANT shall have no authority to, and shall not, incur any debt, obligation or liability on behalf of MNWD. CONSULTANT shall be solely responsible for the payment of all federal, state and local income tax, social security tax, Workers' Compensation insurance, state disability insurance, and any other taxes or insurance CONSULTANT, as an independent contractor, is responsible for paying under federal, state or local law. CONSULTANT is thus not eligible to receive workers' compensation, medical, indemnity or retirement benefits, including but not limited to enrollment in CalPERS.

The person signing this Agreement on behalf of each party hereto represents he/she has authority to sign on behalf of, respectively, MNWD or CONSULTANT.

Section 8.8 This is a non-exclusive Agreement for the services contemplated herein.

Section 8.9 This Agreement and all of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no assignment of this Agreement or any interest herein shall be made by CONSULTANT without prior written consent of MNWD.

Section 8.10 This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

Moulton Niguel Water District

By: _____
Joone Lopez
General Manager

CONSULTANT – Fiona Hutton & Associates

By: _____
Title: _____

**EXHIBIT A
SCOPE OF SERVICES**

Consultant shall perform the following services pursuant to this Agreement:

Task 1: Messaging/Strategy

- 1.1 Strategic Plan & Planning Calendar
Develop a strategic work plan and calendar for communications and outreach efforts, identifying key audiences, key trigger dates and establishing a plan for ongoing, proactive, regular communications.
- 1.2 Messaging
Develop strategic messaging on key issues, such as conservation, rates, and water supply, to drive issue-based communications, ensuring the most effective messages are constantly delivered.

Task 2: Stakeholder Outreach

- 2.1 Target Stakeholder Database
Coordinate with MNWD on development and management of a database, including civic/community/elected/business leaders and organizations that will receive MNWD updates and can be contacted for potential meetings and speaking opportunities.
- 2.2 Briefings
Coordinate with MNWD on scheduling briefings for targeted stakeholders and community leaders.
- 2.3 Speaking Opportunities
Identify events for specified MNWD staff to attend and present in order to insert the District into existing industry dialogue and raise awareness of MNWD priorities and regional issues.

Task 3: Media Relations

- 3.1 Media Database
Update and expand MNWD's database of local, regional, and statewide news outlets.
- 3.2 Press Releases
Produce regular press releases to build MNWD's credibility among news media and disseminate timely information to drive awareness of the District's positions, initiatives, etc.
- 3.3 Statements
Draft statements from MNWD on announcements, events, and initiatives to leverage opportunities and insert the District's voice and perspective into topical coverage.
- 3.4 Source Alerts
Develop and distribute timely announcements alerting reporters to select MNWD staff availability and expertise in order to encourage interviews and use of select staff as on-the record issue experts.

- 3.5 Editorial Board Meetings
Plan and manage editorial board briefings for local and regional newspapers on MNWD's key issues and achievements.
- 3.6 Desk-side Briefings
Schedule and manage media briefings for key reporters to educate local water beat writers on MNWD's successes and key water issues.
- 3.7 Opinion Editorials/Commentary
Produce and place opinion pieces authored by MNWD in targeted media outlets, such as:
- Orange County Register
 - PublicCEO
 - Maven's Notebook
 - California Water Blog
- 3.8 Monitoring & Rapid Response
Regularly monitor media for news stories relevant to MNWD to engage in timely responses, as needed, and enhance dialogue with key audiences.

Task 4: Collateral Development

4.1 MNWD Newsletter

Assist MNWD in the production and regular distribution of a District newsletter to keep key audiences informed of relevant and timely MNWD news. Assist MNWD in expanding the newsletter distribution list.

Project Schedule

- Contract Execution/Notice to Proceed February 2015
- Task 1.1 (Strategic Plan & Planning Calendar) February/March/April 2015
- Task 1.2 (Messaging) March/April 2015
- Task 2.1 (Stakeholder Database) March/April 2015
- Task 2.2 (Briefings) Ongoing/As Needed
- Task 2.3 (Speaking Opportunities) Ongoing/As Needed
- Task 3.1 (Media Database) March/April 2015
- Task 3.2 (Press Releases) Ongoing/As Needed
- Task 3.3 (Statements) Ongoing/As Needed
- Task 3.4 (Source Alerts) Ongoing/As Needed
- Task 3.5 (Editorial Board Meetings) Ongoing/As Needed
- Task 3.6 (Desk-side Briefings) Ongoing/As Needed
- Task 3.7 (Opinion Editorials/Commentary) Ongoing/As Needed
- Task 3.8 (Monitoring & Rapid Response) Ongoing/As Needed
- Task 4.1 (MNWD Newsletter) Ongoing/As Needed

**EXHIBIT B
BREAKDOWN OF FEES AND RATES**

I. Fees

Description	Amount
<i>Professional Services Retainer</i>	
Communications and outreach program <i>(Marked against the agency's standard hourly billing structure)</i>	
<i>\$10,500/month retainer x 6 months</i>	\$63,000
<i>Direct Expenses*</i>	
Graphic Design	\$5,000
Administration/Travel	\$7,000
TOTAL	\$75,000

*Amounts include all mark-up and reimburseable expenses. Travel expenses will be billed at actual cost.

II. Rates

CONSULTANT's standard hourly rates are as follows:

President:	\$325/hour
Vice President:	\$275/hour
Senior Counselor:	\$275/hour
Senior Account Executive:	\$175/hour
Account Executive:	\$150/hour
Account Coordinator:	\$125/hour
Administrative Assistant:	\$100/hour



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors **MEETING DATE:** February 18, 2015

FROM: Ruth Zintzun, Finance Manager

SUBJECT: Water Shortage Contingency Plan

DIVISION: District-wide

SUMMARY:

Issue: The current Water Shortage Contingency Plan needs to be revised to integrate with the District’s rate structure in responding to ongoing drought and other supply related conditions.

Recommendation: It is recommended that the Board of Directors approve the Water Shortage Contingency Plan.

Fiscal Impact: No fiscal impact.

BACKGROUND:

The current Water Shortage Contingency Plan (Plan) is contained within the District’s Rules and Regulations. The current Plan has been revised to utilize the District’s Water Budget Based Rate Structure to implement varying stages of restrictions using pricing signals to encourage water use efficiency and conservation. The Plan is a mechanism by which the Board of Directors may implement varying stages of restrictions on customer water usage resulting from conditions under which normal water usage levels cannot not be met. This is proposed to be achieved by adjusting water allocation parameters to respond to varying levels of water supply conditions. The concepts and methods provided in the revised Plan have been presented to the Board over recent months in conjunction with the rate study and are summarized in the attached ordinance.

A copy of the draft Plan was distributed to the Board of Directors on January 21, 2015, for review and comment.

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Water Shortage Contingency Plan

February 18, 2015

Page 2 of 2

DISCUSSION:

The revised Plan is presented in the form of an ordinance, which gives the District the ability to issue penalties, as outlined in the revised Plan, if a customer is in violation of an implemented water shortage stage. A summary of the revised Plan and corresponding penalties was distributed to MNWD customers through incorporation into the recently published Notice of Public Hearing.

Approval of the revised Plan will assist the District in responding to potential water supply allocations that may be implemented as early as this Spring in response to the on-going drought.

- Attachments:
1. Section 5.N. of the District's current Rules and Regulations
 2. An Ordinance of the Moulton Niguel Water District Prescribing Water Conservation Rules and Regulations.

N. Water Conservation

Consistent with its legal responsibilities to seek to utilize the water resources of the State of California for the fullest possible reasonable, beneficial use, thereby avoiding waste or unreasonable use of the natural resources of the State of California and the District, the following conditions precedent to any obligation of the District to provide water or sewer service are established effective January 1, 1977, as to any application for water or sewer service not complete as of said date. Additionally, said requirements shall be applicable in any instance as to applications completed prior to such date where such are agreed to by the applicant.

1. No water shall be provided by the District for internal or external use to any residential, commercial, industrial, agricultural, recreational, governmental, or public building or structure of any kind which is constructed or altered and in which either internal or external irrigation or domestic water piping or water fixtures are to be installed, extended, or altered in any way, including, but not limited to, any plumbing, water piping, or water fixtures for which a construction permit is required to be obtained from the County of Orange or its successor, or for which District approval of plans and service applications are required, unless the new, extended, or altered plumbing, water piping, or other water using facilities conform to the requirements and standards of paragraph 2 of this section of the Rules and Regulations.
2. The required water conservation devices and standards of the District are those set forth on Exhibit "F" to these Rules and Regulations. Nothing herein provided shall be deemed to relieve any person from compliance with the plumbing code of the County of Orange or any other state or local plumbing or building requirements.
3. Pursuant to Sections 375, et.seq., and 1009 of the Water Code of the State of California, the District is authorized to establish a water conservation program. Under this program, certain water uses are restricted or prohibited.

For the purposes of the following subparagraphs, the following terms, phrases, words, and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory:

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Current MNWD Rules and Regulations; Section 5

- (1) "District" is Moulton Niguel Water District.
- (2) "Person" is any individual, firm, partnership, association, company, or organization of any kind.
- (3) "Water" is water supplied by the District.

Upon declaration of the District's water supplier that a drought condition exists, the following water use restrictions shall apply to all use of water, other than recycled water, for as long as that drought condition exists. The provisions of these water use restrictions shall apply to all persons using water in the District, regardless of whether any person using water shall have a contract for water service.

