

# moulton niguel water district

## FINANCE & INFORMATION TECHNOLOGY

### BOARD OF DIRECTORS' MEETING

#### MOULTON NIGUEL WATER DISTRICT

27500 La Paz Road, Laguna Niguel

January 17, 2018

8:30 AM

Approximate Meeting Time: 3 Hours

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE DECEMBER 20, 2017 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING
3. PUBLIC COMMENTS

*Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.*

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

### DISCUSSION ITEMS

4. Variance and Adjustment Policy Update
5. Rebate Application for Turf Removal

### INFORMATION ITEMS

6. 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 December 2017

7. Customer Portal Update
8. Regional Urban Run-off Collaboration Update
9. Fiscal Year 2018-19 Budget Update
10. Water Usage Update
11. Legislative Affairs Report
12. Communications and Outreach Update
13. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
14. 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](http://www.mnwd.com).



# moulton niguel water district

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

December 20, 2017

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 December 20, 2017. There were present and participating:

**DIRECTORS**

Duane Cave	Director
Scott Colton	Vice President (left at 12:00 p.m.)
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair (arrived at 8:34 a.m.)

Also present and participating were:

**STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC**

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Gina Hillary	Director of Human Resources
Drew Atwater	Director of Planning
Jake Vollebregt	Director of Regional & Legal Affairs
Rod Woods	Director of Engineering
Todd Novacek	Director of Operations
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Trevor Agrelius	MNWD
Matthew Brown	MNWD
Johnathan Cruz	MNWD
Shavonne Mays	MNWD
Medha Patel	MNWD

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Lindsey Stuvick	MNWD
Carole Wayman-Piascik	MNWD
Brooke Wangsgard	MNWD
Mike Dunbar	General Manager, Emerald Bay Service District
Jose Solorio	Nossaman, LLP
Ashley Walker	Nossaman, LLP
Jessica Anderson	Vavrinek, Trine, Day & Company, LLP
Jon Wells	West Yost Associates

### 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 NOVEMBER 15, 2017 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

*MOTION DULY MADE BY DUANE CAVE AND SECONDED BY SCOTT COLTON, MINUTES OF THE NOVEMBER 15, 2017 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.*

### 3. PUBLIC COMMENTS

*None.*

### PRESENTATION ITEMS

#### 4. Grants Update

*Brian Probolsky arrived at 8:34 a.m.*

*Joone Lopez provided a brief introduction to the item. Ashley Walker from Nossaman LLP and Jon Wells from West Yost Associates provided a Grants Update.*

### DISCUSSION ITEMS

#### 5. Grants and Legislative Advocacy Services

*Jake Vollebregt provided information on the item. Staff recommends that the Board of Directors approve Amendment No. 1 to the Professional Services Agreement with Nossaman LLP for an amount not-to-exceed \$9,750 per month for an estimated total contract value of \$234,000; authorize the General Manager or Assistant General Manager to execute Amendment No. 1; and to approve change orders up to 10% of the*

*total contract value. Discussion ensued regarding the agreement.*

**6. Audit Reports for the Fiscal Year Ended June 30, 2017**

*Trevor Agrelius provided details on the audit reports. Staff recommends that the Board receive and file the following reports:*

- *Comprehensive Annual Financial Report ("CAFR"), including auditors' opinion on the fair presentation of the financial statements*
- *Auditors' report on internal control*
- *Audit communication letter*
- *Article XIII-B Appropriations Limit Calculation report*

*Discussion ensued regarding the reports.*

*At this time, the Board chose to open the Special Board of Directors meeting. The Finance & Information Technology Board meeting will be continued immediately following the Special Board of Directors meeting.*

**INFORMATION ITEMS**

**8. Variance and Bill Adjustment Policy Update**

*The Board returned to the Finance & Information Technology meeting at 11:49 a.m. This item was taken after first. Drew Atwater provided the variance and bill adjustment policy update.*

*Scott Colton left at 12:00 p.m.*

**9. Water Efficiency Fund Policy Update**

*Drew Atwater provided the water efficiency fund policy update.*

**10. Water Usage Update**

*Lindsey Stuvick provided the water usage update. The District achieved a 7% reduction for November 2017.*

**7. Monthly Financial Report**

*Trevor Agrelius presented the Monthly Financial Report.*

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

*None.*

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**12. Late Items (Appropriate Findings to be Made)**

*None.*

**ADJOURNMENT**

*The meeting was adjourned at 12:33 p.m.*

Respectfully submitted,

Tim Bonita  
Recording Secretary

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# moulton niguel water district

## STAFF REPORT

**TO:** Board of Directors                      **MEETING DATE:** January 17, 2018

**FROM:** Drew Atwater, Director of Planning  
Lindsey Stuvick, Water Efficiency Manager

**SUBJECT:** Variance and Adjustment Policy Revisions

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### SUMMARY:

Issue: The District adopted a revised Variance and Adjustment Policy as part of the Water Budget Based Rate Structure updates in 2015. Staff is proposing minor modifications to the policy to provide customer’s clarity for Board consideration.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled, “Adoption of the Water Budget Based Rate Structure (WBBRS) Water Budget Modification and Bill Adjustment Policy”.

Fiscal Impact: Potential impacts from customer billing adjustments are included in projected water efficiency revenues.

Reviewed by Legal: Yes.

### BACKGROUND:

The District implemented the Water Budget Based Rate Structure (WBBRS) in July 2011; the rate structure was modified by Board action in February 2015 and again in December 2017. The WBBRS calculates an individualized water budget for each customer account given certain parameters based on the type of customer class. The approach is intended to encourage the efficient use of water. The rate structure applies to all customer classes within the District. Customers that use water in excess of their water budget are charged a higher rate that funds programs to promote, educate, or implement water savings or water supply activities, such as the District’s rebate program.

In concert with the adoption of WBBRS in 2011, the District adopted Variance Procedures (Procedures) by modifying the Rules and Regulations to provide a mechanism for customers to update their water budgets based on their specific

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### Variance & Adjustment Policy Revisions

January 17, 2018

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needs through the variance process or to amend charges to their water bills through the bill adjustment process. The Procedures were subsequently revised in April 2015 through approval of a resolution adopting Exhibit "H" Variance Adjustment & Allocation Policy for the Moulton Niguel Water District's Water Budget Based Rate Structure.

Factors that may support a budget variance include: change in household population, increase in irrigated landscape area, and medical needs. Examples of reasons for possible adjustments to customer bills include: leaks, pool refills, and courtesy adjustments for new customers. The goal of the Variance and Adjustment Policy is to work with customers to bring them to an efficient usage level.

### **DISCUSSION:**

Staff developed a Water Budget Modification and Bill Adjustment Policy (Policy) by updating and clarifying the existing Variance and Adjustment Policy. Revisions align the Policy with the Board's recently approved modifications to the rate structure by changing the per person allocation from 60 to 55 gallons per person per day to align with current indoor water use and describing the relationship between the number of permanent household residents and the per person wastewater charge. Additionally, staff updated the Policy to ensure delivery of superior customer service by making it easier for customers to change their household population, increasing the bill adjustment grace period to two billing cycles, introducing new definitions and clarifying language, and clearly delineating the water budget modification and bill adjustment policies and procedures in the Policy. Staff recommends the Board adopt the resolution with the updated Exhibit "H" to the District's Rules & Regulations.

### Attachments:

1. Resolution entitled, "Adoption of the Water Budget Based Rate Structure (WBBRS) Water Budget Modification and Bill Adjustment Policy
2. Redline of 2018 Water Budget Modification and Bill Adjustment Policy
3. 2015 Exhibit "H" Variance Adjustment & Allocation Policy for the Moulton Niguel Water District's Water Budget Based Rate Structure

RESOLUTION NO. 18-\_\_

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

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

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

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

WHEREAS, on December 11, 2017, the Board of Directors of the District adopted Resolution No. 17-25 to approve modifications to the Water Budget Based Rate Structure (“WBBRS”) and resulting increases to certain water service rate components and charges, and the Board desires to approve and adopt water budget modification and bill adjustment policies and procedures governing the WBBRS.

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

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

Section 2. This Resolution shall be effective immediately upon adoption and Attachment 1 shall be effective beginning on January 18, 2018.

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**ADOPTED, SIGNED and APPROVED** this 18<sup>th</sup> day of January, 2018.

**MOULTON NIGUEL WATER DISTRICT**

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President  
MOULTON NIGUEL WATER DISTRICT and the  
Board of Directors thereof

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Secretary  
MOULTON NIGUEL WATER DISTRICT and the  
Board of Directors thereof

**EXHIBIT H**  
**WATER BUDGET MODIFICATION AND BILL ADJUSTMENT POLICY**  
**FOR THE MOULTON NIGUEL WATER DISTRICT'S**  
**WATER BUDGET BASED RATE STRUCTURE**

This Water Budget Modification and Bill Adjustment Policy provides details on water budget calculations, budget modification procedures, and bill adjustment policies and procedures for customers of the Moulton Niguel Water District. More specifically, Section 2 details the water budget calculations for each customer class, as well as their respective permitted budget modification procedures, while Section 3 contains the procedures and qualified events eligible for bill adjustments for each customer class.

**Section 1. DEFINITIONS**

For the purposes of this Water Budget Modification and Bill Adjustment Policy, the following words, terms, and phrases shall be defined as follows:

- A. Bill Adjustment – a recalculation of charges on an existing bill.
- B. Billing Unit (BU) – a unit for measuring water usage. One BU equals one hundred cubic feet (CCF) or 748 gallons of water. CCF is synonymous with BU.
- C. Budget Modification – a change in the factors used to calculate a customer's water budget.
- D. California Friendly Landscaping - vegetation meeting Water Use Classifications of Landscape Species (WUCOLS) with low or very low watering needs for the South Coastal Region.
- E. Conversion Factor – the factor used to convert Evapotranspiration, measured in inches, to gallons.
- F. Customer – a person who, according to the District's records, has an account with the District and receives water service or recycled water service to a parcel of property.
- G. Director of Planning - the Director of Planning of the District or his or her authorized designee.
- H. District – Moulton Niguel Water District.
- I. Evapotranspiration (ET) – both the evaporation of water from the land surface and the transpiration of water through plants into the atmosphere. The District measures daily local evapotranspiration at 110 micro-zones throughout its service area.
- J. GPCD – gallons per capita per day.

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- K. I9 Account customers – potable irrigation customers located in high traffic public spaces.
- L. Landscape Establishment Period – The two-month consecutive period immediately following the installation of California Friendly Landscaping.
- M. New Customer Adjustment – A one-time bill adjustment provided courtesy of the District for over-budget water consumption. Exclusively allowed for new customers within the first 12 months of service with District.
- N. Person – any natural person, firm, joint venture, joint stock company, partnership, public or private association, club, company, corporation, business trust, organization, public or private agency, government agency or institution, school district, college, university, any other user of water provided by the District, or the manager, lessee, agent, servant, officer or employee of any of them, or any other entity which is recognized by law as the subject of rights or duties.
- O. Plant Factor - a measurement of the water needs of the specific type of plant that is used to calculate each customer’s outdoor budget within the District’s service area and guidelines provided by state law and the State Water Resources Control Board’s Model Water Efficient Landscape Ordinance. The plant factor is a conversion factor to multiply with daily evapotranspiration to determine the daily watering needs per unit of surface area of plant coverage.
- P. Potable water – water furnished to a customer which complies with federal and State drinking water regulations and standards, or any other applicable standards.
- Q. Property owner (owner) – the owner of a parcel whose name and address appears on the last equalized secured property tax assessment roll, or in the case of any public entity, the representative of that public entity at the address of that entity known to the agency.
- R. Qualifying Event – A unique incident or occurrence eligible for a bill adjustment.
- S. RC9 Account customers – recycled water customers with high traffic public spaces.
- T. Recycled water – water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource.
- U. State – the state of California, including any department or regulatory agency thereof.
- V. Water Budget – the amount of water representing efficient water use for each customer calculated by the District in accordance with its Water Budget Based Rate Structure.

## **Section 2 – WATER BUDGET AND BUDGET MODIFICATIONS**

### **Part 1. Residential Customers**

Residential customers include single-family detached homes, individually metered condominiums, and multi-family residential customers, including master-metered condominiums and apartments.

#### **A. Water Budgets**

The residential water budget is composed of a customer's calculated indoor water budget (Tier 1) and outdoor water budget (Tier 2). The calculations for each respective tier are found below. The District's Water Budget Based Rate Structure is intended to recover the proportionate cost of providing water service and to allocate costs to customers who place the greatest demands on the District's water system. Any usage in excess of a customer's total water budget results in additional costs that their higher demand places on the system. This usage, in excess of a residential customer's total water budget, is reflected in charges in Tiers 3, 4, and 5. In certain limited circumstances, the District may grant bill adjustments for qualified reasons specified in Section 3.

1. Indoor Water Budget
  - a. Indoor water budgets for residential customers are calculated based on the total number of permanent occupants living in a home. Residential customers may request a modification to their indoor water budget to account for a change in the number of permanent household occupants. The indoor water budget for new residential customers will be based on the number of permanent household occupants the customer identifies on their water service application.
  - b. Indoor Water Budget formula: 55 gallons of water per day x the number of permanent household occupants. Each occupant increases the Tier 1 allotment of water for the indoor water budget by 55 gallons per day times the number of days in the billing cycle.
2. Outdoor Water Budget
  - a. Outdoor water budgets are calculated based on the amount of landscaped area the customer irrigates. Residential customers may request a modification to their outdoor water budget to account for a change in the amount of irrigated area.
  - b. Outdoor Water Budget formula: Landscaped Area (Square Footage) x ET (Evapotranspiration) x 0.7 (Plant Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons = Number of Billing Units.
  - c. Irrigated area is either determined by the District's Geographic Information System, County Assessor parcel data, site survey conducted by the District, or by customer input through the budget modification process.

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## B. Modifications to Water Budgets

### 1. General Information

a. It is the ***sole responsibility of a residential customer to contact the District*** to request a budget modification to his or her base indoor and/or outdoor water budget.

b. Unless otherwise specified in Section 2, Part 1.B.2., a residential customer must submit a Residential Budget Modification Request Form to the District to request a budget modification.

c. Acceptable proof (e.g. site plans, medical documentation, or adult care or child care license) may be required for each budget modification request at the discretion of the District.

d. Once a budget modification is approved, it will become effective on the residential customer's next bill. An approved budget modification request will increase the calculated water budget (Tier 1 and/or Tier 2), and will be determined on a case-by-case basis.

i. No bill adjustments will be made for approved modifications to a residential customer's indoor water budget. However, a residential customer may request a bill adjustment for an approved outdoor water budget modification. For further details on the District's bill adjustment policy, see Section 3.

e. Any residential customer providing falsified information to the District may be liable for back charges. Bill calculations based on falsified information will be recalculated with corrected customer account details.

### 2. Relevant Factors That May Support a Budget Modification

a. Number of permanent occupants in a dwelling unit

A residential customer may request a budget modification to change the total number of permanent household occupants used to calculate the customer's indoor water budget.

i. The District allows a maximum of two indoor water budget modification requests to change the total number of household occupants in a twelve-month time period.

ii. Requests to change the total number of household occupants will not require a formal submission of a Budget Modification Request Form.

Residential customers may contact the District directly via telephone or in person to make their requests.

iii. The total number of permanent household occupants is used to calculate the household's monthly wastewater charge. Wastewater charges are comprised of a base wastewater charge plus a per person wastewater charge. Increasing the number of permanent residents will increase the household's monthly wastewater charges; conversely, decreasing the number of permanent occupants will decrease the household's monthly wastewater charges.

b. Landscape Area

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

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

c. Licensed Child Care or Adult Care Facility

If a residential customer has a licensed adult or child care facility, the customer may request an increase to his or her indoor water budget. A current license from the appropriate regulatory agency is required. Approved licensed child care or adult care budget modifications will affect the indoor water budget and may increase the allotment of water in Tier 1.

i. A licensed, less than 24-hour, care facility will increase the calculated water budget by 748 gallons, or one (1) billing unit, per person, per month.

ii. A licensed 24-hour care facility will be provided an additional 55 gallons per person per day to its indoor water budget.

d. Medical Needs

Approval of a budget modification for medical needs may require verifiable medical documentation, such as a doctor's note. Budget modification requests for medical needs are considered on a case-by-case basis. Approved medical needs budget modifications will affect the indoor water budget and may increase the calculated water budget (Tier 1).

e. Livestock (weighing over 100 pounds each)

A budget modification to a customer's indoor water budget may be requested for livestock. The District provides 15 gallons per animal over 100 pounds, per day, based on veterinary standards. A budget modification for livestock will be limited to

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the maximum number of animals (times 15 gallons per animal over 100 pounds) established by the applicable municipal ordinances. Approved livestock budget modifications will affect the indoor water budget and may increase the calculated indoor water budget (Tier 1).

### 3. Procedure

a. Unless otherwise specified in Section 2, Part 1.B.2., a Residential Budget Modification Request Form must be submitted to the District. Residential Budget Modification Request Forms can be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).

b. Additional documentation may be requested at the discretion of the District (e.g. site plans, medical documentation, or adult care or child care license). The documentation will be for review only. The District will not retain any copies of such additional documentation.

c. Once a Residential Budget Modification Request Form has been received, a site survey may be required by District staff to verify the customer's irrigated square footage. The site survey will be at no charge to the customer and will require the customer to be present.

d. A response to budget modification requests will be provided by the District, either by phone or email.

e. In the event a residential customer budget modification request is denied, the Residential Budget Modification Request Form may be resubmitted for further review. Decisions made by the Director of Planning are final.

## Part 2. Commercial Customers

### A. Default Water Budgets

The District's Water Budget Based rate structure is intended to recover the proportionate cost of providing water service and to allocate costs to commercial customers who place the greatest demands on the District's water system. Any usage in excess for a customer's total water budget results in additional costs that their higher demand places on the system. This usage, in excess of a commercial customer's total water budget, is reflected in charges in Tiers 2, 3 and 4. In certain limited circumstances, the District may grant bill adjustments to commercial customers for qualified reasons specified in Section 3.

