



moulton niguel water district

**BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
May 23, 2019**

CLOSED SESSION – 5:00 PM

OPEN SESSION – 6:00 PM

Approximate Meeting Time: 3 Hours

1. CALL MEETING TO ORDER:

2. PLEDGE OF ALLEGIANCE:

CLOSED SESSION:

3. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9

Two potential cases

OPEN SESSION – 6:00 PM

4. REPORT OUT OF CLOSED SESSION:

5. 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.

GENERAL MANAGER MATTERS:(Brief general updates on District matters and/or brief general updates from staff - Informational purposes only.)

6. ADOPTION OF RESOLUTION HONORING MRS. DEBBIE L. NEWMAN (RESOLUTION 19-____)

It is recommended that the Board of Directors approve the resolution entitled, "Honoring Mrs. Debbie L. Newman".

ADMINISTRATIVE MATTERS:

7. ADMINISTRATION FACILITY

It is recommended that the Board of Directors authorize construction of the Administration Facility as a part of the Layton Construction Manager At Risk Contract for a not-to-exceed value of \$15,037,275; authorize the General Manager or Assistant General Manager to issue a Notice-to-Proceed; and to approve change orders up to 2.5% of this amount.

8. SMART TIMER PROGRAM AGREEMENT

It is recommended that the Board of Directors approve the Professional Services Agreement with Synergy Companies Inc. for a 3-year term not to exceed amount of \$1,571,980 for Fiscal Years 2019-20 through 2021-22, with the option for two one-year extensions to include Fiscal Years 2022-23 and 2023-24; authorize the General Manager or Assistant General Manager to execute the agreement; and to approve amendments up to 10% of the total contract value.

TECHNICAL MATTERS:

9. AMENDMENT NO. 1 FOR BIOSOLIDS, GRIT & SCREENING HAULING

It is recommended that the Board of Directors approve Amendment No. 1 to the Biosolids, Grit & Screening Hauling Agreement with Athens Services in the amount of \$190,000 for a total not-to-exceed contract value of \$265,000; and authorize the General Manager or Assistant General Manager to execute the amendment.

INFORMATION ITEMS:

10. 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 April 2019

11. Water Loss Update

12. Capitalization and Surplus Policy Annual Review

13. Fiscal Year 2019-20 Proposed Budget

PRESIDENT'S REPORT:

BOARD REPORTS:

FUTURE AGENDA ITEMS (Any items added under this section are for discussion at future meetings only.):

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.

RESOLUTION NO. 19-__

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MOULTON NIGUEL WATER DISTRICT
HONORING MRS. DEBBIE L. NEWMAN**

WHEREAS, Mrs. Debbie L. Newman will retire from the Laguna Niguel Chamber of Commerce after 30 years of dedicated service; and

WHEREAS, her involvement in expanding the Chamber's membership and networking opportunities has led to an extensive footprint throughout the City of Laguna Niguel and surrounding communities; and

WHEREAS, she has been recognized for her outstanding service as Secretary on the Southern California Association of Chamber Executives Board; and

WHEREAS, she has been committed to advancing her leadership skills by completing an Economic Development Essentials program at the University of Oklahoma and receiving her Accredited Chamber Executive (A.C.E.) designation; and

WHEREAS, Mrs. Newman continues to share her knowledge and expertise with those around her as an advisor to many of the Chambers of Commerce in South Orange County; and

WHEREAS, she has been an active participant in Moulton Niguel Water District's Citizens' Advisory Committee and TAP Advisory Group, furthering her community involvement; and

WHEREAS, she has continued to promote the partnership between Moulton Niguel Water District and the Laguna Niguel Chamber of Commerce.

NOW, THEREFORE, BE IT RESOLVED: The Board of Directors of Moulton Niguel Water District wishes to honor Debbie L. Newman for her outstanding contributions and dedication to her community, her exemplary leadership during her tenure as Executive Director, and for her devoted service to the South Orange County region.

APPROVED, SIGNED and ADOPTED this 23rd day of May, 2019.

