



moulton niguel water district

FINANCE & INFORMATION TECHNOLOGY

BOARD OF DIRECTORS' MEETING

MOULTON NIGUEL WATER DISTRICT

27500 La Paz Road, Laguna Niguel

October 18, 2017

8:30 AM

Approximate Meeting Time: 2 Hours

THIS BOARD MEETING WILL INCLUDE TELECONFERENCING AT THE FOLLOWING LOCATION: 12025 CEDAR SHORE ROAD, ELLISON BAY, WISCONSIN

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE SEPTEMBER 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/ACTION ITEMS

4. **CONSIDERATION OF PUBLIC HEARING CONCERNING PROPOSED INCREASES AND ADJUSTMENTS TO WATER, RECYCLED WATER, AND WASTEWATER SERVICE FEES**

It is recommended that the Board of Directors direct the General Manager to determine a Public Hearing date for the consideration of the proposed water, recycled water, and wastewater rate increases and adjustments. The Public Hearing shall be held not less than 45 days after the finalized Notice of Public Hearing concerning the proposed Rate Increases and Adjustments to the Water, Recycled Water, and Wastewater Service Fees is mailed.

5. Professional Services Agreement for Direct Install Turf Replacement Program

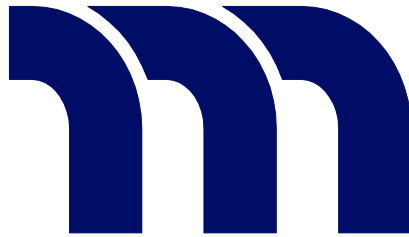
INFORMATION ITEMS

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 September 2017
7. California Water Fix Update
8. Water Usage Update
9. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
10. Late Items (Appropriate Findings to be Made)
 - a. Need to take immediate action; and
 - b. Need for action came to District's attention after Agenda Posting. [Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

ADJOURNMENT

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

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



moulton niguel water district

DRAFT

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

September 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 September 20, 2017. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair (arrived at 8:47 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
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
Carole Wayman-Piascik	MNWD

Mike Dunbar

General Manager, Emerald Bay Service District

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 AUGUST 16, 2017 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY SCOTT COLTON AND SECONDED BY DUANE CAVE, MINUTES OF THE AUGUST 16, 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

Mike Dunbar provided public comment.

DISCUSSION ITEMS

4. Fiscal Year 2017-18 Reserve Targets

Trevor Agrelius provided information on the item. Staff recommends that the Board of Directors approve the resolution entitled, "Approving Fund Transfers to Meet Reserve Targets for Fiscal Year 2017-2018 in Accordance with the District Reserve Policy." Discussion ensued regarding the reserve targets.

5. Smart Timer Program – Amendment No. 1

Drew Atwater provided details on the item. Staff recommends that the Board of Directors approve increasing the 'not-to-exceed' funding amount from \$480,113 to \$624,000 with Valley Soil, Inc. with the subcontractor of Rachio; and authorize the General Manager or Assistant General Manager to execute Amendment No. 1. Discussion ensued regarding the smart timer program.

6. Rebate Application for Turf Removal

Richard Fiore disclosed that Casa Loma Condominium Association as referenced in the staff report was a client of his firm in the past but that he sees no conflict issue with his participation. Drew Atwater provided information on the turf removal applications. Staff recommends that the Board of Directors consider the rebate applications for the identified projects without a limitation on the maximum allowable acreage for the projects and direct staff accordingly. Discussion ensued regarding the applications.

INFORMATION ITEMS

7. Monthly Financial Report

Brian Probolsky arrived at 8:47 a.m. Carole Wayman-Piasck provided the monthly financial report.

8. Water Shortage Contingency Plan Update

Drew Atwater provided a Water Shortage Contingency Plan update.

9. Rate Study Update

Joone Lopez provided a brief update about the ongoing rate study.

10. Water Usage Update

Drew Atwater provided the water usage update. The District achieved a 12 % reduction for August 2017.

11. Legislative Update

Drew Atwater provided a legislative update.

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

None.

13. Late Items (Appropriate Findings to be Made)

None.

ADJOURNMENT

The meeting was adjourned at 10:34 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary



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STAFF REPORT

TO: Board of Directors **MEETING DATE:** October 18, 2017

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

SUBJECT: Professional Services Agreement for Direct Install Turf Replacement Program

SUMMARY:

Issue: Staff requires Board authorization to enter into a two-year agreement with Tree of Life Nursery, Inc. for professional services associated with the Direct Install Turf Replacement Program.

Recommendation: It is recommended that the Board of Directors approve a two-year professional services agreement with Tree of Life Nursery, Inc. for a total not-to-exceed amount of \$603,000 for services associated with the Direct Install Turf Replacement Program; and authorize the General Manager or Assistant Manager to execute the agreement.

Fiscal Impact: Adequate funds have been included in the FY 2017-18 Fiscal Year Water Efficiency Fund operating budget.

Reviewed by Legal: Yes

BACKGROUND:

To encourage the installation of water efficient landscapes, the District participates in the Turf Removal Rebate Program (“Rebate Program”) administered through the Municipal Water District of Orange County (MWDOC). Through the Rebate Program, customers currently receive a \$2 per square foot incentive to replace turf with drought-tolerant landscaping. The Rebate Program has proven immensely popular with the District’s customers and as a result, over 5,000,000 square feet of turf have been successfully replaced within the service area.

The Rebate Program has shown to be effective at achieving water savings. In their analysis of the District’s water efficiency initiatives, UC Riverside researchers determined that Rebate Program participants saved an annual average of 45.7

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gallons per square foot of turf replaced. A recent study found that for every front-yard turf removal project incentivized through the Rebate Program, two more homes completed a turf removal project without participating in the incentive program. This trend shows a greater opportunity to encourage landscape market transformation in the District's service area by helping residents install high quality landscapes.

To increase participation in outdoor water savings programs, UC Riverside's report suggested that programs should be customer friendly. In its current form, the Turf Removal Rebate Program requires customers to submit a plant list and landscape design plan at the time they apply for the Rebate Program. Although some prefer the 'do it yourself' approach, for most customers, the process of selecting the right plants and choosing a reliable landscape designer and contractor can be overwhelming. Furthermore, Rebate Program customers currently wait ten to twelve weeks after the completion of their project to receive their rebate checks; this can present a significant financial hardship for the customer and another hurdle to participation.

