



moulton niguel water district

FINANCE & INFORMATION TECHNOLOGY

BOARD OF DIRECTORS' MEETING

MOULTON NIGUEL WATER DISTRICT

27500 La Paz Road, Laguna Niguel

September 14, 2016

8:30 AM

Approximate Meeting Time: 3 Hours

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE AUGUST 17, 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.

PRESENTATION ITEMS

4. Quarterly Investment Report - Chandler Asset Management

DISCUSSION ITEMS

5. Revisions to Records Retention Schedules
6. Water Shortage Contingency Plan Continued Implementation
7. Adoption of Demand Offset Fees

INFORMATION ITEMS

8. 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 August 2016
- 9. Water Usage Update
 - 10. Outreach Update
 - 11. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
 - 12. 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

August 17, 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 August 17, 2016. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director (via teleconference)
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair (arrived at 8:38 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
Marc Serna	Director of Engineering & Operations
Gina Hillary	Director of Human Resources
Drew Atwater	Director of Planning
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Trevor Agrelius	MNWD
Malachi Berard	MNWD
Johnathan Cruz	MNWD
Brad Daley	MNWD
Todd Dmytryshyn	MNWD
Megan Geer	MNWD
Steve Merk	MNWD

#2.

Mark Mountford	MNWD
Jane Nguyen	MNWD
Todd Novacek	MNWD
Medha Patel	MNWD
Jim Sampson	MNWD
Adrian Tasso	MNWD
Carole Wayman-Piascik	MNWD
Rod Woods	MNWD
Patrick Atwater	California Data Collaborative
Michael Bell	Michael Bell Consulting, Inc.
Nancy Palmer	City of Laguna Niguel

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 JULY 20, 2016 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY DONALD FROELICH AND SECONDED BY GARY KURTZ, MINUTES OF THE JULY 20, 2016 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. A ROLL CALL VOTE WAS TAKEN AND THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTOR DUANE CAVE ABSTAINED AND DIRECTOR BRIAN PROBOLSKY WAS ABSENT.

3. PUBLIC COMMENTS

None.

DISCUSSION ITEMS

5. Reservoir Management Systems Replacement Professional Services Agreement for Fiscal Year 2016-17

This item was taken first on the agenda. Marc Serna provided details of the agreement. Staff recommends that the Board of Directors approve the Professional Services Agreement for engineering services with Lee & Ro, Inc. in the amount of \$199,663; authorize the General Manager to execute the agreement; and authorize the General Manager or designee to approve amendments up to 10% of the contract value. Discussion ensued regarding the agreement.

Brian Probolsky arrived at 8:38 a.m.

PRESENTATION ITEMS**4. Data Collaborative Update**

Joone Lopez provided a brief introduction to the item. Patrick Atwater presented the California Data Collaborative Early Progress and Future Roadmap. Key topics presented were types of data integrated, meaningful measurements of water efficiency actions, and project tools and analytics.

DISCUSSION ITEMS CONTINUED**9. City of Laguna Niguel Crown Valley Community Park Tier II Improvements - MNWD Pipeline Relocations**

City of Laguna Niguel staff was present so this item was taken next on the agenda. Mark Mountford provided background information on the item. Staff recommends that the Board of Directors authorize the General Manager to execute the Agreement with the City of Laguna Niguel for financial reimbursement of the facility relocations and recycled water site conversions, subject to non-substantive changes made by legal counsel, and authorize the reimbursement for an amount not-to-exceed \$325,000. Discussion ensued regarding the agreement.

10. City of Laguna Niguel Turf Removal Rebate Application

Drew Atwater presented the item. Staff recommends that the Board of Directors consider the rebate application for the identified project without a limitation on the maximum allowable acreage for the project and direct staff accordingly. Discussion ensued regarding the Crown Valley Community Park Entry Improvements Project.

11. Water Efficiency (Fund 6) Budget Amendment

Drew Atwater provided information on the item. Staff recommends that the Board of Directors approve the resolution entitled, "Approving a Budget Amendment in Order to Fund Additional Water Efficiency Program's for Fiscal Year 2016-17". Discussion ensued regarding the proposed increase of \$323,570 to the Water Efficiency budget.

6. Valve Crew - Capital Equipment Purchases

Todd Novacek provided details on the item. Staff recommends that the Board of Directors approve the purchases of a new 2017 Hydro-Excavator from Haaker Equipment Company for \$429,751 based on National Joint Powers Alliance (NJPA) pricing, purchase of a new 2016 Caterpillar 420F Backhoe Loader for \$132,742 based on NJPA pricing and a 2017 Peterbilt dump truck for \$153,744 that went out for competitive bid. Discussion ensued regarding the purchases.

7. Insertion Valve Equipment Purchases for Fiscal Year 2016-17

Marc Serna presented the item. Staff recommends that the Board of Directors authorize the purchase of new Hydra-Stop Insertion valve equipment for an amount not-to-exceed \$186,592 for Fiscal Year 2016-17. Discussion ensued regarding the item.

8. Fuel Agreement Extension for Fiscal Year 2016-17

Matt Collings provided information on the item. Staff recommends that the Board of Directors authorize the General Manager to execute Amendment No. 1 to the Agreement with Nickey Petroleum Co. Inc., for an amount not-to-exceed \$280,000 for Fiscal Year 2016-17. Discussion ensued regarding the amendment.

12. Amendment No. 2 to the Consulting Services Agreement - Ware Malcomb

Matt Collings presented the staff report. Staff recommends that the Board of Directors approve Amendment No. 2 to the Consulting Services Agreement with Ware Malcomb for an amount not-to-exceed \$16,800 for a total contract amount of \$140,800; authorize the General Manager to approve change orders up to 10% of the total contract value; and authorize the General Manager to execute Amendment No. 2. Discussion ensued regarding the amendment.

13. Copier Leasing and Printing Services

Matt Collings provided information on the item. Staff recommends that the Board of Directors authorize the General Manager to execute the three-year Lease Agreement (the "Lease") in the amount of \$100,692 for copier leasing and a three-year Service and Maintenance Agreement for printer and copier services in the amount of \$60,000 with Kyocera Document Solutions America, Inc. ("Kyocera"). Discussion ensued regarding the item.

INFORMATION ITEMS

14. Monthly Financial Report

Trevor Agrelius presented the Monthly Financial Report.

Gary Kurtz left at 10:59 a.m.

15. Quarterly Capital Improvement Program Report

Rod Woods provided the Quarterly Capital Improvement Program Report.

16. Water Usage Update

Drew Atwater presented the water usage update. The District achieved 16% for July 2016, which exceeds the District's current conservation target of 15%.

17. Outreach Update

Matt Collings provided an outreach update. The update included a brief presentation covering Orange Label's outreach deliverables & results.

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

None.

19. Late Items (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT

The meeting was adjourned at 11:39 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary



CHANDLER ASSET MANAGEMENT

Investment Presentation

Moulton Niguel Water District

Period Ending
June 30, 2016

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SECTION 1

Consolidated Information

SECTION 2

Account Profile

SECTION 3

Economic Update





SECTION 1

Consolidated Information

Investment Objectives

Safety – Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Liquidity – The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Return – The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

Chandler Asset Management Performance Objectives

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The performance objective for the District is to earn a return in excess of the strategy benchmarks:

Liquid Fund: Bank of America Merrill Lynch 3-Month US Treasury Bill Index

Limited Maturity Fund: Bank of America Merrill Lynch 1-3 Yr US Treasury/Agency Index.

Operating Reserve Fund: Bank of America Merrill Lynch 1-10 Yr Treasury/Agency Index.



Portfolio Characteristics

Moulton Niguel Water District Consolidated

	06/30/2016	03/31/2016
	Portfolio	Portfolio
Average Maturity (yrs)	2.90	2.79
Modified Duration	2.66	2.54
Average Purchase Yield	1.63 %	1.54 %
Average Market Yield	0.95 %	1.00 %
Average Quality**	AA/Aa1	AA/Aa1
Total Market Value	139,268,732	137,826,979



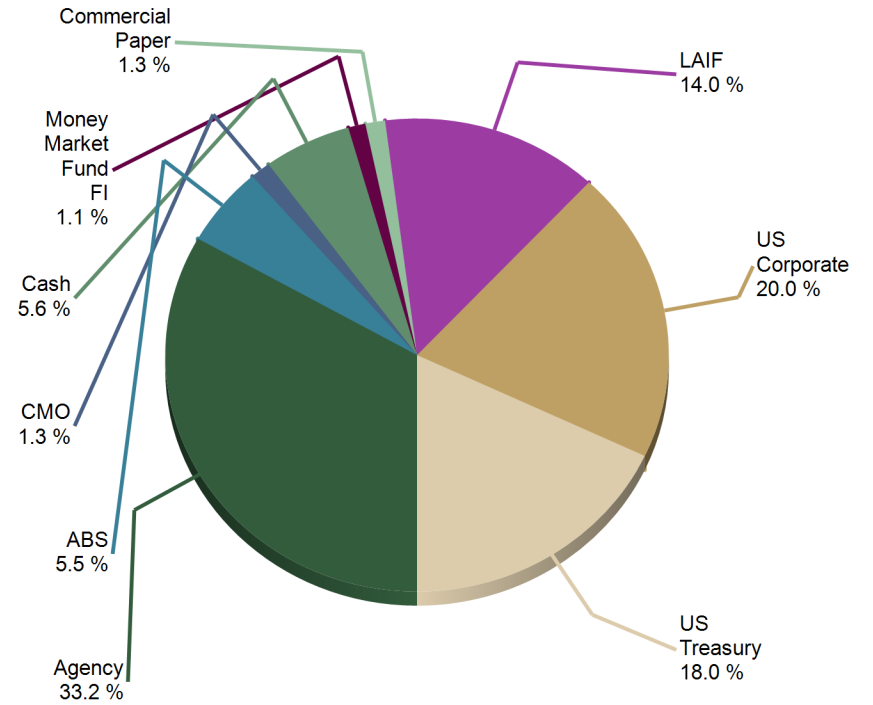
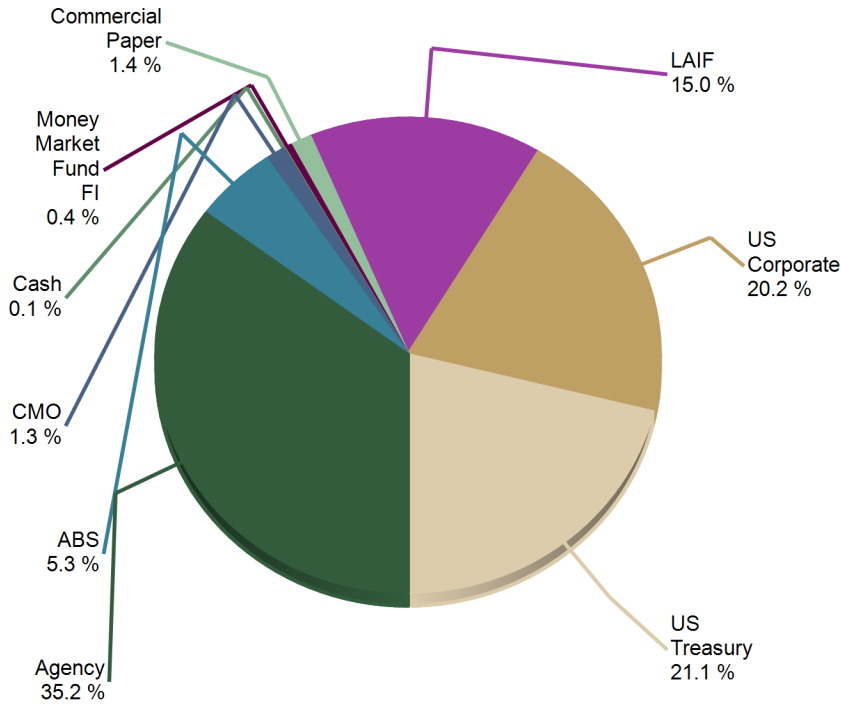
Sector Distribution

Moulton Niguel Water District Consolidated

June 30, 2016

March 31, 2016

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Issuers



Moulton Niguel Water District Consolidated
Account #43

Issuer Report

As of 6/30/2016

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	0.94%	4.38	21.13 %
Local Agency Investment Fund	LAIF	0.58%	0.00	15.03 %
Federal Home Loan Bank	Agency	1.05%	4.02	10.81 %
Federal National Mortgage Association	Agency	1.00%	3.87	8.42 %
Federal Home Loan Mortgage Corp	Agency	0.90%	3.37	7.82 %
Tennessee Valley Authority	Agency	1.14%	4.13	5.33 %
Federal Farm Credit Bank	Agency	0.68%	1.58	2.79 %
John Deere ABS	ABS	1.03%	2.57	1.87 %
General Electric Co	US Corporate	1.06%	1.14	1.54 %
ChevronTexaco Corp	US Corporate	1.05%	1.77	1.40 %
Bank of Tokyo-Mit UFJ	Commercial Paper	0.75%	0.32	1.35 %
Qualcomm Inc	US Corporate	1.36%	3.38	1.33 %
Toyota ABS	ABS	0.99%	2.88	1.31 %
Federal Home Loan Mortgage Corp	CMO	1.04%	2.15	1.28 %
Honda ABS	ABS	0.92%	2.02	1.23 %
Bank of New York	US Corporate	1.63%	3.20	1.22 %
Charles Schwab Corp/The	US Corporate	0.91%	1.69	1.19 %
Honda Motor Corporation	US Corporate	0.94%	2.28	1.19 %
Intel Corp	US Corporate	0.94%	1.46	1.13 %
Exxon Mobil Corp	US Corporate	1.53%	4.67	0.92 %
State Street Bank	US Corporate	1.68%	4.89	0.91 %
Apple Inc	US Corporate	0.86%	1.84	0.90 %
JP Morgan ABS	ABS	1.02%	3.79	0.90 %
JP Morgan Chase & Co	US Corporate	1.37%	2.58	0.89 %
Cisco Systems	US Corporate	1.09%	2.67	0.89 %
Toyota Motor Corp	US Corporate	1.18%	2.55	0.89 %
US Bancorp	US Corporate	1.02%	2.38	0.89 %
Deere & Company	US Corporate	1.08%	2.45	0.86 %
Paccar Financial	US Corporate	0.99%	1.69	0.81 %
Berkshire Hathaway	US Corporate	1.49%	4.71	0.78 %
Pepsico Inc	US Corporate	1.45%	3.84	0.71 %
Wal-Mart Stores	US Corporate	0.84%	1.78	0.61 %
HSBC USA Corp	US Corporate	1.74%	1.55	0.57 %



Moulton Niguel Water District Consolidated
Account #43

Issuer Report

As of 6/30/2016

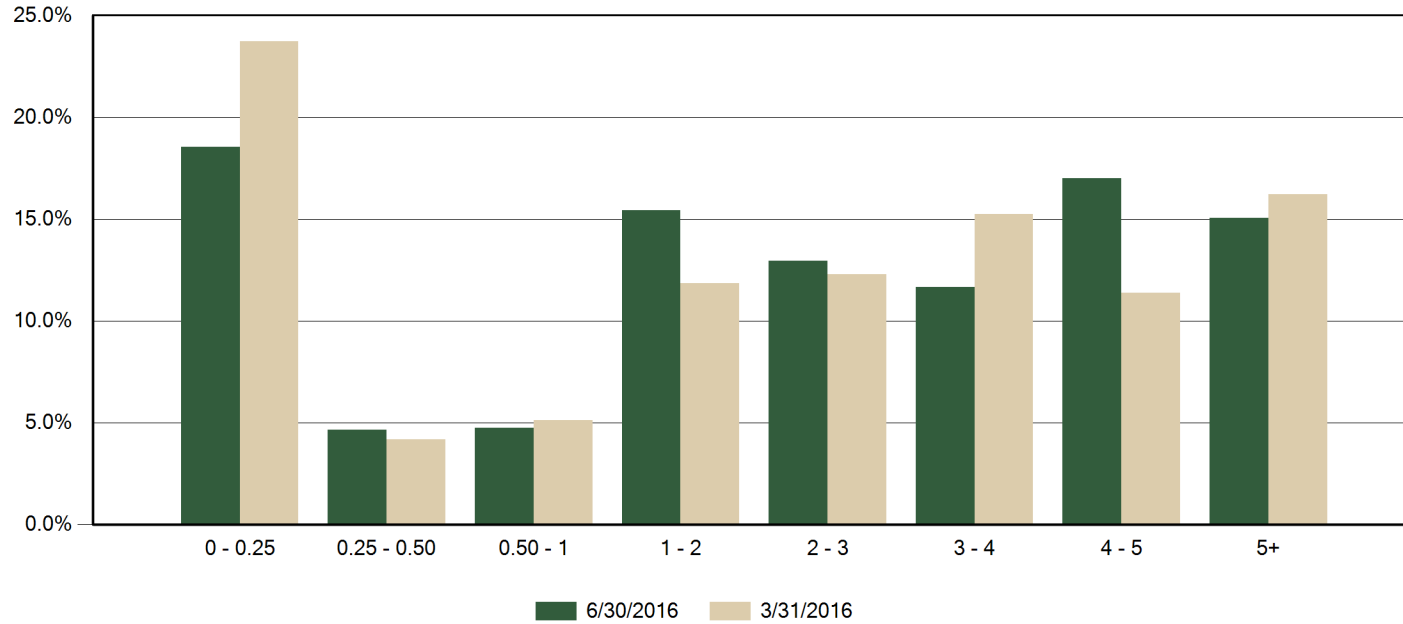
Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.02%	0.00	0.44 %
Wells Fargo Corp	US Corporate	1.13%	1.55	0.29 %
Air Products & Chemicals	US Corporate	0.85%	1.29	0.22 %
United Technology Corp	US Corporate	0.96%	0.92	0.08 %
Bank Cash Account	Cash	0.00%	0.00	0.07 %
Total		0.95%	2.90	100.00 %



Duration Distribution

Moulton Niguel Water District Consolidated

June 30, 2016 vs. March 31, 2016



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	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
6/30/16	18.5 %	4.6 %	4.7 %	15.4 %	13.0 %	11.6 %	17.0 %	15.1 %
3/31/16	23.7 %	4.2 %	5.1 %	11.8 %	12.3 %	15.2 %	11.4 %	16.2 %



SECTION 2

Account Profile



Liquid Fund

	BAML 3-Month US Treasury Bill Index	Liquid Fund	
	6/30/2016	6/30/2016	3/31/2016
Portfolio book value	--	\$20,894,575	\$19,267,760
Market value	--	\$20,931,026	\$19,294,839
Net Contribution/Withdrawal for the Period	--	\$1,600,000	--
Average book yield	--	0.58%	0.51%
Average maturity (yrs)	0.15	0.00	0.00
Modified duration	0.15	0.00	0.00
\$ change in value for 1% change in rates	--	\$0	\$0
% maturing within one year	100%	100%	100%
Average credit quality	AAA	Not Rated	Not Rated

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Limited Maturity Fund

	BAML 1-3 Yr US Treasury/Agency Index	Limited Maturity Fund	
	6/30/2016	6/30/2016	3/31/2016
Portfolio book value	--	\$15,677,479	\$17,002,501
Market value	--	\$15,419,083	\$16,738,154
Net Contribution/Withdrawal for the Period	--	(\$1,370,000)	--
Average book yield	--	1.14%	1.08%
Average maturity (yrs)	1.82	1.17	1.32
Modified duration	1.78	1.06	1.21
\$ change in value for 1% change in rates	--	\$163,442	\$202,532
% maturing within two years	54.7%	72.5%	79.2%
Average credit quality	AAA	AA/Aa1	AA+/Aa1



Operating Reserve Fund

	BAML 1-10 Yr US Treasury/Agency Index	Operating Reserve Fund	
	6/30/2016	6/30/2016	3/31/2016
Portfolio book value	--	\$91,888,486	\$91,501,462
Market value	--	\$95,069,988	\$94,009,044
Net Contribution/Withdrawal for the Period	--	(\$1,875)	--
Average book yield	--	2.01%	1.97%
Average maturity (yrs)	3.94	3.82	3.85
Modified duration	3.70	3.49	3.51
\$ change in value for 1% change in rates	--	\$3,317,943	\$3,299,717
% maturing within two years	21.9%	19.0%	17.0%
Average credit quality	AAA	AA/Aa1	AA/Aa1



SECTION 3

Economic Highlights



■ Federal Open Market Committee (FOMC)

- The minutes from the July Federal Open Market Committee meeting indicate that policymakers continues to debate the appropriate timing of the next fed funds rate hike. Overall, the FOMC members' economic forecasts had changed little since the June meeting. The Fed's most recent median projection in June implied two rate hikes before year-end, but that projection is highly unlikely to be met.

■ Labor Markets

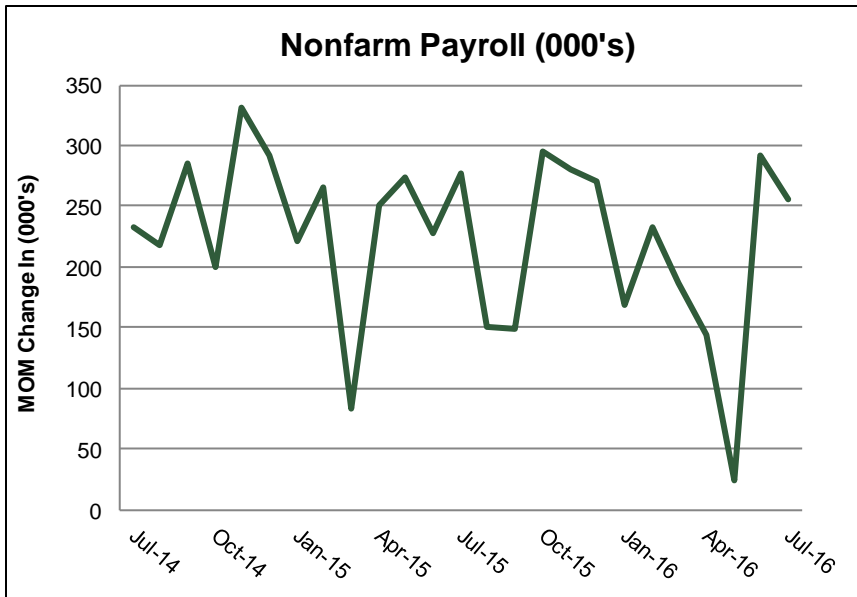
- Labor market trends remain healthy. The unemployment rate was unchanged at a low level of 4.9% in July and wage growth continued to increase. Consumer confidence remains strong. Housing trends remain favorable even though home price appreciation has softened.

■ Inflation

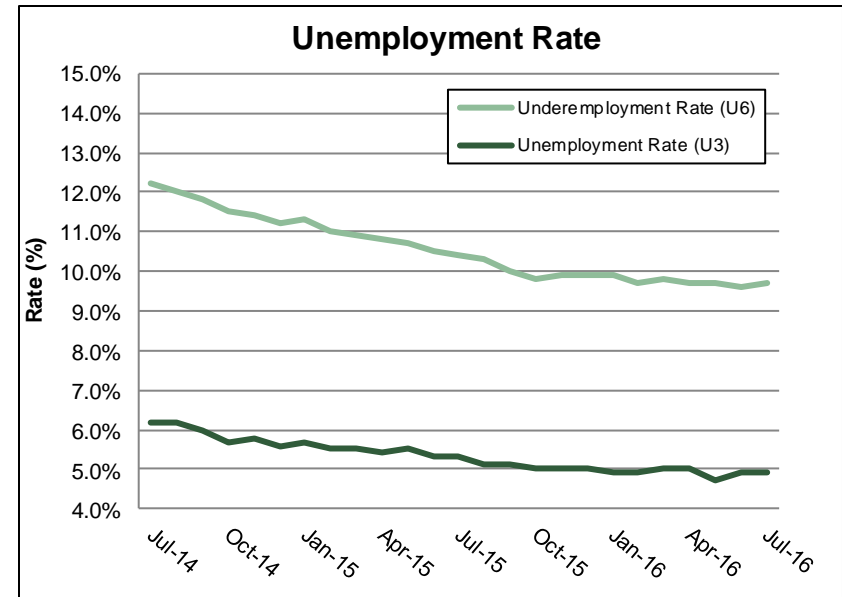
- Inflation pressures remain contained for now. Core PCE (excluding food and energy) was up 1.6% year-over-year in June. The PCE remains below the Fed's 2.0% target.

■ Economic growth

- According to the advance estimate, second quarter GDP grew at an annualized rate of 1.2%, well below the consensus forecast of 2.5%. Market participants expected GDP growth of about 2.2% in the third and fourth quarters of 2016.

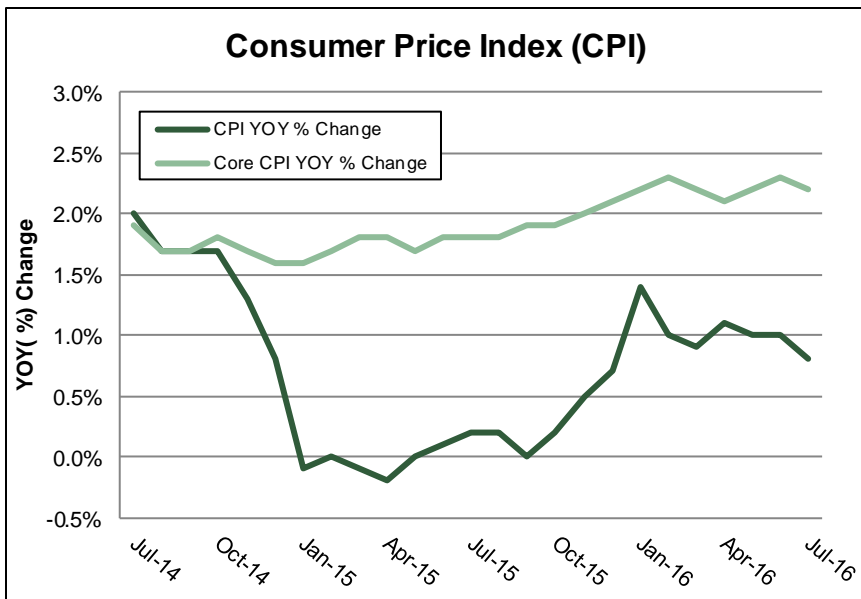


Source: US Department of Labor

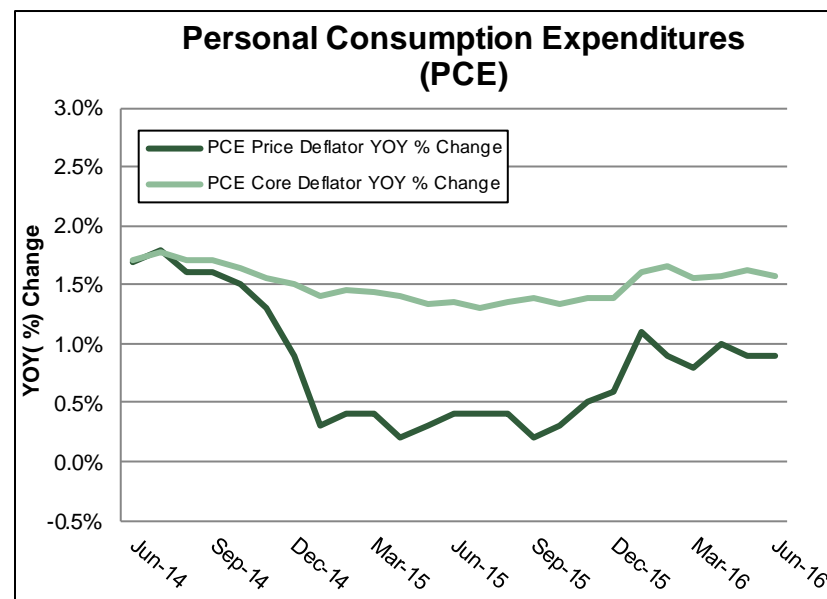


Source: US Department of Labor

Nonfarm payrolls were much stronger than expected in July, up 255,000 versus the consensus forecast of 180,000. May and June payrolls were also revised up by a total of 18,000. On a trailing 3-month basis, payrolls increased by an average of 190,000 per month, which is in line with the trailing 6-month average of 189,000. The unemployment rate was unchanged at 4.9% in July, while the participation rate inched up to 62.8% from 62.7%. However, a broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, inched back up 9.7% from 9.6%. Wages rose 0.3% in July, following a 0.1% increase in June. On a year-over-year basis, wages were up 2.6% in July, which was unchanged from June.



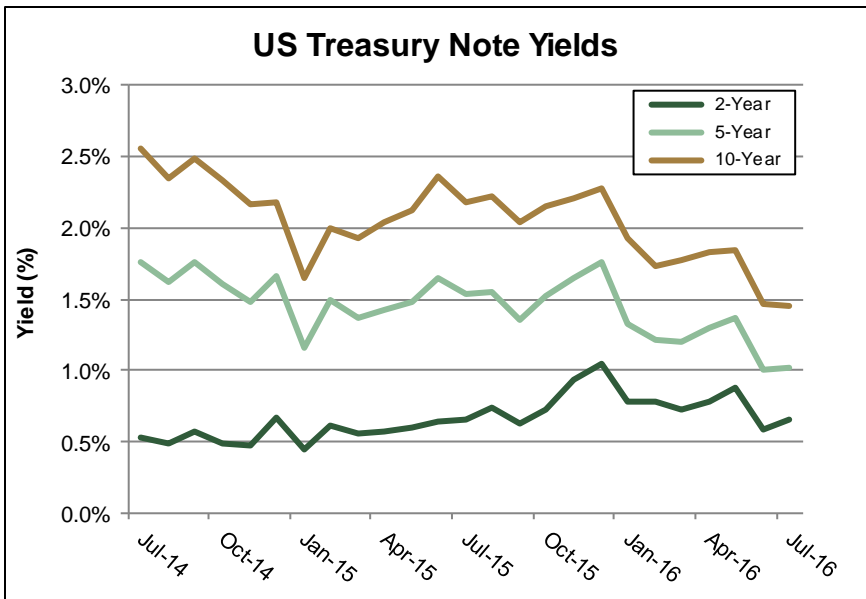
Source: US Department of Labor



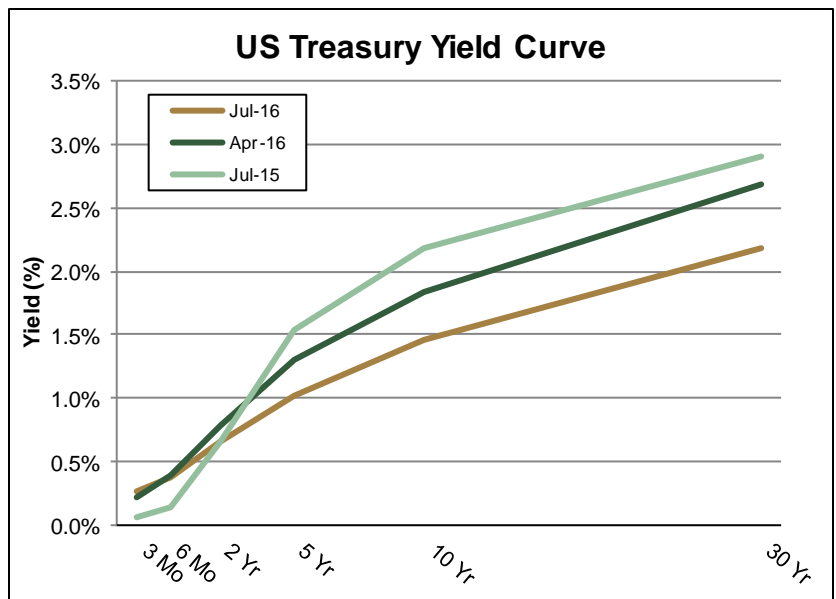
Source: US Department of Labor

The Consumer Price Index (CPI) was up just 0.8% year-over-year in July, versus up 1.0% year-over-year in June. Core CPI (CPI less food and energy) was up 2.2% year-over-year in July, vs. 2.3% in June. The Personal Consumption Expenditures (PCE) index was up 0.9% year-over-year in June, unchanged from May. Core PCE (excluding food and energy) was also unchanged in June, up 1.6% year-over-year. Although Core CPI is trending above 2.0%, the Fed's primary inflation gauge is PCE which remains below the Fed's 2.0% target.