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

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



moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE:** **May 23, 2019**

FROM: **Rod Woods, Director of Engineering**
David Larsen, Engineering Manager

SUBJECT: **Administration Facility**

SUMMARY:

Issue: Layton Construction Company, LLC (Layton) is currently serving as the Construction-Manager-at-Risk (CMAR) for the District. Board action is required to authorize construction of the Administration Facility.

Recommendation: It is recommended that the Board of Directors authorize construction of the Administration Facility as a part of the Layton Construction Manager At Risk Contract for a not-to-exceed value of \$15,037,275; authorize the General Manager or Assistant General Manager to issue a Notice-to-Proceed; and to approve change orders up to 2.5% of this amount.

Fiscal Impact: The Administration Facility is budgeted in Fund 14, Planning and Construction. The proposed project budget is \$16,406,204, which includes construction, contingency, and other related costs. Adequate funds are included in the proposed FY 2019-20 budget.

Reviewed by Committee: Yes, recommended for Board consideration at the Administrative Committee Meeting on May 1, 2019.

Reviewed by Legal: Yes

BACKGROUND:

The District has conducted its primary administration functions from its Main Office. As operational needs grew over the last 40 years, additional staff has been assigned to work out of Plant 2A due to space limitations at the Main Office. As the District's personnel has evolved and grown to support the service of the water, recycled water, and wastewater systems, the District has maximized the use and value of the two existing administration sites with minor upgrades and improvements to both facilities. Further, the daily operations and collaboration among the District staff to provide efficient service has been challenging as a result of multiple administration sites for

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District staff. In 2013, the District initiated a project to address these concerns and evaluate the most efficient and effective path forward. The first phase of this project included the development of an assessment evaluating current spacing needs, future growth potential, and long-term space requirements. After completion of the assessment and a review of potential site alternatives, the District concluded that consolidating the administration functions and personnel at the Plant 2A site into a new Administrative Facility was the best course of action.

A consolidated Administration Facility was determined to be in the best interest of the District for efficient operations and providing community benefits with access to all departments operating within a common facility. A reduction in operating and maintenance expenses is also anticipated considering the age and current operation and maintenance requirements of the existing Main Office and Plant 2A Administration Buildings.

To support this effort, the District entered into a Consulting Services Agreement with Ware Malcomb to prepare construction documents and provide support during bidding and construction phases of the new Administration Facility. The Board also adopted a Mitigated Negative Declaration for the project on July 13, 2018 by Resolution 18-12; Staff filed a Notice of Determination with the County of Orange on July 13, 2018.

In February 2019, the Board of Directors approved a CMAR Services Agreement with Layton and authorized the commencement of the Pre-Construction Phase 1 services. These services included completing constructability and value engineering reviews and preparing a Guaranteed Maximum Construction Cost (GMCC) for the Administration Facility.

DISCUSSION:

At this time, the Pre-Construction Phase 1 services for the Administration Facility have been completed by Layton. The constructability and value engineering review services identified that the construction documents were in good order. Pursuant to the CMAR agreement, Layton has submitted a GMCC for the project in the amount of \$15,037,275.

Staff and the District's project manager, Newport Real Estate Services, performed a thorough review and evaluation of the detailed cost breakdown provided in support of the GMCC. The construction costs of both the main structure and interior improvements (\$325/SF) were compared to the current listing prices of similar facilities (typically \$500/SF) and determined to be cost effective. Moreover, construction of this facility would centralize administration functions, as nearly all employees would be assigned to work out of the new facility. Staff is requesting authorization to proceed with the construction of the Administration Facility, as set forth in the CMAR agreement.

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SUMMARY OF PROJECT BUDGET:

Project Items	Proposed / Approved Budget	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Design Engineering	\$409,647	\$0	\$409,647
Environmental/CEQA	\$123,705	\$0	\$123,705
Construction	\$15,037,275	\$375,932	\$15,413,207
Legal, Permits, Other	\$459,645	\$0	\$459,645
Totals	\$16,030,272	\$375,932	\$16,406,204

*\$532,761 has been expended to date.



