



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

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE FEBRUARY 18, 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 Update
5. 2003 Certificates of Participation Refinancing

DISCUSSION ITEMS

6. Water Efficiency Fund Policy Revisions
7. Variance Procedures Revisions
8. Rules and Regulations Revisions due to Omnibus Bill (AB 2747)
9. Rebate Applications for Turf Removal and Synthetic Turf

INFORMATION ITEMS

10. Enterprise Resource Planning (ERP) Update

11. 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 February 2015
12. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
13. 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

February 18, 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 8:30 AM on February 18, 2015. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair (arrived at 8:34 a.m.)

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Gina Hillary	Director of Human Resources
Michael Bell	Public Financial Management
Drew Atwater	Sr. Financial Analyst
Ruth Zintzun	Finance Manager
Kelly Salt	Best, Best, and Krieger
Paige Gulck	Board Secretary
Carole Wayman-Piasecik	MNWD
Megan Schneider	MNWD
Kelly Winsor	MNWD
Brian Thomas	Public Financial Management
Fiona Hutton	Fiona Hutton & Associates
Rebecca Nicholas	Fiona Hutton & Associates

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1. CALL MEETING TO ORDER

The meeting was called to order by Richard Fiore at 8:30 a.m.

2. APPROVE THE MINUTES OF THE JANUARY 14, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY SCOTT COLTON, AND SECONDED BY DONALD FROELICH, MINUTES OF THE JANUARY 14, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.

3. PUBLIC COMMENTS

None.

PRESENTATION ITEMS:

4. Outreach Consulting Services

Joone Lopez provided details on the Outreach Consulting Services contract with Fiona Hutton & Associates. Fiona Hutton was introduced to the Board and discussed her expertise in media and public relations in the water industry.

DISCUSSION ITEMS

5. Water Shortage Contingency Plan

This item was taken before Item 4. Joone Lopez provided a brief background on the plan.

Brian Probolsky arrived at 8:34 a.m.

Ruth Zintzun presented the proposed Water Shortage Contingency Plan. Discussion ensued regarding the purpose of the plan, implementation of the different stages, and necessary outreach.

6. Recycled Water Turf Removal Rebate Program

This item was continued to the Thursday, February 19, 2015, Board of Directors' meeting.

7. Rebate Application for Turf Removal and Synthetic Turf

This item was continued to the Thursday, February 19, 2015, Board of Directors' meeting.

INFORMATION ITEMS

8. Budget Kickoff

This item was continued to the Thursday, February 19, 2015, Board of Directors' meeting at 6:00 p.m.

9. Enterprise Resource Planning (ERP) Update

This item will be brought back to the Board at a later date.

10. Monthly Financial Report

Ruth Zintzun presented the monthly financial report.

11. Late Items (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT

The meeting was adjourned at 10:51 a.m. and was continued to the Thursday, February 19, 2015, Board of Directors' meeting at 6:00 p.m.

Respectfully submitted,

Paige Gulck
Board Secretary



Moulton Niguel Water District

STAFF REPORT

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

FROM: Ruth Zintzun, Finance Manager

SUBJECT: Water Efficiency Fund Policy Revisions

DIVISION: District-wide

SUMMARY:

Issue:The Water Efficiency Fund Policy has been updated to reflect the recent adoption of rates and the District’s Water Shortage Contingency Plan.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled, “Amendment of the District’s Water Efficiency Policy”.

Fiscal Impact: None.

BACKGROUND:

When the District implemented its Water Budget Based Rate Structure (WBBRS) in July 2011, the Board of Directors (Board) also adopted a resolution defining Water Efficiency Fund Procedures (Procedures). The Procedures defined the source of revenue for the Water Efficiency Fund and potential uses of the fund balances.

DISCUSSION:

The current Procedures have been revised to include; Fund Purpose, Source of Funds, Use of Funds, resulting in a Water Efficiency Fund Policy (Policy). Some changes to the Policy include the addition of Conservation Penalties as a revenue, and add more specificity of the uses of funds by defining outreach, conservation support, and water loss programs as possible expenditure categories. The revised Policy also incorporates the Board’s recently approved modifications to the rate structure and updates to the Water Shortage Contingency Plan through Ordinance 15-01.

Attachments:

1. Proposed Resolution entitled, “Amendment of the District’s Water Efficiency Policy”
2. Resolution 11-19; Current Water Efficiency Fund Procedures

RESOLUTION NO. 15- __

**RESOLUTION OF THE BOARD OF DIRECTORS
OF MOULTON NIGUEL WATER DISTRICT
AMENDMENT OF THE DISTRICT’S WATER EFFICIENCY FUND POLICY**

WHEREAS, the District’s water budget-based rate structure (“WBBRS”) is designed and intended to be a water demand management tool and to proportionately recover the costs of providing water service within the District; and

WHEREAS, the District’s efforts in managing its water supply are best achieved through its WBBRS and the calculated water budgets provided to the District’s customers; and

WHEREAS, on July 21, 2011, the Board of Directors of the District adopted Resolution No.11-19 establishing the “Water Efficiency Fund;” and

WHEREAS, on February 11, 2015, the Board of Directors of the District adopted Resolution No.15-05 modifying the rate structure and increasing rates; and

WHEREAS, revenues generated from customers who consume water in excess of their water budget, being rate revenue from Tiers 3, 4 & 5 for Residential and Multi-Family and Tiers 2, 3 & 4 for Potable Irrigation, Commercial and Recycled Water customers, (collectively “WBBRS Water Efficiency Revenues”) are deposited in the Water Efficiency Fund;

WHEREAS, pursuant to the District’s Water Shortage Contingency Plan Ordinance 15-01, the District may (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 to accomplish these purposes and/or recover the costs of the District’s water conservation and regulatory program; and

WHEREAS, the Board of Directors has determined that revenues collected from WBBRS Water Efficiency Revenues and penalties imposed by the District for violations of the District’s Water Shortage Contingency Plan Ordinance 15-01 (“Conservation Penalties”), should be segregated from other revenues of the District and deposited in the Water Efficiency Fund to be used for the purposes generally related to water use efficiency and conservation goals and policies, as specifically directed by the Board of Directors under budgetary and other approvals from time to time;

WHEREAS, these purposes may include, but are not limited to, conservation best management practices; education programs; water use efficiency devices; water system retrofitting; alternative water uses and supplies and other water supply reliability projects and

#6.

programs; and dry-year supply arrangements; and penalty costs for water from wholesale allocations; and

WHEREAS, the Board of Directors has determined to amend its Water Efficiency Fund Policy to accomplish these purposes; and

WHEREAS, the Water Efficiency Fund shall be administered in accordance with the amended Water Efficiency Policy set forth in **Attachment 1**, attached hereto and by this reference incorporated herein.

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

Section 1. The Board hereby adopts the Water Efficiency Fund Policy, as amended and as set forth in Attachment 1. All revenues (including interest earnings thereon) deposited therein shall be used for the purposes and generally in accordance with the policies set forth in **Attachment 1**, and as determined by the Board under budgetary and other approvals from time to time.

Section 2. The provisions of this Resolution shall be effective for revenues collected from complete billing cycles commencing after April 1, 2015.

Section 3. Resolution No. 2011-19 is hereby rescinded.

Section 4. If any provision, section, subsection, sentence, clause or phrase of this Resolution, 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 Resolution shall not be affected, it being the intent of the Board of Directors in adopting this Resolution 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 Resolution are declared to be severable for that purpose.

ADOPTED, SIGNED and APPROVED this 19th day of March, 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

Attachment 1

Water Efficiency Fund Policy

Purpose

Customers are allocated a water budget calculated based on individual needs and certain parameters to promote the efficient use of water. Customers who use water inefficiently, in excess of their calculated water budgets, place greater demands on the District's water and recycled water systems and supplies. Those customers who use water inefficiently are therefore subject to higher water use rates to offset the costs that are created as a result of the higher demand they place on the District's water and recycled water systems. The District invests the incremental rate difference in alternative water supply programs, rebates and water conservation and/or demand management measures to increase efficient uses of water and offset their demand.

Source of Funds

1. Revenue generated from Residential and Multi-Family customers' water service fees from Tiers 3, 4 and 5 above the marginal cost of imported water will be deposited in the Water Efficiency Fund.
2. Revenue generated from Commercial, Irrigation and Recycled Water customers' water service fees from Tiers 2, 3 and 4 above the marginal cost of imported water will be deposited in the Water Efficiency Fund.
3. Conservation Penalties collected from customers for violations of the District's Water Shortage Contingency Plan Ordinance will be deposited in the Water Efficiency Fund.

Use of Funds

The Board annually determines the appropriate use of the Water Efficiency Fund through the annual budget process and one-time approvals from time to time. The following is a list of possible uses of the fund's revenue:

1. Conservation best management practices, conservation education, irrigation controls, efficient water use devices and other demand management measures.
2. Conservation outreach.
3. Conservation and water use efficiency support resources.

4. Water system retrofitting, dual plumbing and facilities for production, distribution, and all uses of new recycled water and other alternative water supplies.
5. Projects and programs for prevention, control, or treatment of the runoff of water from irrigation and other outdoor water uses. Incremental costs shall not include the costs of storm water management systems and programs.
6. Securing dry-year water supply arrangements such as groundwater banking or water transfers for use under extraordinary supply situations.
7. Incremental costs of securing and delivering additional water supplies in excess of the District's marginal cost of imported water, including covering penalty costs imposed by the District's wholesale water provider.
8. Distribution system water loss control.
9. Rebate programs for qualifying customers established and approved by the Board of Directors.

RESOLUTION NO. 11- 19

RESOLUTION OF THE BOARD OF DIRECTORS
OF MOULTON NIGUEL WATER DISTRICT
REVISING DESIGNATION OF FUND FOR
CERTAIN WBBRS REVENUES TO “WATER EFFICIENCY FUND”

WHEREAS, the Board of Directors of the District previously adopted Resolution No.11-10 on April 21, 2011, to establish the “Conservation Fund” for deposit of WBBRS revenues generated under certain rate tiers for consumption in excess of water allowable under base allocation tiers, and the Board has determined to revise the name of such fund to “Water Efficiency Fund”;

WHEREAS, revenues generated from the Excessive and Wasteful Tiers (Tier 4 and Tier 5), net of the price of water collected under Tiers 4 and 5 that is in excess of the price of water collected under Tier 2, under WBBRS (“WBBRS Water Efficiency Revenues”) will be segregated from other revenues of the District and deposited in the Water Efficiency Fund to be used for purposes generally related to water efficiency or conservation goals and policies, as specifically directed by the Board under budgetary and other approvals from time to time;

WHEREAS, these purposes may include, but are not limited to, conservation BMPs, education and devices; water system retrofitting; recycled and alternative water uses and supplies; and dry-year supply arrangements; and

WHEREAS, the Board by adoption of this Resolution re-names the Conservation Fund the “Water Efficiency Fund,” such fund to be administered in accordance with the terms in Attachment 1 to this Resolution.