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Source: Bloomberg



Source: Bloomberg

Over the past three months, the yield curve flattened with the 2-year Treasury yield down nearly 13 basis points and the 10-year Treasury yield down 38 basis points. The flattening is even more pronounced on a year-over-year basis with the 2-year Treasury yield roughly unchanged and the 10-year Treasury yield down nearly 73 basis points. Over the past year, financial market volatility has been elevated due to weak global economic growth, volatile commodity prices, and divergent global central bank monetary policy.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** September 14, 2016

FROM: Matt Collings, Assistant General Manager
Paige Gulck, Board Secretary/Executive Assistant

SUBJECT: Revisions to Records Retention Schedules

DIVISION: District-wide

SUMMARY:

Issue: The District’s records retention schedules need updating to include more robust coverage and current laws.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled, “Establishing a Records Retention Schedule and Superseding All Previous Policies.”

Fiscal Impact: The adoption of these retention schedules will result in efficiency gains and cost savings, and result in reduced costs in moving and storing records.

BACKGROUND:

The District last updated its records retention policy in 2007. Recently, the District contracted Gladwell Governmental Services, Inc., an expert in special district records, to develop and update the records retention schedule for the District. It is appropriate for agencies to review their record retention policies to incorporate any changes to State and Federal laws, along with best management practices and in doing so the consultant and attorneys have reviewed all documents. Additionally the updated retention periods will reduce current and future storage costs, eliminate duplication of efforts, increase efficiency and help in aiding the use of current technology by allowing for electronic documents.

The updated retention schedules for MNWD were written interactively with staff throughout the organization participating. The schedules provide clear, specific records descriptions and retention periods, and apply current law and technology to

#5.

Records Retention Schedules

September 14, 2016

Page 2 of 2

the management of MNWD's records. By identifying who is responsible for maintaining the original record, and by establishing clear retention periods for different categories of records, MNWD will realize savings in labor costs, reduce legal exposure, free up space in filing cabinets and offices, and realize operational efficiencies.

Attachments:

1. Resolution entitled, "Establishing a Records Retention Schedule and Superseding All Previous Policies." with Exhibit A
2. Resolution 07-06 with Old Records Retention Policy

RESOLUTION 16-___

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MOULTON NIGUEL WATER DISTRICT
ESTABLISHING A RECORDS RETENTION SCHEDULE
AND SUPERSEDING ALL PREVIOUS POLICIES**

WHEREAS, the maintenance of numerous records is expensive, slows document retrieval, and is not necessary after a certain period of time for the effective and efficient operation of the government of the Moulton Niguel Water District; and

WHEREAS, Section 60200 of the Government Code of the State of California provides that the legislative body of a special district may authorize at any time the destruction or disposition of any duplicate record, paper, or document, the original or a permanent photographic record of which is in the files of any officer or department of the district; and

WHEREAS, Section 60201 of the Government Code of the State of California is amended effective January 1, 2005 to provide that district records which have served their purpose, which are not expressly required by law to be filed and persevered, and which will not adversely affect any interest of the district or public may be destroyed; and

WHEREAS, The Board of Directors previously adopted Resolution 07-06 establishing a records retention schedule; and

WHEREAS, the General Manager has developed policies and procedures relating to records management, including the requirement of the approval of a list of the types of records destroyed or disposed of that reasonably identifies the information contained in the records in each category;

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

Section 1. Repeal of Previous Resolutions.

Resolution 07-06 establishing records retention schedules and designating responsibilities are hereby repealed and superseded in their entirety;

Section 2. Destruction of Records in Compliance Exhibit A will not Adversely Affect Any Interest of the District.

The Board of Directors finds that the destruction or disposition of the records series that have exceeded the retention periods as set forth in the Records Retention Schedule Exhibit A will not adversely affect any interest of the District or the public.

Section 3. Authorization to Destroy Records in Compliance with Exhibit A.

The records of the Moulton Niguel Water District, as set forth in the Records Retention Schedule Exhibit A, attached hereto and incorporated herein by this reference, are hereby authorized to be

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destroyed as provided by Section 60201 et seq. of the Government Code of the State of California and in accordance with the provision of said schedule in accordance with District policies and procedures, without further action by the Board of Directors of the Moulton Niguel Water District.

Section 4. Authorization for Future Updates to Exhibit A.

With the consent of the District Counsel and General Manager, minor updates are hereby authorized to be made to the Records Retention Schedule without further action by the Board of Directors. Minor updates include changes in Department or Division names, improvements in descriptions, changes in comments, deleting records series that are no longer applicable, and/or what is scanned. Changes in the Total Retention and/or adding new records series must be presented to the Board of Directors of the Moulton Niguel Water District.

Section 5. Definition of Records.

The term “records” as used herein shall include documents, instructions, books, microforms, electronic files, magnetic tape, optical media, or papers; as defined by the California Public Records Act.

ADOPTED, SIGNED and APPROVED this 15th day of September, 2016.

MOULTON NIGUEL WATER DISTRICT

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

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

POLICY A-1: RETAINING DISTRICT RECORDS

This policy includes all employees and consultants employed by the District who create, use, or store paper or electronic records of the Moulton Niguel Water District.

1. Definitions

The terms “record” and “records” used in this policy shall have the same meaning as the terms “public records,” “records,” and “writing” used in the California Secretary of State Local Government Records Management Guidelines (“Secretary of State Guidelines”) and the California Public Records Act (“PRA”). Those terms are defined as follows:

From the Secretary of State Guidelines:

“**Public Records** – Any information relating to the conduct of the public’s business prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics.”

“**Records** – All papers, maps, exhibits, magnetic or paper tapes, photographic films and prints, punched cards, and other documents produced, received, owned or used by an agency, regardless of physical form or characteristics.”

From the PRA - Government Code section 6252, subdivisions (e) and (g):

“(e) ‘Public records’ includes any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. ...”

“(g) ‘Writing’ means handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored.”

2. Authorization

State Law authorizes special districts to develop and maintain a document management program, including management of electronic records. (Government Code §§ 60200 - 60203.)

3. General Manager Establishes Procedures to Implement Policy

The General Manager has authorization to establish procedures that will help in implementing the policy. The General Manager may also delegate authority to staff to initiate and manage the policy and related procedures.

4. Board Secretary/Executive Assistant will Implement Policy

The Board Secretary/Executive Assistant is responsible for implementing the policy, training staff on the policy, monitoring records retention schedules, managing the records policies and procedures, ensuring the records inventory is maintained and keeping the policy and procedures in compliance with the Secretary of State Guidelines and all applicable Federal and State laws.

5. Division and Department Heads are Responsible for Complying with the Policy and Procedures

All Division and Department Heads shall:

- Work with the Executive Assistant/Board Secretary to carry out the policy and procedures.
- Document transactions when preserving official records or destroying obsolete records.

6. Amendments to the Records Retention Schedules Must be Approved by General Manager and General Counsel

The General Manager and General Counsel shall approve minor amendments to the Records Retention Schedules, including updates to Department or Division names, improvements in descriptions, changes in comments, deleting records series, etc. The Board of Directors must approve substantial changes to the Records Retention Schedules, including changes in Total Retention or adding new records series.

7. Process must be documented

The records retention cycle for each department is to be documented and kept with the Board Secretary/Executive Assistant.

8. General Manager and Department Head Must Give Final Approval Before Destruction of Obsolete Records; General Counsel Written Consent Required For Destruction of Video/Audio Recordings

Prior to the destruction of any official / original record that has exceeded its retention period, both the Department Head and General Manager must approve its destruction in writing. Pursuant to Government Code section 53160, the written consent of General Counsel is required

before destruction of any recordings of “routine video monitoring” that have exceeded the required retention period, including recordings from monitoring systems and building security recording systems.

9. Records Retention Schedules

The Records Retention Schedules for the District’s records are attachments to this policy and are incorporated into and made a part of this policy.

Attachments:

District-Wide Standards Records Retention Schedule

Contracts & Procurement Records Retention Schedule

Engineering Records Retention Schedule

Finance Records Retention Schedule

General Manager & Board Secretary Records Retention Schedule

Human Resources Records Retention Schedule

Information Technology Records Retention Schedule

Operations Records Retention Schedule

Public Affairs Records Retention Schedule

Safety & Risk Management Records Retention Schedule

Water District Records Retention Schedule

ATTACHMENTS

RECORDS RETENTION SCHEDULES

[See Following Pages]

DRAFT

HOW TO USE RETENTION SCHEDULES

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A legend explaining the information presented in the retention schedule has been printed on the back of each page for your easy reference; an index to locate records is also provided.

The specified retention period applies regardless of the media of the record: If a record is stored on paper and a computer file on a hard drive, both records should be destroyed (or erased) after the specified period of time has elapsed.

Copies or duplicates of records should never be retained longer than the prescribed period for the original record.

STRUCTURE: DISTRICTWIDE, DEPARTMENTS & DIVISIONS

The District-wide retention schedule includes those records all departments have in common (letters, memorandums, purchase orders, etc.). These records are NOT repeated in the Department retention schedule, unless that department is the Office of Record, and therefore responsible for maintaining the original record for the prescribed length of time.

Each department has a separate retention schedule that describes the records that are unique to its department, or for which it is the Office of Record. Where appropriate, the department retention schedules are organized by Division within that Department. If a record is not listed in your department retention schedule, refer to the District-wide retention schedule. An index will be provided for your reference.

BENEFITS

This retention schedule will provide the District with the following benefits:

- Reduce administrative expenses, expedite procedures
- Free filing cabinet and office space
- Reduce the cost of records storage
- Eliminate duplication of effort within the District
- Easier purging of file folders
- Determine what media should be used to store records

For questions, please contact the District Secretary.

Authorization to Destroy Records:

All original records that have exceeded their retention period must be authorized for destruction according to District Policies & Procedures prior to destroying them.

Copies, drafts, notes and non-records do NOT require authorization, and can be destroyed "When No Longer Required."

- If there is a **minimum** retention (" **Minimum 2 years**"), it must be authorized for destruction before it is destroyed, as it is an original record.
- If there is **NOT** a minimum retention ("When No Longer Required"), it does NOT need to be authorized for destruction prior to destruction, as it is a preliminary draft / transitory record or a copy.
- On every page of the schedules (near the top, just under the column headings) are important instructions, including instructions regarding holds on destroying records. "**Litigation, complaints, claims, public records act requests, audits and/or investigations suspend normal retention periods (retention resumes after settlement or completion).**"

RECORDS RETENTION SCHEDULE LEGEND

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OFR (Office of Record): The department that keeps the original or “record copy.” Usually it is the department that originates the record, unless the item is for a District Board meeting (then it is the District Secretary.)

Records Description: The record series (a group of like records).

Transitory Records: Records that are not retained in the ordinary course of business, including without limitation: Preliminary drafts, notes, or interagency or intra-agency memoranda and records having only transitory value. Examples: Telephone messages, meeting room reservation schedules, logs, source records entered into a computer system that qualify as a “trusted system”, etc.

Non-Record: Documents, studies, books and pamphlets produced by outside agencies, preliminary drafts not retained by the District in the ordinary course of business.

Retention/Disposition:
Active: How long the file remains in the immediate office area (*guideline*)
Inactive: How long the file is in off-site storage, stored on Optical Disk or Microforms (*guideline*)
Total Retention: The total number of years the record will be retained active and inactive

For file folders containing documents with different retention timeframes, use the document with the longest retention time.

P = Permanent

Indefinite = No fixed or specified retention period; used for databases, because the data fields are interrelated.

Vital? = Those records that are needed for basic operations in the event of a disaster.

Media Options (*guideline*) – the form of the record:
Mag = Computer Magnetic Media (hard drives, tapes, USB Drives, thumb drives, etc.)
Mfr = Microforms (aperture cards, microfilm, microfiche, or jackets)
Ppr = Paper
OD = Optical Disk, CD-r, DVD-r, WORM, or other media which does not allow changes

Scan / Import (*guideline*):
“S” indicates the record should be scanned into the document imaging system;
“I” indicates the record should be electronically imported into the document imaging system;
“M” indicates the record should be microfilmed

Destroy Paper after Imaged & QCd (*guideline, if record is imaged*): QCd=Quality Checked. “Yes” indicates the paper version may be destroyed if the document has been imaged (microfilmed, scanned or imported onto Optical Disk – CD-R, WORM or DVD-R), and both the images and indexing have been QCd.

Legend for legal citations (§: Section)
CC: Civil Code (CA)
CFC: California Fire Code
EVC: Evidence Code (CA)
FTB: Franchise Tax Board (CA)
HUD: Housing & Urban Develop. (US)
PC: Penal Code (CA)
USC: United States Code (US)
WC: Water Code

B&P: Business & Professions Code (CA)
CCP: Code of Civil Procedure (CA)
CFR: Code of Federal Regulations (US)
FA: Food & Agriculture Code (CA)
GC: Government Code (CA)
LC: Labor Code (CA)
R&T: Revenue & Taxation Code (CA)
VC: Vehicle Code (CA)

CBC: California Building Code
CCR: California Code of Regulations (CA)
EC: Elections Code (CA)
FC: Family Code (CA)
H&S: Health & Safety Code (CA)
Ops. Cal. Atty. Gen.: Attorney General Opinions (CA)
UFC: Uniform Fire Code
W&I: Welfare & Institutions Code (CA)

RECORDS RETENTION SCHEDULE: DISTRICT-WIDE STANDARDS

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>Retentions apply to the department that is NOT the Office of Record (OFR) or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Risk Manage.	DW-001	Accident or Damage Reports	Copies - When No Longer Required		Copies - When No Longer Required	Yes: Until Settled	Mag, Ppr			GC §60200
Finance / Accounts Payable	DW-002	Accounts Payable (Invoices, Travel Expense Reimbursements, etc.)	Copies - When No Longer Required		Copies - When No Longer Required	Yes: Until Paid	Mag, Ppr			Also see Grants. copies; GC §60200
Legal & Board Services	DW-003	Agendas, Agenda Packets & Action Summaries (Board of Directors)	Copies - When No Longer Required		Copies - When No Longer Required	Yes	Mag, Ppr			District Secretary maintains originals; GC §60200
Engineering	DW-004	Agreements & Contracts - ALL	Copies - When No Longer Required		Copies - When No Longer Required	Yes	Mag, Mfr, OD, Ppr	S / I	No	Engineering maintains originals; GC §60200
Lead Department	DW-005	Agreements & Contracts - ALL: ADMINISTRATIVE RECORDS (Correspondence, project schedules, copies of invoices, backup, insurance certificates etc.) Also see grant retention, if applicable.C18	Completion + 10 years		Completion + 10 years		Mag, Mfr, OD, Ppr	S / I	Yes: After QC & OD	Also see Grants. Covers E&O Statute of Limitations (insurance certificates are filed with agreement); Published Audit Standards=4-7 years; Statute of Limitations: Contracts & Spec's=4 years, Wrongful Death=comp. + 5 years, Developers must retain their records for completion + 10 years; CCP §§336(a), 337 et. seq., GC §60201

RECORDS RETENTION SCHEDULE: DISTRICT-WIDE STANDARDS

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>Retentions apply to the department that is NOT the Office of Record (OFR) or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Lead Department	DW-006	Agreements & Contracts: Unsuccessful bids	Bid Opening + 2 years		Bid Opening + 2 years			Mag, Ppr		Special Districts are required to keep public works unaccepted bids for 2 years; GC §60201(d)(11)
	DW-007	Association Records (external associations - e.g., ACWA, etc.)	When No Longer Required		When No Longer Required			Mag, Ppr		Non-records; GC §60201 et seq.
	DW-008	Bids: See Agreements						Mag, Ppr		
	DW-009	Brochures: See Reference Materials						Mag, Ppr		
-36- Finance	DW-010	Travel Authorizations / Travel Reimbursements (Accounts Payable)	Copies - When No Longer Required		Copies - When No Longer Required			Mag, Ppr		GC §60200
Finance	DW-011	Budgets - Finals, Drafts, Reports, Worksheets	Copies - When No Longer Required		Copies - When No Longer Required	Yes: Current Fiscal Year		Mag, Ppr		GC §§60200, 53901
Risk Manage.	DW-012	Claims / Litigation	Copies - When No Longer Required		Copies - When No Longer Required	Yes: Before Settlement		Mag, Ppr		GC §§60200, 60201 et seq.
Lead Dept.	DW-013	Clippings / Newspaper Clippings	When No Longer Required		When No Longer Required			Mag, Ppr		Non-records; GC §60201 et seq.
Lead Dept.	DW-014	Committees or Task Forces: Internal (e.g. Records Management Committee, etc.)	When No Longer Required		When No Longer Required			Mag, Ppr		GC §60201

RECORDS RETENTION SCHEDULE: DISTRICT-WIDE STANDARDS

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>Retentions apply to the department that is NOT the Office of Record (OFR) or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Lead Dept.	DW-015	Committees, Task Forces, Associations, Commissions, & Boards: External Organizations (e.g. Association of California Water Agencies, etc.)	When No Longer Required		When No Longer Required			Mag, Ppr		Non-records
	DW-016	Contracts: See Agreements						Mag, Ppr		
-37-	DW-017	Copies or duplicates of any record	Copies - When No Longer Required		Copies - When No Longer Required			Mag, Ppr		GC §60200
Lead Dept.	DW-018	Correspondence - Regulatory Agencies	When No Longer Required - Minimum 10 years		When No Longer Required - Minimum 10 years	Yes: While Active Issues		Mag, Ppr		District preference; some correspondence from Regulatory Agencies need to be retained for long periods of time; GC §60201
Dept. that Authors Document or Receives the District's Original Document	DW-019	Correspondence - Routine (e.g. Administrative, Chronological, Communications, General Files, Letters, Memorandums, Miscellaneous Reports, Reading Files, Working Files, etc. Does NOT include Regulatory Agency Correspondence)	When No Longer Required - Minimum 2 years		When No Longer Required - Minimum 2 years			Mag, Ppr		Department preference; GC §60201

RECORDS RETENTION SCHEDULE: DISTRICT-WIDE STANDARDS

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>Retentions apply to the department that is NOT the Office of Record (OFR) or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Dept. that Authors Document or receives District's Original Document	DW-020	Correspondence - TRANSITORY / PRELIMINARY DRAFTS , Interagency and Intraagency Memoranda not retained in the ordinary course of business (e.g. calendars, checklists, e-mail or social media posting NOT made or retained for the purpose of preserving the informational content for future reference , invitations, instant messaging, logs, mailing lists, meeting room registrations, supply inventories, telephone messages, transmittal letters, thank yous, requests from other cities, undeliverable envelopes, visitors logs, voice mails, webpages, etc.)	When No Longer Required		When No Longer Required			Mag, Ppr		Electronic and paper records are filed and retained based upon their content. E-mails, electronic records, or social media postings that ARE made or retained for the purpose of preserving the informational content for future reference are saved by printing them out and placing them in a file folder, or saving them electronically. If not mentioned here, consult the Attorney to determine if a record is considered transitory / preliminary draft. GC §§60201, 6252, 6254(a); 64 Ops. Cal. Atty. Gen. 317 (1981))
Lead Dept.	DW-021	Drafts & Notes: Drafts that are revised (retain final version)	When No Longer Required		When No Longer Required			Mag, Ppr		As long as the drafts and notes are not retained in the "Regular Course of Business". GC §60201, GC §6254

RECORDS RETENTION SCHEDULE: DISTRICT-WIDE STANDARDS

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	
<i>Retentions apply to the department that is NOT the Office of Record (OFR) or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>									
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>									
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>									
ad Dept.	DW-022	Grants (SUCCESSFUL) - all records, including FEMA claims)	2 years	After Funding Agency Audit, if Required - Minimum 5 years	After Funding Agency Audit, if required - Minimum 5 years		Mag, Ppr		District Preference (may include records pertaining to independent contractor's compensation, or expense reimbursement); Meets auditing standards; Uniform Admin. Requirements for Grants to Local Governments is 3 years from expenditure report or final payment of grantee or subgrantee; 2 CFR 200.33; 7 CFR 3016.42; 221 CFR 1403.36 & 1403.42(b); 24 CFR 85.42, 91.105(h), 92.505, 570.490, & 570.502(a&b), 28 CFR 66.42; 29 CFR 97.42; 40 CFR 31.42; 44 CFR 13.42; 45 CFR 92.42; OMB Circular A-110 & A-133; GC §34090
Lead Dept.	DW-023	Grants: UNSUCCESSFUL (Applications, Correspondence, etc.)	2 years		2 years		Mag, Ppr		Department Preference; GC §60201
	DW-024	Invoices - see Accounts Payable					Mag, Ppr		
Lead Dept.	DW-025	Index to Inactive Records / Records Stored in Records Center / Inventory of Records in Records Center	Indefinite		Indefinite		Mag, Ppr		Department Preference; GC §60201
Lead Dept.	DW-026	JD Edwards Database / ERP Database	Indefinite		Indefinite		Mag		Data is interrelated; system qualifies as a "trusted system"; GC §§60201, 12168.7

RECORDS RETENTION SCHEDULE: DISTRICT-WIDE STANDARDS

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>Retentions apply to the department that is NOT the Office of Record (OFR) or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Lead Dept.	DW-027	Lawsuits / Litigation	Final Resolution	5 years	Final Resolution + 5 years	Yes: Until Resolution	Mag, Ppr			Department Preference; Covers various statute of limitations; CCP §§ 337 et seq.; GC §§ 911.2, 945.6, 60201(d)(4)
GM & Board Services	DW-028	Ordinances	Copies - When No Longer Required		Copies - When No Longer Required	Yes	Mag, Ppr			GC §60201
-40- Human Resources	DW-029	Personnel Files - Department-level Copies	Send to Human Resources Upon Separation		Send to Human Resources Upon Separation	Before Separation	Mag, Ppr			Ensure records kept in Department files comply with District policy; Originals are maintained by Personnel. Supervisors notes should be maintained in a separate folder and be incorporated in the employee's annual performance review; 29 CFR 1602.31 & 1627.3(b)(ii), 8 CCR §3204(d)(1) et seq., GC §§12946, 60201
Human Resources	DW-030	Personnel Files - Department-level Supervisor's Notes	When No Longer Required		When No Longer Required	Before Separation	Mag, Ppr			Preliminary Drafts; Supervisors notes should maintained in a separate folder and be incorporated in the employee's annual performance review; 29 CFR 1602.31 & 1627.3(b)(ii), 8 CCR §3204(d)(1) et seq., GC §§12946, 60201

RECORDS RETENTION SCHEDULE: DISTRICT-WIDE STANDARDS

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>Retentions apply to the department that is NOT the Office of Record (OFR) or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Finance / Cash Manage.	DW-031	Petty Cash	Copies - When No Longer Required		Copies - When No Longer Required	Yes: Until Paid	Mag, Ppr			Also see Grants. copies; GC §60200
Lead Dept.	DW-032	Photographs	When No Longer Required		When No Longer Required		Mag, Ppr			GC §60201
	DW-033	Policies & Procedures - See Reference Manuals					Mag, Ppr			
Lead Dept.	DW-034	Public Records Act Requests	2 years		2 years		Mag, Ppr			GC §60201(d)(5)
Lead Dept.	DW-035	Quotes	2 years	3 years	5 years	Yes: Until Paid	Mag, Mfr, OD, Ppr	S / I	Yes: After QC & OD	Scanned to JD Edwards; Some grant funding agencies require audits; Statute of Limitations: Contracts & Spec's=4 years; CCP §337 et. seq., GC §60201
Admin. / Records Manage.	DW-036	Records Destruction Lists	Copies - When No Longer Required		Copies - When No Longer Required		Mag, Ppr			Copies; GC §60200
Authoring Dept.	DW-037	Reference Materials: Policies, Procedures, Brochures, Manuals, Newsletters, & Reports: Produced by YOUR Department	When No Longer Required - Minimum of Superseded + 2 years		When No Longer Required - Minimum of Superseded + 2 years		Mag, Ppr			Documents of historical significance should be retained longer; GC §60201
Lead Dept.	DW-038	Reference Materials: Policies, Procedures, Brochures, Manuals, Newsletters, & Reports: Produced by OTHER Departments	When No Longer Required		When No Longer Required		Mag, Ppr			Copies; GC §60200

RECORDS RETENTION SCHEDULE: DISTRICT-WIDE STANDARDS

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>Retentions apply to the department that is NOT the Office of Record (OFR) or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Lead Dept.	DW-039	Reference Materials: Policies, Procedures, Brochures, Manuals, Newsletters, & Reports: Produced by OUTSIDE ORGANIZATIONS	When No Longer Required		When No Longer Required			Mag, Ppr		Non-Records
Lead Dept.	DW-040	Reports and Studies - White Papers, Issue Papers, Position Papers, Scientific Studies (other than Annual Reports)	Minimum 2 years		Minimum 2 years			Mag, Ppr		GC §60201
42 - I & Board Services	DW-041	Resolutions	Copies - When No Longer Required		Copies - When No Longer Required	2 years	Yes, depending upon subject	Mag, Ppr		copies; GC §60200
Lead Dept.	DW-042	Subpoenas	2 years		2 years			Mag, Ppr		GC §60201(d)(5)
Lead Dept.	DW-043	Surveys / Questionnaires (that the District issues). If a summary of the data is compiled, the survey forms are considered a draft or transitory record, and can be destroyed when no longer required.	2 years		2 years			Mag, Ppr		GC §§60200, 60201
Finance / Payroll	DW-044	Time Sheets	Copies - When No Longer Required		Copies - When No Longer Required			Mag, Ppr		GC §60201

RECORDS RETENTION SCHEDULE: DISTRICT-WIDE STANDARDS

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>Retentions apply to the department that is NOT the Office of Record (OFR) or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Human Resources or Safety -43-	DW-045	Training: ALL COURSE RECORDS / SYLLABUS, AND ROSTER OF ATTENDEES	2 years	3 years	5 years		Mag, Ppr			Department preference; Ethics Training is 5 years; Statewide guidelines propose 7 years; Calif. Labor Division is required to keep their OSHA records 7 years; EEOC/FLSA/ADEA (Age) requires 3 years for promotion, demotion, transfer, selection, or discharge; State Law requires 2 - 3 years for personnel actions; 8 CCR §3203 et seq., 29 CFR 1602.31; LC §6429(c); GC §§12946, 60201, 53235.2(b)
		Includes Safety Training & Tailgate Training Meetings (except for Information Technology / Software)								
Lead Dept.	DW-046	Visitor Logs / Registers	2 years		2 years		Mag, Ppr			Department preference; GC §60201 et. seq.

RECORDS RETENTION SCHEDULE: CONTRACTS & PROCUREMENT

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Contracts & Procure.	CONT-001	Certified Payroll (Operations Projects)	2 years	9 years	11 years		Mag, Ppr			Covers Audit requirements; CCP §337 et. seq., GC §60201
Contracts & Procure.	CONT-002	Insurance Certificates	2 years	9 years	11 years		Mag, Ppr			Covers Statute of Limitations for Erros & Ommissions; CCP §337 et. seq., GC §60201
Contracts & Procure. -44-	CONT-003	Purchase Orders After 2012 (JD Edwards)	W	3 years	5 years	Yes: Until Paid	Mag, Mfr, OD, Ppr	S / I	Yes: After QC	Some grant funding agencies require audits; Statute of Limitations for Errors & Ommissions doesn't apply; Published Audit Standards=4-7 years; Statute of Limitations: Contracts & Spec's=4 years, Wrongful Death=comp. + 5 years, Statewide guidelines propose termination + 5 years; CCP §337 et. seq., GC §60201
Contracts & Procure.	CONT-004	Vendor Agreements / Master Contracts / Purchasing Contracts (Where Purchasing is the Lead) (Engineering retains all contracts in their files) (includes insurance certificates and Amendments / Revisions)	2 years	Completion + 10 years	Completion + 10 years	Yes: Before Completion	Mag, Mfr, OD, Ppr	S / I	Yes: After QC	Department Preference; Covers E&O Statute of Limitations; Published Audit Standards=4-7 years; Statute of Limitations: Contracts & Spec's=4 years, Wrongful Death=comp. + 5 years, Developers=comp. + 10 years; Statewide guidelines propose termination + 5 years; CCP §§336(a), 337 et. seq., GC §60201 et seq.

RECORDS RETENTION SCHEDULE: CONTRACTS & PROCUREMENT

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Contracts & Procure.	CONT-005	W-9's	2 years	3 years	5 years			Mag, Ppr		District Preference; Related to independent contractor's compensation; IRS: 4 yrs after tax is due or paid; Ca. FTB: 3 years; Articles show 7 years; IRS Reg §31.6001-1(e)(2), R&T §19530; 29CFR 516.5 - 516.6, 29USC 436, GC §60201(d)(12)

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?		
(OFR)											
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>											
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>											
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>											
GENERAL ENGINEERING											
Engineering	ENG-001	Acquisitions / Sale, Real Property	Until Recorded	P	P			Mag, Mfr, OD, Ppr	S/I	Yes: After QC & OD	Department Preference; GC §60201
Engineering	ENG-002	Aerials	2 years	P	P			Mag, Mfr, OD, Ppr	S/I	Yes: After QC & OD	Department Preference; GC §60201
Engineering	ENG-003	Agreements & Contracts - ALL	2 years	P	P	Yes: Before Superseded		Mag, Mfr, OD, Ppr	S / I	No	Department Preference; CCP §337 et seq.; GC §60201
-46- Engineering	ENG-004	CEQA / NEPA Documents: Prepared by others for NON-District Projects (District comments) (Environmental Impact Reports (EIRs), Environmental Assessments, Negative Declarations, etc)	When No Longer Required		When No Longer Required			Mag, Ppr			Non-records; GC §60200
Engineering	ENG-005	CEQA / NEPA Documents: Prepared for District Purposes (Environmental Impact Reports (EIRs), Environmental Assessments, Negative Declarations, etc)	2 years	P	P	Yes: Until Project Completed		Mag, Mfr, OD, Ppr	S / I	No	Usually filed in Project File; GC §60201
Engineering	ENG-006	Correspondence with Regulatory Agencies	When No Longer Required - Minimum 10 years		When No Longer Required - Minimum 10 years	Yes: While Active Issues		Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	District preference; some correspondence from Regulatory Agencies need to be retained for long periods of time; GC §60201

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record (OFR)	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?	
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Engineering	ENG-007	Corrosion Control / Cathodic Protection	2 years	P	P	Yes: Before Superseded	Mag, Mfr, OD, Ppr	S / I	No	Department Preference; GC §60201
Engineering	ENG-008	Geographic Information System (GIS)	Indefinite		Indefinite	Yes	Mag			Data is interrelated; GC §60200, 60201 et seq.
Engineering	ENG-009	Improvement Districts / Assessment Districts / CFDs	Upon Completion	P	P	Yes	Mag, Mfr, OD,	S	Yes: After QC & OD	GC §60201 et seq.
Engineering	ENG-010	Master Plans	2 years	P	P	Yes	Mag, Mfr, OD, Ppr	S	No	Department Preference (updated every 5 years); GC §60201 et seq.
Engineering	ENG-011	Real Estate Appraisal Reports ALL (Whether Purchased or Not)	2 years	P	P	Yes: Before Purchase	Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	Department preference (not accessible to the public until close of escrow); USPAP (Uniform Standards of Professional Appraisal Practice) ethical standards require appraisers to retain records for at least 5 years, or final disposition + 2 years, if used in a judicial proceeding; GC §§60201, 6254(h)
Engineering	ENG-012	Reports & Studies (Soils Report, Water Availability,)	2 years	P	P	Yes	Mag, Mfr, OD, Ppr	S	No	Department Preference; GC §60201 et seq.