STAFF REPORT

TO: Board of Directors **MEETING DATE:** May 23, 2019
FROM: Drew Atwater, Director of Finance and Water Resources
Lindsey Stuvick, Water Efficiency Manager
SUBJECT: Smart Timer Program Agreement

SUMMARY:

Issue: Staff requires Board action to enter a multi-year service for the Smart Timer Direct Installation Program contract.

Recommendation: It is recommended that the Board of Directors approve the Professional Services Agreement with Synergy Companies Inc. for a 3-year term not to exceed amount of \$1,571,980 for Fiscal Years 2019-20 through 2021-22, with the option for two one-year extensions to include Fiscal Years 2022-23 and 2023-24; authorize the General Manager or Assistant General Manager to execute the agreement; and to approve amendments up to 10% of the total contract value.

Fiscal Impact: Adequate funds have been included in the Fiscal Year 2019-20 Water Efficiency Fund operating budget.

Reviewed by Committee: Yes, recommended for Board consideration at Administrative Committee Meeting on May 1, 2019.

Reviewed by Legal: Yes

BACKGROUND:

In 2016, UC Riverside evaluated the effectiveness of the District's water efficiency initiatives and surveyed residents' water saving behaviors and awareness of program offerings. The study concluded that smart timers were the most cost-effective solution to achieving outdoor water savings, but that few residential customers had adopted smart irrigation timer technology. UC Riverside's study also determined that customers had relatively little awareness of the District's outdoor water saving programs, but that they would be inclined to participate in a program if it was "easy". Traditional rebate programs commonly present participation barriers to customers who cannot afford to purchase a product and wait several weeks for a rebate check.

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Additionally, customers might face challenges installing a device and can find the process of selecting a vendor or contractor overwhelming.

Findings from the UC Riverside study encouraged staff to develop a Smart Timer Program (“Program”) that emphasized ease of participation by providing residential customers with: 1) a free landscape and irrigation assessment by a licensed contractor that was reviewed and approved by the District, 2) direct delivery of up to two free smart timers, and 3) the option to install the smart timer(s) themselves (“DIY installation”) or professional installation by the licensed contractor at a discounted rate. The Program was supported by a robust targeted education campaign to increase awareness and adoption of smart timer technology.

The Program launched in March 2017 and received over 2000 applications and resulted in the installation of over 1300 smart timers in just two years, making it the most successful rebate program the District has ever implemented. The Program’s popularity also helped the District achieve a major milestone of having adoption of outdoor water savings devices outpace that of indoor water savings devices.

DISCUSSION:

After the Program accumulated enough post-installation data, staff performed a program evaluation to determine which program characteristics led to greater water savings and efficiency gains. Upon evaluating the impact of several program features (e.g. DIY installation, professional installation, condition of irrigation system, size of landscape), staff found that professional installation of the smart timer produced the most water savings (see table below). Additionally, staff determined that Program participants who consistently used a high percentage of their budget benefited most from smart timer technology. Given the results of the evaluation, staff recommend that the next iteration of the Smart Timer Program include all of the existing programmatic features, but to achieve maximum efficiency, staff are proposing that each Program participant receive direct installation of their smart timer(s) by a licensed professional contractor selected by the District. Staff propose to rename the Program the Direct Install Smart Timer Program (“Direct Install Program”). The table below shows the cost of avoided water and consistent with previous findings, the smart timer incentives provide one of the most cost-effective water reliability projects with imported water in comparison currently costing \$1,050 per AF.

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	Who Pays?			Water Savings	
	Irrigation Assessment	Smart Timer(s)	Installation	10-Year Water Savings (AF)	\$/AF
Smart Timer Rebate	N/A	District	Customer	0.28	\$544.50
Current Smart Timer Program	District	District	Customer	0.83	\$345.45
Proposed Direct Install Smart Timer Program	District	District	District	1.24	\$340.01

The contract for the existing Program expires on June 30, 2019. Staff issued a Request for Proposals (RFP) in March 2019 to fifteen firms. The District received five complete proposals from six firms, and one incomplete proposal. This is a significant increase compared to the two proposals received in 2016. The increased interest by these firms is a testament to the success of the program and the District's leadership in the water efficiency arena. Staff reviewed the proposed smart timer devices and services offered by each firm, their associated costs, and contacted references to determine whether firms met the District's high customer service standards.