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

Section 1. The Board hereby re-names the “Conservation Fund” the “Water Efficiency Fund” for the deposit and application of the WBBRS Water Efficiency Revenues (including interest earnings thereon) deposited therein generally in accordance with the policies set forth in Attachment 1, to be determined by the Board under budgetary and other approvals from time to time, and as may be revised from time to time by the Board.


Section 2. The provisions of this Resolution shall be effective immediately upon adoption.

Section 3. Resolution No. 2011-10 is hereby rescinded.


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ADOPTED, SIGNED and APPROVED this 21st day of July, 2011.

MOULTON NIGUEL WATER DISTRICT



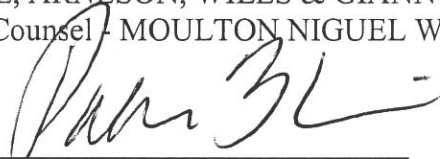
President
MOULTON NIGUEL WATER DISTRICT and the
Board of Directors thereof



Secretary
MOULTON NIGUEL WATER DISTRICT and the
Board of Directors thereof

APPROVED AS TO FORM:

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

By: 

Patricia B. Giannone

ATTACHMENT 1

Water Efficiency Fund Procedures

1. Objectives:

- A. Revenues generated from the Excessive and Wasteful Tiers, net of the price of water under Tiers 4 and 5 that is in excess of the price of water under Tier 2, will be segregated from other revenues of the District and deposited in the Water Efficiency Fund.
- B. The District's intent is to use revenue in the Water Efficiency Fund to implement water conservation or demand management measures employed to increase efficient uses of water, and further discourage the wasteful or unreasonable use of water, and may include, but not limited to, any of the following:
 - 1) Conservation best management practices, conservation education, irrigation controls and other conservation devices, and other demand management measures.
 - 2) Water system retrofitting, dual plumbing and facilities for production, distribution, and all uses of recycled water and other alternative water supplies.
 - 3) Projects and programs for prevention, control, or treatment of the runoff of water from irrigation and other outdoor water uses. Incremental costs shall not include the costs of stormwater management systems and programs.
 - 4) Securing dry-year water supply arrangements.
 - 5) Procuring water supplies to satisfy increments of water use in excess of the basic use allocations for the customers of the public entity, including supply or capacity contracts for water supply rights or entitlements and related energy costs for water delivery.
 - 6) Rebate programs for qualifying customers established and approved by the Board of Directors related to the foregoing.

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STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

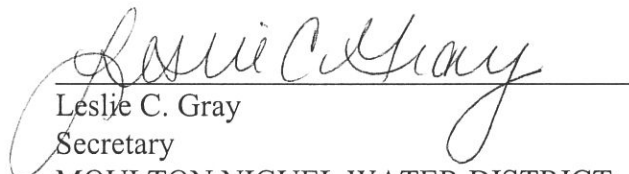
I, LESLIE C. GRAY, Secretary of the Board of Directors of the MOULTON
NIGUEL WATER DISTRICT, do hereby certify that the foregoing resolution was duly
adopted by the Board of Directors of said District at a regular meeting of said Board held
on the 21st day of July, 2011 that it was so adopted by the following vote:

AYES: MCKENNEY, FROELICH, PROBOLSKY, FIORE, KURTZ,
 COLTON, LIZOTTE

NOES:

ABSTAIN:

ABSENT:



Leslie C. Gray
Secretary
MOULTON NIGUEL WATER DISTRICT
and of the Board of Directors thereof

#7.

Variance Procedures Revisions

March 18, 2015

Page 2 of 2

customers. The goal of the Procedures is to work with customers to bring them to an efficient usage level.

DISCUSSION:

Due to the current drought, recent experience with the rate structure, and interactions with customers, Staff has developed an updated Variance and Adjustment Policy (Policy) by updating and expanding the current Procedures. Revisions include the addition of a new landscape establishment adjustment for customers, reducing bill adjustments to one billing period, as well as clarifying existing variance and adjustments requirements and procedures. The Policy incorporates both the Board's recently approved modifications to the rate structure and updates to the Water Shortage Contingency Plan through Ordinance 15-01. Approval of the revised Policy creates consistency in Board policy and prepares the District to work with customers and deal with the on-going drought.

Attachments:

1. Resolution adopting Exhibit "H" Variance and Adjustment Policy for the Moulton Niguel Water District's Water Budget Based Rate Structure
2. Current Variance Procedures

ATTACHMENT 1

RESOLUTION NO. 15-__

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MOULTON NIGUEL WATER DISTRICT
ADOPTION OF THE WATER BUDGET BASED RATE STRUCTURE (WBBRS)
VARIANCE AND ADJUSTMENT POLICY**

WHEREAS, the Moulton Niguel Water District (“District”) is a California Water District organized and existing under the California Water District Law (California Water Code Section 34000 *et seq.*);

WHEREAS, Section 35423 and Section 35501 of the California Water Code empowers the District to prescribe and collect rates and other charges for water (which includes recycled water) service, and to establish, print and distribute equitable rules and regulations for the distribution of water and the provision of water service;

WHEREAS, the Board of Directors of the District (“Board”), previously approved and adopted *Rules and Regulations of Moulton Niguel Water District for Water and Sewer Service*, as amended from time to time (“*Rules and Regulations*”). *Exhibit B* of the *Rules and Regulations* sets forth rates and other charges for water and sewer service, which may be changed from time to time by adoption of a revised *Exhibit B* or portion thereof; and

WHEREAS, the Board of Directors of the District has adopted a resolution on February 11, 2015 to approve modifications to the Water Budget Based Rate Structure (“WBBRS”) and resulting increases to certain water service rate components and charges, and the Board desires to approve and adopt variance terms and procedures for inclusion as procedures governing the WBBRS.

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

Section 1. The Board approves and adopts the Variance and Adjustment Policy for the Moulton Niguel Water District’s Water Budget Based Rate Structure set forth in **Attachment 1** to this Resolution, attached hereto and by this reference incorporated herein. Such terms shall be incorporated in the District’s *Rules and Regulations*. The General Manager, or her authorized designees, and Legal Counsel are directed to incorporate the terms of **Attachment 1** into the *Rules and Regulations* as Exhibit H as may be necessary for the implementation of the Variance and Adjustment Policy for the Moulton Niguel Water District’s WBBRS.

Section 2. This Resolution shall be effective immediately upon adoption and **Attachment 1** shall be effective April 1, 2015.

ADOPTED, SIGNED and **APPROVED** this 19th day of March, 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

Attachment 1

EXHIBIT H

VARIANCE AND ADJUSTMENT POLICY

**FOR THE MOULTON NIGUEL WATER DISTRICT'S WATER BUDGET BASED RATE
STRUCTURE**

The Variance and Adjustment Policy supersedes the Variance Procedures in Exhibit B of the Rules and Regulations of the Moulton Niguel Water District (District) for Water and Sewer Service Schedule of Rates and Charges. This Policy is divided into sections by customer class. Each customer class is divided by the relevant default water budget allocations, variances to the default allocation, and how each customer class may receive adjustments to charges in the highest tiers.

Section 1. DEFINITIONS

For the purposes of this Variance and Adjustment Policy, the following words, terms, and phrases shall be defined as follows:

- A. Assistant General Manager - the Assistant General Manager of the District or his or her authorized designee.
- B. Billing Unit (BU) – a unit of measuring water usage. One BU equals one hundred cubic feet (CCF) or 748 gallons of water. CCF is synonymous with BU.
- C. Water budget – the allocation of water calculated by the District for each customer in accordance with the District's Water Budget Based Rate Structure.
- D. California Friendly - vegetation meeting Water Use Classifications of Landscape Species (WUCOLS) with low or very low watering needs for the South Coastal Region.
- E. Customer - 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.
- F. District - Moulton Niguel Water District.
- G. Evapotranspiration - both the evaporation of water from the land surface and the transpiration of water through plants into the atmosphere. The District measures daily local evapotranspiration at 110 micro-zones throughout the service area.

- H. GPCD - gallons per capita per day.
- I. I9 Account customers - high traffic public space potable irrigation accounts.
- J. Person - 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 - water needs of the specific type of plant that is used to calculate each customer's outdoor budget within the District's service area and guidelines provided by state law and the State Water Resources Control Board's Model Water Efficient Landscape Ordinance. The plant factor is a conversion factor to multiply with daily evapotranspiration to determine the daily watering needs per unit of surface area of plant coverage.
- L. Potable water - water furnished to the customer which complies with federal and State drinking water regulations and standards, or any other applicable standards.
- M. Property owner (owner) - the record owner of real property as shown on the most recently issued equalized assessment roll.
- N. RC9 Account customers – recycled water customers with high traffic public spaces.
- O. Recycled water - 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.
- P. State - the state of California, including any department or regulatory agency thereof.

Section 2. RESIDENTIAL CUSTOMERS

A. Default Allocations

The District's Water Budget Based Rate Structure is intended to recover the proportionate cost of providing water service and to allocate costs to customers who place the greatest demands on the District's water system. Any usage in excess for a customer's total water budget results in additional costs that their higher demand places on the system. This usage, in excess of a customer's total water budget, is reflected in charges in Tiers 3, 4, and/or 5. In certain limited circumstances, the District may grant billing adjustments for the qualified reasons as specified in

#7.

Section 2.C. When an adjustment is granted, the billing units of water charged in Tiers 4 and/or 5 may be recalculated at the Tier 3 or 4 rate.

1. Indoor Water Budget

- a. In calculating indoor water budgets, the following assumptions are made by the District: each single family customer has four (4) people per household; multi-family customers occupying condominiums have three (3) people per household; and multi-family customers occupying apartments have two (2) people per household. These assumptions are based on the most recent local census population data. Customers may request that their indoor water budget be adjusted to account for additional occupants; provided, however, if a customer requests that their indoor water budget be increased to account for more than two (2) additional occupants, the District reserves the right to request proof of residency and the customer must complete a District Residential Variance Adjustment Form.
- b. Indoor Water Budget Formula: Each occupant is allocated 60 gallons per day, times the number of people per household and days in the billing cycle. Example: 60 gallons x 4 persons per household x 30 days in a billing cycle = 7,200 gallons ÷ 748 gallons = 9.63 is rounded to 10 Billing Units.

