



moulton niguel water district

FINANCE & INFORMATION TECHNOLOGY

BOARD OF DIRECTORS' MEETING

MOULTON NIGUEL WATER DISTRICT

27500 La Paz Road, Laguna Niguel

April 20, 2016

8:30 AM

Approximate Meeting Time: 2 Hours

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE MARCH 16, 2016 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.

DISCUSSION ITEMS

4. Amendment No. 2 to the Consulting Services Agreement – Orange Label
5. Server Equipment Purchase for Fiscal Year 2015-16
6. Rebate Applications for Turf Removal

INFORMATION ITEMS

7. Monthly Financial Report
 - a. Summary of Financial Results
 - b. Budget Comparison Report
 - c. Statement of Net Position
 - d. Restricted Cash and Investments with Fiscal Agent
 - e. Net Position

- f. Summary of Disbursements March 2016
- 8. Water Usage Update
- 9. Outreach Update
- 10. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
- 11. Late Items (Appropriate Findings to be Made)
 - a. Need to take immediate action; and
 - b. Need for action came to District's attention after Agenda Posting. [Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

ADJOURNMENT

The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 831-2500 at least forty-eight (48) hours prior to the scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least forty-eight (48) hours prior to the scheduled meeting.

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



moulton niguel water district

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

March 16, 2016

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 March 16, 2016. 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

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Marc Serna	Director of Engineering & Operations
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Trevor Agrelius	MNWD
Drew Atwater	MNWD
Johnathan Cruz	MNWD
Eva Plajzer	MNWD
Carole Wayman-Piascik	MNWD
Michael Bell	Michael Bell Consulting, Inc.
Roger Alfaro	Vavrinek, Trine, Day & Company, LLP

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1. CALL MEETING TO ORDER

The meeting was called to order by Brian Probolsky at 8:34 a.m.

2. APPROVE THE MINUTES OF THE FEBRUARY 17, 2016 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY GARY KURTZ, MINUTES OF THE FEBRUARY 17, 2016 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, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

3. PUBLIC COMMENTS

None.

DISCUSSION ITEMS

4. Agreement for Independent Audit Services

Joone Lopez gave a brief introduction of the item. Trevor Agrelius provided details on the proposed agreement with Vavrinek, Trine, Day & Company, LLP for Independent Auditing Services. Discussion ensued regarding the agreement.

5. Rebate Applications for Turf Removal

Drew Atwater presented the Turf Removal Rebate Application.

INFORMATION ITEMS

6. Monthly Financial Report

Trevor Agrelius presented the Monthly Financial Report.

7. Municipal Water District of Orange County Rate Study

Matt Collings and Johnathan Cruz provided information on the Municipal Water District of Orange County (MWDOC) Rate Study. Staff will provide written comments to MWDOC.

8. Restricted Reserves Update

Drew Atwater provided an update on the restricted reserves.

9. Budget Update

Johnathan Cruz presented the budget update. Key topics covered were the fiscal year 2016-17 budget goals, the framework that has been developed to integrate budgeting and financial planning efforts, and the timeline for the remainder of the budget process.

10. Water Usage Update

Drew Atwater provided a water usage update.

11. Outreach Update

Richard Fiore and Joone Lopez provided an outreach update.

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

Richard Fiore proposed a desalination update at a future meeting. Staff informed the Board that this will be addressed at the upcoming Board workshop.

Duane Cave left at 11:01 a.m.

13. Late Items (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT

The meeting was adjourned at 11:11 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary



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STAFF REPORT

TO: Board of Directors **MEETING DATE:** April 20, 2016

FROM: Matt Collings, Assistant General Manager

SUBJECT: Amendment No. 2 to the Consulting Services Agreement – Orange Label

DIVISION: District-Wide

SUMMARY:

Issue: Additional consulting services are required to provide strategic outreach and marketing services on behalf of the District.

Recommendation: It is recommended that the Board of Directors approve Amendment No. 2 to the Consulting Services Agreement with Orange Label for an amount not-to-exceed \$145,133 for a total contract amount of \$219,508; and authorize the General Manager to execute Amendment No. 2.

Fiscal Impact: Sufficient funds are included in the current Fiscal Year 2015-16 Operations Budget and will be included in the proposed Fiscal Year 2016-17 Operations Budget that will be presented to the Board of Directors for consideration.

BACKGROUND:

The District has identified customer outreach as a priority goal for Fiscal Year 2015-16, especially in light of the current drought and state mandated regulations. The District entered into a contract with Orange Label on August 25, 2015 to develop a comprehensive marketing strategy and support the on-going communication needs during the drought. The contract for those services was \$74,375 and included marketing strategy support, digital campaign development and brand research and positioning. An amendment to that contract was executed in late 2015 modifying the scope of work to include logo design and development of a brand identity style guide. Additionally, the scope included development of an integrated communications platform and marketing execution strategy.

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Amendment No. 2 to the Consulting Services Agreement – Orange Label

April 20, 2016

Page 2 of 2

Orange Label has completed all of the deliverables associated with the initial contract and amendment No. 1 that have been authorized by the District. The District has authorized work under the contract totaling \$71,430.

DISCUSSION:

As noted above, the scope of work completed by Orange Label included an integrated communications platform and marketing executing strategy. The outcome of this strategy was based on feedback obtained during the course of the Orange Label engagement, which included customer survey, feedback from the Board Members and industry expertise. The proposed strategy provides a six-month calendar for consistent integrated messaging intended to have the most effective outcomes for communicating to the District's customers. The attached Table No. 1 identifies the marketing and advertising calendar for the next six months and includes:

- Advertisements in the Orange County Register (local and Sunday edition)
- Direct customer marketing using bill inserts, electronic newsletters and e-mail blasts
- Digital marketing primarily via Facebook advertising
- Social media platforms, i.e. Facebook and LinkedIn
- Event Marketing
- Website Support

The proposed marketing strategy was reviewed by District staff and discussed in detail with the Outreach Ad-Hoc committee. The advantage of these strategies, particularly the digital and social media campaigns, is the District will have the ability to analyze the impact these platforms have on reaching its customers with the available analytic tools associated with these programs.

Orange Label has prepared the attached scope of work (Amendment No. 2) to assist the District in implementation of the proposed marketing strategy. The proposed scope of work includes the costs for media development and placement, social media strategy and management, specific project artwork development, support of the website development. In addition to the costs associated with the execution of the various components, Orange Label will provide overall strategic marketing management which will include a monthly analysis of the effect the communication components have at reaching the District's customers. The total value of Amendment No. 2 is \$145,133 for a six-month contract extension.

Attachments:

1. Original Agreement: executed August 25, 2015
2. Amendment No. 1
3. Amendment No. 2

**AGREEMENT FOR CONSULTING SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
ORANGE LABEL ART AND ADVERTISING, INC.
AGREEMENT NO. OM15-16.018**

THIS AGREEMENT (the "Agreement") is dated as of August 25, 2015 (the "Effective Date"), by and between Orange Label Art and Advertising, Inc., hereinafter referred to as the "CONSULTANT" and Moulton Niguel Water District hereinafter referred to as "MNWD," and provides for the furnishing of consulting services to MNWD by CONSULTANT. MNWD and CONSULTANT may sometimes be referred to in this Agreement individually as "party" and together as "parties."

RECITALS

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

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

AGREEMENT

SECTION I - CONSULTING SERVICES

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

SECTION II – SCOPE OF SERVICES AND PERFORMANCE

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

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

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

Section 2.4 MNWD may request or CONSULTANT may recommend, that CONSULTANT

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

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

Section 2.6 CONSULTANT's manager in charge of the Services is Rochelle Reiter/Michelle Torr.

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

Section 2.8 MNWD shall make available to CONSULTANT, at no cost, all information reasonably required by CONSULTANT and relating to the work to be performed under this Agreement.

Section 2.9 All documents and information generated by CONSULTANT and any of CONSULTANT'S subcontractors pursuant to this Agreement shall remain confidential and shall not be copied, distributed, or otherwise provided or referenced by CONSULTANT or CONSULTANT'S subcontractors to any third parties other than with MNWD's prior written approval, or as compelled by order of court.