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
CAPITAL IMPROVEMENT PROJECTS										
Engineering	ENG-013	Capital Improvement Projects (CIP): Large Format Drawings Design Drawings (finals), Final Record Drawings ("As Builts")	Upon Completion	P	P	Yes: Until Completed	Mag, Mfr, OD, Ppr	S	No	For Disaster Recovery Purposes; Final environmental determinations are required to be kept a "reasonable period of time"; 14 CCR §15095(c); GC §60201 et seq.
-48- Engineering	ENG-014	Capital Improvement Projects (CIP): Permanent File Agreements / Contracts, Bid Package(Winning), Bid Summary, Bonds, Board Letters (copy), Change Orders, Consultant Proposals (Successful), Environmental, Inspection Pictures, Inspection Reports, Material Testing, Operations & Maintenance Manuals, Permits (Design, Environmental), Preliminary Design Report, Rights of Way / Easements, Soils, Geotechnical Reports, Specifications, Submittals, Surveys, CAD files, Engineer's Calculation Files	Upon Completion	P	P	Yes: Until Completed	Mag, Mfr, OD, Ppr	S/I	Yes: Complet. + 10 years	Department preference; retained for disaster preparedness purposes; Statewide guidelines propose Permanent for Infrastructure plans; GC §60201

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record	Retention No.	Records Description	Retention / Disposition					Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options		Image: I=Import M=Mfr S=Scan
(OFR)									
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>									
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>									
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>									
Engineering -49-	ENG-015	Capital Improvement Projects (CIP): Administration - 10 year file Project Administration, Certified Payroll, Grant Documents, Errors & Omissions, Insurance Certificates, Notifications, Progress Payments, Punch Lists, Videos Post-Construction & Pre-Construction	Completion + 3 years	7 years or After Funding Agency Audit, if required, whichever is longer	Completion + 10 years or After Funding Agency Audit, if required, whichever is longer	Yes: Until Completed	Mag, Ppr		Some grant funding agencies require audits; Statute of Limitations for Errors & Omissions is 10 years; Published Audit Standards=4-7 years; Statute of Limitations: Contracts & Spec's=4 years, Wrongful Death=comp. + 5 years, Developers=comp. + 10 years; Statewide guidelines propose termination + 5 years; CCP §337 et. seq., GC §60201
Engineering	ENG-016	Capital Improvement Projects (CIP): Administration - 3 year file Bid Bonds (returned), Correspondence (Transitory / Preliminary Drafts), Engineer's Estimates, Memoranda, NPDES, Permits (Construction & Street Opening), Preliminary Notices, Printed E-mails, Project Manager's Notes, Project Schedules, Requests for Information, Stop Notices - Claims, Transmittal Letters, Unsuccessful Proposals, USAs	Completion + 3 years			Completion + 3 years or After Funding Agency Audit, if required, whichever is longer		Mag, Ppr	Department preference; GC §60201
Operations / Admin. & Engineering	ENG-017	Encroachment Permits (Road / Street Cuts - Temporary)	Completion + 2 years		Completion + 2 years		Mag, Ppr		Department preference; GC §60201

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Operations / Wastewater & Engineering	ENG-018	Operating Permits (SWRQCB, etc.)	Expiration + 5 years		Expiration + 5 years			Mag, Ppr		Department Preference; GC §60201
Operations / Water Dist. & Engineering	ENG-019	Reservoir Maintenance / Tank Maintenance (includes dive and tank inspection reports, other inspection reports, etc.)	2 years	Life of Tank	Life of Tank			Mag, Mfr, OD, Ppr	S/I	Yes: After QC'd Infrastructure; GC §60201

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record (OFR)	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?	
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
DEVELOPMENT SERVICES										
Engineering	ENG-020	Annexations / Boundary Changes Index, Maps, Documents	Upon Completion	P	P	Yes	Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	GC §60201 et seq.
Engineering	ENG-021	Application for Water & Sewer Service	2 years	P	P	Yes	Mag, Mfr, OD,	S	Yes: After QC & OD	Department preference; GC §60201

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC & OD?
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
-52- Engineering	ENG-022	Cell Sites Amendments Applications for site modification or coming to a site Approved plans/Consent Letters Correspondence Engineering Mount Integrity report Geotechnical Reports Lease Renewal Notices Lease Transfer Notices Default Notices Letter of Authorization Non-Compliance Notices Notice Lease License Expiration Notice of Legal Address Changes Proof of City Building Permit Proof of City Zoning Approval Public Hearing Notices Certified Mail Receipts Insurance Documents License Agreements Leases Receipts Removal Notices Structural Reports	2 years	P	P		Mag, Mfr, OD, Ppr	S/I	Yes: After QC & OD	Department Preference (preliminary notices may be purged after they are cleared / proof of payment to subcontractor has been presented); GC §60201
Engineering	ENG-023	Comment Letters: No Comment, Non-Interference Letters to City or County	2 years		2 years		Mag, Ppr			Department preference; GC §60201
Engineering	ENG-024	Contributed Capital Report	2 years	P	P	Yes	Mag, Mfr, OD,	S	Yes: After QC & OD	Department preference; GC §60201

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record (OFR)	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?	
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Engineering	ENG-025	Developer Trust Accounts / Developer Deposit Accounts	Closed + 5 years		Closed + 5 years		Mag, Ppr			Department preference (meets municipal government auditing standards); GC §60201
Engineering	ENG-026	Easements, Encroachments, Grant Deeds, Quitclaim Deeds & Title Reports	While active	P	P		Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	Department preference; GC §60201
Engineering	ENG-027	Engineering Estimates / Water Service Cost Worksheets	2 years		2 years		Mag, Ppr			Department preference; GC §60201
Engineering	ENG-028	Engineering Receipts & Fee Calculation Spreadsheets	While active	P	P					
Engineering	ENG-029	Fire Flow Test Results - Hydrants	2 years		2 years		Mag, Ppr			Department Preference; GC §60201 et seq.
Engineering	ENG-030	Funds Received Report	2 years	P	P	Yes	Mag, Mfr, OD,	S	Yes: After QC & OD	Department preference; GC §60201
Engineering	ENG-031	Improvement District Reimbursement Packages	While active	P	P		Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	Department preference (Meets municipal government auditing standards); GC §60201
Engineering	ENG-032	Inspection Reports	While active	P	P		Mag, Mfr, OD,	S	Yes: After QC & OD	Department preference; GC §60201
Operations / Water Dist. & Engineering	ENG-033	Manuals: Operations & Maintenance / Project Manuals (O&M Manuals)	Life of the Building or Equipment		Life of the Building or Equipment	Yes: Until Superseded	Mag, Ppr			Department preference; Maintain copies as long as the infrastructure is in the field ; GC §60201
Engineering	ENG-034	Projects - Private Development - Permanent File Dedications, Drainage, Driveway, Easements, Encroachments, Grading Permits & Plans, Rights of Way, Soils Reports, Stormwater, etc.	Upon Completion	P	P	Yes: Until Completed	Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	For disaster preparedness purposes; GC §60201 et seq.

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Engineering	ENG-035	Projects - Private Development Files Large Format Drawings Design Drawings (finals), Record Drawings ("As Built") of Infrastructure Maintained by the District	Upon Completion	P	P	Yes: Until Completed	Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	For Disaster Recovery Purposes; GC §60201 et seq.
-54- Engineering	ENG-036	Projects - Private Development: Administration - 10 year file Addendum 1 Insurance & Bonding, Construction Inspections, Construction Bonds, Indemnity Bonds, Photos, Private Lab Verifications, Notices / Notice of Completion, Testing Lab Final Reports	Completion + 3 years	7 years or After Funding Agency Audit, if required, whichever is longer	Completion + 10 years or After Funding Agency Audit, if required, whichever is longer	Yes: Until Completed	Mag, Ppr			Some grant funding agencies require audits; Statute of Limitations for Errors & Omissions is 10 years; Published Audit Standards=4-7 years; Statute of Limitations: Contracts & Spec's=4 years, Wrongful Death=comp. + 5 years, Developers=comp. + 10 years; Statewide guidelines propose termination + 5 years; CCP §337 et. seq., GC §60201
Engineering	ENG-037	Requirements Letters	Upon Completion		Upon Completion	Yes	Mag, Mfr, OD,	S	Yes: After QC & OD	Department preference; GC §60201
Engineering	ENG-038	Tracking Sheets & Master Tracking Sheets	2 years	P	P	Yes	Mag, Mfr, OD,	S	Yes: After QC & OD	Department preference; GC §60201
Engineering	ENG-039	Tracts / Subdivisions / Parcel Maps / Tentative Tracts (may contain drawings of our easements)	Upon Completion	P	P	Yes	Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	Department preference (Tracts maintained by appropriate County and/or City); GC §60201
Engineering	ENG-040	Utility Requests: Design for USAs (Underground Utility Alerts)	3 years		3 years		Mag, Ppr			Department Preference; GC §§4216.2(d) & 4216.3(d), 60201

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Engineering	ENG-041	Water Supply Assessments	2 years	P	P	Yes	Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	Department Preference (updated every 5 years); GC §60201 et seq.
Engineering	ENG-042	Will-Serve Letters / Availability Letters, Engineering Feasibility Letters	2 years	P	P	Yes	Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	Department preference; GC §60201

Office of Record	Retention No.	Records Description	Retention / Disposition					Comments / Reference		
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options		Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
ENGINEERING WATER QUALITY										
Engineering	ENG-043	Aboveground Petroleum Storage Tanks (Agency Owned) Spill Prevention Control and Countermeasures (SPCC), Inspections, Integrity Testing, Maintenance, Repairs	20 years		20 years		Mag, Ppr		Department Preference; applies to both Tier I and Tier II Tanks; (Tier II tanks are required to have an integrity test every 20 years); GC §60201	
Engineering	ENG-044	Cathodic Testing	7 years		7 years		Mag, Mfr, OD,	S	Yes: After QC & OD	Department Preference; GC §60201 et seq.
Engineering	ENG-045	Chains of Custody / Potable Water Analysis & Sampling: ALL	2 years	10 years	12 years		Mag, Ppr			Department Preference; Lead and Copper are required for 12 years or 2 compliance cycles (compliance cycle is 3 years); 40 CFR 141.33(a) and (b)(1); 22 CCR §64470; 22 CCR 64400.20; 22 CCR 64690.80
Engineering	ENG-046	FOG (Fat, Oil & Grease) / Pre-treatment - Improvement Plans	5 years	P	P		Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	Department Preference (3 years is required; 40 CFR 403.12; GC §60201 et seq.
Engineering	ENG-047	FOG Reports (Fat, Oil & Grease) / Pre-treatment - Interceptors, Clarifiers, Inspections	5 years		5 years		Mag, Ppr			Department Preference (3 years is required; 40 CFR 403.12; GC §60201 et seq.
Engineering	ENG-048	New Connections / Repair Permits	2 years	P	P	Yes	Mag, Mfr, OD,	S	Yes: After QC & OD	Department Preference; GC §60201 et seq.
Engineering	ENG-049	Pre-Treatment Monitoring / Industrial Waste	3 years		3 years		Mag, Ppr			NPDES Monitoring records required for 3 years in Federal law; 40 CFR §§122.21, 122.41

RECORDS RETENTION SCHEDULE: ENGINEERING

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC & OD?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Engineering	ENG-050	Pre-Treatment Permits / Connection Permits	While Active	P	P	Yes	Mag, Mfr, OD,	S	Yes: After QC & OD	Department Preference; GC §60201 et seq.
Engineering	ENG-051	Recycled Water Monitoring / Backflow	3 years			3 years	Yes	Mag, Mfr, OD, Ppr	S	Yes: After QC & OD
Engineering	ENG-052	Recycled Water Program Permits	While Active	P	P	Yes	Mag, Mfr, OD, Ppr	S	Yes: After QC & OD	Department Preference (installation of lines are in CIP project files); Published Audit Standards=4-7 years; Statute of Limitations: Contracts & Spec's=4 years; CCP §§336(a), 337 et. seq., GC §60201 et seq.
Engineering	ENG-053	Regulatory Agency Reports / Compliance Reports - Monthly and Quarterly Reports	5 years		5 years		Mag, Ppr			Department preference; Hazmat discharge records are required for 3-5 years; 40 CFR 122.411(j)(2)
Engineering	ENG-054	Underground Storage Tanks Location, Soil Remediation, Monitoring Well Records	5 years	P	P		Mag, Mfr, OD, Ppr	S	Yes: After 1 year	Department Preference (required for the life of the tank); 23 CCR 2712(b), H&S §25284.24(i); GC §60201 et. seq.

RECORDS RETENTION SCHEDULE: FINANCE

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
ADMINISTRATION / GENERAL ACCOUNTING										
Finance / General Accounting	FN-001	Assessed Valuations (County)	When No Longer Required		When No Longer Required		Mag, Ppr			Department Preference (Non-records)
Finance / General Accounting	FN-002	Audit Annual Reports / Audited Financial Statements / Comprehensive Annual Financial Report (CAFR) with Audit Management Letters / Audit Reports	5 years	P	P		Mag, Mfr, OD, Ppr	S / I	Yes: After Annual Audit	Department Preference; GC §60201 et seq.
Finance / General Accounting	FN-003	Audit Work Papers (Finals) Includes Depreciation Schedules	5 years		5 years		Mag, Ppr			Department Preference; GC §60201
Finance / General Accounting	FN-004	Audits - Single Audits	2 years	3 years	5 years		Mag, Ppr			Department Preference; Meets municipal government auditing standards; GC §60201
Finance / General Accounting	FN-005	Bank Statements / Checking Account Reconciliation / Fiscal Agent Statements, Trustee Statements, Investment Account Statements, etc.	2 years	3 years	5 years		Mag, Ppr			Department Preference; Meets municipal government auditing standards; GC §60201
Finance / General Accounting	FN-006	Bond Registers	2 years	Fully Defeased + 10 years	Fully Defeased + 10 years	Yes: Until Maturity	Mag, Mfr, OD, Ppr	S / I	No	Statute of Limitations for bonds, mortgages, trust deeds, notes or debentures is 6 years; Bonds issued by local governments are 10 years; There are specific requirements for disposal of unused bonds; CCP §§336 et seq. , 337.5(a); GC §43900 et seq.

RECORDS RETENTION SCHEDULE: FINANCE

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Finance / General Accounting	FN-007	Bonds / Certificates of Participation / Transcripts / Disclosure Reports	2 years	Fully Defeased + 10 years	Fully Defeased + 10 years	Yes: Until Maturity	Mag, Mfr, OD, Ppr	S / I	No	Department Preference; Statute of Limitations for bonds, mortgages, trust deeds, notes or debentures is 6 years; Bonds issued by local governments are 10 years; There are specific requirements for disposal of unused bonds; CCP §§336(a)(1) & (2), 337.5(2); GC §43900 et seq. GC §60201 et seq.
Finance / General Accounting	FN-008	Budgets: Adopted	5 years	P	P	Yes: Current Fiscal Year	Mag, Mfr, OD, Ppr	S / I	Yes: After Annual Audit	Department Preference; GC §60200
Finance / General Accounting	FN-009	Budgets: Proposed	When No Longer Required		When No Longer Required		Mag, Ppr			Department Preference; Preliminary drafts; GC §60200
Finance / General Accounting	FN-010	Budgets: Work Papers, Drafts, etc.	When No Longer Required		When No Longer Required		Mag, Ppr			Department Preference; Preliminary drafts; GC §60200
Finance / General Accounting	FN-011	Cash Reconciliation	2 years	3 years	5 years		Mag, Ppr			Department Preference; Meets municipal government auditing standards; GC §60201
Finance / General Accounting	FN-012	Equipment Inventory	When No Longer Required		When No Longer Required		Mag, Ppr			Preliminary drafts (the Financial Database is the original); GC §60200

RECORDS RETENTION SCHEDULE: FINANCE

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Finance / General Accounting	FN-013	Financial Reports: Journals, Ledgers, Reconciliations, Registers, Reports, Transaction Histories, Balance Sheets, Budget Adjustments, Billing Registers for New Financial System, Edit Lists, (MONTHLY OR PERIODIC)	When No Longer Required		When No Longer Required				Mag, Ppr	Draft / Preliminary documents used to produce final year-end general ledger (financial database is the original); GC §60201
Finance / General Accounting	FN-014	Financial System Database / ERP Database (JD Edwards)	Indefinite		Indefinite			Mag		Data is interrelated; system qualifies as a "trusted system"; GC §§60201, 12168.7
Finance / General Accounting	FN-015	Fixed Assets - Auction / Disposal / Sales / Surplused	2 years	3 years	5 years			Mag, Ppr		Consistent with Accounts Receivable; Statute of limitations is 3 years; statewide guidelines propose 2 - 4 years; published articles show 3 - 6 years; GC §60201, CCP §337
Finance / General Accounting	FN-016	Fixed Assets - Valuation Record (Engineer's Estimate of Assets)	5 years	3 years	40 years			Mag, Ppr		Department preference (all assets are fully depreciated after 40 years; GC §60201
Finance / General Accounting	FN-017	Fund Transfers / Wire Transfers / Adjustments	2 years	3 years	5 years			Mag, Ppr		Department Preference; Meets municipal government auditing standards; GC §60201
Finance / General Accounting	FN-018	Inventory Reports	When No Longer Required		When No Longer Required			Mag, Ppr		Preliminary drafts (the Financial Database is the original); GC §60200
Finance / General Accounting	FN-019	Investment Files	2 years	3 years	5 years	Yes: Until Maturity		Mag, Ppr		Department Preference; GC §60201

RECORDS RETENTION SCHEDULE: FINANCE

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Finance / General Accounting	FN-020	Journal Vouchers / Journal Entries	2 years	3 years	5 years		Mag, Ppr			Department Preference; Statute of Limitations is 4 years; Published articles show 6-7 years; GC §60201, CCP §337
Finance / General Accounting	FN-021	LAIF (Local Agency Investment Fund)	2 years	3 years	5 years	Yes: Until Maturity	Mag, Ppr			Department Preference; GC §60201
Finance / General Accounting	FN-022	Organization Charts - In Budgets and CAFRs	5 years	P	P		Mag, Mfr, OD, Ppr	S/ I	Yes: After Annual Audit	GC §60201 et seq.
Board Services / GM	FN-023	Rate Schedules	When No Longer Required		When No Longer Required		Mag, Ppr			Preliminary drafts; GC §60200
Finance / General Accounting	FN-024	Rate Studies	5 years		5 years		Mag, Ppr			Department Preference; GC §60201
Finance / General Accounting	FN-025	SB 90 / Mandated Cost Reimbursement Claims	2 years	3 years	5 years	Yes: Until Maturity	Mag, Ppr			Department Preference; GC §60201
Finance / General Accounting	FN-026	State Reports: State Controllers Report	2 years	3 years	5 years		Mag, Ppr			District Preference; Meets auditing standards; GC §60201
Finance / General Accounting	FN-027	Vehicle Titles ("Pink Slips")	Upon Sale of the Vehicle		Upon Sale of the Vehicle	Yes	Mag, Ppr			Given to the new owner upon sale of the vehicle; GC §60201 et seq.
ACCOUNTS PAYABLE										

RECORDS RETENTION SCHEDULE: FINANCE

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Finance / Accounts Payable	FN-028	1099's or 1096's	2 years	5 years	7 years		Mag, Ppr			IRS: 4 years after tax is due or paid (longer for auditing & contractor delinquency); Ca. FTB: 3 years; Published articles show permanent; ; IRS Reg §31.6001-1(e)(2), R&T §19530, GC §60201(d)(12)
Finance / Accounts Payable	FN-029	Accounts Payable Source Records / Invoices & Receivers / Credit Card Statements / Customer Refunds ALL	2 years	5 years	7 years	Yes: Until Paid	Mag, Ppr			Meets municipal government auditing standards; Sewage Sludge is required for 5 years; Published articles show 3 - 7 years; 40 CFR 122.41(j)(2); WC §13263.2(b) et seq.; GC §60201(d)(12)
Finance / Accounts Payable	FN-030	Check Copies / Cancelled Checks (on CDs)	2 years	5 years	7 years		Mag, Ppr			May contain independent contractor's compensation; Statute of Limitations is 4 years; Meets municipal government auditing standards; GC §60201(d)(12), CCP § 337
Finance / Accounts Payable	FN-031	Check Register	When No Longer Required		When No Longer Required		Mag, Ppr			The Financial Database is the original; Reports can be recreated on demand and are considered a copy or preliminary draft; GC §60201
Finance / Accounts Payable	FN-032	Expense Reports (Accounts Payable)	2 years	5 years	7 years		Mag, Ppr			District Preference (may include records pertaining to independent contractor's compensation, or expense reimbursement); Meets auditing standards; GC §60201

RECORDS RETENTION SCHEDULE: FINANCE

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
CASH MANAGEMENT										
Finance / Cash Manag.	FN -033	Bank Deposit Receipts	2 years	3 years	5 years		Mag, Ppr			Department Preference; Meets municipal government auditing standards; GC §60201
Finance / Cash Manag.	FN -034	Bank Signature Cards	Superseded + 5 years		Superseded + 5 years		Mag, Ppr			Department Preference; Meets municipal government auditing standards; GC §60201
Finance / Cash Manag.	FN -035	Billing: COBRA and Retiree Medical	Termination of Service	7 years	Termination of Service + 7 years	Yes: During Service	Mag, Ppr			Retained to cover auditing standards; General rule under ERISA (Employee Retirement Income Security Act) is 7 years; 29 CFR 1627.3(b)(2); 29 USC 1027; GC §60201
Finance / Cash Manag.	FN -036	Cash Receipts	2 years	3 years	5 years		Mag, Ppr			Department Preference; Meets municipal government auditing standards; GC §60201
Finance / Cash Manag.	FN -037	Cash Transfer Report	2 years	3 years	5 years		Mag, Ppr			Meets municipal government auditing standards; GC §60201
Finance / Accounts Payable	FN -038	Petty Cash / Reconciliation / Reports / Vouchers	2 years	5 years	7 years		Mag, Ppr			District Preference (may include records pertaining to independent contractor's compensation, or expense reimbursement); Meets auditing standards; GC §60201
PAYROLL										
Finance / Payroll	FN -039	1095-c (Employer-Provided Health Insurance Offer and Coverage)	4 years		4 years		Mag, Ppr			Department Preference; IRS: 4 years after tax is due or paid; IRS Reg §31.6001-1(e)(2), R&T §19530, GC §60201

RECORDS RETENTION SCHEDULE: FINANCE

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Finance / Payroll	FN -040	Billing: Separated Employee Loans (Computers, Educational Reimbursement, etc.)	Fully Paid	7 years	Fully Paid + 7 years	Yes: During Service	Mag, Ppr			GC §60201(d)(12)
Finance / Payroll	FN -041	Cancelled Payroll Checks, Including Voided copies for Automatic Deposits	2 years	5 years	7 years		Mag, Ppr			GC §60201(d)(12), CCP § 337
Finance / Payroll	FN -042	DE-6 & 941 Forms DE-6 & 941 Forms, DE-7, DE-9 DE-43, W-3, & DE-166, IRS 5500 Forms (Employee Benefit Plans) - Quarterly Payroll Tax Returns	5 years		5 years		Mag, Ppr			Department Preference; IRS: 4 years after tax is due or paid (longer for auditing & contractor delinquency); Ca. FTB: 3 years; Published articles show permanent; ; IRS Reg §31.6001-1(e)(2), 26 CFR §1.6001-1, R&T §19530, GC §60201
Finance / Payroll	FN -043	Garnishments	Fully Satisfied or Separated + 2 years		Fully Satisfied or Separated + 2 years		Mag, Ppr			Department preference; GC §60201 et seq.
Finance / Payroll	FN -044	Payroll Batch / Payroll Registers / Payroll Reports Includes Automatic Payroll Deposit Authorization, Changes to W-4s, Deferred Compensation Reports, PERS reports, 401A, etc.	2 years	5 years	7 years		Mag, Ppr			Department preference (Meets Municipal Government auditing Standards); GC §60201(d)(12)
Finance / Payroll	FN -045	Payroll Checks	2 years	5 years	7 years		Mag, Ppr			GC §60201(d)(12), CCP § 337
Finance / Payroll	FN -046	Timesheets	2 years	5 years	7 years		Mag, Ppr			Department preference; GC §60201(d)(12); 29 CFR 516; 8 CCR 11040.7(c)

RECORDS RETENTION SCHEDULE: FINANCE

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Finance / Payroll	FN -047	W-2's	2 years	5 years	7 years		Mag, OD, Mfr, Ppr	S / I	Yes: After Annual Audit	Department preference; IRS: 4 yrs after tax is due or paid; Ca. FTB: 3 years; Articles show 7 years; IRS Reg §31.6001-1(e)(2), R&T §19530; 29CFR 516.5 - 516.6, 29USC 436, GC §60201(d)(12)

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
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<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
GENERAL MANAGER										
GM & Board Secretary	BS-001	Issues & Projects	When No Longer Required		When No Longer Required			Mag, Ppr		Department preference; GC §60201
BOARD SECRETARY										
GM & Board Secretary	BS-002	Agendas & Agenda Packets - District Board of Directors, Subcommittees of the Board (Includes Agenda Staff Reports, Annotated Agendas, News clippings, etc.)	2 years	P	P	Yes: Before Meeting Date	Mag, Mfr, OD, Ppr	S / I	Yes: After QC & OD	Department preference; GC §60201
GM & Board Secretary	BS-003	Appointments / Resignations to the Board of Directors	2 years	P	P		Mag, Mfr, OD, Ppr	S / I	Yes: After QC & OD	Department preference; GC §60201
GM & Board Secretary	BS-004	Association Records (external associations - e.g., ACWA, etc.)	When No Longer Required		When No Longer Required		Mag, Ppr			Non-records; GC §60201 et seq.
GM & Board Secretary	BS-005	Board Member's "Personnel File" (Benefits, Oaths of Office, etc.)	Transfer to Human Resources Upon Separation		Transfer to Human Resources Upon Separation		Mag, Mfr, OD, Ppr	S / I	Yes: After QC & OD	Department Preference; GC §60201
GM & Board Secretary	BS-006	Director's Handbook (Policy)	When Superseded		When Superseded		Mag, Ppr			Department preference; GC §60201
GM & Board Secretary	BS-007	Directors Historical Biographical Data	When No Longer Required		When No Longer Required		Mag, Mfr, OD, Ppr	S / I	Yes: After QC & OD	Department preference; GC §60201

RECORDS RETENTION SCHEDULE: GENERAL MANAGER & BOARD SECRETARY

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
GM & Board Secretary	BS-008	District Formation Records, Acquisition of other Districts	2 years	P	P		Mag, Mfr, OD, Ppr	S / I	No	Department preference (historical purposes); GC §60201
GM & Board Secretary	BS-009	Elections - Historical (Sample Ballot, Election Results)	2 years	P	P		Mag, Mfr, OD, Ppr	S / I	Yes: After QC & OD	Department preference (historical purposes); GC §60201
GM & Board Secretary	BS-010	Elections: Correspondence, Notifications & Publications, Certificate of Election, etc.	2 years		2 years		Mag, Ppr			Department preference (historical purposes); GC §60201
-67- GM & Board Secretary	BS-011	FPPC 700 Series Forms (Statement of Economic Interests): DESIGNATED EMPLOYEES & CONSULTANTS (specified in the District's Conflict of Interest code)	7 years		7 years		Mag, Ppr			District maintains original statements; GC §81009(e)&(g)
GM & Board Secretary	BS-012	FPPC 700 Series Forms (Statement of Economic Interests): PUBLIC OFFICIALS (elected & not elected. Includes District Board Members, General Manager)	7 years		7 years		Mag, Ppr			Department preference (only required for 4 years); GC §81009(f)&(g)
GM & Board Secretary	BS-013	FPPC Form 801 (Gift to Agency Report)	7 years		7 years		Mag, Ppr			Must post on website; 2 CCR 18944(c)(3)(G); GC §81009(e)
GM & Board Secretary	BS-014	FPPC Form 802 (Tickets Provided by Agency Report)	7 years		7 years		Mag, Ppr			Must post on website for 4 years; GC §81009€
GM & Board Secretary	BS-015	FPPC Form 803 (Behested Payment Report)	7 years		7 years		Mag, Ppr			GC §81009e

RECORDS RETENTION SCHEDULE: GENERAL MANAGER & BOARD SECRETARY

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>									
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>									
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>									
GM & Board Secretary	BS-016	FPPC Form 804 (Agency Report of New Positions)	P		P		Mag, Ppr		FPPC Regulation 18734(c); GC §81009e; GC §60201
GM & Board Secretary	BS-017	FPPC Form 805 (Agency Report of Consultants)	P		P		Mag, Ppr		FPPC Regulation 18734(c); GC §81009e; GC §60201
GM & Board Secretary	BS-018	FPPC Form 806 (Agency Report of Public Official Appointments)	7 years		7 years		Mag, Ppr		Must post on website; 2 CCR 18705.5; GC §60201, 81009e
GM & Board Secretary	BS-019	Historical Records	2 years	P	P		Mag, Mfr, OD, Ppr	S / I	No District Secretary Determines Historical Significance; GC §60201
GM & Board Secretary	BS-020	Memoranda of Understanding (MOUs), Confirmation of Understanding (COUs)	2 years	P	P	Yes: Before Superseded	Mag, Mfr, OD, Ppr	S / I	Yes: After QC Department preference; §60200 et seq.
GM & Board Secretary	BS-021	Minutes: Board of Directors & Subcommittees of the Board	2 years	P	P	Yes (all)	Mag, Mfr, OD, Ppr	S / I	No GC §60201(d)(3)
GM & Board Secretary	BS-022	Notices: Affidavits of Postings and Publications	2 years		2 years		Mag, Ppr		Brown Act challenges must be filed within 30 or 90 days of action; GC §§60201, 54960.1(c)(1)
GM & Board Secretary	BS-023	Ordinances	2 years	P	P	Yes (all)	Mag, Mfr, OD, Ppr	S / I	No GC §60201 et. seq.
GM & Board Secretary	BS-024	Prop. 218 Notices, Mailing Lists, Ballots and/or Protest Letters	2 years		2 years		Mag, Ppr		GC §53753(e)(2)
GM & Board Secretary	BS-025	Prop. 218 Undeliverable Notices	90 days		90 days		Ppr		Department Preference; GC §60201