Staff developed a Pilot Direct Install Turf Replacement Program ("Pilot") that simplifies the turf replacement process by providing customers with access to a network of landscape designers and contractors to support every aspect of their project needs. By providing customers with landscape design assistance and a direct install turf replacement option, the Pilot allowed the District to meet two of its outdoor efficiency programming goals in one streamlined program model. Customers may choose to complete only the landscape design portion of the program, or they can elect to complete the full program and have their design professionally installed by the District's designated contractor network.

The Pilot offered a customer-friendly application process that minimizes administrative oversight and resolves many of the programmatic issues of the Rebate Program. Additionally, staff designed the Pilot to ensure high quality landscape outcomes that achieve multiple benefits, including creating habitat for local fauna, dry weather runoff mitigation, and improved water quality of local creeks and beaches. Education is the keystone of the Program; interested parties will be required to attend a residential landscape workshop prior to applying.

The Pilot included the following components:

- Pre-Qualifying Irrigation and Site Assessment
- Landscape Design
- Turf Removal
- Landscape Installation
- Follow-up Visit to assess plant health and provide supplemental education

The District provided funding for the Pre-Qualifying Assessment, half of the customer's Landscape Design costs, and a \$2 per square foot incentive applied to total Project Costs. Participants were responsible for the remainder of the Landscape Design and total Project costs. The incentive funding for the Pilot was comparable to that of the standard Rebate Program, but provided the added benefit of Landscape

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Design. See the table below for a comparison of each program's structure and costs for a 1,000 square foot project:

Comparison of District's Costs by Program				
	Direct Install Pilot		Rebate Program	
	District Share	Cost	District Share	Cost
Pre-Qualifying Assessment, or Pre-Inspection	Full Cost	\$175	Full Cost	\$95
Landscape Design	50/50 Cost Share	\$275	Not Available	-
Turf Incentive	\$2 per square foot	\$2,000	\$2 per square foot	\$2,000
Post-Inspection	-	-	Full Cost	\$95
Total District Responsibility		\$2,450		\$2,190

The District launched the Pilot in the Spring of 2017 and selected four households to participate. Two customers successfully completed installations, one was unable to finish their project due to site restrictions, and the fourth customer will finish their project in October 2017. Due to the success of the Pilot, staff propose to expand the Pilot and launch a full-scale residential Direct Install Turf Replacement Program in late Fall of 2017.

DISCUSSION:

In July 2017, the District invited over 300 South Orange County landscape designers and contractors to participate in a pre-solicitation survey to gauge interest in the Request for Proposals (RFP) for the Direct Install Turf Replacement Program ("Program"). The District received nine completed surveys and requests from Orange County Coastkeeper and WaterWise Consulting, Inc. to receive the RFP. In total, the District issued the RFP to eleven firms and received proposals from two firms, Tree of Life Nursery, Inc. and WaterWise Consulting, Inc.

List of Firms Who Received RFP	
RFP Recipient	Status
Jodie Cook Design & Tree of Life Nursery	Submitted Proposal
WaterWise Consulting, Inc.	Submitted Proposal
Mason Marc Landscapes	Non-Responsive
Creations Landscape Designs	Incomplete Submission
Castaways Landscape	Non-Responsive
H2Xero	Declined to Participate
Newland Landscape	Non-Responsive
Orange County Coastkeeper	Declined to Participate

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Saddleback Valley Landscape	Declined to Participate
Legends in Landscape	Non-Responsive
Hamill Peter Landscape & Design	Non-Responsive

Staff reviewed proposals and selected Tree of Life Nursery, Inc. based on the comprehensiveness of their proposal, predictability of project pricing, and their long-standing commitment to education and public awareness of regionally-native, watershed-wise landscapes.

To develop a Program budget, staff evaluated the current participation rate and average turf removal area of residential customers who participated in the Rebate Program. Staff recommend a two-year agreement based on the following budget:

Monthly Participants	Average Cost Per Project	Active Months Per Year	Program Term (Years)	Total Budget
15	\$2,512.50	8	2	\$603,000.00

Based on the details provided above, a two-year agreement should accommodate 240 of the District's residential customers. Staff recommend the Board authorize the General Manager or Assistant General Manager to execute a two-year agreement with Tree of Life Nursery, Inc. for a not-to-exceed amount of \$603,000.

Attachments: Agreement with Tree of Life Nursery

**AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN
MOULTON NIGUEL WATER DISTRICT AND [INSERT COMPANY]
MNWD PROJECT: DIRECT INSTALL TURF REPLACEMENT PROGRAM
CONTRACT NO. [INSERT NO.]**

THIS AGREEMENT (the "Agreement") is dated as of _____, 2017, by and between [INSERT COMPANY], hereinafter referred to as the "CONSULTANT" and Moulton Niguel Water District hereinafter referred to as "MNWD." MNWD and CONSULTANT may sometimes be referred to in this Agreement individually as "party" and together as "parties."

RECITALS

CONSULTANT proposes to provide design and construction services to MNWD for the Direct Install Turf Replacement Program (the "Project"). The scope of work to be performed by CONSULTANT under this Agreement is described in **Exhibit A** hereto, which is incorporated herein (the "Scope of Work").

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

AGREEMENT

SECTION I - CONSULTING SERVICES, AUTHORIZATION

Section 1.1 CONSULTANT proposes to perform those services which are described in the Scope of Work ("Services"). CONSULTANT shall provide all labor, materials, tools, equipment, supplies, utilities and transportation required to perform the Services, subject to compliance with the Agreement requirements, and complete all Services in a thorough, professional manner in accordance with generally accepted professional engineering practices and principles, and to the satisfaction of MNWD. CONSULTANT shall have the sole and absolute discretion in determining the methods, details and means of performing the Services, and MNWD shall not have any right to direct the methods, details and means of the Services, provided that CONSULTANT must receive prior written approval from MNWD before using any subconsultants. In performing the Services under this Agreement, CONSULTANT shall observe and abide by the terms and conditions of all applicable laws, regulations, ordinances, or other rules of the United States, of the State of California, or any political subdivisions thereof, or of any other duly constituted public authority or agency including but not limited to MNWD.

Section 1.2 CONSULTANT acknowledges and agrees that MNWD does not guarantee any minimum or maximum amount of Services and MNWD may use other Consultants for the Services in its sole discretion.