- a. No person shall cause or permit any water furnished to any property within the District to run or to escape from any hose, pipe, valve, faucet, sprinkler, or irrigation device into any gutter or otherwise to escape from the property if such running or escaping can reasonably be prevented.
- b. No person shall use any water furnished to any property within the District to wash sidewalks, driveways, parking areas, patios, or other paved areas, except to alleviate immediate fire or sanitation hazards.
- c. Washing of autos, trucks, trailers, boats, airplanes, and other types of mobile equipment shall be done only with a bucket and a hose with a shut-off nozzle for quick rinses. Commercial car washes are exempt. Further, such washings are exempt from these regulations where the health, safety, and welfare of the public is contingent upon frequent vehicle cleaning, such as garbage trucks and vehicles used to transport food and perishables.
- d. Water shall not be used to clean, fill, or maintain levels in decorative fountains unless a recycling system is used.
- e. No person shall permit leaks of water which he or she has the authority to eliminate.
- f. Restaurants within the District shall only serve water to customers upon request.

- g. No person shall cause or permit water under his or her control to be wasted.
- h. Property owners within the District who are installing new landscaping or re-landscaping existing properties are encouraged to utilize drought-tolerant plants to assist in decreasing demands on irrigation water.
- i. Property owners who have a swimming pool or a spa are encouraged to cover said facilities to minimize water loss due to evaporation.

4. Exemption Procedure

Any person may apply to the General Manager for an exemption to the terms of these regulations, which exemption may be granted at the discretion of the General Manager upon a determination that such exemption is consistent with the purposes of this Section N of these Rules and Regulations as to other applicants and is in the best interests of the District. This may include facts substantiating that other devices, systems, or procedures set forth herein cannot be reasonably accomplished.

Persons may be exempted from application of these restrictions to a certain type of use if the General Manager of the District or his designee issues a permit allowing such use and if such permit issuance is based on a finding that enforcement of the applicable restriction would either: (1) cause an unnecessary and undue hardship to the applicant or the public; or (2) would cause or threaten an emergency condition affecting the health, sanitation, fire protection, or safety of the applicant or the public. The General Manager of the District or his designees may require the use of such water conservation devices or practices as he deems appropriate as a condition of the exemption permit. He shall promulgate a list of approved devices.

5. Violations Enforcement

Prior to enforcement of any of the restrictions set forth in this section, any person who is suspected of violating the restrictions imposed by these Rules and Regulations shall be given a preliminary notice. The notice shall be delivered by Certified mail, and shall include a statement of the possible penalties for violation and a statement informing the customer of his right to a hearing on the merits of the violation. Such person shall have seven days

#5.

Current MNWD Rules and Regulations; Section 5

from date of receipt to correct such violation, or terminate the use. If the violation is not corrected or the use terminated, the General Manager of the District or his designee shall give a second notice of the violation in the manner set forth above. If the violation continues after the second notice of violation, the General Manager or his designees may forthwith either (a) disconnect service; (b) install flow-restricting devices restricting water service; (c) assess a monetary billing surcharge of \$200 per occurrence for failure to correct the violation. Service disconnected or restricted pursuant to (a), (b), or (c) shall be restored only upon payment of the turn-on and other charges fixed by the Board of Directors as provided in the Rules and Regulations of the District. Any other sanctions which the District is presently authorized to impose or which the District may at some future time be authorized to impose may be imposed to enforce this water conservation program.

6. Hearing Procedure

- a. Any customer receiving notice of a second or subsequent violation shall have a right to a hearing by the General Manager or his designees provided that a written request for hearing is filed within fifteen days from the date of the notice of violation and the customer deposits with the District a sum equal to any billed surcharge and pays all other outstanding water charges.
- b. The customer's timely written request for a hearing shall automatically stay installation of a flow-restricting device on the customer's premises until a decision is rendered.
- c. If it is determined that a monetary surcharge was wrongly assessed, the District will refund any money deposited to the customer.
- d. The decision of the General Manager or his designee shall be provided in a written notification to the customer. The Drought Appeal Board (comprised of the General Manager and his designees, members of the Board of Directors, or members of the community designated by the District) shall provide the customer an opportunity to present his position within forty-five (45) days following receipt of the customer's written request for reconsideration.

ORDINANCE NO. 15-__

**AN ORDINANCE OF THE MOULTON NIGUEL WATER DISTRICT PRESCRIBING
WATER CONSERVATION RULES AND REGULATIONS**

WHEREAS, California Constitution article X, section 2 and California Water Code section 100 provide that because of conditions prevailing in the state of California (the “State”), it is the declared policy of the State that the general welfare requires that the water resources of the State shall be put to beneficial use to the fullest extent of which they are capable, the waste or unreasonable use of water shall be prevented, and the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and the public welfare; and

WHEREAS, pursuant to California Water Code section 106, it is the declared policy of the State that the use of water for domestic use is the highest use of water and that the next highest use is for irrigation; and

WHEREAS, pursuant to California Water Code section 375, the Moulton Niguel Water District (the “District”) is authorized to adopt and enforce a water conservation program to reduce the quantity of water used by persons within its jurisdiction for the purpose of conserving the water supplies of the District; and

WHEREAS, on January 17, 2014, the Governor Brown proclaimed a condition of statewide drought and called upon local agencies to take aggressive, immediate action to reduce water consumption locally and regionally by 20%; and

WHEREAS, because of the prevailing conditions in the State, the current statewide drought, and the declared policy of the State, the District hereby finds and determines that it is necessary and appropriate for the District to adopt, implement, and enforce a water conservation program to reduce the quantity of water used by consumers within the District to ensure that there is sufficient water for human consumption, sanitation, and fire protection; and

WHEREAS, pursuant to California Water Code section 350 the Board of Directors is authorized to declare a water shortage emergency to prevail within its jurisdiction when it finds and determines that the District will not be able to or cannot satisfy the ordinary demands and requirements of water consumers without depleting the water supply of the District to the extent that there would be insufficient water for human consumption, sanitation, and fire protection, and as more fully set forth in this chapter; and

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WHEREAS, in the event the District determines that it is necessary to declare that a water shortage emergency exists, the District will be authorized, pursuant to the Water Shortage Contingency Plan adopted pursuant to this Ordinance, to implement certain shortage response measures and a water conservation and regulatory program to regulate water consumption activities within the District and ensure that the water delivered in the District is put to beneficial use for the greatest public benefit, with particular regard to domestic use, including human consumption, sanitation, and fire protection, and that the waste or unreasonable use of water is prevented; and

WHEREAS, the District is authorized to prescribe and define by ordinance restrictions, prohibitions, and exclusions for the use of water during a threatened or existing water shortage and adopt and enforce a water conservation and regulatory program to: (i) prohibit the waste of District water or the use of District water during such period; (ii) prohibit use of water during such periods for specific uses that the District may from time to time find nonessential; and (iii) reduce and restrict the quantity of water used by those persons within the District for the purpose of conserving the water supplies of the District; and

WHEREAS, the District hereby finds and determines that as hereby amended, the District shall: (i) implement water conservation and water shortage response measures; (i) regulate the water consumption activities of persons within the District for the purposes of conserving and protecting the District's water supplies, reducing the quantity of water consumed, and deterring and preventing the waste or unreasonable use or unreasonable method of use of valuable water resources; and (ii) establish and collect regulatory fees and impose administrative penalties as set forth herein to accomplish these purposes and/or recover the costs of the District's water conservation and regulatory program; and

WHEREAS, the District hereby finds and determines that it is desirable to codify the rules and regulations governing its actions, and the actions of persons using and consuming water within the District, particularly during declared water shortages and water shortage emergencies, to protect the general welfare and the District's water supplies, and to reduce water consumption in accordance with the declared policies and laws of the State.

NOW THEREFORE BE IT ORDAINED by the Board of Directors of the Moulton Niguel Water District as follows:

Section 1. Findings and Determinations

The District hereby finds and determines that the above recitals are true and correct and incorporated herein.

Section 2. Amendments to District Rules and Regulations.

Moulton Niguel Water District’s Article IV Rules and Regulations, Section 5.N., and Exhibit G, amendments to Section 5.N., are hereby amended in their entirety and replaced with the following rules and regulations governing water conservation:

N. Water Conservation

1. Findings and Intent

(A) **Findings.** The Board of Directors finds and determines that because of the prevailing conditions in the State, and the declared policy of the State, it is necessary and appropriate for the District to adopt, implement, and enforce a water conservation program to reduce the quantity of water used by persons within the District to ensure that there is sufficient water for human consumption, sanitation, and fire protection. The District further finds and determines that during periods of drought, water shortages, and water shortage emergencies the general welfare requires that the District maximize the beneficial use of its available water resources to the extent that it is capable, and that the waste or unreasonable use, or unreasonable method of use of water shall be prevented and the conservation of water is to be extended with the view to the reasonable and beneficial use thereof in the interests of the people of the District and for the public health, safety, and welfare.

(B) **Intent.** This Section 5.N. is intended to establish:

(1) permanent water conservation BMPs and response measures;

(2) rules, regulations, and restrictions on water use (the “Rules”) to be implemented during declared water shortage stages, with increasing restrictions on water use in response to decreasing water supplies and worsening water shortage conditions.

(C) **Demand Management Through Rate Structure Design.** The District’s water budget-based rate structure is designed and intended to be a water demand management tool and to proportionately recover the costs of providing water service within the District. The District’s efforts in managing its water supply are best achieved through its water budget-based rate structure and the calculated water budgets provided to the District’s customers.

(D) **Use of Property.** This Section 5.N. is not intended to repeal, abrogate, annul, impair or in any way interfere with the free use of property by covenant, deed, or other

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private agreement or with restrictive covenants running with the land to which the District provides water services.

2. Purposes and Scope

(A) **Purposes.** The purposes of this Section 5.N. are to:

- (1) protect the health, safety and welfare of the citizens and property owners of the District;
- (2) assure the maximum beneficial use of available water supplies;
- (3) attempt to provide sufficient water supplies to meet, at a minimum, the basic needs of human consumption, sanitation, and fire protection; and
- (4) authorize restrictions in water use during declared water shortages to maximize the beneficial use of water, and the imposition of penalties for violations of the Rules.