2. Outdoor Water Budget

- a. Outdoor Water Budget is calculated using the following formula: Landscaped Area (Square Footage) x ET (Evapotranspiration) x 0.7 (Plant Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons = Billing Units.
- b. Irrigated acreage is either determined by the District's Geographic Information System, County Assessor parcel data, site survey conducted by the District, or by customer input through the variance process.

B. Variances to Allocations

1. General Information

- a. It is the **sole responsibility of the customer to contact the District** to request variances to his or her base indoor and/or outdoor water budget through a Residential Variance Adjustment Form.
- b. Acceptable proof will be required for each variance request at the discretion of the District. Acceptable proof to receive a variance to the default allocation includes, but is not limited to, site plans, or a list of people living in the residence.

- c. Once a variance is approved, it will become effective on the next bill. An approved variance request will increase the base allocation (Tier 1 and/or Tier 2), and will be determined on a case-by-case basis.
- d. No retroactive budget variances will be made for increases in household population or medical needs.
- e. The District will adjust up to the most recent previous bill for a verified increase to the estimated landscape area. Note that for a residential customer, it takes approximately 300 square feet of an increase in landscape area to increase the outdoor water budget by one (1) billing unit in the summer months.
- f. Any customers providing falsified information to the District may be liable for back charges. Bill calculations based on falsified information will be recalculated with corrected customer account details.

2. Relevant Factors That May Support a Variance

- a. Number of people residing in a dwelling unit

A customer may apply for a variance to change the default number of people in the household used to calculate the indoor water budget. Each additional person increases the indoor base allocation (Tier 1) by 2.4 billing units per month (the resulting allocation is rounded to the nearest whole billing unit, e.g., 4.8 is rounded to 5) based on a 30-day billing cycle. Customers may request a variance for additional occupants by completing a Residential Variance Adjustment Form. Example: (60 gallons per person x 30 days = 1,800 gallons ÷ 748 gallons = 2.4, rounded to 2 Billing Units). The District may request additional documentation for verification of the number of people in the household.

- b. Landscape Area

Any change to the outdoor water budget due to increased irrigated areas will be calculated using the outdoor water budget formula:

Landscape Area (Square Footage) x ET (Evapotranspiration) x 0.7 (Plant Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons = Billing Units

- c. Licensed Child Care or Adult Care Facility

#7.

If a customer has a licensed care facility, the customer may request an increase to his or her default indoor water budget. A current license from the appropriate regulatory agency is required.

- i. A licensed, less than 24-hour, care facility will be allocated one (1) billing unit per person, per month.

An example of a less than 24-hour care facility is a Child Care Facility. Each additional person increases the indoor, or Tier 1, water budget, by 20 gallons per person per day (20 gallons per person x 30 days = 600 gallons ÷ 748 gallons = 0.80, rounded to 1 Billing Unit).

- ii. A licensed 24-hour care facility will be allocated an additional 60 gallons per person per day.

An example of a 24-hour care facility is a full-time Adult Care Facility. Each additional person will be allocated 2.4 billing units per month based on a 30 day billing cycle (60 gallons per person x 30 days = 1,800 gallons ÷ 748 gallons = 2.4 is rounded to 2 Billing Units).

- d. Medical Needs

Approval of a variance for medical needs is contingent upon verifiable medical documentation, such as a doctor's note. Increased allocations will be determined on a case-by-case basis.

- e. Livestock (weighing over 100 pounds each)

A variance to a customer's indoor water budget may be requested for livestock. Livestock is allocated 15 gallons per animal over 100 pounds, per day, based on veterinary standards and may increase the Tier 1 allocation. Variance for livestock will be limited to the maximum number of animals (times 15 gallons per animal over 100 pounds) established by the applicable municipal ordinances.

3. Procedure

- a. A Residential Variance Adjustment Form must be submitted to the District. Residential Variance Adjustment Forms can be obtained at the District's Main Office or online at www.mnwd.com.
- b. Additional documentation may be requested at the discretion of the District (school records, driver's licenses, business licenses, lease agreements, etc.). The documentation will be for review only. The District may not retain any copies of such additional documentation.
- c. Once a Residential Variance Adjustment Form has been received, a site survey may be required by District staff to verify the customer's irrigated square footage. The site survey will be at no charge to the customer and will require the customer to be present.
- d. A response to variance requests will be provided by the District, either by phone or email.
- e. In the event a variance request is denied, the Residential Variance Adjustment Form may be resubmitted for further review. Decisions made by the Assistant General Manager are final.

C. Adjustment of Charges

1. Pool Fill

a. General

Adjustments to a customer's water bill for pool fills, partial or complete draining and refilling, due to general periodic water quality maintenance, pool equipment or plaster repair is granted once every five (5) years. The volume of water required to refill the pool in excess of the customer's outdoor water budget will be billed at the Tier 3 rate. Partial or complete draining and refilling are considered as pool fills, and are granted once every five years. Refilling due to normal evaporation does not qualify for an adjustment. To receive a billing adjustment, the customer must submit a written request to the District for the bill adjustment. Such a request shall provide sufficient information for the District to verify that the pool fill, or partial or complete draining and refilling occurred.

b. Limitations

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Any subsequent pool fills, partial or complete draining and refilling, required within the five (5) year period are eligible to be considered on a case-by-case basis for a possible bill adjustment.

2. Leak Repair

a. General

Customers may request a bill adjustment if they accrue any charges above their water budget within Tiers 4 and/or 5 due to leaks (indoor or outdoor), stuck irrigation valves, broken pipes, etc. When an adjustment is made for a repaired leak and usage for the most recent bill is within the total water budget, the excess billing units of water attributed to the leak and charged in Tiers 4 and/or 5 may be recalculated at the Tier 3 rate for the most recent bill. Customers must be within their total water budget prior to receiving an adjustment and will only receive an adjustment on the billed issued immediately prior to the adjustment approval.

b. Limitations

To be eligible for a leak adjustment, the customer is required to contact the District within one (1) month of receiving the bill affected by the leak. If the leak adjustment is approved, the most recent bill may be adjusted, and the adjustment will be made in the form of a credit to the customer's account. No checks will be issued. There is a maximum of three (3) leak adjustments per year for each customer account, barring extenuating circumstances, to be determined at staff discretion. If a customer is notified by the District of an apparent leak, the customer must fix the leak within seven (7) days to qualify for a leak repair adjustment.

3. New Landscape Establishment - New California Friendly Landscapes

a. General

Customers re-landscaping the majority of their yards with new California Friendly landscapes may request a bill adjustment if they incur usage above Tier 3 for the first two (2) months of the landscape establishment period. The customer is required to contact the District for each billing period during the two (2) month establishment period in order to receive the bill adjustment(s).

b. Limitations

If a customer would like to take advantage of the new planting adjustment, the new plants must be installed between November and April. To be eligible for a new landscape establishment bill adjustment, the customer is required to contact the District within one (1) month of receiving the bill affected by their new landscape establishment. All qualifying bills must have charges that fall within Tiers 4 and/or 5. Any charges within Tiers 4 and/or 5 may be recalculated at the Tier 3 rate, up to a maximum of two (2) bills. All bill adjustments will be made in the form of a credit to the customer's account. No checks will be issued.

4. Courtesy Adjustments - New Customer

a. General

A courtesy adjustment may be authorized for new customers within the first year. New customers are eligible for one (1) courtesy adjustment within the first 12 months of starting water service within the District for their most recent bill at the time of notification to the District. To be eligible for a courtesy adjustment, a customer must have been billed within Tiers 4 and/or 5.

b. Limitations

To be eligible for a courtesy adjustment, the customer is required to contact the District within one (1) month of receiving the bill with charges above their water budget in Tiers 4 and/or 5. Any billing units that were billed within Tiers 4 and/or 5 will be recalculated at the Tier 3 rate. All bill adjustments will be made in the form of a credit to the customer's account. No checks will be issued.

5. Irrigation Timer Malfunction

a. General

Once every three (3) years, a customer will be allowed one bill adjustment due to an irrigation timer malfunction.

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b. Limitations

Bills adjusted for an irrigation timer malfunction will be limited to their most current bill. All billing units that were billed in Tiers 4 and/or 5 will be recalculated at the Tier 3 rate. All bill adjustments will be made in the form of a credit to the customer's account. No checks will be issued.

Section 3. COMMERCIAL CUSTOMERS

A. Default Allocations

The District's Water Budget Based rate structure is intended to recover the proportionate cost of providing water service and to allocate costs to commercial customers who place the greatest demands on the District's water system. Any usage in excess for a customer's total water budget results in additional costs that their higher demand places on the system. This usage, in excess of a customer's total water budget, is reflected in charges in Tiers 2, 3 and/or 4. In certain limited circumstances, the District may grant a billing adjustment for the qualified reasons as specified in Section 3.C. When an adjustment is made, the billing units of water charged in Tiers 3 and/or 4 may be recalculated at the Tier 2 rate.

1. Total Water Budget

- a. Commercial customers will be given a water budget based on a three (3) year rolling average of each commercial customer's usage.
- b. New commercial customers who do not have a consumption history with the District will be billed at the Tier 1 rate and will not incur any over- budget charges for the first year. After the first year, new commercial customers will be billed as existing commercial customers, and their allocation will be based on the monthly usage in the first year. After two (2) years of consumption history, commercial customers will be billed with a water budget that averages the usage of each respective month within the first two (2) years. After three (3) years, commercial customers will utilize a three (3) year rolling average of each respective month as their allocation.

B. Variances to Allocations

1. General Information

- a. It is the **sole responsibility of the customer to contact the District** to request variances to their base water budget through a District Commercial Variance Adjustment Form.

- b. Acceptable proof will be required for each variance request at the discretion of the District. Acceptable proof to receive a variance to the default water budget includes, but is not limited to, site plans.
- c. An approved variance will become effective with the bill following the date the District approves the Commercial Variance Adjustment Form request. An approved variance request will increase the base water budget (Tier 1), and will be determined on a case-by-case basis.
- d. Commercial customers may request a budget variance if they accrue any charges above their water budget within Tiers 3 and/or 4 due to expansion of production capacity, additional employees, new technology, adjustments to irrigated acreage, etc. Such changes may require verification by the District.
- e. Any commercial customer providing falsified information to the District may be liable for back charges. Bill calculations based on falsified information will be recalculated with corrected customer account details.

2. Procedure

- a. A Commercial Variance Adjustment Form must be submitted to the District. Commercial Variance Adjustment Forms can be obtained at the District's Main Office or online at www.mnwd.com.
- b. Additional documentation may be requested at the discretion of the District. The documentation will be for review only. The District will not retain any copies of such additional documentation.
- c. Once a Commercial Variance Adjustment form has been received, a site survey may be required by District staff to verify the customer's request. The site survey will be at no charge to the customer and will require the customer to be present.
- d. A response to variance requests will be provided by the District, either by phone or email.
- e. In the event a variance request is denied, the Commercial Variance Adjustment Form may be resubmitted for further review. Decisions made by the Assistant General Manager are final.