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

Section 2.11 All original drawings, artwork, media, final deliverables and other documents, developed pursuant to this Agreement shall, upon payment in full for the services described in this Agreement or as otherwise provided in SECTION IV herein, be furnished to and become the property of MNWD.

SECTION III – TERM

Section 3.1 This Agreement shall commence as of the Effective Date and continue in effect through **January 31, 2016** unless otherwise terminated by either party pursuant to Section VII herein.

SECTION IV – FEES AND PAYMENT TERMS

Section 4.1 MNWD agrees to compensate CONSULTANT up to a not-to-exceed maximum amount of **Seventy-Four Thousand Three Hundred Seventy-Five Dollars (\$74,375.00)** in consideration for its performance of the Services. The breakdown of the fees for the Services is attached hereto as **Exhibit B, Breakdown of Fees** which is incorporated herein.

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

SECTION V - INSURANCE AND INDEMNIFICATION

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

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

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

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amount of One Million Dollars (\$1,000,000) per occurrence and an annual aggregate limit in a minimum amount at least twice the per occurrence limit specified in this Section.

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

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

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

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

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

Section 5.5 Indemnity.

CONSULTANT agrees to indemnify, defend and hold harmless MNWD and its officers, directors, officials, and employees from and against all claims, damages, losses and expenses including attorneys' fees arising out of the performance of the work described herein caused by any negligence, recklessness, or willful misconduct of the CONSULTANT, its subconsultants or anyone for whose acts any of them may be liable. This section will survive the expiration or

early termination of this Agreement. CONSULTANT is not responsible for errors or omissions in the data provided by District to the CONSULTANT.

CONSULTANT's obligations pursuant to this Section shall survive the expiration or termination of this Agreement and/or the performance or completion of any or all Services and work provided under this Agreement. This indemnity obligation shall apply to all liability regardless of whether any insurance is applicable, and the policy limits of any insurance shall not act as a limitation upon the indemnification, and amounts related thereto, to be provided by CONSULTANT hereunder.

SECTION VI - SUBCONTRACTING

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

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

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

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

SECTION VII - TERMINATION OR ABANDONMENT

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

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

Section 7.3 In the event of any suspension or termination herein, MNWD shall have the right to take possession and shall immediately own all original drawings and other documents developed for that portion of the work completed and/or being suspended or abandoned once payment has been made in full for the stated project.

SECTION VIII - GENERAL

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

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

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

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

To CONSULTANT - Attn: Rochelle Reiter
 Orange Label Art and Advertising, Inc.
 4000 MacArthur Boulevard, Suite 520
 Newport Beach CA 92660

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

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

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

Section 8.7 It is expressly understood and agreed that CONSULTANT is retained as an independent contractor for the sole purpose of rendering the professional and/or special services, and is not an employee or agent of MNWD. CONSULTANT warrants that it will not

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

Section 8.8 The person signing this Agreement on behalf of each party hereto represents he/she has authority to sign on behalf of, respectively, MNWD or CONSULTANT.

Section 8.9 This is a non-exclusive Agreement for the services contemplated herein.

Section 8.10 This Agreement and all of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no assignment of this Agreement or any interest herein shall be made by CONSULTANT without prior written consent of MNWD.


Section 8.11 This Agreement may be executed in counterparts, each of which shall be deemed an original.

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

Moulton Niguel Water District

By: 
Joane Lopez
General Manager

CONSULTANT – Orange Label Art and Advertising, Inc.

By: 
Title: Agency Principal

**EXHIBIT A
SCOPE OF WORK**

Consultant shall perform the following services pursuant to this Agreement:

I. Marketing Strategy + Project Facilitation

- A. Orange Label will engage in a relationship to serve current marketing needs and to sustain and support ongoing outreach activities and projects, as needed. This relationship structure will be tracked and billed hourly, by a blended agency rate of \$175/hr per person.
- B. The blended agency rate will apply to the following activities:
 - a. Email Blast Strategy Development - Includes recommendation of CRM platform for campaign building, email analytics management and deployment, communication frequency recommendation, key communication touchpoints and messaging evolution (from provided concepts and content).
 - b. Print Media Recommendations
 - c. Direct Mail Strategy Development
 - d. Ongoing Digital Recommendations
 - e. Project Management and Facilitation
 - f. Reporting and Analytics/Optimization Analysis
 - g. Strategy Meetings and Account Communication
- C. Commitment to Quality Assurance
 - a. No creative piece or campaign messaging will arrive at completion without MNWD's approval. The Orange Label team will ensure that the appropriate point of contact at MNWD provides written approval for any project work, as well as approvals for copy and design. Any options for creative or campaign messaging will be reviewed with the MNWD point of contact for feedback and approval, with the option of reviewing final artwork and content with the Orange Label team in-person, via tele-meeting and screen share, or via email.
- D. Reporting & Analytics
 - a. Orange Label will provide comprehensive tracking and analysis on a monthly basis. The frequency of reporting may be adjusted upon mutual agreement. Our reports are custom generated based on the most valued key performance indicators and overall goal tracking per initiative.
 - b. In the digital world, numbers don't always equal analysis. Both quantity and quality of traffic and engagements are examined, and our team specifically pinpoints issues of investigation and optimization, and will share the ongoing findings and recommendations with the MNWD team.

II. Digital Campaign Development

- A. In order to gather valuable demographic and behavioral data specific to the Moulton Niguel Water District's constituents, Orange Label will implement highly-targeted social media pay-per-click campaigns to simultaneously communicate the value and significance of water use reduction with Moulton Niguel's residents, while testing

nuanced messages and unique creative within each audience segment. The information garnered from these campaigns will identify which types of messages resonate with each audience segment, and will allow for marketing creative to optimize prior to launching a larger outreach effort.

B. Orange Label will develop Facebook Pay-Per-Click campaign to target residents within the Moulton Niguel Water District, as well as a LinkedIn Pay-Per-Click campaign to target professionals, business owners and decision makers at small, medium and large companies within the district to reduce water usage. Each campaign’s creative will link out directly to a custom-designed landing page for further tracking and engagement.

a. Facebook Pay-Per Click Campaign Investment Summary

i. Ad Campaigns (pay-per-click)

1. Campaign Creation..... \$950/campaign

Includes: Campaign set-up, recommended audience target + spend, development of up to 3 ad variations (text and images) for a single campaign’s messaging and audience optimization.

ii. Campaign Management..... \$900/campaign per month + actual spend

iii. Includes: Ongoing management and tracking of the campaign’s bids and optimization.

iv. Campaign Reporting and Analytics.....\$600/campaign per month

v. Includes: Detailed reporting and analytics with an assessment by the Orange Label team (include one formal report per month upon conclusion of the campaign).

vi. Fees for Facebook advertising space to be approved by client and paid directly to Facebook by client. Facebook fees are an additional cost that are not included in the amount of this Agreement.

b. LinkedIn Pay-Per Click Campaign Investment Summary

i. Ad Campaigns (pay-per-click)

1. Campaign Creation..... \$950/campaign

Includes: Campaign set-up, recommended audience target + spend, development of up to 4 ad variations (text and images) for a single campaign’s messaging and audience optimization.

ii. Campaign Management..... \$900/campaign per month + actual spend

iii. Includes: Ongoing management and tracking of the campaign’s bids and optimization.

iv. Campaign Reporting and Analytics.....\$600/campaign per month

v. Fees for LinkedIn advertising space to be approved by client and paid directly to LinkedIn by client. LinkedIn fees are an additional cost that are not included in the amount of this Agreement.

c. Includes: Detailed reporting and analytics with an assessment by the Orange Label team (include one formal report per month upon conclusion of the campaign).

III. Design & Project Support: Estimated Project Activity

A. Project activity estimates are outlined below to provide a sense for ongoing project pricing. Final projects and scope will be determined following additional research and recommendations. In addition to the individual project costs below, the management of the project activity and necessary facilitation will be charged by the blended, hourly

#4.

agency rate. Consultant must receive written authorization from MNWD prior to its performance of design and project support Services under this Agreement.