(B) **Scope.** The provisions of this Section 5.N. shall apply to all persons within the District and all property served by the District wherever situated. Nothing in this Section 5.N. is intended to affect or limit the ability of the District to respond to an emergency, including an emergency that affects the ability of the District to supply water.

3. Definitions

For the purposes of this Section 5.N., the following words, terms, and phrases shall have the following meanings:

(A) “Appellant” means the person appealing the imposition of a penalty imposed by the District for a violation of the Rules pursuant to this Section 5.N.

(B) “BMPs” mean best management practices.

(C) “Calculated water budget” means the water budget calculated by the District for each customer in accordance with the District’s water rate structures.

(D) “Calculated recycled water budget” means the recycled water budget calculated by the District for each customer in accordance with the District’s recycled water rate structure.

(E) "Ccf" means one hundred cubic feet.

(F) "District" means the Moulton Niguel Water District.

(G) "General Manager" means the General Manager of the District or her or his authorized designee.

(H) "Immediate emergency" shall have the meaning set forth in Section 5.N.6.(D).

(I) "19 Account customers" shall have the meaning set forth in Section 5.N.9.(A).

(J) "Person" means any natural person, firm, joint venture, joint stock company, partnership, public or private association, club, company, corporation, business trust, organization, public or private agency, government agency or institution, school district, college, university, any other user of water provided by the District, or the manager, lessee, agent, servant, officer or employee of any of them or any other entity which is recognized by law as the subject of rights or duties.

(K) "Plant factor" means the water needs of specific types of plants as established through guidelines provided by state law and the State Department of Water Resources' Model Water Efficient Landscape Ordinance established under Assembly Bill 1881.

(L) "Potable Water" means that water furnished to the customer which complies with federal and State drinking water regulations and standards, or any other applicable standards, for human consumption.

(M) "Property owner" or "owner" means the record owner of real property as shown on the most recently issued equalized assessment roll.

(N) "Recycled water" means water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource.

(O) "Rules" shall have the meaning set forth in in Section 5.N.1.(B)(2).

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(P) “RC9 Account customers” shall have the meaning set forth in Section 5.N.14(A)(1).

(Q) “State” means the state of California, including any department or regulatory agency thereof.

(R) “Water customer” or “customer” means a person who, according to the District’s records, has an account with the District and receives water service or recycled water service to a parcel of property.

(S) “Water shortage emergency” means a condition existing within the District in which the ordinary water demands and requirements of persons within the District cannot be satisfied without depleting the water supply of the District to the extent that there would be insufficient water for human consumption, sanitation, and fire protection. A water shortage emergency includes both an immediate emergency, in which the District is unable to meet current water needs of persons within the District, as well as a threatened water shortage, in which the District determines that its future supply of water may not meet an anticipated future demand.

(T) “WUCOLS” shall have the meaning set forth in Section 5.N.8.(D).

4. Water Conservation Best Management Practices

(A) **Conservation through BMP’s.** Recognizing that water is our most vital resource, the following water conservation BMPs have been established to conserve water, prevent the waste or unreasonable use or unreasonable method of use of water, and preserve the District’s water supplies. The BMPs shall be in effect at all times. Except as otherwise provided in this Section 5.N.4., the BMPs shall not apply to the use of recycled water.

(B) **Installation of Water Conservation Devices.** No water shall be provided by the District for internal or external use to any residential, commercial, industrial, agricultural, recreational, governmental, or public building or structure of any kind which is constructed or altered and in which either internal or external irrigation or domestic water piping or water fixtures are to be installed, extended, or altered in any way, including, but not limited to, any plumbing, water piping, or water fixtures for which a construction permit is required to be obtained from the County of Orange or its successor, or for which District approval of plans and service applications are required, unless the new, extended, or altered plumbing, water piping, or other water using facilities conform to the requirements and standards of this Section 5.N.4.(C) of the Rules and Regulations.

(C) **Standards for Water Conservation Devices.** The required water conservation devices and standards of the District are those set forth on Exhibit "F" to these Rules and Regulations. Nothing herein provided shall be deemed to relieve any person from compliance with the plumbing code of the County of Orange or any other state or local plumbing or building requirements.

(D) **Limits on Watering Hours.** Watering or irrigating any lawn, landscape or other vegetated area with potable water should be avoided between the hours of 9:00 a.m. and 5:00 p.m. on any day, except by use of a hand-held bucket or similar container, a hand-held hose equipped with an automatic shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

(E) **Limits on Water Duration.** Watering or irrigating any lawn, landscape or other vegetated area with potable water using a landscape irrigation system or watering device that is not continuously attended should be limited to no more than eight minutes of watering per station every other day during the summer and less than six minutes during the spring, fall and winter. This subsection does not apply to landscape irrigation systems that exclusively use very low-flow irrigation systems where no emitter produces more than two gallons of water per hour.

(F) **No Watering During Rain.** Watering or irrigating any lawn, landscape or other vegetated area with potable water should be avoided when it is raining.

(G) **Plant Low-Water Demand Plants and Trees.** When installing new landscaping, plant only low-water demand trees and plants. New turf should only be installed for functional purposes. Functional turf is defined as turf used for athletic or high traffic areas.

(H) **No Excessive Water Flow or Runoff.** Watering or irrigating any lawn, landscape or other vegetated area in a manner that causes or allows excessive flow or runoff of potable or recycled water onto an adjoining sidewalk, driveway, street, alley, gutter or ditch should be avoided.

(I) **No Washing Down Hard or Paved Surfaces.** Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, should be avoided except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with an automatic shut-off device or a low-volume, high-pressure cleaning machine equipped to recycle any water used.

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(J) **Obligation to Fix Leaks, Breaks or Malfunctions.** Excessive use, loss or escape of potable or recycled water through breaks, leaks or other malfunctions in the water user's plumbing or distribution system should be avoided for any period of time after such escape of water should have reasonably been discovered and corrected. It is unlawful for any person to permit for the forgoing for more than five days after receiving notice from the District of any such break, leak, or other malfunction.

(K) **Re-circulating Water Required for Water Fountains and Decorative Water Features.** Operating a water fountain or other decorative water feature that does not use re-circulated water is prohibited.

(L) **Limits on Washing Vehicles.** Using potable water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not, should be avoided, except by use of a hand-held bucket or similar container, a hand-held hose equipped with an automatic water shut-off nozzle or a low volume power washer with an automatic water shut-off nozzle. This paragraph does not apply to commercial car washes or the washing of vehicles regulations where the health, safety, and welfare of the public is contingent upon frequent vehicle cleaning, such as garbage trucks and vehicles used to transport food and perishables.

(M) **Drinking Water Served Upon Request Only.** Eating or drinking establishments, including but not limited to a restaurant, hotel, café, cafeteria, bar, club or other public place where food or drinks are sold, served, or offered for sale, should only provide drinking water to persons when expressly requested.

(N) **Commercial Lodging Establishments Must Provide Option to Not Launder Linens Daily.** Hotels, motels and other commercial lodging establishments should provide customers the option of not having towels and linens laundered daily. Commercial lodging establishments should prominently display notice of this option in each bathroom using clear and easily understood language.

(O) **Installation of Single Pass Cooling Systems.** Single pass cooling systems shall not be installed in buildings requesting new potable water service.

(P) **Installation of Non-re-circulating Water Systems in Commercial Car Washes and Laundry Systems.** Non-recirculating water systems in commercial car washes and laundry systems shall not be installed.

(Q) **Restaurants Required to Use Water Conserving Dish Wash Spray Valves.** Food preparation establishments, such as restaurants or cafés, shall not use non-water conserving dish wash spray valves.

(R) **Swimming Pools and Spa Covers.** Property owners who have a swimming pool or a spa are encouraged to cover the facilities to minimize water loss due to evaporation.

(S) **Water Waste and Unreasonable Water Use Prohibited.** The waste or unreasonable use or unreasonable method of use of water by any person shall be prohibited at all times.

5. Water Shortages

(A) **Reductions in Water Supply.** Should the BMPs be inadequate to protect the District's potable water supply, the District Board of Directors reserves the right to implement further mandatory Rules to reduce the amount of water used within the District. The Rules are necessary to respond to any significant reductions to the District's water supply as a result of drought, natural disasters, regulatory action, and planned or unplanned potable water shortages, including but not limited to, shortages arising from the following circumstances or events that are or may impact the District's water supply:

(1) the District's wholesale water supplier has determined that a drought, water shortage, or water shortage emergency exists or has implemented or taken other actions requiring a reduction in water demand;

(2) Metropolitan Water District of Southern California ("MWD") Water Supply Allocation Plan implementation or other actions requiring a reduction in water demand;

(3) regional or statewide importation or local distribution systems or facility(ies) have failed or have been shut down (e.g., a main break, reservoir, pipeline, canal, or other distribution or conveyance system failure);

(4) alternative water supplies are limited or unavailable;

(5) the State has determined that a drought, water shortage or water shortage emergency exists;

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(6) the State has implemented restrictions on the use of water or reduced or restricted the delivery of wholesale water to the District; and

(7) any other natural disaster that impacts the availability of water to the District.

(B) **Application.** The provisions of this Section 5.N. shall apply to all persons using potable water within the District, regardless of whether any person using potable water or recycled water has a contract or account for water service.

6. Declaration of Water Shortages

(A) **District Water Supply.** The General Manager shall monitor the projected supply and demand for water by the District's customers on a frequent basis during periods of a water shortage or drought and shall recommend to the Board of Directors the extent of the conservation measures required through the implementation and/or termination of particular water shortage stages to prudently plan and supply water to its customers. The General Manager will recommend the appropriate stage of response to a water shortage based on the best information available at the time. In addition to the circumstance and events set forth in Section 5.N.5(A), conditions that may be considered include, but are not limited to:

(1) District water supply conditions and storage levels;

(2) statewide water supply conditions;

(3) local water supply and demand conditions; and

(4) actions by surrounding wholesale and retail water agencies; and

(5) any other conditions the General Manager believes will adversely affect the District's available water supply.