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C. Adjustment of Charges

1. Pool Fill

a. General

Adjustments to a customer's water bill for pool fills, partial or complete draining and refilling, due to general periodic water quality maintenance, pool equipment or plaster repair is granted once a year. The volume of water required to refill the pool in excess of the customer's outdoor water budget will be billed at the Tier 2 rate. Partial or complete draining and refilling are considered as pool fills, and are granted once a year. Refilling due to normal evaporation does not qualify for an adjustment. To receive a billing adjustment, the customer must submit a written request to the District for the bill adjustment. Such a request shall provide sufficient information for the District to verify that the pool fill, or partial or complete draining and refilling occurred.

b. Limitations

Any subsequent pool fills, partial or complete draining and refilling, required within year period are eligible to be considered on a case-by-case basis for a possible bill adjustment.

2. Leak Repair

a. General

Commercial customers may request a bill adjustment if they accrue any usage charges above their water budget within Tiers 3 and/or 4 due to leaks (indoor or outdoor), stuck irrigation valves, broken pipes, etc. When an adjustment is made for a repaired leak and usage for the most recent bill is within the total water budget, the excess billing units of water attributed to the leak and billed in Tiers 3 and/or 4 may be recalculated at the Tier 2 rate for the most recent bill. Customers must be within their total water budget prior to receiving an adjustment and will only receive an adjustment on the billed issued immediately prior to the adjustment approval.

b. Limitations

To be eligible for a leak adjustment, the commercial customer is required to contact the District within one (1) month of completing the leak repair. If the leak adjustment is approved, the most recent bill may be adjusted, and the adjustment will be made in the

form of a credit to the customer's account. No checks will be issued. There is a maximum of three (3) leak adjustments per year for each customer account, barring extenuating circumstances, to be determined at staff discretion. If a commercial customer is notified by the District of an apparent leak, the customer must fix the leak within seven (7) days to qualify for a leak repair adjustment.

3. New Landscape Establishment - New California Friendly Landscapes

a. General

Commercial customers re-landscaping sites with California Friendly landscapes may request a bill adjustment if they incur usage above Tier 2 for the first two (2) months of the landscape establishment period. The customer is required to contact the District for each billing period during the two (2) month establishment period in order to receive the bill adjustment(s).

b. Limitations

If a commercial customer would like to take advantage of the new planting adjustment, the new plants must be installed between November and April. In order to be eligible for a new landscape establishment bill adjustment, the customer is required to contact the District within one (1) month of receiving the bill affected by their new landscape establishment. All qualifying bills must have charges that fall within Tiers 3 and/or 4. Any charges within Tiers 3 and/or 4 may be recalculated at the Tier 2 rate. Commercial customers may receive up to one (1) bi-monthly or two (2) monthly bill adjustments, whichever is applicable. All bill adjustments will be made in the form of a credit to the customer's account. No checks will be issued.

Section 4. POTABLE AND RECYCLED WATER IRRIGATION CUSTOMERS

A. Default Allocations

The District's Water Budget Based Rate Structure is intended to recover the proportionate cost of providing water service and to allocate to potable and recycled water irrigation customers (irrigation customers) who place the greatest demands on the District's potable water and recycled water systems. Any usage in excess for a customer's total water budget results in additional costs that their higher demand places on the system. This usage, in excess of a customer's total water budget, is reflected in charges in Tiers 2, 3 and/or 4. In certain limited circumstances, the District may grant a billing adjustment for the qualified reasons as specified in Section 4.C. When an

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adjustment is made, the billing units of water charged in Tiers 3 and/or 4, may be recalculated at the Tier 2 rate.

1. Outdoor Water Budget

- a. Irrigation customers are given a water budget based on the actual square footage that each meter connection irrigates.
 - i. Potable Irrigation water budget formula is as follows: $\text{Landscaped Area (Square Footage)} \times \text{ET (Evapotranspiration)} \times 0.7 \text{ (Plant Factor)} \times 0.62 \text{ (Conversion Factor)} = \text{Gallons} \div 748 \text{ gallons} = \text{Billing Units}$
 - ii. Recycled Water Irrigation water budget formula is as follows: $\text{Landscaped Area (Square Footage)} \times \text{ET (Evapotranspiration)} \times 0.8 \text{ (Plant Factor)} \times 0.62 \text{ (Conversion Factor)} = \text{Gallons} \div 748 \text{ gallons} = \text{Billing Units}$
 - iii. Public Space Irrigation water budget formula for RC9 and I9 Accounts is as follows: $\text{Landscaped Area (Square Footage)} \times \text{ET (Evapotranspiration)} \times 1.0 \text{ (Plant Factor)} \times 0.62 \text{ (Conversion Factor)} = \text{Gallons} \div 748 \text{ gallons} = \text{Billing Units}$
- b. Irrigated acreage is either determined by the District's Geographic Information System, site surveys conducted by the District, measurements provided by the Landscape Certification Program, or by customer input through the variance process.

B. Variances to Allocations

1. General Information

- a. It is the ***sole responsibility of the irrigation customer to contact the District*** to request a variance to their base water budget through a District Commercial Variance Adjustment form.
- b. Acceptable proof will be required for each variance request at the discretion of the District. Acceptable proof to receive a variance to the default water budget includes, but is not limited to, site plans.
- c. An approved variance will become effective with the bill following the date the District approves the Commercial Variance Adjustment form. An approved variance request will increase the base allocation (Tier 1), and will be determined on a case-by-case basis.

- d. Any irrigation customer providing falsified information to the District may be liable for back charges. Bill calculations based on falsified information will be recalculated with corrected customer account details.
2. Relevant Factors That Could Support a Variance

a. Landscape Area

Increases in landscape area resulting from a site measurement performed by the District or approved site drawing provided by the customer will result in an increase to the Tier 1 allocation. Any changes to the water budget due to increased irrigated areas will be calculated using the applicable outdoor water budget formula detailed in Section 4.A.1.a.

3. Procedure

- a. An irrigation customer requesting a variance must submit to the District a Commercial Variance Adjustment Form. Commercial Variance Adjustment forms can be obtained at the District's Main Office or online at www.mnwd.com.
- b. Additional documentation may be requested at the discretion of the District. The documentation will be for review only. The District will not retain any copies of such additional documentation.
- c. Once a Commercial Variance Adjustment form has been received, a site survey may be required by District staff to verify the customer's request. The site survey will be at no charge to the customer and will require the customer to be present.
- d. A response to variance requests will be provided by the District either by phone or email.
- e. In the event a variance request is denied, the Commercial Variance Adjustment form may be resubmitted for further review. Decisions made by the Assistant General Manager are final.

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C. Adjustment of Charges

1. Leak Repair

a. General

Customers may request a bill adjustment if they accrue any charges above their water budget within Tiers 3 and/or 4 due to leaks (indoor or outdoor), stuck irrigation valves, broken pipes, etc. When an adjustment is made for a repaired leak and usage for the most recent bill is within budget, the excess billing units of water attributed to the leak and billed in Tiers 3 and/or 4 may be recalculated at the Tier 2 rate for the most recent bill. Customers must be within their total water budget prior to receiving an adjustment and will only receive an adjustment on the billed issued immediately prior to the adjustment approval.

b. Limitations

To be eligible for a leak adjustment, the irrigation customer is required to contact the District within one (1) month of completing the leak repair. If the leak adjustment is approved, the most recent bill may be adjusted, and the adjustment will be made in the form of a credit to the customer's account. No checks will be issued. There is a maximum of three (3) leak adjustments per year for each customer account, barring extenuating circumstances, to be determined at staff discretion. If a customer is notified by the District of an apparent leak, the customer must fix the leak within seven (7) days to qualify for a leak repair adjustment.

2. New Landscape Establishment - New California Friendly Landscapes

c. General

Irrigation customers re-landscaping sites with California Friendly landscapes may request a bill adjustment if they incur usage above Tier 2 for the first two (2) months of the landscape establishment period. The customer is required to contact the District for each billing period during the two (2) month establishment period in order to receive the bill adjustment(s).

d. Limitations

If an irrigation customer would like to take advantage of the new planting adjustment, the new plants must be installed between November and April. In order to be eligible for a

new landscape establishment bill adjustment, the customer is required to contact the District within one (1) month of receiving the bill affected by their new landscape establishment. All qualifying bills must have charges that fall within Tiers 3 and/or 4. Any charges within Tiers 3 and/or 4 may be recalculated at the Tier 2 rate. Potable irrigation and recycled water customers may receive up to one (1) bi-monthly or two (2) monthly bill adjustments, whichever is applicable. All bill adjustments will be made in the form of a credit to the customer's account. No checks will be issued.

3. Courtesy Adjustments - New Customer

c. General

A courtesy adjustment may be authorized for new customers within the first year. New customers are eligible for one (1) courtesy adjustment within the first 12 months of starting water service within the District for their most recent bill at the time of notification to the District. To be eligible for a courtesy adjustment, a customer must have been billed within Tiers 3 and/or 4.

d. Limitations

To be eligible for a courtesy adjustment, the customer is required to contact the District within one (1) month of receiving the bill with charges above their water budget in Tiers 3 and/or 4. Any billing units that were billed within Tiers 3 and/or 4 will be recalculated at the Tier 2 rate. All bill adjustments will be made in the form of a credit to the customer's account. No checks will be issued.

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ATTACHMENT 2

VARIANCE PROCEDURES
FOR WATER- BUDGET-BASED RATE STRUCTURE

I. Residential Customers

1. ALLOCATIONS

- A. Single family homes will be given a default of 4 persons per household, condominiums will be given 3 persons per household, and apartments will have a 2 person default, based on local census data. Customers can request up to 2 additional occupants without documentation. If requesting more than two additional occupants, the District reserves the right to request proof of residency and the customer must fill out a variance request form.
- B. Each occupant will be allocated 65 gallons per person per day.
- C. Irrigated acreage will be determined by the District's Geographic Information System, County Assessor parcel data, a site survey conducted by the District or by customer input.
- D. Customers are allowed to fill their pools once every 3 years for regular maintenance. The additional water used above their allocation will be billed at the Tier 2 rate.