Staff used the fee schedules included in the proposals to create a cost comparison of the most commonly requested device. The prices listed in the table below represent the total cost to acquire a completed W9 tax form, provide a landscape and irrigation system pre-assessment, delivery and professional installation of an 8-station smart timer, and professional installation of a weatherproof outdoor timer enclosure. Four of the proposing firms are compared in the table below. An additional firm proposed but did not provide as comprehensive of a proposal as the four compared in the table below.

8-Station Smart Timer and Outdoor Enclosure Installation					
	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023	FY 2023-2024
ConServ	\$ 615.00	\$ 630.00	\$ 645.00	\$ 660.00	\$ 675.00
Synergy Companies	\$ 455.25	\$ 455.25	\$ 455.25	\$ 455.25	\$ 455.25
Valley Soil	\$ 568.00	\$ 568.00	\$ 576.00	\$ 591.00	\$ 596.00
EcoTech	\$ 625.00	\$ 637.00	\$ 649.00	\$ 661.00	\$ 674.00

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Device(s) + Labor Costs + Outdoor Enclosure Installation by Fiscal Year	Synergy Companies				
	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023	FY 2023-2024
8 Station Controller	\$ 455.25	\$ 455.25	\$ 455.25	\$ 455.25	\$ 455.25
16 Station Controller	\$ 509.17	\$ 509.17	\$ 509.17	\$ 509.17	\$ 509.17
8 Station + 8 Station Controllers	\$ 840.50	\$ 840.50	\$ 840.50	\$ 840.50	\$ 840.50
8 Station + 16 Station Controllers	\$ 949.42	\$ 949.42	\$ 949.42	\$ 949.42	\$ 949.42
16 Station + 16 Station Controllers	\$1,018.34	\$1,018.34	\$1,018.34	\$1,018.34	\$1,018.34

Synergy Companies provided a simple pricing structure with flat rates for devices and services over the proposed five-year contract period. Synergy Companies submitted their proposal in partnership with Rachio, Inc. as a subcontractor. Both companies are reported to provide excellent customer service and through their partnership will be able to provide the District with a streamlined data management solution. Synergy Companies is charging a one-time fee of \$15,000 in year one to set up the integrated solution with the District. Rachio, Inc. will administer the data management solution at a rate of \$36,000 per year. Synergy Companies has also provided a low-cost, negotiated rate for installation of a Rachio Wireless Flow Sensor that customers have the option to purchase at the time of installation, for customers who are interested in an enhanced user experience and access to real-time outdoor flow data.

Staff are proposing a 3-year contract for Fiscal Years 2019-20 through 2021-22, with the option for two one-year extensions to include Fiscal Years 2022-23 and 2023-24. Staff used the known percentage distribution of devices and services from the two year history of the past program and the pricing indicated by Synergy Companies' proposal to create a projection of costs for each year of the proposed Direct Install Program. The table below shows a breakdown of expected costs by Fiscal Year (assuming 500 participants per year) and results in the proposed Direct Install Program budget of \$1,571,980.

Projected Budget – Smart Timer Direct Installation Program (Estimated at 500 participants per year)			
	Devices & Labor	Web Administration	Total
2019-2020	\$ 275,396.00	\$ 51,000.00	\$ 326,396.00
2020-2021	\$ 275,396.00	\$ 36,000.00	\$ 311,396.00
2021-2022	\$ 275,396.00	\$ 36,000.00	\$ 311,396.00
2022-2023	\$ 275,396.00	\$ 36,000.00	\$ 311,396.00
2023-2024	\$ 275,396.00	\$ 36,000.00	\$ 311,396.00
	\$1,376,980.00	\$ 195,000.00	\$ 1,571,980.00

Synergy Companies provided the proposal with best overall value for customers and the District. Staff is recommending the Board authorize the General Manager or the

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Assistant General Manager to enter into a professional services agreement with Synergy Companies for the not-to-exceed amount of \$1,571,980 for Fiscal Years 2019-20 through 2021-22, with the option for two one-year extensions to include Fiscal Years 2022-23 and 2023-24.