(B) **Declaration of Water Shortage Stages.** The declaration of any water shortage stage declared pursuant to Section 5.N.7 shall be made by the recommendation of the General Manager and the adoption of a resolution of the Board of Directors. The water shortage stage designated shall become effective immediately upon adoption of the resolution by the Board of Directors.

(C) **Notice and Publication.** Within ten (10) days of the adoption of the resolution declaring the applicable water shortage stage, the District shall make a public announcement of the applicable water shortage stage, which shall be published a minimum of three (3) times in a daily newspaper of general circulation and posted on the District's website.

(1) Such declaration and notice shall provide the extent, terms, and conditions respecting the use and consumption of water in accordance with the applicable water shortage stage as provided in this Section 5.N.

(2) The District will periodically provide the public with information about the Rules, including conditions under which each water shortage stage is to be initiated or terminated and the conservation response measures to be implemented in each stage.

(3) Upon such declaration and publication of the notice required herein, due and proper notice shall be deemed to have been given each and every person supplied water within the District of the Rules governing the applicable water shortage stage.

(D) **Declaration of Water Shortage Emergency.** Excepting in event of a breakage or failure of a dam, pump, pipe line or conduit causing an immediate emergency (an "immediate emergency"), the declaration of a water shortage emergency during any water shortage stage shall be made in accordance with California Water Code sections 350 *et seq.*

(1) The declaration of a water shortage emergency other than an immediate emergency shall be made only after a public hearing at which consumers have an opportunity to be heard to protest the declaration and to present their respective needs to the Board of Directors.

(2) Notice of the time and place of the public hearing shall be published pursuant to Section 6061 of the Government Code at least seven days prior to the date of the public hearing in a newspaper printed, published, and circulated within the area in which the water supply is distributed, or if there is no such newspaper, in any newspaper printed, published, and circulated in the Orange County.

(3) After the close of the public hearing, the Board of Directors shall be authorized to adopt a resolution declaring a water shortage emergency. The resolution shall take effect immediately upon adoption.

(4) After adopting the resolution, the declaration of the Board of Directors of the water shortage emergency shall be made by public announcement on the

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District's website and shall be published a minimum of one time in a newspaper of general circulation.

(5) The Rules on water use during the water shortage emergency shall remain in full force and effect during the period of the emergency and until the supply of water available for distribution within the District's service area has been replenished or augmented. After adopting the resolution, the declaration of the Board of Directors of the appropriate water shortage stage shall be made by public announcement on the District's website and shall be published a minimum of one time in a newspaper of general circulation.

(E) **Determination of Immediate Emergency.** Notwithstanding the forgoing, if an immediate emergency occurs and the Board of Directors cannot meet in time to act to protect the public interest pursuant to this Section 5.N., the General Manager is hereby authorized and directed to implement such provisions of this Section 5.N. upon his or her written determination that the District cannot supply adequate water to meet the ordinary demands of water consumers, and that such implementation is necessary to protect the public health and safety.

(1) The implementation of any such provisions shall take effect immediately upon making a public announcement of the immediate emergency and publication of such immediate emergency on the District's website.

(2) Such written determination shall be delivered to the Board of Directors and considered at a general or special meeting for review, revocation, or ratification. Such meeting shall be held upon the earliest date that a quorum of the Board of Directors is available.

(3) At the Board of Directors meeting, the General Manager shall update the Board of Directors on the severity and length of the immediate emergency.

(4) During an immediate emergency, the District may specify temporary restrictions on the use of potable and recycled water. Any person who willfully fails to comply with those temporary restrictions may be subject to an administrative penalty of \$500 per offense and have his or her water meter locked by the District.

(F) **Implementation of Water Shortage Stages.** As water supply conditions either deteriorate or improve, the General Manager will return to the Board of Directors to recommend, as appropriate, revising the appropriate water shortage stage of response.

(1) It shall not be necessary to implement any water shortage stage prior to another; the water shortage stages may be implemented in any reasonable order. Except for a water shortage emergency or immediate emergency, any stage implemented shall be in effect for up to 120 days, at which point the Board shall determine whether to continue a water shortage stage.

(2) The District will implement an appropriate stage based on current water conditions. Higher stages will be implemented as shortages continue and/or if customers' responses to the water shortage measures in effect do not bring about desired water savings.

(3) Restrictions, penalties and enforcement will build on each other as higher stages are implemented. All prior tier reductions and variance procedure modifications in lower stages are cumulative into the higher stages.

(G) **Actions or Restrictions by the State or Other Agencies.** In the event the State or other agencies, through executive action, emergency legislation or other actions, impose conditions, requirements, or procedures that are not included in this Section 5.N., the General Manager is authorized to implement such measures as are reasonably required to bring the District's actions in each stage into functional conformity with such conditions, requirements, or procedures.

(H) **Public Outreach.** When the Board of Directors determines that a water shortage condition exists, any or all of the following notification procedures may be implemented:

(1) Notify the general public stakeholders, elected officials and other key decision-makers regarding the water shortage condition, actions to be taken, goals customers are intended to achieve, and how these actions and goals will be implemented.

(2) The public at large will be informed of the situation and actions the District will be taking. Communications may occur through any of the following: billing inserts, special mailings, telephone contact, e-mail, social media, roadway signage, water conservation booths, and other booths in the community, community association meetings, newsletters, and education programs, etc. Literature appropriate to the drought circumstance will be provided regarding the water shortage condition, conservation methods, and water-savings devices.

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(3) Use of all forms of media may be employed. This would include public service announcements on radio and cable television, social media as well as earned media, and advertisements in local newspapers.

(4) The District's web site, www.MNWD.com, will be the central location for messaging and customer communications

7. Water Shortage Stage 1 – Potable Water Reductions

(A) **Voluntary Reductions.** During a Water Shortage Stage 1 ("Stage 1"), the District's conservation efforts will be focused on voluntary reductions in potable water use. Potable water customers may reduce demand by following the District's BMPs.

(B) **Refills of Swimming Pools.** Any customer who refills a swimming pool shall not receive a variance to his or her calculated water budget and shall be billed for water used according to the applicable tier for the corresponding use. No bill variance adjustments shall be granted.

8. Water Shortage Stage 2 – Mandatory Potable Water Use Rules

(A) **Mandatory Rules Governing Potable Water Budgets.** During a Water Shortage Stage 2 ("Stage 2"), all potable water customers shall be prohibited from using potable water in excess of their calculated water budget.

(B) **Penalties.** During a Stage 2, any potable water customer who willfully uses water in excess of his or her calculated potable water budget shall be in violation of these Rules and shall pay an administrative penalty of \$7.43 for each ccf, or portion thereof, of potable water used in excess of his or her calculated potable water budget.

(1) Such penalty shall be in addition to the water service fees the District imposes for the potable water delivered to the customer.

(C) **Refills of Swimming Pools.** During a Stage 2, any customer who refills a swimming pool shall not receive a variance to their calculated water budget and shall be billed for water used according to the applicable tier for the corresponding use. No bill variance adjustments shall be granted.

(D) **Plant Variances.** During a Stage 2, any person installing new landscaping, a new plant variance will only be granted for California friendly vegetation as

defined by the Water Use Classifications of Landscape Species (“WUCOLS”) to have low or very low watering needs for the South Coastal Region. The classifications can be found at http://ucanr.edu/sites/WUCOLS/Plant_Search/.

9. Water Shortage Stage 3 – Mandatory Potable Water Use Rules

(A) **Recalculation of Potable Water Budgets.** During a Water Shortage Stage 3 (“Stage 3”), potable water customers’ water budgets shall be recalculated as follows:

(1) all single-family residential, multi-family residential, and potable irrigation customers, except for irrigation customers in high traffic areas (“I9 Account customers”), shall have their outdoor water budgets reduced by 40%, resulting in outdoor water budgets being recalculated using a plant factor of 0.42.

(2) I9 Account customers shall have their outdoor water budgets reduced by 40%, resulting in outdoor water budgets recalculated using a plant factor of 0.6.

(B) **Mandatory Rules Governing Potable Water Budgets.** During a Stage 3, all potable water customers shall be prohibited from using water in excess of their recalculated water budgets.

(C) **Penalties.** During a Stage 3, any potable water customer who willfully uses water in excess of his or her recalculated water budget shall be in violation of these Rules and shall pay an administrative penalty of \$7.43 for each ccf, or portion thereof, of water used in excess of his or her recalculated water budget.

(1) The penalty shall be in addition to the water service fees the District imposes for the water delivered to the customer.

(2) The penalty corresponds to water usage above the modifications to tier widths.

(D) **Refills of Swimming Pools.** During a Stage 3, any customer who refills a swimming pool shall not receive a variance to their calculated water budget and shall be billed for water used according to the applicable tier for the corresponding use. No bill variance adjustments shall be granted.

(E) **Plant Variances.** During a Stage 3, any person installing new landscaping, a new plant variance will only be granted for California friendly vegetation as

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defined by the WUCOLS to have low or very low watering needs for the South Coastal Region. The classifications can be found at http://ucanr.edu/sites/WUCOLS/Plant_Search/.

10. Water Shortage Stage 4 – Mandatory Potable Water Use Rules

(A) **Recalculation of Potable Water Budgets.** During a Water Shortage Stage 4 (“Stage 4”), potable water customers’ water budgets shall be recalculated as follows:

(1) single-family residential, multi-family residential, and potable irrigation customers, except for I9 Account customers, shall have their outdoor water budgets reduced by 70%, resulting in outdoor water budgets being recalculated using a plant factor of 0.21; and

(2) I9 Account customers shall have their outdoor water budgets recalculated using a plant factor of 0.30.

(B) **Mandatory Rules Governing Potable Water Budgets.** During a Stage 4, all potable water customers shall be prohibited from using water in excess of their recalculated water budgets.