2. VARIANCES

A. General Information:

- 1) An approved variance will increase the base allocation - Conservation Tier 1 or Efficiency Tier 2- and will be determined on a case by case basis.
- 2) It is the responsibility of the customer to contact the District and request adjustments to the base allocation through a variance.
- 3) Relevant factors that could support a variance are additional occupants (if adjusting by more than 2 additional occupants), medical needs, licensed elder or child care facility, livestock, and increased irrigated landscape area. Other circumstances may also support a variance.

B. Requirements:

- 1) A variance request form must be submitted to the Customer Service Department. Variance forms can be picked up at the main office or downloaded from the District's website.

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- 2) Additional documentation may be requested at the discretion of the District. (School Records, Drivers Licenses, Business Licenses, Lease Agreements, etc.) The documentation will be for review only, and the District will not retain any copies of such additional documentation.
- 3) Once a variance request form has been received, a site survey may be conducted by District staff to verify the customer's irrigated square footage. The site survey will be at no charge to the customer.
- 4) Written responses to variance form requests will be provided by the Customer Service Department.
- 5) In the event a variance request is denied, the request form may be resubmitted and reviewed by an appeal board composed of: Chairman of the Rate Review Committee, MNWD Board of Director and the General Manager. Decisions by the appeal board are final.

3. ADJUSTMENT OF CHARGES

A. Approved Variances

- 1) If a variance is approved, a retroactive adjustment to the customer's account can be made for a maximum of 60 days.
- 2) Adjustments will normally be made in the form of a credit on the customer's bill.
- 3) Customers may be required to submit supporting documentation for continuance of a variance at staff's discretion. Customers are encouraged to update allocation variables anytime.

B. Repairs and Maintenance

- 1) Customers may request a bill adjustment if they accrue any inefficient use charges within. Tiers 4 or 5 - due to leaks (indoor and outdoor), stuck valves, broken pipes, etc. The District will require an original sales receipt or invoice as proof that the repairs have been completed.
- 2) Adjustments will normally be made in the form of a credit on the customer's bill.
- 3) Customers are allowed to fill their pools once every 3 years for regular maintenance. The additional water used above their allocation will be billed at the Tier 2 rate.

II. Commercial Customers

1. ALLOCATIONS

- A. Commercial customers will be given an allocation based on a 3-year rolling average of each commercial customer's monthly use.
- B. New commercial customers who do not have a consumption history with the District will be billed at Tiers 1 and 2 for the first year.
- C. After the first year, new commercial customers will be billed as existing commercial customers and their allocation will be based on the first year's average use and will continue thereafter.
- D. Commercial customers are allowed to fill their pools once a year for regular maintenance. The additional water used above their allocation will be billed at the Tier 2 rate.

2. VARIANCES

A. General Information:

- 1) An approved variance will increase the base allocation - Conservation Tier 1 or Efficiency Tier 2 and will be determined on a case by case basis.
- 2) It is the responsibility of the customer to contact the District and request adjustments to the base allocation through a variance.
- 3) Relevant factors that could support a variance are additional employees, increased irrigated landscape area, expansion of production capacity, and new technology. Other circumstances may also support a variance.

B. Requirements:

- 1) A variance request form must be submitted to the Customer Service Department.
Variance forms can be picked up at the main office or downloaded from the District's website.
- 2) Additional documentation may be requested at the discretion of the District. The documentation will be for review only, and the District will not retain any copies of such additional documentation.
- 3) Once a variance request form has been received, a site survey may be conducted by District staff to verify the customer's request. The site survey will be at no charge to the customer.

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- 4) Written responses to variance form requests will be provided by the Customer Service Department.
- 5) In the event a variance request is denied, the request form may be resubmitted and reviewed by an appeal board composed of: Chairman of the Rate Review Committee, MNWD Board of Director and the General Manager. Decisions by the appeal board are final.

3. ADJUSTMENT OF CHARGES

A. Approved Variances

- 1) If a variance is approved, a retroactive adjustment to the customer's account can be made for a maximum of 60 days.
- 2) Adjustments will normally be made in the form of a credit on the customer's bill.
- 3) Customers may be required to submit supporting documentation for continuance of a variance at staff's discretion. Customers are encouraged to update allocation variables anytime.

B. Business Improvements, Repairs and Maintenance

- 1) Customers may request a bill adjustment if they accrue any inefficient use charges within Tiers 4 or 5 - due to leaks (indoor and outdoor), stuck valves, broken pipes, etc. The District will require an original sales receipt or invoice as proof that the repairs have been completed.
- 2) Requests for bill adjustments concerning expansion of production capacity, additional employees, new technology, adjustment to irrigated acreage, etc. may require verification by the District.
- 3) Adjustments will normally be made in the form of a credit on the customer's bill.
- 4) Commercial customers are allowed to fill their pools once a year for regular maintenance. The additional water used above their allocation will be billed at the Tier 2 rate.

III. Irrigation/Landscape Customers

1. ALLOCATIONS

- A. Irrigation customers will be given an allocation based on the actual irrigated acreage of each meter connection.

Formula: Landscaped Area (Square Footage) x ET (Evapotranspiration) x .8 (Plant Factor) x .62 (Conversion Factor) = Gallons.
Gallons ÷ 748 = Billing Units

- B. Irrigated acreage will be determined by the District's Geographic Information System, a site survey conducted by the District, measurements provided by the Landscape Certification Program, or by customer input.

2. VARIANCES

A. General Information:

- 1) An approved variance will increase the base allocation - Conservation Tier 1 and Efficiency Tier 2 - and will be determined on a case by case basis.
- 2) It is the responsibility of the customer to contact the District to adjust the square footage for each meter connection. Other circumstances may also support a variance.

B. Requirements:

- 1) A variance request form must be submitted to the Customer Service Department.
Variance forms can be picked up at the main office or downloaded from the District's website.
- 2) Additional documentation may be requested at the discretion of the District. The documentation will be for review only, and the District will not retain any copies of such additional documentation.
- 3) Once a variance request form has been received, a site survey may be conducted by District staff to verify the customer's irrigated square footage. The site survey will be at no charge to the customer.
- 4) Written responses to variance form requests will be provided by the Customer Service Department.
- 5) In the event a variance request is denied, the request form may be resubmitted and reviewed by an appeal board composed of: Chairman of the Rate Review Committee, MNWD Board of Director and the General Manager. Decisions by the appeal board are final.

3. ADJUSTMENT OF CHARGES

A. Approved Variances

- 1) If a variance is approved, a retroactive adjustment to the customer's account can be made for a maximum of 60 days.
- 2) Adjustments will normally be made in the form of a credit on the customer's bill.
- 3) Customers may be required to submit supporting documentation for continuance of a variance at staff's discretion. Customers are encouraged to update allocation variables anytime.

B. Improvements and Repairs

- 1) Customers may request a bill adjustment if they accrue any inefficient use charges within Tiers 4 or 5 - due to leaks, stuck valves, broken pipes, etc. The District will require an original sales receipt or invoice as proof that the repairs have been completed.
- 2) Requests for bill adjustments concerning changes to the irrigated acreage may require verification by the District.
- 3) Adjustments will normally be made in the form of a credit on the customer's bill.



Moulton Niguel Water District

STAFF REPORT

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

FROM: Ruth Zintzun, Finance Manager

SUBJECT: Rules and Regulations Revisions due to Omnibus Bill (AB 2747)

DIVISION: District-wide

SUMMARY:

Issue: Section 11.E of the District’s Rules and Regulations has been updated to comply with AB 2747.

Recommendation: It is recommended that the Board of Directors adopt the resolution entitled, “Amendment of Section 11.E of the District’s Rules and Regulations due to the Passage of an Omnibus Bill (Assembly Bill 2747)”.

Fiscal Impact: None.

BACKGROUND:

In September 2014, the noticing requirements that special districts must follow to terminate delinquent residential water accounts were substantially modified by the passage of omnibus bill Assembly Bill (AB) 2747 by the state Legislature. The changes took effect on January 1, 2015.

AB 2747 expands the termination notice requirements by mandating that the notice must be written in six specifically designated languages: English, Spanish, Chinese, Tagalog, Vietnamese, and Korean. In addition, AB 2747 requires that the District allow 15 days after the notice is mailed before terminating service, 10-days noticing time, and 5 days for mailing.

DISCUSSION:

In order to comply with the AB 2747 15-day noticing requirement, due dates on all District bills have been amended to accommodate the new notification timeline. As a

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Rules and Regulations Revisions due to AB 2747

March 18, 2015

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result, Section 11.E of the District's Rules and Regulations requires amendment to reflect this notification change.

The District has also updated its delinquent notice to include the six languages required by AB 2747.

Attachments:

1. Resolution 15-__, amendment of Section 11.E of the District's Rules and Regulations
2. Redlined Section 11.E of the District Rules and Regulations
3. Sample delinquent notice

ATTACHMENT 1

RESOLUTION NO. 15-___

**RESOLUTION OF THE BOARD OF DIRECTORS
OF MOULTON NIGUEL WATER DISTRICT
AMENDMENT OF SECTION 11.E OF THE DISTRICT’S RULES AND REGULATIONS
DUE TO THE PASSAGE OF AN OMNIBUS BILL (ASSEMBLY BILL 2747)**

WHEREAS, the Moulton Niguel Water District (“District”) is a California Water District organized and existing under the California Water District Law (California Water Code Section 34000 *et seq.*);

WHEREAS, Section 35423 and Section 35501 of the California Water Code empowers the District to prescribe and collect rates and other charges for water and recycled water service, and to establish, print and distribute equitable rules and regulations for the distribution of water and the provision of water and recycled water service;

WHEREAS, the Board of Directors of the District (“Board”), previously approved and adopted *Rules and Regulations of Moulton Niguel Water District for Water and Sewer Service*, which regulations have and may be amended from time to time (“*Rules and Regulations*”);

WHEREAS, the state Legislature passed an omnibus bill (Assembly Bill 2747), effective January 1, 2015, requiring that termination notices for delinquent water accounts must be written in six specifically designated languages and require 15-day advance notice of termination of service.

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

Section 1. The Board approves and adopts the revised Section 11.E of the Moulton Niguel Water District’s Rules and Regulations set forth in **Attachment 1** to this Resolution, attached hereto and by this reference incorporated herein. The General Manager, or her authorized designees, and Legal Counsel are directed to incorporate the terms of **Attachment 1** into the *Rules and Regulations*.

Section 2. The provisions of this Resolution shall be effective immediately upon adoption.