#### 1. Total Water Budget

a. Commercial customers are given a water budget based on a three (3) year rolling average of each commercial customer's usage. To determine the water budget for commercial customers, the District uses a rolling average of the current

month's usage and the usage associated with the respective month from the prior two years to determine the total water budget. Each month's usage is weighted by the number of days in that bill to account for the potential difference in meter read dates for the different years. This 3-year rolling monthly average accounts for typical monthly usage for commercial customers as well as for potential increases in business activity or recent efficiency improvements that may have been made within the current month. See below for an example calculation of the January 2018 water budget for a commercial customer:

$$\left( \frac{\text{Jan 2018 Usage}}{\text{Days in Jan 2018 Bill}} + \frac{\text{Jan 2017 Usage}}{\text{Days in Jan 2017 Bill}} + \frac{\text{Jan 2016 Usage}}{\text{Days in Jan 2016 Bill}} \right) / 3 * (\text{Days in Jan 2018 Bill})$$

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

## B. Modifications to Water Budgets

### 1. General Information

- a. It is the ***sole responsibility of a commercial customer to contact the District*** to request a budget modification to its base water budget through a Commercial Budget Modification Request Form.
- b. Unless otherwise specified in Section 2, Part 2.B.2., the commercial customer must submit a Commercial Budget Modification Request Form to the District to request a budget modification.
- c. Acceptable proof (e.g. lease agreements, site plants) may be required for each budget modification request at the discretion of the District. Some requests may require on-site verification by the District.
- d. An approved budget modification will become effective on the bill following the date the District approves the Commercial Budget Modification Request. An approved budget modification request may increase the base water budget (Tier 1) and will be determined on a case-by-case basis.

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e. Any commercial customer providing falsified information to the District may be liable for back charges. Bill calculations based on falsified information will be recalculated with corrected customer account details.

### 2. Relevant Factors That May Support a Budget Modification

- a. Changes in business or occupancy
- b. Expansion of production capacity and/or new technology
- c. Additional employees
- d. Increased irrigated acreage (mixed use commercial only)

### 3. Procedure

- a. Unless otherwise specified in Section 2, Part 2.B.2, a Commercial Budget Modification Request Form must be submitted to the District. Commercial Budget Modification Request Forms can be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).
- b. Additional documentation may be requested at the discretion of the District. The documentation will be for review only. The District will not retain any copies of such additional documentation.
- c. Once a Commercial Budget Modification Request Form has been received, a site survey may be required by District staff to verify the commercial customer's request. The site survey will be performed at no charge to the customer and will require the customer to be present.
- d. A response to the budget modification request will be provided by the District, either by phone or email.
- e. In the event a budget modification request is denied, the Commercial Budget Modification Request Form may be resubmitted for further review. Decisions made by the Director of Planning are final.

## **Part 3. Potable and Recycled Water Irrigation Customers**

### A. Default Water Budgets

The District's Water Budget Based Rate Structure is intended to recover the proportionate cost of providing water service and to allocate costs to potable and recycled water irrigation customers (irrigation customers) who place the greatest demands on the District's potable water and recycled water systems. Any usage in excess for a customer's total water budget results in additional costs that their higher demand places on the system. This usage, in excess of a potable or recycled

irrigation (irrigation) customer's total water budget, is reflected in charges in Tiers 2, 3 and/or 4. In certain limited circumstances, the District may grant bill adjustments to irrigation customers for qualified reasons specified in Section 3.

### 1. Outdoor Water Budget

a. Irrigation customers are given a water budget based on the actual square footage that each meter connection irrigates.

i. Potable Irrigation water budget formula is as follows: Landscaped Area (Square Footage) x ET (Evapotranspiration) x 0.7 (Plant Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons = Number of Billing Units

ii. Recycled Water Irrigation water budget formula is as follows: Landscaped Area (Square Footage) x ET (Evapotranspiration) x 0.8 (Plant Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons = Number of Billing Units

iii. Public Space Irrigation water budget formula for RC9 and I9 Accounts is as follows: Landscaped Area (Square Footage) x ET (Evapotranspiration) x 1.0 (Plant Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons = Number of Billing Units

b. Irrigated acreage is either determined by the District's Geographic Information System, site surveys conducted by the District, measurements provided by the Landscape Certification Program, or by customer input through the budget modification process.

### B. Modifications to Water Budgets

#### 1. General Information

a. It is the ***sole responsibility of an irrigation customer to contact the District*** to request a budget modification to their base water budget through a District Commercial Budget Modification Request Form.

b. Acceptable proof may be required for each budget modification request at the discretion of the District. Acceptable proof to receive a modification to the default water budget includes, but is not limited to, site plans.

c. An approved budget modification will become effective on the bill following the date the District approves the Commercial Budget Modification Request. An approved budget modification request will increase the calculated water budget (Tier 1) and will be determined on a case-by-case basis.

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d. Any irrigation customer providing falsified information to the District may be liable for back charges. Bill calculations based on falsified information will be recalculated with corrected customer account details.

### 2. Relevant Factors That Could Support a Budget Modification

#### a. Landscape Area

Increases in landscape area resulting from a site measurement performed by the District or approved site drawing provided by the irrigation customer may increase the customer's calculated water budget (Tier 1). Any changes to the water budget due to increased irrigated areas will be calculated using the applicable outdoor water budget formula detailed in Section 2, Part 3.A.1.a.

### 3 Procedure

a. An irrigation customer requesting a budget modification must submit to the District a Commercial Budget Modification Request Form. Commercial Budget Modification Request Forms can be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).

b. Additional documentation may be requested at the discretion of the District. The documentation will be for review only. The District will not retain any copies of such additional documentation.

c. Once a Commercial Budget Modification Request Form has been received, a site survey may be required by District staff to verify the irrigation customer's request. The site survey will be at no charge to the customer and will require the customer to be present.

d. A response to budget modification requests will be provided by the District either by phone or email.

e. In the event a budget modification request is denied, the Commercial Budget Modification Request Form may be resubmitted for further review. Decisions made by the Director of Planning are final.

## Section 3 – BILL ADJUSTMENTS

### Part 1. Residential Customers

Residential customers include single-family detached homes, individually metered condominiums, and multi-family residential customers, including master-metered condominiums and apartments.

#### A. Bill Adjustments

The District's Water Budget Based Rate Structure is intended to recover the proportionate cost of providing water service and to allocate costs to residential customers who place the greatest demands on the District's water system. Any usage in excess for a residential customer's total water budget, which is comprised of Tiers 1 and 2, results in additional costs that their higher demand places on the system. This usage, in excess of a residential customer's total water budget, is reflected in charges in Tiers 3, 4, and 5 on a residential customer's bill. In certain limited circumstances, the District may grant bill adjustments for the qualified events described below. The District retains the right to grant bill adjustments for extraordinary events, provided the residential customer demonstrates timely progress toward resolving issues resulting in over-budget consumption.

#### 1. General Information

- a. It is the ***sole responsibility of a residential customer to contact the District*** to request a bill adjustment by submitting a Residential Bill Adjustment Request Form.
- b. Acceptable proof (e.g. repair receipts, parts receipts, work orders) may be required for each bill adjustment request at the discretion of the District.
- c. Bill adjustment requests must be submitted in a timely manner. Unless otherwise specified in Section 3, Part 1.B., to be eligible for a bill adjustment, the residential customer must submit a Residential Bill Adjustment Request Form to the District within one (1) month of receiving his or her affected bill.
- d. All bill adjustment requests will be determined on a case-by-case basis. Only one bill may be adjusted per qualifying event. The District may adjust either the most recent bill or the higher of the two most recent affected bills.
- e. The residential customer's water usage must be entirely within their water budget within two billing periods of the repair or resolution date of the qualifying event to receive final approval of a bill adjustment.
- f. To be eligible for a bill adjustment, a residential customer must have billed usage in Tiers 4 and/or 5. Units of water consumed in Tiers 1, 2, and/or 3 are not eligible for bill adjustments.

## #4.

- g. When a bill adjustment is granted for a residential customer, the billing units of water charged in Tiers 4 and/or 5 will be recalculated at the Tier 3 rate.
- h. The bill adjustment will be made in the form of a credit to the residential customer's account. No checks will be issued. The credit will be posted to the residential customer's account within 30-45 days following the District's approval of the bill adjustment request.
- i. Any residential customer providing falsified information to the District may be liable for back charges. Bill adjustments based on falsified information will be recalculated with corrected customer account details.

### B. Qualifying Events

#### 1. Pool Fill

- a. Adjustments to a residential customer's water bill for pool fills, partial or complete draining and refilling, due to general periodic water quality maintenance, pool equipment or plaster repair may be granted once every five (5) years.
- b. Refilling due to normal evaporation does not qualify for an adjustment.

#### 2. Leak Repair

- a. Residential customers may request a bill adjustment if they accrue any charges within Tiers 4 and/or 5 due to leaks (indoor or outdoor), stuck irrigation valves, broken pipes, etc.
- b. A residential customer is allowed a maximum of three (3) leak adjustments per year, per account, barring extenuating circumstances, to be determined at staff discretion.
- c. If a residential customer is notified by the District of an apparent leak, the customer must fix the leak within seven (7) days to qualify for a leak repair adjustment.

#### 3. New California Friendly Landscaping – Establishment Period

- a. A residential customer re-landscaping the majority of their outdoor landscaping with new California Friendly Landscaping may request a bill adjustment if they incur usage within Tiers 4 and/or 5 for the first two (2) consecutive months of the landscape establishment period.
- b. The residential customer is required to contact the District for each affected bill during the two (2) month establishment period to be eligible for the bill adjustment(s).

c. The new California Friendly Landscaping must be installed between November 1 and April 30 for a residential customer to be eligible for a bill adjustment.

d. Any residential customer's charges within Tiers 4 and/or 5 may be recalculated at the Tier 3 rate for a maximum of two (2) consecutive bills.

4. New Customer Adjustment

a. New residential customers are eligible for one (1) courtesy adjustment within the first twelve (12) months of starting water service within the District for their most recent bill at the time of notification to the District.

5. Irrigation Timer Malfunction

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

6. District Approved Bill Modifications

a. No bill adjustments will be made for approved modifications to a residential customer's indoor water budget. See Section 2 for more details on water budget modifications.

b. Residential customers may request a bill adjustment for an approved outdoor water budget modification due to increased landscaped area.

C. Procedure for Requesting Bill Adjustments

1. A Residential Bill Adjustment Request Form must be submitted to the District. Residential Bill Adjustment Request Forms can be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).

2. Additional documentation may be requested at the discretion of the District (e.g., site plans, repair receipts, work orders). The documentation will be for review only. The District will not retain any copies of such additional documentation.

3. Once a Residential Bill Adjustment Request Form has been received, a site survey may be required by District staff to verify the issue causing high usage has been resolved. The site survey will be at no charge to the residential customer and will require the customer to be present.

4. A response to the bill adjustment request will be provided by the District, either by phone or email.

## #4.

5. In the event a bill adjustment request is denied, the Residential Bill Adjustment Request Form may be resubmitted for further review. Decisions made by the Director of Planning are final.

### Part 2. Commercial Customers

#### A. Bill Adjustments

The District's Water Budget Based rate structure is intended to recover the proportionate cost of providing water service and to allocate costs to commercial customers who place the greatest demands on the District's water system. Any usage in excess of a commercial customer's total water budget, which is comprised of Tier 1, results in additional costs that their higher demand places on the system. This usage, in excess of a commercial customer's total water budget, is reflected in charges in Tiers 2, 3 and 4 on the customer's bill. In certain limited circumstances, the District may grant bill adjustments for the qualified events described below. The District retains the right to grant bill adjustments for extraordinary events, provided the customer demonstrates timely progress toward resolving issues resulting in over-budget consumption.

##### 1. General Information

- a. It is the ***sole responsibility of a commercial customer to contact the District*** to request a bill adjustment by submitting a Commercial Bill Adjustment Request Form.
- b. Acceptable proof (e.g. repair receipts, parts receipts, work orders) may be required for each bill adjustment request at the discretion of the District.
- c. Bill adjustment requests must be submitted in a timely manner. Unless otherwise specified in Section 3, Part 2.B., to be eligible for a bill adjustment a commercial customer must submit a Commercial Bill Adjustment Request Form to the District within one (1) month of receiving their affected bill.
- d. All bill adjustment requests will be determined on a case-by-case basis. Only one bill may be adjusted per qualifying event. The District may adjust either the most recent bill or the higher of the two most recent affected bills.
- e. The commercial customer's water usage must be entirely within their water budget (Tier 1) within two billing periods of the repair or resolution date of the qualifying event to receive final approval of a bill adjustment.
- f. To be eligible for a bill adjustment, a commercial customer must have billed usage in Tiers 3 and/or 4. Units of water consumed in Tiers 1 and/or 2 are not eligible for bill adjustments.

g. When a bill adjustment is granted for a commercial customer, the billing units of water charged in Tiers 3 and/or 4 will be recalculated at the Tier 2 rate.

h. The bill adjustment will be made in the form of a credit to the commercial customer's account. No checks will be issued. The credit will be posted to the customer's account within 30-45 days following the District's approval of the bill adjustment request.

i. Any commercial customer providing falsified information to the District may be liable for back charges. Bill adjustments based on falsified information will be recalculated with corrected customer account details.

## B. Qualifying Events

### 1. Pool Fill

a. Adjustments to a commercial customer's water bill for pool fills, partial or complete draining and refilling, due to general periodic water quality maintenance, pool equipment or plaster repair may be granted once a year.

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

c. Refilling due to normal evaporation does not qualify for an adjustment.

### 2. Leak Repair

a. Commercial customers may request a bill adjustment if they accrue any usage charges above their water budget within Tiers 3 and/or 4 due to leaks (indoor or outdoor), stuck irrigation valves, broken pipes, etc.

b. A commercial customer is allowed a maximum of three (3) leak adjustments per year per account, barring extenuating circumstances, to be determined at staff discretion.

c. If a commercial customer is notified by the District of an apparent leak, the customer must fix the leak within seven (7) days to qualify for a leak repair adjustment.

### 3. New California Friendly Landscaping – Establishment Period

a. A commercial customer re-landscaping its outdoor landscaping with California Friendly Landscaping may request a bill adjustment if it incurs usage with Tiers 3 and/or 4 for the first two (2) consecutive months of the landscape establishment period.

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b. The customer is required to contact the District for each billing period during the two (2) consecutive month establishment period in order to be eligible to receive the bill adjustment(s).

c. The new California Friendly Landscaping must be installed between November 1 and April 30 for a commercial customer to be eligible for a bill adjustment.

d. Any charges within Tiers 3 and/or 4 may be recalculated at the Tier 2 rate for a maximum of two (2) monthly bill adjustments.

### 4. District Approved Bill Modifications

a. Commercial customers may request a bill adjustment for an approved outdoor budget modification. The District may adjust up to the most recent previous bill for a verified increase to the irrigated landscape area. See Section 2 for more details on water budget modifications.

b. All billing units that were billed in Tiers 3 and/or 4 will be recalculated at the Tier 2 rate.

### C. Procedure for Requesting Commercial Bill Adjustments

1. A Commercial Bill Adjustment Request Form must be submitted to the District. Commercial Bill Adjustment Request Forms may be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).

2. Additional documentation may be requested at the discretion of the District (e.g. site plans, repair receipts, work orders). The documentation will be for review only. The District will not retain any copies of such additional documentation.

3. Once a Commercial Bill Adjustment Request Form has been received, a commercial site survey may be required by District staff to verify the issue causing high usage has been resolved. The site survey will be at no charge to the commercial customer and will require the customer to be present.

4. A response to the bill adjustment request will be provided by the District, either by phone or email.

5. In the event a bill adjustment request is denied, the Commercial Bill Adjustment Request Form may be resubmitted for further review. Decisions made by the Director of Planning are final.

## Part 3. Potable and Recycled Water Irrigation Customers

## A. Bill Adjustments

The District's Water Budget Based Rate Structure is intended to recover the proportionate cost of providing water service and to allocate to potable and recycled water irrigation customers (irrigation customers) who place the greatest demands on the District's potable water and recycled water systems. Any usage in excess for an irrigation customer's total water budget results in additional costs that their higher demand places on the system. This usage, in excess of an irrigation customer's total water budget, is reflected in charges in Tiers 2, 3 and/or 4 on the customer's bill. In certain limited circumstances, the District may grant bill adjustments for the qualifying events described below. The District retains the right to grant bill adjustments for extraordinary events, provided the customer demonstrates timely progress toward resolving issues resulting in over-budget consumption.

### 1. General Information

- a. It is the ***sole responsibility of an irrigation customer to contact the District*** to request a bill adjustment by submitting a Commercial Bill Adjustment Request Form.
- b. Acceptable proof (e.g., repair receipts, parts receipts, work orders) may be required for each bill adjustment request at the discretion of the District.
- c. Bill adjustment requests must be submitted in a timely manner. Unless otherwise specified in Section 3, Part 3.B., to be eligible for a bill adjustment an irrigation customer must submit a Commercial Bill Adjustment Request Form to the District within one (1) month of receiving their affected bill.
- d. All bill adjustment requests will be determined on a case-by-case basis. Only one bill may be adjusted per qualifying event. The District may adjust either the most affected recent bill or the higher of the two most recent affected bills.
- e. The irrigation customer's water usage must be entirely within their individually calculated water budget (Tier 1) within two billing periods of the repair or resolution date of the qualifying event to receive final approval of a bill adjustment.
- f. To be eligible for a bill adjustment, an irrigation customer must have billed usage in Tiers 3 and/or 4. Units of water consumed in Tiers 1 and/or 2 are not eligible for bill adjustments.
- g. When a bill adjustment is granted, the billing units of water charged in Tiers 3 and/or 4 will be recalculated at the Tier 2 rate.
- h. The bill adjustment will be made in the form of a credit to the irrigation customer's account. No checks will be issued. The credit will be posted to the

## #4.

customer's account within 30-45 days following the District's approval of the bill adjustment request.

i. Any irrigation customer providing falsified information to the District may be liable for back charges. Bill adjustments based on falsified information will be recalculated with corrected customer account details.