(C) **Penalties.** During a Stage 4, any potable water customer who willfully uses water in excess of his or her recalculated water budget shall be in violation of these Rules and shall pay an administrative penalty of \$7.43 for each ccf, or portion thereof, of water used in excess of his or her recalculated or assigned water budget.

(1) Such penalty shall be in addition to the water service fees the District imposes for the water delivered.

(2) The penalty corresponds to water usage above the modifications to tier widths.

(D) **Refills of Swimming Pools.** During a Stage 4, any customer who refills a swimming pool shall not receive a variance to their calculated water budget and shall be billed for water used according to the applicable tier for the corresponding use. No bill variance adjustments shall be granted.

(E) **Plant Variances.** During a Stage 4, any person installing new landscaping, a new plant variance will only be granted for California friendly vegetation as

defined by the WUCOLS to have low or very low watering needs for the South Coastal Region. The classifications can be found at http://ucanr.edu/sites/WUCOLS/Plant_Search/.

11. Water Shortage Stage 5 – Mandatory Potable Water Use Rules

(A) **Recalculation of Potable Water Budgets.** During a Water Shortage Stage 5 (“Stage 5”), potable customers’ water budgets shall be recalculated as follows:

(1) all single-family residential and multi-family residential customers shall have their indoor water budgets reduced from 60 gallons per capita per day to 40 gallons per capita per day;

(2) all Commercial potable water customers shall be prohibited from using potable water in excess of their calculated water budgets;

(B) **Mandatory Rules Governing Potable Water Budgets.** During a Stage 5, all single-family residential and multi-family residential customers shall be prohibited from using water in excess of their recalculated indoor water budgets. Outdoor budgets will be reduced to zero.

(C) **Mandatory Rules Governing Potable Water Use.** During a Stage 5, all potable water irrigation customers shall be prohibited from using potable water. All outdoor irrigation with potable water shall be prohibited within the District’s service area.

(D) **Penalties.** The following penalties shall be imposed for any violation of the Rules set forth in this Section 5.N.11:

(1) Any single-family residential and multi-family residential customer who willfully uses potable water in excess of his or her recalculated indoor water budget shall be in violation of these Rules and shall pay an administrative penalty of \$7.63 for each ccf, or portion thereof, of water used in excess of his or her recalculated indoor water budget.

(2) Any commercial customer who uses potable water in excess of his or her calculated water budget shall be subject to an administrative penalty of \$7.43 for each ccf, or portion thereof, of water used in excess of his or her calculated water budget.

(3) Any potable irrigation customer who uses potable water shall be subject to an administrative penalty of \$9.04 for each ccf, or portion thereof of potable water used and shall have its water meter locked off.

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(4) All penalties imposed pursuant to this Section 5.N.11. shall be in addition to the water service fees the District imposes for the water delivered to the forgoing customers.

(5) The penalties correspond to water usage above the modifications to tier widths.

(D) **Refills of Swimming Pools.** No customer shall refill a swimming pool during a Stage 5.

(E) **Plant Variances.** During a Stage 5, no customer shall install new landscaping.

12. Water Shortage Stage 1 – Voluntary and Mandatory Recycled Water Use Rules

(A) **Voluntary Reductions.** During a Stage 1, the District's conservation efforts will be focused on voluntary reductions in recycled water use. Recycled water customers may reduce demand by following the District's BMPs.

(B) **Mandatory Rules Governing Potable Water Use.** During a Stage 1, recycled water customers shall be prohibited from using potable water for outdoor irrigation.

13. Water Shortage Stage 2 – Mandatory Recycled Water Use Rules

(A) **Mandatory Rules Governing Recycled Water Budgets.** During a Stage 2, all recycled water customers shall be prohibited from using recycled water in excess of their calculated recycled water budget.

(B) **Penalties.** During a Stage 2, any recycled water customer who willfully uses recycled water in excess of his or her calculated recycled water budget shall be subject to an administrative penalty of \$7.04 for each ccf, or portion thereof, of recycled water used in excess of his or her assigned recycled water budget. Such penalties shall be in addition to the recycled water service fees the District imposes for the recycled water delivered to the customer.

14. Water Shortage Stage 3 – Mandatory Recycled Water Use Rules

(A) **Recalculation of Recycled Water Budgets.** During a Stage 3, all recycled water customers' recycled water budgets shall be recalculated as follows:

(1) All recycled water customers, except recycled water customers in high traffic areas ("RC9 Account customers"), shall have their outdoor recycled water budget reduced by 10%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.72.

(2) All RC9 Account customers shall have their outdoor recycled water budget reduced by 10%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.90.

(B) **Mandatory Rules Governing Recycled Water Budgets.** During a Stage 3, all Recycled Water customers shall be prohibited from using recycled water in excess of their recalculated recycled water budget.

(C) **Penalties.** During a Stage 3, any recycled water customer who uses recycled water in excess of his or her recalculated recycled water budget shall be subject to an administrative penalty of \$7.04 for each ccf, or portion thereof, of recycled water used in excess of his or her recalculated recycled water budget.

(1) Such penalties shall be in addition to the recycled water service fees the District imposes for the recycled water delivered to the customer.

(2) The penalty corresponds to recycled water used above the modifications to tier widths. By way of example, recycled water used in excess 90% of Tier 1 for recycled water customers (except RC9 Account customers) shall be charged an additional penalty of \$7.04 for each ccf or portion thereof.

15. Water Shortage Stage 4 – Mandatory Recycled Water Use Rules

(A) **Recalculation of Recycled Water Budgets.** During a Stage 4, all recycled water customers' recycled water budgets shall be recalculated as follows:

(1) All Recycled Water customers, except for RC9 Account customers, shall have their recycled water budgets reduced by 20%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.64.

#5.

(2) RC9 Account customers shall have their outdoor recycled water budgets reduced by 20%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.80.

(B) **Mandatory Rules Governing Recycled Water Budgets.** During a Stage 4, all recycled water customers shall be prohibited from using recycled water in excess of their recalculated recycled water budget.

(C) **Penalties.** During a Stage 4, any recycled water customer who uses recycled water in excess of his or her recalculated recycled water budget shall be subject to an administrative penalty of \$7.04 for each ccf, or portion thereof, of recycled water used in excess of his or her recalculated recycled water budget.

(1) Such penalties shall be in addition to the recycled water service fees the District imposes for the recycled water delivered.

(2) The penalty corresponds to recycled water use above the modifications to tier widths. By way of example, recycled water use above 80% of Tier 1 for recycled water customers (except for RC9 Account customers) is charged a penalty of \$7.04.

16. Water Shortage Stage 5 – Mandatory Recycled Water Use Rules

(A) **Recalculation of Recycled Water Budgets.** During a Stage 5, all recycled water customers' recycled water budgets shall be recalculated as follows:

(1) All recycled water customers, except for RC9 Account customers, shall have their outdoor recycled water budget reduced by 30%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.56.

(2) All RC9 Account customers shall have their outdoor recycled water budget reduced by 30%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.70.

(B) **Mandatory Rules Governing Recycled Water Budgets.** During a Stage 5, all recycled water customers shall be prohibited from using recycled water in excess of their recalculated recycled water budget.

(C) **Penalties.** During a Stage 5, any recycled water customer who uses recycled water in excess of his or her recalculated recycled water budget shall be subject to

an administrative penalty of \$7.04 for each ccf, or portion thereof, of recycled water used in excess of his or her recalculated recycled water budget.

(1) Such penalties shall be in addition to the recycled water service fees the District imposes for the recycled water delivered.

(2) The penalty corresponds to recycled water use above the modifications to tier widths. By way of example, recycled water use above 70% of Tier 1 for recycled water customers (except for RC9 Account customers) shall be charged a penalty of \$7.04.

#5.

17. Violations and Remedies

(A) **Misdemeanor Violations.** It shall be unlawful for any person to willfully violate the provisions of this Section 5.N.. A violation of any of these provisions is a misdemeanor in accordance with California Water Code section 377.

(B) **Other Remedies.** In addition to any other remedies provided in this Section 5.N or available under applicable law, the District may alternatively seek injunctive relief in the Superior Court or take enforcement action, including discontinuing or appropriately limiting water service to any customer, for violations of this Section 5.N. All remedies provided herein shall be cumulative and not exclusive.

18. Notice and Collection of Penalties

(A) **Notice and Due Process.** As set forth in Section 5.N.6(C), upon the declaration of a water shortage stage and publication of the notice required herein, due and proper notice shall be deemed to have been given each and every person supplied water within the District of the Rules governing the applicable water shortage stage.

(B) **Collection of Penalties.** Any penalty imposed pursuant to the Rules of any applicable water shortage stage set forth in this Section 5.N. may be collected on a customer's water bill. Any penalty shall be applicable to water used in violation of the Rules during the first complete billing cycle after the declaration of the applicable water shortage stage.

(C) **Notice of Violation.** The receipt of a water bill with any applicable penalties shall serve as notice of violation of the District's Rules.

19. Appeal Procedures

Any person (an "Appellant") who wishes to appeal the imposition of an administrative penalty imposed by the District pursuant to this Section 5.N. shall comply with the following procedures:

(A) **Appeal Request Form.** An Appeal Request form shall be submitted to the Conservation Department.

(1) Appeal Request forms may be obtained at the District's Main Office or downloaded from the District's website at www.MNWD.com.

(2) An Appeal Request form shall be received by the District no later than thirty calendar days from the date that the Appellant's water bill for the four-week period in which the penalty or penalties were imposed is due.

(B) **Additional Documentation.** Additional documentation may be requested at the discretion of the District. Such documentation may include, but is not limited to, school records, driver's licenses, business licenses, lease agreements.

(C) **Site Survey.** After an Appeal Request form has been received, a site survey may be required by District staff to verify the irrigated square footage of the property where the water was delivered. The site survey will be at no charge to the person and will require the person who submitted the Appeal Request form to be present.