Attachments:

1. Professional Services Agreement – Synergy Companies
2. Request for Proposals Contact List

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN
MOULTON NIGUEL WATER DISTRICT AND
EAGLE SYSTEMS INTERNATIONAL, INC., DBA SYNERGY COMPANIES
MNWD PROJECT: SMART TIMER INSTALLATION PROGRAM
CONTRACT NO. OM18-9.082**

This Agreement (the "Agreement") is made and entered into this 1ST day of July 2019 ("Effective Date") by and between the Moulton Niguel Water District ("MNWD") and Eagle Systems International Inc., dba Synergy Companies, a corporation with its principal place of business at 28436 Satellite Street, Hayward, CA 94545 ("Consultant"). MNWD and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

SECTION I – PURPOSE

Consultant shall provide certain professional services required by MNWD on the terms and conditions set forth in this Agreement. Consultant represents that it has the qualifications, experience, licenses, and facilities necessary to properly perform services related to smart irrigation timer installation and program administration in a competent and professional manner.

SECTION II – TERM

The term of this Agreement shall be from July 1, 2019 through June 30, 2022, unless earlier terminated as provided herein. MNWD shall have the unilateral option to renew this Agreement for no more than two (2) additional one-year terms.

SECTION III – SCOPE OF SERVICES

Section 3.1. Scope of Services. The scope of services to be provided by Consultant is set forth on Exhibit "A" attached hereto and by this reference incorporated herein ("Services"). Consultant warrants that it will perform the Services as set forth herein in a competent, professional and satisfactory manner. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules, and regulations.

Section 3.2. Schedule of Services. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines, including any schedule of services set forth in Exhibit "A."

Section 3.3. Permits, Licenses, Fees and Other Charges. Consultant shall, in accordance with applicable laws and ordinances, obtain at his/her/its expense all permits and licenses necessary to accomplish the Services. Failure to maintain a required license or permit may result in immediate termination of this Agreement.

SECTION IV – COMPENSATION

Section 4.1. Payment for Services Rendered. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference. The total compensation shall not exceed One Million Five Hundred Seventy-one Thousand Nine Hundred Eighty Dollar (\$1,571,980) without written approval by MNWD. Extra Work may be authorized,

as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

Section 4.2. Invoices. Consultant shall submit to MNWD a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. MNWD shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

- A. Payment shall not constitute acceptance of any work completed by Consultant.
- B. The making of final payment shall not constitute a waiver of any claims by MNWD for any reason whatsoever.

Section 4.3. Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by MNWD.

Section 4.4. Extra Work. At any time during the term of this Agreement, MNWD may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by MNWD to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization by MNWD.

SECTION V – REPRESENTATIVES OF THE PARTIES

Section 5.1. MNWD's Representative. MNWD hereby designates its Director of Finance and Water Resources, or his designee, to act as its representative for the performance of this Agreement ("MNWD's Representative"). Consultant shall not accept direction or orders from any person other than MNWD's Representative or his or her designee.

Section 5.2. Consultant's Representative. Consultant hereby designates Matthew Clark, or his designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

Section 5.3. Subconsultant/Subcontractor. As part of this Project, if Consultant wished to subcontract certain services for this Project, separate subcontracts may be entered into between Consultant and the subcontractors/subconsultants which shall be listed in Exhibit "C" attached hereto and incorporated herein by reference. Any changes in the listed subcontractors/subconsultants require prior written approval of MNWD.

SECTION VI – RESPONSIBILITIES OF CONSULTANT

Section 6.1. Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. MNWD retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of MNWD and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

Section 6.2. Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from MNWD, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein.

Section 6.3. Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of MNWD.