### B. Qualifying Events

#### 1. Leak Repair

a. An Irrigation customer may request a bill adjustment if they accrue any usage charges above their water budget within Tiers 3 and/or 4 due to leaks, stuck irrigation valves, broken pipes, etc.

b. An irrigation customer is allowed a maximum of three (3) leak adjustments per year per account, barring extenuating circumstances, to be determined at staff discretion.

c. If an irrigation customer is notified by the District of an apparent leak, the customer must fix the leak within seven (7) days to qualify for a leak repair adjustment.

#### 2. New California Friendly Landscaping – Establishment Period

a. An irrigation customer re-landscaping its property with California Friendly Landscaping may request a bill adjustment if they incur usage within Tiers 3 and/or 4 for the first two (2) consecutive months of the landscape establishment period.

b. The customer is required to contact the District for each billing period during the two (2) consecutive month establishment period in order to be eligible to receive the bill adjustment(s).

c. The new California Friendly Landscaping must be installed between November 1 and April 30.

d. Any charges within Tiers 3 and/or 4 may be recalculated at the Tier 2 rate for a maximum of two (2) monthly bill adjustments.

#### 3. New Customer Adjustment

a. New irrigation customers are eligible for one (1) courtesy adjustment within the first twelve (12) months of starting water service within the District for their most recent bill at the time of notification to the District.

#### 4. District Approved Bill Modifications

a. Irrigation customers may request a bill adjustment for an approved budget modification. See Section 2 for more details on water budget modifications.

C. Procedure for Requesting a Bill Adjustment

1. Irrigation customers must submit a Commercial Bill Adjustment Request Form to the District. Commercial Bill Adjustment Request Forms can be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).

2. Additional documentation may be requested at the discretion of the District (e.g. site plans, repair receipts, work orders). The documentation will be for review only. The District will not retain any copies of such additional documentation.

3. Once a Commercial Bill Adjustment Request Form has been received, an irrigation site survey may be required by District staff to verify the issue causing high usage has been resolved. The site survey will be at no charge to the irrigation customer and will require the customer to be present.

4. A response to the bill adjustment request will be provided by the District, either by phone or email.

5. In the event a bill adjustment request is denied, the Commercial Bill Adjustment Request Form may be resubmitted for further review. Decisions made by the Director of Planning are final.



Attachment 1

**EXHIBIT H**  
**VARIANCE WATER BUDGET MODIFICATION AND BILL ADJUSTMENT &**  
**ALLOCATION POLICY**  
**-FOR THE MOULTON NIGUEL WATER DISTRICT’S**  
**WATER BUDGET BASED RATE STRUCTURE**

~~The Variance~~

~~This Water Budget Modification and Bill Adjustment and Allocation Policy supersedes the Variance Procedures in Exhibit B of the Rules provides details on water budget calculations, budget modification procedures, and Regulations bill adjustment policies and procedures for customers of the Moulton Niguel Water District (District) for Water and Sewer Service Schedule of Rates and Charges. This Policy is divided into sections by customer. More specifically, Section 2 details the water budget calculations for each customer class. Each customer class is divided by the relevant default water budget allocations, variances to the default allocation, and how each customer class may receive, as well as their respective permitted budget modification procedures, while Section 3 contains the procedures and qualified events eligible for bill adjustments to charges in the highest tiers for each customer class.~~

**Section 1.- DEFINITIONS**

For the purposes of this ~~Variance~~ Water Budget Modification and Bill Adjustment and Allocation Policy, the following words, terms, and phrases shall be defined as follows:

- ~~A. Assistant General Manager – the Assistant General Manager of the District or his or her authorized designee.~~
- A. Bill Adjustment – a recalculation of charges on an existing bill.
- B. Billing Unit (BU) – a unit ~~of~~ for measuring water usage. -One BU equals one hundred cubic feet (CCF) or 748 gallons of water. -CCF is synonymous with BU.
- ~~C. Water budget – the allocation of water calculated by the District for each customer in accordance with the District’s Water Budget Based Rate Structure.~~
- C. Budget Modification – a change in the factors used to calculate a customer’s water budget.
- D. California Friendly Landscaping - vegetation meeting Water Use Classifications of Landscape Species (WUCOLS) with low or very low watering needs for the South Coastal Region.

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E. Conversion Factor – the factor used to convert Evapotranspiration, measured in inches, to gallons.

E.F. Customer – a person who, according to the District’s records, has an account with the District and receives water service or recycled water service to a parcel of property.

G. Director of Planning - the Director of Planning of the District -or his or her authorized designee.

F.H. District – Moulton Niguel Water District.

G.I. Evapotranspiration -(ET) – both the evaporation of water from the land surface and the transpiration of water through plants into the atmosphere. -The District measures daily local evapotranspiration at 110 micro-zones throughout ~~the~~its service area.

H.J. GPCD – gallons per capita per day.

I.K. I9 Account customers – potable irrigation customers located in high traffic public ~~space~~ potable irrigation accountsspaces.

L. Landscape Establishment Period – The two-month consecutive period immediately following the installation of California Friendly Landscaping.

M. New Customer Adjustment – A one-time bill adjustment provided courtesy of the District for over-budget water consumption. Exclusively allowed for new customers within the first 12 months of service with District.

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

K.O. Plant ~~factor~~–Factor - a measurement of the water needs of the specific type of plant that is used to calculate each customer’s outdoor budget within the District’s service area and guidelines provided by state law and the State Water Resources Control Board’s Model Water Efficient Landscape Ordinance. -The plant factor is a conversion factor to multiply with daily evapotranspiration to determine the daily watering needs per unit of surface area of plant coverage.

L.P. Potable water – water furnished to ~~the~~a customer which complies with federal and State drinking water regulations and standards, or any other applicable standards.

M.Q. \_\_\_\_\_ Property owner (owner) — the ~~record~~-owner of ~~real property as shown~~ a parcel whose name and address appears on the ~~most recently issued~~ last equalized secured property tax assessment roll, or in the case of any public entity, the representative of that public entity at the address of that entity known to the agency.

R. Qualifying Event – A unique incident or occurrence eligible for a bill adjustment.

N.S. \_\_\_\_\_ RC9 Account customers – recycled water customers with high traffic public spaces.

Q.T. \_\_\_\_\_ Recycled water — water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource.

P.U. \_\_\_\_\_ State — the state of California, including any department or regulatory agency thereof.

V. Water Budget – the amount of water representing efficient water use for each customer calculated by the District in accordance with its Water Budget Based Rate Structure.

**Section 2. RESIDENTIAL CUSTOMERS – WATER BUDGET AND BUDGET MODIFICATIONS**

**Part 1. Residential Customers**

Residential customers include single-family detached homes, individually metered condominiums, and multi-family residential customers, including master-metered condominiums and apartments.

A. Water Budgets

The

A. Default Allocations

residential water budget is composed of a customer’s calculated indoor water budget (Tier 1) and outdoor water budget (Tier 2). The calculations for each respective tier are found below.

The District’s Water Budget Based Rate Structure is intended to recover the proportionate cost of providing water service and to allocate costs to customers who place the greatest demands on the District’s water system. Any usage in excess ~~for of~~ a customer’s total water budget results in additional costs that their higher demand places on the system. This usage, in excess of a residential customer’s total water budget, is reflected in charges in Tiers 3, 4, and ~~for~~ 5. In certain limited circumstances, the District may grant billingbill adjustments for ~~the~~ qualified reasons as specified in Section 2.C. ~~When an adjustment is granted, the billing units of water charged in Tiers 4 and/or 5 may be recalculated at the Tier 3 or 4 rate.~~3.

1. 1. Indoor Water Budget

~~a. In calculating indoor water budgets, the following assumptions are made by the District: each single family customer has four (4) people per household; multi family customers occupying condominiums have three (3) people per household; and multi family customers occupying apartments have two (2) people per household. These assumptions are based on the most recent local census population data. Customers may request that their indoor water budget be adjusted to account for additional occupants; provided, however, if a customer requests that their indoor water budget be increased to account for more than two (2) additional occupants, the District reserves the right to request proof of residency and the customer must complete a District Residential Variance Adjustment Form.~~

a. Indoor water budgets for residential customers are calculated based on the total number of permanent occupants living in a home. Residential customers may request a modification to their indoor water budget to account for a change in the number of permanent household occupants. The indoor water budget for new residential customers will be based on the number of permanent household occupants the customer identifies on their water service application.

b. b. Indoor Water Budget Formula: Each occupant is allocated 60 formula: 55 gallons of water per day, x the number of permanent household occupants. Each occupant increases the Tier 1 allotment of water for the indoor water budget by 55 gallons per day times the number of people per household and days in the billing

cycle. ~~Example: 60 gallons x 4 persons per household x 30 days in a billing cycle = 7,200 gallons ÷ 748 gallons = 9.63 is rounded to 10 Billing Units.~~

2. 2. Outdoor Water Budget

a. Outdoor water budgets are calculated based on the amount of landscaped area the customer irrigates. Residential customers may request a modification to their outdoor water budget to account for a change in the amount of irrigated area.

a. b. Outdoor Water Budget ~~is calculated using the following~~ formula: Landscaped Area (Square Footage) x ET (Evapotranspiration) x 0.7 (Plant Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons = Number of Billing Units.

b. c. Irrigated ~~acreage~~area is either determined by the District’s Geographic Information System, County Assessor parcel data, site survey conducted by the District, or by customer input through the ~~variance~~budget modification process.

~~B. Variances to Allocations~~

B. Modifications to Water Budgets

4. 1. General Information

a. It is the **sole responsibility of thea residential customer to contact the District** to request ~~variances~~budget modification to his or her base indoor and/or outdoor water budget ~~through.~~

a. b. Unless otherwise specified in Section 2, Part 1.B.2., a residential customer must submit a Residential ~~Variance Adjustment~~Budget Modification Request Form: to the District to request a budget modification.

b. c. Acceptable proof ~~will be (e.g. site plans, medical documentation, or adult care or child care license) may be~~ required for each ~~variance~~budget modification request at the discretion of the District. ~~Acceptable proof to receive a variance to the default allocation includes, but is not limited to, site plans, or a list of people living in the residence.~~

e. d. Once a ~~variance~~budget modification is approved, it will become effective on the residential customer’s next bill. ~~An approved variance~~budget modification

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request will increase the ~~base allocation~~ calculated water budget (Tier 1 and/or Tier 2), and will be determined on a case-by-case basis.

d. ~~i.~~ \_\_\_\_\_ No ~~retroactive budget variances~~ bill adjustments will be made for ~~increases in household population or medical needs.~~ approved modifications to a residential customer's indoor water budget. However, a residential customer may request a bill adjustment

e. ~~The District will adjust up to the most recent previous bill for a verified increase to the estimated landscape area. Note that for a residential customer, it takes approximately 300 square feet of an increase in landscape area to increase the approved outdoor water budget by one (1) billing unit in the summer months.~~ modification. For further details on the District's bill adjustment policy, see Section 3.

f. ~~e.~~ \_\_\_\_\_ Any ~~customers~~ residential customer providing falsified information to the District may be liable for back charges.- Bill calculations based on falsified information will be recalculated with corrected customer account details.

2. 2. Relevant Factors That May Support a Variance Budget Modification

a. a. Number of people residing permanent occupants in a dwelling unit

A residential customer may apply for a variance request a budget modification to change the default total number of people in the permanent household occupants used to calculate the customer's indoor water budget. ~~Each additional person increases the~~

i. The District allows a maximum of two indoor base allocation (Tier 1) by 2.4 billing units per water budget modification requests to change the total number of household occupants in a twelve-month (the resulting allocation is rounded to the nearest whole billing unit, e.g., 4.8 is rounded to 5) based on a 30-day billing cycle. Customers may request a variance for additional occupants by completing a time period.

ii. Requests to change the total number of household occupants will not require a formal submission of a Budget Modification Request Form. Residential Variance Adjustment Form. Example: (60 gallons customers may contact the District directly via telephone or in person to make their requests.

iii. The total number of permanent household occupants is used to calculate the household's monthly wastewater charge. Wastewater charges are comprised of a base wastewater charge plus a per person x 30 days = 1,800 gallons ÷ 748 gallons = 2.4, rounded to 2 Billing Units). The District may request additional documentation for verification of wastewater charge. Increasing the number of people in permanent residents will increase the household's monthly wastewater charges; conversely, decreasing the number of permanent occupants will decrease the household's monthly wastewater charges.

b. b. Landscape Area

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

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$$\text{Landscaped Area (Square Footage)} \times \text{ET (Evapotranspiration)} \times 0.7 \text{ (Plant Factor)} \times 0.62 \text{ (Conversion Factor)} = \text{Gallons} \div 748 \text{ gallons} = \text{Number of Billing Units}$$

---

6. c. \_\_\_\_\_ Licensed Child Care or Adult Care Facility

If a residential customer has a licensed adult or child care facility, the customer may request an increase to his or her default indoor water budget. A current license from the appropriate regulatory agency is required. Approved licensed child care or adult care budget modifications will affect the indoor water budget and may increase the allotment of water in Tier 1.

- i. i. \_\_\_\_\_ A licensed, less than 24-hour, care facility will ~~be allocated~~ increase the calculated water budget by 748 gallons, or one (1) billing unit, per person, per month.

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

- ii. ii. \_\_\_\_\_ A licensed 24-hour care facility will be ~~allocated~~ provided an additional ~~60~~ 55 gallons per person per day. to its indoor water budget.

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

d.        d.        Medical Needs

Approval of a ~~variance~~budget modification for medical needs ~~is contingent upon~~may require verifiable medical documentation, such as a doctor’s note. ~~Increased allocations will be determined~~Budget modification requests for medical needs are considered on a case-by-case basis. Approved medical needs budget modifications will affect the indoor water budget and may increase the calculated water budget (Tier 1).

e.        e.        Livestock (weighing over 100 pounds each)

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

3.        3.        Procedure

A

a.        a.        Unless otherwise specified in Section 2, Part 1.B.2., a Residential ~~Variance Adjustment~~Budget Modification Request Form must be submitted to the District. ~~Residential Variance Adjustment~~Budget Modification Request Forms can be obtained at the District’s Main Office or online at www.mnwd.com.

b.        b.        Additional documentation may be requested at the discretion of the District (~~school records, driver’s licenses, business licenses, lease agreements, etc.~~) e.g. site plans, medical documentation, or adult care or child care license). The documentation will be for review only. ~~The District may~~will not retain any copies of such additional documentation.

c.        c.        Once a Residential ~~Variance Adjustment~~Budget Modification Request Form has been received, a site survey may be required by District staff to verify the customer’s irrigated square footage. ~~The site survey will be at no charge to the customer and will require the customer to be present.~~

d.        d.        A response to ~~variance~~budget modification requests will be provided by the District, either by phone or email.

~~e. e.~~ In the event a ~~variance~~residential customer budget modification request is denied, the Residential ~~Variance Adjustment~~Budget Modification Request Form may be resubmitted for further review. -Decisions made by the ~~Assistant General Manager~~Director of Planning are final.

~~C. Adjustment of Charges~~

~~1. Pool Fill~~

~~a. General~~

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

~~b. Limitations~~

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

~~2. Leak Repair~~

~~a. General~~

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

b.—Limitations

To be eligible for a leak adjustment, the customer is required to contact the District within one (1) month of receiving the bill affected by the leak. If the leak adjustment is approved, the most recent bill may be adjusted, and the adjustment will be made in the form of a credit to the customer’s account.

**Part 2. Commercial Customers**

**A. Default Water Budgets**

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

3. ~~New Landscape Establishment – New California Friendly Landscapes~~

a.—General

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

b.—Limitations

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

4.—Courtesy Adjustments—New Customer

a.—General

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

b.—Limitations

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

5.—~~Irrigation Timer Malfunction~~

a.—General

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

b.—Limitations

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

Section 3. COMMERCIAL CUSTOMERS

A. Default Allocations

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

4. 1. Total Water Budget

~~a. Commercial customers will be given a water budget based on a three (3) year rolling average of each commercial customer’s usage.~~

a. Commercial customers are given a water budget based on a three (3) year rolling average of each commercial customer’s usage. To determine the water budget for commercial customers, the District uses a rolling average of the current month’s usage and the usage associated with the respective month from the prior two years to determine the total water budget. Each month’s usage is weighted by the number of days in that bill to account for the potential difference in meter read dates for the different years. This 3-year rolling monthly average accounts for typical monthly usage for commercial customers as well as for potential increases in business activity or recent efficiency improvements that may have been made within the current month. See below for an example calculation of the January 2018 water budget for a commercial customer:

$$\left( \frac{\text{Jan 2018 Usage}}{\text{Days in Jan 2018 Bill}} + \frac{\text{Jan 2017 Usage}}{\text{Days in Jan 2017 Bill}} + \frac{\text{Jan 2016 Usage}}{\text{Days in Jan 2016 Bill}} \right) / 3 * (\text{Days in Jan 2018 Bill})$$

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

three (3) years, commercial customers will utilize a three (3) year rolling average of each respective month as their allocation-calculated water budget.

~~B. Variances to Allocations~~

B. Modifications to Water Budgets

4. 1. General Information

~~a. a.~~ a. It is the **sole responsibility of the commercial customer to contact the District** to request ~~variances~~ a budget modification to ~~their~~ its base water budget through a ~~District-Commercial Variance Adjustment~~ Budget Modification Request Form.

~~b.~~ b. Unless otherwise specified in Section 2, Part 2.B.2., the commercial customer must submit a Commercial Budget Modification Request Form to the District to request a budget modification.

~~b. c.~~ c. Acceptable proof ~~will~~ (e.g. lease agreements, site plans) may be required for each ~~variance~~ budget modification request at the discretion of the District. ~~Acceptable proof to receive a variance to the default water budget includes, but it not limited to, site plans. Some requests may require on-site verification by the District.~~

~~e. d.~~ d. An approved ~~variance~~ budget modification will become effective ~~with~~ on the bill following the date the District approves the Commercial ~~Variance Adjustment Form request.~~ Budget Modification Request. An approved ~~variance~~ budget modification request ~~will~~ may increase the base water budget (Tier 1);1 and will be determined on a case-by-case basis.