RECORDS RETENTION SCHEDULE: GENERAL MANAGER & BOARD SECRETARY

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
GM & Board Secretary	BS-026	Public Records Act Requests	2 years		2 years			Mag, Ppr		Department Preference; GC §60201
GM & Board Secretary	BS-027	Records Destruction Lists	5 years		5 years			Mag, Ppr		Department Preference; GC §60201(b)(1)(B)
GM & Board Secretary	BS-028	Records Retention Schedules; Approvals to Modify Records Retention Schedules	P		P			Mag, Mfr, OD, Ppr	S / I	Yes: After QC & OD Department Preference; GC §60201 et seq.
GM & Board Secretary	BS-029	Resolutions	2 years	P	P	Yes (all)		Mag, Mfr, OD, Ppr	S / I	No GC §60201 et. seq.
GM & Board Secretary	BS-030	Tapes & Recordings (Audio) District Board meetings	90 days, or After Minutes are Approved, whichever is longer		90 days, or After Minutes are Approved, whichever is longer			Mag		Department Preference; legally required for 30 days (or adoption of the minutes); GC §54953.5(b)

RECORDS RETENTION SCHEDULE: HUMAN RESOURCES

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Human Resources	HR-001	Affirmative Action Complaints - Department of Fair Employment & Housing (DFEH) or Equal Opportunity Commission (EEOC)	Separation + 3 years		Separation + 3 years			Mag, Ppr		Department preference (same as the Personnel File); All State and Federal laws require retention until final disposition of formal complaint; State requires 2 years after action is taken; 2 CCR 11013(c); GC §§12946, 60201
Human Resources	HR-002	Applications for Employment / Recruitment Files: Solicited (Not Hired) (Includes Applications (Unsuccessful), Advertisements, Interview Notes, Job Brochures, Test Data, Rating Sheets, Questions, Eligibility Lists, Reference Checks, etc.)	1 year After Hiring Decision	2 years	3 years After Hiring Decision			Mag, Ppr		Department preference; EEOC / FLSA / ADEA (Age) requires 1-3 years; State Law requires 2 - 3 years; 29 CFR 1627.3(b)(i), 29 CFR 1602.14 et seq., 2 CCR 11013(c) GC §§12946, 60201
Human Resources	HR-003	Applications for Employment, Interest Cards or Resumes: Non-Solicited / Unsolicited / No open position (not hired)	When No Longer Required		When No Longer Required			Mag, Ppr		No positions open; therefore not deemed part of District recruitment practices; considered a transitory record not materially impacting the conduct of the public's business; GC §60201
Human Resources	HR-004	Cal-OSHA Log 200, 300, 300A, 301, etc.	5 years		5 years			Mag, Ppr		Department Preference; Calif. Labor Division is required to keep their records 7 years; OSHA requires 5 years; State law requires 2 years; 8 CCR 14300.33(a); 29 CFR 1904.33, 29 CFR 1904.44; GC §60201 et seq.; LC §6429c
Human Resources	HR-005	Classification and Compensation Studies / Surveys / Salary Surveys	When No Longer Required		When No Longer Required			Mag, Ppr		Department Preference; GC §60201

RECORDS RETENTION SCHEDULE: HUMAN RESOURCES

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
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<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Human Resources	HR-006	Deferred Compensation Carriers File (457) - Merrill Lynch, etc	Copies - When No Longer Required		Copies - When No Longer Required			Mag, Ppr		Department preference; GC §60200
Human Resources	HR-007	Deferred Compensation Statements / Transactions / Balances - From Carriers (Binders)	7 years		7 years			Mag, OD, Mfr, Ppr	S / I	Yes: After Annual Audit Department preference (Meets Municipal Government auditing Standards); GC §60201 et seq.
Human Resources	HR-008	District Benefit Contracts & Benefit Plans / Insurance Policies (Health, Dental, Deferred Compensation, Pension, etc.)	Plan Termination + 1 year	1 year	Plan Termination + 2 years			Mag, Ppr		EEOC / ADEA (Age) requires 1 year after benefit plan termination; State Law requires 2 years after action; 9 CFR 1627.3(b)(2); 29 USC 1027; 11 CCR 560; 28 CCR 1300.85.1; GC §60201
Human Resources	HR-009	DMV Pull Notices (Class A & B Only)	3 years		3 years			Mag, Ppr		District preference (DMV record that the District considers a non-record used for reference); DMV audits every 2 years; Bureau of National Affairs recommends 2 years for all supplementary Personnel records; GC §60201
Human Resources	HR-010	DMV Pull Notices (Class C Only)	When Superseded		When Superseded			Mag, Ppr		District preference (DMV record that the District considers a non-record used for reference) GC §60201

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RECORDS RETENTION SCHEDULE: HUMAN RESOURCES

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Human Resources	HR-011	Drug and Alcohol Testing / D.O.T files (ALL Files - Random, Post-Accident & Reasonable Suspicion Tests, refusals, annual summaries, etc.)	5 years		5 years			Mag, Ppr		Department preference; D.O.T. Requires 5 years for positive tests, refusals, annual summaries, etc, 1 year for negative tests; EEOC / FLSA / ADEA (Age) requires 3 years physical examinations; State Law requires 2 years; 229 CFR 1627.3(b)(1)(v), GC §§12946, 60201, 49 CFR 655.71 et seq.; 49 CFR 382.401 et seq. 49 CFR 653.71	
-72- Human Resources	HR-012	EEO-4 Reports and records required to generate EEO-4 report (Self-Identification Form, etc.)	1 year	2 years	3 years			Mag, Ppr		29 CFR 1602.30	
Human Resources	HR-013	Grievances	Separation + 1 year	5 years	Separation + 6 years			Mag, Ppr		Department Preference; EEOC/FLSA/ADEA (Age) requires 3 years for promotion, demotion, transfer, selection, or discharge; State Law requires 2 -3 years; 229 CFR 1602.31 & 1627.3(b)(1);, GC §§12946, 12960, 60201; 29 USC 1113, LC 1174	
Human Resources	HR-014	Human Resources Database / ERP Database	Indefinite		Indefinite	Yes		Mag, Ppr		Data Fields / Records are interrelated; GC §60201	
Human Resources	HR-015	I-9s	Separation + 3 years		Separation + 3 years			Mag, Ppr		8 CFR 274a.2; 29 CFR 1627.3(b)(i); GC §§12946, 34090; INA 274A(b)(3); INS Rule 274a.1(b)(2)	
Human Resources	HR-016	Job Descriptions	Superseded + 1 years	2 years	Superseded + 3 years	Yes: Before Superseded		Mag, Mfr, OD, Ppr	S / I	Yes: After QC	Department Preference; GC §60201
Human Resources	HR-017	Labor Negotiations	10 years		10 years			Mag, Ppr		Department preference; §60200 et seq.	

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Human Resources	HR-018	Lawsuits / Litigation (Employee-Related)	Final Resolution	5 years	Final Resolution + 5 years	Yes: Until Resolution	Mag, Ppr			Department Preference; Covers various statute of limitations; CCP §§ 337 et seq.; GC §§ 911.2, 945.6, 60201(d)(4)
Human Resources	HR-019	Local Government Compensation Report	2 years	3 years	5 years		Mag, Ppr			District Preference; Meets auditing standards; GC §60201
Human Resources	HR-020	Loss Runs - State Fund, Workers Compensation, etc.	2 years	3 years	5 years		Mag, Ppr			Department Preference (actuary wants 10 years of data); GC §60201 et seq.
-73- Human Resources	HR-021	Personnel Files - Medical File (Includes pre-employment physicals, hazmat exposure records, hearing tests, pulmonary tests, Class A&B medicals, medical leaves, Respiratory Fit Tests, Workers Compensation Claims, etc.)	Separation + 1 year	29 years	Separation + 30 years	Yes: Until Separation	Mag, Mfr, OD, Ppr	S / I	Yes: After QC	Department preference; Files maintained separately; Claims can be made for 30 years for toxic substance exposure; 8 CCR §3204(d)(1) et seq., 29 CFR 1910.1020(d)(1)(i), GC §§12946, 60201
Human Resources	HR-022	Personnel Files - Official Personnel file (Includes Application, Awards, Backgrounds, Benefit Enrollments, DMV Reports, Disciplinary Actions, Employee Action Form. Certifications, Commendations, Disaster Service Workers Oaths, Evaluations, Licenses, Personnel Action Forms, Policy acknowledgements, W-4, etc. - Excludes Medical Records)	Separation + 1 year	5 years	Separation + 6 years	Yes: Until Separation	Mag, Mfr, OD, Ppr	S / I	Yes: After QC	Department Preference; statute of limitations for retirement benefits is 6 years from last action; EEOC/FLSA/ADEA (Age) requires 3 years for promotion, demotion, transfer, selection, or discharge; State Law requires 2 -3 years; 29 CFR 1602.31 & 1627.3(b)(ii); GC §§12946, 60201; 29 USC 1113; GC §3105
Human Resources	HR-023	Unemployment Claims	Final Resolution	5 years	Final Resolution + 5 years	Yes: Until Resolution	Mag, Ppr			Department Preference; Covers various statute of limitations; CCP §§ 337 et seq.; GC §§ 911.2, 945.6, 60201(d)(4)

RECORDS RETENTION SCHEDULE: INFORMATION TECHNOLOGY

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
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<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Information Technology	IT-001	Backups - Daily	When No Longer Required		When No Longer Required	Yes	Mag.			Used for Disaster Recovery Purposes Only; Considered a copy and can be destroyed when no longer required; GC §60200 et seq.
Information Technology	IT-002	Backups - Weekly or Monthly		When No Longer Required	When No Longer Required	Yes	Mag.			Used for Disaster Recovery Purposes Only; Considered a copy and can be destroyed when no longer required; stored off-site; GC §60200 et seq.
Information Technology	IT-003	Network Configuration Maps & Plans	When No Longer Required		When No Longer Required		Mag, Mfr, OD, Ppr	S/ I	Yes: After QC	Preliminary documents not retained in the ordinary course of business; GC §60201 et seq.
Information Technology	IT-004	Projects, Strategic Plans, etc.	When No Longer Required		When No Longer Required		Mag, Mfr, OD, Ppr	S/ I	Yes: After QC	Preliminary documents not retained in the ordinary course of business; GC §60201 et seq.
Information Technology	IT-005	Software Licenses, Warrantees, Installation Media	When No Longer Used		When No Longer Used		Mag, Mfr, OD, Ppr	S/ I	Yes: After QC	Department preference; GC §60201 et seq.
Information Technology	IT-006	Video - Employee Areas (cashier operations, etc.)	1 year		1 year		Mag			Records regular and ongoing operations; GC §§53160, 60201 et seq.
Information Technology	IT-007	Video - Public Areas (entrance, lobby, parking lots, etc.)	When No Longer Required		When No Longer Required		Mag			Does not record regular and ongoing operations; GC §§53160, 60201 et seq.
Information Technology	IT-008	WORM / DVD-r / CD-r / Blue Ray-R or other unalterable media that does not permit additions, deletions, or changes	P		P		OD			For legal compliance for Trustworthy Electronic Records (when the electronic record serves as the official record); GC 60200, 12168.7, EVC 1550, CCR 22620 et seq.

RECORDS RETENTION SCHEDULE: OPERATIONS

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ADMINISTRATION										
Operations / Admin.	OP-001	AQMD Monitoring	5 years		5 years		Mag, Ppr			Department Preference; 40 CFR 70.6; GC §60201
Operations / Admin.	OP-002	AQMD Permit	Superseded + 5 years		Superseded + 5 years		Mag, Ppr			Department preference; 40 CFR 70.6; GC §60201
Operations / Admin.	OP-003	Business Plans / Hazardous Materials Inventory / Disclosures	5 years		5 years		Mag, Ppr			Department Preference (this is performed annually); GC §60201
-75- Operations / Lead Div.	OP-004	Confined Space Entries / Hot Work Permits <small>(Permitted entries into confined spaces such as sewers and storm drains in order to comply with regulations)</small>	2 years		2 years		Mag, Ppr			8 CCR 5157(c)(6); GC §60201
Operations / Admin. & Engineering	OP-005	Encroachment Permits (Road / Street Cuts - Temporary)	Completion + 2 years		Completion + 2 years		Mag, Ppr			Department preference; GC §60201
Operations / Admin.	OP-006	Facility Maintenance & Repair	When No Longer Required		When No Longer Required	Yes: Until Superseded	Mag, Ppr			GC §60201
Operations / Admin.	OP-007	Geographic Information System (GIS)	Indefinite		Indefinite	Yes	Mag			Data is interrelated; GC §60200, 60201 et seq.
Operations / Admin.	OP-008	Hazardous Waste Manifests / Disposal (includes batteries)	5 years	P	P	Yes: Before Resolution	Mag, Mfr, OD, Ppr	S	Yes: After QC'd	Department preference (District has "cradle to grave" liability); only 3 years is mandated; 22 CCR 66262.40; GC §60201

RECORDS RETENTION SCHEDULE: OPERATIONS

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Operations / Admin.	OP-009	MSDS / SDS Masters (Material Safety Data Sheets / Safety Data Sheets) / Chemical Use Report Form (or records of the chemical / substance / agent, where & when it was used)	Superseded + 2 years	28 years	Superseded + 30 years		Mag, Mfr, OD, Ppr	S	Yes: When Inactive	Previous MSDS may be obtained from a service; MSDS may be destroyed as long as a record of the chemical / substance / agent, where & when it was used is maintained for 30 years; Applies to qualified employers; Claims can be made for 30 years for toxic substance exposures; 8 CCR 3204(d)(1)(B)(2 and 3), 29 CFR 910.1020(d)(1)(ii)(B), GC §60201
Operations / Admin.	OP-010	NPDES Permits	Superseded + 3 years		Superseded + 3 years	Yes	Mag, Mfr, OD, Ppr	S	Yes: After QC	Department Preference; NPDES Monitoring records required for 3 years in Federal law; 40 CFR §§122.21, 122.41
Operations / Admin.	OP-011	Permits: Hazardous Materials Storage, other regulatory permits	Expiration + 10 years		Expiration + 10 years	Yes	Mag, Mfr, OD,	S	Yes: After QC	Department Preference; GC §60201
Operations / Admin.	OP-012	SCBA / Respirator Inventory & Maintenance	2 years		2 years		Mag, Ppr			Department preference; GC §60201
Operations / Admin.	OP-013	Smog Check Inspection Certificate	5 years		5 years		Mag, Ppr			Department preference; GC §60201
Operations / Admin.	OP-014	Two-Way Radio Licensing and Information	Expiration + 2 years		Expiration + 2 years	Yes: Until Expired	Mag, Mfr, OD, Ppr	S/I	Yes: After QC'd	Covers statute of limitations for written contracts (4 years); Statewide guidelines propose Permanent; CCP § 337 et. Seq.; GC § 60201

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Operations / Admin.	OP-015	Underground Service Alerts (USA's)	3 years		3 years		Mag, Ppr			Department Preference (required for 3 years); the warrantee period for work done is usually 5 years, the Statute of Limitations for some work may be up to 10 years; CCP §337 et seq., GC §§4216.2(d) & 4216.3(d), 60201
-77- Operations / Admin.	OP-016	Vehicle and Equipment Folders: Includes Maintenance History, Inspections, etc.	Disposal of Vehicle or Equipment + 2 years		Disposal of Vehicle or Equipment + 2 years		Mag, Ppr			Department Preference; If a motor carrier, required for 18 months after vehicle is sold; CHP requires life of vehicle; OSHA requires 1 year; 8 CCR § 3203(b)(1); 49 CFR 396.21(b)(1); 49 CFR 396.3(c); CCP §337 et. seq., 13 CCR 1234(f); GC §60201
Operations / Admin.	OP-017	Vehicle Fuel & Mileage Records	When No Longer Required		When No Longer Required		Mag, Ppr			Department preference; GC §60201
Operations / Admin.	OP-018	Water Loss Worksheet / Incidents / Unauthorized Discharges: Main Breaks, Spills, Investigations and Corrective Actions, Notice to Comply - ALL	Last Action + 5 years		Last Action + 5 years	Yes: Before Resolution	Mag, Ppr			Department Preference; Code of Federal Regulations requires 3 years; 40 CFR 122.41(j)(2) & 40 CFR 141.33(b)(2); 22 CCR §64470
CUSTOMER SERVICE										
Operations / Customer Service	OP-019	Bankruptcies (Where District does NOT pursue a claim)	5 years		5 years		Mag, Ppr			Department preference; GC §60201

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Operations / Customer Service	OP-020	CIS / Customer Information System / Field Memos / Service Orders / Service Tracker CWMS DATABASE (Computerized Work Management System)	Indefinite		Indefinite		Mag		Data is interrelated; GC §60201
Operations / Customer Service	OP-021	CIS / Customer Information System / Field Memos / Service Orders / Service Tracker - All Information Entered in CWMS Database	When No Longer Required		When No Longer Required		Mag, Ppr		Preliminary drafts (the database is the original); GC §60201
Operations / Customer Service	OP-022	CIS / Customer Information System / Field Memos / Service Orders / Service Tracker - NOT entered in CWMS Database (or partial information entered into CWMS Database)	2 years	Minimum 3 years	Minimum 5 years		Mag, Ppr		District Preference - Clean Water Act Actions can go back 5 years; CCP §§338 et seq., 340 et seq., 342, GC §§945.6, GC §60201
Operations / Customer Service	OP-023	Collection Agency Assignments / Write Offs	2 years	5 years	7 years		Mag, Ppr		Department Preference (negative information remains on credit reports for 7 years); GC §60201 et seq.
Operations / Customer Service	OP-024	Customer Correspondence / Customer Concerns / Customer Complaints: Odor / Taste / Visual Complaints	2 years	3 years	5 years		Mag, Mfr, OD, Ppr	S/I	Yes: After QC'd 5 years is required in State and Federal law for any complaints; 40 CFR 122.41(j)(2) & 40 CFR 141.33(b); 22 CCR 64470
Operations / Customer Service	OP-025	Customer Files / Applications and Modifications / Change Requests	Close + 5 years		Close + 5 years	Yes: While Account Active	Mag, Ppr		Meets municipal government auditing standards; Statewide guidelines propose audit + 4 years; GC §60201
Operations / Customer Service	OP-026	Direct Deposits / Lock Box & Backup (Images, Stubs & Deposit Tickets)	2 years	3 years	5 years		Mag, Ppr		Department Preference; Meets municipal government auditing standards; GC §60201

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Operations / Customer Service	OP-027	Direct Payment Applications	2 years	3 years	5 years		Mag, Ppr		Meets municipal government auditing standards; Statewide guidelines propose audit + 4 years; GC §60201
Operations / Risk Manage.	OP-028	Facilities Use Agreements	2 years		2 years		Mag, Ppr		Department preference; GC §60201
Operations / Customer Service	OP-029	Hydrant Construction Meters – new applications / transfers / billing	Close + 5 years		Close + 5 years		Mag, Ppr		Meets municipal government auditing standards; Statewide guidelines propose audit + 4 years; GC §60201
Operations / Customer Service	OP-030	Liens	10 years		10 years		Mag, Ppr		Liens are good for 10 years from recording date, and may be extended by re-recording lien; WC 36729; 37212(b),
Operations / Customer Service	OP-031	Payment Stubs (mailed) / Utility Receipts (when payment is made at the counter)	When No Longer Required		When No Longer Required		Mag, Ppr		Department preference; Transitory records not retained in the ordinary course of business; GC §60201
Operations / Customer Service	OP-032	Returned Checks (NSF, etc.)	5 years		5 years	Yes: Until Paid	Mag, Ppr		Meets municipal government auditing standards; Statewide guidelines propose audit + 4 years; GC §60201
SUPPORT SERVICES									
Operations / Support Services	OP-033	Bit Inspection (CHP Commercial Vehicle Inspection)	Life of the Vehicle + 2 years		Life of the Vehicle + 2 years		Mag, Ppr		49 CFR 396.11 et seq.; GC §60201

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Operations / Lead Div.	OP-034	Pre-Starts / Daily Safety Checks / Commercial Vehicle Prestarts and Forklift Inspections	3 years		3 years			Mag, Ppr		Department preference; If a motor carrier, required for 3 and 14 months; 13 CCR 1234(e); 49 CFR 396.11 et seq.; 49 CFR 396.21(b)(1); GC §60201	
WATER DISTRIBUTION (DRINKING WATER / POTABLE WATER)											
Operations / Lead Div.	OP-035	Daily Log Sheets	2 years		2 years			Mag, Ppr		Department preference; Meets California Department of Health requirements; GC §60201	
Operations / Water Dist.	OP-036	Facility Tests / Meter Tests (Not in Work Order System)	5 years		5 years			Mag, Ppr		Department Preference (5 years is required in State and Federal law for any complaints); 40 CFR 122.41(j)(2) & 40 CFR 141.33(b); 22 CCR 64470	
Operations / Water Dist.	OP-037	Flow Meter Reading	5 years		5 years			Mag, Ppr		Department preference; GC §60201	
Operations / Water Dist. & Engineering	OP-038	Manuals: Operations & Maintenance / Project Manuals (O&M Manuals)	Life of the Building or Equipment		Life of the Building or Equipment	Yes: Until Superseded		Mag, Ppr		Department preference; Maintain copies as long as the infrastructure is in the field ; GC §60201	
Operations / Water Dist.	OP-039	Meter Changes / Pump Meter Changes	Upon Change of Meter		Upon Change of Meter			Mag, Mfr, OD, Ppr	S/I	Yes: After QC'd	Department Preference; GC §60201
Operations / Water Dist. & Engineering	OP-040	Reservoir Maintenance / Tank Maintenance (includes dive and tank inspection reports, other inspection reports, etc.)	2 years	Life of Tank	Life of Tank			Mag, Mfr, OD, Ppr	S/I	Yes: After QC'd	Infrastructure; GC §60201

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Operations / Lead Div.	OP-041	SCADA Alarm & Status Printouts / Charts	When No Longer Required		When No Longer Required			Mag, Ppr		Database is original, printouts are drafts / copies. Data is interrelated; system qualifies as a "trusted system"; GC §§60200, 12168.7
Operations / Lead Div.	OP-042	SCADA Database (Supervisory Control and Data Acquisition)	Indefinite		Indefinite	Yes		Mag, Ppr		Department preference; Data is interrelated; system qualifies as a "trusted system"; GC §§60201, 12168.7
WATER QUALITY										
Operations / Water Quality	OP-043	Backflow Testing / Cross Connection	3 years	2 years	5 years			Mag, Ppr		Department Preference; Meets California Department of Health requirements; GC §60201; 17 CCR 7605(f)
Operations / Water Quality	OP-044	Pressure Tests / Leak Detection (If not in Work Order System)	5 years		5 years			Mag, Ppr		Department preference; GC §60201
WASTEWATER										
Operations / Wastewater	OP-045	CCTV Inspection Tapes / Video Inspections / Video Tapes or Digital Recordings - Maintenance / Assessment	When No Longer Required		When No Longer Required			Mag, Ppr		Department preference; GC §60201
Operations / Wastewater	OP-046	Chains of Custody / Water Analysis & Sampling: Wastewater	2 years	10 years	12 years			Mag, Ppr		Department preference; NPDES Monitoring records required for 3 years in Federal law; 40 CFR §§122.21, 122.41
Operations / Wastewater	OP-047	Collections	5 years		5 years			Mag, Ppr		Department Preference; GC §60201
Operations / Wastewater	OP-048	Diaries, Daily Route Records - Wastewater	2 years	3 years	5 years			Mag, Ppr		Department preference; GC §60201

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<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>									
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>									
Operations / Wastewater	OP-049	Lift Station Log Sheets	5 years		5 years		Mag, Ppr		Department Preference; GC §60201
Operations / Wastewater & Engineering	OP-050	Operating Permits (SWRQCB, etc.)	Expiration + 5 years		Expiration + 5 years		Mag, Ppr		Department Preference; GC §60201
Operations / Lead Div.	OP-051	Pre-Starts / Daily Safety Checks / Commercial Vehicle Prestarts and Forklift Inspections	3 years		3 years		Mag, Ppr		Department preference; If a motor carrier, required for 3 and 14 months; 13 CCR 1234(e); 49 CFR 396.11 et seq.; 49 CFR 396.21(b)(1); GC §60201
Operations / Wastewater	OP-052	Sanitary Sewer Overflows (SSOs)	5 years		5 years	Yes: Before Resolution	Mag, Ppr		Department preference; plans must be updated every 5 years, audits are required every 2 years; SWRCB Order 2006-03; 40 CFR 122.41(j)(2); GC §60201
Operations / Wastewater	OP-053	Sewer Line Cleaning Record	5 years		5 years		Mag, Ppr		Department Preference; GC §60201
Operations / Wastewater	OP-054	Sewer System Management Plans (SSMP) and Audits	5 years		5 years		Mag, Ppr		Department preference; plans must be updated every 5 years, audits are required every 2 years; SWRCB Order 2006-03; 40 CFR 122.41(j)(2); GC §60201
Operations / Wastewater	OP-055	Siphon and Flume Cleaning Record	5 years		5 years		Mag, Ppr		Department Preference; GC §60201
Operations / Wastewater	OP-056	Wastewater - Monthly Report to RWQCB	5 years		5 years		Mag, Ppr		Department preference; NPDES Monitoring records required for 3 years in Federal law; 40 CFR §§122.21, 122.41

RECORDS RETENTION SCHEDULE: PUBLIC AFFAIRS

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Public Affairs	PA-001	Annual Water Quality Report / Consumer Confidence Report	12 years		12 years		Mag, Mfr, OD, Ppr	S / I	No	Department preference; State law requires 12 years, federal 10 years; 40 CFR 141.33(a); 22 CCR §64470
Public Affairs	PA-002	Displays & Exhibits	When No Longer Required		When No Longer Required		Mag, Ppr			Non-records; GC §60201 et seq.
Public Affairs	PA-003	Projects, Outreach, Special Events, Tours, Water Education Programs, Publications: Brochures, Programs, Annual Reports (Published by the District)	When No Longer Required - Minimum 2 years		When No Longer Required - Minimum 2 years		Mag, Ppr			Department preference; GC §60201

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RECORDS RETENTION SCHEDULE: SAFETY & RISK MANAGEMENT

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
RISK MANAGEMENT										
Operations / Risk Manage.	S&RM-001	Claims	Final Resolution	5 years	Final Resolution + 5 years	Yes: Until Resolution	Mag, Ppr			Department Preference; Covers various statute of limitations; CCP §§ 337 et seq.; GC §§ 911.2, 945.6, 60201(d)(4)
Operations / Risk Manage.	S&RM-002	Emergency Exercises / Drills / After Action Reports	When No Longer Required		When No Longer Required	Yes: Until Superseded	Mag, Ppr			Department Preference; GC §60201
Operations / Risk Manage.	S&RM-003	Insurance Policies - General Liability, etc.	Expiration + 2 years	P	P	Yes	Mag, Mfr, OD, Ppr	S / I	Yes: After QC	Department Preference; Covers various statute of limitations; CCP §§ 337 et seq.; GC §§ 911.2, 945.6, 60201(d)(4)
Operations / Risk Manage.	S&RM-004	Insurance Policies - Property, Fire, Theft, etc.	Expiration + 2 years		Expiration + 2 years	Yes: Until Expired	Mag, Ppr			Department Preference; GC §60201
Operations / Risk Manage.	S&RM-005	Insurance Policies - Workers Compensation Insurance Policy / Plan	Policy Termination + 10 years		Policy Termination + 10 years	Yes: Before Expiration	Mag, Mfr, OD, Ppr	S / I	Yes: After QC	Department preference to be consistent with District-wide standards; EEOC / ADEA (Age) requires 1 year after benefit plan termination; State Law requires 2 years after action; 29 CFR 1627.3(b)(2); GC §§12946, 60201
Operations / Risk Manage.	S&RM-006	Lawsuits / Litigation (Not Employee Related)	Final Resolution	5 years	Final Resolution + 5 years	Yes: Until Resolution	Mag, Ppr			Department Preference; Covers various statute of limitations; CCP §§ 337 et seq.; GC §§ 911.2, 945.6, 60201(d)(4)

RECORDS RETENTION SCHEDULE: SAFETY & RISK MANAGEMENT

Office of Record	Retention No.	Records Description	Retention / Disposition							Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?		
(OFR)											
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>											
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>											
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>											
Operations / Risk Manage.	S&RM-007	Vulnerability Assessment	When Superseded - Minimum 2 years		When Superseded Minimum 2 years			Mag, Mfr, OD, Ppr	S / I	Yes: After QC	Confidential; GC §60201
SAFETY											
Operations / Safety	S&RM-008	Cal-OSHA Inspections & Citations	5 years		5 years			Mag, Ppr			Department Preference; Calif. Labor Division is required to keep their records 7 years; OSHA requires 5 years; State law requires 2 years; 8 CCR 14300.33(a); 29 CFR 1904.33, 29 CFR 1904.44; GC §60201 et seq.; LC §6429c
Operations / Safety	S&RM-009	Illness and Injury Prevention Program	Minimum of Superseded + 2 years		Minimum of Superseded + 2 years			Mag, Ppr			Consistent with District-wide standards; GC §60201
Operations / Safety	S&RM-010	Safety Committee / Safety Steering Committee	5 years		5 years			Mag, Ppr			Department preference; 8 CCR §3203 et seq.; GC §60201 et seq.
Operations / Safety	S&RM-011	Safety Inspections	5 years		5 years			Mag, Ppr			Department Preference; Calif. Labor Division is required to keep their records 7 years; OSHA requires 5 years; State law requires 2 years; 8 CCR 14300.33(a); 29 CFR 1904.33, 29 CFR 1904.44; GC §60201 et seq.; LC §6429c

RECORDS RETENTION SCHEDULE: WATER EFFICIENCY

Office of Record	Retention No.	Records Description	Retention / Disposition						Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
(OFR)										
<i>If the record is not listed here, refer to the Retention for District-Wide Standards.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints, claims, public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).</i>										
Water Efficiency	WE-001	Climatological Data	When No Longer Required		When No Longer Required			Mag, Ppr		Non-records (provided by NOAA); GC §60201
Water Efficiency	WE-002	Conservation Incentives / Rebates (Toilets, Turf Removal, Washers, etc.)	5 years		5 years			Mag, Ppr		Department preference; GC §60201
Water Efficiency	WE-003	Conservation Violation Notices	2 years	3 years	5 years			Mag, Ppr		Department preference; meets municipal government auditing requirements, and may have grant funding; GC §60201
Water Efficiency	WE-004	Customer Lists for Conservation Programs (Gardening Classes / Landscaping Classes, etc.)	When No Longer Required		When No Longer Required			Mag, Ppr		Department preference; GC §60201
Water Efficiency	WE-005	Plans: GWMP (Ground Water Management Plan), IRWMP (Integrated Regional Water Management Plan), WUEMP (Water Use Efficiency Master Plan), etc.	P		P			Mag, Mfr, OD, Ppr	S	Yes: After QC Department preference; GC §60201
Water Efficiency	WE-006	Reports: CUWCC (California Urban Water Conservation Council), Conservation, Urban Water Management Plans (UWMP), etc.	10 years		10 years			Mag, Mfr, OD, Ppr	S	Yes: After QC Department preference (Commercial baseline is 10 years); GC §60201
Water Efficiency	WE-007	Site Audits, Evaluations, Surveys (Conservation Inspection Results, Evaluations, Landscape, etc.)	After Entry Into ERP Database		After Entry Into ERP Database			Mag, Ppr		Department preference; GC §60201
Water Efficiency	WE-008	Variance Applications	2 years		2 years			Mag, Mfr, OD, Ppr	S	Yes: After QC Department preference; Entered into ERP Database; GC §60201
Water Efficiency	WE-009	Water Supply and Water Demand Studies	P		P			Mag, Mfr, OD, Ppr	S	Yes: After QC Department preference; GC §60201 et seq.
Water Efficiency	WE-010	Water Use Efficiency Projects	Audit Requirement - Minimum 5 years		Audit Requirement - Minimum 5 years			Mag, Mfr, OD, Ppr	S	Yes: After QC Department preference (funded by DWR); GC §60201 et seq.