- a. Print Ad Artwork (per ad) \$3,800: Includes creative concept copy, artwork for a full-page 4 color ad.
- b. Print Ad Resize \$220: Includes reformatting an existing ad to new specs, with no changes to imagery or copy.
- c. Direct Mail Postcard Artwork (per card) \$2,250: Postcard spec: 6"x10.5". Includes copy and artwork.
- d. Email Blast Artwork (per blast) \$1,950: Includes artwork only. Programming to be quoted separately.
- e. Online Banner Ad Artwork \$875: Includes static artwork for up to 3 banner spec sizes
- f. Media Planning, Buying and Placement: 15% Commission

B. Campaign Landing Page Development

- a. Landing Page Artwork and Creation, Template Design \$2,025: The creation of the Campaign Landing Page quoted includes creative concept, graphic design, production management and launch facilitation via Wishpond programming, a separate third party selected by the client or direct hosting.
- b. Custom Landing Page Artwork and Creation, Custom Programming \$3,400: The creation of the Campaign Landing Page quoted includes strategic direction, creative concept, graphic design, production management and programming activity.

Notes:

- Upon approval of select projects, a detailed project timeline will be provided for the client's review and approval.
- Stock photography/video/music and custom photography/video/music are not included in the above pricing.
- Each project cost includes 2 rounds of revisions. Each additional round will be billed at \$125/hr.

IV. Research, Brand Positioning & Messaging Platform Development

This process is designed to allow the Orange Label team to fully comprehend Moulton Niguel Water District's short and long-term goals, and to gain an understanding for how the specified marketplace views the MNWD brand. By establishing this foundation, we are able to develop powerful campaign messaging and strategies to reach desired publics.

- A. **Orange Exploration™**: These "fact-finding meetings" occur between Orange Label and the Moulton Niguel Water District team. The purpose of these meetings is to explore, comprehend and align on the short-term and long-term objectives and vision, in detail. This is accomplished by gaining insight into the following areas:
 - i. – The Core Business Objectives
 - ii. – The Key Marketing Objectives
 - iii. – Marketing Limitations/Problems
 - iv. – Salient Historical Contextual Facts

- v. – Current Policies and Programs
 - vi. – Each Constituency to be Impacted
 - vii. – Market Research Findings
 - viii. – Client Sensitivities
 - ix. – Competitive Landscape
- B. After the Orange Exploration is completed, Orange Label will interview a sample mix of Moulton Niguel Water District's target demographic segments to gain an understanding for how the outside world, perceives the Moulton Niguel Water District. Through these discussions, the Orange Label team is able to discover the authentic language that connects and creates a positive emotional response within the current constituencies.
- C. Orange Label will develop a list of questions designed specifically to reveal the core attitudes, perceptions and key benefits surrounding Moulton Niguel Water District offering through the eyes of the target demographic. The questions will be submitted to MNWD for approval prior to any interviews taking place. Orange Label will interview of up to 30 individuals either over the phone or in person. The results and subsequent analysis from the View from the Field™ are documented thoroughly and are reviewed with the MNWD team during the presentation.
- D. Online Market Survey: To generate additional qualitative constituent data in the short timeframe, it is recommended that an online survey is conducted with 100 individuals within the local area to be examined in addition to the in-depth interviews. The combination of a competitive analysis and an online market survey will provide the following insight:
- i. Snapshot of Demographic Information
 - ii. Recognized Terminology and Language
 - iii. Authentic Audience Language
 - iv. Constituency Behavior and Attitudes
 - v. Motivations and Media Habits
 - vi. Marketplace Perceptions
- E. **The Juice™**: After carefully considering the **Orange Exploration™**, combined with the insight gained from the **View from the Field™** as well as additional secondary market research findings, the Orange Label strategic creative team develops the brand positioning statement options and messaging platform recommendations for the Moulton Niguel Water District. This process involves intense brainstorming and collaboration, distilling the most compelling messages that resonate with each target audience.

#4.

**EXHIBIT B
BREAKDOWN OF FEES**

I. Fees

Description	Amount*
<i>Initial Engagement Services</i>	
Marketing Strategy and Project Facilitation <i>(Marked against the agency's standard hourly billing structure)</i>	
<i>85 hours x Blended Agency Rate of \$175/hour</i>	\$14,875
<i>Digital Campaign Development</i>	
Facebook Pay-Per-Click (1 month campaign)	\$2,450
Linkedin Pay Per Click (1 month campaign)	\$2,450
<i>Design and Project Support (subject to prior authorization by MNWD)</i>	
Ongoing project activity including artwork, programming, creative services	\$28,100
<i>Research and Brand Positioning (Fixed Fee)</i>	
Orange Exploration, View from the Field and Survey Monkey Research	\$17,000
Brand Positioning Statement and Messaging Platform Recommendations	\$9,500
TOTAL	\$74,375

*Amounts include all mark-up and reimbursable expenses.

**AMENDMENT NO. 1 TO AGREEMENT FOR CONSULTING SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
ORANGE LABEL ART AND ADVERTISING, INC.
OM15-16.018**

This Amendment No. 1 (the "Amendment") is entered into and effective as of December 15, 2015 amending the Agreement for Consulting Services, dated August 25, 2015 (the "Agreement") by and between the Moulton Niguel Water District, a California Water District ("District"), and Orange Label Art and Advertising, Inc. ("Consultant") (collectively, the "Parties") for marketing services. Any capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement.

RECITALS

- A. On August 25, 2015, the Parties executed the Agreement for services through January 31, 2016; and
- B. The Parties desire to extend the Agreement through June 30, 2016; and
- C. The Parties have negotiated and agreed to a supplemental scope of work, which is attached hereto and incorporated herein by this reference as Exhibit "A".

NOW, THEREFORE, in consideration of these recitals and the mutual covenants contained herein, DISTRICT and Consultant agree as follows:

1. The Agreement term is hereby extended through June 30, 2016.
2. The Agreement is hereby revised to include the Services described in the Supplemental Scope of Work attached hereto as Exhibit "A" to this Amendment. The Services outlined in Exhibit "A" re-allocate a portion of funds originally projected for "Initial Engagement Services" and "Design and Project Support" in the Agreement Scope of Work.
3. Fees for the Services detailed in the Supplemental Scope of Work are included in the original Agreement maximum amount. No additional funds will be added to the Agreement total for Services performed pursuant to this Amendment.
4. Consultant will complete all work described in Exhibit "A" by June 30, 2016.
5. All other provisions of the Agreement will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms of this Amendment shall control.
6. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement will include coverage for this Amendment.
7. The individuals executing this Amendment and the instruments referenced in it on behalf of Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions of this Amendment.

ORANGE LABEL ART AND ADVERTISING, INC.

By: *Wesley W Phillips*
(sign here)
WESLEY W PHILLIPS
(print name/title) CEO

MOULTON NIGUEL WATER DISTRICT,
a California Water District

By: *Joone Lopez*
Joone Lopez
General Manager

EXHIBIT "A"
SUPPLEMENTAL SCOPE OF WORK
Moulton Niguel Water District
Agreement No. OM15-16.018

The projects outlined below re-allocate a portion of funds originally projected for "Initial Engagement Services" and "Design and Project Support" in the Agreement. No additional fees will be added to the Agreement maximum amount for the Services pursuant to this Amendment.

1. Logo Design (5 options presented): \$8,500

Initial logo design options will be presented in black & white with 3 color palette options.

2. Brand Identity Style Guide: \$5,200

Design of an informational brand style guide including best practices for logo spacing, sizing, single and full color usage, mark/bug usage, and co-branding; positioning; brand color palette and color codes; font families and typography usage.

3. 3-Piece Identity Package (3 options presented): \$3,500

Design of Business Cards, Letterhead (digital & print-ready) and #10 Envelopes.

4. Email Blast Template (2 options presented): \$1,950

Design and setup in a third party platform, such as Mail Chimp.
Animation and/or custom programming to be quoted separately.

5. PowerPoint Template (2 options presented): \$495

Design and set up of a branded PPT template, including a cover page and internal page.

6. Newsletter Template Design (2 options presented): \$2,250

Design of a 2-sided 8.5"x11" newsletter using placeholder content.

7. Mailing Label Design (2 options presented): \$225

Label design for one spec size.