~~d. Commercial customers may request a budget variance if they accrue any charges above their water budget within Tiers 3 and/or 4 due to expansion of production capacity, additional employees, new technology, adjustments to irrigated acreage, etc. Such changes may require verification by the District.~~

~~e. e.~~ e. Any commercial customer providing falsified information to the District may be liable for back charges. -Bill calculations based on falsified information will be recalculated with corrected customer account details.

2. Relevant Factors That May Support a Budget Modification

a. Changes in business or occupancy

b. Expansion of production capacity and/or new technology

c. Additional employees

d. Increased irrigated acreage (mixed use commercial only)

2. 3. Procedure

A

a. a. Unless otherwise specified in Section 2, Part 2.B.2, a Commercial Variance Adjustment Budget Modification Request Form must be submitted to the District. Commercial Variance Adjustment Budget Modification Request Forms can be obtained at the District’s Main Office or online at www.mnwd.com.

b. b. Additional documentation may be requested at the discretion of the District. -The documentation will be for review only. -The District will not retain any copies of such additional documentation.

c. c. Once a Commercial Variance Adjustment form Budget Modification Request Form has been received, a site survey may be required by District staff to verify the commercial customer’s request. -The site survey will be performed at no charge to the customer and will require the customer to be present.

d. d. A response to variance requests the budget modification request will be provided by the District, either by phone or email.

e. e. In the event a variance budget modification request is denied, the Commercial Variance Adjustment Budget Modification Request Form may be resubmitted for further review. -Decisions made by the Assistant General Manager Director of Planning are final.

C. Adjustment of Charges

1. Pool Fill

a. General

Adjustments to a customer’s water bill for pool fills, partial or complete draining and refilling, due to general periodic water quality maintenance, pool equipment or plaster repair is granted once a year. The volume of water required to refill the pool in excess of

~~the customer's outdoor water budget will be billed at the Tier 2 rate. Partial or complete draining and refilling are considered as pool fills, and are granted once a year. Refilling due to normal evaporation does not qualify for an adjustment. To receive a billing adjustment, the customer must submit a written request to the District for the bill adjustment. Such a request shall provide sufficient information for the District to verify that the pool fill, or partial or complete draining and refilling occurred.~~

~~b. Limitations~~

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

2. ~~Leak Repair~~

a. ~~General~~

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

b. ~~Limitations~~

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

3. ~~New Landscape Establishment – New California Friendly Landscapes~~

a. ~~General~~

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

b. ~~Limitations~~

~~If a commercial customer would like to take advantage of the new planting adjustment, the new plants must be installed between November and April. In order to be eligible for a new landscape establishment bill adjustment, the customer is required to contact the District within one (1) month of receiving the bill affected by their new landscape~~

~~establishment. All qualifying bills must have charges that fall within Tiers 3 and/or 4. Any charges within Tiers 3 and/or 4 may be recalculated at the Tier 2 rate. Commercial customers may receive up to one (1) bi-monthly or two (2) monthly bill adjustments, whichever is applicable. All bill adjustments will be made in the form of a credit to the customer's account. No checks will be issued.~~

**Section 4. POTABLE AND RECYCLED WATER IRRIGATION CUSTOMERS**

**Part 3. Potable and Recycled Water Irrigation Customers**

**A. A. Default Allocations Water Budgets**

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

**4. 1. Outdoor Water Budget**

**a. a.** Irrigation customers are given a water budget based on the actual square footage that each meter connection irrigates.

**i. i.** Potable Irrigation water budget formula is as follows:  
Landscaped Area (Square Footage) x ET (Evapotranspiration) x 0.7 (Plant Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons = Number of Billing Units

**ii. ii.** Recycled Water Irrigation water budget formula is as follows:  
Landscaped Area (Square Footage) x ET (Evapotranspiration) x 0.8 (Plant

Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons = Number of Billing Units

iii. iii. Public Space Irrigation water budget formula for RC9 and I9 Accounts is as follows:- Landscaped Area (Square Footage) x ET (Evapotranspiration) x 1.0 (Plant Factor) x 0.62 (Conversion Factor) = Gallons ÷ 748 gallons= Number of Billing Units

b. b. Irrigated acreage is either determined by the District’s Geographic Information System, site surveys conducted by the District, measurements provided by the Landscape Certification Program, or by customer input through the ~~variance~~budget modification process.

~~B.~~ Variances to Allocations

B. Modifications to Water Budgets

4. 1. General Information

a. a. It is the ***sole responsibility of ~~the~~ irrigation customer to contact the District*** to request a ~~variance~~budget modification to their base water budget through a District Commercial ~~Variance Adjustment form~~Budget Modification Request Form.

b. b. Acceptable proof ~~will~~may be required for each ~~variance~~budget modification request at the discretion of the District. ~~Acceptable proof to receive a variance~~modification to the default water budget includes, but is not limited to, site plans.

c. c. An approved ~~variance~~budget modification will become effective ~~with~~on the bill following the date the District approves the Commercial ~~Variance Adjustment form~~Budget Modification Request. An approved ~~variance~~budget modification request will increase the ~~base allocation~~calculated water budget (Tier 1) and will be determined on a case-by-case basis.

d. d. Any irrigation customer providing falsified information to the District may be liable for back charges. ~~Bill calculations based on falsified information will be recalculated with corrected customer account details.~~

2. 2. Relevant Factors That Could Support a Variance Budget Modification

a. a. Landscape Area

Increases in landscape area resulting from a site measurement performed by the District or approved site drawing provided by the irrigation customer ~~will result in an~~ may increase ~~to the~~ customer's calculated water budget (Tier 1 ~~allocation~~). Any changes to the water budget due to increased irrigated areas will be calculated using the applicable outdoor water budget formula detailed in Section 42, Part 3.A.1.a.

3. 3. Procedure

a. a. An irrigation customer requesting a variance budget modification must submit to the District a Commercial Variance Adjustment Budget Modification Request Form. -Commercial Variance Adjustment forms Budget Modification Request Forms can be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).

b. b. Additional documentation may be requested at the discretion of the District. -The documentation will be for review only. -The District will not retain any copies of such additional documentation.

c. c. Once a Commercial Variance Adjustment form Budget Modification Request Form has been received, a site survey may be required by District staff to verify the irrigation customer's request. -The site survey will be at no charge to the customer and will require the customer to be present.

d. d. A response to variance budget modification requests will be provided by the District either by phone or email.

e. e. In the event a variance budget modification request is denied, the Commercial Variance Adjustment form Budget Modification Request Form may be resubmitted for further review. -Decisions made by the Assistant General Manager Direct of Planning are final.

C. Adjustment of Charges

1. Leak Repair

a. General

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

b. Limitations

~~To be eligible for a leak adjustment,~~

**Section 3 – BILL ADJUSTMENTS**

**Part 1. Residential Customers**

Residential customers include single-family detached homes, individually metered condominiums, and multi-family residential customers, including master-metered condominiums and apartments.

A. Bill Adjustments

The District’s Water Budget Based Rate Structure is intended to recover the proportionate cost of providing water service and to allocate costs to residential customers who place the greatest demands on the District’s water system. Any usage in excess for a residential customer’s total water budget, which is comprised of Tiers 1 and 2, results in additional costs that their higher demand places on the system. This usage, in excess of a residential customer’s total water budget, is reflected in charges in Tiers 3, 4, and 5 on a residential customer’s bill. In certain limited circumstances, the District may grant bill adjustments for the qualified events described below. The District retains the right to grant bill adjustments for extraordinary events, provided the irrigation residential customer is required demonstrates timely progress toward resolving issues resulting in over-budget consumption.

1. General Information

a. It is the **sole responsibility of a residential customer to contact the District to request a bill adjustment by submitting a Residential Bill Adjustment Request Form.**

b. Acceptable proof (e.g. repair receipts, parts receipts, work orders) may be required for each bill adjustment request at the discretion of the District.

c. Bill adjustment requests must be submitted in a timely manner. Unless otherwise specified in Section 3, Part 1.B., to be eligible for a bill adjustment, the residential customer must submit a Residential Bill Adjustment Request Form to the District within one (1) month of completing the leak repair. If the leak receiving his or her affected bill.

d. All bill adjustment is approved, the most recent requests will be determined on a case-by-case basis. Only one bill may be adjusted, per qualifying event. The District may adjust either the most recent bill or the higher of the two most recent affected bills.

e. The residential customer’s water usage must be entirely within their water budget within two billing periods of the repair or resolution date of the qualifying event to receive final approval of a bill adjustment.

f. To be eligible for a bill adjustment, a residential customer must have billed usage in Tiers 4 and the/or 5. Units of water consumed in Tiers 1, 2, and/or 3 are not eligible for bill adjustments.

g. When a bill adjustment is granted for a residential customer, the billing units of water charged in Tiers 4 and/or 5 will be recalculated at the Tier 3 rate.

h. The bill adjustment will be made in the form of a credit to the residential customer's account. -No checks will be issued. ~~There~~The credit will be posted to the residential customer's account within 30-45 days following the District's approval of the bill adjustment request.

i. Any residential customer providing falsified information to the District may be liable for back charges. Bill adjustments based on falsified information will be recalculated with corrected customer account details.

B. Qualifying Events

1. Pool Fill

a. Adjustments to a residential customer's water bill for pool fills, partial or complete draining and refilling, due to general periodic water quality maintenance, pool equipment or plaster repair may be granted once every five (5) years.

b. Refilling due to normal evaporation does not qualify for an adjustment.

2. Leak Repair

a. Residential customers may request a bill adjustment if they accrue any charges within Tiers 4 and/or 5 due to leaks (indoor or outdoor), stuck irrigation valves, broken pipes, etc.

b. A residential customer is allowed a maximum of three (3) leak adjustments per year ~~for each customer, per~~ account, barring extenuating circumstances, to be determined at staff discretion.

c. If a residential customer is notified by the District of an apparent leak, the customer must fix the leak within seven (7) days to qualify for a leak repair adjustment.

3. New California Friendly Landscaping – Establishment Period

a. A residential customer re-landscaping the majority of their outdoor landscaping with new California Friendly Landscaping may request a bill adjustment if they incur usage within Tiers 4 and/or 5 for the first two (2) consecutive months of the landscape establishment period.

b. The residential customer is required to contact the District for each affected bill during the two (2) month establishment period to be eligible for the bill adjustment(s).

c. The new California Friendly Landscaping must be installed between November 1 and April 30 for a residential customer to be eligible for a bill adjustment.

d. Any residential customer's charges within Tiers 4 and/or 5 may be recalculated at the Tier 3 rate for a maximum of two (2) consecutive bills.

4. New Customer Adjustment

a. New residential customers are eligible for one (1) courtesy adjustment within the first twelve (12) months of starting water service within the District for their most recent bill at the time of notification to the District.

5. Irrigation Timer Malfunction

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

6. District Approved Bill Modifications

a. No bill adjustments will be made for approved modifications to a residential customer's indoor water budget. See Section 2 for more details on water budget modifications.

b. Residential customers may request a bill adjustment for an approved outdoor water budget modification due to increased landscaped area.

C. Procedure for Requesting Bill Adjustments

1. A Residential Bill Adjustment Request Form must be submitted to the District. Residential Bill Adjustment Request Forms can be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).

2. Additional documentation may be requested at the discretion of the District (e.g., site plans, repair receipts, work orders). The documentation will be for review only. The District will not retain any copies of such additional documentation.

3. Once a Residential Bill Adjustment Request Form has been received, a site survey may be required by District staff to verify the issue causing high usage has been resolved. The site survey will be at no charge to the residential customer and will require the customer to be present.

4. A response to the bill adjustment request will be provided by the District, either by phone or email.

5. In the event a bill adjustment request is denied, the Residential Bill Adjustment Request Form may be resubmitted for further review. Decisions made by the Director of Planning are final.

## **Part 2. Commercial Customers**

### **A. Bill Adjustments**

The District's Water Budget Based rate structure is intended to recover the proportionate cost of providing water service and to allocate costs to commercial customers who place the greatest demands on the District's water system. Any usage in excess of a commercial customer's total water budget, which is comprised of Tier 1, results in additional costs that their higher demand places on the system. This usage, in excess of a commercial customer's total water budget, is reflected in charges in Tiers 2, 3 and 4 on the customer's bill. In certain limited circumstances, the District may grant bill adjustments for the qualified events described below. The District retains the right to grant bill adjustments for extraordinary events, provided the customer demonstrates timely progress toward resolving issues resulting in over-budget consumption.

#### **1. General Information**

a. It is the ***sole responsibility of a commercial customer to contact the District*** to request a bill adjustment by submitting a Commercial Bill Adjustment Request Form.

b. Acceptable proof (e.g. repair receipts, parts receipts, work orders) may be required for each bill adjustment request at the discretion of the District.

c. Bill adjustment requests must be submitted in a timely manner. Unless otherwise specified in Section 3, Part 2.B., to be eligible for a bill adjustment a commercial customer must submit a Commercial Bill Adjustment Request Form to the District within one (1) month of receiving their affected bill.

d. All bill adjustment requests will be determined on a case-by-case basis. Only one bill may be adjusted per qualifying event. The District may adjust either the most recent bill or the higher of the two most recent affected bills.

e. The commercial customer's water usage must be entirely within their water budget (Tier 1) within two billing periods of the repair or resolution date of the qualifying event to receive final approval of a bill adjustment.

f. To be eligible for a bill adjustment, a commercial customer must have billed usage in Tiers 3 and/or 4. Units of water consumed in Tiers 1 and/or 2 are not eligible for bill adjustments.

g. When a bill adjustment is granted for a commercial customer, the billing units of water charged in Tiers 3 and/or 4 will be recalculated at the Tier 2 rate.

h. The bill adjustment will be made in the form of a credit to the commercial customer's account. **No checks will be issued.** -The credit will be posted to the customer's account within 30-45 days following the District's approval of the bill adjustment request.

i. Any commercial customer providing falsified information to the District may be liable for back charges. Bill adjustments based on falsified information will be recalculated with corrected customer account details.

B. Qualifying Events

1. Pool Fill

a. Adjustments to a commercial customer's water bill for pool fills, partial or complete draining and refilling, due to general periodic water quality maintenance, pool equipment or plaster repair may be granted once a year.

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

c. Refilling due to normal evaporation does not qualify for an adjustment.

2. Leak Repair

a. Commercial customers may request a bill adjustment if they accrue any usage charges above their water budget within Tiers 3 and/or 4 due to leaks (indoor or outdoor), stuck irrigation valves, broken pipes, etc.

b. A commercial customer is allowed a maximum of three (3) leak adjustments per year per account, barring extenuating circumstances, to be determined at staff discretion.

c. If a commercial customer is notified by the District of an apparent leak, the customer must fix the leak within seven (7) days to qualify for a leak repair adjustment.

3. New California Friendly Landscaping – Establishment Period

## #4.

a. A commercial customer re-landscaping its outdoor landscaping with California Friendly Landscaping may request a bill adjustment if it incurs usage with Tiers 3 and/or 4 for the first two (2) consecutive months of the landscape establishment period.

b. The customer is required to contact the District for each billing period during the two (2) consecutive month establishment period in order to be eligible to receive the bill adjustment(s).

c. The new California Friendly Landscaping must be installed between November 1 and April 30 for a commercial customer to be eligible for a bill adjustment.

d. Any charges within Tiers 3 and/or 4 may be recalculated at the Tier 2 rate for a maximum of two (2) monthly bill adjustments.

### 4. District Approved Bill Modifications

a. Commercial customers may request a bill adjustment for an approved outdoor budget modification. The District may adjust up to the most recent previous bill for a verified increase to the irrigated landscape area. See Section 2 for more details on water budget modifications.

b. All billing units that were billed in Tiers 3 and/or 4 will be recalculated at the Tier 2 rate.

### C. Procedure for Requesting Commercial Bill Adjustments

1. A Commercial Bill Adjustment Request Form must be submitted to the District. Commercial Bill Adjustment Request Forms may be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).

2. Additional documentation may be requested at the discretion of the District (e.g. site plans, repair receipts, work orders). The documentation will be for review only. The District will not retain any copies of such additional documentation.

3. Once a Commercial Bill Adjustment Request Form has been received, a commercial site survey may be required by District staff to verify the issue causing high usage has been resolved. The site survey will be at no charge to the commercial customer and will require the customer to be present.

4. A response to the bill adjustment request will be provided by the District, either by phone or email.

5. In the event a bill adjustment request is denied, the Commercial Bill Adjustment Request Form may be resubmitted for further review. Decisions made by the Director of Planning are final.

**Part 3. Potable and Recycled Water Irrigation Customers**

**A. Bill Adjustments**

The District’s Water Budget Based Rate Structure is intended to recover the proportionate cost of providing water service and to allocate to potable and recycled water irrigation customers (irrigation customers) who place the greatest demands on the District’s potable water and recycled water systems. Any usage in excess for an irrigation customer’s total water budget results in additional costs that their higher demand places on the system. This usage, in excess of an irrigation customer’s total water budget, is reflected in charges in Tiers 2, 3 and/or 4 on the customer’s bill. In certain limited circumstances, the District may grant bill adjustments for the qualifying events described below. The District retains the right to grant bill adjustments for extraordinary events, provided the customer demonstrates timely progress toward resolving issues resulting in over-budget consumption.

**1. General Information**

a. It is the **sole responsibility of an irrigation customer to contact the District** to request a bill adjustment by submitting a Commercial Bill Adjustment Request Form.

b. Acceptable proof (e.g., repair receipts, parts receipts, work orders) may be required for each bill adjustment request at the discretion of the District.

c. Bill adjustment requests must be submitted in a timely manner. Unless otherwise specified in Section 3, Part 3.B., to be eligible for a bill adjustment an irrigation customer must submit a Commercial Bill Adjustment Request Form to the District within one (1) month of receiving their affected bill.

d. All bill adjustment requests will be determined on a case-by-case basis. Only one bill may be adjusted per qualifying event. The District may adjust either the most affected recent bill or the higher of the two most recent affected bills.

e. The irrigation customer’s water usage must be entirely within their individually calculated water budget (Tier 1) within two billing periods of the repair or resolution date of the qualifying event to receive final approval of a bill adjustment.

f. To be eligible for a bill adjustment, an irrigation customer must have billed usage in Tiers 3 and/or 4. Units of water consumed in Tiers 1 and/or 2 are not eligible for bill adjustments.

g. When a bill adjustment is granted, the billing units of water charged in Tiers 3 and/or 4 will be recalculated at the Tier 2 rate.

h. The bill adjustment will be made in the form of a credit to the irrigation customer's account. No checks will be issued. The credit will be posted to the customer's account within 30-45 days following the District's approval of the bill adjustment request.

i. Any irrigation customer providing falsified information to the District may be liable for back charges. Bill adjustments based on falsified information will be recalculated with corrected customer account details.