ADOPTED, SIGNED and **APPROVED** this 19th day of March, 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

Attachment 1

SECTION 11. - SERVICE CHARGES

E. Time and Manner of Payment of Bills

1. All bills and charges for water and sewer service hereunder shall be due and payable upon presentation and shall become delinquent if not paid by the due date shown on the bill. Additionally, the next month's bill will reflect current charges as well as any unpaid previous balance and any penalties or other charges due and owing.
2. If payment is not made by the due date shown on the bill, the water service may be disconnected. Service shall not be restored until all delinquent bills, plus a reconnect fee have been paid. Payment shall be made in person, by mail, or by credit card. A service charge will be applied to all payments made by credit card.
3. Discontinuance of service by reason of a delinquent bill shall not automatically constitute a revocation of service. However, such delinquency may be considered as sufficient reason for revocation of service in accordance with the provision of Section 5 of these Rules and Regulations.
4. Should a check for payment of service be returned from the bank for any reason, the customer of record will be notified and a fee, determined by the District, will be charged against the account(s) to which the check has been credited.
5. Customers with two returned checks within a twelve-month period, will be notified that future charges will not be allowed to be paid by check. Payments by cash, money order or credit card will be required. This cash-only basis will be enforced until the customer establishes a twelve-month period of on-time payments.
6. Customers that present an invalid check to avoid disconnection (after a late notice or service interruption), will be subject to disconnection of service.
7. A charge in an amount to be determined by the District shall be imposed for any damage to facilities (i.e., equipment, lock, ears on the angle stop, etc.).

ATTACHMENT 2

SECTION 11. - SERVICE CHARGES

E. Time and Manner of Payment of Bills

1. All bills and charges for water and sewer service hereunder shall be due and payable upon presentation and shall become delinquent if not paid by the due date shown on the bill thirty (30) days thereafter. ~~Such bills and charges shall be deemed to have been presented upon having been deposited in the United States mail, postage paid, addressed to the applicant, owner, or customer reflected in the records of District.~~ Additionally, the next month's bill will reflect current charges as well as any past due charges unpaid previous balance and any penalties or other charges due and owing.
2. If payment is not made ~~within thirty (30) days after presentation~~ by the due date shown on the bill, the water service may be ~~discontinued without further notice and disconnected~~. Service water shall not ~~again~~ be supplied restored until all delinquent bills, plus a reconnect fee ~~to be determined by the District~~, have been paid ~~to cover turn-on and turn-off costs~~. Payment shall be made in person, by mail, or by credit card. A service charge will be applied to all payments made by credit card.
3. Discontinuance of service by reason of a delinquent bill shall not automatically constitute a revocation of ~~permit~~ service. However, such delinquency may be considered as sufficient reason for revocation of ~~permit~~ service in accordance with the provision of Section 5 of these Rules and Regulations.
4. Should a check for payment of service be returned from the bank for any reason, the customer of record will be notified and a fee, determined by the District, will be charged against the account(s) to which the check has been credited.
5. Customers with two returned checks within a twelve-month period, will be notified that future charges will not be allowed to be paid by check. Payments by cash, money order or credit card will be required. This cash-only basis will be enforced until the customer establishes a twelve-month period of on-time payments.
6. Customers that present an invalid check to avoid disconnection (after a ~~tag~~ late notice or ~~seal~~ service interruption), will be subject to immediate disconnection of service.

7. A charge in an amount to be determined by the District shall be imposed for any damage to facilities (i.e., equipment, lock, ears ~~to the meter~~ on the angle stop, etc.).

ATTACHMENT 3

Notice of Pending Service Interruption

Water service to the noted service address will be terminated in 15 days because the amount due on the water service account has not be paid. To avoid service interruption, the full amount must be paid. If service is interrupted for non-payment, it will be restored only after the customer pays the balance. The customer will be charged a reconnect fee of \$35 during normal business hours or \$50 after hours. The customer may request a payment arrangement prior to service interruption.

If you are a tenant at this address and your service is individually metered or meets other requirements, you have the right to be responsible for your own water service in accordance with the requirements of law. If you wish to start new service as a tenant you can do so without paying the delinquent amount due from the landlord, manager, or agent of the residence, if you provide verification that the delinquent account holder is or was the landlord, manager, or agent of the residence. Verification may include but is not limited to, a lease or rental agreement, rent receipts, or a government document indicating you are renting the property.

To request a payment arrangement, please call Moulton Niguel Water District at (949) 831-2500 during normal business hours, Monday – Friday 8 am to 5 pm.

Aviso de interrupción por servicio pendiente de pago

El servicio de agua a la dirección de servicio indicada finalizará dentro de 15 días porque el importe adeudado a la cuenta del servicio de agua no ha sido pagado. Para evitar la interrupción del servicio, se debe abonar el importe total. En caso de interrupción del servicio por falta de pago, se restaurará solo después de que el cliente abone el saldo. También se le cobrará al cliente un cargo de reconexión de \$35 durante el horario de atención habitual o de \$50 fuera del horario de atención habitual. El cliente puede solicitar un acuerdo de pago antes de la interrupción del servicio.

Si usted renta esta propiedad y la medición de su servicio se realiza de forma individual o cumple con otros requisitos, usted tiene el derecho de ser responsable de su propio servicio de agua, de conformidad con lo establecido por la ley. Si usted desea comenzar un nuevo servicio como inquilino, puede hacerlo sin pagar el importe adeudado por parte del propietario, del administrador o del agente de la residencia, si comprueba que el titular de la cuenta morosa es o fue el propietario, el administrador o el agente de la residencia. La comprobación puede incluir, sin carácter excluyente, un contrato de alquiler/arrendamiento, recibos de renta o un documento del gobierno que indique que usted está rentando la propiedad.

Para solicitar un acuerdo de pago, llame al Moulton Niguel Water District al teléfono (949) 831-2500 durante el horario de atención habitual, de lunes a viernes de 8 a. m. a 5 p. m.

서비스 중단 임박 통지

이 상수도 계정의 요금 미납되었기 때문에 명기된 서비스 주소에의 수도물 공급이 15일 이내에 중단될 것입니다. 서비스 중단을 피하려면 잔액을 전액 납부하셔야 합니다. 미납으로 인해 서비스가 중단되는 경우 고객이 잔액을 모두 지불해야만 서비스가 재개됩니다. 또한 고객에게는 정상 업무시간 중은 35달러, 그 외의 시간 중에는 50달러의 재연결 수수료가 부과됩니다. 고객은 서비스가 중단되기 전에 지불 약정을 요청하실 수 있습니다.

귀하가 이 주소의 세입자이고 별도의 계량기를 가지고 있는 경우, 또는 기타 요건에 부합되는 경우에는 법의 요구사항에 따라 자신 고유의 상수도 서비스에 대해 책임질 권리가 있습니다. 원하실 경우, 연체 계정의 소유주가 이 집주인이나 매니저 또는 해당 주거지의 대리인이라는 증거를 제시하면 집주인이나 매니저 또는 해당 주거지 대리인의 연체 금액을 납부하지 않고 세입자로서의 새로운 서비스를 시작하실 수 있습니다. 증거에는 임대차 계약서, 집세 영수증, 또는 귀하가 그 부동산을 임대하고 있음을 나타내는 정부 발행 서류 등이 포함됩니다.

지불 약정을 요청하시려면 정상 업무 시간 중 (월-금요일 오전 8시 – 오후 5시) 몰튼 니구엘 상수 지구 (Moulton Niguel Water District)에 전화 하십시오. 전화번호: (949) 831-2500.

Abiso sa Nakaambang Pagkawala ng Serbisyo

Ang serbisyo ng tubig sa nakasulat na address ay mapuputol sa loob ng 15 araw dahil hindi nabayaran ang halagang nakatakdang bayaran sa account ng serbisyo ng tubig. Upang maiwasan ang pagkawala ng serbisyo, kailangang bayaran ang buong halaga. Kapag naputulan ng serbisyo dahil sa hindi pagbabayad, maibabalik lang ito kapag nabayaran na ng customer ang balanse. Ang customer ay sisingilin ng reconnect fee na \$35 kapag normal na oras ng trabaho o \$50 kapag lampas na. Maaaring humiling ng pakikipag-areglo sa bayaran ang customer bago maputulan ng serbisyo.

Kung ikaw ay nangungupahan sa address na ito at ang ang tubig niyo ay may sari-sariling metro o pasok sa iba pang hinihingi, may karapatan kang maging responsable sa iyong sariling serbisyo ng tubig sang-ayon sa hinihingi ng batas. Kung nais mong magsimula ng bagong serbisyo bilang nangungupahan, maaari mo itong gawin nang hindi binabayaran ang utang ng may-ari, tagapamahala, o ahente ng bahay, kung magbibigay ka ng pagpapatunay na ang may-ari ng delingkwenteng account ay ang may-ari, tagapamahala, o ahente ng bahay. Ang pagpapatunay ay maaaring kabilangan ngunit hindi limitado sa, kasunduan ng pagpapaupa, resibo ng mga renta, o dokumento mula sa gobyerno na nagsasabi na inuupahan mo ang bahay.

Upang humiling ng pakikipag-areglo sa bayaran, mangyaring tumawag sa Moulton Niguel Water District sa (949) 831-2500 sa oras ng trabaho, Lunes-Biyernes 8am hanggang 5am.

Thông Báo Về Dịch Vụ Nước Sẽ Bị Ngưng

Dịch vụ nước của địa chỉ ghi trong đây sẽ bị cắt trong vòng 15 ngày bởi vì trạng mục này nợ tiền nước không chịu thanh toán. Muốn không bị cắt nước, xin vui lòng thanh toán hết số tiền nợ. Một khi dịch vụ bị cắt do không trả tiền, nếu muốn có nước để sử dụng trở lại khách hàng phải trả hết tiền nợ. Khách hàng sẽ phải trả \$35 lệ phí nối lại dịch vụ nếu trong giờ làm việc bình thường hoặc \$50 sau giờ làm việc. Khách hàng có thể yêu cầu sắp xếp cho trả góp trước khi dịch vụ bị cắt.

Nếu quý vị là người thuê nhà tại địa chỉ này và dịch vụ nước của quý vị là đồng hồ riêng hoặc đáp ứng những đòi hỏi khác quý vị có quyền chỉ chịu trách nhiệm cho dịch vụ nước của riêng quý vị mà thôi chiếu theo những đòi hỏi của luật. Nếu quý vị muốn bắt đầu dịch vụ mới trong tư cách là người thuê nhà quý vị có thể làm mà không phải trả số tiền nợ bị thiếu của chủ nhà, người quản lý, hoặc người đại diện của khu nhà quý vị, nếu quý vị có bằng chứng để xác minh rằng số nợ của người đứng tên trong trạng mục là hoặc của người chủ nhà, người quản lý, hoặc người đại diện của khu nhà quý vị. Giấy xác minh có thể bao gồm nhưng không giới hạn trong, hợp đồng thuê nhà dài hạn hoặc ngắn hạn, biên nhận đóng tiền thuê nhà, hoặc chứng từ của chính quyền nêu rõ quý vị là người thuê nhà.