Section 6.4. Substitution of Key Personnel. Consultant has represented to MNWD that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of MNWD. In the event that MNWD and Consultant cannot agree as to the substitution of key personnel, MNWD shall be entitled to terminate this Agreement for cause. Furthermore, any personnel who fail or refuse to perform the Services in a manner acceptable to MNWD, or who are determined by MNWD to be uncooperative, incompetent, a threat to the adequate or timely completion of the Services or a threat to the safety of persons or property, shall be promptly removed from performing Services by the Consultant at the request of MNWD.

Section 6.5. Coordination of Services. Consultant agrees to work closely with MNWD staff in the performance of Services and shall be available to MNWD's staff, consultants and other staff at all reasonable times.

Section 6.6. Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall

give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold MNWD, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

SECTION VII – LABOR CODE PROVISIONS

Section 7.1. Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 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 “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 such Prevailing Wage Laws. A copy of these prevailing wage rates are on file with the Department of Industrial Relations and can be found online with the State of California at <http://www.dir.ca.gov/dlsr/pwd>. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant’s principal place of business and at the project site. It is the intent of the parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Consultant shall therefore comply with such Labor Code sections to the fullest extent required by law. Consultant shall defend, indemnify and hold MNWD, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

Section 7.2. Registration and Labor Compliance. If the services are being performed as part of an applicable “public works” or “maintenance” project, then, in addition to the foregoing, pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations (“DIR”). Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

Section 7.3. Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker’s Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

SECTION VIII – INDEMNIFICATION

To the fullest extent permitted by law, Consultant shall immediately indemnify, defend, and hold MNWD, its directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions of Consultant, its

officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against MNWD or its directors, officials, officers, employees, volunteers and agents as part of any such claim, suit, action or other proceeding. Consultant shall also reimburse MNWD for the cost of any settlement paid by MNWD or its directors, officials, officers, employees, agents or volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for MNWD's attorneys' fees and costs, including expert witness fees. Consultant shall reimburse MNWD and its directors, officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by MNWD, its directors, officials, officers, employees, agents, or volunteers. 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 arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

SECTION IX – INSURANCE

Section 9.1. Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to MNWD that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to MNWD that the subconsultant has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for MNWD to terminate this Agreement for cause.

Section 9.2. Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subconsultants. Consultant shall also require all of its subconsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

A. Commercial General Liability. Coverage for commercial general liability insurance shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001). Consultant shall maintain limits no less than \$1,000,000 per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit or product-completed operations aggregate limit is used, including but not limited to form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit. The general liability policy shall include or be endorsed (amended) to state that: (1) MNWD, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work using as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37; and (2) the insurance coverage shall be primary insurance as respects MNWD, its directors, officials, officers, employees, agents, and volunteers using as broad a form as

CG 20 01 04 13, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by MNWD, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

B. Automobile Liability. Coverage shall be at least as broad as the latest version of the Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto). Consultant shall maintain limits no less than \$1,000,000 per accident for bodily injury and property damage. The automobile liability policy shall include or be endorsed (amended) to state that: (1) MNWD, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects MNWD, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by MNWD, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way. The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

C. Workers' Compensation and Employer's Liability Insurance. Consultant shall maintain Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount no less than \$1,000,000 per accident for bodily injury or disease. The insurer shall agree to waive all rights of subrogation against MNWD, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

D. Professional Liability. Consultant shall procure and maintain, and require its subconsultants to procure and maintain, for a period of five (5) years following completion of the Project, errors and omissions liability insurance appropriate to their profession covering Consultant's wrongful acts, negligent actions, errors or omissions. The retroactive date (if any) is to be no later than the effective date of this agreement. Consultant shall purchase a one-year extended reporting period: i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. Such insurance shall be in an amount not less than \$2,000,000 per claim.

E. Excess Liability (if necessary). The limits of Insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess coverage shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of MNWD (if agreed to in a written contract or agreement) before MNWD's own primary or self-Insurance shall be called upon to protect it as a named insured. The policy shall be endorsed to state that MNWD, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured at least as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37. The coverage shall contain no

special limitations on the scope of protection afforded to MNWD, its directors, officials, officers, employees, agents, and volunteers.