8. Integrated Communications Platform & Marketing Execution Strategy: \$12,500

- Outlines recommended areas of opportunity to be implemented
- Customized to the solidified Brand Positioning & Messaging Platform
- Provides a guide for consistent integrated messaging
- Six month Strategic Marketing and Tactical Calendar
- Recommended ongoing campaign management structure
- Recommended integrated mix of media vehicles to reach the target demographic(s) (for example: print, radio, TV, outdoor, digital/online, etc.
- Recommended frequency of communication schedules
- Guidance on marketing pieces/tools needed to drive promotional messages

Total Supplemental Services: \$34,620

Notes:

- Stock photography, custom photography and photo editing are not included in the above pricing. Should photography or retouching of existing photography be needed, hourly rate for Orange Label photographer (excluding travel) is \$175 for shooting and/or editing time.
- Each project cost includes 2 rounds of revisions. Each additional round will be billed at \$150/hr.
- If projects go beyond scope of time noted above, MNWD and Orange Label to pause to discuss and re-evaluate.
- Above pricing is valid through June 2016.

**AMENDMENT NO. 2 TO AGREEMENT FOR CONSULTING SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
ORANGE LABEL ART AND ADVERTISING, INC.
OM15-16.018**

This Amendment No. 2 (the "Amendment") is entered into and effective as of _____, 2016 amending the Agreement for Consulting Services, dated August 25, 2015, as amended (the "Agreement") by and between the Moulton Niguel Water District, a California Water District ("District"), and Orange Label Art and Advertising, Inc. ("Consultant") (collectively, the "Parties") for marketing services. Any capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement.

RECITALS

A. WHEREAS, on December 18, 2016, the Parties executed Amendment No. 1 adding a supplemental scope and extending the Agreement through June 30, 2016 for a total Agreement amount of \$74,375; and

B. WHEREAS, the Parties desire to extend the Agreement, through October 31, 2016; and

C. WHEREAS, the Parties have negotiated and agreed to the Supplemental Scope of Work, which is attached hereto and incorporated herein by this reference as Exhibit "A" and shall be completed pursuant to the schedule attached hereto and incorporated herein as Exhibit "B".

NOW, THEREFORE, in consideration of these recitals and the mutual covenants contained herein, DISTRICT and Consultant agree as follows:

1. The Agreement term is hereby extended through October 31, 2016.

2. The Agreement is hereby revised to include the Services described in the Exhibit "A", Supplemental Scope of Work.

3. All payments for services associated with this Amendment shall not exceed the amount of **One Hundred Forty-Five Thousand One Hundred Thirty-Three Dollars (\$145,133)**.

4. The Parties agree that the total Agreement amount, including this Amendment and all prior amendments, shall not exceed Two Hundred Nineteen Thousand Five Hundred Eight Dollars (\$219,508).

5. All other provisions of the Agreement will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms of this Amendment shall control.

6. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement will include coverage for this Amendment.

7. The individuals executing this Amendment and the instruments referenced in it on behalf of Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions of this Amendment.

ORANGE LABEL ART AND
ADVERTISING, INC.

MOULTON NIGUEL WATER DISTRICT,
a California Water District

By:

By:

(sign here)

Joone Lopez
General Manager

(print name/title)

EXHIBIT A**AMENDMENT NO. 2 TO AGREEMENT
FOR CONSULTING SERVICES
OM15-16.018****Moulton Niguel Water District – Supplemental SOW for Contract Amendment****Term: May 1, 2016 – 10/31, 2016**

- I. **Strategic Agency Relationship:** A monthly Strategic Marketing Fee of \$5,000/month will be billed during the initial 6 month engagement for Orange Label to facilitate campaign activity and on-going marketing support for Moulton Niguel Water District. The Strategic Marketing Fee is based upon an agency rate of \$175 per hour per person at 30 hours per month. Should the scope of campaign implementation and on-going marketing support be determined to extend beyond this estimated allotment of agency resources, the monthly fee may be adjusted for client approval. The estimated hours are based on the following recommended management structure:
 - a. Strategic Marketing Meetings
 - i. Orange Label and Moulton Niguel Water District’s marketing point person or team will have a monthly call or in-person meeting to review marketing performance and analytics; updates on strategies, media and projects; planning for any upcoming activity; and/or industry, market and policy changes. Each meeting will include a planned agenda to ensure the time is productive and focused.
 - ii. Additional in-person meetings/calls available by need and/or request, subject to parameters defined by the Strategic Marketing Fee.
 - b. Campaign/Promotion Management
 - i. Orange Label will provide direction for ongoing campaigns and promotions, and manage on-going project activity for each campaign.
 - c. Integrated Advertising Strategy Management
 - i. Orange Label will lead the planning, negotiating and booking for Moulton Niguel Water District’s integrated mix of advertising, when media activity is recommended and approved (see Section II and III).
 - d. Project Activity
 - i. Projects including advertisements, website/digital projects, email blasts, brand development, PR releases, articles and other project work are quoted on an individual basis. All Account Service time associated with management of projects produced directly by Orange Label is included in the Strategic Marketing Fee.
 - ii. Projected projects are based on the Marketing Execution Strategy (see Section IV). New project recommendations and requests will continue to be managed and quoted on a “project by project” basis based on need.
- II. **Media Research, Negotiation and Placement:** Media research, negotiation, placement and management will be compensated at a commission of fifteen (15%) of the gross charges by the advertising media and/or space used by Moulton Niguel Water District. Individual media budgets and projections are to be approved and signed by the Moulton Niguel Water District prior to media placement. Media will be billed on a monthly basis. Payment is due net 30. Should Moulton Niguel Water District fail to remit payment to Orange Label within 30 days, then financial responsibility and liability for payment to media lies with Moulton Niguel Water District and not with Orange Label.
 - a. Projected Media based on Marketing Execution Strategy:
 - i. OC Register: 2 ½ page 4C print ads
 - ii. OC Register Community Papers: 4 ½ page 4C print ads
 - iii. Digital Targeting Campaign: 6 month campaign
 - b. Additional media opportunities to be evaluated/proposed/approved on an on-going basis.

- III. **Digital Media Management:** Orange Label will facilitate paid social media campaigns including Campaign Creation, Campaign Management and Optimization, and Monthly Reporting. Actual Spend to be billed directly to MNWD's credit card.
- a. Projected Media based on Marketing Execution Strategy:
 - i. Facebook Pay Per Click Advertising: 6 month campaign
- IV. **Project Activity:**
- a. The following projects have been projected and estimated based on the Marketing Execution Strategy:
 - i. Two Print Ad Designs: \$3,800/design
 1. Per design cost includes copy and artwork for a 4 color ad sized to one ad-spec.
 - ii. Six Two-Sided 8.5x11 Newsletters: \$2,250/initial design, \$575/adaptation
 1. Initial cost includes design and template establishment, with all content being supplied by the client.
 2. Adaption cost is based on use of the established/approved initial design, and all content being supplied by the client.
 - iii. Six E-Newsletters: \$1,950/initial design, \$775/adaption
 1. Initial cost includes design and template establishment, with all content being supplied by the client.
 2. Adaption cost is based on use of the established/approved initial design, and all content being supplied by the client.
 3. All costs include set-up in Mail Chimp, testing, facilitation of sending and reporting on results.
 - iv. Four Email Blasts: \$575/email
 1. Per email cost is based on use of the established/approved E-Newsletter template and all content being supplied by the client.
 2. Cost includes set-up in Mail Chimp, testing, facilitation of sending and reporting on results.
 - v. Two Sets of Digital Advertising Banners (4 specs): \$2,800/set
 1. Per set cost includes design and animation of 4 spec sizes.
 - b. All project activity, whether defined above or quoted separately, is subject to the following terms:
 - i. Stock photography, custom photography and photo editing are not included in pricing. Should photography or retouching of existing photography be needed, hourly rate for Orange Label photographer (excluding travel) is \$175 for shooting and/or editing time.
 - ii. Each project includes 2 rounds of revisions. Each additional round will be billed at \$125 per hour.
 - iii. If projects go beyond scope, MNWD and Orange Label to pause to discuss and re-evaluate.
 - iv. All projects assume a timely supply of assets by MNWD and timely review of comps by MNWD. Should projects delay due to extended length of time for asset supply or review, MNWD and Orange Label to pause to discuss and re-evaluate.
 - v. All project pricing is valid for 30 days. After 30 days, estimate is subject to change.
- V. **Social Media Strategy & Management:** This 6-month strategy management structure will be monitored with an hourly rate, which includes time necessary for strategy development, content development, facilitating, managing and implementing social media activity. Should additional strategic guidance or implementation outside of the scope outlined below be requested, time will be billed accordingly with the client's prior notification and approval. The Social Media Implementation and Monthly Management costs reflect communication between Orange Label and the MNWD team for content approvals, updates on prioritized activity and strategic consultation.
- a. Fees:
 - i. Ongoing Management: \$125/hour
 1. Month 1: Minimum of 30 hours per month

#4.