Section 1.3 MNWD may request or CONSULTANT may recommend, that CONSULTANT perform work in addition to or different from that delineated in the original Scope of Work, or delete services from the Scope of Work. Upon MNWD's request for additional or changed work, CONSULTANT shall provide a cost estimate and written description of the additional or changed work. Prior to any such addition, changes, or deletion to the Scope of Work, MNWD and CONSULTANT shall negotiate an adjustment of the compensation and time for completion and shall execute a written addendum to this Agreement. Upon execution of each addendum, (i) the Scope of Work shall thereafter be as described in **Exhibit A**, respectively, as modified by

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the addendum and any previously executed addendum; and (ii) the time for completing the work shall be as set forth in the addendum. Following execution of any addendum, all terms and provisions of the Agreement, except as expressly modified by such addendum, shall remain in full force and effect. MNWD will not be required to pay for any additional or changed work rendered in advance of the execution of an addendum covering the additional or changed work.

Section 1.4 CONSULTANT agrees to complete the work described in the Scope of Work within the time periods set forth in the Scope of Work. CONSULTANT agrees to coordinate the work to ensure its timely completion and shall promptly notify MNWD of any anticipated delays or causes or casualties beyond CONSULTANT'S control which may affect the work schedule. In the event the time for completing the Scope of Work is projected to be exceeded due to circumstances beyond the control of CONSULTANT, CONSULTANT shall have an additional amount of time to be agreed upon in writing between the parties pursuant to Section 1.3 and an executed addendum, in which to complete the work. CONSULTANT shall not begin work on any services pursuant to this Agreement until receipt of MNWD'S written direction to proceed. Upon receipt of such notice, CONSULTANT shall immediately commence the work described in **Exhibit A**.

Section 1.5 CONSULTANT'S Project Manager for this Project shall be _____. Any sub-consultants CONSULTANT proposes to use are subject to prior written approval by MNWD. Without prior written approval of MNWD, CONSULTANT will not make any changes in CONSULTANT'S Project Manager, in consultants, in outside labor arrangements, or associations or joint ventures which are required to accomplish any part of the Scope of Work. CONSULTANT is responsible to MNWD for the acts and omissions of its sub-consultants as it is for persons directly employed by CONSULTANT. Nothing contained in this Agreement creates any contractual relationship between any sub-consultant and MNWD. CONSULTANT shall not allow any sub-consultant to commence work or services under any subcontract until all insurance required of CONSULTANT has been obtained for the sub-consultant.

Section 1.6 MNWD shall make available to CONSULTANT at no cost all technical data in MNWD's possession, including maps, past reports, prior studies, prior plan operating data, and other information reasonably required by CONSULTANT and relating to the work to be performed under this Agreement. CONSULTANT will furnish to MNWD the agreed upon number of reports and supporting documents. These instruments of service are furnished for MNWD's use in connection with the project or work provided for in this Agreement and shall become MNWD's property upon receipt. All documents and information generated by CONSULTANT pursuant to this Agreement shall remain confidential and shall not be copied, distributed, or otherwise provided or referenced by CONSULTANT to any third parties other than with MNWD's written consent, or as compelled by order of court. All original drawings and other documents, including detailed calculations developed for the Project shall, upon payment in full for the services described in this Agreement or as otherwise provided in SECTION V herein, be furnished to and become the property of MNWD. CONSULTANT may retain a copy of all reports and documents for their files.

SECTION II - COMPENSATION

Section 2.1 In consideration for providing the Services referred to in SECTION I herein, MNWD agrees to compensate CONSULTANT for such Services in accordance with the Schedule of Charges set forth in **Exhibit B**. In no event shall the total amount paid for services rendered by CONSULTANT pursuant to Exhibit A exceed the sum of **[INSERT WRITTEN AMOUNT]** (\$**[INSERT NUMERICAL AMOUNT]**) ("Contract Amount") without the written approval of MNWD.

Section 2.2 [reserved]

Section 2.3 The Contract Amount shall include all business expenses that CONSULTANT may incur while providing the services save for travel expenses approved in advance by MNWD which shall be reimbursed by MNWD pursuant to the payment procedures set forth herein.

Section 2.4 Monthly progress payments will be made based on submittal of invoices by CONSULTANT. Invoices will include the number of hours worked by various labor categories, the hourly billing rate per individual if applicable, and the total amount due. Only one bill per month shall be submitted by CONSULTANT.

SECTION III - WARRANTY

Section 3.1 In performing services under this Agreement, CONSULTANT shall observe and abide by the terms and conditions of all applicable laws, regulations, ordinances, or other rules of the United States, of the State of California, or any political subdivisions thereof, or of any other duly constituted public authority or agency including but not limited to MNWD.

Section 3.2 CONSULTANT's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

Section 3.3 CONSULTANT hereby warrants that materials and work shall be completed in conformance with the Agreement and that the materials and work provided will fulfill the requirements of this Warranty. CONSULTANT hereby agrees to repair or replace any or all work that may prove to be defective in its workmanship, materials furnished, methods of installation or fail to conform to the Agreement requirements together with any other work which may be damaged or displaced by such defect(s) within a period of one (1) year from the date of the Notice of Completion of the Project without any expense whatever to MNWD, ordinary wear and tear and unusual abuse and neglect excepted. CONSULTANT shall be required to promptly repair or replace defective equipment or materials, at CONSULTANT'S option. All costs associated with such corrective actions and testing, including the removal, replacement, and reinstatement of equipment and materials necessary to gain access, shall be the sole responsibility of CONSULTANT.

Section 3.4 Nothing in this Warranty or in the Agreement shall be construed to limits the rights and remedies available to MNWD at law or in equity, including, but not limited to, Code of Civil Procedure Section 337.15.

SECTION IV - INSURANCE AND INDEMNIFICATION

Section 4.1 Professional Liability Insurance. CONSULTANT and each of its sub-consultants shall maintain throughout the term of this Agreement a professional liability (errors and omissions) policy of insurance having coverage of not less than One Million Dollars (\$1,000,000) for each claim and in annual aggregate.

Section 4.2 General/ Automobile Liability Insurance. CONSULTANT and each of its sub-consultants shall maintain throughout the term of this Agreement a general liability policy of insurance for bodily injury and/or death, personal injury and property damage claims which may arise from or in connection with the performance of the work under this Agreement by

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CONSULTANT and its sub-consultants, and each of their agents, representatives, or employees. Such public liability and property damage insurance (which shall cover claims, injury, death, loss or damage or accidents from the use or operation of any automobiles, trucks and/or other mobile or stationary equipment, whether owned, non-owned or hired) shall be comprehensive in form and shall be on a "per occurrence" basis in a minimum amount of One Million Dollars (\$1,000,000) per occurrence and an annual aggregate limit in a minimum amount at least twice the per occurrence limit specified in this section.