B. Qualifying Events

1. Leak Repair

a. An Irrigation customer may request a bill adjustment if they accrue any usage charges above their water budget within Tiers 3 and/or 4 due to leaks, stuck irrigation valves, broken pipes, etc.

b. An irrigation customer is allowed a maximum of three (3) leak adjustments per year per account, barring extenuating circumstances, to be determined at staff discretion.

c. If an irrigation customer is notified by the District of an apparent leak, the customer must fix the leak within seven (7) days to qualify for a leak repair adjustment.

2. ~~New Landscape Establishment~~ – 2. New California Friendly Landscapes Landscaping – Establishment Period

~~c. General~~

~~Irrigation customers~~ a. An irrigation customer re-landscaping ~~sites~~ property with California Friendly ~~landscapes~~ Landscaping may request a bill adjustment if they incur usage ~~above Tier 2~~ within Tiers 3 and/or 4 for the first two (2) consecutive months of the landscape establishment period.

b. The customer is required to contact the District for each billing period during the two (2) consecutive month establishment period in order to be eligible to receive the bill adjustment(s).

~~d. Limitations~~

~~If an irrigation customer would like to take advantage of the~~  
c. ~~The new planting adjustment, the new plants California Friendly Landscaping must be installed between November 1 and April. In order to be eligible for a new landscape establishment bill adjustment, the customer is required to contact the District within one (1) month of receiving the bill affected by their new landscape establishment. All qualifying bills must have charges that fall within Tiers 3 and/or 4. 30.~~

d. ~~Any charges within Tiers 3 and/or 4 may be recalculated at the Tier 2 rate. Potable irrigation and recycled water customers may receive up to one (1) bi-monthly or for a maximum of two (2) monthly bill adjustments, whichever is applicable. All bill adjustments will be made in the form of a credit to the customer's account. No checks will be issued.~~

~~3. Courtesy Adjustments~~ 3. New Customer Adjustment

~~e. General~~

~~A courtesy adjustment may be authorized for new customers within the first year. New~~

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

~~d. Limitations~~

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

4. District Approved Bill Modifications

a. Irrigation customers may request a bill adjustment for an approved budget modification. See Section 2 for more details on water budget modifications.

C. Procedure for Requesting a Bill Adjustment

1. Irrigation customers must submit a Commercial Bill Adjustment Request Form to the District. Commercial Bill Adjustment Request Forms can be obtained at the District's Main Office or online at [www.mnwd.com](http://www.mnwd.com).

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2. Additional documentation may be requested at the discretion of the District (e.g. site plans, repair receipts, work orders). The documentation will be for review only. The District will not retain any copies of such additional documentation.

3. Once a Commercial Bill Adjustment Request Form has been received, an irrigation site survey may be required by District staff to verify the issue causing high usage has been resolved. The site survey will be at no charge to the irrigation customer and will require the customer to be present.

4. A response to the bill adjustment request will be provided by the District, either by phone or email.

5. In the event a bill adjustment request is denied, the Commercial Bill Adjustment Request Form may be resubmitted for further review. Decisions made by the Director of Planning are final.

**Attachment 1**

**EXHIBIT H**

**VARIANCE AND ADJUSTMENT POLICY**

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

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

**Section 1. DEFINITIONS**

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

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

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- H. GPCD - gallons per capita per day.
- I. I9 Account customers - high traffic public space potable irrigation accounts.
- J. Person - any natural person, firm, joint venture, joint stock company, partnership, public or private association, club, company, corporation, business trust, organization, public or private agency, government agency or institution, school district, college, university, any other user of water provided by the District, or the manager, lessee, agent, servant, officer or employee of any of them or any other entity which is recognized by law as the subject of rights or duties.
- K. Plant factor - water needs of the specific type of plant that is used to calculate each customer's outdoor budget within the District's service area and guidelines provided by state law and the State Water Resources Control Board's Model Water Efficient Landscape Ordinance. The plant factor is a conversion factor to multiply with daily evapotranspiration to determine the daily watering needs per unit of surface area of plant coverage.
- L. Potable water - water furnished to the customer which complies with federal and State drinking water regulations and standards, or any other applicable standards.
- M. Property owner (owner) - the record owner of real property as shown on the most recently issued equalized assessment roll.
- N. RC9 Account customers – recycled water customers with high traffic public spaces.
- O. Recycled water - water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource.
- P. State - the state of California, including any department or regulatory agency thereof.

### **Section 2. RESIDENTIAL CUSTOMERS**

#### A. Default Allocations

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

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

1. Indoor Water Budget

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

2. Outdoor Water Budget

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

B. Variances to Allocations

1. General Information

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

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

### 2. Relevant Factors That May Support a Variance

- a. Number of people residing in a dwelling unit

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

- b. Landscape Area

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

$$\text{Landscaped Area (Square Footage)} \times \text{ET (Evapotranspiration)} \times 0.7 \text{ (Plant Factor)} \times 0.62 \text{ (Conversion Factor)} = \text{Gallons} \div 748 \text{ gallons} = \text{Billing Units}$$

- c. Licensed Child Care or Adult Care Facility

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

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

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

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

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

- d. Medical Needs

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

- e. Livestock (weighing over 100 pounds each)

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

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## 3. Procedure

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

## C. Adjustment of Charges

### 1. Pool Fill

#### a. General

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

#### b. Limitations

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

2. Leak Repair

a. General

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

b. Limitations

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

3. New Landscape Establishment - New California Friendly Landscapes

a. General

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

b. Limitations

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

### 4. Courtesy Adjustments - New Customer

#### a. General

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

#### b. Limitations

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

### 5. Irrigation Timer Malfunction

#### a. General

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

b. Limitations

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

**Section 3. COMMERCIAL CUSTOMERS**

A. Default Allocations

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

1. Total Water Budget

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

B. Variances to Allocations

1. General Information

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

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

### 2. Procedure

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

C. Adjustment of Charges

1. Pool Fill

a. General

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

b. Limitations

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

2. Leak Repair

a. General

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

b. Limitations

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

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

### 3. New Landscape Establishment - New California Friendly Landscapes

#### a. General

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

#### b. Limitations

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

## **Section 4. POTABLE AND RECYCLED WATER IRRIGATION CUSTOMERS**

### A. Default Allocations

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

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

#### 1. Outdoor Water Budget

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

#### B. Variances to Allocations

##### 1. General Information

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

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- d. Any irrigation customer providing falsified information to the District may be liable for back charges. Bill calculations based on falsified information will be recalculated with corrected customer account details.

### 2. Relevant Factors That Could Support a Variance

#### a. Landscape Area

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

### 3. Procedure

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

C. Adjustment of Charges

1. Leak Repair

a. General

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

b. Limitations

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

2. New Landscape Establishment - New California Friendly Landscapes

c. General

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

d. Limitations

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

## #4.

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

### 3. Courtesy Adjustments - New Customer

#### c. General

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

#### d. Limitations

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

**ATTACHMENT 2**





# moulton niguel water district

## STAFF REPORT

**TO:** Board of Directors                      **MEETING DATE:** January 17, 2018

**FROM:** Drew Atwater, Director of Planning  
Lindsey Stuvick, Water Efficiency Manager

**SUBJECT:** Rebate Application for Turf Removal

**DIVISION:** District-wide

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### SUMMARY:

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

Recommendation: It is recommended that the Board of Directors consider the rebate application for the identified project associated with Account No. 56827 without a limitation on the maximum allowable acreage and direct staff accordingly.

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

### BACKGROUND:

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

The proposed project is eligible to receive \$2 per square foot from the District for turf removal and replacement with low water use plants or synthetic turf. The program provides limitations on the amount of turf removal that qualifies for the rebate. The

## #5.

### Rebate Application for Turf Removal

January 17, 2018

Page 2 of 2

relevant cap for applicants is 10,000 square feet for commercial projects and 3,000 square feet for residential projects.

All rebates from the District are funded through the Water Efficiency Fund using the incremental revenue generated from the higher consumption tiers (Tiers 3, 4 and 5) in the water budget-based rate structure.

### **DISCUSSION:**

The District has expanded its outreach efforts to promote water use efficiency and customers have responded with requests for more than 5 million square feet of turf removal. The District has received an additional request from a customer to remove 4,372 square feet of turf. Table 1 identifies the customer and the rebate request.

Table 1 – Rebate Request

Customer	Proposed Turf Removal (Sq. Feet)	Proposed Rebate Value (\$)
Bent Christiansen Acct#: 56827	4,372	\$8,744
<b>Total</b>	<b>4,311</b>	<b>\$8,744</b>

The values provided above are based on the project estimates and may vary as the projects becomes more defined. The proposed rebate incentives for the identified project would be funded from the Water Efficiency Fund.

Staff is recommending the Board remove the maximum allowable acreage to allow the General Manager or her designee to consider the application based on the overall project objectives, various funding sources, and current available budget for rebate funding. Removal of the maximum acreage by the Board of Directors for the specifically identified application do not constitute an approval of the rebate application, but allows the specifically identified application to be considered for the full amount of turf removal and replacement with low water use plants.

**MOULTON NIGUEL WATER DISTRICT**  
**Summary of Financial Results**  
**January 17, 2018**

Unaudited results of operations for the five months ended November 30, 2017, are summarized below.

Total operating revenues were \$26.9 million for the five months ended, which came in at 44% of the budget. Total operating expenses ended at \$29.1 million, which amounted to 40% of the approved budget. Total Net Income (Loss) for the five months ended was (\$4.0) million.

The District has received \$5.7 million in property taxes thus far this year, which is \$2.4 million more than at this time last year. The District expects to receive more property tax revenue during December as the first installments became delinquent to the County on December 10, 2017.

Investment income ended at \$0.2 million, as the District's total unrealized loss for the fiscal year is (\$0.9) million. Actual interest income received (realized) was \$1.0 million, up from \$0.6 million at this same point in the prior year.

The District has received \$0.5 million in capacity fees and demand offset fees, primarily driven by two large developments in Laguna Niguel (the Broadstone apartments and the Laguna Niguel-Crown Valley Acquisition, LLC, project).

The District currently has \$6.9 million available in the Water Efficiency Fund for new projects, rebate applications or additional programs. The remaining fund balance takes into account \$0.9 million in water efficiency program commitments already approved by the Board.

The District's Cash and Investments balance has decreased by \$7.4 million as compared to last year, primarily due to Debt Service payments and execution of the Capital Improvement Plan ("CIP") program. Through November 30, 2017, the District has reduced its total outstanding debt balance by \$5.0 million, and spent an additional \$2.7 million on capital projects.

With the completion of the Baker Water Treatment Plant, the District moved approximately \$37.0 million from construction in progress to the capital assets, net of accumulated depreciation line item. This Plant is capitalized as part of the District's capacity rights and will be amortized over the 50 year term of the agreement.

All District fiscal agent reserves are monitored closely by District staff. As of December 31, 2017, the 2009 COPs Reserve fund was fully funded, meeting the \$6,000,000 requirement. The November shortfall was due to changes in the market value (unrealized loss) of the investments. The portfolio continues to maintain a very secure AA+ average credit rating.

The Board has established a target reserve level of \$66.9 million, and as of November 30, 2017, the District held \$67.0 million in reserves, down from \$75.0 million as of June 30, 2017. This difference was projected by District staff, and is due to transfers made to the Capital Improvement Project Funds in accordance with the FY 2017-18 Adopted Budget.



**Moulton Niguel Water District**  
**All Funds - Budget Comparison Report**  
**Five Months Ended November 30, 2017**

	1	2	3	=3-1	=1/3
Description	Fiscal Year to Date Actuals	Prior Fiscal Year to Date Actuals	Current Year Approved Budget	Current Year Budget Balance	% of Actuals to Budget
<b>ALL FUNDS</b>					
<b><u>Operating Revenues</u></b>					
Water Sales	\$ 13,475,583	\$ 12,063,910	\$ 29,909,274	\$ 16,433,690	45%
Recycled Water Sales	2,804,009	2,766,167	5,462,967	2,658,958	51%
Sewer Sales	8,691,548	8,199,286	21,413,568	12,722,020	41%
Water Efficiency	1,674,765	4,021,495	3,335,112	1,660,347	50%
Other Operating Income	212,134	183,770	516,900	304,766	41%
<b>A Total Operating Revenue</b>	<b>26,858,039</b>	<b>27,234,629</b>	<b>60,637,821</b>	<b>33,779,782</b>	<b>44%</b>
<b><u>Operating Expenses</u></b>					
Salaries	5,249,197	4,683,190	13,181,187	7,931,991	40%
PERs Employer Contributions	749,292	632,042	1,903,162	1,153,870	39%
Defined Contribution 401A	85,633	69,992	230,127	144,495	37%
Educational Courses	7,737	6,420	72,253	64,517	11%
Travel & Meetings	86,935	91,476	329,651	242,716	26%
Recruitment & Employee Relations	12,221	12,451	81,250	69,029	15%
General Services	92,283	105,162	517,820	425,537	18%
Annual Audit	15,050	12,413	50,000	34,950	30%
Member Agencies O&M	81,490	196,884	793,341	711,851	10%
Dues & Memberships	50,885	34,216	125,175	74,290	41%
Consulting Services	645,158	667,445	2,095,400	1,450,242	31%
Equipment Rental	24,833	5,549	62,000	37,167	40%
District Fuel	85,175	88,246	200,000	114,825	43%
Insurance - District	165,301	151,409	402,420	237,119	41%
Insurance - Personnel	142,879	131,273	394,324	251,445	36%
Insurance - Benefits	1,160,796	1,072,546	3,023,763	1,862,968	38%
Legal Services - Personnel	1,463	11,305	50,000	48,537	3%
Legal Services - General	387,046	62,081	850,000	462,954	46%
District Office Supplies	215,956	184,784	725,151	509,195	30%
District Operating Supplies	146,538	169,219	444,788	298,250	33%
Repairs & Maintenance - Equipment <sup>1</sup>	359,557	281,224	695,669	336,112	52%
Repairs & Maintenance - Facilities	1,213,345	1,257,222	3,725,857	2,512,513	33%
Safety Program & Compliance Requirements	80,679	106,680	282,165	201,486	29%
Wastewater Treatment <sup>2</sup>	4,464,768	4,570,970	10,752,352	6,287,584	42%
Special Outside Assessments	26,473	25,329	251,641	225,168	11%
Utilities <sup>3</sup>	1,179,325	913,325	2,281,900	1,102,575	52%
Water Purchases	11,878,048	11,665,279	26,710,799	14,832,751	44%
Meter / Vault Purchases	150,880	16,089	440,000	289,120	34%
Water Efficiency	390,351	396,934	2,885,000	2,494,649	14%
Other Operating Expenses	-	348,446	-	-	n/a
<b>B Total Operating Expenses</b>	<b>29,149,291</b>	<b>27,969,603</b>	<b>73,557,197</b>	<b>44,407,906</b>	<b>40%</b>
<b>A-B Operating Income (Loss)</b>	<b>(2,291,252)</b>	<b>(734,974)</b>	<b>(12,919,377)</b>	<b>(10,628,124)</b>	<b>18%</b>
<b><u>Non-Operating Revenues (Expenses)</u></b>					
Property Tax Revenue	5,695,655	3,324,017	27,581,361	21,885,706	21%
Investment Income <sup>4</sup>	194,097	(1,927,101)	2,354,217	2,160,119	8%
Property Lease Income	852,734	733,371	1,723,533	870,799	49%
Interest Expense	(2,099,738)	(2,219,096)	(5,201,569)	(3,101,831)	40%
Misc. Non-Operating Income (Expense)	1,133,852	1,884,075	3,004,247	1,870,395	38%
Capacity/Demand Offset Fees <sup>5</sup>	507,847	204,012	390,198	(117,649)	130%
<b>C Total Non-Operating Revenue (Expenses)</b>	<b>6,284,447</b>	<b>1,999,278</b>	<b>29,461,788</b>	<b>23,177,341</b>	<b>21%</b>
<b>A-B+C Change in All Funds</b>	<b>\$ 3,993,195</b>	<b>\$ 1,264,305</b>	<b>\$ 16,542,412</b>	<b>\$ 12,549,216</b>	
<b><u>Other Non Cash Expenses</u></b>					
Depreciation	7,996,052	7,293,939	-	(7,996,052)	n/a
<b>D Total Change in Net Position</b>	<b>\$ (4,002,857)</b>	<b>\$ (6,029,635)</b>	<b>\$ 16,542,412</b>	<b>\$ 20,545,269</b>	

Note: Totals may not sum due to rounding.

- Approximately half of these expenses relate to maintenance of the District fleet vehicles.
- The District paid each of the first 2 quarterly bills for SOCWA, including PC 15 O&M, for July - December.
- The District received two invoices from SDG&E related to prior year invoices. Actual current year usage is within expectations.
- Investment income is comprised of realized income of \$1,079,590 and unrealized income (loss) of (\$885,493).
- The District received over \$500k in Capacity fees related to several large projects, including the Broadstone North Getty Gateway project.

# #6.b.

**Moulton Niguel Water District  
All Funds - Budget Comparison Report  
Five Months Ended November 30, 2017  
Legal Services - General**

Firm	Water Use		Capital <sup>7</sup>	Total
	General <sup>6</sup>	Efficiency <sup>6</sup>		
Best Best & Krieger LLP	\$ 383,983	\$ 3,064	\$ 8,318	\$ 395,364
<b>Budget Amount</b>	800,000	50,000	-	850,000
<b>Budget Balance</b>	\$ 416,017	\$ 46,936	n/a	\$ 462,954

*Note: Totals may not sum due to rounding.*

6. Legal Services - General on the previous page is made up of the General balance of \$383,983 and the \$3,064 Water Use Efficiency balance, for a total of \$387,046.