Section 9.3. All Coverages. The Consultant is required by this Agreement to state that: (i) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to MNWD; If any of the required coverages expire or cancel during the term of this agreement, the Consultant shall deliver the renewal certificate(s) including the general liability additional insured endorsement to MNWD at least ten (10) days prior to the cancellation or expiration date; and (ii) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to MNWD, its directors, officials, officers, employees, agents, and volunteers.

Section 9.4. Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to MNWD, its directors, officials, officers, employees, agents, and volunteers.

Section 9.5. Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by MNWD. Consultant shall guarantee that, at the option of MNWD, either: (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects MNWD, its directors, officials, officers, employees, agents, and volunteers; and insurer shall provide or be endorsed to provide that the deductibles or SIR may be satisfied by either the named or additional insureds, co-insurers, and/or insureds other than the First Named Insured or (ii) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

Section 9.6. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A-:VII or equivalent, or as otherwise approved by MNWD.

Section 9.7. Verification of Coverage. Consultant shall furnish MNWD with certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to MNWD. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by MNWD if requested. All certificates and endorsements must be received and approved by MNWD before work commences. MNWD reserves the right to require complete, certified copies of all required insurance policies, at any time. In the event that the Consultant employs other consultants (sub-consultants) as part of the services covered by this agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above.

Section 9.8. Reporting of Claims. Consultant shall report to MNWD, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

SECTION X – TERMINATION

Section 10.1. Grounds for Termination. MNWD may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to MNWD, and Consultant shall be

entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

Section 10.2. Effect of Termination. If this Agreement is terminated as provided herein, MNWD may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

Section 10.3. Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, MNWD may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

SECTION XI – OWNERSHIP OF MATERIALS AND CONFIDENTIALITY

Section 11.1. Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for MNWD to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). All Documents & Data shall be and remain the property of MNWD, and shall not be used in whole or in substantial part by Consultant on other projects without MNWD's express written permission. Within thirty (30) days following the completion, suspension, abandonment or termination of this Agreement, Consultant shall provide to MNWD reproducible copies of all Documents & Data, in a form and amount required by MNWD. MNWD reserves the right to select the method of document reproduction and to establish where the reproduction will be accomplished. The reproduction expense shall be borne by MNWD at the actual cost of duplication. In the event of a dispute regarding the amount of compensation to which the Consultant is entitled under the termination provisions of this Agreement, Consultant shall provide all Documents & Data to MNWD upon payment of the undisputed amount. Consultant shall have no right to retain or fail to provide to MNWD any such documents pending resolution of the dispute. In addition, Consultant shall retain copies of all Documents & Data on file for a minimum of fifteen (15) years following completion of the Project, and shall make copies available to MNWD upon the payment of actual reasonable duplication costs. Before destroying the Documents & Data following this retention period, Consultant shall make a reasonable effort to notify MNWD and provide MNWD with the opportunity to obtain the documents.

Section 11.2. Subconsultants. Consultant shall require all subconsultants to agree in writing that MNWD is granted an irrevocable, perpetual, royalty-free, and non-exclusive right and license for any Documents & Data the subconsultant prepares under this Agreement. All subconsultants shall give MNWD and its agents access to all such Documents & Data and shall provide such Documents & Data to MNWD upon request. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by professionals other than Consultant or its subconsultants, or those provided to Consultant by MNWD.

Section 11.3. Right to Use. MNWD shall not be limited in any way in its use or reuse of the Documents and Data or any part of them at any time for purposes of this Project or another

project, provided that any such use not within the purposes intended by this Agreement or on a project other than this Project without employing the services of Consultant shall be at MNWD's sole risk. If MNWD uses or reuses the Documents & Data on any project other than this Project, it shall remove the Consultant's seal from the Documents & Data and indemnify and hold harmless Consultant and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. Consultant shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to MNWD upon completion, suspension, abandonment or termination. Consultant shall not be responsible or liable for any revisions to the Documents & Data made by any party other than Consultant, a party for whom the Consultant is legally responsible or liable, or anyone approved by the Consultant.