(D) **District Response.** A response to an Appeal Request shall be provided by the District within thirty calendar days from receipt of the Appeal Request form.

(E) **Review of Denial of Appeal Request.** If an Appeal Request is denied, the Appeal Request form may be resubmitted by the Appellant for review by the District's Assistant General Manager. The Decision by the District's Assistant General Manager shall be final.

Section 3. Conflicting Provisions

If provisions of Section 5.N. are in conflict with each other, other provisions of the Article IV, any other resolution or ordinance of the District, or any State law or regulation, the more restrictive provisions shall apply.

Section 4. Severability

If any provision, section, subsection, sentence, clause or phrase or sections of this Ordinance, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void or invalid, the invalidity of the remaining portions of this Ordinance shall not be affected, it being the intent of the Board of Directors in adopting this Ordinance that no portions, provisions, or regulations contained herein shall become inoperative, or fail by reason of the unconstitutionality of any other provision hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 5. Effective

This Ordinance shall be effective immediately upon adoption.

#5.

APPROVED, ADOPTED and SIGNED this 19th day of February, 2015.

Donald Froelich, President
MOULTON NIGUEL WATER DISTRICT
and the Board of Directors thereof

Paige Gulck, Secretary
MOULTON NIGUEL WATER DISTRICT
and the Board of Directors thereof



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors **MEETING DATE:** February 18, 2015

FROM: Matt Collings, Assistant General Manager
Drew Atwater, Senior Financial and Resource Analyst

SUBJECT: Recycled Water Turf Removal Rebate Program

DIVISION: District-wide

SUMMARY:

Issue: The District currently provides \$1.50 per square foot of turf removed for both potable and recycled water customers in addition to the rebate provided by the Metropolitan Water District of Southern California (MWD) SoCal Water\$mart Program. The public benefit of conserving recycled water is less than conserving potable water.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled, "Approving Revisions to Recycled Water Turf Removal Rebate", to lower the District's supplemental turf rebate for areas served with recycled water from \$1.50 per square foot to \$0.75 per square foot. The supplemental turf rebate for areas served with potable water would remain at \$1.50 per square foot.

Fiscal Impact: Future turf rebates for recycled water customers would have a lower cost contribution from the District, reducing future turf removal expenditures.

BACKGROUND:

The District implemented its Water Budget-based Rate Structure (WBBRS) in July 2011. The rate structure calculates an individualized water budget for each customer account on a monthly basis given certain parameters based on the type of customer class. The approach is intended to encourage efficient use of water. The rate structure applies to all customer classes, including recycled water irrigation accounts. Customers

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Recycled Water Turf Removal Rebate

February 18, 2015

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that use water in excess of their water budget are charged a higher rate that funds programs to promote, educate, or implement water savings or water supply activities, such as the District's rebate program.

The District established the current rebate program via Resolution 11-23 after implementing its water budget based rate structure in July of 2011. The rebate program was modified a few months later in Resolution 12-2 to allow for the issuance of checks. In the rebate program, potable and recycled water customers receive \$1.50 per square foot for removing turf grass and installing permeable material in its place, which is in addition to the \$2.00 per square foot provided through the SoCal WaterSmart Program provided by the Metropolitan Water District of Southern California.

DISCUSSION:

The District recently completed a cost of service analysis that evaluated the various cost components to provide potable water and recycled water service. Variable costs were determined for treating and delivering recycled water and for purchasing and delivering potable water. The fixed cost components, i.e. infrastructure, were not considered since those costs remain regardless of the amount of water that is delivered. Based on the estimated payback period analysis for potable water, District staff determined that the dollar amount of the rebate for turf removal on recycled water use sites should be reduced. Staff is recommending the turf removal rebate contribution from the District be reduced from \$1.50 to \$0.75 for customers with recycled water. All other program guidelines, including the maximum amount of area, are proposed to remain in place.

Attachments: Resolution No. 15-__

RESOLUTION NO. 15-__

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MOULTON NIGUEL WATER DISTRICT
APPROVING REVISIONS TO RECYCLED WATER TURF REMOVAL REBATE**

WHEREAS, the Board of Directors (Board) of the Moulton Niguel Water District (District) previously adopted Resolution No. 11-23 on October 20, 2011, entitled “Resolution of the Board of Directors of Moulton Niguel Water District Revising Designated of Fund for Certain WBBRS Revenues to Water Efficiency Fund” in order to re-name the fund previously established for deposit of the “WBBRS Water Revenues,” as defined under Resolution No. 11-19;

WHEREAS, the terms of Resolution No. 11-19 approved the use of the WBBRS Water Efficiency Revenues for purposes generally related to water efficiency or conservation goals and policies, including, but are not limited to, conservation BMPs, education and devices; water system retrofitting; recycled and alternative water uses and supplies; dry-year supply arrangements; and, specifically for ‘rebate programs for qualifying customers established and approved by the Board related to the foregoing purposes’; and

WHEREAS, the Board of Directors (Board) of the Moulton Niguel Water District (District) previously revised the Rebate Program via Resolution No. 12-02 on March 7, 2012, entitled “Resolution of the Board of Directors of Moulton Niguel Water District Approving Revisions to Rebate Program for Certain WBBRS Revenues to Water Efficiency Fund” in order to revise the guidelines and programs;

NOW, THEREFORE, the Board of Directors of the Moulton Niguel Water District does hereby **RESOLVE, DETERMINE** and **ORDER** as follows:

Section 1. The Board hereby revises the Rebate Program as set forth under the terms and conditions set forth in the Resolution 12-02 to reduce the District rebate for turf removal of recycled water customers from \$1.50 to \$0.75 and for all other guidelines and funding to remain.

Section 2. The Board hereby delegates to the General Manager or designee any further actions required for implementing the Rebate Program revisions identified in Section 1 hereto, including but not limited to, drafting and executing additional documents with applicants under the Rebate Program as may be required.

Section 3. The provisions of this Resolution shall be effective immediately upon adoption.

#6.

ADOPTED, SIGNED and APPROVED this 19th day of February, 2015.

MOULTON NIGUEL WATER DISTRICT

President
MOULTON NIGUEL WATER DISTRICT and the
Board of Directors thereof

Secretary
MOULTON NIGUEL WATER DISTRICT and the
Board of Directors thereof

APPROVAL AS TO FORM:

BOWIE, ARNESON, WILES & GIANNONE
Legal Counsel – MOULTON NIGUEL WATER DISTRICT

By: _____
Patricia B. Ginnone



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors **MEETING DATE:** February 18, 2015

FROM: Matt Collings, Assistant General Manager

SUBJECT: Rebate Applications for Turf Removal and Synthetic Turf

DIVISION: District-wide

SUMMARY:

Issue: The District has received several rebate applications that exceed the maximum allowable acreage for turf removal and/or synthetic turf installation as defined in the approved Board policy.

Recommendation: It is recommended that the Board of Directors consider the rebate applications for the identified project without a limitation on the maximum allowable acreage for each project and direct staff accordingly.

Fiscal Impact: Sufficient funds are available within the Water Use Efficiency Fund to fund the identified rebate application. Additional information is provided within the staff report.

BACKGROUND:

More than half of the water used at the District is for outdoor landscapes. Water efficient landscapes can decrease water use up to 70 percent through a combination of proper plant selection and irrigation technology. However, the cost of installing climate-applicable plants is sometimes an obstacle to turning traditional grass landscapes into more water-efficient environments. The District's turf replacement program is designed to help residents, businesses, and public agencies make that conversion. Turf removal rebates are available for up to \$3.50 per square foot with \$2.00 per square foot from the Municipal Water District of Orange County (MWDOC) and \$1.50 per square foot in supplemental funding from the District. The District will provide an additional \$1.50 per square foot for synthetic turf installations.

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Rebate Applications for Turf Removal and Synthetic Turf

February 18, 2015

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However, the current program provides limitations on the amount of turf removal and/or synthetic turf installation that qualifies for the rebate.

- Residential Customers: A maximum of 1,000 square feet per customer for turf removal and synthetic turf installation.
- Commercial customers: Turf removal is limited to 3,000 square feet per customer and synthetic turf installation is limited to 3,000 square feet.

All rebates from the District are funded through the Water Use Efficiency Fund using the incremental revenue generated from the higher consumption tiers (Tiers 4 and 5) in the water budget-based rate structure.

DISCUSSION:

In recent months, the District has expanded its outreach efforts to promote water use efficiency in response to the drought emergency. Customers have responded with requests for more than 2.1 million square feet of turf removal and more than 600,000 square feet of synthetic turf installation. The District has received eight additional requests from customers to remove more than 100,000 square feet of turf and install approximately 11,000 square feet of synthetic turf. Table 1 identifies the customers and the rebate requests for each of the programs.

Table 1 – Rebate Requests

Customer	Proposed Turf Removal (Sq. Feet)	Proposed Synthetic Turf Installation (Sq. Feet)	Proposed Rebate Value (\$)
Resident – Acct # 6-28821-1	2,310	2,310	\$6,930
Resident – Acct # 8-06213-2	1,345	NA	\$2,018
Resident – Acct # 2-03310-4	2,347	2,347	\$7,041
Resident – Acct # 7-04412-2	3,600	3,600	\$10,800
Resident – Acct # 8-10147-3	2,800	2,800	\$8,400
Seagate Colony HOA – Acct #96-57390-0	53,000	NA	\$79,500
Capri HOA – Acct # 91-06420-6, #91-06430-0, #91-06435-0	25,834	NA	\$38,751
Chatelain Estates HOA	10,000	NA	\$15,000
Total	101,236	11,057	\$168,440

The values provided in the table above are based on estimates from each of the project proponents and may vary as each project becomes more defined. The proposed rebate value does not include the \$2.00 per square foot from MWDOC and is only based on the supplemental incentive provided by the District. The proposed rebate incentives for the identified projects would be funded from the Water Use Efficiency Fund. There is sufficient budget in the program to fund these additional rebates.