RESOLUTION NO. 07-06

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT ADOPTING A REVISED DOCUMENT MANAGEMENT POLICY INCLUDING RECORDS RETENTION SCHEDULE AND AUTHORIZING DESTRUCTION OF CERTAIN RECORDS

WHEREAS, the Moulton Niguel Water District (MNWD) Board of Directors is authorized by the provisions of California Government Code Section 60200 et seq. to establish a records retention schedule applicable to MNWD's records;

WHEREAS, an appropriate records retention schedule assists MNWD by documenting which records require office or temporary storage, which records have historic or research value and which records should be destroyed because they no longer have any administrative, fiscal or legal value;

WHEREAS, the MNWD Board of Directors previously adopted a "Records Retention Policy," approved on September 16, 1999, by Resolution No. 99-20 ("1999 Policy");

WHEREAS, the California Secretary of State issued local government records management guidelines ("State Guidelines") in 2004, and Assembly Bill 474, effective in 2005, amended Government Code Sections 60200, et seq. to augment the authority of local governments and districts to establish records retention schedules that comply with the State Guidelines; and

WHEREAS, the Board of Directors of MNWD now desires to replace and supercede the 1999 Policy with a revised documents management policy and records retention schedule in accordance with Government Code Section 60200, et seq. and the State Guidelines that classifies MNWD's records by category and establishes a standard protocol for the destruction or disposition of records.

NOW, THEREFORE, the Board of Directors of MNWD does hereby RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Rescind Prior Policy. Resolution No. 99-20 and the 1999 Policy are hereby repealed in their entirety.

Section 2. Policy Approval. The Document Management Policy, including the Records Retention Schedule ("Policy"), set forth as Exhibit A hereto, is adopted as the approved policy and records retention schedule for MNWD in compliance with Government Code Sections 60200 et seq., and will remain in effect until superceded. After records have been retained for the time periods and according to the process set forth in the Policy, inclusive

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of the schedule, without further authorization from the Board, such records may be destroyed, subject to any further restrictions set forth in this Resolution and as may be set forth by law.

Section 3. Electronic Format. Any record to be preserved under the Policy and not expressly required by the Policy or by this Resolution to be filed and preserved in original form may be destroyed at any time after it is electronically stored in conformance with the requirements of Government Code Section 60203.

Section 4. Destruction of Duplicates. Pursuant to Government Code Section 60200, any duplicate record, paper or document, the original or a permanent photographic copy of which is in the files of MNWD, may be destroyed after confirmation that such original or permanent photographic copy remains on file with MNWD.

Section 5. Retention of Records Not Mentioned. All records, papers and documents not listed in the Records Retention Schedule may be scanned as archival records or destroyed so long as such disposal is consistent with Section 6 of this Resolution and the Policy, as the same may be amended from time to time.

Section 6. Retained Original Records. Pursuant to Government Code Section 60201, MNWD shall not destroy or dispose of the following: (1) records that relate to the formation, change of organization or reorganization of MNWD; (2) MNWD ordinances and resolutions, unless repealed, or after a period of five years if declared invalid or unenforceable; (3) minutes of meetings of MNWD's legislative bodies, including *ad hoc* committees; (4) pending claims and litigation and records of claims or litigation for two years after final disposition; (5) records that are the subject of a pending Public Records Act request until the request is granted, or two years have passed since denial; (6) records of construction projects prior to notice of completion and release of stop notices, if any; (7) records related to non-discharged contracts or debts; (8) records of title for MNWD real property; (9) unaccepted construction bids/proposals until two years old; (10) records that specify the amount of compensation and expense reimbursements paid to MNWD employees, directors, officers or independent contractors until seven years after date of payment; and, (11) any records for which the administrative, fiscal or legal purpose has not yet been fulfilled.


Section 7. The Secretary of MNWD is directed to maintain a copy of the Policy at the principal offices of MNWD.

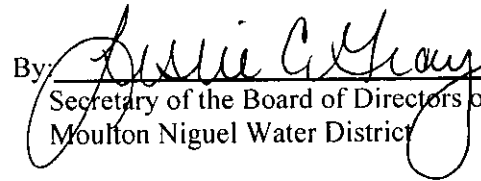
Section 8. The term "records" as used in this resolution shall mean any record consisting of a "writing" as defined by Government Code Section 6252(f),

including documents, instructions, books, microforms, electronic files, magnetic tape, optical media and papers.

ADOPTED, SIGNED and APPROVED this 19th day of April, 2007.

MOULTON NIGUEL WATER DISTRICT

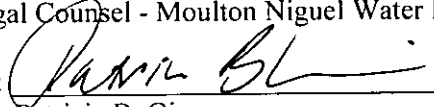
By: 
President of the Board of Directors of the
Moulton Niguel Water District

By: 
Secretary of the Board of Directors of the
Moulton Niguel Water District

(SEAL)

APPROVED AS TO FORM:

BOWIE, ARNESON, WILES & GIANNONE
Legal Counsel - Moulton Niguel Water District

By: 
Patricia B. Giannone

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 19th day April of 2007 and that it was so adopted by the following vote:

AYES: LIZOTTE, FIORE, KURTZ, JONES, STEWARD, ENGLISH

NOES:

ABSTAIN:

ABSENT: BUCK



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

EXHIBIT A
DOCUMENT MANAGEMENT POLICY
(attached on following pages)

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MOULTON NIGUEL WATER DISTRICT

Document Management
Policy

April 2007

TABLE OF CONTENTS

- 1. Purpose of Policy**
- 2. General Policy**
- 3. Definitions**
- 4. Document Management Program**
- 5. Document Control Procedures**
- 6. Policy Revisions**

1. PURPOSE OF POLICY

The purpose of this Document Management Policy (“Policy”) is to control the orderly retention, preservation and disposition of Moulton Niguel Water District (‘District’) records based on state statutes governing public records. The Policy establishes how the District assigns responsibility and creates the administrative framework through which the purposes of the Policy are to be achieved. This Policy is developed and administered by the District’s executive management staff and is subject to periodic revisions by the Board of Directors of the District.

2. GENERAL POLICY

The Policy is hereby established for the orderly maintenance and storage of District records which are retained for administrative, operational, legal, fiscal, historical, or research purposes. The objectives of the Policy are:

- To establish the authority and assign the responsibility for carrying out the document management program required by State law and to create the administrative framework through which the purposes of the program are to be achieved.
- To create efficient information retrieval through a uniform classification and computerized filing system.
- To explain the process for transferring inactive records from high-cost office space to an information technology system (electronic records) thereby reducing filing equipment and space.
- To establish the process and procedures for preserving and protecting electronic records (emails, software generated documents, etc.)
- To develop the necessary procedures for the orderly destruction of records and working papers no longer required by statute to be retained, and which are no longer needed for administrative, operational, legal, fiscal, historical, or research purposes and the preservation of records with long-term or permanent value.
- The protection of records vital to the District in the event of a disaster.
- The elimination of duplicate records.

3. DEFINITIONS

Board - Board of Directors of the District.

District or MNWD – Moulton Niguel Water District.

Document - any writing containing information relating to the conduct of the District’s business prepared, owned, used or retained by the District regardless of physical form or characteristics. “Writing” means handwriting, typewriting, printing, photographing, and every other means of recording upon any form of communication or representation, including letters, words, pictures, sounds, or symbols, or any combination thereof, and all papers, maps, magnetic or paper tapes, compact disks (CDs), photographic films and prints, and other documents. Term may also be referred to as “record”.

Document Management Administrator - the individual appointed by the General Manager that administers the document management program under this Policy and assists each department in its implementation.

Document Retention - the process of identifying the length of time the records are to be retained, and any statutory requirements applicable to that class of records.

Electronic Records – records that contain machine-readable information. The information may be text, numbers, graphs, line drawings, pictures, images or sound. Examples of electronic records include word processing files, spreadsheet files, presentation graphics, electronic images, databases, audio or video recordings and e-mail. Electronic records may occupy media such as magnetic disks or tapes, audio or video cassettes and compact, or optical disks and flash drives.

General Manager – the District’s General Manager

Inactive Document - records which are accessed infrequently, are of no further administrative, operational, legal, fiscal, or historical value in carrying out District business, and have reached the end of the legal period they must be retained.

Permanent Document - those records which in accordance with the Policy, an original copy must be retained indefinitely. These records are set forth in Government Code Section 60201(d) and Resolution No. 07-__ and also in the Records Retention Schedule and include minutes of the District’s legislative body meetings, contracts with other governmental agencies, certain other contracts and agreements, personnel records, authorization for long-term debt and property records such as deeds, easements and transfers.

Records - any record consisting of a “writing” as defined by Government Code Section 6252(f), including documents, instructions, books, microforms, electronic files, magnetic tape, optical media and papers.

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Records Retention Schedule – the schedule of records with the corresponding procedures for the management, retention and destruction pursuant to Government Code Section 60200 *et seq.* attached to this Policy and incorporated herein.

State - State of California

State Guidelines - guidelines issued by the Secretary of State for the management of public records of local agencies, as they may be amended from time to time.

Vital Document - records containing information essential for the District to resume operation after a disaster. Examples include the following: (1) records containing information regarding claims to present or future income, (2) records necessary to protect the District against fraud or overpayment, (3) records furnishing data on current assets, equipment, securities and real estate. (Example of this type of record may include current financial statements, ledgers, property deeds, leases, contracts, permits, licenses, original plans and specifications for District facilities, resolutions and minutes of the Board meetings.), (4) records relating to personnel hired by the District.

4. **DOCUMENT MANAGEMENT PROGRAM**

State law (Government Code Section 60200 *et seq.*) requires that public agencies develop and maintain a program for the management of its documents, including electronic records. In recognition of this, the Board, by virtue of adopting this Policy, specifies that the District's document management program shall be the following:

4.1 **Program elements**

The general program elements for managing all District documents, including its electronic records are:

- Assigning the responsibility to develop and implement an District-wide program for the management of all records, including electronic records, to specific District positions.
- Integrating the management of electronic records with other records and information technology needs of the District.
- Providing adequate training for all employees regarding the program's elements.
- Maintaining an inventory of the types and locations of the District's documents and electronic records and keeping this information updated and in accordance with the District's document retention schedule.

- Protecting vital records and authorizing the destruction of records in accordance with the terms of this Policy and the State Guidelines.

To ensure the maintenance and efficient retrieval of the District's records, a uniform computerized filing system will be implemented. Additional, the District will delegate the responsibility for managing the records to the *Document Management Administrator*.

4.2 Authorization for General Manager to Establish Procedures

The General Manager is hereby authorized to establish rules and procedures to implement the Policy and program hereunder and to delegate to staff the authority to initiate and manage the Policy and related procedures, including incorporating conforming revisions from the State Guidelines.

4.3 Designation of Document Management Administrator

The Executive Assistant to the Director of Operations will serve as the Document Management Administrator. As such, the duties of the Document Management Administrator shall be:

- 1) Administer the document management program and provide assistance to department heads in its implementation and maintenance and training of employees.
- 2) Plan, formulate and prescribe and implement document disposition systems, standards and procedures consistent with this Policy, including the Records Retention Schedule, as amended by the Board from time-to-time.
- 3) In cooperation with department heads, identify essential records and establish a disaster plan for each department to ensure maximum availability of the records/documents in order to re-establish operations quickly and with minimum disruption and expense.
- 4) Monitor records and the Records Retention Schedule and administrative rules and laws, including the State Guidelines, to determine if the District's document management program and retention schedules are in compliance with state regulations. Department heads are to be issued information concerning changes to State regulations and laws.
- 5) Ensure that the maintenance, preservation, destruction and other disposition of the documents of the District are carried out in accordance with the Policy and procedures of the document management program and State law.
- 6) Bring to the attention of the General Manager any document management program non-compliance.

4.4 Duties and responsibilities of Department Heads

Each District department head shall be responsible for managing the procedures established under the Policy. This includes, but is not limited to the following:

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- Cooperate with the Document Management Administrator in carrying out the procedures established by the Policy for the efficient and economical management of records.
- Adequately document the transactions and activities, services, programs and duties for which the department head is responsible.
- Maintain the records in his/her care and carry out their preservation, destruction or other disposition only in accordance with the policies and procedures of the document management program of the District.

4.5 Electronic Records and Recordkeeping Systems

Electronic technology has greatly expanded the methods of creating, editing, maintaining, transmitting and retrieving information. Much of this electronic information is a record because it is used by agencies to make decisions or affects the District's ability to conduct its business effectively; therefore, it must be managed as a record.

Electronic recordkeeping systems provide the functionality needed to enable the District to adhere to certain standards and procedures established by this policy. That functionality is based upon the need to effectively manage and control the record lifecycle and all documents constituting the record, regardless of format. The Document Management Administrator, working in conjunction with the Information Systems department, will ensure that the District maintains effective electronic recordkeeping systems and provides adequate training for employees.

5. DOCUMENT CONTROL PROCEDURES

5.1 Control Schedules

The Document Management Administrator, in cooperation with department heads, shall prepare document control schedules on a department by department basis listing all records series created or received by the department and the retention period for each series consistent with this Policy. Document control schedules shall also include such other information regarding the disposition of records/documents as may be needed to provide clarification or other information.

Each document control schedule shall be monitored and amended as needed by the Document Management Administrator on a regular basis to ensure consistency with the this Policy, the State Guidelines and/or State law. Any amendments to previously approved document control schedules must be approved by the General Manager.

The District's Records Retention Schedule, attached as Appendix 1 to this Policy, is guided by the State Guidelines, and other State and federal laws.

5.2 Inactive documents

Records which are accessed infrequently, and are of no further administrative, legal, fiscal or historical value in carrying out the District's business and have reached the end of the required legal retention period, are to be reviewed by the Document Management Administrator and considered for permanent destruction in accordance with this Policy, including the schedule in Appendix 1. A recommendation by the Document Management Administrator is to be forwarded to the General Manager for final approval before any record/document is destroyed. As an alternate to permanent and complete destruction of the record/document, the General Manager may direct staff to scan the document in the District's electronic document retention program (Laserfiche) before authorizing the destruction of the document's paper version.

The destruction of any record/document as provided herein shall be by burning, shredding, electronic deletion, or other effective method of destruction (see Appendix 1), upon the completion of a Records Destruction/ Disposition Request Form, which shall: (a) be signed by the originating staff member, department head, and Document Management Administrator; (b) list, by the applicable Schedules categor(ies) or series, the types of records being destroyed or disposed of in a manner that reasonably identifies the information contained in the records being destroyed or disposed of; and (c) specifies the destruction or disposition procedure, such as shredding, recycling, or deletion from electronic media.

5.3 Recordings of Public Meetings

Pursuant to Government Code Section 54953.5, any tape of a public meeting of the District may be erased or destroyed 30 days after the taping or recording without the written approval of the General Manager.

5.4 Permanent Records and Documents

The original of all records so designated in the Records Retention Schedule (Appendix 1), even though they may be converted to an electronic format for preservation purposes, are to be permanently retained. Additionally, the following records must be permanently retained in accordance with Government Code Section 60201(d) and the following terms:

- 1) records that relate to the formation, change of organization or reorganization of MNWD;
- 2) MNWD ordinances and resolutions, unless repealed or declared invalid or unenforceable for a period of five years;
- 3) minutes of meetings of MNWD's legislative bodies;
- 4) pending claims and litigation and records of claims or litigation for two years after final disposition;

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- 5) records that are the subject of a pending Public Records Act request until the request is granted, or two years have passed since denial;
- 6) records of construction projects prior to notice of completion and release of stop notices, if any;
- 7) records related to non-discharged contracts or debts;
- 8) records of title for MNWD real property;
- 9) unaccepted construction bids/proposals until two years old;
- 10) records that specify the amount of compensation and expense reimbursements paid to MNWD employees, officers or independent contractors until seven years after date of payment; and,
- 11) records for which the administrative, fiscal or legal purpose has not yet been fulfilled.

6. POLICY REVISIONS

6.1 Revisions

This document may be revised upon approval by the Board. Revisions will be recommended whenever applicable federal, State or local regulations change or otherwise as the need arises. The General Manager is authorized to implement any procedure under this Policy so as to comply with law and the State Guidelines, with any change to this Policy necessitated thereby to be ratified by the Board on a timely basis.

6.2 Policy Approval and Adoption

This Policy has been reviewed by the Board and adopted by Resolution 07-__ on April 19th, 2007.

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APPENDIX 1

MOULTON NIGUEL WATER DISTRICT

Record Retention Schedule*

Dated: April, 2007

Record Series (Description)	Responsible Department	Open/Active	Closed	Disposal	Notes
Accident Reports and Logs	HR	2 years	5 years	Shred	
Accounting Files, Miscellaneous	Accounting	5 years	5 years	Shred	
Accounts Payable (vendor files, invoices, employee travel & expense records)	Accounting	1 year	6 years	Shred	
Accounts Receivable (water billing and customer history)	Billing	1 year			Stored on Tape
Agendas and Minutes from other agencies	Administration	6 months	6 months	Shred	
Agendas, Minutes and Supporting Materials for Board Packets	Administration	1 year	Indefinite	Archive	
Agreements with cities, agencies, firms, individuals	Administration	1 year, or during ongoing project term, or set term of the agreement	Indefinite	Archive	Keep original document
Annexation Files	Engineering	1 year	Indefinite	Archive	
Appraisal Reports	Engineering	1 year	Indefinite	Archive	
Audit Reports	Accounting	10 years	10 years	Shred	
Bank Statements (with cancelled checks)	Accounting	1 year	4 years	Shred	
Board Correspondence	Administration	1 year	Indefinite	Archive	
Board of Director files, including Campaign Statements and Election Materials	Administration	1 year	Indefinite	Archive	
Bonds (Performance Payment and Bid Public Official Surety)	Engineering	1 year	Indefinite	Archive	

Record Series (Description)	Responsible Department	Open/Active	Closed	Disposal	Notes
udgets, annual	Accounting	1 year	Indefinite	Archive	
Budget Worksheets	Accounting	1 year	4 years	Shred	
Cash Postings	Billing	1 year	10 years	Archive	
Cash receipt books with backup and deposit tickets	Accounting	1 year	4 years	Shred	
Check Images	Customer Service	Current	1 year	Archive	
Claims or litigation	Customer Service	1 year if resolved; open until final resolution	Indefinite	Archive	
Computer Maintenance Files	IT	1 year	Indefinite	Archive	
Computer Programs	IT	1 year	Indefinite	Archive	
Computer Tape Disks/Backup	IT	1 year	Indefinite	Archive	
Computer Tracking Records	IT	1 year	Indefinite	Archive	
Confined Space Tests	Operations	1 year	2 years	Shred	
Conflict of Interest Statements	Administration	1 year	Indefinite	Archive	
Construction Project Schedules	Engineering	1 year	Indefinite	Archive	
Correspondence, general	Accounting Administration Customer Service Engineering HR Operations	1 year	2 years	Shred	
Customer Record Changes	Customer Service	1 year	5 years	Shred	
Deeds	Engineering	1 year	Indefinite	Archive	Original Document

Record Series (Description)	Responsible Department	Open/Active	Closed	Disposal	Notes
Director's Compensation and Reimbursement	Accounting	1 year	Indefinite	Archive	
Director's Fees	Accounting	1 year	Indefinite	Archive	
Disability Claims	HR	1 year	Indefinite	Archive	
Easements	Engineering	1 year	Indefinite	Archive	Original Document
Emergency Generators	Operations	1 year	5 years	Shred	
Emergency Procedures	Operations	1 year	5 years	Shred*	*Until superseded
Employee time records (i.e. payroll files) including deduction authorizations and overtime	Accounting	1 year	7 years	Shred	
Employee Travel and Expense Records	Accounting Administration	7 years	7 years	Shred	
Encroachment Permits	Engineering	2 years	Indefinite	Archive	
Energy Usage Reports	Operations	3 years	3 years	Shred	
Environmental Impact Reports (EIR)	Engineering	2 years	Indefinite	Archive	
Equipment Operating Manuals	Operations	1 year	1 year	Shred	
Facilities Maintenance Records	Operations	1 year	5 years	Shred	
Financial Assistance; Municipal Issues (Bonds, COPs, Loans, Grants)	Accounting Engineering	Term of the Obligation, Grant	End of Term, plus 10 years*	Shred	*Except SWRCB SRF = 50 years; other longer periods where financing or auditing requirements mandate
Financial Reports, miscellaneous	Accounting	10 years	10 years	Shred	
Hazardous Materials Data	Operations	5 years	5 years	Shred	
Historical Files	HR	1 year	Indefinite	Archive	

Record Series (Description)	Responsible Department	Open/Active	Closed	Disposal	Notes
Insurance Certificates and Policies	HR	1 year	2 years	Shred	
Inventory Records	Operations	1 year	6 years	Shred	
Investment Portfolio	Accounting	1 year	Indefinite	Archive	
Investments (Certificates of Deposit)	Accounting	1 year	6 years	Shred	
Lease Agreements	Administration Engineering	1 year	Indefinite	Archive	Original Document
Ledgers, General and Journal	Accounting	1 year	Indefinite	Archive	
Ledgers, Billing	Billing	1 year	10 years	Archive	
Legal Opinions	Administration	1 year	Indefinite	Archive	
Meter Readings	Billing	3 years	5 years	Archive	
Month-End Reports	Billing	1 year	Indefinite	Archive	
On/Off Slips	Billing	1 year	5 years	Archive	
Ordinances	Administration	1 year	Indefinite	Archive	
Payment/Adjustment Registers	Billing	1 year	10 years	Archive	
Payment Stubs	Customer Service	Current	Scanned – 1 year	Shred	
Per Letter File	Customer Service	1 year	Scanned – indefinite	Archive	
Permits	Engineering	1 year	Indefinite	Archive	
Personnel Files	HR	1 year	Indefinite	Archive	
Personnel Policies/Procedures	HR	1 year	10 years	Shred	Until superseded
Policies and Procedures	Administration	1 year	Indefinite	Archive	

Record Series (Description)	Responsible Department	Open/Active	Closed	Disposal	Notes
Projects/Construction (includes unaccepted bids/proposals)	Engineering	1 year	Indefinite	Archive	
Proposals	Engineering Operations	1 year	Indefinite	Archive	
Purchase Orders and Purchase Requisitions	Accounting	1 year	4 years	Shred	
Receipts – Meter Sales, Hydrant Rental	Customer Service	Current	5 years	Shred	
Reimbursement Agreements	Accounting	1 year	Indefinite	Archive	
Reports and Studies	Administration Engineering Operations	1 year	Indefinite	Archive	
Resolutions	Administration	1 year	Indefinite	Archive	
Retirement Plan Agreements, Amendments & Related Documents	HR	1 year	Indefinite	Archive	
Safety Meeting Records	Operations	1 year	5 years	Shred	
Service Orders	Billing Customer Service	Current	Indefinite	Archive	
Sewage Spills, correspondence/reports	Operations	1 year	Indefinite	Archive	
Station Log Sheets	Operations	1 year	3 years	Shred	
Tag/Seal Lists	Billing	1 year	10 years	Shred	
Telemetry Reports	Operations	1 year	10 years	Shred	
Tracts/Developer Files	Engineering	2 years	Indefinite	Archive	Retain As-Builts
Underground Storage Tanks	Operations	1 year	Indefinite	Archive	
Vehicle Maintenance Records	Operations	1 year	1 year	Shred	
Vehicle Mileage Reports	Operations	1 year	Indefinite	Archive	

Record Series (Description)	Responsible Department	Open/Active	Closed	Disposal	Notes
Vehicle & Equipment Permits, Licenses, Registration	Operations	1 year	1 year	Shred	
Vendor Files, miscellaneous correspondence	Accounting	1 year	1 year	Shred	
Vouchers, Consultant	Accounting	1 year	Indefinite	Archive	
Water Quality Reports	Operations	1 year	6 years	Shred	
Worker's Compensation Files	HR	1 year	Indefinite	Archive	
Work Orders	Operations	1 year	3 years	Shred	

***Schedule Instructions-All of the above retention periods are subject to the terms of the Policy providing for permanent retention where applicable. Records subject to Public Records Requests, or subpoenas, cannot be destroyed until the request is granted, or compliance provided; or, for two years after a denial of such records.**

1. Records are Open/Active files for at least the period stated as a matter of general practice. After the Open/Active period has passed, to the extent possible, records will be identified to the applicable department for closure recommendation, via electronic records management systems.
2. Records placed in Closed files will be retained for the scheduled period. Notice to the applicable department will be made prior to disposal.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** September 14, 2016

FROM: Joone Lopez, General Manager
Drew Atwater, Director of Planning

SUBJECT: Water Shortage Contingency Plan Continued Implementation

DIVISION: District-Wide

SUMMARY:

Issue: Current State regulations to meet a water conservation standard for the region, the future implementation of a long term water use efficiency standard in the State and the uncertainty in future water supply conditions provide that the District continue implementation of its Water Shortage Contingency Plan Stages 1 and 2.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled, "Continuing Water Shortage Stages 1 and 2."

Fiscal Impact: Conservation penalties will be assessed on customers in violation of the Water Shortage Contingency Plan Ordinance under Stage 2 implementation.

Background:

On April 1, 2015, Governor Jerry Brown issued an Executive Order to address prolonged drought conditions and restricted water supplies. The State Water Resources Control Board issued mandatory regulations to effect the Executive Order that aimed to reduce statewide urban water usage by 25% through February 2016. The result of the mandatory regulations required that Moulton Niguel Water District reduce District-wide water consumption by 20%. In May 2016, the State Water Resources Control Board amended and readopted drought related emergency regulations for urban water conservation. The amended regulation requires the water agencies to meet a conservation standard for the region, instead of meeting the 25% statewide water

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Water Shortage Contingency Plan Continued Implementation

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reduction standard. The amended regulation required agencies to identify their potable water reduction requirements through a self-certification process that compared 2013 and 2014 demands against a 3-year supply outlook. Wholesale agencies are required to provide the 3-year supply outlook to the SWRCB and retail agencies based on 2013, 2014, 2015 hydrology by June 15, 2016 and retail agencies completed the self-certification process to identify their new conservation standard. The State will reevaluate the amended regulation based on the snowpack and precipitation reading come January 2017 and can revert back to the 25% statewide water conservation standard, if needed.

In February of 2015, in compliance with the Proposition 218 process, the Board of Directors adopted Ordinance No. 15-01, "Water Conservation Rules and Regulations" ("Ordinance"). The Ordinance prescribes incremental stages of water reductions based on varying water shortage conditions by utilizing the water budget rate structure and other conservation tools. A summary of the various stages and the impacts to the different customer classes has been provided in attachment 2.

On May 1, 2015, the Board of Directors adopted Resolution 15-16 which implemented Stage 2 of the Water Shortage Contingency Plan commencing July 1, 2015. Under that Resolution, Stage 2 remains in effect until October 29, 2015. Per the Water Shortage Contingency Plan, every 120 days after implementation of a Stage the Board of Directors needs to take action to either continue or implement a different stage. On September 17, 2015, the Board of Directors adopted Resolution 15-26 which continued the implementation of Stage 2 of the Water Shortage Contingency Plan through the end of February 2016. On January 21, 2016 the Board of Directors adopted Resolution 16-02, which continued implementation of Stage 2 of the Water Shortage Contingency Plan through June 30, 2016.

DISCUSSION:

California and the American Southwest are in a long term trend of dry conditions and one average year is not sufficient to relieve multiple dry years. California experienced extreme drought over the past five years, the Colorado River is in sixteen years of drought and 2016 is shaping up to be among the hottest years on record. State regulators are looking to the local water agencies to implement local actions with the steps taken by the SWRCB on May 18, 2016.

In January of 2014, the governor provided an opportunity to water agencies to take the lead through local actions to meet the statewide drought emergency. However, due to inconsistent and mediocre savings, the State issued the first ever mandatory water restrictions. The relaxation of mandates from the State is an opportunity for local agencies to take action and control their own conservation goals and policies. Additionally, the State is looking to put in place permanent regulations in January 2017.

Water Shortage Contingency Plan Continued Implementation

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Hence, action in the short term could put local agencies in a good position to guide long term water efficiency policy.

The most effective demand management tool the District can implement is targeting wasteful usage through its rate structure and assigning penalties in times of scarcity. Customers have responded remarkably with the lowest number of customers above their individual water budget ever. Given all the long term water supply trends and broader policy issues, Staff is recommending the continued implementation of its Water Shortage Contingency Plan at Stage 2.

Attachments:

1. Resolution entitled, "Continuing Water Shortage Stages 1 and 2"
2. Water Shortage Contingency Plan Stages
3. State Water Resources Control Board Resolution No. 2016-0029
4. State Water Resources Control Board May 18 Drought Regulation Fact Sheet
5. May 9, 2016 Executive Order
6. Ordinance 15-01; "Water Conservation Rules and Regulations"

RESOLUTION NO. 16-__

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MOULTON NIGUEL WATER DISTRICT
CONTINUING WATER SHORTAGE STAGES 1 AND 2**

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

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

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

WHEREAS, Governor Brown proclaimed a condition of statewide drought and called upon local agencies to take aggressive, immediate action to reduce water consumption locally and regionally; and

WHEREAS, pursuant to Ordinance No. 15-01 the District is authorized to declare water shortage stages; and

WHEREAS, on May 1, 2015, the Board adopted Resolution No. 15-16, which declared Water Shortage Stages 1 and 2 as said stages are set forth in Ordinance No. 15-01. As a result, beginning June 1, 2015, the voluntary water shortage response measures in Water Shortage Stage 1 and the mandatory water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 went into effect within the District; and

WHEREAS, on September 17, 2015, the Board adopted Resolution No. 15-26, which declared that continuing October 30, 2015, Water Shortage Stage 2 shall remain in effect within the District through February 28, 2016. As a result, along with the voluntary measures, the mandatory water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 continued to be in effect.

WHEREAS, on January 21, 2016, the Board adopted Resolution No. 16-02, which declared that continuing March 1, 2016, Water Shortage Stage 1 and 2 shall remain in effect within the District through June 30, 2016. As a result, along with the voluntary measures, the mandatory

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water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 continued to be in effect.

WHEREAS, on June 16, 2016, the Board adopted Resolution No. 16-10, which declared that continuing July 1, 2016, Water Shortage Stage 1 and 2 shall remain in effect within the District through October 31, 2016. As a result, along with the voluntary measures, the mandatory water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 continued to be in effect.