Muốn yêu cầu trả góp, xin gọi cho Moulton Niguel ở Sở Thủy Cục số (949) 831-2500 trong giờ làm việc bình thường, từ thứ Hai đến thứ Sáu, từ 8 giờ sáng đến 5 giờ chiều.

待决停水通知

由于账户欠费，本通知所述地址的供水将于15天内中断。为了避免停水，必须全额支付欠费金额。如果由于欠费而导致停水，则只有在客户支付欠费金额之后才能恢复供水服务。并且，客户将需支付重新连接费用：正常工作时间收费为35美元，而非工作时间收费为50美元。在停水之前，客户可以要求一次付款安排。

如果您是本地地址的一名租户并且您的供水服务独立计量或满足其他要求，您有权按照法律的要求独立为您自己的供水服务负责。如果您提供证明文件证实本欠费账户持有人为房东、住宅管理者或代理，那么，如果您希望作为一名租户启用新的供水服务，您可以无需支付房东、住宅管理者或代理的欠费金额即可启用新的供水服务。证明文件可包括但不限于：出租或租赁协议、租金收据或者一份表明您正在租赁该房屋的政府文件。

如需要求付款安排，请在星期一至星期五的正常工作时间（上午8点至下午5点）致电Moulton Niguel Water District供水辖区：(949) 831-2500。



Moulton Niguel Water District

STAFF REPORT

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

FROM: Matt Collings, Assistant General Manager
Doug Zytkevicz, Superintendent of Customer Service

SUBJECT: Rebate Applications for Turf Removal and Synthetic Turf

DIVISION: District-wide

SUMMARY:

Issue: The District has received several requests for 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 applications. 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. On February 19, 2015, the District reduced the supplemental funding for turf removal on recycled water use sites to \$0.75 per square foot.

#9.

Rebate Applications for Turf Removal and Synthetic Turf

March 18, 2015

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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 2.2 million square feet of turf removal and more than 600,000 square feet of synthetic turf installation. The District has received thirteen (13) additional requests from customers to remove nearly than 1.4 million square feet of turf and install nearly 15,000 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 #55969	1,293	1,293	\$ 3,879
Resident – Acct #58634	1,443	1,443	\$ 4,329
Resident – Acct #58597	4,953	4,953	\$ 14,859
Resident – Acct #8-15042-3	2,030	1,154	\$ 4,776
Resident – Acct #14993	2,996	2,996	\$ 8,988
Resident – Acct #1-23573-3	1,400	NA	\$ 2,100
Resident – Acct #1-31524-6	3,035	NA	\$ 4,553
Resident – Acct #10681	1,279	1,279	\$ 3,837
Resident – Acct #8-12146-1	1,750	1,750	\$ 5,250
Resident – Acct #58298	1,582	NA	\$ 2,373
Resident – Acct #31456	1,560	NA	\$ 2,340
Niguel Villas HOA	53,500	NA	\$ 80,250
Mission Viejo Country Club (30.1 acres)	1,311,156	NA	\$ 1,966,734
Total	1,387,977	14,868	\$2,104,268

The values provided 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

Rebate Applications for Turf Removal and Synthetic Turf

March 18, 2015

Page 3 of 3

Fund. A summary of the fund balance, anticipated expenditures, adopted budget, and proposed additional rebate requests is provided below. The Mission Viejo Country Club is a recycled water use site. They submitted the rebate application and exemption prior to the reduction of the supplemental funding level, and have requested consideration up to the \$1.50 per square foot supplemental funding.

Water Use Efficiency Fund	
Balance (as of 6/30/14)	\$6,691,089
Fiscal Year 2014-2015 Expenditures:	
Administration	\$530,325
Realized Rebate and Outreach (as of 2/28/15)	\$1,688,753
Projected Rebates	\$1,449,857
Proposed New Turf Removal Projects	\$2,104,268
Subtotal of Expenditures	\$5,773,203
Fiscal Year 2014-2015 Revenues:	
Realized Revenue (as of 2/28/15)	\$3,284,386
Projected Revenue	\$1,000,000
Investment Income	\$120,000
Subtotal of Revenues	\$4,404,386
Projected Balance (as of 6/30/15)	\$5,322,272

As a condition for the rebate, all of the projects are required to be completed within the next 12 months. The timing of the Mission Viejo Country Club project is expected to occur during Fiscal Year 2015-16. The remainder of the projects are anticipated to occur this fiscal year. Staff is recommending the Board remove the maximum allowable acreage to allow the General Manager or her designee to consider each application based on the overall project objectives, various funding sources, and current available budget for rebate funding. 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.

Staff is proposing that the cap limitations be removed for a period of one year, during which each entity would complete the defined projects. If a project is not completed within that time frame, a new application may be submitted and considered.

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the seven months ended January 31, 2015, as compared to the seven months ended January 31, 2014, 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 seven months compared to the budget. This report shows how actual expenses compared to the adopted budget through the first seven 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 \$32.2 million, or 61% of the annual \$53.0 million budget. Operating expenses were \$38.8 million, or 57% of the annual \$67.7 million budget.

Non-operating revenues are approximately at 70% of budget for the Fiscal Year due to the receipt of property tax revenue and a 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 January 31, 2015, compared to the balances at fiscal year ended June 30, 2014. Overall, assets were about \$0.6 million lower than at June 30, 2014, primarily due to a decrease in restricted current cash and investments as a result of the expenditure of project funds. Liabilities have decreased by approximately \$11.8 million since June 30, 2014, due to debt service payments. As a result, the District's net position increased by approximately \$10.9 million for the month ending January 31, 2015, compared to fiscal year ending June 30, 2014.

Revenues

Total revenues for the seven months ended January 31, 2015 were \$57.0 million, approximately \$4.9 million more than from January 31, 2014, 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 January 31, 2015, were \$32.2 million, a decrease of \$0.4 million compared to January 31, 2014.

Expenses

Total expenses for the seven months ended January 31, 2015, were \$51.2 million, an increase of \$2.4 million or 5.0% as compared to \$48.8 million on January 31, 2014. Total operating expenses were \$36.3 million, an increase of \$1.7 million from last year. Other operating expenses for the seven months ended January 31, 2015, were \$11.4 million, an increase of \$1.3 million compared to \$10.1 million on January 31, 2014. Other non-operating expenses for the seven months ended January 31, 2015, totaled \$3.5 million, a decrease of approximately \$0.6 million or 14.5% compared to \$4.1 million on January 31, 2014.

#11.a.

MOULTON NIGUEL WATER DISTRICT Summary of Financial Results

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 January 31, 2015, 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 \$8.8 million since June 30, 2014, due to property tax receipts. Restricted fund balances are \$6.7 million, a decrease of \$2.5 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
Seven Months Ended January 31, 2015

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	\$ 32,211,125	\$ 20,822,375	61%
Operating Expenses	67,653,553	38,765,240	28,888,313	57%
Operating Income (Loss)	(14,620,053)	(6,554,116)	(8,065,937)	45%
Non-Operating Revenues (Expenses)	32,449,771	22,605,189	9,844,582	70%
Total Change in Funds	\$ 17,829,718	\$ 16,051,074	\$ 1,778,644	90%
<u>GENERAL FUND:</u>				
Operating Revenues	\$ 49,683,500	\$ 29,083,057	\$ 20,600,443	59%
Operating Expenses	63,991,103	35,830,064	28,161,039	56%
Operating Income (Loss)	(14,307,603)	(6,747,007)	(7,560,597)	47%
Non-Operating Revenues (Expenses)	32,329,771	22,429,360	9,900,411	69%
Change in General Fund	\$ 18,022,168	\$ 15,682,354	2,339,814	87%
<u>WATER EFFICIENCY FUND:</u>				
Operating Revenues	\$ 3,350,000	\$ 3,128,067	221,933	93%
Operating Expenses	3,662,450	2,935,176	727,273	80%
Operating Income (Loss)	(312,450)	192,891	(505,341)	-62%
Non-Operating Revenues (Expenses)	120,000	175,829	(55,829)	147%
Change in Water Efficiency Fund	\$ (192,450)	\$ 368,720	(561,170)	-192%

Moulton Niguel Water District
General Fund - Budget Comparison Report
Seven Months Ended January 31, 2015

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	\$ 15,845,295	\$ 11,479,705	58%
Recycled Water Sales	4,725,000	3,020,949	1,704,051	64%
Sewer Sales	17,150,000	9,999,732	7,150,268	58%
Other Operating Income	483,500	217,082	266,418	45%
Total Operating Revenue	49,683,500	29,083,057	20,600,443	59%
<u>Operating Expenses</u>				
Salaries	9,550,317	5,494,799	4,055,518	58%
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	14,130	37,590	27%
Travel & Meetings	251,034	92,175	158,859	37%
Employee Relations	14,800	6,572	8,228	44%
General Services	402,776	231,612	171,164	58%
Annual Audit	40,000	39,915	85	100%
Member Agencies O&M	1,231,370	853,027	378,343	69%
Dues & Memberships	93,968	64,098	29,870	68%
Election Expenses	150,000	10,173	139,827	7%
Consulting Services	1,602,900	503,434	1,099,467	31%
Equipment Rental	65,000	34,987	30,013	54%
District Fuel	340,000	137,031	202,969	40%
Insurance - District	576,151	304,346	271,805	53%
Insurance - Personnel	468,100	227,906	240,193	49%
Insurance - Benefits	2,360,333	1,289,886	1,070,448	55%
Legal Services - Personnel	50,000	854	49,146	2%
Legal Services - General (See Footnote 1)	170,000	86,593	83,407	51%
District Office Supplies	499,900	289,359	210,541	58%
District Operating Supplies	315,850	155,453	160,397	49%
Repairs & Maintenance - Equipment	867,287	362,110	505,177	42%
Repairs & Maintenance - Facilities	3,550,995	1,477,319	2,073,676	42%
Safety Program & Compliance Requirements	285,250	89,936	195,314	32%
SOCWA	8,450,820	6,118,011	2,332,809	72%
Special Outside Assessments	230,300	24,296	206,004	11%
Utilities	2,126,000	1,323,686	802,314	62%
Water Purchases	27,976,295	15,724,364	12,251,931	56%
Meter / Vault Purchases	868,000	305,262	562,738	35%
Total Operating Expenses	63,991,103	35,830,064	28,161,039	56%
Operating Income (Loss)	(14,307,603)	(6,747,007)	\$ (7,560,597)	47%
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	21,848,500	13,483,265	\$ 8,365,235	62%
Investment Income	2,973,207	1,129,184	1,844,023	38%
Cellular Lease Income	1,740,000	995,332	744,668	57%
Misc. Non-Operating Income	5,768,064	6,821,579	(1,053,515)	118%
Total Non-Operating Revenue (Expenses)	32,329,771	22,429,360	9,900,411	69%
Change in General Fund	\$ 18,022,168	\$ 15,682,354	\$ 2,339,814	87%

Footnote 1: Legal Services include services provided by Bowie, Arneson, Wiles & Giannone - \$49,283.50, Downey Brand LLP - \$2,469.97 and Best Best & Krieger LLP - \$34,839.14.