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

Section 4.3 Worker's Compensation. By its signature hereunder, CONSULTANT certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that CONSULTANT will comply with such provisions before commencing the performance of work under this Agreement. CONSULTANT and sub-consultants shall maintain throughout the term of this Agreement workers' compensation insurance with limits no less than the statutory limits, and Employer's Liability insurance with limits no less than One Million Dollars (\$1,000,000) per accident and per disease for their employees and shall file with the MNWD the certificate required by Labor Code Section 3700. The workers compensation/Employer's Liability insurance shall be endorsed with a waiver of subrogation in favor of MNWD and its' directors, officers, employees and representatives.

Section 4.4 Requirements of All Policies. All policies of insurance required under this Section 4 shall be from insurance providers who are either admitted or licensed to do business in California, or are Surplus Lines Carriers authorized to do business in California, and who have financial size and ratings of no less than A-, Class XIII, and in either case are otherwise acceptable to MNWD. All such policies shall include a provision and executed endorsement for thirty (30) days prior written notice by certified mail, return receipt requested, to MNWD of any cancellation or material alteration of such insurance. CONSULTANT shall provide original certificates and endorsements for all such insurance on forms approved by MNWD in conformity with all requirements of this Agreement prior to commencement of any work or professional services. The policies required hereunder shall be endorsed to include contractual liability.

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

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

Section 4.5 Indemnity.

(a) To the fullest extent permitted by law, CONSULTANT shall defend (with counsel reasonably approved by MNWD), indemnify and hold MNWD, and its officials, officers, employees, agents and designated volunteers free and harmless from any and all claims, demands, causes of action, suits, actions, proceedings, costs, expenses, liability, judgments, awards, decrees, settlements, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, (collectively, "Claims") in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of CONSULTANT, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the CONSULTANT'S services, the Project or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses, including but not limited to legal costs and expenses incurred by the in connection with any Claim or in enforcing the indemnity herein provided. Notwithstanding the foregoing, to the extent CONSULTANT'S services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that allegedly arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT.

(b) In any and all claims against the indemnified parties by any employee of the CONSULTANT, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the CONSULTANT, or any subcontractor, or other person under workers' compensation acts, disability benefit acts, or other employee acts.

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

SECTION V – CALIFORNIA LABOR CODE REQUIREMENTS

Section 5.1 Prevailing Wages.

(a) CONSULTANT is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. If the services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, CONSULTANT agrees to fully comply with and to require its consultants to fully comply with such Prevailing Wage Laws. MNWD has obtained the prevailing wage rates from the Director of the Department of Industrial Relations, State of California. Copies of the prevailing wage rates are on file at MNWD's office and shall be made available to any interested party on request. The CONSULTANT shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to perform the Project available to interested parties upon request, and shall post copies at the CONSULTANT'S principal place of business and at the Project site. CONSULTANT shall defend, indemnify and hold MNWD, its elected officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure of the CONSULTANT or its consultants to

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comply with the Prevailing Wage Laws.

(b) Pursuant to Labor Code Section 1775, CONSULTANT is hereby advised that in the event that CONSULTANT fails to pay prevailing wages, CONSULTANT will be held liable for penalties and for shortfalls in wages and such amounts may be withheld from progress payments. CONSULTANT and each subcontractor shall forfeit as a penalty to MNWD not more than two hundred dollars (\$200) for each Day, or portion thereof, for each worker paid less than the stipulated prevailing wage rate for any work done by him, or by any subcontract under him, in violation of the provisions of the Labor Code. The difference between such stipulated prevailing wage rate and the amount paid to each worker for each Day or portion thereof for which each worker was paid less than the stipulated prevailing wage rate shall be paid to each worker by CONSULTANT.

5.2 Labor Compliance/Payroll Records.

(a) Pursuant to Labor Code Section 1776, CONSULTANT and each subcontractor shall maintain weekly certified payroll records showing the name, address, social security number, work classification, straight time and overtime hours paid each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker or other employee employed in connection with the Project. CONSULTANT shall certify under penalty of perjury that records maintained and submitted by CONSULTANT are true and accurate. CONSULTANT shall also require subcontractor(s) to certify weekly payroll records under penalty of perjury.

(b) In accordance with Labor Code section 1771.4, CONSULTANT and each subcontractor shall furnish the certified payroll records directly to the Department of Industrial Relations ("DIR") on a weekly basis and in the format prescribed by the DIR. This may include electronic submission. CONSULTANT shall ensure full compliance with all requirements and regulations from the DIR relating to labor compliance monitoring and enforcement and all other applicable labor law.

(c) If not subject to paragraph (b), above, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement ("DLSE") of the DIR.

(d) In the event of noncompliance with the requirements of this Section, CONSULTANT shall have ten (10) Days in which to comply subsequent to receipt of written notice specifying any item or actions necessary to ensure compliance with this Article. Should noncompliance still be evident after such ten (10) day period, CONSULTANT shall, as a penalty to MNWD, forfeit One Hundred Dollars (\$100.00) for each day, or portion thereof, for each worker until strict compliance is effectuated. Upon the request of DIR, such penalties shall be withheld from contract payments.

(e) In submitting the Proposal on this Project, it shall be CONSULTANT'S sole responsibility to evaluate and include the cost of complying with all labor compliance requirements under this Agreement and applicable law in its Proposal.

(f) CONSULTANT stipulates that it shall comply with all applicable wage and hour laws, including, without limitation, Labor Code § 1813.

Section 5.3 Apprentices. CONSULTANT'S attention is directed to the provisions of Sections 1777.5, 1777.6, and 1777.7 of the Labor Code concerning employment of apprentices by the CONSULTANT or any subcontractor. CONSULTANT shall obtain a certificate of apprenticeship before employing any apprentice pursuant to Sections 1777.5, 1777.6, and 1777.7 of the Labor

Code. Information relative to apprenticeship standards, wage schedules, and other requirements may be obtained from the DIR, the Administrator of Apprenticeships, San Francisco, California, or from the Division of Apprenticeship Standards and its branch offices.

Section 5.4 Public Works Contractor Registration. Pursuant to Labor Code sections 1725.5 and 1771.1, CONSULTANT and its subcontractors must be registered with the Department of Industrial Relations (DIR) at the time of the proposal. By entering into this Agreement, CONSULTANT represents that it is aware of the registration requirement and is currently registered with the DIR. CONSULTANT shall maintain a current registration for the duration of the Project. CONSULTANT shall further include the requirements of Labor Code sections 1725.5 and 1771.1 in any subcontract and ensure that all subcontractors are registered at the time this Agreement is entered into and maintain registration for the duration of the Project.