WHEREAS, because of the prevailing conditions in the State, the current statewide drought, and the declared policy of the State, the District hereby finds and determines that it is necessary and appropriate for the District to continue, along with the voluntary measures, the mandatory water shortage response measures, reductions in water use, and penalties that are currently in effect during a Water Shortage Stage 2. Continuation of Water Shortage Stages 1 and 2 is necessary in order to adopt, implement, and enforce water shortage response measures to reduce the quantity of water used by consumers within the District to ensure that there is sufficient water for human consumption, sanitation, and fire protection all in conformance with Ordinance No. 15-01; and

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

Section 1. **Water Shortage Stages 1 and 2.** Pursuant to Ordinance No. 15-01, the Board hereby declares and finds that continuing November 1, 2016, Water Shortage Stages 1 and 2 shall remain in effect within the District through February 28, 2017. Such voluntary and mandatory water shortage response measures, reductions in water use, and penalties during Water Shortage Stages 1 and 2 as are set forth in Ordinance No. 15-01 are necessary for the following reasons:

- (1) District water supply conditions and storage levels;
- (2) statewide water supply conditions;
- (3) local water supply and demand conditions; and
- (4) actions by surrounding wholesale and retail water agencies.

Section 3. **Severability.** If any provision, section, subsection, sentence, clause or phrase or sections 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.

Section 4. **Effective.** This Resolution shall be effective immediately upon adoption.

ADOPTED, SIGNED and APPROVED this 15th day of September, 2016.

MOULTON NIGUEL WATER DISTRICT

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

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

Moulton Niguel Water District Water Shortage Contingency Plan

Account Type	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Residential (Single and Multi-Family)	- Stay within budget - No adjustments to bills for pool fills	- Stay within budget or pay penalty - No adjustments to bills	- Reduce outdoor water usage by 40% or pay penalty - No adjustments to bills	- Reduce outdoor water usage by 70% or pay penalty - No adjustments to bills	- Reduce indoor water use to 40 gallons per person per day - No outdoor water usage - No adjustments to bills
Commercial	- Stay within budget - No adjustments to bills for pool fills	- Stay within budget or pay penalty - No adjustments to bills	- Stay within budget or pay penalty - No adjustments to bills	- Stay within budget or pay penalty - No adjustments to bills	- Stay within budget or pay penalty - No adjustments to bills
Outdoor Irrigation - 115-	- Stay within budget	- Stay within budget or pay penalty - No adjustments to bills	- Reduce outdoor water usage by 40% or pay penalty - No adjustments to bills	- Reduce water usage by 70% or pay penalty - No adjustments to bills	- No water use - No adjustments to bills
Recycled Water	- Stay within budget - No potable water for outdoor irrigation (i.e. golf courses)	- Stay within budget or pay penalty - No adjustments to bills	- Reduce water usage by 10% or pay penalty - No adjustments to bills	- Reduce water usage by 20% or pay penalty - No adjustments to bills	- Reduce water usage by 30% or pay penalty - No adjustments to bills

THERE ARE PENALTIES FOR EXCEEDING WATER BUDGETS IN STAGES 2-5

Order of Targeted Reductions:

1. Target inefficient users first
2. Outdoor water budget reduced in Stages 3 and 4
3. Indoor water budget reduced in Stage 5

Note: The District's Water Shortage Contingency Plan was adopted in the form of an ordinance and included in a public Proposition 218 notice. This ordinance is the legal structure by which penalties may be imposed if violated.

Moulton Niguel Water District **Water Conservation Best Management Practices**

Conservation through Best Management Practices (BMP's). Water is our most vital resource, the following water conservation BMPs have been established to conserve water, prevent waste or unreasonable use or unreasonable method of use of water, and preserve the District's water supplies. The BMPs shall be in effect at all times. The BMPs shall not apply to the use of recycled water. This is an excerpt from the Water Shortage Contingency Plan, Water Conservation BMP's.

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Installation of Water Conservation Devices 2. Standards for Water Conservation Devices 3. Limits on Watering Hours between the hours of 9:00 a.m. and 5:00 p.m. on any day 4. Limits on Water Duration 5. No Watering During Rain 6. Plant Low-Water Demand Plants and Trees 7. No Excessive Water Flow or Runoff 8. No Washing Down Hard or Paved Surfaces 9. Obligation to Fix Leaks, Breaks or Malfunctions 10. Re-circulating Water Required for Water Fountains and Decorative Water Features | <ol style="list-style-type: none"> 11. Limits on Washing Vehicles 12. Drinking Water Served Upon Request Only 13. Commercial Lodging Establishments Must Provide Option to Not Launder Linens Daily 14. No Installation of Single Pass Cooling Systems. 15. No Installation of Non-re-circulating Water Systems in Commercial Car Washes and Laundry Systems 16. Restaurants Required to Use Water Conserving Dish Wash Spray Valves 17. Swimming Pools and Spa Covers 18. Water Waste and Unreasonable Water Use Prohibited |
|--|--|

For a more information about MNWD's Water Shortage Contingency Plan and Best Management Practices, please visit our website at www.MNWD.com

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2016-0029**

**TO ADOPT AN EMERGENCY REGULATION FOR
STATEWIDE URBAN WATER CONSERVATION**

WHEREAS:

1. On April 25, 2014, Governor Edmund G. Brown Jr. issued an executive order ([April 2014 Proclamation](#)) to strengthen the State's ability to manage water and habitat effectively in drought conditions, and called on all Californians to redouble their efforts to conserve water. The April 2014 Proclamation finds that the continuous severe drought conditions present urgent challenges across the State, including water shortages in communities and for agricultural production, increased wildfires, degraded habitat for fish and wildlife, threat of saltwater contamination, and additional water scarcity, if drought conditions continue into 2015. It orders that any provision of the governing document, architectural or landscaping guidelines, or policies of a common interest development will be void and unenforceable to the extent it has the effect of prohibiting compliance with the water-saving measures contained in this directive, or any conservation measure adopted by a public agency or private water company. The April 2014 Proclamation also suspends the environmental review required by the California Environmental Quality Act to allow the emergency regulation and other actions to take place as quickly as possible;
2. The April 2014 Proclamation references the [Governor's January 17, 2014 declaration of a drought State of Emergency in California due to severe drought conditions \(Proclamation No. 1-17-2014\)](#), January 2014 Proclamation). The January 2014 Proclamation finds that dry conditions and lack of precipitation present urgent problems to drinking water supplies and cultivation of crops, which put farmers' long-term investments at risk. The conditions also threaten the survival of animals and plants that rely on California's rivers, including many species in danger of extinction. The January 2014 Proclamation also calls on all Californians to reduce their water usage by 20 percent;
3. On December 22, 2014, in light of the continued lack of rain, Governor Brown issued [Executive Order B-28-14](#), which extends the California Environmental Quality Act suspension through May 31, 2016 for Water Code section 13247 and certain activities identified in the January 2014 and April 2014 proclamations;
4. On April 1, 2015, Governor Brown issued [Executive Order B-29-15](#) that directs the State Water Board to impose restrictions on urban water suppliers to achieve a statewide 25 percent reduction in potable urban usage through February 2016; require commercial, industrial, and institutional users to implement water efficiency measures; prohibit irrigation with potable water of ornamental turf in public street medians; and prohibit irrigation with potable water outside newly constructed homes and buildings that is not delivered by drip or microspray systems; along with other directives;

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5. On May 5, 2015, the State Water Resources Control Board (State Water Board) adopted [Board Resolution No. 2015-0032](#) and an Emergency Regulation to address specific provisions of Executive Order B-29-2015 that included a mandatory 25 percent statewide reduction in potable urban water use between June 2015 and February 2016. To implement the Executive Order, the Emergency Regulation placed each urban water supplier in a conservation tier, ranging between 8 and 36 percent, based residential per capita water use for the months of July – September 2014. Resolution No. 2015-0032 also directed staff to work with stakeholders to further develop and consider a range of factors that contribute to water use, including but not limited to climate, growth, investment in local, drought resilient supplies, and others for adjustment to the current emergency regulation should it need to be extended into 2016;
6. On November 13, 2015, Governor Brown issued [Executive Order B-36-15](#) calling for an extension of urban water use restrictions until October 31, 2016, should drought conditions persist through January 2016. This Executive Order also directs the State Water Board to consider modifying the restrictions to incorporate insights gained from the existing restrictions;
7. On February 2, 2016, the State Water Board adopted [Board Resolution No. 2016-0007](#) and a revised, extended Emergency Regulation to address specific provisions of Executive Order B-36-15. The Emergency Regulation established adjustments to reduce the conservation standards of urban water suppliers in consideration of the differences in climate affecting different parts of the state, growth experienced by urban areas, and significant investments that have been made by some suppliers towards creating new, local, drought-resilient sources of potable water supply;
8. On May 9, 2016, Governor Brown issued [Executive Order B-37-16](#) calling on the State Water Board to adjust emergency water conservation regulations through the end of January 2017 in recognition of differing water supply conditions across the state;
9. Statewide precipitation in 2016 has been variable. Northern California received above-average rainfall, while much of southern California continued to experience below-average rainfall and warm temperatures. February 2016 was amongst the warmest and driest recorded for parts of southern California. Consequently, while major Northern California water reservoirs are near or above average water storage for this time of year, many Southern California reservoirs are significantly below average. In addition, the snowpack is melting fast and as of early May is at less than 50 percent of the average for this time of year;
10. Water Code section 1058.5 grants the State Water Board the authority to adopt emergency regulations in certain drought years in order to: “prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion, of water, to promote water recycling or water conservation, to require curtailment of diversions when water is not available under the diverter’s priority of right, or in furtherance of any of the foregoing, to require reporting of diversion or use or the preparation of monitoring reports”;
11. On July 15, 2014, the State Water Board adopted an emergency regulation to support water conservation ([Resolution No. 2014-0038](#)). That regulation became effective July 28, 2014 upon approval by the Office of Administrative Law (OAL);

12. On March 17, 2015, the State Water Board amended and readopted the emergency regulation to support water conservation ([Resolution No. 2015-0013](#)), which became effective March 27, 2015 upon approval by OAL;
13. On May 5, 2015, the State Water Board significantly amended, and readopted, the emergency regulation to support water conservation ([Resolution No. 2015-0032](#)), which became effective May 18, 2015 upon approval by OAL and expires February 13, 2016;
14. On February 2, 2016, the State Water Board amended and readopted the emergency regulation to support water conservation ([Resolution No. 2016-0007](#)), which became effective February 11, 2016 upon approval by OAL and expires November 7, 2016;
15. In many areas, 50 percent or more of daily water use is for lawns and outdoor landscaping. Outdoor water use is generally discretionary, and many irrigated landscapes will survive while receiving a decreased amount of water;
16. Although urban water suppliers have placed restrictions on outdoor watering, the State Water Board continues to receive reports of excessive outdoor water use;
17. Water conservation is the easiest, most efficient, and most cost-effective way to quickly reduce water demand and to extend supplies into the next year. Water saved this summer is water available later in the season or next year, reducing the likelihood of even more severe water shortages should the drought continue. Extending current water supplies offers communities flexibility in managing their water portfolios and drought response options should the drought continue into the next water year;
18. Education and enforcement against water waste is a key tool in conservation programs. When conservation becomes a social norm in a community, the need for enforcement is reduced or eliminated;
19. Public information and awareness is critical to achieving conservation goals, and the Save Our Water campaign, run jointly by the Department of Water Resources (DWR) and the Association of California Water Agencies, is an excellent resource for conservation information and messaging that is integral to effective drought response (<http://saveourwater.com>);
20. Many California communities are facing continued social and economic hardship due to the ongoing drought. The rest of us can make adjustments to our water use, including landscape choices that conserve even more water;
21. The California Constitution declares, at article X, section 2, that the water resources of the state must be put to beneficial use in a manner that is reasonable and not wasteful. Relevant to the current drought conditions, the California Supreme Court has clarified that “what may be a reasonable beneficial use, where water is present in excess of all needs, would not be a reasonable beneficial use in an area of great scarcity and great need. What is a beneficial use at one time may, because of changed conditions, become a waste of water at a later time.” (*Tulare Dist. v. Lindsay Strathmore Dist.* (1935) 3 Cal.2d 489, 567.) In support of water conservation, the legislature has, through Water Code section 1011, deemed reductions in water use due to conservation as equivalent to reasonable beneficial use of that water. Accordingly, this regulation is in furtherance of article X, section 2 during this drought emergency. This temporary emergency

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regulation is not to be used in any future administrative or judicial proceedings as evidence or finding of waste and unreasonable use of any individual water user or water supplier subject to this regulation, and are not to affect or otherwise limit any rights to water conserved under applicable law, including without limitation, water conserved consistent with Water Code section 1011;

22. Under the May 5, 2015 emergency regulation, as revised February 2, 2016, urban water suppliers, large and small, have reduced statewide potable water usage more than 23.9 percent compared to usage during the same months in 2013, through the significant efforts of the suppliers and their customers;
23. The State Water Board estimates that suppliers and their customers will save between 0.46 and 0.97 million acre-feet of water in response to the extended regulation from June 2016 through January 2017. This savings will be in addition to the 1.55 million acre-feet the State is on track to have saved from June 2015 through May 2016 compared to usage during the same months in 2013;
24. Directive one of the Governor's May 9, 2016 Executive Order Directs the State Water Board to adjust emergency water conservation regulations through the end of January 2017 in recognition of differing water supply conditions across the state;
25. On April 20, 2016 the State Water Board held a workshop to receive input on the potential modification of the current Drought Emergency Water Conservation regulation. The State Water Board solicited public comments on the proposed framework and received over 130 comments, primarily relating to the improved 2016 water year conditions, whether conservation regulations were necessary, the need to transition to a supply-based conservation regulation, and the ability of urban water suppliers to manage their own water supply options;
26. On May 9, 2016 the State Water Board issued staff-proposed regulatory language for public comment based in part on the April 20, 2016 workshop and comments received, and in part on Executive Order B-37-16. The staff proposal reflects careful consideration by the Board and staff of all comments including those directed at the levels of required reduction and the basis upon which water use reductions should be required. The draft regulatory language extends portions of the February 2016 emergency regulation and establishes a process for developing locally appropriate water conservation standards in recognition of differing water supply conditions across the state;
27. On May 13, 2016, the State Water Board initiated the formal emergency rulemaking process by issuing public notice that it would consider the adoption of the emergency regulation at the Board's regularly-scheduled May 18, 2016 public meeting, in accordance with applicable State laws and regulations. The State Water Board also distributed for public review and comment a Finding of Emergency that complies with State laws and regulations;
28. As discussed above, the State Water Board is adopting the revised emergency regulation as directed by the Governor in Executive Order B-37-16 based on the ongoing need to prevent the waste and unreasonable use of water and to promote conservation during the ongoing drought emergency; and

29. Nothing in the regulation or in the enforcement provisions of the regulation precludes a local agency from exercising its authority to adopt more stringent conservation measures. Moreover, the Water Code does not impose a mandatory penalty for violations of the regulation adopted by this resolution, and local agencies retain the enforcement discretion in enforcing the regulation to the extent authorized. Local agencies are encouraged to develop their own progressive enforcement practices to promote conservation.

THEREFORE BE IT RESOLVED THAT:

1. The State Water Board adopts California Code of Regulations, title 23, section 864.5 and amends and re-adopts sections 863, 864, 865, and 866 as appended to this resolution as an emergency regulation;
2. State Water Board staff will submit the regulation to OAL for final approval;
3. If, during the approval process, State Water Board staff, the State Water Board, or OAL determines that minor corrections to the language of the regulation or supporting documentation are needed for clarity or consistency, the State Water Board Executive Director or the Executive Director's designee may make such changes;
4. This regulation shall remain in effect for 270 days after filing with the Secretary of State unless the State Water Board determines that it is no longer necessary due to changed conditions, or unless the State Water Board renews the regulation due to continued drought conditions as described in Water Code section 1058.5;
5. The State Water Board directs staff to provide the Board with monthly updates on the implementation of the emergency regulation and its effect.
6. The State Water Board directs staff to condition funding upon compliance with the emergency regulation, to the extent feasible;
7. The State Water Board directs staff to work with DWR and the Save Our Water campaign to disseminate information regarding the emergency regulation; and
8. The State Water Board directs staff to update the electronic reporting portal to include data fields for reporting required by the emergency regulation.

THEREFORE BE IT FURTHER RESOLVED THAT:

10. The State Water Board shall work with DWR, the Public Utilities Commission, and other agencies to support urban water suppliers' actions to implement rates and pricing structures to incent additional conservation, as required by directive eight in the Governor's April 1, 2015 Executive Order. The Fourth District Court of Appeal's recent Decision in *Capistrano Taxpayer Association Inc. v. City of San Juan Capistrano* (G048969) does not foreclose the use of conservation-oriented rate structures;

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11. The State Water Board calls upon water suppliers to:
 - a. ensure that adequate personnel and financial resources exist to implement conservation requirements not only for 2016, but also for another year of drought should it occur. Water suppliers that face budget shortfalls due to reduced sales should take immediate steps to raise necessary revenues in a way that actively promotes continued conservation;
 - b. expedite implementation of new conservation programs by minimizing internal review periods and utilizing emergency authorities, as appropriate;
 - c. consider the relative water use and conservation practices of their customers and target those with higher water use to achieve proportionally greater reductions than those with low use;
 - d. minimize financial impacts to low-income customers;
 - e. preserve safe indoor water supplies in areas with very low R-GPCD and where necessary to protect public health and safety;
 - f. promote low-water use methods of preserving appropriate defensible space in fire-prone areas, consistent with local fire district requirements;
 - g. educate customers on the preservation of trees;
 - h. promote on-site reuse of water; and
 - i. promptly notify staff of the supplier's need for an alternate method of compliance pursuant to resolved paragraph 20 for any supplier that retains a conservation standard pursuant to section 865 of the emergency regulation.
12. The State Water Board calls upon all businesses within California's travel and tourism sectors to inform visitors of California's drought situation and actions visitors should take to conserve water;
13. The State Water Board calls upon all homeowners' associations to support and cooperate with water suppliers' and their residents' efforts to conserve water in community apartment projects, condominium projects, planned developments, and stock cooperatives statewide;
14. The State Water Board calls upon both landlords and tenants of residential and commercial properties to cooperate in taking actions that conserve potable water consistent with the emergency regulation and any applicable rules identified by the appropriate urban water supplier;
15. The State Water Board commends wholesale water agencies that have set aggressive conservation targets for their retail water suppliers;
16. The State Water Board commends water suppliers that have made investments to boost drought-resistant supplies, such as advanced treated recycled water and desalination. Those investments help to make communities more resilient in the face of drought;

- 17. The State Water Board commends the many water suppliers that have taken steps and made systemic changes that have led to them surpassing their 20x2020 conservation targets. Long-term conservation efforts are critical to maintaining economic and social well-being, especially in light of the impacts of climate change on California’s hydrology;
- 18. The State Water Board commends the many water suppliers that have met or exceeded their conservation standards under the May 2015 emergency regulation and the February 2016 amended and extended emergency regulation. Those local efforts have helped the state achieve a statewide 23.9 percent potable water savings from June 2015 through March 2016 and have shown what dedicated Californians can achieve as we make water conservation a California way of life;
- 19. During this drought emergency, heightened conservation that extends urban resilience is necessary. The State Water Board’s focus is primarily on immediate reductions in outdoor water use. Some short-term conservation efforts, such as landscape conversions and installation of efficient appliances, will also support long-term conservation objectives, and are encouraged wherever possible; and
- 20. The State Water Board recognizes that some commercial and industrial customers, while accounting for a significant portion of total use in a service area, have already taken steps to significantly reduce their water consumption and cannot further reduce their use without substantial impacts. However, the Board also recognizes that in many areas there are significant opportunities for reductions in water use by industries and commercial enterprises that have yet to take action, especially those with large areas of non-functional turf. The Board directs staff to respond promptly upon receipt of any request for alternate enforceable methods of compliance for suppliers that retain a conservation standard pursuant to section 865 of the emergency regulation. If the supplier believes the conservation standard is unachievable due to firm commercial and industrial water use and residential use reductions that would affect public health and safety, it should provide any supporting information or documentation for an alternate method of compliance or should use the new water supply reliability self-certification method provided for in section 864.5.

CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on May 18, 2016.

- AYE: Chair Felicia Marcus
Vice Chair Frances Spivy-Weber
Board Member Steven Moore
Board Member Dorene D’Adamo
- NAY: None
- ABSENT: None
- ABSTAIN: Board Member Tam M. Doduc



 Jeanine Townsend
 Clerk to the Board

ADOPTED TEXT OF EMERGENCY REGULATION

Article 22.5. Drought Emergency Water Conservation.

Sec. 863. Findings of Drought Emergency.

(a) The State Water Resources Control Board finds as follows:

(1) On January 17, 2014, the Governor issued a proclamation of a state of emergency under the California Emergency Services Act based on drought conditions;

(2) On April 25, 2014, the Governor issued a proclamation of a continued state of emergency under the California Emergency Services Act based on continued drought conditions;

(3) On April 1, 2015, the Governor issued an Executive Order that, in part, directs the State Board to impose restrictions on water suppliers to achieve a statewide 25 percent reduction in potable urban usage through February, 2016; require commercial, industrial, and institutional users to implement water efficiency measures; prohibit irrigation with potable water of ornamental turf in public street medians; and prohibit irrigation with potable water outside newly constructed homes and buildings that is not delivered by drip or microspray systems;

(4) On November 13, 2015, the Governor issued an Executive Order that directs the State Board to, if drought conditions persist through January 2016, extend until October 31, 2016 restrictions to achieve a statewide reduction in potable usage;

(5) On May 9, 2016, the Governor issued an Executive Order that directs the State Board to adjust and extend its emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions for many communities;

~~(5)~~ The drought conditions that formed the basis of the Governor's emergency proclamations continue to exist; and

~~(6)~~ The drought conditions will likely continue for the foreseeable future and additional action by both the State Water Resources Control Board and local water suppliers will likely be necessary to prevent waste and unreasonable use of water and to further promote conservation.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, and 275, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 864. End-User Requirements in Promotion of Water Conservation.

(a) To prevent the waste and unreasonable use of water and to promote water conservation, each of the following actions is prohibited, except where necessary to address an immediate health and safety need or to comply with a term or condition in a permit issued by a state or federal agency:

(1) The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures;

(2) The use of a hose that dispenses potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use;

(3) The application of potable water to driveways and sidewalks;

(4) The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculating system;

(5) The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall;

(6) The serving of drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased;

(7) The irrigation with potable water of ornamental turf on public street medians; and

(8) The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.

(b) To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

(c) ~~Immediately upon~~ Upon this subdivision taking effect, all commercial, industrial and institutional properties that use a water supply, any portion of which is from a source other than a water supplier subject to section 864.5 or 865 of this article, shall either:

(1) Limit outdoor irrigation of ornamental landscapes or turf with potable water to no more than two days per week; or

(2) Target potable water use reductions commensurate with those required of the nearest urban water supplier under section 864.5 or, if applicable, section 865. Where this option is chosen, these properties shall implement the reductions on or before July 1, 2016.

~~(2) Reduce potable water usage supplied by sources other than a water supplier by 25 percent for the months of June 2015 through October 2016 as compared to the amount used from those sources for the same months in 2013.~~

(d) The taking of any action prohibited in subdivision (a) or (e), or the failure to take any action required in subdivision (b) or (c), is an infraction punishable by a fine of up to five hundred dollars (\$500) for each day in which the violation occurs. The fine for the infraction is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(e)(1) To prevent the waste and unreasonable use of water and to promote water conservation, any homeowners' association or community service organization or similar entity is prohibited from:

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(A) Taking or threatening to take any action to enforce any provision of the governing documents or architectural or landscaping guidelines or policies of a common interest development where that provision is void or unenforceable under section 4735, subdivision (a) of the Civil Code; or

(B) Imposing or threatening to impose a fine, assessment, or other monetary penalty against any owner of a separate interest for reducing or eliminating the watering of vegetation or lawns during a declared drought emergency, as described in section 4735, subdivision (c) of the Civil Code.

(2) As used in this subdivision:

(A) "Architectural or landscaping guidelines or policies" includes any formal or informal rules other than the governing documents of a common interest development.

(B) "Homeowners' association" means an "association" as defined in section 4080 of the Civil Code.

(C) "Common interest development" has the same meaning as in section 4100 of the Civil Code.

(D) "Community service organization or similar entity" has the same meaning as in section 4110 of the Civil Code.

(E) "Governing documents" has the same meaning as in section 4150 of the Civil Code.

(F) "Separate interest" has the same meaning as in section 4185 of the Civil Code.

(3) If a disciplinary proceeding or other proceeding to enforce a rule in violation of subdivision (e)(1) is initiated, each day the proceeding remains pending shall constitute a separate violation of this regulation.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 4080, 4100, 4110, 4150, 4185, and 4735, Civil Code; Sections 102, 104, 105, 275, 350, and 10617, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 864.5. Self-Certification of Supply Reliability for Three Additional Years of Drought.

(a) To prevent the waste and unreasonable use of water and to meet the requirements of the Governor's May 9, 2016 Executive Order, each urban water supplier shall:

(1) Identify and report no later than June 22, 2016, on a form provided by the Board, the conservation standard that the supplier will be required to meet under this section;

(2) Identify and report no later than June 22, 2016, on a form provided by the Board, the data and underlying analysis relied upon by the supplier to determine the conservation standard reported pursuant to this subdivision including, but not limited to identification of each source of supply the supplier intends to rely on and the quantity of water available under that source of supply given the assumptions of this section;

(3) Certify, no later than June 22, 2016, that the conservation standard reported pursuant to this subdivision is based on the information and assumptions identified in this section;

(4) Post, within two weeks of submittal to the board, the data and underlying analysis relied upon by the supplier to determine the conservation standard reported pursuant to this subdivision to a publicly-accessible webpage; and

(5) Beginning June 1, 2016, reduce its total potable water production by the percentage identified as its conservation standard in this section each month, compared to the amount used in the same month in 2013.

(b) Each urban water supplier's conservation standard pursuant to this section shall be the percentage by which the supplier's total potable water supply is insufficient to meet the total potable water demand in the third year after this section takes effect under the following assumptions:

(1) The next three years' precipitation is the same as it was in water years 2013-2015;

(2) No temporary change orders that increase the availability of water to any urban water supplier are issued in the next three years;

(3) The supplier's total potable water demand for each of the next three years will be the supplier's average annual total potable water production for the years 2013 and 2014;

(4) The supplier's total potable water supply shall include only water sources of supply available to the supplier that could be used for potable drinking water purposes;

(5) Each urban water supplier's conservation standard shall be calculated as a percentage and rounded to the nearest whole percentage point.

(c) The Board will reject conservation standards that do not meet the requirements of this section.

(d) Beginning June 1, 2016, each urban water supplier shall comply with the conservation standard it identifies and reports pursuant to this section.

(e) Compliance with the conservation standard reported pursuant to this section shall be measured monthly and assessed on a cumulative basis through January 2017.

(f) If a wholesaler and all of its urban water supplier customers agree, in a legally-binding document, those suppliers and wholesaler may submit to the board, in lieu of the individualized self-certified conservation standard applicable pursuant to section 864.5 or section 865, an aggregated conservation standard, with all supporting documentation required for individualized self-certified conservation standards by section 864.5.

(g) Each urban water wholesaler shall calculate, to the best of its ability, and no later than June 15, 2016, the volume of water that it expects it would deliver to each urban water supplier in each of the next three years under the assumptions identified in subdivision (b), and post that calculation, and the underlying analysis, to a publicly-accessible webpage.

(h) Submitting any information pursuant to this section that the person who submits the information knows or should have known is materially false is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(i) Any urban water supplier that does not comply with this section shall comply with the applicable conservation standard identified in section 865.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, 275, 350, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 865. Mandatory Actions by Water Suppliers.

(a) As used in this ~~section~~article:

(1) “Distributor of a public water supply” has the same meaning as under section 350 of the Water Code, except it does not refer to such distributors when they are functioning solely in a wholesale capacity, but does apply to distributors when they are functioning in a retail capacity.

(2) “R-GPCD” means residential gallons per capita per day.

(3) “Total potable water production” means all potable water that enters into a water supplier’s distribution system, excluding water placed into storage and not withdrawn for use during the reporting period, or water exported outside the supplier’s service area.

(4) “Urban water supplier” means a supplier that meets the definition set forth in Water Code section 10617, except it does not refer to suppliers when they are functioning solely in a wholesale capacity, but does apply to suppliers when they are functioning in a retail capacity.

(5) “Urban water wholesaler” means a wholesaler of water to more than one urban water supplier.

(6) “Water year” means the period from October 1 through the following September 30. Where a water year is designated by year number, the designation is by the calendar year number in which the water year ends.

(b) In furtherance of the promotion of water conservation each urban water supplier shall:

(1) Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-user’s exclusive control.

(2) Prepare and submit to the State Water Resources Control Board by the 15th of each month a monitoring report on forms provided by the Board. The monitoring report shall include the amount of potable water the urban water supplier produced, including water provided by a wholesaler, in the preceding calendar month and shall compare that amount to the amount produced in the same calendar month in 2013. The monitoring report shall specify the population served by the urban water supplier, the percentage of water produced that is used for the residential sector, descriptive statistics on water conservation compliance and enforcement efforts, the number of days that outdoor irrigation is allowed, and monthly commercial, industrial and institutional sector use. The monitoring report shall also estimate the gallons of water per person per day used by the residential customers it serves.

(c)(1) To prevent the waste and unreasonable use of water and to meet the requirements of the Governor’s ~~November 13, 2015~~May 9, 2016 Executive Order, each urban water supplier that fails to identify a conservation standard as required under section 864.5, or that has a conservation standard rejected by the Board under section

864.5, shall reduce its total potable water production by the percentage identified as its conservation standard in this ~~subdivision~~ section. Each urban water supplier’s conservation standard considers its service area’s relative per capita water usage.

~~(2) Each urban water supplier whose source of supply does not include groundwater or water imported from outside the hydrologic region in which the water supplier is located, and that has a minimum of four years’ reserved supply available, may submit to the Executive Director for approval a request that, in lieu of the reduction that would otherwise be required under paragraphs (3) through (10), the urban water supplier shall reduce its total potable water production by 4 percent for each month as compared to the amount used in the same month in 2013. Any such request shall be accompanied by information showing that the supplier’s sources of supply do not include groundwater or water imported from outside the hydrologic region and that the supplier has a minimum of four years’ reserved supply available.~~

~~(3) Each urban water supplier whose average July-September 2014 R-GPCD was less than 65 shall reduce its total potable water production by 8 percent for each month as compared to the amount used in the same month in 2013.~~

~~(4) Each urban water supplier whose average July-September 2014 R-GPCD was 65 or more but less than 80 shall reduce its total potable water production by 12 percent for each month as compared to the amount used in the same month in 2013.~~

~~(5) Each urban water supplier whose average July-September 2014 R-GPCD was 80 or more but less than 95 shall reduce its total potable water production by 16 percent for each month as compared to the amount used in the same month in 2013.~~

~~(6) Each urban water supplier whose average July-September 2014 R-GPCD was 95 or more but less than 110 shall reduce its total potable water production by 20 percent for each month as compared to the amount used in the same month in 2013.~~

~~(7) Each urban water supplier whose average July-September 2014 R-GPCD was 110 or more but less than 130 shall reduce its total potable water production by 24 percent for each month as compared to the amount used in the same month in 2013.~~

~~(8) Each urban water supplier whose average July-September 2014 R-GPCD was 130 or more but less than 170 shall reduce its total potable water production by 28 percent for each month as compared to the amount used in the same month in 2013.~~

~~(9) Each urban water supplier whose average July-September 2014 R-GPCD was 170 or more but less than 215 shall reduce its total potable water production by 32 percent for each month as compared to the amount used in the same month in 2013.~~

~~(10) Each urban water supplier whose average July-September 2014 R-GPCD was 215 or more shall reduce its total potable water production by 36 percent for each month as compared to the amount used in the same month in 2013.~~

(d)(1) Beginning June 1, 2015, each urban water supplier that does not submit a self-certification in compliance with section 864.5 shall comply with the conservation standard specified in subdivision (c), with any modifications to the conservation standard pursuant to subdivision (f) applying beginning March 1, 2016.