2. Months 2-6: Minimum of 15 hours per month
- ii. Social Media Artwork/Graphic Design: \$140/hour
 1. Hours are estimated per request, per project and are shared with the client for approval.
- iii. Boosted Posts: To ensure organic content is viewed by existing followers and prospective followers, Orange Label recommends allocating \$50 a week to boosting posts. Actual spend to be billed directly to MNWD's credit card.

VI. Website Support:

- a. In collaboration with MNWD and Gigasavvy, Orange Label will assist MNWD with the strategic development of a new responsive website in the following areas:
 - i. Content Review: Review and editing of website content provided by MNWD and/or Gigasavvy.
 1. 10 pages @ 2 hours per page
 - ii. Project Management: Assisting with the facilitation of deliverables to ensure timelines are met. Can include participation in meetings between MNWD and Gigasavvy and review of deliverables provided by Gigasavvy.
 1. 12 hours per month
- b. Hourly Model: All activities in support of the MNWD website initiative including management, planning, copyediting, discussion, review and facilitation is subject to an hourly fee:
 - i. \$175/hour (2 individuals)
 - ii. \$125/hour (1 individual)

VII. Contingency Planning

- a. This includes the proactive allotment of budget for unanticipated activities, including projects and media.

Investment Summary	
Description	Amount
I. Strategic Agency Relationship	\$30,000
II. Media Research, Negotiation and Placement	\$29,108
III. Digital Campaign Management	\$9,950
IV. Project Activity	\$26,450
V. Social Media Strategy & Management	\$13,125
VI. Website Support	\$11,500
VII. Contingency Planning	\$25,000
TOTAL	\$145,133

**EXHIBIT B
AMENDMENT NO. 2 TO AGREEMENT
FOR CONSULTING SERVICES
OM15-16.018**



6-Month Strategic Marketing & Advertising Calendar

	May					June				July					August				September				October					Totals				
	25-Apr	2-May	9-May	16-May	23-May	30-May	6-Jun	16-Jun	20-Jun	27-Jun	4-Jul	11-Jul	18-Jul	25-Jul	1-Aug	8-Aug	15-Aug	22-Aug	29-Aug	5-Sep	12-Sep	19-Sep	26-Sep	3-Oct	10-Oct	17-Oct	24-Oct	Billed through Orange Label	Billed direct to MNWD			
Holidays																																
Board Meetings																																
Print																																
OC Register Sunday Edition 1/2 Page 4C (10.38" x 10.5")			\$4,523																										\$9,046	N/A		
OC Register Community Papers: Aliso Viejo/ Laguna Niguel News, Saddleback Valley News Mission Viejo, Saddleback Valley News Laguna Hills 1/2 Page 4C (10.38" x 10.5")							\$2,368					\$2,368				\$2,368									\$2,368				\$9,472	N/A		
Artwork		\$3,800																		\$3,800									\$7,600	N/A		
Direct Marketing																																
Bill Inserts Artwork Two Sided 8.5"x11" Printed Newsletter		\$2,250				\$575					\$575				\$575				\$575					\$575				\$575	\$5,125	N/A		
Monthly E-Newsletter Design, Development & Facilitation		\$1,950						\$775				\$775				\$775						\$775				\$775			\$5,825	N/A		
Email Blasts Design, Development & Facilitation				\$575							\$575								\$575					\$575				\$575	\$2,300	N/A		
Mail Chimp Monthly Fees			\$150				\$150				\$150				\$150				\$150				\$150				\$150		N/A	\$900		
Digital																																
Facebook PPC Advertising Desktop & Mobile Newsfeed Ads			\$3,450				\$2,500				\$2,500				\$2,500				\$2,500				\$2,500				\$2,500	\$9,950	\$6,000			
Digital Targeting/Retargeting 160x600, 300x250, 728x90, 320x50			\$1,765				\$1,765				\$1,765				\$1,765				\$1,765				\$1,765				\$1,765	\$10,590	N/A			
Artwork	\$2,800													\$2,800														\$5,600	N/A			
Social Media																																
Facebook: Organic Content	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	1-2x Posts	N/A	N/A		
Facebook: Boosted Post Budget	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$1,350
LinkedIn: Organic Content	1x Post					1x Post					1x Post					1x Post					1x Post					N/A	N/A					
LinkedIn: Sponsored Post Budget	\$50					\$50					\$50					\$50					\$50					N/A	\$300					
YouTube	1x Post					1x Post					1x Post					1x Post					1x Post					N/A	N/A					
Social Media Management** Content Development & Implementation			\$3,750				\$1,875				\$1,875				\$1,875				\$1,875				\$1,875				\$1,875	\$13,125	N/A			
Event Marketing																																
Classes/Seminars																													N/A	N/A		
Sponsorships																													N/A	N/A		
Project Activity																																
Contingency Fund															\$25,000															\$25,000	N/A	
Website Support															\$11,500															\$11,500	N/A	
Strategic Agency Relationship			\$5,000				\$5,000				\$5,000				\$5,000				\$5,000				\$5,000				\$5,000	\$30,000	N/A			
Monthly Totals			\$66,813				\$15,258				\$15,883				\$18,058				\$21,788				\$15,883				\$15,883	\$145,133	\$8,550			
GRAND TOTAL																										\$153,683						

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moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** April 20, 2016
FROM: Matt Collings, Assistant General Manager
Jane Nguyen, Information Technology Manager
SUBJECT: Server Equipment Purchase for Fiscal Year 2015-16
DIVISION: District-wide

SUMMARY:

Issue: Purchase of new server equipment solution.

Recommendation: It is recommended that the Board of Directors approve the purchase of the new server equipment from Resilient Communications for the amount of \$82,100.

Fiscal Impact: Sufficient funds are available in the FY 2015-16 Capital Outlay budget.

BACKGROUND:

The purchase of a new server solution is necessary to provide greater flexibility and capacity for JD Edwards production system, as well as preparing the District's infrastructure to meet future demands. Planned system expansions such as Document Management, Computerized Maintenance Management System (CMMS), Human Resource Information System (HRIS), and Geographic Information System (GIS) will place increased demands on current virtualization infrastructure based on input from the various departments throughout the District.

The new server will isolate JD Edwards system from other applications for maximum performance and stability. The purchase will also add necessary storage capacity to enable support for the District's various operating systems to avoid running at or near capacity.

#5.

Server Equipment Purchase for Fiscal Year 2015-16

April 20, 2016

Page 2 of 2

DISCUSSION:

Requirements and specifications for the new server were developed by staff to meet anticipated system needs. Staff specified a blade server solution that will provide flexibility to expand, ease of management, and a more efficient and responsive data center. A request for quotation was issued to five (5) vendors. The table below summarizes the quotes received:

Vendor	Quote	Solution
Elijahtech	\$112,914	OmniCube
Enhanced technologies Group, Inc	\$106,679	HP
Resilient Communications	\$82,059	Cisco & Nimble
Integriv	\$57,256	HP & Tegile Systems
Shi	\$43,764	Cisco

Staff performed a thorough review of the quotes received to determine the overall best value for delivering a scalable and flexible architecture for current and future data center needs. Solutions that were provided from Integriv and Shi did not meet the requirements of the specifications. The Cisco UCS 5100 Series Blade Server Chassis and Nimble Storage solution from Resilient Communications provide management simplicity with fewer physical components, and are more energy efficient than the traditional blade-server chassis. The District has experience with Cisco communication equipment, which has proven to be reliable, high-quality and reputable in the technology industry.