Section 5.5 Workers' Compensation. Pursuant to Labor Code section 1860, CONSULTANT shall secure the payment of workers' compensation to its employees in accordance with the provisions of Labor Code section 3700. Prior to commencement of Work, CONSULTANT shall sign and file with MNWD the following certification:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

Section 5.6 Debarment of Contractors and Subcontractors. Contractors or subcontractors may not perform work on a public works project with a subcontractor who is ineligible to perform work on a public project pursuant to Labor Code Section 1777.1 or 1777.7. Any contract on a public works project entered into between a contractor and a debarred subcontractor is void as a matter of law. A debarred subcontractor may not receive any public money for performing work as a subcontractor on a public works contract. Any public money that is paid, or may have been paid to a debarred subcontractor by a contractor on the project shall be returned to the District. CONSULTANT shall be responsible for the payment of wages to workers of a debarred subcontractor who has been allowed to work on the Project.

Section 5.7 Nondiscrimination/Equal Employment Opportunity. Pursuant to Labor Code Section 1735 and other applicable provisions of law, CONSULTANT and its subcontractors shall not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, or any other classifications protected by law on this Project. CONSULTANT will take affirmative action to insure that employees are treated during employment or training without regard to their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, sexual orientation, or any other classifications protected by law.

SECTION VI – TERM

The term of this Agreement shall commence upon the Execution Date and shall remain in effect for a period of **three (3)** years thereafter, unless otherwise terminated by either party pursuant to Section VII herein.

SECTION VII - TERMINATION OR ABANDONMENT

This Agreement may be terminated in whole or in part in writing by MNWD provided that no

#5.

such termination may be effected unless the CONSULTANT is given not less than ten (10) calendar day's written notice (deliver by certified mail, return receipt requested) of intent to terminate. Additionally, MNWD may suspend performance by CONSULTANT of any or all services listed in the Scope of Work under this Agreement by providing written notice to CONSULTANT at least five (5) working days prior to the date on which MNWD wishes to suspend; provided, upon receipt of such notice, CONSULTANT shall immediately suspend any work or services hereunder, unless otherwise instructed by MNWD in such notice.

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

In the event of any suspension or termination herein, MNWD shall have the right to take possession and shall immediately own all original drawings and other documents developed for that portion of the work completed and/or being suspended or abandoned.

SECTION VIII - GENERAL

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

Section 8.2 This Agreement represents the entire understanding of MNWD and CONSULTANT as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be amended, modified or altered except in writing, signed by the parties. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared it.

Section 8.3 Books, documents, papers, accounting records, and other evidence pertaining to costs incurred under this Agreement shall be maintained by CONSULTANT and made available at all reasonable times during the contract period and for four (4) years from the date of final payment under this Agreement for inspection by MNWD.

Section 8.4 Pursuant to Public Contract Code Section 9201, MNWD shall provide CONSULTANT with timely notification of the receipt of any third-party claims relating to the Agreement. MNWD is entitled to recover reasonable costs incurred in providing such notification.

Section 8.4 Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four (4) years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within ten (10) years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

Section 8.4 Any notice required or permitted to be given hereunder if not otherwise specified herein may be given or delivered by depositing the same in the United States Post Office, registered or certified, postage prepaid, or by personal service a hand delivery, and addressed to:

To MNWD - Attn:

To CONSULTANT - Attn:

Section 8.5 California law shall govern the interpretation of this Agreement. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure 394.

Section 8.6 In the event an action is commenced by either party to enforce its rights or obligations arising from this Agreement, the prevailing party in such action, in addition to any other relief and recovery awarded by the court, shall be entitled to recover all costs and expenses, including court costs, plus a reasonable amount for attorney's fees.

Section 8.7 If any section of this Agreement or provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

Section 8.8 It is expressly understood and agreed that CONSULTANT is an independent contractor and not an employee of MNWD while engaged in carrying out this Agreement. CONSULTANT warrants that it will not represent, at any time or in any manner, that CONSULTANT is an employee or agent of MNWD. CONSULTANT shall have no authority to, and shall not, incur any debt, obligation or liability on behalf of MNWD.

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this ____ day of _____, 2017.

Moulton Niguel Water District

#5.

By: _____
Joone Lopez
General Manager

CONSULTANT – [insert name]

By: _____
Title: _____

EXHIBIT "A"
SCOPE OF WORK

EXHIBIT "B"

#5.

COMPENSATION

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
October 18, 2017

Unaudited results of operations for the two months ended August 31, 2017, are summarized below.

Total operating revenues were \$10.5 million for the two months, which came in at 17% of the budget. Total operating expenses ended at \$11.7 million, which amounted to 16% of the approved budget. Total Net Income (Loss) for the two months ended was (\$2.9) million.

The District typically receives its share of property taxes from the County during the months of December and April of each fiscal year. The property tax budget for Fiscal Year 2017-18 is \$27.6 million, or approximately 30% of total budgeted revenues.

Investment income ended at \$0.9 million for the two months, \$0.4 million of which has been realized through actual receipt of interest. That \$0.4 million realized balance is approximately twice the amount received during the same two month period last year.

The District currently has \$6.8 million available in the Water Efficiency Fund for new projects, rebate applications or additional programs. The remaining fund balance takes into account \$0.7 million in water efficiency program commitments already approved by the Board.

The District's prepaid expense balance of \$1.7 million is 170% higher as compared to the unaudited balance at June 30, 2017. The District paid for a variety of annual services and memberships during the month of July each Fiscal Year, and will recognize one twelfth of those expenses during each month of the year. The District expects the prepaid expenses balance to continue to trend lower for the remainder of the year.

All District fiscal agent reserves are properly funded and meet the reserve requirements in the bond indentures. The portfolio maintains a very secure AA+ average credit rating. Many of the annual debt service payments occur on September 1st of each year, so as of August 31st, the District transferred additional funds into those accounts to satisfy the payment requirements, in accordance with the District approved budget. The payment towards the 2010 Certificates of Participation will be the final payment related to that issuance.