(2) Compliance with the requirements of this subdivision shall be measured monthly and assessed on a cumulative basis through ~~October 2016~~ January 2017.

(e)(1) Each urban water supplier that provides potable water for commercial agricultural use meeting the definition of Government Code section 51201, subdivision (b), may subtract the amount of water provided for commercial agricultural use from its

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potable water production total, provided that any urban water supplier that subtracts any water provided for commercial agricultural use from its total potable water production shall:

(A) Impose reductions determined locally appropriate by the urban water supplier, after considering the applicable urban water supplier conservation standard specified in subdivision (c), for commercial agricultural users meeting the definition of Government Code section 51201, subdivision (b) served by the supplier;

(B) Report its total potable water production pursuant to subdivision (b)(2) of this section, the total amount of water supplied for commercial agricultural use, and shall identify the reduction imposed on its commercial agricultural users and each recipient of potable water for commercial agricultural use;

(C) Certify that the agricultural uses it serves meet the definition of Government Code section 51201, subdivision (b); and

(D) Comply with the Agricultural Water Management Plan requirement of paragraph 12 of the April 1, 2015 Executive Order for all commercial agricultural water served by the supplier that is subtracted from its total potable water production.

(2) Submitting any information pursuant to subdivision (e)(1)(B) or (C) of this section that is found to be materially false by the Board is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(f) In consideration of the differences in climate affecting different parts of the state, growth experienced by urban areas and significant investments that have been made by some suppliers towards creating new, local, drought-resilient sources of potable water supply, an urban water supplier's conservation standard identified in subdivision (c) shall be reduced by an amount, not to exceed eight (8) percentage points total, as follows:

(1) For an urban water supplier whose service area evapotranspiration (ET_o) for the months of July through September exceeds the statewide average evapotranspiration, as determined by the Board, for the same months by five (5) percent or more, the supplier's conservation standard identified in subdivision (c) shall be reduced:

(A) By two (2) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by five (5) percent or more but less than ten (10) percent;

(B) By three (3) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by ten (10) percent or more but less than twenty (20) percent;

(C) By four (4) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by twenty (20) percent or more.

(D) Statewide average evapotranspiration is calculated as the arithmetic mean of all urban water suppliers' service area default evapotranspiration values for the months of July through September. Default service area evapotranspiration will be based on the California Irrigation Management System (CIMIS) ET_o Zones Map zone for which the supplier's service area has the greatest area of overlap. In lieu of applying its default service area evapotranspiration, a supplier may use specific data from CIMIS stations within its service area that have at least a five-year period of record, or a three year continuous period of record, to identify a more specifically-applicable evapotranspiration

for its service area. If no CIMIS station exists within the supplier's service area, a weather station of comparable accuracy, meeting the preceding period of record requirements, may be used. To qualify for the in-lieu climate adjustment, the supplier shall submit the following data to the Board by March 15, 2016 for each station: station ID; station location; and monthly average evapotranspiration, in inches per month, for July, August, and September for either the five-year period of record or the three-year continuous period of record.

(2) To account for water efficient growth experienced in the state since 2013, urban water suppliers' conservation standards shall be reduced by the product of the percentage change in potable water production since 2013 and the percentage reduction in potable water use required pursuant to subdivision (c), rounded to the nearest whole percentage point. Change in potable water production since 2013 shall be calculated as the sum of the following:

(A) The number of additional permanent residents served since January 1, 2013, multiplied by the average residential water use per person for that supplier's service area during the months of February through October, 2015, in gallons; and

(B) The number of new commercial, industrial and institutional connections since January 1, 2013, multiplied by the average commercial, industrial and institutional water use per connection for that supplier's service area during the months of February through October, 2015, in gallons.

(C) To qualify for the growth credit the supplier shall submit to the Board the following data by March 15, 2016: the number of additional permanent residents served since January 1, 2013 and the number of new commercial, industrial and institutional connections since January 1, 2013.

(3) For an urban water supplier that supplies, contracts for, or otherwise financially invests in, water from a new local, drought-resilient source of supply, the use of which does not reduce the water available to another legal user of water or the environment, the conservation standard identified in subdivision (c) shall be reduced:

(A) By one (1) percentage point if the supplier's qualifying source of supply is one (1) percent or more but less than two (2) percent of the supplier's total potable water production;

(B) By two (2) percentage points if the supplier's qualifying source of supply is two (2) percent or more but less than three (3) percent of the supplier's total potable water production;

(C) By three (3) percentage points if the supplier's qualifying source of supply is three (3) percent or more but less than four (4) percent of the supplier's total potable water production;

(D) By four (4) percentage points if the supplier's qualifying source of supply is four (4) percent or more but less than five (5) percent of the supplier's total potable water production;

(E) By five (5) percentage points if the supplier's qualifying source of supply is five (5) percent or more but less than six (6) percent of the supplier's total potable water production;

(F) By six (6) percentage points if the supplier's qualifying source of supply is six (6) percent or more but less than seven (7) percent of the supplier's total potable water production;

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(G) By seven (7) percentage points if the supplier's qualifying source of supply is seven (7) percent or more but less than eight (8) percent of the supplier's total potable water production;

(H) By eight (8) percentage points if the supplier's qualifying source of supply is eight (8) percent or more of the supplier's total potable water production.

(I) To qualify for this reduction the supplier must certify, and provide documentation to the Board upon request demonstrating, the percent of its total potable water production that comes from a local, drought-resilient source of supply developed after 2013, the supplier's investment in that local, drought-resilient source of supply, and that the use of that supply does not reduce the water available to another legal user of water or the environment. To qualify for this reduction an urban water supplier shall submit the required certification to the Board by March 15, 2016.

(J) Certifications that do not meet the requirements of subdivision (f)(3)(I), including certifications for which documentation does not support that the source of supply is a local, drought-resilient source of supply, the use of which does not reduce the water available to another legal user of water or the environment, will be rejected. Submitting a certification or supporting documentation pursuant to subdivision (f)(3)(I) that is found to be materially false by the Board is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(4) No urban water supplier's conservation standard pursuant to this section shall drop below eight (8) percent as a consequence of the reductions identified in this subdivision. ~~No reduction pursuant to this subdivision shall be applied to any urban water supplier whose conservation standard is four (4) percent based on subdivision (e)(2).~~

~~(g)(1)~~ To prevent waste and unreasonable use of water and to promote water conservation, each distributor of a public water supply that is not an urban water supplier shall ~~take one or more of the following actions:~~

(1) Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-user's exclusive control; and

~~—— (A) Limit outdoor irrigation of ornamental landscapes or turf with potable water by the persons it serves to no more than two days per week; or~~

~~—— (B) Reduce by 25 percent its total potable water production relative to the amount produced in 2013.~~

(2) Each distributor of a public water supply that is not an urban water supplier shall submit a report by ~~September~~ December 15, 2016, on a form provided by the Board, that either confirms compliance with subdivision (g)(1)(A) or identifies total potable water production, by month, from December, 2015 through ~~August~~ November, 2016, and total potable water production, by month, for the same months in 2013, and any actions taken by the supplier to encourage or require its customers to conserve water.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, 275, 350, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 866. Additional Conservation Tools.

(a)(1) To prevent the waste and unreasonable use of water and to promote conservation, when a water supplier does not meet its conservation standard required by section 864.5 or section 865 the Executive Director, or the Executive Director's designee, may issue conservation orders requiring additional actions by the supplier to come into compliance with its conservation standard.

(2) A decision or order issued under this article by the Board or an officer or employee of the Board is subject to reconsideration under article 2 (commencing with section 1122) of chapter 4 of part 1 of division 2 of the Water Code.

(b) The Executive Director, or his designee, may issue an informational order requiring water suppliers, or commercial, industrial or institutional properties that receive any portion of their supply from a source other than a water supplier subject to section 864.5 or 865, to submit additional information relating to water production, water use or water conservation. The failure to provide the information requested within 30 days or any additional time extension granted is a violation subject to civil liability of up to \$500 per day for each day the violation continues pursuant to Water Code section 1846.

(c) Orders issued under previous versions of this ~~subdivision~~section shall remain in effect and shall be enforceable as if adopted under this version. Changes in the requirements of this article do not operate to void or excuse noncompliance with orders issued before those requirements were changed.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 100, 102, 104, 105, 174, 186, 187, 275, 350, 1051, 1122, 1123, 1825, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.



Fact Sheet

36 Month Urban Water Supply Now Basis For Local Emergency Water Conservation Efforts

On May 18, the State Water Resources Control Board adopted a statewide water conservation approach that replaces the prior percentage reduction-based water conservation standard with a localized “stress test” approach – that mandates urban water suppliers act now to ensure at least a three year supply of water to their customers under drought conditions.

The adopted emergency regulation followed improved water supply conditions around most of the state and recognition that urban water suppliers are in a better position to plan for, and accommodate, local drought impacts to their water supply, following their experiences conserving upwards of 24 percent of their water use these past 10 months.

The adopted regulation establishes standards with locally developed conservation standards based upon each agency’s specific circumstances. The regulation now requires individual urban water suppliers to self-certify the level of available water supplies they have assuming three additional dry years, and the level of conservation necessary to assure adequate supply over that time.

This self-certification would include information provided by regional water distribution agencies (wholesale suppliers) about how regional supplies would fare during three additional dry years. Both urban water suppliers and wholesale suppliers are required to report the underlying basis for their assertions, and urban water suppliers are required to continue reporting their conservation levels.

Urban water suppliers are now required to reduce potable water use in a percentage equal to their projected shortfall in the event of three more dry years. In other words, if an individual water district projects it would, under the specified assumptions, have a 10 percent shortfall after the next three years at the current rate of use, their mandatory conservation standard would be 10 percent.

The regulation keeps in place the monthly reporting requirements and specific prohibitions against certain water uses. Those prohibitions include watering down a sidewalk with a hose instead of using a broom or a brush, or overwatering a landscape to where water is running off the lawn, over a sidewalk and into the gutter. Prohibitions directed to the hospitality industry also remain in place. Prohibitions against home owners associations taking action against homeowners during a declared drought remain as well. As directed by Governor Brown’s [Executive Order B-37-16](#), the Board will separately take action to make some of these requirements and prohibitions permanent.



The adopted regulation is the result of review of many meetings, written and oral comments from a public workshop on [April 20](#) to receive input on conservation needs through the summer and fall, and lessons learned since the Water Board first adopted drought emergency water conservation regulations.

The new conservation standards will take effect in June and remain in effect until the end of January 2017.

Improved Water Supply and Conditions; and Conservation – Reason for Change

Winter 2016 saw improved hydrologic conditions in parts of California. More rain and snow fell in Northern California as compared to Central and Southern California; yet, due to California's water storage and conveyance systems, concerns over supply reliability have eased compared to last year throughout urban California. Consequently, the unprecedented mandatory state-driven conservation standards in place over the last ten months must transition to conservation standards based on supply reliability considerations at the local level. However, conservation standards are still needed in case this winter was a short reprieve in a longer drought.

The Board has been monitoring state hydrology, water supply conditions, including local supply reliability, and the conservation levels achieved by the State's 411 urban water suppliers. Hydrologic conditions in parts of California – particularly northern California – have markedly improved relative to 2014 and 2015. Many reservoirs are above historic averages for late spring, and water allocations are up in most cases for the State Water Project.

In addition, the water production reports submitted to the State Water Board have shown that the majority of urban water suppliers have successfully responded to mandatory conservation expectations over the last 20 months. Public awareness of drought conditions and the public's extraordinary response this past ten months should lead to continuing conservation.

Should severe drought conditions return, the Board stands ready to return to stronger conservation mandates to ensure urban water suppliers can meet local water needs in the long term.

The adopted drought emergency water conservation regulation allows suppliers to define an individualized conservation standard on their specific water supply and demand conditions. Each water supplier is required to evaluate its supply portfolio and self-certify the accuracy of its information while also providing the underlying information and assumptions; the State Water Board would assign each supplier a mandatory conservation standard equal to the percentage deficiency the supplier identifies in its supply under specified assumptions. Additionally, certain statewide requirements on small suppliers and businesses would be lifted.



Governor and Board Actions Achieved Historic Conservation Statewide
In his April 1, 2015 [Executive Order](#), Governor Brown mandated a 25 percent water use reduction by users of urban water supplies across California.

In May 2015, the State Water Board adopted an emergency regulation requiring a cumulative 25 percent reduction in overall potable urban water use over the following 9 months. The [May 2015 Emergency Regulation](#) used a sliding scale for setting conservation standards, so that communities that have already reduced their residential gallons per capita per day (R-GPCD) through past conservation had lower mandates than those that had not made such gains since the last major drought. Conservation tiers for urban water suppliers were set between eight percent and 36 percent, based on residential per capita water use for the months of July - September 2014.

During this time, statewide water conservation was [unprecedented](#). In the last 10 months alone, the state realized nearly a 24 percent savings in water use as compared to same period 2013, resulting in some 1.30 million acre-feet of water conserved throughout California, enough to supply 6.5 million people with water for an entire year.

On Feb. 2, 2016, based on Governor Brown's [November 2015 Executive Order](#), the State Water Board approved an updated and extended emergency regulation that continued mandatory reductions through October.

The [February 2016 Emergency Regulation](#) responded to calls for continuing the conservation structure that has spurred savings, while providing greater consideration of some localized factors that influence water needs around the state: climate differences, population growth and significant investments in new local, drought-resilient water supplies such as potable wastewater reuse and desalination. The February Emergency Regulation is longer in effect. Under the new reporting structure adopted by the Board May 18, water districts will continue to [report water use](#), but their conservation standard will be based on any shortfall in projected supply over three drought years.

On May 9, Governor Brown [issued an Executive Order](#) directing actions aimed at using water wisely, reducing water waste, and improving water use efficiency for the years and decades ahead. The Executive Order, in part, directed the State Water Board to extend the emergency regulations for urban water conservation through the end of January 2017. As called for in his Executive Order, it is anticipated the State Water Board will be working closely with the Department of Water Resources and other agencies to define and establish water efficiency standards for the state to ensure a more reliable water supply and to make state water users more resilient and prepared over the long-term.

(This fact sheet was last updated May 18, 2016)

Executive Department

State of California

EXECUTIVE ORDER B-37-16 MAKING WATER CONSERVATION A CALIFORNIA WAY OF LIFE

WHEREAS California has suffered through a severe multi-year drought that has threatened the water supplies of communities and residents, devastated agricultural production in many areas, and harmed fish, animals and their environmental habitats; and

WHEREAS Californians responded to the drought by conserving water at unprecedented levels, reducing water use in communities by 23.9% between June 2015 and March 2016 and saving enough water during this period to provide 6.5 million Californians with water for one year; and

WHEREAS severe drought conditions persist in many areas of the state despite recent winter precipitation, with limited drinking water supplies in some communities, diminished water for agricultural production and environmental habitat, and severely-depleted groundwater basins; and

WHEREAS drought conditions may persist in some parts of the state into 2017 and beyond, as warmer winter temperatures driven by climate change reduce water supply held in mountain snowpack and result in drier soil conditions; and

WHEREAS these ongoing drought conditions and our changing climate require California to move beyond temporary emergency drought measures and adopt permanent changes to use water more wisely and to prepare for more frequent and persistent periods of limited water supply; and

WHEREAS increasing long-term water conservation among Californians, improving water use efficiency within the state's communities and agricultural production, and strengthening local and regional drought planning are critical to California's resilience to drought and climate change; and

WHEREAS these activities are prioritized in the California Water Action Plan, which calls for concrete, measurable actions that "Make Conservation a California Way of Life" and "Manage and Prepare for Dry Periods" in order to improve use of water in our state.



NOW, THEREFORE, I, EDMUND G. BROWN JR., Governor of the State of California, in accordance with the authority vested in me by the Constitution and statutes of the State of California, in particular California Government Code sections 8567 and 8571, do hereby issue this Executive Order, effective immediately.

IT IS HEREBY ORDERED THAT:

The orders and provisions contained in my January 17, 2014 Emergency Proclamation, my April 25, 2014 Emergency Proclamation, Executive Orders B-26-14, B-28-14, B-29-15, and B-36-15 remain in full force and in effect except as modified herein.

State agencies shall update temporary emergency water restrictions and transition to permanent, long-term improvements in water use by taking the following actions.

USE WATER MORE WISELY

1. The State Water Resources Control Board (Water Board) shall, as soon as practicable, adjust emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions across the state. To prepare for the possibility of another dry winter, the Water Board shall also develop, by January 2017, a proposal to achieve a mandatory reduction in potable urban water usage that builds off of the mandatory 25% reduction called for in Executive Order B-29-15 and lessons learned through 2016.
2. The Department of Water Resources (Department) shall work with the Water Board to develop new water use targets as part of a permanent framework for urban water agencies. These new water use targets shall build upon the existing state law requirements that the state achieve a 20% reduction in urban water usage by 2020. (Senate Bill No. 7 (7th Extraordinary Session, 2009-2010).) These water use targets shall be customized to the unique conditions of each water agency, shall generate more statewide water conservation than existing requirements, and shall be based on strengthened standards for:
 - a. Indoor residential per capita water use;
 - b. Outdoor irrigation, in a manner that incorporates landscape area, local climate, and new satellite imagery data;
 - c. Commercial, industrial, and institutional water use; and
 - d. Water lost through leaks.

The Department and Water Board shall consult with urban water suppliers, local governments, environmental groups, and other partners to develop these water use targets and shall publicly issue a proposed draft framework by January 10, 2017.



3. The Department and the Water Board shall permanently require urban water suppliers to issue a monthly report on their water usage, amount of conservation achieved, and any enforcement efforts.

ELIMINATE WATER WASTE

4. The Water Board shall permanently prohibit practices that waste potable water, such as:
 - Hosing off sidewalks, driveways and other hardscapes;
 - Washing automobiles with hoses not equipped with a shut-off nozzle;
 - Using non-recirculated water in a fountain or other decorative water feature;
 - Watering lawns in a manner that causes runoff, or within 48 hours after measurable precipitation; and
 - Irrigating ornamental turf on public street medians.
5. The Water Board and the Department shall direct actions to minimize water system leaks that waste large amounts of water. The Water Board, after funding projects to address health and safety, shall use loans from the Drinking Water State Revolving Fund to prioritize local projects that reduce leaks and other water system losses.
6. The Water Board and the Department shall direct urban and agricultural water suppliers to accelerate their data collection, improve water system management, and prioritize capital projects to reduce water waste. The California Public Utilities Commission shall order investor-owned water utilities to accelerate work to minimize leaks.
7. The California Energy Commission shall certify innovative water conservation and water loss detection and control technologies that also increase energy efficiency.

STRENGTHEN LOCAL DROUGHT RESILIENCE

8. The Department shall strengthen requirements for urban Water Shortage Contingency Plans, which urban water agencies are required to maintain. These updated requirements shall include adequate actions to respond to droughts lasting at least five years, as well as more frequent and severe periods of drought. While remaining customized according to local conditions, the updated requirements shall also create common statewide standards so that these plans can be quickly utilized during this and any future droughts.
9. The Department shall consult with urban water suppliers, local governments, environmental groups, and other partners to update requirements for Water Shortage Contingency Plans. The updated draft requirements shall be publicly released by January 10, 2017.



10. For areas not covered by a Water Shortage Contingency Plan, the Department shall work with counties to facilitate improved drought planning for small water suppliers and rural communities.

IMPROVE AGRICULTURAL WATER USE EFFICIENCY AND DROUGHT PLANNING

11. The Department shall work with the California Department of Food and Agriculture to update existing requirements for Agricultural Water Management Plans to ensure that these plans identify and quantify measures to increase water efficiency in their service area and to adequately plan for periods of limited water supply.

12. The Department shall permanently require the completion of Agricultural Water Management Plans by water suppliers with over 10,000 irrigated acres of land.


13. The Department, together with the California Department of Food and Agriculture, shall consult with agricultural water suppliers, local governments, agricultural producers, environmental groups, and other partners to update requirements for Agricultural Water Management Plans. The updated draft requirements shall be publicly released by January 10, 2017.

The Department, Water Board and California Public Utilities Commission shall develop methods to ensure compliance with the provisions of this Executive Order, including technical and financial assistance, agency oversight, and, if necessary, enforcement action by the Water Board to address non-compliant water suppliers.

This Executive Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

I FURTHER DIRECT that as soon as hereafter possible, this order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this order.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 9th day of May 2016.


EDMUND G. BROWN JR.
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



ORDINANCE NO. 15-01

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

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

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

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

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

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

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

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

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

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

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

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

Section 1. Findings and Determinations

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

Section 2. Amendments to District Rules and Regulations.

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

N. Water Conservation

1. Findings and Intent

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

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

(1) permanent water conservation BMPs and response measures;

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

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

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

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

2. Purposes and Scope

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

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

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

3. Definitions

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

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

(B) "BMPs" mean best management practices.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Water Conservation Best Management Practices

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Water Shortages

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

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

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

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

(4) alternative water supplies are limited or unavailable;

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

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

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

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

6. Declaration of Water Shortages

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

(1) District water supply conditions and storage levels;

(2) statewide water supply conditions;

(3) local water supply and demand conditions; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Water Shortage Stage 1 – Potable Water Reductions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17. Violations and Remedies

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

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

18. Notice and Collection of Penalties

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

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

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

19. Appeal Procedures

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

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

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

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

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

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

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

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

Section 3. Conflicting Provisions

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

Section 4. Severability

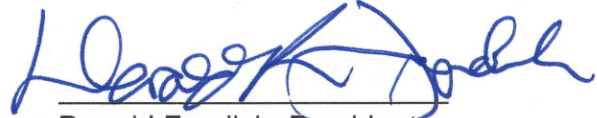
If any provision, section, subsection, sentence, clause or phrase or sections of this Ordinance, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void or invalid, the invalidity of the remaining portions of this Ordinance shall not be affected,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

Section 5. Effective

This Ordinance shall be effective immediately upon adoption.

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



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



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



STAFF REPORT

TO: Board of Directors **MEETING DATE:** September 14, 2016
FROM: Drew Atwater, Director of Planning
 Johnathan Cruz, Manager of Financial Planning
SUBJECT: Adoption of Demand Offset Fees
DIVISION: District-wide

SUMMARY:

Issue: The District currently does not have a fee in place to ensure potable irrigation from new development does not impact existing supply reliability.

Recommendation: It is recommended that the Board of Directors adopt the resolution entitled, “Adopting a Water Demand Offset Fee.”

Fiscal Impact: The District does not currently collect Demand Offset Fee revenue and actual revenues will be dependent on the timing of new development projects and if they use potable water for irrigation.

Background:

On June 16, 2016, the Board of Directors adopted its current capacity fee schedule for new development projects which require water and/or wastewater service. Prior to the recent update, the capacity fee schedule was last updated in the early 1980s. Because of the Board adopted policies that all wastewater be utilized for beneficial reuse and that recycled water be used for outdoor irrigation where available, indoor water use and recycled water irrigation from new development does not affect long-term supply reliability. For the limited cases in which new development projects would require potable water for outdoor irrigation, the demand offset fees are

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Adoption of Demand Offset Fees

September 14, 2016

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intended to reflect the proportional burden their potable outdoor demands would place on existing supply reliability. The proposed Demand Offset Fee are based on the benefits new development receives from the District's facilities, in this case available potable water for outdoor irrigation made possible by past investments in the long-term supply reliability. Based on industry best practices outlined in the AWWA M1 Manual, the District's plan to expand the recycled water system to maintain reliability supports the use of an "incremental cost method" for demand offset fees, whereby new development pays for new efficiency programs or the development of new infrastructure to accommodate the demands placed on existing potable water supply reliability by new potable irrigation.

Discussion:

The District team consisted of internal staff, rate consultants and legal counsel to support the development of the new demand offset fee schedule. The District engaged Raftelis Financial Consultants to support staff in developing an updated demand offset fee schedule. Additionally, Kelly Salt from Best Best & Krieger has reviewed the approach and final recommendation. As part of the District's outreach efforts, District staff engaged early and often with the Orange County Builder's Industry Association (BIA) to keep developers updated on the study and notify them of proposed fee changes.

Staff first presented the resulting fees at the May Finance and Information Technology Board Meeting. The proposed fee schedule includes demand offset fees based on the replacement cost of recycled water system assets to provide a financial mechanism for new development to "offset" their new outdoor potable water demands by investing in new recycled water conversions. The proposed Demand Offset Fees are assessed per 1,000 square feet of new development irrigable landscape area, and are \$1,479 for Residential developments and \$1,210 for Non-Residential developments. Staff recommends that the Board adopt the proposed fee schedule which is included in the attached resolution.

Attachments:

1. Resolution of the Board of Directors of the Moulton Niguel Water District Adopting a Water Demand Offset Fee
2. Water, Wastewater Capacity Fee and Recycled Water Demand Offset Fee Report

RESOLUTION NO. ____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT
ADOPTING A WATER DEMAND OFFSET FEE**

WHEREAS, the Board of Directors of the Moulton Niguel Water District (“District”) is a California Water District organized and operating pursuant to the California Water Code Section 34000, *et seq.*; and

WHEREAS, pursuant to California Government Code section 66013, the District is authorized to impose Capacity Charges for public facilities in existence at the time the charge is imposed or for new facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the District involving capital expense relating to its use of existing or new public facilities; and

WHEREAS, the District has made significant investments in its recycled water system to provide and enhance long-term potable water supply reliability for its existing customers, in addition to investments made to maintain the existing water system infrastructure; and

WHEREAS, the District is obligated to ensure that future development does not reduce the reliability of water supply sources existing customers have funded; and

WHEREAS, the District is considering the adoption of a “Water Demand Offset Fee” pursuant to California Government Code Section 66013, to fund as-yet unknown, future water reliability and water use efficiency projects, programs, and capital improvement projects, in order to offset additional potable outdoor demand from new development that would otherwise impact existing potable water supply reliability; and

WHEREAS, the proposed Water Demand Offset Fee is a “Capacity Charge” within the meaning of California Government Code Section 66013; and

WHEREAS, the District Board of Directors has determined that: (1) the rates of the proposed Water Demand Offset Fee do not exceed the estimated reasonable cost of the services and facilities for which the Water Demand Offset Fee will be imposed; and (2) the allocation of those costs are fair or reasonable in relationship to the burdens on, or benefits that those who pay a Water Demand Offset Fee will receive from such services and facilities; and

WHEREAS, pursuant to Water Code section 13550, the Legislature has declared that the use of potable domestic water for non-potable uses, including, but not limited to, cemeteries, golf courses, parks, highway landscaped areas, and industrial and irrigation uses, is a waste or an unreasonable use of the water within the meaning of Section 2 of Article X of the California Constitution if recycled water is available; and

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WHEREAS, pursuant to Water Code section 13551, a person or public agency, including a state agency, city, county, city and county, district, or any other political subdivision of the state, shall not use water from any source of quality suitable for potable domestic use for non-potable uses, including cemeteries, golf courses, parks, highway landscaped areas, and industrial and irrigation uses if suitable recycled water is available as provided in Section 13550; and

WHEREAS, pursuant to Water Code section 13552.2, the Legislature has declared that the use of potable domestic water for the irrigation of residential landscaping is a waste or an unreasonable use of water within the meaning of Section 2 of Article X of the California Constitution if suitable recycled water, for this use, is available to the residents; and

WHEREAS, the proposed Water Demand Offset Fee will be imposed on any person who submits an application for potable water service to a property requiring outdoor irrigation and recycled water, for this use, is not available to serve the property where the potable water service is requested.

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

SECTION 1. Incorporation of Recitals: The Recitals set forth above are incorporated herein, are made findings and determinations of the Board of Directors, and are an operative part of this Resolution.

SECTION 2. CEQA Compliance:

(a) The District, as lead agency under the California Environmental Quality Act (“CEQA”), has evaluated the potential environmental impacts of the Water Demand Offset Fee. As the decision making body for the District, the Board of Directors has reviewed and considered the information contained in the administrative record for the adoption of the proposed Water Demand Offset Fee.

(b) The Board of Directors finds that the Water Demand Offset Fee is intended to fund as-yet unknown, future water reliability and water use efficiency projects, programs, and capital improvement projects related to the District’s need to finance capital improvements or other programs to provide a reliable water supply for new development and to provide equity between new development and existing customers. This fee does not commit the District to approve any particular project, program, or capital improvement, but will be placed in a separate fund for potential future projects. This Water Demand Offset Fee is in response to the District’s projected need for additional facilities and infrastructure to provide services, including continued water supply reliability, to its existing customers and new development. Any activities, including infrastructure improvements, to be funded by Water Demand Offset Fees will be subject to future environmental review under CEQA, as applicable, prior to District approval.

(c) The Board of Directors therefore finds that the Water Demand Offset Fee is not subject to environmental review under CEQA. First, the Water Demand Offset Fee, in and

of itself, does not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment and therefore is not considered a “project” under CEQA. (Pub. Resources Code, § 21065, 14 Cal. Code Regs., § 15378, subd. (a).) Second, the Water Demand Offset Fee is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment; here, there is no possibility that the Water Demand Offset Fee, in and of itself, may have a significant effect on the environment. (14 Cal. Code Regs., § 15061, subd. (b)(3).) And third, the Water Demand Offset Fee is considered a government funding mechanism that does not involve any commitment on behalf of the District to any specific project which may result in a potentially significant physical impact on the environment. (14 Cal. Code Regs., § 15378, subd. (b)(4).)

(d) The determination that the Water Demand Offset Fee is not subject to CEQA review reflects the Board of Directors’ independent judgment and analysis.

(e) The documents and materials that constitute the record of proceedings on which these findings have been based are located at 27500 La Paz Road, Laguna Niguel, CA 92677-3489. The custodian for these records is the Secretary of the Board of Directors of the District.

SECTION 3. Water Demand Offset Fee: The Board hereby adopts the Water Demand Offset Fee at the rates specified in Attachment “A”. The Water Demand Offset Fee shall be imposed on any person who submits an application for potable water service to a property requiring outdoor irrigation and recycled water is not available to serve the property where the potable water service is requested. The rate for the Water Demand Offset Fee is based on water demand estimates for 1,000 square feet of irrigable area.

SECTION 4. Inconsistency with other Fees or Charges: To the extent that the Water Demand Offset Fee established by this Resolution is inconsistent with any fees or charges previously adopted by the District, it is the explicit intention of the Board of Directors of the District that the Water Demand Offset Fee adopted in this Resolution shall prevail.

SECTION 5. Severability: If any section, subsection, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.

SECTION 6. Implementation: The General Manager of the District is hereby authorized and directed to take all actions necessary to implement the new rates for the Water Demand Offset Fee effective October 1, 2016, and to file a Notice of Exemption for the Water Demand Offset Fee with the County Clerk for the County of Orange within five working days of the date of the adoption of this Resolution.