Rebate Applications for Turf Removal and Synthetic Turf

February 18, 2015

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As a condition for the rebate, all of the projects are required to be completed within the next 12 months. Staff is recommending the Board remove the maximum allowable acreage to allow the General Manager or her designee to consider the identified project application. Removal of the maximum acreage by the Board of Directors does not constitute an approval of the rebate application, but allows each application to be considered for the full amount of turf removal or synthetic turf installation.

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the six months ended December 31, 2014, as compared to the six months ended December 31, 2013, are summarized below.

Summary Budget Comparison Report

The Summary Budget Comparison Report is a high level statement of the operating activities of the District over the past six months compared to the budget. This report shows how actual expenses compared to the adopted budget through the first six months of the fiscal year. The report includes total revenues and expenses, as well as line item revenues and expenses for the General Fund and the Water Efficiency Fund. As shown in the summary report, operating revenues were approximately \$28.8 million, or 54% of the annual \$53.0 million budget. Operating expenses were \$32.5 million, or 48% of the annual \$67.7 million budget.

Non-operating revenues are approximately at 66% of budget for the Fiscal Year due to the receipt of property tax revenue and refund from the District's water supplier associated with historic water use adjustments.

Statement of Net Position

The Statement of Net Position shows the District's assets and liabilities as of December 31, 2014, compared to the balances at fiscal year ended June 30, 2014. Overall, assets were about \$3.0 million lower than at June 30, 2014, primarily due to a decrease in current cash and investments as a result of planned reductions in the District's cash balances. Liabilities have decreased by approximately \$11.4 million since June 30, 2014, due to debt service payments. As a result, the District's net position increased by approximately \$8.7 million for the month ending December 31, 2014, compared to fiscal year ending June 30, 2014.

Revenues

Total revenues for the six months ended December 31, 2014 were \$50.4 million, approximately \$4.8 million more than from December 31, 2013, due to an increase in other non-operating revenues as a result of a refund from the District's water supplier associated with historic water use adjustments and increased investment earnings. Total Operating Revenues for the month ended December 31, 2014, were \$28.8 million, an increase of \$0.4 million compared to December 31, 2013.

Expenses

Total expenses for the six months ended December 31, 2014, were \$42.3 million, an increase of \$1.7 million or 4.1% as compared to \$40.6 million on December 31, 2013. Total operating expenses were \$30.0 million, an increase of \$1.6 million from last year. Other operating expenses for the six months ended December 31, 2014, were \$9.2 million, an increase of \$0.5 million compared to \$8.7 million on December 31, 2013. Other non-operating expenses for the six months

#10.a.

MOULTON NIGUEL WATER DISTRICT Summary of Financial Results

ended December 31, 2014, totaled \$3.0 million, a decrease of approximately \$0.5 million or 14.2% compared to \$3.5 million on December 31, 2013.

Restricted Cash and Investments with Fiscal Agent

Restricted cash includes funds held by the trustee. The use of these funds is restricted by law or bond covenants. Funds in these accounts were about \$16.8 million at December 31, 2014, a decrease of \$5.6 million from June 30, 2014, due to funding of capital projects.

Unrestricted and Restricted Fund Balances

The unrestricted and restricted fund balances reflect the funds in each of the District's unrestricted and restricted funds that are not held by the Fiscal Agent. The unrestricted fund balances are further broken down by designated and undesignated funds. As shown in the report, the District has five funds that are designated by District policy for specific purposes, including Self Insurance, Replacement and Refurbishment, Rate Stabilization, Emergency and General Operating. Total unrestricted funds increased by approximately \$6 million since June 30, 2014, due to property tax receipts. Restricted fund balances are \$6.5 million, a decrease of \$2.7 million compared to June 30, 2014. This decrease is due to debt service payments.

In August 2014, the Board of Directors adopted a revised Reserve policy for the District's funds. The Unrestricted and Restricted Fund Balances report and funds have been updated to reflect the revised policy.

Moulton Niguel Water District
Summary - Budget Comparison Report
Six Months Ended December 31, 2014

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<u>GENERAL FUND & WATER EFFICIENCY FUND:</u>				
Operating Revenues	\$ 53,033,500	\$ 28,808,097	\$ 24,225,403	54%
Operating Expenses	67,653,553	32,524,825	35,128,728	48%
Operating Income (Loss)	(14,620,053)	(3,716,728)	(10,903,325)	25%
Non-Operating Revenues (Expenses)	32,449,771	21,556,872	10,892,899	66%
Total Change in Funds	\$ 17,829,718	\$ 17,840,144	\$ (10,426)	100%
<u>GENERAL FUND:</u>				
Operating Revenues	\$ 49,683,500	\$ 25,798,383	\$ 23,885,117	52%
Operating Expenses	63,991,103	29,697,907	34,293,197	46%
Operating Income (Loss)	(14,307,603)	(3,899,524)	(10,408,080)	27%
Non-Operating Revenues (Expenses)	32,329,771	21,483,696	10,846,075	66%
Change in General Fund	\$ 18,022,168	\$ 17,584,172	437,995	98%
<u>WATER EFFICIENCY FUND:</u>				
Operating Revenues	\$ 3,350,000	\$ 3,009,714	340,286	90%
Operating Expenses	3,662,450	2,826,919	835,531	77%
Operating Income (Loss)	(312,450)	182,795	(495,245)	-59%
Non-Operating Revenues (Expenses)	120,000	73,176	46,824	61%
Change in Water Efficiency Fund	\$ (192,450)	\$ 255,972	(448,421)	-133%

Moulton Niguel Water District
General Fund - Budget Comparison Report
Six Months Ended December 31, 2014

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND				
<u>Operating Revenues</u>				
Water Sales	\$ 27,325,000	\$ 14,077,414	\$ 13,247,586	52%
Recycled Water Sales	4,725,000	2,844,681	1,880,319	60%
Sewer Sales	17,150,000	8,665,765	8,484,235	51%
Other Operating Income	483,500	210,523	272,977	44%
Total Operating Revenue	49,683,500	25,798,383	23,885,117	52%
<u>Operating Expenses</u>				
Salaries	9,550,317	4,721,767	4,828,551	49%
PERs Employer Contributions	990,416	411,667	578,749	42%
PERs Employee Contributions	196,566	74,604	121,962	38%
PERs Other (Side fund, 401A)	214,956	82,462	132,494	38%
Educational Courses	51,720	10,079	41,641	19%
Travel & Meetings	251,034	71,301	179,733	28%
Employee Relations	14,800	6,197	8,603	42%
General Services	402,776	190,722	212,054	47%
Annual Audit	40,000	33,990	6,010	85%
Member Agencies O&M	1,231,370	657,194	574,176	53%
Dues & Memberships	93,968	57,123	36,845	61%
Election Expenses	150,000	-	150,000	0%
Consulting Services	1,602,900	424,729	1,178,171	26%
Equipment Rental	65,000	31,939	33,061	49%
District Fuel	340,000	126,294	213,706	37%
Insurance - District	576,151	262,499	313,652	46%
Insurance - Personnel	468,100	198,955	269,144	43%
Insurance - Benefits	2,360,333	1,150,935	1,209,398	49%
Legal Services - Personnel	50,000	654	49,346	1%
Legal Services - General (See Footnote 1)	170,000	70,469	99,531	41%
District Office Supplies	499,900	188,933	310,967	38%
District Operating Supplies	315,850	136,458	179,392	43%
Repairs & Maintenance - Equipment	867,287	329,132	538,155	38%
Repairs & Maintenance - Facilities	3,550,995	1,166,623	2,384,372	33%
Safety Program & Compliance Requirements	285,250	85,455	199,795	30%
SOCWA	8,450,820	3,878,813	4,572,007	46%
Special Outside Assessments	230,300	24,296	206,004	11%
Utilities	2,126,000	1,046,997	1,079,003	49%
Water Purchases	27,976,295	13,975,826	14,000,469	50%
Meter / Vault Purchases	868,000	281,793	586,207	32%
Total Operating Expenses	63,991,103	29,697,907	34,293,197	46%
Operating Income (Loss)	(14,307,603)	(3,899,524)	\$ (10,408,080)	27%
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	21,848,500	12,597,027	\$ 9,251,473	58%
Investment Income	2,973,207	1,231,837	1,741,370	41%
Cellular Lease Income	1,740,000	851,288	888,712	49%
Misc. Non-Operating Income	5,768,064	6,803,545	(1,035,481)	118%
Total Non-Operating Revenue (Expenses)	32,329,771	21,483,696	10,846,075	66%
Change in General Fund	\$ 18,022,168	\$ 17,584,172	\$ 437,995	98%

Footnote 1: Legal Services include services provided by Bowie, Arneson, Wiles & Giannone - \$42,683.50, Downey Brand LLP - \$2,469.97 and Best Best & Krieger LLP - \$25,316.00.