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Seven Months Ended January 31, 2015

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	\$ 3,128,067	\$ 221,933	93%
Total Operating Revenue	3,350,000	3,128,067	221,933	93%
<u>Operating Expenses</u>				
Salaries	326,918	167,627	159,291	51%
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	3,616	515	88%
Insurance - Benefits	75,900	38,235	37,665	50%
District Office Supplies	77,810	33,344	44,466	43%
Water Efficiency*	3,132,124	2,676,822	455,302	85%
Total Operating Expenses	3,662,450	2,935,176	727,273	80%
Operating Income (Loss)	(312,450)	192,891	(505,341)	-62%
<u>Non-Operating Revenue</u>				
Investment Income	120,000	175,829	(55,829)	147%
Total Non-Operating Revenue	120,000	175,829	\$ (55,829)	147%
Change in Water Efficiency Fund	\$ (192,450)	\$ 368,720	\$ (561,170)	-192%

* Committed - includes Board approved projects

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	<u>(Unaudited)</u> <u>January 31, 2015</u>	<u>(Audited)</u> <u>June 30, 2014</u>
CURRENT ASSETS:		
Cash and investments	\$ 38,182,706	\$ 33,152,442
Restricted cash and investments with fiscal agent	16,813,047	22,445,383
Accounts receivables:		
Water and sanitation charges	4,421,062	5,555,769
Taxes and acreage assessments	-	355,126
Other accounts receivable	174,420	232,218
Interest receivable	740,147	704,810
Current portion of AMP receivable	1,302	23,663
Inventory	1,723,608	1,511,749
Prepaid expenses	588,989	302,644
	<u>62,645,280</u>	<u>64,283,804</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Investments	113,223,822	111,989,559
Retrofit loans receivable	608,698	629,243
AMP Receivable	-	43,830
Net pension asset (CalPERS sidefund payoff)	3,347,883	2,945,897
Capital assets, net of accumulated depreciation	342,466,940	350,982,233
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	22,748,180	14,785,817
	<u>483,487,434</u>	<u>482,468,489</u>
TOTAL NONCURRENT ASSETS		
TOTAL ASSETS	<u>546,132,714</u>	<u>546,752,293</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	871,495	1,136,314
	<u>871,495</u>	<u>1,136,314</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 547,004,209</u>	<u>\$ 547,888,607</u>

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited)		(Audited)
	January 31, 2015		June 30, 2014
CURRENT LIABILITIES:			
Accounts payable	\$ 4,127,748	\$	6,932,494
Interest payable	2,425,409		2,133,231
Compensated absences	496,111		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>18,569,863</u>		<u>18,714,299</u>
 LONG-TERM LIABILITIES			
Compensated absences	165,370		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>97,678,318</u>		<u>109,011,257</u>
 Bond Discount/Premium	1,536,971		1,884,190
TOTAL LIABILITIES	<u>117,785,152</u>		<u>129,609,745</u>
 NET POSITION:			
Net investment in capital assets	277,812,529		269,994,246
Restricted for capital projects and GOB Refunding	1,507,191		931,603
Unrestricted	<u>149,899,337</u>		<u>147,353,013</u>
TOTAL NET POSITION	<u>429,219,057</u>		<u>418,278,862</u>
 TOTAL LIABILITIES AND NET POSITION	 \$ <u><u>547,004,209</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)	
	Seven Months Ended January 31,	
	2015	2014
Operating Revenues:		
Water Sales	\$ 15,845,295	\$ 16,413,982
Recycled Water Sales	3,020,949	3,019,991
Sewer Sales	9,999,732	10,232,411
WBBRS Efficiency Funds	3,128,067	2,705,895
Other Operating Income	217,082	236,162
Total Operating Revenues	32,211,125	32,608,442
 Non-Operating Revenues:		
Investment Income *	3,408,737	1,545,800
Property Tax Revenue	13,483,265	12,776,331
GOB Assessment	2,675,495	3,539,291
Other Non-Operating Revenues	5,264,199	1,699,006
Total Non-Operating Revenues	24,831,697	19,560,428
 TOTAL REVENUES	57,042,822	52,168,870
 Operating Expenses:		
Water Purchases	15,724,364	16,152,667
Meter Purchases	305,262	289,326
Operating Supply and Maintenance	2,256,835	2,215,731
Salaries and Benefits	6,480,409	5,746,457
Election Expenses	10,173	-
Professional Services	630,795	353,776
Member Agencies O&M	853,027	437,964
Insurance	1,863,988	1,899,591
SOCWA	6,118,011	5,660,024
Utilities	1,323,686	1,252,564
General, Administrative, and Other	756,323	583,336
Total Operating Expenses	36,322,874	34,591,435
 Other Operating Expenses:		
Depreciation and Misc. Operating Revenue	9,825,162	9,657,185
Water Efficiency	1,626,620	488,446
Total Other Operating Expenses	\$ 11,451,782	\$ 10,145,631

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

	(Unaudited)	
	Seven Months Ended January 31,	
	2015	2014
Non Operating Expenses:		
Interest Expense	\$ 3,536,958	\$ 3,865,647
Amortization and Misc. Non-Operating Expense	(76,263)	181,789
Total Non Operating Expenses	3,460,695	4,047,437
TOTAL EXPENSES	51,235,352	48,784,503
Capital Contributions:		
Connection Fees	542,879	143,506
Donated Facilities	-	-
Contributed Revenue	4,589,847	-
Total Capital Contributions	5,132,726	143,506
CHANGE IN NET POSITION	\$ 10,940,196	\$ 3,527,873
Net Position, Beginning	\$ 418,278,862	\$ 411,940,088
Change in Net Position	10,940,196	3,527,873
Net Position, Ending	\$ 429,219,058	\$ 415,467,961

Note: Totals may not sum due to rounding.

** Investment income is comprised of realized income of \$1,824,296.76 and unrealized income of \$1,584,440.49*

**MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF JANUARY 31, 2015**

	(Audited) Balance 6/30/2014	Net Change	(Unaudited) Balance 1/31/2015
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ 615,715	\$ -	\$ 615,715
2003 COPS Trust Reserve	2,514,893	(10,435)	2,504,458
2009 COPS Trust Reserve	6,032,816	(9,939)	6,022,877
2009 COPS Project Fund	12,385,581	(5,611,833)	6,773,748
2010 COPS Trust Reserves	896,263	(14)	896,249
2014 Refunding Bonds	115	(115)	0
Total Restricted Trust Accounts	<u>\$ 22,445,385</u>	<u>\$ (5,632,337)</u>	<u>\$ 16,813,047</u>

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
UNRESTRICTED AND RESTRICTED FUND BALANCES
AS OF JANUARY 31, 2015

	(Audited)		(Unaudited)	
	Balance		Balance	Reserve Policy
	6/30/2014	Net Change	1/31/2015	Target
<u>Unrestricted Fund Balances:</u>				
Designated for Self Insurance Reserves	\$ 1,293,508	\$ (1,036,830)	\$ 256,678	\$ 250,000
Designated for Water Efficiency (WBBRS) ¹	6,691,089	1,410,913	8,102,002	n/a
Designated for Replacement and Refurbishment	27,397,177	(11,755,735)	15,641,442	17,061,912
Designated for Water Supply Reliability	4,886,211	(1,347,773)	3,538,438	n/a
Designated for Planning and Construction	29,730,932	(24,619)	29,706,313	n/a
Designated for Rate Stabilization	9,815,536	1,248,458	11,063,994	11,055,461
Designated for Emergency Reserve	-	6,884,925	6,884,925	6,884,925
Unrestricted, undesignated ²	56,084,280	13,414,130	69,498,410	20,262,901
Total Unrestricted Fund Balance	135,898,733	8,793,469	144,692,202	55,515,199 ³
<u>Restricted Fund Balances:</u>				
Restricted 2014 GOB Consolidated Refunding	8,311,666	(3,104,531)	5,207,135	
Restricted for Capital Facilities (Projects)	931,602	575,588	1,507,191	
Total Restricted Fund Balance	9,243,269	(2,528,943)	6,714,326	
Total Unrestricted and Restricted Fund Balance	\$ 145,142,002	\$ 6,264,526	\$ 151,406,528	

Note: Totals may not sum due to rounding.

1. In addition to realized expenditures, there is \$1,009,857 in project commitments, bringing the available fund balance to \$7,092,145.
2. Unrestricted, undesignated funds include the General Operating Reserve as well as the regular District cash flows.
3. 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 FEBRUARY 2015**

Summary of Disbursements in February 2015:

General Fund Disbursements		5,996,206
<u>Restricted Fund Disbursements:</u>		
Self Insurance Fund	600	
WBBRS Efficiency Fund	111,992	
Replacement & Refurbishment Fund	2,350,069	
Water Supply Reliability Fund	1,875	
Planning & Construction Fund	102,634	
CIEDB LOAN	178,809	
2003 COPS REFUNDING	363,000	
2009 COP DEBT SERVICE	2,049,473	
2010 COPS (93 REFUNDING)	111,056	
2014 GOB (03 REFUNDING)	336,600	5,606,108
Total Disbursements for all Funds		\$ 11,602,314

Detail of Major Expenditures in February 2015:

1. SOCWA		
FY 2014/15 3rd QTR Capital Project Billings		1,639,003
2. Municipal Water District of Orange County (MWDOC)		
December Water Purchases 1,489.50 AF	1,326,400	
November Reclaimed Rebate 492.90 AF	(75,907)	
December Capacity Charge	29,362	
December Readiness to Serve	162,769	
December SCP Operation Surcharge	7,319	1,449,943
3. J. Colon Coatings, Inc.		
C# 2013.001 East Aliso Creek Recoat, progress payments #3 & #4		360,423
4. Schuler Engineering Corporation		
C# 2012.021 Regional LS Pump Replacement		190,633
5. Santa Margarita Water District		
FY 2014/15 Quarterly O&M Expense		129,214
6. Sanders Paving, Inc.		
On-Call Asphalt Services		114,021
7. South Coast Water District/JRWSS		
FY 2014/15 Quarterly O&M JRWSS		112,567