7. Capital legal services represent legal services rendered during construction and are capitalized by the District as part of the project. Each project has a separate budget for legal expenses and those individual budgets are not included as part of this schedule.

**Consulting Services - Grant Administration**

Firm	Spent YTD	Spent Overall	Grants Received
Nossaman LLP <sup>8</sup>	\$ 16,500	\$ 16,500	\$ -
West Yost Associates <sup>9</sup>	17,832	17,832	-

8. Nossaman receives a fixed monthly retainer for general grant services, including identification, tracking, and administering of grants.

9. West Yost YTD compiled the AMI WaterSmart final closeout documents and prepared documents for an additional grant application.

**Moulton Niguel Water District**  
**General Fund - Budget Comparison Report**  
**Five Months Ended November 30, 2017**

	1	2	=1-2	=2/1
Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<b>GENERAL FUND</b>				
<b><u>Operating Revenues</u></b>				
Water Sales	\$ 29,909,274	\$ 13,475,583	\$ 16,433,691	45%
Recycled Water Sales	5,462,967	2,804,009	2,658,958	51%
Sewer Sales	21,413,568	8,691,548	12,722,020	41%
Other Operating Income	516,900	212,134	304,766	41%
<b>A Total Operating Revenue</b>	<b>57,302,709</b>	<b>25,183,275</b>	<b>32,119,434</b>	<b>44%</b>
<b><u>Operating Expenses</u></b>				
Salaries	12,205,909	4,914,161	7,291,749	40%
PERs Employer Contributions	1,804,882	705,961	1,098,922	39%
Defined Contribution 401A	213,638	79,940	133,699	37%
Educational Courses	69,753	7,637	62,117	11%
Travel & Meetings	304,451	76,151	228,300	25%
Employee Relations	81,250	12,221	69,029	15%
General Services	517,820	92,283	425,537	18%
Annual Audit	50,000	15,050	34,950	30%
Member Agencies O&M	793,341	159,908	633,433	20%
Dues & Memberships	124,675	49,885	74,790	40%
Consulting Services	995,400	360,674	634,726	36%
Equipment Rental	62,000	24,833	37,167	40%
District Fuel	200,000	85,175	114,825	43%
Insurance - District	402,420	165,301	237,119	41%
Insurance - Personnel	370,102	136,569	233,533	37%
Insurance - Benefits	2,836,557	1,096,206	1,740,351	39%
Legal Services - Personnel	50,000	1,463	48,537	3%
Legal Services - General	800,000	383,983	416,017	48%
District Office Supplies	446,951	175,610	271,341	39%
District Operating Supplies	444,788	146,538	298,250	33%
Repairs & Maintenance - Equipment <sup>1</sup>	693,169	359,436	333,733	52%
Repairs & Maintenance - Facilities	3,725,857	1,213,345	2,512,513	33%
Safety Program & Compliance Requirements	280,415	79,553	200,862	28%
Wastewater Treatment <sup>2</sup>	10,752,352	4,464,768	6,287,584	42%
Special Outside Assessments	251,641	26,473	225,168	11%
Utilities <sup>3</sup>	2,281,900	1,179,325	1,102,575	52%
Water Purchases	26,336,456	11,799,630	14,536,826	45%
Meter / Vault Purchases	440,000	150,880	289,120	34%
<b>B Total Operating Expenses</b>	<b>67,535,729</b>	<b>27,962,956</b>	<b>39,572,773</b>	<b>41%</b>
<b>A-B Operating Income (Loss)</b>	<b>(10,233,020)</b>	<b>(2,779,682)</b>	<b>(7,453,338)</b>	<b>27%</b>
<b><u>Non-Operating Revenues (Expenses)</u></b>				
Property Tax Revenue	27,581,361	5,695,655	21,885,706	21%
Investment Income	2,256,279	82,547	2,173,732	4%
Property Lease Income	1,723,533	852,734	870,799	49%
Misc. Non-Operating Income	3,004,247	1,007,085	1,997,162	34%
Capacity Fees <sup>4</sup>	340,198	438,648	(98,450)	129%
<b>C Total Non-Operating Revenue (Expenses)</b>	<b>34,905,618</b>	<b>8,076,669</b>	<b>26,828,949</b>	<b>23%</b>
<b>A-B+C Change in General Fund</b>	<b>\$ 24,672,598</b>	<b>\$ 5,296,988</b>	<b>\$ 19,375,610</b>	<b>26%</b>
<b><u>Other Non Cash Expenses</u></b>				
Depreciation	-	7,996,052	(7,996,052)	n/a
<b>D Total Change in Net Position</b>	<b>\$ 24,672,598</b>	<b>\$ (2,699,065)</b>	<b>\$ 27,371,663</b>	

Note: Totals may not sum due to rounding.

1. Approximately half of these expenses relate to maintenance of the District fleet vehicles.
2. The District paid each of the first 2 quarterly bills for SOCWA, including PC 15 O&M, for July - December.
3. The District received two invoices from SDG&E related to prior year invoices. Actual current year usage is within expectations.
4. The District received over \$500k in Capacity fees related to several large projects, including the Broadstone North Getty Gateway project.

# #6.b.

**Moulton Niguel Water District**  
**Water Efficiency Fund - Budget Comparison Report**  
**Five Months Ended November 30, 2017**

	1	2	=1-2	=2/1
Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<b>WATER EFFICIENCY FUND</b>				
<b>Projected Operating Revenue</b>				
Water Efficiency	\$ 3,335,112	\$ 1,674,765	\$ 1,660,347	50%
<b>A</b>	<b>3,335,112</b>	<b>1,674,765</b>	<b>1,660,347</b>	<b>50%</b>
<b>Projected Operating Expenses</b>				
Labor	1,300,574	454,960	845,613	35%
Educational Courses	2,500	100	2,400	4%
Travel & Meetings	25,200	10,784	14,417	43%
Dues & Memberships <sup>1</sup>	500	1,000	(500)	200%
Consulting Services	1,100,000	284,484	815,516	26%
Legal Services	50,000	3,064	46,936	6%
Conservation supplies	278,200	40,346	237,854	15%
Repairs and Maintenance - Equipment	2,500	121	2,379	5%
Water Efficiency	2,885,000	390,351	2,494,649	14%
<b>B</b>	<b>5,644,474</b>	<b>1,185,210</b>	<b>4,459,264</b>	<b>21%</b>
<b>A-B</b>	<b>(2,309,362)</b>	<b>489,555</b>	<b>(2,798,917)</b>	<b>-21%</b>
<b>Projected Non-Operating Revenue</b>				
Demand offset fees	50,000	69,199	(19,199)	138%
Investment Income	97,937	12,430	85,507	13%
<b>C</b>	<b>147,937</b>	<b>81,629</b>	<b>66,309</b>	<b>55%</b>
<b>A-B+C</b>	<b>\$ (2,161,424)</b>	<b>\$ 571,184</b>	<b>\$ (2,732,608)</b>	

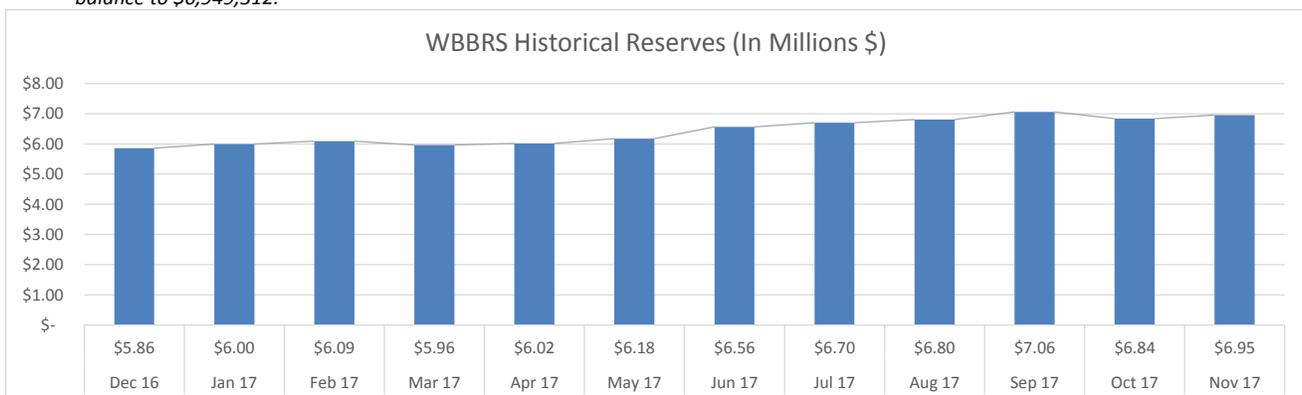
Note: Totals may not sum due to rounding.

1. The District participated in the Governmental membership for Sustain OC membership for FY 17-18 for \$1,000.

**Water Efficiency Available Net Position <sup>2</sup>**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance
Fund Net Position, Beginning of Year	\$ 7,258,366	\$ 7,258,366	\$ 7,258,366
Projected Change in Water Efficiency Fund	(2,161,424)	571,184	(2,732,608)
Project Commitments		(880,238)	
<b>Fund Net Position, Five Months Ended November 30, 2017</b>	<b>\$ 5,096,941</b>	<b>\$ 6,949,312</b>	

2. In addition to realized expenditures, there is approximately \$880,238 in project commitments, reducing the available WBBRS reserve balance to \$6,949,312.



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

	(Unaudited)	
	November 30, 2017	June 30, 2017
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ 32,415,516	\$ 34,380,673
Restricted cash and investments with fiscal agent	7,246,048	7,886,334
Accounts receivables:		
Water and sanitation charges	3,844,990	3,742,510
Property taxes	-	333,100
Grant Reimbursements	179,628	179,628
Other accounts receivable	428,178	331,365
Interest receivable	646,050	634,134
Inventory	1,057,927	975,276
Prepaid expenses	1,356,282	626,833
	<b>47,174,619</b>	<b>49,089,853</b>
<b>NONCURRENT ASSETS:</b>		
Investments	79,040,392	83,860,499
Retrofit loans receivable	526,550	539,940
Capital assets, net of accumulated depreciation	379,475,199	349,641,085
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	9,566,357	44,848,592
	<b>469,700,407</b>	<b>479,982,026</b>
<b>TOTAL ASSETS</b>	<b>516,875,026</b>	<b>529,071,879</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>		
Deferred Charges on Refunding	593,856	658,585
Deferred Items related to Pension	4,610,581	4,610,581
	<b>5,204,437</b>	<b>5,269,166</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 522,079,463</b>	<b>\$ 534,341,045</b>

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

	(Unaudited)	
	November 30, 2017	June 30, 2017
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 4,977,196	\$ 7,504,051
Interest payable	1,230,102	1,760,661
Compensated absences	795,702	751,852
Current portion of long-term debt:		
Bonds payable	1,365,000	1,275,000
Loans Payable	1,567,688	2,032,109
Certificates of participation	1,805,000	1,925,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,740,688</b>	<b>15,248,673</b>
<b>LONG-TERM LIABILITIES</b>		
Compensated absences	265,234	250,617
Long-term debt:		
Bonds payable	11,925,000	15,095,000
Loans payable	5,261,865	6,660,907
Certificates of participation	60,000,000	60,000,000
Net Pension Liability	17,581,392	17,581,392
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>95,033,491</b>	<b>99,587,916</b>
Bond Discount/Premium	1,782,883	1,979,199
<b>TOTAL LIABILITIES</b>	<b>108,557,063</b>	<b>116,815,787</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>		
Deferred Items related to Pension	2,447,949	2,447,949
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>2,447,949</b>	<b>2,447,949</b>
<b>NET POSITION:</b>		
Net investment in capital assets	307,019,885	307,272,958
Restricted for capital projects	463,901	291,818
Unrestricted	103,590,665	107,512,533
<b>TOTAL NET POSITION</b>	<b>411,074,451</b>	<b>415,077,309</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b>\$ 522,079,463</b>	<b>\$ 534,341,045</b>

*Note: Totals may not sum due to rounding.*

**MOULTON NIGUEL WATER DISTRICT  
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT  
As of November 30, 2017**

	Reserve Requirement	(Unaudited) Balance 11/30/2017	Over (Under) Requirement	Balance 6/30/2017
<b><u>Restricted Cash and Investments:</u></b>				
2009 COPS Trust Reserve	\$ 6,000,000	\$ 5,995,964	\$ (4,036)	\$ 6,116,159
2009 COPS Installment	-	112	112	59
2010 Installment Payment	-	-	-	141,006
2010 COPS Trust Reserves	-	-	-	378,971
2014 Consolidated Ref Bonds	-	52	52	2
2015 Refunding Bonds	-	12	12	9
2015 Refunding Reserve	1,226,500	1,249,907	23,407	1,250,127
<b>Total Restricted Trust Accounts</b>	<b>\$ 7,226,500</b>	<b>\$ 7,246,048</b>	<b>\$ 19,548</b>	<b>\$ 7,886,334</b>

*Note: Totals may not sum due to rounding.*



**MOULTON NIGUEL WATER DISTRICT**  
**NET POSITION**  
**As of November 30, 2017**

	<u>Reserve Target</u>	(Unaudited)		<u>Balance</u>
		<u>Balance</u>	<u>Net Change</u>	
		<u>11/30/2017</u>		<u>6/30/2017</u>
<b>Adopted Reserve Targets <sup>1</sup></b>				
Designated for Self Insurance Reserve	\$ 250,000	\$ 247,562	\$ 7,581	\$ 239,981
Designated for Rate Stabilization	14,500,430	14,525,581	778,093	13,747,488
Designated for Emergency Reserves	35,300,000	35,300,000	(210,000)	35,510,000
Designated for Operating Reserves <sup>2</sup>	16,883,932	16,886,370	(8,627,251)	25,513,621
<b>Total Adopted Reserve Targets</b>	<b>\$ 66,934,362</b>	<b>\$ 66,959,513</b>	<b>\$ (8,051,577)</b>	<b>\$ 75,011,090</b>
	<b>FY Capital</b>			
	<b>Budget <sup>4</sup></b>			
<b>Designated for Capital Projects <sup>3</sup></b>				
Designated for Replacement and Refurbishment	\$ 25,140,108	\$ 16,469,103	\$ 3,356,157	\$ 13,112,946
Designated for Water Supply Reliability	350,000	350,607	(3,485,667)	3,836,274
Designated for Planning and Construction	18,957,000	11,981,892	3,688,034	8,293,858
<b>Total Designated for Capital Projects</b>	<b>\$ 44,447,108</b>	<b>\$ 28,801,602</b>	<b>\$ 3,558,524</b>	<b>\$ 25,243,078</b>
<b>Other amounts</b>				
Designated for Water Efficiency (WBBRS) <sup>5</sup>		\$ 7,829,550	\$ 571,184	\$ 7,258,366
Restricted for Capital Facilities (Projects)		463,901	172,083	291,818
Net Investment in Capital Assets <sup>6</sup>		307,019,885	(253,073)	307,272,958
<b>Total Other amounts</b>		<b>\$ 315,313,336</b>	<b>\$ 490,195</b>	<b>\$ 314,823,141</b>
<b>Total Net Position</b>		<b>\$ 411,074,451</b>	<b>\$ (4,002,858)</b>	<b>\$ 415,077,309</b>

Note: Totals may not sum due to rounding.

1. Board designated balances represent available cash in that fund.
2. General Operating Reserves include the unrestricted, undesignated balance, and other general District accrued cash flows. This amount includes the remaining total cash balance of \$23,336,487.
3. Balances in the Capital Project Funds represent available and designated cash to fund identified CIP projects.
4. FY 17-18 Budget also includes \$50,000 for capital expenses in Fund 6, bringing the total CIP budget to \$44,497,108.
5. In addition to realized expenditures, there is approximately \$880,238 in project commitments, reducing the available WBBRS reserve balance to \$6,949,312.
6. Net Investment in Capital Assets calculated as follows:

Total capital assets	\$ 390,133,466
Less capital related debt	(83,707,437)
Add deferred charges related to debt	593,856
<b>Total Net Investment in Capital Assets</b>	<b>\$ 307,019,885</b>



**MOULTON NIGUEL WATER DISTRICT  
SUMMARY OF DISBURSEMENTS  
FOR THE MONTH OF DECEMBER 2017**

**Summary of Disbursements in December 2017:**

General Fund Disbursements		<b>6,076,803</b>
<b><u>Restricted Fund Disbursements:</u></b>		
Self Insurance Fund	3,343	
Water Efficiency Fund	253,801	
Replacement & Refurbishment Fund	654,699	
Planning & Construction Fund	76,667	<b>988,509</b>
<b>Total Disbursements for all Funds</b>	<b>\$</b>	<b>7,065,312</b>

**Detail of Major Expenditures in December 2017:**

1. Municipal Water District of Orange County (MWDOC)		
October Water Purchases 2461.2 AF	2,189,163	
October Readiness To Serve	108,075	
FY 17/18 Choice Programs Billing	92,238	
October Capacity Charge	30,934	
November 2017 Spray to Drip Rebate Program	24,092	
October SCP Operation Surcharge	9,729	
October 2017 Turf Removal and Smart Timer Rebates	6,980	
October SAC Operation Surcharge	986	
September Reclaimed Rebate 767.5 AF	(118,195)	<b>2,344,001</b>
3. Irvine Ranch Water District (IRWD)		
FY 17/18 Q1 O&M Baker Water Treatment Costs		<b>388,672</b>
4. South Coast Water District (SCWD)/Joint Regional Water Supply System (JRWSS)		
October and November 2017 Capital Project Costs		<b>323,669</b>
4. Best Best & Krieger LLP		
October and November 2017 Legal Service		<b>198,683</b>
5. South Coast Water District (SCWD)		
FY 17/18 RO #96-05 1st Installment	173,245	
TR 12366 Agreement, December 2017 Sewer Sales	5,578	<b>178,823</b>
6. RC Foster Corporation		
C#2015009 Lower Boundary Oak Upgrade, progress payment #3		<b>157,357</b>
7. A & Y Company Inc.		
Paving service on multiple location		<b>144,763</b>





## #8.

Regional Urban Run-off Collaboration Update

January 17, 2018

Page 2 of 2

### **DISCUSSION:**

The District is looking to target its existing outreach and water efficiency programs to help encourage the adoption of efficient watering practices to aid in reducing overwatering to ultimately reduce urban runoff. Additionally, staff are offering to assist in organizing a working group across local cities, the County of Orange, and local non-governmental organizations to disseminate lessons learned and evaluate the impact of different strategies to reduce irrigation over watering.