Staff is recommending the purchase of the new server solution from Resilient Communications based on cost, overall solution quality, and satisfaction of District's requirements. Implementation of the new server is anticipated to be completed by 6/30/2016.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** April 20, 2016

FROM: Matt Collings, Assistant General Manager
Drew Atwater, Water Resources Manager

SUBJECT: Rebate Applications for Turf Removal

DIVISION: District-wide

SUMMARY:

Issue: The District has received an exemption request for a rebate application that exceeded the maximum allowable acreage for turf removal as defined in the approved Board policy.

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

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

BACKGROUND:

More than half of the water used at the District is for outdoor landscapes. Water efficient landscapes can decrease water use up to 70 percent through a combination of proper plant selection and irrigation technology. However, the cost of installing climate-applicable plants is sometimes an obstacle to turning traditional grass landscapes into more water-efficient environments. The District’s turf replacement program is designed to help residents, businesses, and public agencies make that conversion.

The proposed projects are eligible to receive \$2 per square foot from the District for turf removal and \$1.50 for synthetic turf installation. The program provides limitations on the amount of turf removal and/or synthetic turf installation that qualifies for the rebate. The relevant cap for the applicants are 10,000 square feet for District funding per meter for the commercial project and 3,000 square feet for the residential project.

#6.

Rebate Applications for Turf Removal

April 20, 2016

Page 2 of 2

All rebates from the District are funded through the Water Efficiency Fund using the incremental revenue generated from the higher consumption tiers (Tiers 3, 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 5 million square feet of turf removal and more than 600,000 square feet of synthetic turf installation. The District has received additional requests from customers to remove 77,178 square feet of turf. Table 1 identifies the customers and the rebate requests.

Table 1 – Rebate Requests

Customer	Division	Proposed Turf Removal (Sq. Feet)	Proposed Synthetic Turf Installation (Sq. Feet)	Proposed Rebate Value (\$)
Village La Paz Apartments – Acct #91-03950	3	32,375		\$64,750
Casa Loma Condo Assn – Acct #93-01454	1	24,975		\$49,950
Casa Loma Condo Assn – Acct #93-01444	1	19,828		\$39,656
Total		77,178		\$154,356

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 incentives for the identified project would be funded from the Water Efficiency Fund.

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.

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
April 20, 2016

Results of operations for the eight months ended February 29, 2016, are summarized below. The end of February represents 8/12 (67%) of the fiscal year. This summary is intended to provide highlights and noteworthy issues to the Board.

District-wide total operating revenues were \$35.6 million through February 29, 2016, which is on track at 68% of the budget. Total District operating expenses were \$41.9 million as of February 29, 2016, which is also on track at 60% of the approved budget. Total Net Income for the eight months ended is at \$2.3 million. A positive Net Income amount is indicative of sound financial management strategies and shows that the District is in strong financial shape.

There are three expense items under operating expenses that are tracking over budget: Employee Relations, Annual Audit, and Dues & Memberships.

Employee Relations is currently tracking at 88% of the \$15,000 budget. These expenses are related to recruitments and include job postings, background checks, and pre-employment physicals.

The Annual Audit Expense is at 92% of the \$48,080 budget, and reflects payments for the fiscal year 2014-15 audit, which is complete. Most of the work for the annual audit is done after the close of each fiscal year, so the majority of the costs are reflected in the subsequent budget year.

Dues & Memberships is 82% of the \$97,010 budget at February 29, 2016. This item includes annual cost for memberships in the Association of California Water Agencies (ACWA), California Special Districts Association (CSDA), and the Southern California Water Committee (SCWC). These are annual memberships that have all been paid by the District during the first six months of the fiscal year, which has caused the year to date expenses to appear to track higher.

Some expense items are tracking low as of February 29, 2016, namely Legal Services – Personnel, Special outside Assessments, and Meter/Vault Purchases.

Legal Services – Personnel is tracking at 13% of the adopted budget. The expenses recorded here relate to labor consultations with Liebert, Cassidy and Whitmer. Typical invoices relate to MOU reviews, collective bargaining, and opinions regarding labor discussions.

Special outside Assessments ended the month at 11% of the current year budget. The District budgets for the County's property tax administrative fee in this account, which is typically received in April of each year for approximately \$175,000. The comparison table shows that the current year is tracking almost exactly with one year ago through February 2015.

Meter/Vault Purchases is at 30% of the current year budget. The District plans to replace 2,200 meters before fiscal year end, and has replaced approximately 850 meters year to date. The Customer Service Field staff does feel confident with the 2,200 year end meter estimate.

Investment income remains strong at \$2.5 million fiscal year to date, including \$0.9 million in unrealized gains. The investment strategy is conservative but is able to maintain sufficient returns.

#7.a.

MOULTON NIGUEL WATER DISTRICT Summary of Financial Results April 20, 2016

Including \$3.3 million in outstanding commitments, the Water Efficiency Fund has \$4.0 million remaining in Fund Balance. This is the amount available for additional rebates, capital projects, or Water Use Efficiency programs.

The projected capital spending for fiscal year 2015-16 is \$46.0 million, and the District has spent \$20.3 million on capital projects during the current year. The increase can be seen in the construction in progress balance which went from \$31.6 million at June 30, 2015, to \$51.6 million currently. This shows the public and rating agencies that the District is spending the resources to properly maintain the infrastructure to maintain a high level of service.

The District has deposited cash with US Bank to satisfy the requirements of outstanding debt issues. All deposits in these reserve accounts currently meet those requirements and are monitored on a monthly basis by District staff and US Bank. There is an additional \$2.9 million in the trustee accounts as of February 29, 2016 due to the timing of the payments. Payments are made semi-annually.

The District's total Net Position, or net worth of the District, is \$410.0 million as of February 29, 2016. Of this amount, \$286.2 million represents the infrastructure throughout the service area. This amount is impacted by the capital spending of \$20.3 million discussed earlier. Other than the Replacement and Refurbishment target, all Board adopted reserve policy targets are being met. The Replacement and Refurbishment reserve is at 98% of the target, which does not require any replenishment. Staff will continue to inform the Board regarding these targets on a monthly basis.

The Financial Results for February 29, 2016, show that the District is in strong financial position. The monthly reporting format is similar from month to month so that the Board can compare the financial results and track progress. During the month of February, no unusual items were noted that would impact this comparison. There are no analytical ratios or items in any of the schedules that merit immediate attention or are particularly concerning to District Finance staff. The summary sheets show that the District is on track with the current year budget for both revenues and expenses, and utilizing resources to increase capital project activity. This increase is right in line with the 10-year Cash Flow model and the District's Long Range Financial Plan.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Eight Months Ended February 29, 2016