#7.

SECTION 7. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED and APPROVED this 15th day of September, 2016.

MOULTON NIGUEL WATER DISTRICT

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

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, PAIGE GULCK, Secretary of the Board of Directors of the MOULTON NIGUEL WATER DISTRICT, do hereby certify that the foregoing is a full, true, and correct copy of Resolution No. _____ of said Board and that the same has not been amended or repealed.

Dated this ____ day of _____, 2016.

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

Moulton Niguel Water District

Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

June 2016

#7.



150 N. Santa Anita Avenue
Suite 470
Arcadia, CA 91006

Phone 626 . 583 . 1894
Fax 626 . 583 . 1411

www.raftelis.com

June 03, 2016

Mr. Drew Atwater
Water Resources Manager
Moulton Niguel Water District
27500 La Paz Road
Laguna Niguel, CA 92677

Subject: Water and Wastewater Capacity Fee and Water Demand Offset Fee Report

Dear Mr. Atwater:

Raftelis Financial Consultants, Inc. (RFC) is pleased to present this report on water and wastewater capacity fees and water demand offset fees to the Moulton Niguel Water District (District). Our recommendations are based on sound principles and defensible methodologies, and we are confident that our resulting fees are fair and equitable since the resulting fees are reflective of the current value and use of each system.

We have enjoyed the opportunity to assist you on this project. Should you have any questions or comments regarding this report, feel free to contact me at (626) 583-1894.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A blue ink signature of Sudhir Pardiwala.

Sudhir Pardiwala
Executive Vice President

A blue ink signature of Steve Gagnon.

Steve Gagnon
Sr. Consultant

Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

Moulton Niguel Water District

1. Executive Summary

This document outlines the purpose of capacity fees, as well as the methodologies and rationale behind implementing capacity fees. This executive summary provides a brief summary of these topics and the results of the study.

Economic and Legal Framework

Capacity fees are imposed on new customers connecting to the District's water, wastewater and recycled water systems. The purpose of a capacity fee is to charge new customers for the cost of the facilities required to provide service. Capacity fees reimburse existing customers for their past capital investment which existing customers have funded through payment of monthly fees which include capital costs and debt service payments. This way all customers have contributed to the construction costs of capital facilities.

The legal grounds for establishing capacity fees are established in Government Code Sections 66013, 66016, 66022, and 66023. Per Section 66013, capacity fees imposed by a city "shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed..."

Approach

There are several different methodologies to calculate capacity fees. The two that are most prevalent are the **buy-in** approach and the **incremental cost** approach. The buy-in approach is most appropriate for agencies that are already mostly built-out. It ensures that new customers pay the cost of the existing facilities. By contrast, the incremental cost approach is most appropriate for agencies anticipating construction of new facilities to meet new demand. The costs of the new facilities are distributed to customers based on their expected utilization of the new plant's capacity. Both methodologies ensure that "growth pays for growth."

RFC has utilized the buy-in approach to determine the capacity fees for the District since it does not anticipate expanding water and wastewater facilities for new users in the near term. Essentially new users are "buying-into" the current system as is. In other words, paying the replacement cost less depreciation recognizing system wear. We have used the capacity provided by the recycled water system which would help offset potable demand, and the replacement cost of the current recycled system to determine the water demand offset fee. The recycled system would need to be expanded to meet future demand and using the replacement cost of the current system provides a reasonable expansion cost.

Buy-in Approach Calculation

RFC first calculated the City's water, wastewater and recycled water system asset value using Replacement Cost Less Depreciation (RCLD) for water and wastewater assets and Replacement Cost (RC) for the recycled water system. To complete the system valuation, RFC added capital project costs identified for fiscal year ending 2017 and 2018 for each system. We then subtracted the outstanding debt principal and subtracted estimated developer contributed capital costs for the water and wastewater system.

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Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

Moulton Niguel Water District

We then divided the net asset value for each system by the equivalent meter units (EMUs) for water and wastewater and the historical three year average recycled water use for recycled water. The EMUs are calculated using the District’s current meter counts and are multiplied by the hydraulic capacities from the American Water Works Association Manual M22, *Sizing Water Lines and Meters*, and normalized using a 1” meter as the standard meter.

Table 1 shows the resulting water and wastewater capacity fees and water demand offset fee.

Table 1: Water and Wastewater Capacity Fees and Water Demand Offset Fee

Utility	Capacity Fee
Water (1 inch meter)	\$2,405
Wastewater (1 inch water meter)	\$1,597
	Water Demand Offset Fee
Recycled Water	
Residential (per 1,000 Sq. Ft. of Irrigable Area)	\$1,479
Non-Residential (per 1,000 Sq. Ft. of Irrigable Area)	\$1,210

The proposed fees are higher than the current capacity fees – which are \$700 each for the water and wastewater systems for new customers within the City of Laguna Niguel and \$600 each for water and wastewater in other areas the District’s serves. RFC does not have knowledge of how the prior capacity fees were derived. The District currently does not have a water demand offset fee and wants to implement the fee to provide equity through ensuring new customers pay to maintain the existing level of reliability in the system.

Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

Moulton Niguel Water District

2. Introduction

The District engaged RFC to develop updated capacity fees for the water and wastewater systems and a water demand offset fee. Capacity fees are a one-time capital charges imposed on new customers that need to pay for the facilities needed to provide water and wastewater service. Water demand offset fees are required to provide water supply to meet the demands of new customers. Per California Government Code Section 66013, the fees “shall not exceed the reasonable cost of providing service.” Therefore the fees need to reflect the estimated cost of existing or additional system capacity needed to serve them. Other common terms for capacity fees are connection fees, impact fees, system development charges, development impact fees, and capital facility charges.

The District’s currently charges a capacity fee for connection to and therefore use of capacity in the water and wastewater systems. The fee is charged to new customers or those customers requesting additional capacity compared to their current allocated capacity. The current capacity fee is \$700 each for the water and wastewater systems per dwelling unit within the City of Laguna Niguel. Outside the City of Laguna Niguel the current capacity fee is \$600 each for the water and wastewater systems per dwelling unit. The District does not currently charge a water demand offset fee.

The current capacity fees were determined many years ago and do not reflect the current value of each utility and are calculated using equivalent dwelling units. The District desired to use the commonly used equivalent meters as a basis for charging capacity fees as this data was accurate and readily available. The proposed capacity fees reflect the current value of the water and wastewater systems, and the water demand fee represents the cost of acquiring new sources of water (the new water source being potable water that would be used for irrigation can now be used for others purposes as customers connect to the recycled water system). The proposed fees are based on the current system valuation as described in Section 4 providing the nexus required by California Government Code Section 66013.

3. Capacity Fee Economic and Legal Framework

For publicly owned utilities, capital facilities are often funded by existing customers through (monthly or bimonthly) rate and charge revenue. As new customers connect to the system, the excess capacity in the existing utility, funded by rate revenue from previous/existing customers, is available to new customers. Existing customers' investment in the existing system capacity allows newly connecting customers to take advantage of unused surplus capacity. Through the implementation of capacity fees, new customers repay the cost of existing system capacity they need to existing customers - so that existing customers are not subsidizing capital costs for new customers. This effectively puts new customers on par with existing customers regarding the capital costs to build the utility. In other words, the new users are buying into the existing system by repaying existing customers for their prior investment.

Economic Basis

The economic philosophy behind capacity fees is that water and wastewater capital facility costs should be paid for by those using the utility. In order to fairly distribute these costs, the capacity fee should reflect the cost to provide capacity to new users, and not unduly burden existing users. Accordingly, many utilities make this philosophy one of their primary guiding principles when developing their capacity fee structure.

The philosophy that those using the capacity should pay for the cost of capacity is often referred to as "growth-should-pay-for-growth." The principal is summarized in the American Water Works Association (AWWA) *Manual M1, Principles of Water Rates and Charges* in the Section on System Development Charges.

Legal Framework¹

The District has authority to price and implement water and wastewater capacity fees and water demand offset fees. The most salient limitation on this authority is the requirement that recovery costs on new development bear a reasonable relationship to the needs and benefits brought about by the development. Courts have long used a standard of reasonableness to evaluate the legality of capacity fees. The basic statutory standards governing water and wastewater capacity fees are embodied by Government Code Sections 66013, 66016, 66022 and 66023. Government Code Section 66013, in particular, contains requirements specific to pricing water and wastewater capacity fees:

"Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount the fee or charge in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue."

¹ RFC does not practice law nor does it provide legal advice. The above discussion is to provide a general review of apparent state institutional constraints and is labeled "legal framework" for literary convenience only. The City should consult with its counsel for clarification of any of the topics discussed in this section.

Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

Moulton Niguel Water District

Section 66013 also includes the following general requirements:

- Local agencies must follow a process set forth in the law, making certain determinations regarding the purpose and use of the fee; they must establish a nexus or relationship between a development project and the public improvement being financed with the fee.
- The capacity fee revenue must be segregated from the general fund in order to avoid commingling of capacity fees and the general fund.

4. Methodology

There are several methodologies for calculating capacity fees. The various approaches have evolved largely around the basis of changing public policy, legal requirements, and the unique and special circumstances of each local agency. However, there are three general approaches that are widely accepted for capacity fees. They are the “buy-in”, “incremental-cost”, and “hybrid” approaches.

Buy-In Method

The buy-in approach rests on the premise that new customers are entitled to service at the same price as existing customers. However, existing customers have already developed the facilities that will serve new customers, including the costs associated with financing those services. Under this approach, new customers pay an amount equal to the net investment made by existing users. The value of the net investment is divided by the current demand of the system –in the District’s case the number of equivalent meters for water and wastewater² – to determine the new capacity fee.

For instance, if an existing system has 100 units of equivalent capacity³ and a new customer desires one equivalent unit, then the new customer would pay 1/100th of the total existing system value. By paying the capacity fee, the new customer has bought into the existing system – thus the term buy-in for this methodology. The user has effectively acquired a financial position on par with existing customers and will face future capital challenges on equal financial footing with existing customers. This approach is suited for agencies that have capacity in their existing system and are essentially close to full build-out.

Incremental Cost Method

When new users connect to a utility system, they use either surplus capacity from the existing system, or they require construction of new capacity to accommodate their needs. Under the incremental-cost approach, new customers pay for the cost of additional capacity regardless of the value of past investments made by existing customers.

For instance, if it costs X dollars to provide 100 additional units of equivalent capacity and a new connector uses one of those equivalent units, then the new user would pay \$X/100 to connect to the system. In other words, a new customer pays the incremental cost of capacity – thus the term incremental cost for this methodology. As with the equity buy-in approach, new connectors will

² For the recycled water system the divisor is the average of the past three year’s recycled water use.

³ Equivalent capacity for the District is defined as the capacity that would be used by a 1 inch water meter

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Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

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effectively acquire a financial position that is on par with existing customers. This approach is best suited for growing communities where additional facilities are needed to accommodate growth.

Hybrid Method

In addition to the above two methodologies, there is also a hybrid approach which entails using aspects of both the incremental cost approach and the buy-in approach. This is appropriate when agencies have some existing reserve capacity available yet are also in the process of planning or building additional capacity. The fee produced by the hybrid approach recognizes that new customers benefit from both existing infrastructure and planned capital improvements.

5. Capacity Fee and Water Demand Offset Fee Calculation

Capacity Fee Methodology

The District elected to use the buy-in approach to calculate water and wastewater capacity fees since there is enough capacity in the water and wastewater systems. The buy-in approach takes the water and wastewater system value (separately) and divides by each system's current potential demand as represented by the total Equivalent Meter Units.

Utility System Valuation Methodology

RFC and District staff chose Replacement Cost Less Depreciation (RCLD) to value the water and wastewater systems. RCLD is commonly used and often preferred to alternative methods such as Original Cost Less Depreciation (OCLD), Original Cost (OC), and Replacement Cost (RC) because of its defensibility. In most cases – barring, for example, instances of water and wastewater systems that have depreciated significantly due to lack of replacement and repair – RCLD is more defensible because the replacement cost: 1) is inflation-adjusted and thus recovers the cost of replacing that capacity in current dollars; and 2) accounts for depreciation and thus addresses the fact that the system is not new and equipment and facilities have depreciated in value.

In addition to the investments made to maintain the existing system infrastructure, the District has also made significant investments to provide long-term supply reliability for its customers. To ensure that future development does not reduce the reliability that current customers have funded, the District plans to expand the recycled water system so that the existing potable water used for irrigation can be converted to recycled water therefore freeing up potable water. Because recycled water use will be expanded to maintain its reliability, the incremental cost method is appropriate. The replacement cost of the District's existing recycled water system provides a good estimate of the expansion costs for a recycled water system of a similar size to the current system. For the recycled water system, RFC and District staff chose Replacement Cost (RC) to value the recycled water system since the replacement cost represents the estimated cost to construct a system (of the same size and materials) today. The District would like to charge a water demand offset fee – which is similar to a capacity fee in which the incremental cost of additional water supply is isolated and divided by the marginal capacity. We are using a surrogate for the incremental cost of additional recycled water supply by using the current replacement cost of the recycled water system.

Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

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Utility System Value*Pipelines (Lines 1 and 2 in Table 4)*

The District provided a pipeline database which included year of installation, pipeline material, diameter and length. RFC valued each segment using estimated replacement cost – which is a function of the material and diameter of the pipe. We obtained the replacement costs by diameter and material from the District’s October 2003 Replacement Planning Model (RPM). The 2003 replacement costs from the RPM were adjusted for inflation using the 20 City Engineering News Record Construction Cost Index (ENR – CCI)⁴. RFC subtracted accumulated depreciation⁵ for each pipe segment - which is a function of the pipe’s age and useful life – to yield the RCLD for each pipe segment. Table 2 shows the assumed useful life for each type of pipeline material⁶. Note that the useful lives for recycled water pipe is not shown since we did not subtract depreciation for recycled water assets.

Table 2: Water and Wastewater Pipeline Useful Lives by Material

Pipeline Material	Water - Useful Life (Years)	Wastewater - Useful Life (Years)
Asbestos Cement	100	75
Polyvinyl Chloride - Pressure	75	75
Concrete Cylinder Pipe	100	NA
Cast Iron	100	75
Cement Mortar Lined & Coated	100	100
Ductile Iron	100	75
High Density Polyethylene	75	75
Other	100	75
Steel	100	75
Permastrand	NA	75
Reinforced Concrete Pipe	NA	75
PVC - Gravity	NA	75
Vitrified Clay Pipe	NA	75

Treatment Plant and Administrative Assets (Lines 3 and 4 in Table 4)

The District provided original cost records for water, wastewater and recycled water plant assets and administrative assets (buildings, file servers, telephone system etc.) from the District’s October 2003 RPM. RFC adjusted each asset’s original cost using the 20 City ENR-CCI so that it reflects the replacement cost of the asset today. For water and wastewater (only), we then subtracted accumulated depreciation to yield the RCLD for each asset. Depreciation is a function of the asset’s age and useful life. Table 3 shows the assumed useful life for the types of assets shown in the District’s Replacement Planning Model.

⁴ The 20 City Engineering News Record Construction Cost Index surveys construction cost inflation for 20 cities in the United States and creates one index reflecting the average increase in the 20 cities.

⁵ Depreciation was calculated assuming the straight line depreciation method

⁶ Useful lives were taken from the District’s Brown and Caldwell Replacement Planning Model

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Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

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Table 3: Asset Useful Lives

Asset Type	Useful Life (Years)
Building	60
Computer Equipment	4
Chlorine Generator Systems	15
Communication Equipment	7
General Equipment	10
Plant Instrumentation and Control	10
Intertie Equipment	50
Large Generators	25
Non-office Structures	75
O&M Support Equipment	12
Pumps	25
Plant Process Equipment	20
Reservoir Covers and Lines	20
Reservoirs - Concrete	100
Reservoirs - Steel	75
Transportation Equipment	8
Variable Frequency Drives	10
Valves (Large)	40

Capital Improvement Projects (Line 5 in Table 4)

Capital improvement projects (CIP) for fiscal years ending 2016 and 2017 were included in the valuation of the water and wastewater systems as the fees will be implemented in FY 17. The CIP is shown in line 5 of Table 4. The CIP for water and wastewater includes Districtwide CIP that was allocated to each utility in proportion to the value of the utilities. In other words, since water's assets comprise 38% of the total value of all three utilities (water, wastewater and recycled), we allocated 38% of the District wide CIP to the water utility.

Deductions (Lines 9 and 10 in Table 4)

RFC deducted the outstanding debt principal in line 9 of Table 4 since debt service is typically recovered through rates and charges. Including debt principal would double charge customers – once through the capacity fee and once through monthly rates and charges. RFC and District Staff also elected to subtract real estate developer contributed assets for the water and wastewater utilities in line 10. Contributed assets can be subtracted from the utility valuation since the District's Rules and Regulations require developers to build and dedicate facilities to connect to the existing system. RFC estimated the value of contributed assets, by assuming that all pipelines equal to or smaller than 8 inches were installed by real estate developers. We did not subtract pipelines of 8 inches or less for the water demand offset fee since we are using the estimated construction cost (replacement cost) of the total recycled water system as a surrogate for the incremental cost of the next 7,760 acre feet of capacity (line 14). Table 4 shows the final utility system valuations after deductions in line 12.

Water, Wastewater Capacity Fee and Water Demand Offset Fee Report
Moulton Niguel Water District

Table 4 – Summary of Net Assets Value

Line No.	Valuation Component (A)	Water - Replacement Cost Less Depreciation (B)	Wastewater - Replacement Cost Less Depreciation (C)	Recycled Water - Replacment Cost (D)
1	Pipelines <= 8"	\$217,331,195	\$257,919,330	\$62,633,637
2	Pipelines > 8"	\$215,380,109	\$81,404,695	\$105,512,459
3	Plant Assets (up to 2003)	\$35,442,508	\$4,695,981	\$53,114,143
4	Admin Assets (up to 2003)	\$878,268	\$1,027,489	\$1,042,023
5	CIP ¹	\$22,833,461	\$33,887,627	\$6,581,144
6	Each Utility's Portion of Districtwide CIP	\$6,384,489	\$7,251,978	\$3,286,167
7	Subtotal Assets	\$498,250,030	\$386,187,100	\$232,169,572
8	Less:			
9	Outstanding Debt	\$78,989,750	\$5,455,300	\$11,505,550
10	Less Pipe with diameter <= 8"	\$217,331,195	\$257,919,330	\$0
11	Subtotal Deductions	\$296,320,945	\$263,374,630	\$11,505,550
12	Total Water System Valuation	\$201,929,085	\$122,812,470	\$220,664,022
13	Equivalent Meters	83,968	76,878	
14	Recycled Water Sales (Acre Feet)			7,760
15	Capacity Fee per Equivalent Meter / Demand Offset Fee per Acre Foot	\$2,405	\$1,597	\$28,437

¹ Includes "Regional Projects" for Water

Capacity Fee Calculations (Line 15 in Table 4)

For water and wastewater, we calculate the capacity fee, for 5/8", 3/4" and 1" meters, shown in line 15 of Table 4, by dividing each system's value (line 12) by the number of equivalent meters (line 13). The capacity fee for larger meters is derived in Table 6.

For recycled water, we divide the system's value (line 12) by recycled water sales⁷ in acre feet⁸ (line 14). Note however that the demand offset shown is per acre foot – the actual fee charged to customers, based on irrigated area, is derived in Table 7.

Table 5 shows the derivation of equivalent meters. The District provided total meter counts by meter size. RFC determined the number of equivalent meters by multiplying each meter size by American Water Works Association hydraulic capacity factors which equate the potential flow through larger size meters compared to the District's standard meter of 1 inch. The hydraulic capacity factors are shown in Table 5 along with the resulting total equivalent meters in line 12 of Table 5 and restated in line 13 of Table 4. The wastewater equivalent meters differ from the water equivalent meters because the wastewater equivalent meters exclude irrigation and no-sewer accounts.

⁷ We used the average of the last three years

⁸ An acre foot is equal to the volume of water that would cover an acre with a depth of 1 foot, or 43,560 cubic feet.

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Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

Moulton Niguel Water District

Table 5 – Equivalent Meter Derivation

Line No.	Meter Size	AWWA				Wastewater Equivalent Meters
		Hydraulic Capacity Factor	Water Meter Count	Wastewater Meter Count	Water Equivalent Meters	
1	5/8"	1.0	114	3	114	3
2	3/4"	1.0	36,167	35,947	36,167	35,947
3	1"	1.0	11,923	11,569	11,923	11,569
4	1.5"	2.0	864	496	1,728	992
5	2"	3.2	3,727	2,087	11,926	6,678
6	2.5"	5.1	29	29	148	148
7	3"	7.0	82	68	574	476
8	4"	12.6	160	148	2,016	1,865
9	6"	28.0	318	317	8,904	8,876
10	8"	48.0	188	185	9,024	8,880
11	10"	76.0	19	19	1,444	1,444
12			53,591	50,868	83,968	76,878

Table 6 shows the water and wastewater capacity fees for all meter sizes which we determined by multiplying the fee for the 1 inch meter by the AWWA hydraulic capacity factor for each meter size.

Table 6 – Water Capacity Fees by Meter Size

Meter Size	AWWA Hydraulic Capacity Factor	Water Capacity Fee	Wastewater Capacity Fee
5/8"	1.0	\$2,405	\$1,597
3/4"	1.0	\$2,405	\$1,597
1"	1.0	\$2,405	\$1,597
1.5"	2.0	\$4,810	\$3,195
2"	3.2	\$7,695	\$5,112
2.5"	5.1	\$12,265	\$8,147
3"	7.0	\$16,834	\$11,182
4"	12.6	\$30,301	\$20,128
6"	28.0	\$67,335	\$44,730
8"	48.0	\$115,432	\$76,680
10"	76.0	\$182,767	\$121,410

The water demand offset fee is based on releasing potable demand currently used for irrigation and is calculated by estimating the efficient irrigation demand of new customers. Table 7 shows the final calculation per 1,000 square feet of irrigated area in line 6. We derive the fee by multiplying the per acre foot cost in line 15 of Table 4 by line 4 in Table 7 and divide by line 5 to get the proper units. The fee is different for Residential and Non-Residential customers due to the different evapotranspiration factors from the 2016 Model Water Efficient Landscape Ordinance (MWELO). Evapotranspiration factors account for the amount and type of plants (water wise plants) as well as the type of irrigation

Water, Wastewater Capacity Fee and Water Demand Offset Fee Report

Moulton Niguel Water District

systems used (efficient irrigation systems) consistent with the California Department of Water Resource's MWELO.

Table 7 – Recycled Water Demand Offset Fee Calculation

Line No.		Residential	Non-Residential
1	Square Feet of Landscape Area	1,000	1,000
2	Model Water Efficient Landscape Ordinance Evapotranspiration Factor	0.55	0.45
3	Average Evapotranspiration for Moulton Niguel Service Area (feet) ¹	4.1	4.1
4	Water Demand (cubic feet / year / 1,000 sq. ft.) ²	2,266	1,854
5	Cubic feet per Acre Foot	43,560	43,560
6	Water Demand Offset Fee per 1,000 Square Feet of Irrigated Area	\$1,479	\$1,210

¹ The total evapotranspiration is based on the average annual evapotranspiration across all 118 micro-zones within the District's service area.

² Water demand in line 4 is based on line 1 multiplied by line 2 multiplied by line 3. Additional digits beyond the tenths are the cause of the difference.

Annual Update

The District could update their water and wastewater system capacity fees annually. The easiest way to do this would be to multiply the yearly change in the Engineering News-Record Construction Cost Index (ENR-CCI), which tracks changes in construction costs. For example if the ENR –CCI for FYE 2018 is 6% higher than the ENR-CCI for FYE 2016, then the District could increase the capacity fees by 6%. This method of escalating the City's system capacity fees should be used for no more than four to five years. After four to five years, RFC recommends that the District update the fees based on the updated valuation of the District's infrastructure and new planned facilities that would be contained in an updated system plan or capital improvement plan. Note that the asset values were calculated using the 20-City CCI of 11,223 for 2016.

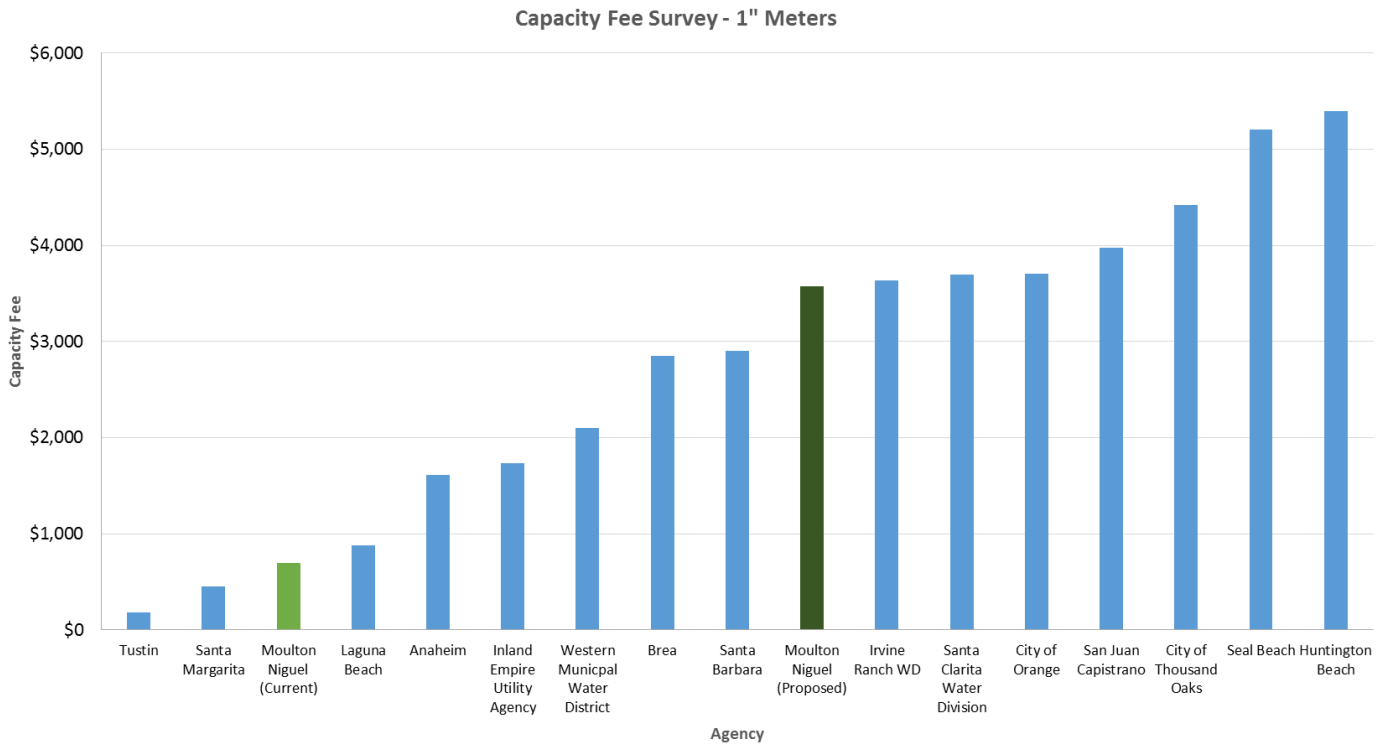
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Water, Wastewater Capacity Fee and Water Demand Offset Fee Report Moulton Niguel Water District

6. Capacity Fee Comparison

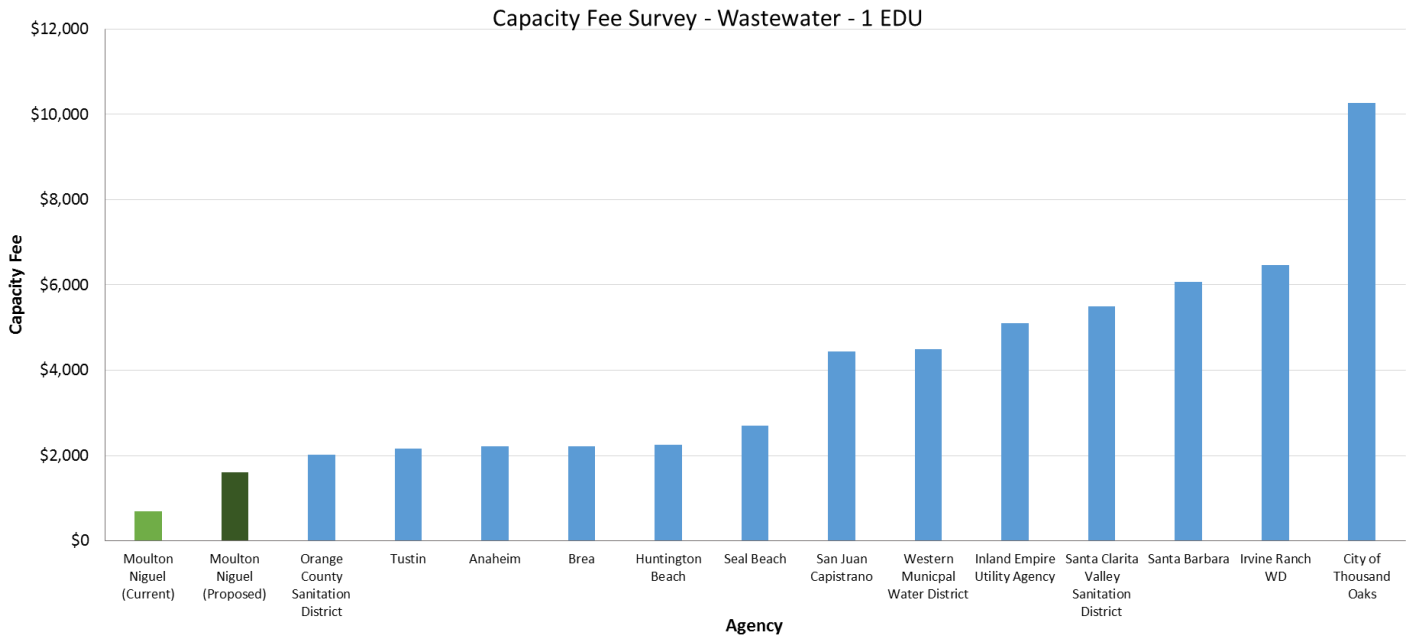
RFC researched the capacity fees for surrounding agencies as a point of comparison. Note that the capacity fees for each agency are dependent on a number of factors including but not limited to the capacity fee methodology used, system age, topography, and number of customer connections. Figures 1 and 2 show a comparison of water and wastewater capacity fees, respectively. Note that Santa Margarita Water District collects a capital related charge through property tax bills to recover General Obligation Bond debt service which may contribute to its low capacity fee.

Figure 1 – Water Capacity Fee Survey



Water, Wastewater Capacity Fee and Water Demand Offset Fee Report
Moulton Niguel Water District

Figure 2- Wastewater Capacity Fee Survey



7. Conclusion

RFC recommends that the District implement water and wastewater capacity fees and water demand offset fees that are reflective of the cost of providing service to new customers as shown in this report. The proposed water and wastewater fees are based on the cost to “buy-in” to these utilities so that new customers are on par with the past investment made by existing customers. The water demand offset fee is based on our estimate to procure incremental recycled water capacity which will help offset potable water demand.

Monthly
Financials Will
Be Handed Out
at E&O
Meeting