MNWD has proposed that all interested agencies sign onto the attached MOU to effectuate the proposed collaborative effort. This approach brings a number of entities together through the integration of the various information each party has on customer water usage and storm-drain flows, and subsequently integrates this data to create a watershed-wide look at changes in urban runoff. Ultimately, this collaborative effort could potentially save the expenditure of large sums of funds for the creation of water control infrastructure.

Attachment: Proposed Memorandum of Understanding For Collaboration and Joint Analysis in Support of Surface Water Quality Enhancement in South Orange County, California



MEMORANDUM OF UNDERSTANDING

For Collaboration and Joint Analysis in Support of Surface Water Quality Enhancement in South Orange County, California

This Memorandum of Understanding (“MOU”) documents the understanding between the City of Laguna Niguel, City of Laguna Hills, City of Aliso Viejo, City of Mission Viejo, County of Orange, Moulton Niguel Water District, Orange County Coastkeeper, and Laguna Bluebelt Coalition (collectively “Partners”) that have executed this MOU as indicated by the signatures below of their duly authorized representatives.

Recitals

Whereas, analysis and program development is often completed within institutions to investigate the issues of inefficient water usage and surface water quality separately; and

Whereas, data shows that customer or account level usage decisions can potentially impact local surface water quality, which drives the need to address both quality of surface water and dry weather runoff in an integrated approach; and

Whereas, the key challenge identified by the Partners in this program was to help fill data gaps and leverage a variety of perspectives to address both inefficient usage and dry weather runoff; and

Whereas, the Partners desire collaboration among public agencies and community stakeholders for the development of a program that integrates information and analytical tools among the partners; and

Whereas, in the interest of protecting California’s surface water quality, the State of California uses permit conditions and compliance measures to govern municipal separate storm sewer systems (“MS4s”); and

Whereas, reducing dry weather runoff is a key component to promoting surface water quality throughout the State;

Now, therefore, the partners commit to developing a pilot program for testing and monitoring water efficiency measures such as marketing, educational workshops, rebates and other incentives to reduce over-watering.

Strategy Points

Moulton Niguel Water District will utilize, in its discretion, its existing water efficiency programs and may tailor marketing and educational materials to aid in the effort.

The Partners commit to work together in the development of a cost-effective program to assess the effectiveness of efficiency measures.

BOARD OF DIRECTORS

Duane D. Cave DIRECTOR

Scott Colton VICE PRESIDENT

Richard Fiore DIRECTOR

Donald Froelich PRESIDENT

Gary R. Kurtz DIRECTOR

Larry Lizotte DIRECTOR

Brian S. Probolsky VICE PRESIDENT



# #8.

City of Laguna Niguel

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

City of Laguna Hills

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

City of Aliso Viejo

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

City of Mission Viejo

By: \_\_\_\_\_

Title: City Manager

Date: \_\_\_\_\_

County of Orange

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Moulton Niguel Water District

By: \_\_\_\_\_

Title: General Manager

Date: \_\_\_\_\_

Orange County Coastkeeper

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Laguna Bluebelt Coalition

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_





# moulton niguel water district

## STAFF REPORT

**TO:** Board of Directors                      **MEETING DATE:** January 17, 2018  
**FROM:** Jake Vollebregt, Director of Regional & Legal Affairs  
**SUBJECT:** Legislative Affairs Report

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### SUMMARY:

Issue: The California Legislature concluded the 2017 legislative session on September 16, 2017. Several key bills were passed by the Legislature and reviewed by the Governor's Office, and several key legislative initiatives relevant to the District are anticipated in 2018.

Recommendation: This is an information item only.

Fiscal Impact: Legislation detailed in this report may have various financial implications for the District.

Reviewed by Legal: Yes.

### BACKGROUND:

Key legislation affecting the District in 2017 included a park and water bond, stormwater fees, lead testing at school sites, conservation partnerships between school districts and water agencies, and backflow/cross-connection regulations. In 2018, the Legislature is expected to renew its focus on drinking water for disadvantaged communities, the Long-Term Efficiency Framework, and the California WaterFix. As background information regarding the Long-Term Efficiency Framework, the Legislature's floor analyses of SB 606 and AB 1668 are attached to this report.

### DISCUSSION:

Part 1 of this report is a summary of key legislation that was passed during the 2017 Legislative Session. Part 2 will be a presentation by staff and the District's Government Affairs consultant on key legislation anticipated in 2018. Part 3 is an overview of the legislative process and is included for the Board's reference.

## **PART 1: KEY BILLS PASSED DURING THE 2017 LEGISLATIVE SESSION**

The following bills were passed by both houses of the California Legislature. SB 5 is pending approval by the voters. The others have been signed and chaptered.

### **SB 5 (De Leon) Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018**

Background: This bill proposes the issuance of \$4 billion in general obligation bonds (plus \$2.53 billion in interest) to fund several categories of projects, including water recycling, construction of flood-control levees and cleanup of polluted waterways. As a legislatively-referred bond, it is subject to voter approval in the June 2018 election.

Effect on MNWD: If approved by the voters, this bond would allocate \$200 million for per capita grants to local governments for local park rehabilitation, and additional financing for water infrastructure improvement grants. This may create grant opportunities that may be of interest to the District.

Status: It was passed by the Legislature with a two-thirds vote and is subject to voter approval in the June 2018 special election.

### **SB 231 (Hertzberg) Local Government Fees & Charges**

Background: The California Constitution generally requires that assessments, fees, and charges be submitted to property owners for approval after written notice and a public hearing. Current law prescribes specific procedures and parameters for local jurisdictions to comply with Articles XIIC and XIID of the Constitution and defines terms for these purposes.

Effect on MNWD: This bill expands the definition of “sewer” in the Proposition 218 Omnibus Implementation Act. The expanded definition will include the management of storm water and drainage runoff. The intent of this bill establishes that for local governments, including Moulton Niguel Water District, the voter-approval provisions of Proposition 218 do not apply to rates and charges that will be used to fund facilities that capture stormwater and drainage runoff. The other procedural and substantive requirements of Prop 218, such as a protest hearing, will still apply just as they do now for rates and charges of the District. This definition follows the model defined in the Public Utilities Code.

Status: This bill was sponsored by the Water Foundation. It was passed by the Legislature and approved by the Governor.

### **AB 1671 (Caballero) Backflow Protection and Cross-Connection Controls**

Background: the California Safe Drinking Water Act, requires the State Water Resources Control Board (“SWRCB”) to administer provisions relating to the regulation of drinking water to protect public health, including a safe supply of drinking water and enforcing the federal Safe Drinking Water Act. To this end, the SWRCB adopts regulations and conducts studies and investigations to assess the quality of California’s water supply.

Effect on MNWD: This bill requires the SWRCB to adopt standards for backflow protection and cross-connection control by January 1, 2020. Backflow occurs when pressure of a potable water system is reversed because the pressure of water in downstream piping exceeds the pressure upstream. Backflow conditions create a risk of non-potable substances being taken into a potable water supply, such as ground storage or other facilities. Public water systems, including MNWD, will be required to comply with the standards adopted by the SWRCB.

Status: This bill was passed by the Legislature and approved by the Governor.

### **AB 746 (Gonzales Fletcher) Public Health: Potable Water Systems: Lead Testing: Schoolsites**

Background: Existing law requires public schools to provide free, fresh drinking water to pupils on campus. The California Department of Public Health and California Department of Education are also required to develop voluntary guidelines for abating lead hazards at public schools.

Effect on MNWD: This bill requires local water agencies that serve public schools to prepare and carry out a sampling plan for lead testing at each school site before January 1, 2019. Local water agencies, like MNWD, will be required to report findings to the school district. If the lead level exceeds a certain threshold, the water agency will be required to test a water sample from the point in which the schoolsite connects to the water system. If the lead level exceeds the specified level at the schoolsite, the school district will be required to notify the parents and guardians of the pupils who attend the school. The school district would be responsible for closing all fountains and faucets where the excess lead levels may exist and ensure that a potable source of drinking water is provided for students.

Status: This bill was passed by the Legislature and approved by the Governor.

# #11.

Legislative Affairs Report  
January 17, 2018  
Page 4 of 7

## **AB 1343 (Chen) Water conservation: school districts: Go Low Flow Water Conservation Partnerships**

Background: Existing law requires the SWRCB to develop guidance for evaluating and measuring the effectiveness of municipal stormwater management programs in accordance with the federal Clean Water Act. The state has also mandated a 20-percent reduction in urban per capita water use by December 31, 2020.

Effect on MNWD: This bill authorizes the governing board of a school district to enter into a “Go Low Flow” Water Conservation Partnership with a public water system that provides water to the school district for purposes of reducing water use at schools, reducing stormwater and dry weather runoff at schools, reducing schoolsite water pollution, and establishing the basis for educational opportunities in water conservation. The bill also authorizes a public water system to offer, as part of a partnership, a rebate for a school that implements water-saving measures.

Status: This bill was passed by the Legislature and approved by the Governor.

### **PART 2: KEY LEGISLATION ANTICIPATED IN 2018**

Staff and the District’s government affairs consultant will be prepared to provide the Board with additional detail on the outlook of anticipated legislation during the Board’s meeting on January 17, 2018. At this early phase of the legislature’s year, staff plans to continue to monitor legislative developments and advise the Board accordingly.

### **PART 3: OVERVIEW OF CALIFORNIA’S LEGISLATIVE PROCESS**

After each general election, the California State Legislature convenes a two-year legislative session to consider bills and enacts laws. The Legislature follows an annual cycle for making laws, which is called the legislative calendar. The Legislature is made up of two houses: the Senate and the Assembly. There are 40 Senators and 80 Assembly Members representing the people of California. The Legislative Calendar for 2018 is attached to this report.

#### *Concept Development*

All legislation begins as an idea or concept. Ideas and concepts can come from a variety of sources. The process begins when a Senator or Assembly Member decides to author a bill.

#### *Types of Bills*

A bond bill authorizes the sale of State general obligation bonds to finance specified projects or activities. The measure subsequently must be approved by the voters.

The budget bill is the spending proposal for the next fiscal year submitted by the Governor and considered by both houses of the Legislature. Like other bills, after it is approved by both houses and signed by the governor, it becomes an “Act.”

Fiscal bills contain an appropriation of funds or requires a state agency to spend money for any purpose or results in a substantial loss of revenue to the state. The Legislative Counsel determines which bills are fiscal bills. Fiscal bills must be heard by the Assembly and Senate Appropriations Committees in addition to the appropriate policy committees in each House.

Nonfiscal bills have no financial impact on the state and, therefore, not required to be heard in an Assembly or Senate fiscal committee as it moves through the legislative process. Nonfiscal bills are subject to later legislative calendar deadlines than fiscal bills.

A “spot bill” is a bill that amends a code section in a nonsubstantive way. A spot bill may be also introduced to ensure that a germane vehicle will be available at a later date. Assembly Rules provide that a spot bill cannot be referred to a committee by the Rules Committee without substantive amendments, such as through the “gut and amend” process, where amendments to a bill remove the current contents in their entirety and replace them with different provisions.

A “trailer bill” is legislation that implements specific changes to the law in order to enact the State Budget. Generally, a separate “trailer bill” is needed for each major area of budget appropriation, such as transportation, human services, education, revenue, etc. These bills are generally negotiated as part of the entire budget package each fiscal year.

An urgency measure is a bill affecting the public peace, health, or safety and requiring a two-thirds vote for passage. An urgency bill becomes effective immediately upon enactment.

### *Authorship*

A Legislator sends the idea for the bill to the State Office of Legislative Counsel (OLC) where it is framed into the actual bill. The draft of the bill is returned to the Legislator for introduction. If the author is a Senator, the bill is introduced in the Senate. If the author is an Assembly Member, the bill is introduced in the Assembly.

### *First Reading/Introduction*

A bill is introduced or read the first time when the bill number, the name of the author, and the descriptive title of the bill is read on the floor of the house. The bill is then sent to the Office of State Printing. No bill may be acted upon until 30 days has passed from the date of its introduction.

*Committee Hearings*

The bill then goes to the Rules Committee of the house of origin where it is assigned to the appropriate policy committee for its first hearing. Bills are assigned to policy committees according to subject area of the bill. For example, a Senate bill dealing with health care facilities would first be assigned to the Senate Health and Human Services Committee for policy review. Bills that require the expenditure of funds must also be heard in the fiscal committees: Senate Appropriations or Assembly Appropriations. Each house has a number of policy committees and a fiscal committee. Each committee is made up of a specified number of Senators or Assembly Members.

During the committee hearing, the author presents the bill to the committee and testimony can be heard in support of or opposition to the bill. The committee then votes by passing the bill, passing the bill as amended, or defeating the bill. Bills can be amended several times. Letters of support or opposition are important and should be mailed to the author and committee members before the bill is scheduled to be heard in committee. It takes a majority vote of the full committee membership for a bill to be passed by the committee.

Each house maintains a schedule of legislative committee hearings. Prior to a bill's hearing, a bill analysis is prepared that explains current law, what the bill is intended to do, and some background information. Typically the analysis also lists organizations that support or oppose the bill.

*Second and Third Reading*

Bills passed by committees are read a second time on the floor in the house of origin and then assigned to third reading. Bill analyses are also prepared prior to third reading. When a bill is read the third time it is explained by the author, discussed by the Members and voted on by a roll call vote. Bills that require an appropriation or that take effect immediately generally require 27 votes in the Senate and 54 votes in the Assembly to be passed. Other bills generally require 21 votes in the Senate and 41 votes in the Assembly. If a bill is defeated, the Member may seek reconsideration and another vote.

*Repeat Process in other House*

Once the bill has been approved by the house of origin, it proceeds to the other house where the procedure is repeated.

*Resolution of Differences*

If a bill is amended in the second house, it must go back to the house of origin for concurrence, which is agreement on the amendments. If agreement cannot be reached, the bill is referred to a two house conference committee to resolve differences. Three members of the committee are from the Senate and three are from

the Assembly. If the conference committee can resolve the differences, the bill is returned to both houses for a vote.

### *Governor*

If both houses approve a bill, it then goes to the Governor. The Governor has three choices. The Governor can sign the bill into law, allow it to become law without his or her signature, or veto it. A governor's veto can be overridden by a two thirds vote in both houses. Most bills go into effect on the first day of January of the next year. Urgency measures take effect immediately after they are signed or allowed to become law without signature.

### *Chaptered as Law*

Bills that are passed by the Legislature and approved by the Governor are assigned a chapter number by the Secretary of State. These Chaptered Bills (also referred to as Statutes of the year they were enacted) then become part of the California Codes and take effect on January 1<sup>st</sup> of the following year.

### Attachments:

1. Floor Analysis – SB 606
2. Floor Analysis – AB 1668
3. Legislative Calendar 2018



SENATE THIRD READING  
SB 606 (Skinner, et al.)  
As Amended September 6, 2017  
Majority vote

SENATE VOTE: 39-0

Committee	Votes	Ayes	Noes
<b>Water</b>	10-0	Eduardo Garcia, Gallagher, Chu, Friedman, Gloria, Mathis, Rubio, Salas, Berman, Nazarian	
<b>Appropriations</b>	11-5	Gonzalez Fletcher, Bloom, Bocanegra, Bonta, Calderon, Chau, Eggman, Friedman, Eduardo Garcia, Jones-Sawyer, Reyes	Bigelow, Fong, Gallagher, Gray, Obernolte

**SUMMARY:** This bill only becomes operative if both it and AB 1668 (Friedman) of the current legislative session are enacted. If both bills are enacted they would jointly create new long-term urban water use standards, as specified.

While both this bill and AB 1668 must be enacted for either, to take effect this bill contains distinct provisions on water shortage planning and water loss reporting for urban wholesale water suppliers. Additionally, this bill contains several other provisions. Specifically, **this bill:**

- 1) Jointly with AB 1668, establishes authority for the State Water Resources Control Board (SWRCB) in coordination with the Department of Water Resources (DWR) to establish long-term urban water use efficiency standards by June 30, 2021, for full implementation beginning July 1, 2026. The standards are to, among other things, include:
  - a) Requiring the long-term efficient water use standards to have a component for indoor residential water use, outdoor residential water use, outdoor irrigation of landscape areas with dedicated irrigation meters in connection with Commercial, Institutional, and Industrial (CII) water use, and a volume for water loss, as specified.
  - b) Establishing an urban water use objective as the aggregate of the efficient water use components (indoor residential, outdoor residential, outdoor irrigation of CII on a dedicated meter, and water loss) based on previous year water use and reported annually beginning July 1, 2022.
  - c) Requiring the DWR in coordination with the SWRCB to, no later than October 1, 2020, recommend guidelines and methodologies for calculating the urban water use objective. Provides that an urban retail water supplier that delivers potable reuse water may reduce the calculation of their actual urban water use by 10%.
  - d) Establishing an indoor water use standard of 55 gallons per capita daily (GPCD) until January 1, 2025. Beginning January 1, 2025, until January 1, 2030, establishes an indoor water use standard of 52.5 GPCD and beginning January 1, 2030, establishes an indoor water use standard of 50 GPCD. Establishes a process for the DWR in coordination with

the SWRCB to jointly recommend to the Legislature a standard that more appropriately reflects best practices for indoor water use that is different from the standards established in this bill.