The Board has established a target reserve level of \$66.9 million, and as of August 31, 2017, the District held \$66.9 million in reserves, down from \$74.7 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. The District also holds \$30.7 million in the designated Funds for the Capital Improvement Projects, up from \$25.2 million at June 30, 2017.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Two Months Ended August 31, 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
ALL FUNDS					
Operating Revenues					
Water Sales	\$ 5,199,660	\$ 4,887,613	\$ 29,909,274	\$ 24,709,613	17%
Recycled Water Sales	1,240,173	1,257,404	5,462,967	4,222,794	23%
Sewer Sales	3,472,403	3,277,773	21,413,568	17,941,165	16%
Water Efficiency	542,283	1,448,453	3,335,112	2,792,828	16%
Other Operating Income	87,904	52,420	516,900	428,996	17%
A Total Operating Revenue	10,542,423	10,923,663	60,637,821	50,095,397	17%
Operating Expenses					
Salaries	2,179,734	1,887,678	13,181,187	11,001,454	17%
PERs Employer Contributions	301,761	253,059	1,903,162	1,601,401	16%
Defined Contribution 401A	34,412	27,786	230,127	195,716	15%
Educational Courses	1,025	2,780	72,253	71,228	1%
Travel & Meetings	29,515	35,826	329,651	300,136	9%
Recruitment & Employee Relations	8,398	7,697	81,250	72,852	10%
General Services	20,967	26,874	517,820	496,853	4%
Annual Audit	1,050	-	50,000	48,950	2%
Member Agencies O&M	89,418	175,854	793,341	703,923	11%
Dues & Memberships	13,838	18,942	125,175	111,337	11%
Consulting Services	332,783	96,874	2,525,400	2,192,617	13%
Equipment Rental	12,775	1,937	62,000	49,225	21%
District Fuel	27,918	24,907	270,000	242,082	10%
Insurance - District	60,576	59,159	402,420	341,844	15%
Insurance - Personnel	56,491	48,783	393,422	336,931	14%
Insurance - Benefits	444,462	367,025	3,023,763	2,579,302	15%
Legal Services - Personnel	175	7,300	50,000	49,825	0%
Legal Services - General	58,536	0	350,000	291,464	17%
District Office Supplies	53,453	41,402	725,151	671,698	7%
District Operating Supplies	49,392	60,076	444,788	395,396	11%
Repairs & Maintenance - Equipment ¹	178,330	125,841	695,669	517,339	26%
Repairs & Maintenance - Facilities	347,938	474,120	3,725,857	3,377,920	9%
Safety Program & Compliance Requirements	47,149	41,503	282,165	235,016	17%
Wastewater Treatment ²	1,797,197	1,855,839	10,752,352	8,955,154	17%
Special Outside Assessments	26,419	25,186	251,641	225,223	10%
Utilities	396,234	377,200	2,281,900	1,885,666	17%
Water Purchases	5,072,525	5,136,610	26,710,799	21,638,274	19%
Meter / Vault Purchases	7,611	1,604	440,000	432,389	2%
Water Efficiency	18,465	12,832	2,885,000	2,866,535	1%
Other Operating Expenses	-	349,576	-	-	n/a
B Total Operating Expenses	11,668,547	11,544,271	73,556,294	61,887,747	16%
A-B Operating Income (Loss)	(1,126,124)	(620,608)	(12,918,474)	(11,792,350)	9%
Non-Operating Revenues (Expenses)					
Property Tax Revenue	42,129	40,527	27,581,361	27,539,232	0%
Investment Income ³	882,834	(263,967)	2,354,217	1,471,382	38%
Property Lease Income	306,999	293,640	1,723,533	1,416,534	18%
Interest Expense	(853,816)	(914,874)	(5,201,569)	(4,347,753)	16%
Misc. Non-Operating Income (Expense) ⁴	770,957	930,116	3,004,247	2,233,290	26%
Capacity/Demand Offsets Fees ⁵	144,141	-	390,198	246,057	37%
C Total Non-Operating Revenue (Expenses)	1,293,244	85,443	29,461,788	28,168,544	4%
A-B+C Change in All Funds	\$ 167,120	\$ (535,165)	\$ 16,543,314	\$ 16,376,194	
Other Non Cash Expenses					
Depreciation	3,074,662	2,921,952	-	(3,074,662)	n/a
D Total Change in Net Position	\$ (2,907,541)	\$ (3,457,117)	\$ 16,543,314	\$ 19,450,856	

Note: Totals may not sum due to rounding.

- The District performed routine scheduled maintenance on multiple vehicles at the beginning of the Fiscal Year.
- The District paid its 1st Q bill for SOCWA, including PC 15 Operations & Maintenance, for July - September.
- Investment income is comprised of realized income of \$417,062 and unrealized income (loss) of \$465,772.
- The District received \$665,670 related to the first semi-annual 2009 COPs Federal Subsidy payment.
- The District received over \$100k in Capacity fees related to the Broadstone North Getty Gateway project.

#6.b.

**Moulton Niguel Water District
All Funds - Budget Comparison Report
Two Months Ended August 31, 2017
Legal Services - General**

Firm	Water Use		Capital ⁷	Total
	General ⁶	Efficiency ⁶		
Best Best & Krieger LLP	\$ 58,536	\$ -	\$ 1,830	\$ 60,366
Budget Amount	300,000	50,000	-	350,000
Budget Balance	\$ 241,464	\$ 50,000	n/a	\$ 291,464

Note: Totals may not sum due to rounding.

6. Legal Services - General on the previous page is made up of the General balance of \$58,536 and the \$0 Water Use Efficiency balance, for a total of \$58,536.

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 ⁸	\$ 5,500	\$ 5,500	-
West Yost Associates ⁹	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
Two Months Ended August 31, 2017