	Description	Fiscal Year to Date Actuals	Prior Fiscal Year to Date Actuals	Current Year Approved Budget	Current Year Budget Balance	% of Actuals to Budget
ALL FUNDS						
<u>Operating Revenues</u>						
	Water Sales	\$ 16,861,772	16,626,190	\$ 25,449,137	\$ 8,587,365	66%
	Recycled Water Sales	3,084,107	3,261,308	5,249,795	2,165,688	59%
	Sewer Sales	12,404,311	10,551,818	18,053,647	5,649,336	69%
	Water Efficiency	2,942,113	3,284,386	3,398,873	456,760	87%
	Other Operating Income	259,749	225,606	483,500	223,751	54%
A	Total Operating Revenue	35,552,052	33,949,308	52,634,952	17,082,900	68%
<u>Operating Expenses</u>						
	Salaries	6,703,148	6,426,238	10,779,194	4,076,046	62%
	PERs Employer Contributions	875,427	649,610	1,422,733	547,306	62%
	PERs Employee Contributions	78,477	121,783	153,377	74,901	51%
	Defined Contribution 401A	108,510	129,133	200,534	92,024	54%
	Educational Courses	16,249	15,293	44,770	28,521	36%
	Travel & Meetings	115,583	110,693	253,344	137,761	46%
	Employee Relations	13,190	7,307	15,000	1,810	88%
	General Services	179,719	238,021	463,095	283,376	39%
	Annual Audit	44,087	39,915	48,080	3,993	92%
	Member Agencies O&M	673,883	991,153	1,542,495	868,612	44%
	Dues & Memberships	79,095	67,225	97,010	17,915	82%
	Consulting Services	1,614,259	837,002	3,098,900	1,484,641	52%
	Equipment Rental	39,695	40,235	65,000	25,305	61%
	District Fuel	123,150	150,544	340,000	216,850	36%
	Insurance - District	255,761	346,193	561,275	305,514	46%
	Insurance - Personnel	244,990	263,615	447,992	203,002	55%
	Insurance - Benefits	1,631,948	1,521,940	2,703,887	1,071,939	60%
	Legal Services - Personnel	6,548	854	50,000	43,452	13%
	Legal Services - General ¹	136,969	89,382	200,000	63,031	68%
	District Office Supplies	516,424	344,605	965,151	448,727	54%
	District Operating Supplies	259,617	179,067	392,967	133,349	66%
	Repairs & Maintenance - Equipment	491,475	385,443	741,969	250,494	66%
	Repairs & Maintenance - Facilities	1,826,658	1,775,346	4,135,970	2,309,312	44%
	Safety Program & Compliance Requirements	132,716	101,908	309,450	176,734	43%
	SOCWA	6,392,451	6,118,011	9,204,735	2,812,284	69%
	Special Outside Assessments	24,292	24,296	225,000	200,708	11%
	Utilities	1,361,320	1,347,065	2,258,900	897,580	60%
	Water Purchases	15,759,662	17,466,582	23,697,842	7,938,181	67%
	Meter / Vault Purchases	273,975	334,426	906,000	632,025	30%
	Water Efficiency	1,913,353	1,688,753	4,849,624	2,936,271	39%
	Other Operating Expenses	752	119,826	-	(752)	n/a
B	Total Operating Expenses	41,893,383	41,931,465	70,174,294	28,281,662	60%
A-B	Operating Income (Loss)	(6,341,331)	(7,982,157)	(17,539,342)	(11,198,763)	36%
<u>Non-Operating Revenues (Expenses)</u>						
	Property Tax Revenue	14,358,088	13,591,711	26,501,190	12,143,102	54%
	Investment Income ²	2,524,800	2,361,943	2,027,705	(497,095)	125%
	Property Lease Income	1,167,463	1,139,939	1,660,096	492,633	70%
	Interest Expense	(3,739,641)	(4,036,523)	(5,594,886)	(1,855,245)	67%
	Misc. Non-Operating Income ³	4,594,321	12,310,531	68,000	(4,526,321)	n/a
	Connection Fees	1,046,336	549,179	-	(1,046,336)	n/a
C	Total Non-Operating Revenue (Expenses)	19,951,367	25,916,780	24,662,105	4,710,738	81%
A-B+C	Change in All Funds	\$ 13,610,036	\$ 17,934,623	\$ 7,122,763	\$ (6,488,025)	
<u>Other Non Cash Expenses</u>						
	Depreciation	11,355,565	11,096,246	-	(11,355,565)	n/a
D	Total Change in Net Position	2,254,471	6,838,377	7,122,763	4,867,540	

Note: Totals may not sum due to rounding.

1. Detail of Legal Services - General can be found on the next page.
2. Investment income is comprised of realized income of \$1,670,129 and unrealized income of \$854,671.
3. The District received \$1.3 million for the 2009 COP (Build America Bonds) Federal Interest subsidy and \$3.1 million for the Special Assessment District taxes. The District has historically not budgeted for these items but will re-evaluate for next year's Budget.

#7.b.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Eight Months Ended February 29, 2016
Legal Services - General

Firm	General	Water Use Efficiency	Capital	Total
Bowie, Arneson, Wiles & Giannone	\$ 38,902	\$ -	\$ 10,022	\$ 48,924
Best Best & Krieger LLP	91,596	5,877	24,825	122,297
Downey Brand, Attorneys	594	-	3,064	3,658
Total	\$ 131,092	\$ 5,877	\$ 37,910	\$ 174,879

Note: Totals may not sum due to rounding.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Eight Months Ended February 29, 2016

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND				
<u>Operating Revenues</u>				
Water Sales	\$ 25,449,137	\$ 16,861,772	\$ 8,587,365	66%
Recycled Water Sales	5,249,795	3,084,107	2,165,688	59%
Sewer Sales	18,053,647	12,404,311	5,649,336	69%
Other Operating Income	483,500	259,749	223,751	54%
Total Operating Revenue	49,236,079	32,609,939	16,626,140	66%
<u>Operating Expenses</u>				
Salaries	10,307,516	6,344,612	3,962,904	62%
PERs Employer Contributions	1,364,819	835,329	529,490	61%
PERs Employee Contributions	149,890	77,290	72,600	52%
Defined Contribution 401A	192,000	102,955	89,044	54%
Educational Courses	44,270	16,249	28,021	37%
Travel & Meetings	238,644	110,401	128,243	46%
Employee Relations	15,000	13,190	1,810	88%
General Services	458,095	179,719	278,376	39%
Annual Audit	48,080	44,087	3,993	92%
Member Agencies O&M	1,542,495	673,883	868,612	44%
Dues & Memberships	96,510	79,095	17,415	82%
Consulting Services	2,248,900	1,259,443	989,457	56%
Equipment Rental	65,000	39,695	25,305	61%
District Fuel	340,000	123,150	216,850	36%
Insurance - District	561,275	255,761	305,514	46%
Insurance - Personnel	438,275	236,758	201,517	54%
Insurance - Benefits	2,587,061	1,548,288	1,038,773	60%
Legal Services - Personnel	50,000	6,548	43,452	13%
Legal Services - General	200,000	131,092	68,908	66%
District Office Supplies	475,400	255,319	220,081	54%
District Operating Supplies	392,967	259,617	133,349	66%
Repairs & Maintenance - Equipment	738,469	489,563	248,906	66%
Repairs & Maintenance - Facilities	4,135,970	1,826,658	2,309,312	44%
Safety Program & Compliance Requirements	309,450	132,716	176,734	43%
SOCWA	9,204,735	6,392,451	2,812,284	69%
Special Outside Assessments	225,000	24,292	200,708	11%
Utilities	2,258,900	1,361,320	897,580	60%
Water Purchases	23,697,842	15,759,662	7,938,180	67%
Meter / Vault Purchases	906,000	273,975	632,025	30%
Total Operating Expenses	63,292,562	38,853,119	24,439,443	61%
Operating Income (Loss)	(14,056,483)	(6,243,180)	(7,813,303)	44%
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	26,501,190	14,358,088	12,143,102	54%
Investment Income	1,867,913	2,385,578	(517,665)	128%
Property Lease Income	1,660,096	1,167,463	492,633	70%
Misc. Non-Operating Income ¹	68,000	4,415,692	(4,347,692)	n/a
Total Non-Operating Revenue (Expenses)	30,097,199	22,326,822	7,770,377	74%
Change in General Fund	\$ 16,040,716	\$ 16,083,642	\$ (42,926)	

Note: Totals may not sum due to rounding.

1. The District received \$1.3 million for the 2009 COP (Build America Bonds) Federal Interest subsidy and \$3.1 million for the Special Assessment District taxes. The District has historically not budgeted for these items but will re-evaluate for next year's Budget.

#7.b.

**Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Eight Months Ended February 29, 2016**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Operating Revenue</u>				
Water Efficiency	\$ 3,398,873	\$ 2,942,113	\$ 456,760	87%
Total Operating Revenue	3,398,873	2,942,113	456,760	87%
<u>Operating Expenses</u>				
Labor	668,156	497,268	170,888	74%
Educational Courses	500	-	500	0%
Travel & Meetings	14,700	5,182	9,518	35%
General Services	5,000	-	5,000	0%
Dues & Memberships	500	-	500	0%
Consulting Services	850,000	229,816	620,184	27%
Legal Services	-	5,877	(5,877)	n/a
Conservation supplies	489,751	263,017	226,734	54%
Repairs and Maintenance - Equipment	3,500	-	3,500	0%
Water Efficiency	4,849,624	1,913,353	2,936,271	39%
Total Operating Expenses	6,881,731	2,914,512	3,967,218	42%
Operating Income (Loss)	(3,482,858)	27,601	(3,510,459)	-1%
<u>Non-Operating Revenue</u>				
Investment Income	159,792	139,218	20,574	87%
Total Non-Operating Revenue	159,792	139,218	20,574	87%
Change in Water Efficiency Fund	\$ (3,323,066)	\$ 166,819	\$ (3,489,884)	

Note: Totals may not sum due to rounding.