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Six Months Ended December 31, 2014

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Operating Revenue</u>				
Water Efficiency	\$ 3,350,000	\$ 3,009,714	\$ 340,286	90%
Total Operating Revenue	3,350,000	3,009,714	340,286	90%
<u>Operating Expenses</u>				
Salaries	326,918	131,790	195,129	40%
PERs Employer Contributions	30,463	11,118	19,346	36%
PERs Employee Contributions	11,403	3,677	7,726	32%
Educational Courses	500	155	345	31%
Travel & Meetings	2,700	583	2,117	22%
Dues & Memberships	500	-	500	0%
Insurance - Personnel	4,131	2,877	1,254	70%
Insurance - Benefits	75,900	33,158	42,742	44%
District Office Supplies	77,810	33,344	44,466	43%
Water Efficiency*	3,132,124	2,610,218	521,906	83%
Total Operating Expenses	3,662,450	2,826,919	835,531	77%
Operating Income (Loss)	(312,450)	182,795	(495,245)	-59%
<u>Non-Operating Revenue</u>				
Investment Income	120,000	73,176	46,824	61%
Total Non-Operating Revenue	120,000	73,176	\$ 46,824	61%
Change in Water Efficiency Fund	\$ (192,450)	\$ 255,972	\$ (448,421)	-133%

* Committed - includes Board approved projects

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
CURRENT ASSETS:		
Cash and investments	\$ 34,433,042	\$ 33,152,442
Restricted cash and investments with fiscal agent	16,798,779	22,445,383
Accounts receivables:		
Water and sanitation charges	3,966,874	5,555,769
Taxes and acreage assessments	-	355,126
Other accounts receivable	202,875	232,218
Interest receivable	739,949	704,810
Current portion of AMP receivable	1,302	23,663
Inventory	1,665,656	1,511,749
Prepaid expenses	669,990	302,644
TOTAL CURRENT ASSETS	58,478,468	64,283,804
NONCURRENT ASSETS:		
Investments	114,031,829	111,989,559
Retrofit loans receivable	609,525	629,243
AMP Receivable	-	43,830
Net pension asset (CalPERS sidefund payoff)	3,452,435	2,945,897
Capital assets, net of accumulated depreciation	343,381,233	350,982,233
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	22,753,388	14,785,817
TOTAL NONCURRENT ASSETS	485,320,321	482,468,489
TOTAL ASSETS	543,798,788	546,752,293
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	909,326	1,136,314
TOTAL DEFERRED OUTFLOWS OF RESOURCES	909,326	1,136,314
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 544,708,114	\$ 547,888,607

#10.c.

**MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION**

	(Unaudited)	(Audited)
	December 31, 2014	June 30, 2014
CURRENT LIABILITIES:		
Accounts payable	\$ 4,632,284	\$ 6,932,494
Interest payable	1,928,259	2,133,231
Compensated absences	444,834	397,440
Current portion of long-term debt:		
Bonds payable	5,685,000	5,465,000
Loans Payable	4,055,594	2,071,133
Certificates of participation	<u>1,780,000</u>	<u>1,715,000</u>
TOTAL CURRENT LIABILITIES	<u>18,525,971</u>	<u>18,714,299</u>
 LONG-TERM LIABILITIES		
Compensated absences	148,278	132,479
Long-term debt:		
Bonds payable	10,165,000	15,850,000
Loans payable	9,047,948	12,948,778
Certificates of participation	<u>78,300,000</u>	<u>80,080,000</u>
TOTAL LONG-TERM LIABILITIES	<u>97,661,226</u>	<u>109,011,257</u>
 Bond Discount/Premium	1,586,573	1,884,190
TOTAL LIABILITIES	<u>117,773,770</u>	<u>129,609,745</u>
 NET POSITION:		
Net investment in capital assets	278,469,473	269,994,246
Restricted for capital projects and GOB Refunding	1,487,102	931,603
Unrestricted	<u>146,977,769</u>	<u>147,353,013</u>
TOTAL NET POSITION	<u>426,934,344</u>	<u>418,278,862</u>
 TOTAL LIABILITIES AND NET POSITION	 \$ <u><u>544,708,114</u></u>	 \$ <u><u>547,888,607</u></u>

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	(Unaudited)	
	Six Months Ended December 31,	
	2014	2013
Operating Revenues:		
Water Sales	\$ 14,077,414	\$ 14,351,632
Recycled Water Sales	2,844,681	2,669,503
Sewer Sales	8,665,765	8,799,041
WBBRS Efficiency Funds	3,009,714	2,389,107
Other Operating Income	210,523	205,920
Total Operating Revenues	28,808,097	28,415,202
Non-Operating Revenues:		
Investment Income *	1,305,013	333,748
Property Tax Revenue	12,597,027	11,834,456
GOB Assessment	2,562,674	3,410,019
Other Non-Operating Revenues	5,094,308	1,540,459
Total Non-Operating Revenues	21,559,022	17,118,683
TOTAL REVENUES	50,367,119	45,533,884
Operating Expenses:		
Water Purchases	13,975,826	13,955,512
Meter Purchases	281,793	174,237
Operating Supply and Maintenance	1,875,901	2,004,261
Salaries and Benefits	5,557,957	4,871,837
Professional Services	529,843	320,485
Member Agencies O&M	657,194	378,515
Insurance	1,648,424	1,672,292
SOCWA	3,878,813	3,484,476
Utilities	1,046,997	1,078,361
General, Administrative, and Other	582,733	483,784
Total Operating Expenses	30,035,482	28,423,760
Other Operating Expenses:		
Depreciation and Misc. Operating Revenue	8,314,750	8,280,306
Water Efficiency	930,473	403,964
Total Other Operating Expenses	\$ 9,245,222	\$ 8,684,270

#10.c.

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	(Unaudited)	
	Six Months Ended December 31,	
	2014	2013
Non Operating Expenses:		
Interest Expense	\$ 3,039,808	\$ 3,321,051
Amortization and Misc. Non-Operating Expense	(65,997)	143,109
	2,973,811	3,464,161
Total Non Operating Expenses		
	42,254,515	40,572,190
TOTAL EXPENSES		
Capital Contributions:		
Connection Fees	542,879	143,506
Donated Facilities	-	-
Contributed Revenue	-	-
	542,879	143,506
Total Capital Contributions		
	8,655,483	5,105,200
CHANGE IN NET POSITION	\$	\$
Net Position, Beginning	\$ 418,278,862	\$ 411,940,088
Change in Net Position	8,655,483	5,105,200
Net Position, Ending	\$ 426,934,345	\$ 417,045,288

Note: Totals may not sum due to rounding.

** Investment income is comprised of realized income of \$979,259.09 and unrealized income of \$325,754.26*

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF DECEMBER 31, 2014

	(Audited) Balance 6/30/2014	Net Change	(Unaudited) Balance 12/31/2014
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ 615,715	\$ -	\$ 615,715
2003 COPS Trust Reserve	2,514,893	(14,035)	2,500,858
2009 COPS Trust Reserve	6,032,816	(20,477)	6,012,339
2009 COPS Project Fund	12,385,581	(5,611,948)	6,773,633
2010 COPS Trust Reserves	896,263	(29)	896,234
2014 Refunding Bonds	115	(115)	0
Total Restricted Trust Accounts	<u>\$ 22,445,385</u>	<u>\$ (5,646,605)</u>	<u>\$ 16,798,779</u>

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
UNRESTRICTED AND RESTRICTED FUND BALANCES
AS OF DECEMBER 31, 2014

	(Audited)		(Unaudited)		Reserve Policy Target
	Balance		Balance		
	6/30/2014	Net Change	12/31/2014		
<u>Unrestricted Fund Balances:</u>					
Designated for Self Insurance Reserves	\$ 1,293,508	\$ (1,040,251)	\$ 253,257	\$	250,000
Designated for Water Efficiency (WBBRS)	6,691,089	1,931,732	8,622,822		n/a
Designated for Replacement and Refurbishment	27,397,177	(11,657,089)	15,740,088		17,061,912
Designated for Water Supply Reliability	4,886,211	(1,382,275)	3,503,935		n/a
Designated for Planning and Construction	29,730,932	(291,890)	29,439,042		n/a
Designated for Rate Stabilization	9,815,536	1,092,570	10,908,106		10,663,995
Designated for Emergency Reserve	-	6,884,925	6,884,925		6,884,925
Unrestricted, undesignated ¹	56,084,280	10,517,369	66,601,649		20,262,901
Total Unrestricted Fund Balance	135,898,733	6,055,092	141,953,825		55,123,733 ²
<u>Restricted Fund Balances:</u>					
Restricted 2014 GOB Consolidated Refunding	8,311,666	(3,287,722)	5,023,945		
Restricted for Capital Facilities (Projects)	931,602	555,499	1,487,102		
Total Restricted Fund Balance	9,243,269	(2,732,223)	6,511,046		
Total Unrestricted and Restricted Fund Balance	\$ 145,142,002	\$ 3,322,869	\$ 148,464,871		

Note: Totals may not sum due to rounding.

1. Unrestricted, undesignated funds include the General Operating Reserve as well as the regular District cash flows.

2. All funds in excess of reserve policy targets will be used to fund capital projects and operations.

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF JANUARY 2015**

Summary of Disbursements in January 2015:

General Fund Disbursements		6,737,032
Restricted Fund Disbursements:		
WBBRS Efficiency Fund	732,357	
Replacement & Refurbishment Fund	310,947	
Water Supply Reliability Fund	12,418	
Planning & Construction Fund	121,585	
2010 COPS (93 REFUNDING)	1,500	1,178,807
Total Disbursements for all Funds		\$ 7,915,839

Detail of Major Expenditures in January 2015:

1. SOCWA		
FY 2014/15 3rd QTR O&M Budget Deposits		2,239,198
2. Municipal Water District of Orange County (MWDOC)		
November Water Purchases 2,123.7 AF	1,891,155	
October Reclaimed Rebate 920.6 AF	(141,772)	
November Capacity Charge	29,362	
November Readiness to Serve	162,769	
November SCP Operation Surcharge	11,581	
October & November SoCal WaterSmart Residential Rebate Program	88,537	
FY13/14 O&M Costs of EOC Feeder No.2	63,457	2,105,088
3. City of Laguna Hills		
Commercial landscape conversation rebate		603,854
4. J. Colon Coatings, Inc.		
C# 2013.001 East Alisa Creek Recoat, progress payment #2		191,023
5. Aqua-Metric Sales, Co.		
Meter inventory		177,186
6. GCI Construction		
C# 2012.034 La Paz/Moulton PW System Reconfiguration, progress payment #3		110,950