	1	2	=1-2	=2/1
Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND				
<u>Operating Revenues</u>				
Water Sales	\$ 29,909,274	\$ 5,199,660	\$ 24,709,614	17%
Recycled Water Sales	5,462,967	1,240,173	4,222,794	23%
Sewer Sales	21,413,568	3,472,403	17,941,165	16%
Other Operating Income	516,900	87,904	428,996	17%
A Total Operating Revenue	57,302,709	10,000,140	47,302,569	17%
<u>Operating Expenses</u>				
Salaries	12,205,909	2,049,152	10,156,757	17%
PERs Employer Contributions	1,804,882	284,960	1,519,923	16%
Defined Contribution 401A	213,638	32,176	181,462	15%
Educational Courses	69,753	1,025	68,728	1%
Travel & Meetings	304,451	28,091	276,360	9%
Employee Relations	81,250	8,398	72,852	10%
General Services	517,820	20,967	496,853	4%
Annual Audit	50,000	1,050	48,950	2%
Member Agencies O&M	793,341	89,418	703,923	11%
Dues & Memberships	124,675	12,838	111,837	10%
Consulting Services	1,425,400	152,251	1,273,149	11%
Equipment Rental	62,000	12,775	49,225	21%
District Fuel	270,000	27,918	242,082	10%
Insurance - District	402,420	60,576	341,844	15%
Insurance - Personnel	370,102	54,239	315,863	15%
Insurance - Benefits	2,836,557	418,177	2,418,380	15%
Legal Services - Personnel	50,000	175	49,825	0%
Legal Services - General	300,000	58,536	241,464	20%
District Office Supplies	446,951	38,550	408,401	9%
District Operating Supplies	444,788	49,392	395,396	11%
Repairs & Maintenance - Equipment ¹	693,169	178,330	514,839	26%
Repairs & Maintenance - Facilities	3,725,857	347,938	3,377,920	9%
Safety Program & Compliance Requirements	280,415	46,301	234,114	17%
Wastewater Treatment ²	10,752,352	1,797,197	8,955,155	17%
Special Outside Assessments	251,641	26,419	225,223	10%
Utilities	2,281,900	396,234	1,885,666	17%
Water Purchases	26,336,456	5,072,525	21,263,931	19%
Meter / Vault Purchases	440,000	7,611	432,389	2%
B Total Operating Expenses	67,535,729	11,273,219	56,262,510	17%
A-B Operating Income (Loss)	(10,233,020)	(1,273,079)	(8,959,941)	12%
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	27,581,361	42,129	27,539,232	0%
Investment Income	2,256,279	306,073	1,950,206	14%
Property Lease Income	1,723,533	306,999	1,416,534	18%
Misc. Non-Operating Income ³	3,004,247	711,180	2,293,067	24%
Capacity Fees ⁴	340,198	108,063	232,135	32%
C Total Non-Operating Revenue (Expenses)	34,905,618	1,474,444	33,431,174	4%
A-B+C Change in General Fund	\$ 24,672,598	\$ 201,365	\$ 24,471,233	5%
<u>Other Non Cash Expenses</u>				
Depreciation	-	3,074,662	(3,074,662)	n/a
D Total Change in Net Position	\$ 24,672,598	\$ (2,873,296)	\$ 27,545,894	

Note: Totals may not sum due to rounding.

1. The District performed routine scheduled maintenance on multiple vehicles at the beginning of the Fiscal Year.

2. The District paid its 1st Q bill for SOCWA, including PC 15 Operations & Maintenance, for July - September.

3. The District received \$665,670 related to the first semi-annual 2009 COPs Federal Subsidy payment.

4. The District received over \$100k in Capacity fees related to the Broadstone North Getty Gateway project.

#6.b.

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Two Months Ended August 31, 2017

	1	2	=1-2	=2/1	
Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget	
WATER EFFICIENCY FUND					
Projected Operating Revenue					
Water Efficiency	\$ 3,335,112	\$ 542,283	\$ 2,792,828	16%	
A	Projected Total Operating Revenue	3,335,112	542,283	16%	
Projected Operating Expenses					
Labor	1,300,574	178,156	1,122,418	14%	
Educational Courses	2,500	-	2,500	0%	
Travel & Meetings	25,200	1,425	23,775	6%	
Dues & Memberships ¹	500	1,000	(500)	200%	
Consulting Services	1,100,000	180,532	919,468	16%	
Legal Services	50,000	-	50,000	0%	
Conservation supplies	278,200	14,902	263,298	5%	
Repairs and Maintenance - Equipment	2,500	-	2,500	0%	
Water Efficiency	2,885,000	18,465	2,866,535	1%	
B	Projected Total Operating Expenses	5,644,474	394,480	7%	
A-B	Projected Operating Income (Loss)	(2,309,362)	147,803	(2,457,165)	-6%
Projected Non-Operating Revenue					
Demand offset fees	50,000	36,078	13,922	n/a	
Investment Income	97,937	57,609	40,328	59%	
C	Projected Total Non-Operating Revenue	147,937	93,688	54,250	63%
A-B+C	Projected Change in Water Efficiency Fund	\$ (2,161,424)	\$ 241,491	\$ (2,402,915)	

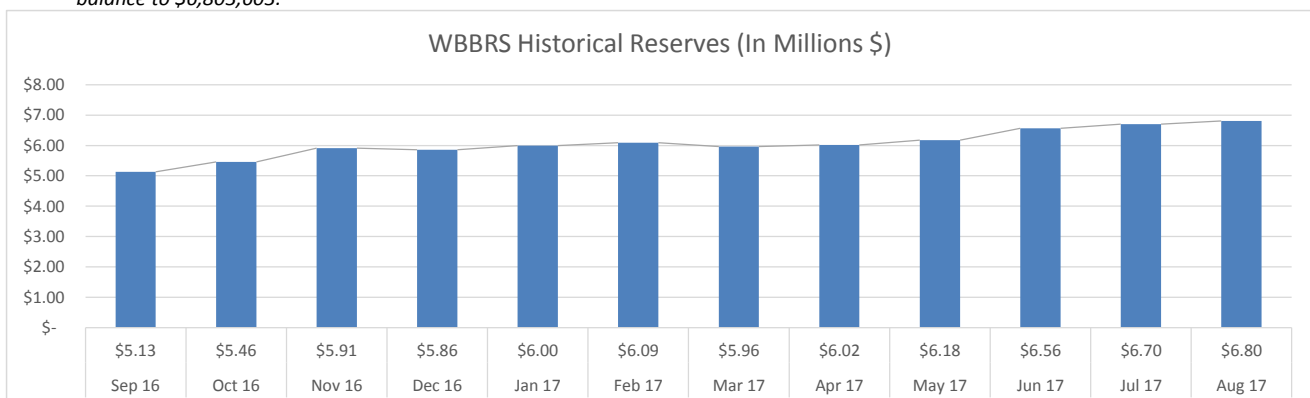
Note: Totals may not sum due to rounding.

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

Water Efficiency Available Net Position ²

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)	241,491	(2,402,915)
Project Commitments		(696,254)	
Fund Net Position, Two Months Ended August 31, 2017	\$ 5,096,941	\$ 6,803,603	

2. In addition to realized expenditures, there is approximately \$696,254 in project commitments, reducing the available WBBRS reserve balance to \$6,803,603.



MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited) August 31, 2017	(Unaudited) June 30, 2017
CURRENT ASSETS:		
Cash and investments	\$ 29,482,265	\$ 34,380,673
Restricted cash and investments with fiscal agent	12,984,852	7,886,334
Accounts receivables:		
Water and sanitation charges	3,442,479	3,742,510
Taxes and acreage assessments	-	333,100
Grant Reimbursements	179,628	179,628
Other accounts receivable	309,150	331,365
Interest receivable	482,402	634,132
Inventory	965,015	975,276
Prepaid expenses	1,686,613	626,833
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	49,532,404	49,089,851
	<hr/>	<hr/>
NONCURRENT ASSETS:		
Investments	81,515,003	83,860,499
Retrofit loans receivable	534,319	539,940
Capital assets, net of accumulated depreciation	346,740,737	349,641,085
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	45,953,087	44,848,592
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	475,835,056	479,982,026
	<hr/>	<hr/>
TOTAL ASSETS	525,367,460	529,071,877
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	622,224	658,585
Deferred Items related to Pension	3,948,939	3,948,939
	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOW OF RESOURCES	4,571,163	4,607,524
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$	529,938,623	\$ 533,679,401
	<hr/> <hr/>	<hr/> <hr/>

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

	(Unaudited) August 31, 2017	(Unaudited) June 30, 2017
CURRENT LIABILITIES:		
Accounts payable	\$ 7,005,419	\$ 7,507,644
Interest payable	2,496,633	1,760,661
Compensated absences	817,432	749,157
Current portion of long-term debt:		
Bonds payable	1,275,000	1,275,000
Loans Payable	965,358	2,032,109
Certificates of participation	1,925,000	1,925,000
	14,484,842	15,249,571
 LONG-TERM LIABILITIES		
Compensated absences	272,477	249,719
Long-term debt:		
Bonds payable	15,095,000	15,095,000
Loans payable	6,660,907	6,660,907
Certificates of participation	60,000,000	60,000,000
Net Pension Liability	17,581,392	17,581,392
	99,609,776	99,587,018
Bond Discount/Premium	1,887,932	1,979,199
	115,982,550	116,815,787
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	2,080,309	2,080,309
	2,080,309	2,080,309
 NET POSITION:		
Net investment in capital assets	306,598,762	307,272,958
Restricted for capital projects	133,554	291,818
Unrestricted	105,143,449	107,218,529
	411,875,764	414,783,305
 TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 529,938,623	\$ 533,679,401

Note: Totals may not sum due to rounding.

**MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of August 31, 2017**

	Reserve Requirement	(Unaudited) Balance 8/31/2017	Over (Under) Requirement	(Unaudited) Balance 6/30/2017
<u>Restricted Cash and Investments:</u>				
2009 COPS Trust Reserve	\$ 6,000,000	\$ 6,046,823	\$ 46,823	\$ 6,116,159
2009 COPS Installment	-	2,049,506	2,049,506	59
2010 Installment Payment	-	1,963,524	1,963,524	141,006
2010 COPS Trust Reserves	-	18	18	378,971
2014 Consolidated Ref Bonds	-	1,360,000	1,360,000	2
2015 Refunding Bonds	-	306,625	306,625	9
2015 Refunding Reserve	1,226,500	1,258,357	31,857	1,250,127
Total Restricted Trust Accounts	\$ 7,226,500	\$ 12,984,852	\$ 5,758,352	\$ 7,886,334

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
NET POSITION
As of August 31, 2017

	Reserve Target	(Unaudited)		(Unaudited)
		Balance 8/31/2017	Net Change	Balance 6/30/2017
Adopted Reserve Targets ¹				
Designated for Self Insurance Reserve	\$ 250,000	\$ 250,000	\$ 10,019	\$ 239,981
Designated for Rate Stabilization	14,500,430	14,500,430	752,942	13,747,488
Designated for Emergency Reserves	35,300,000	35,300,000	(210,000)	35,510,000
Designated for Operating Reserves ²	16,883,932	16,883,932	(8,335,688)	25,219,620
Total Adopted Reserve Targets	\$ 66,934,362	\$ 66,934,362	\$ (7,782,726)	\$ 74,717,089
	FY Capital Budget ⁴			
Designated for Capital Projects ³				
Designated for Replacement and Refurbishment	\$ 25,140,108	\$ 18,129,225	\$ 5,016,280	\$ 13,112,946
Designated for Water Supply Reliability	350,000	352,750	(3,483,524)	3,836,274
Designated for Planning and Construction	18,957,000	12,227,255	3,933,397	8,293,858
Total Designated for Capital Projects	\$ 44,447,108	\$ 30,709,230	\$ 5,466,152	\$ 25,243,078
Other amounts				
Designated for Water Efficiency (WBBRS) ⁵		\$ 7,499,856	\$ 241,490	\$ 7,258,366
Restricted for Capital Facilities (Projects)		133,554	(158,264)	291,818
Net Investment in Capital Assets ⁶		306,598,762	(674,196)	307,272,958
Total Other amounts		\$ 314,232,172	\$ (590,970)	\$ 314,823,141
Total Net Position		\$ 411,875,764	\$ (2,907,544)	\$ 414,783,308

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 \$21,854,419.

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 \$696,254 in project commitments, reducing the available WBBRS reserve balance to \$6,803,603.

6. Net Investment in Capital Assets calculated as follows:

Total capital assets	\$ 393,785,735
Less capital related debt	(87,809,196)
Add deferred charges related to debt	622,224
Total Net Investment in Capital Assets	\$ 306,598,762

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

Summary of Disbursements in September 2017:

General Fund Disbursements		5,811,810
Restricted Fund Disbursements:		
Self Insurance Fund	8,417	
Water Efficiency Fund	154,102	
Replacement & Refurbishment Fund	512,167	
Planning & Construction Fund	45,281	719,967
Total Disbursements for all Funds	\$	6,531,777

Detail of Major Expenditures in September 2017:

1. Municipal Water District of Orange County (MWDOC)		
July Water Purchases 2653.7 AF	2,359,091	
July Readiness To Serve	108,075	
July Capacity Charge	30,934	
July & August 2017 High Efficiency Toilet Rebates	24,200	
July 2017 Turf, Nozzles, and Smart Timer Rebates	14,408	
July SCP Operation Surcharge	10,996	
July SAC Operation Surcharge	1,068	
June Reclaimed Rebate 759.8 AF	(117,009)	2,431,764
2. Irvine Ranch Water District (IRWD)		
FY 16/17 Q4 Baker Water Treatment Costs		457,219
3. Best Best & Krieger LLP		
July Legal Service		156,591
4. National Auto Fleet Group		
2017 Ford F-550 Supercab		146,852