Water Efficiency Available Net Position¹

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance
Fund Net Position, Beginning of Year	\$ 7,180,191	\$ 7,180,191	\$ 7,180,191
Change in Water Efficiency Fund	(3,323,066)	166,819	(3,489,884)
Fund Net Position, February 29, 2016	\$ 3,857,125	\$ 7,347,010	\$ 3,690,307

1. In addition to realized expenditures, there is approximately \$3,336,501 in project commitments, reducing the available fund balance to \$4,010,509.

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	<u>(Unaudited)</u> <u>February 29, 2016</u>	<u>Audited</u> <u>June 30, 2015</u>
CURRENT ASSETS:		
Cash and investments	\$ 37,742,529	\$ 33,849,087
Restricted cash and investments with fiscal agent	10,701,103	8,777,679
Accounts receivables:		
Water and sanitation charges	2,906,790	3,392,611
Taxes and acreage assessments	-	300,842
Grant Reimbursements	90,746	405,068
Other accounts receivable	238,184	222,169
Interest receivable	429,302	620,930
Current portion of AMP receivable	656	1,302
Inventory	1,772,130	1,703,635
Prepaid expenses	436,623	480,124
	<u>54,318,063</u>	<u>49,753,446</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Investments	97,231,551	116,281,296
Retrofit loans receivable	569,129	597,037
AMP Receivable	-	-
Capital assets, net of accumulated depreciation	332,064,920	343,111,410
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	51,643,141	31,642,242
	<u>482,600,652</u>	<u>492,723,895</u>
TOTAL NONCURRENT ASSETS		
TOTAL ASSETS	<u>536,918,715</u>	<u>542,477,341</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	1,121,071	1,488,900
Deferred Items related to Pension	1,431,577	1,431,577
	<u>2,552,648</u>	<u>2,920,477</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES		
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$	<u>539,471,363</u>	<u>\$ 545,397,818</u>

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

	(Unaudited) February 29, 2016	Audited June 30, 2015
CURRENT LIABILITIES:		
Accounts payable	\$ 9,506,681	\$ 8,162,699
Interest payable	2,612,713	1,830,740
Compensated absences	63,914	373,162
Current portion of long-term debt:		
Bonds payable	6,060,000	5,685,000
Loans Payable	262,238	2,110,606
Certificates of participation	1,855,000	1,780,000
TOTAL CURRENT LIABILITIES	<u>20,360,546</u>	<u>19,942,207</u>
LONG-TERM LIABILITIES		
Compensated absences	21,305	124,386
Long-term debt:		
Bonds payable	16,370,000	22,430,000
Loans payable	10,688,012	10,688,012
Certificates of participation	61,925,000	63,780,000
Net Pension Liability	12,251,838	12,251,838
TOTAL LONG-TERM LIABILITIES	<u>101,256,154</u>	<u>109,274,236</u>
Bond Discount/Premium	2,902,129	3,483,309
TOTAL LIABILITIES	<u>124,518,830</u>	<u>132,699,752</u>
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	4,936,619	4,936,619
TOTAL DEFERRED INFLOW OF RESOURCES	<u>4,936,619</u>	<u>4,936,619</u>
NET POSITION:		
Net investment in capital assets	286,165,290	267,393,560
Restricted for capital projects	2,602,056	1,508,109
Unrestricted	121,248,568	138,859,778
TOTAL NET POSITION	<u>410,015,914</u>	<u>407,761,447</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	<u>\$ 539,471,363</u>	<u>\$ 545,397,818</u>

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF FEBRUARY 29, 2016

	Reserve Requirement	(Unaudited) Balance 2/29/2016	Over (Under) Requirement	Audited Balance 6/30/2015
<u>Restricted Cash and Investments:</u>				
DWR Trust Reserves	\$ -	\$ -	\$ -	\$ 615,739
2009 COPS Trust Reserve	6,000,000	6,001,173	1,173	6,023,364
2009 COPS Installment	-	2,049,488	2,049,488	-
2010 Installment Payment	-	340,115	340,115	-
2010 COPS Trust Reserves	556,000	556,067	67	896,180
2014 Consolidated Ref Bonds	-	220,900	220,900	-
2015 Refunding Bonds	-	306,626	306,626	-
2015 (03) COPS Trust Reserve	1,226,500	1,226,734	234	1,226,500
2015 (03) COPS Issuance Fund	-	-	-	15,896
Total Restricted Trust Accounts	\$ 7,782,500	\$ 10,701,103	\$ 2,918,603	\$ 8,777,679

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
NET POSITION
AS OF FEBRUARY 29, 2016

	Reserve Policy Target	(Unaudited)		Audited
		Balance	Net Change	Balance
		2/29/2016		6/30/2015
Unrestricted Net Position:				
Designated for Self Insurance Reserves	\$ 250,000	252,183	\$ 2,328	\$ 249,855
Designated for Water Efficiency (WBBRS) ¹	n/a	7,347,010	166,819	7,180,191
Designated for Replacement and Refurbishment	17,061,912	16,769,547	(319,268)	17,088,815
Designated for Water Supply Reliability	n/a	-	(801,631)	801,631
Designated for Planning and Construction	n/a	29,077,809	(51,074)	29,128,883
Designated for Rate Stabilization	13,250,595	13,497,245	2,496,964	11,000,281
Designated for Emergency Reserve	6,884,925	6,884,925	-	6,884,925
Unrestricted, undesignated ²	23,390,581	47,419,849	(19,105,348)	66,525,197
Total Unrestricted Net Position	60,838,013 ³	121,248,568	(17,611,210)	138,859,778
Restricted for Capital Facilities (Projects)		2,602,056	1,093,947	1,508,109
Net Investment in Capital Assets ⁴		286,165,290	18,771,730	267,393,560
Total Net Position		\$ 410,015,914	\$ 2,254,467	\$ 407,761,447

Note: Totals may not sum due to rounding.

1. In addition to realized expenditures, there is approximately \$3,336,501 in project commitments, reducing the available fund balance to \$4,010,509.

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.

4. Net Investment in Capital Assets calculated as follows:

Total capital assets	384,799,972
Less capital related debt	(100,062,379)
Add deferred charges related to debt	1,121,071
Add unspent proceeds	306,626
Total Net Investment in Capital Assets	286,165,290

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF MARCH 2016**

Summary of Disbursements in March 2016:

General Fund Disbursements		3,992,576
 <u>Restricted Fund Disbursements:</u>		
Water Efficiency Fund	478,938	
Replacement & Refurbishment Fund	928,376	
Water Supply Reliability Fund	5,404,369	
Planning & Construction Fund	19,103	
CIEDB Loan	182,780	7,013,566
Total Disbursements for all Funds		\$ 11,006,142

Detail of Major Expenditures in March 2016:

1. Irvine Ranch Water District (IRWD)		
Baker Pipeline Project #2006071, quarterly payment		5,390,738
2. Municipal Water District of Orange County (MWDOC)		
January Water Purchases 1429.3 AF	1,346,401	
January Turf, Nozzles, and Smart Timer Rebates	303,512	
January Readiness to Serve	141,054	
January Capacity Charge	38,599	
December and January Spray to Drip Rebates Program	12,900	
January SoCal WaterSmart Residential Rebate Program	9,232	
November and December Reclaimed Rebate 679.6 AF	(104,658)	1,747,038
3. Santa Margarita Water District (SMWD)		
FY 2015/16 Plant 3A Quarterly O&M Charges		466,341
4. Vadnais Trenchless Services, Inc.		
C# 2009115 San Juan Creek 30" ETM, progress payments #1 & #2		373,746
5. Pascal & Ludwig Constructors, Inc.		
C# 2012009 Beacon Hill PS Pump, progress payment #4		260,884
6. J. Colon Coatings, Inc.		
C# 2013002 Mathis RW RES Recoat, progress payments #3 & #4		216,399