- e) Requiring the DWR in coordination with the SWRCB to conduct studies and investigation and recommend, no later than October 1, 2020, standards for outdoor residential use for adoption by the SWRCB. Requires the DWR to provide each urban retail water supplier with data that can reasonably be applied to the standard. Authorizes an urban retail water supplier to use alternative data in calculating their outdoor water use standard if the water supplier demonstrates to the DWR that the alternative data are equivalent, or superior, to the data provided by the DWR.
  - f) Requiring the DWR in coordination with the SWRCB to conduct studies and investigations and recommend no later than October 1, 2020, performance measures for CII water use for adoption by the SWRCB.
  - g) Requiring the DWR in coordination with the SWRCB to conduct studies and investigations, and no later than October 1, 2020, recommend for adoption by the SWRCB appropriate variances for unique water uses that have an effect on the water use objective.
  - h) Authorizing the SWRCB to issue information orders on and after July 1, 2023, written notices on and after July 1, 2024, and conservation orders on and after July 1, 2024, to an urban water supplier that does not meet its urban water use objective.
  - i) Establishing liability of \$1,000 per day for a violation of orders or regulations on the long-term standards after July 1, 2026. Increases the liability to \$10,000 if there is a drought emergency declared by the Governor or during a critically dry year that is preceded by two or more below average rainfall years.
  - j) Requiring the Legislative Analyst's Office (LAO) to, on or before January 10, 2023, provide a report, as specified, evaluating the implementation of the long-term standards. Specifies that it is the intent of the Legislature that the chairperson of the SWRCB and the director of the DWR appear before the Legislature in 2025 and report, as specified, on the implementation of the long-term standards.
  - k) Specifying that nothing in the long-term urban water use efficiency standards shall be construed to determine or alter water rights.
  - l) Prohibiting the SWRCB from updating or reviewing the water use efficiency standards unless there is authorization to update the standards in separate legislation.
- 2) This bill, distinct from AB 1668, would revise Urban Water Management Planning to, among other things, include:
- a) Requiring urban water management plans (UWMPs) to include a simple lay description of the reliability of its water supplies, the agency's strategy for meeting its water needs, and other information necessary to provide a general understanding of the agency's plan.

- b) Requiring UWMPs to contain a drought risk assessment that examines water shortage risks for the driest five year historic sequence.
  - c) Requiring a Water Shortage Contingency Plan (WSCP) to include, among other things, annual water supply and demand assessment, standard water shortage levels, shortage response actions, and communication protocols and procedures.
  - d) Requiring an urban water supplier to make the WSCP available to its customers and any city or county within which it provides water supplies no later than 30 days after adoption.
  - e) Requiring an urban water supplier to conduct an annual water supply and demand assessment and submit an annual water shortage assessment report to the DWR with information for anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the supplier's water shortage contingency plan on or before June 1 of each year.
  - f) Requiring the DWR to prepare and submit to the SWRCB, by September 30 of each year, a report summarizing the submitted water supply and demand assessment results along with appropriate reported water shortage conditions developed by the DWR, and information regarding various shortage response actions implemented as a result of water supply and demand assessments.
  - g) Making an urban water supplier ineligible for a water grant or loan awarded by the state unless the urban water supplier complies with the requirements of UWMPs.
  - h) Requires, instead of authorizes, the governing body of a distributor of a public water supply to declare a water shortage emergency condition to prevail within the area served by the distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.
- 3) Include numerous other provisions, including to:
- a) This bill, distinct from AB 1668, would require the DWR in coordination with the SWRCB to conduct necessary studies and investigations and make a recommendation to the Legislature, by January 1, 2019, on the feasibility of developing and enacting water loss reporting requirements for urban wholesale water suppliers.
  - b) Define "large landscape", "performance measures", and "process water" for purposes of the standards.

**EXSITING LAW:**

- 1) Declares that because of the conditions prevailing in this state, the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that 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 for the public welfare.

- 2) Empowers the Governor to proclaim a state of emergency, including a drought state of emergency. A state of emergency proclamation allows the Governor to make, amend, and rescind orders and regulations, which have the force and effect of law.
- 3) Requires a 20% reduction in urban per capita water use on or before December 31, 2020.
- 4) Requires each urban retail water supplier to develop an urban water use target based on one of the following methods:
  - a) Water use of 80% of the urban retail water supplier's baseline per capita water use.
  - b) A water budget based on indoor use, outdoor use, and commercial, industrial and institutional uses.
  - c) Water use of 95% of the applicable state hydrologic region target.
  - d) A method developed by the DWR.
- 5) Defines "base daily per capita water use" as the average of gross water use over a period of time that is no longer than 15 continuous years and no shorter than five continuous years beginning no earlier than December 31, 1989, and ending no later than December 31, 2010. Establishes the standard period to be the 10 continuous years from December 31, 2004, through December 31, 2010. Allows five additional years for an urban water supplier that meets at least 10% of its 2008 retail demand through recycled water.
- 6) Requires every urban water supplier to prepare and adopt an urban water management plan (UWMP). Requires the UWMP be updated at least once every five years. Requires UWMPs to describe the service area of the supplier, including, in five-year increments to 20 years, current and projected population, climate, and other demographic factors affecting the supplier's water management plan. Requires UWMPs to identify and quantify existing and planned sources of water available to the supplier, in five-year increments to 20 years.
- 7) Requires the UWMPs provide an urban water shortage contingency analysis (WSCA). Requires the WSCA to include stages of action to be taken in response to water supply shortages, including up to a 50% reduction in water supply. Requires the WSCA to include an estimate of minimum water supply available during each of the next three water years based on the driest three-year historic sequence. Requires the WSCA to include mandatory prohibitions of water use.
- 8) Requires agricultural water suppliers to adopt Agricultural Water Management Plans (AWMPs). Exempts agricultural water suppliers that provide water to less than 25,000 irrigated acres from the requirement to adopt AWMPs. Makes an agricultural water supplier who does not adopt an AWMP ineligible for a water grant or loan from the state.
- 9) Requires the SWRCB to adopt rules requiring an urban retail water supplier to meet performance standards for the volume of water loss no later than July 1, 2020.

**FISCAL EFFECT:** According to the Assembly Appropriations Committee:

- 1) Increased first year costs of \$520,000 and ongoing annual costs of approximately \$300,000 to 325,000 per year for the following three years for DWR to implement water shortage

contingency plan requirements and provide required annual reports to SWRCB (General Fund (GF)).

- 2) One-time DWR GF costs of \$250,000 to conduct a feasibility study of requiring water loss reporting for urban wholesalers (GF).
- 3) Increased annual ongoing SWRCB costs of \$150,000

**COMMENTS:** California experienced the worst drought on record from 2012-2016, with the first four years estimated to be the driest four-year period in the last 450 years. While the most recent drought was historic, current climate change models predict that severe drought will become a more common occurrence.

In January of 2014, the Governor issued an executive order declaring a drought state of emergency and requesting a voluntary 20% reduction in urban potable water use. For the first time in the state's history, the Governor issued an executive order in April of 2015, requiring the State Water Resources Control Board (SWRCB) implement mandatory restrictions to achieve a 25% statewide reduction in urban potable use, over 2013 levels of use. There are approximately 410 urban water suppliers that serve approximately 90% of the population of the state.

In May of 2015, the SWRCB adopted an emergency regulation placing each urban water supplier in a conservation tier ranging between 4% and 36%. In May of 2016, the SWRCB adopted an emergency regulation that replaced the percentage reduction requirement with a localized "stress test" requiring urban water suppliers to ensure a three-year supply of water to their customers under drought conditions. For the most part, all actions associated with the 2012-2016 drought were ended when the Governor declared the drought emergency over on April 7, 2017.

The actions taken by the SWRCB in 2015 and 2016, were criticized by some, as not recognizing past efforts to use water more efficiently, supporting investments in drought resilient supply, and in some instances not being applied in a way that would produce water savings that could reasonably benefit other regions of the state. The 2016 "stress test" approach was also criticized as not being a meaningful enough step to prevent shortages should 2017 have become another dry year.

On May 9, 2016, Governor Brown signed Executive Order B-37-16 to "make water conservation a way of life" in California. Among other things, the executive order required the DWR to work with the SWRCB to develop a conservation framework. Since the executive order, five departments and agencies including the DWR and the SWRCB issued a final report on April 7, 2017, on "making water conservation a way of life" (framework).

There have been eight policy bills in the 2017 session that have been related to proposals in the framework. Additionally, there has been a budget trailer bill related to the framework.

On April 25, 2017, the Assembly Water Parks and Wildlife Committee heard and passed seven bills related to the framework. On May 16, 2017, the Assembly formed a bipartisan 10 member water working group. The working group submitted a letter on June 7, 2017, to the administration requesting the administration pursue a policy bill that include principles which the working group had developed.

In response to the letter, the administration agreed to work through the legislative policy process.

This bill and AB 1668 (Friedman) were amended with identical language on August 21, 2017. Subsequent amendments on August 29, 2017, and September 6, 2017, have refined the requirements in the long-term standards on indoor water use standards, credit of potable reuse water, public process associated with the development of the long-term standard, and have split the policy while requiring contingent enactment between this bill and AB 1668.

This bill, jointly with AB 1668, will now provide authority for long-term standards for the efficient use of water, and expressly limit that authority to the 2020-2026 UWMP planning cycle. The bill requires the standard to be a water budget based methodology. The standard is to include specific components on indoor residential water use, outdoor residential water use, outdoor irrigation of landscape areas with dedicated irrigation meters in connection with CII water use, and water loss through leaks. The bill establishes an ongoing 10% credit for delivered potable reuse of water. The bill establishes a water use objective to be the sum of the standard components as the benchmark by which urban water suppliers are measured to determine if they are meeting the standards.

The DWR and the SWRCB are required to solicit broad public participation from stakeholders in the development of the long-term standards. The bill requires a process for the inclusion of variances for water uses. The bill further requires that the development of data necessary for the development of the outdoor residential standards is reasonably accurate. The bill establishes an enforcement mechanism for the standards of civil liability and provides the SWRCB with the authority to issue information notices, written notices, and conservation orders to urban water suppliers that do not meet their water use objective.

This bill makes substantive revisions to water shortage planning required in UWMPs. Among other things, it requires each urban water supplier to have a water shortage contingency plan that is comprised of annual water supply and demand assessment, standard water shortage levels, shortage response actions, and communication protocols and procedures. The bill provides for urban water suppliers to make a determination about the reliability of their water suppliers for their water supply and demand assessment, and allows for existing plans to meet standard water shortage level requirements by including a cross-reference relating its existing categories to the standard water shortage level. The bill establishes an enforcement mechanism for compliance with water shortage contingency planning by making urban water suppliers who are not in compliance ineligible for a water grant or loan administered by the state.

This bill adds a new concept of studying the feasibility of developing and enacting water loss reporting requirements for urban wholesale water suppliers.

**Analysis Prepared by:** Ryan Ojakian / W., P., & W. / (916) 319-2096

FN: 0002339

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**SENATE COMMITTEE ON APPROPRIATIONS**

Senator Ricardo Lara, Chair  
2017 - 2018 Regular Session

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**AB 1668 (Friedman) - Water management planning****Version:** August 29, 2017**Policy Vote:** N.R. & W. 7 - 0, N.R. & W. 5  
- 2**Urgency:** No**Mandate:** No**Hearing Date:** September 15, 2017**Consultant:** Narisha Bonakdar**This bill meets the criteria for referral to the Suspense File.**

**Bill Summary:** AB 1668 requires the State Water Resources Control Board (SWRCB) and the Department of Water Resources (DWR) to adopt water efficiency regulations, outlines requirements for water suppliers, specifies penalties for violations, and makes technical, conforming changes.

**Fiscal Impact:**

- Approximately \$300,000 annually (General Fund) to SWRCB for two staff positions to develop regulations, conduct necessary outreach about regulations, administer the program, and enforce new requirements.
- Approximately \$10.6 million (General Fund) to DWR over five years for five full-time positions, contracting costs, and equipment necessary to develop the standards and performance measures, implement the reporting and compliance data management system, provide technical assistance, and develop recommendations.

**Background:**

*Current law.* The California Constitution requires that state water resources are used for their highest and best possible and that state administrators prevent waste, unreasonable use, or unreasonable methods of use of water. SB7X 7 (Steinberg, Chapter 4, Statutes of 2009, 7th Extraordinary Session) requires a 20% reduction in urban per capita water use by December 31, 2020.

*The Urban Water Management Act (Urban Act).* The Urban Act requires urban water suppliers to produce an urban water management plan (urban plan) in years ending in 0 and 5 (except for 2015, where the deadline was extended to July 1, 2016). Among other requirements, urban plans must describe and evaluate supply sources, reasonable and practical efficient uses, reclamation, and demand management activities. Plans are also to include a water shortage contingency analysis, a strategy, and an implementation schedule. Failure to submit a plan to DWR renders an urban water supplier ineligible for Proposition 204 (1996) or Proposition 13 (2000) funds.

*The Agricultural Water Management Act (Agricultural Act).* The Agriculture Act requires agricultural water suppliers with more than 10,000 irrigated acres of land to produce an agricultural water management plan (agricultural plan) in years ending in 0 and 5. Agricultural water suppliers that provide water to less than 25,000 irrigated acres are exempt unless sufficient funding is provided to that water supplier to develop the plan. Among other requirements, agricultural plans must describe and evaluate supply sources and various efficient water management practices, as specified, in addition to

an implementation schedule. An agricultural water supplier is not eligible for a water grant or loan awarded or administered by the state if out of compliance with the act.

*Making Conservation a Way of Life.* In May of 2016 Governor Edmund G. Brown Jr. signed Executive Order (B-37-16) (EO) that updated the drought emergency declaration, and directed state agencies to take specific additional actions designed to make water conservation a California way of life.

Beginning in June 2016, the administration held a series of meetings and workshops with stakeholders to develop specific proposals for implementing the EO. In April 2017, the administration released a report titled "Making Water Conservation a California Way of Life: Implementing Executive Order B-37-16." That report, often referred to as "the framework," made specific recommendations for long-term improvements to water supply management to support water conservation.

**Proposed Law:** Among other things, this bill:

1. Authorizes the superior court or SWRCB to assess a \$1,000 per day penalty assessment, or \$10,000 per day for critically dry years, for an urban retail water supplier that violates a water conservation order or regulation, as specified.
2. Requires the SWRCB, in coordination with the DWR and by June 30, 2021, to adopt standards that, combined with the standard for indoor residential water use, exceed the specified statewide declining conservation targets for:
  - a. Long-term standards for outdoor residential water use.
  - b. Outdoor irrigation with dedicated irrigation meters in connection with CII water use and adopt performance measures for CII water use.
  - c. A volume for water loss.
3. Requires the DWR, in coordination with the SWRCB, to conduct studies necessary to make any recommendations on the following by January 1, 2020:
  - a. Guidelines and methodologies for the SWRCB to adopt that identify how an urban retail water supplier calculates its urban water use objective.
  - b. Appropriate variances for unique uses that can have a material effect on an urban retail water supplier's urban water use objective.
  - c. Recommendations and guidance on countywide drought and water shortage contingency plans for small water suppliers and rural communities to the Governor and the Legislature by January 1, 2019.
4. Adds the following agricultural water suppliers to report the annual water budget on a water-year basis aided by tools DWR:
  - a. Water management objectives and the actions identify, prioritize, and implement actions to reduce water loss, improve water system management, and meet other water management objectives identified in the plan.
  - b. Quantification of the efficiency of agricultural water use within the service area using the appropriate method from "A Proposed Methodology for Quantifying the Efficiency of Agricultural Water Use."
5. Requires the agricultural water plan:
  - a. Is updated on or before April 1, 2021, and thereafter on or before April 1 in the years ending in six and one, and specifies other requirements.
6. Requires agricultural water suppliers to report the annual water budget on a water-year basis aided by tools DWR is required to supply and adds the following:

- a. Water management objectives and the actions to reduce water loss, improve water system management, and meet other water management objectives identified in the plan.
  - b. Quantification of the efficiency of agricultural water use within the service area using the appropriate method from "A Proposed Methodology for Quantifying the Efficiency of Agricultural Water Use."
7. Changes years in which DWR the report summarizing the status of the plans to years ending in 2 and 7.
  8. Makes the enactment of this bill contingent upon enactment of Senate Bill 606 (Skinner, 2017)
  9. Makes findings and declarations, defines or changes definitions, and makes conforming changes.

**Related Legislation:** SB 606 (Skinner, 2017) provides various water management and efficiency standards and reporting requirements for urban water management planning. *Pending hearing on the Assembly Floor.*

**Staff Comments:**

*DWR fiscal.* DWR indicates that implementation of this bill will require five additional staff resulting in annual costs between \$1.3 million and \$5 million. Staffing needs will vary based on the workload associated with deadlines outlined in the bill.

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# #11.

## Legislative Calendar 2018

These are key dates for the 2018 Legislative Session.

<b>Event/Deadline</b>	<b>Date</b>
New Statutes take effect:	January 1, 2018
Reconvene:	January 3, 2018
Governor's Budget Bill:	January 10, 2018
Last day for policy committees to report fiscal bills to fiscal committees:	January 12, 2018
Last day for bills to be introduced:	February 16, 2018
Spring Recess	March 23-April 1, 2018
Committee Deadline for Fiscal Bills:	April 27, 2018
Committee Deadline for Non-Fiscal Bills:	May 11, 2018
Fiscal Committee Deadline:	May 25, 2018
Last day for each house to pass bills:	June 1, 2018
Budget Deadline:	June 15, 2018
Last day to qualify for Nov. 6 Ballot:	June 28, 2018
Last day for policy committees to report fiscal bills to fiscal committees:	June 29, 2018
Last day for policy committees to report bills:	July 6, 2018
Summer Recess:	July 7-August 5, 2018
Last day for fiscal committees to report bills:	August 17, 2018
Floor session only:	August 20-31, 2018
Last day to amend on Floor:	August 24, 2018
Final Recess begins on adjournment:	August 31, 2018
Last day for Governor to sign or veto:	September 30, 2018
General Election:	November 6, 2018
Adjournment:	November 30, 2018
2019-2020 Regular Session Convenes:	December 3, 2018