Section 11.4. Intellectual Property Indemnification. Consultant shall defend, indemnify and hold MNWD, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by MNWD of the Documents & Data, including any method, process, product, or concept specified or depicted.

Section 11.5. Confidentiality. All Documents & Data, either created by or provided to Consultant in connection with the performance of this Agreement, shall be held confidential by Consultant. All Documents & Data shall not, without the prior written consent of MNWD, be used or reproduced by Consultant for any purposes other than the performance of the Services. Consultant shall not disclose, cause or facilitate the disclosure of the Documents & Data to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant that is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use MNWD's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of MNWD.

SECTION XII – ACCOUNTING, INSPECTION AND AUDIT

Section 12.1. Records. Consultant shall keep and shall preserve for four (4) years after final completion of the services, accurate and detailed records of all ledgers, books of account, invoices, vouchers, cancelled checks, and other documents or records evidencing or relating to the work, services and disbursements charged to MNWD under this Agreement (collectively, "Books and Records"). Any and all Books and Records must be maintained in accordance with generally accepted accounting principles and must be sufficiently complete and detailed so as to permit an accurate evaluation of the services provided by Consultant under this Agreement. During such four (4) year period, Consultant shall give MNWD and its agents, during normal business hours, access to such Books and Records. MNWD and its agents shall have the right to make copies of any of the said Books and Records.

Section 12.2. Custody. Where MNWD has reason to believe that any of the Books and Records required to be maintained by this Article may be lost or discarded due to dissolution or termination of Consultant's business, MNWD may, by written request, require that custody of such Books and Records be given to a person or entity mutually agreed upon and such Books and Records thereafter shall be maintained by such person or entity at Consultant's expense. Access to the Books and Records shall be granted to MNWD and its Representatives.

SECTION XIII – GENERAL PROVISIONS

Section 13.1. Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

MNWD:

Moulton Niguel Water District
26161 Gordon Rd.
Laguna Hills, CA 92653
Attn: Director of Finance and Water
Resources

CONSULTANT:

Eagle Systems International, Inc. dba
Synergy Companies
1325 N. Gum St.
Anaheim, CA 92806
Attn: Matthew Clark

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

Section 13.2. Subcontracting/Subconsulting. As part of this Project, if Consultant wished to subcontract certain services, separate subcontracts may be entered into between Consultant and subcontractors/subconsultants which shall be listed in Exhibit C attached hereto and incorporated herein by reference. Any change or additional subcontractors/subconsultants must be approved by MNWD. Subcontractors/subconsultants are subject to all provisions stipulated in this Agreement.

Section 13.3. Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of MNWD's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

Section 13.4. Time of Essence. Time is of the essence for each and every provision of this Agreement.

Section 13.5. MNWD's Right to Employ Other Consultants. MNWD reserves right to employ other consultants in connection with this Project.

Section 13.6. Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

Section 13.7. Assignment or Transfer. Consultant shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of MNWD. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

Section 13.8. Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be

construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to MNWD include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

Section 13.9. Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

Section 13.10. Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

Section 13.11. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

Section 13.12. Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

Section 13.13. Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subconsultants to file, a Statement of Economic Interest with MNWD's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, MNWD shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of MNWD, during the term of his or her service with MNWD, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

Section 13.14. Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

Section 13.15. Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

Section 13.16. Government Code Claim Compliance. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against MNWD. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been

followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against MNWD.

Section 13.17. Attorneys' Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

Section 13.18. Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

Section 13.19. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

Section 13.20. Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a written amendment signed by both parties.

MOULTON NIGUEL WATER DISTRICT:

**EAGLE SYSTEMS INTERNATIONAL, INC.
DBA SYNERGY COMPANIES**

By: _____

By: _____

(Authorized Representative of
Consultant)

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

EXHIBIT A
SCOPE OF WORK

SMART TIMER DIRECT INSTALLATION PROGRAM
MOULTON NIGUEL WATER DISTRICT

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1.1 PROGRAM ADMINISTRATION AND DATA MANAGEMENT PROCESS

Program Administration shall include, but not be limited to, program kick-off meeting and program design review meetings. Program administration shall also include preparation and maintenance of the program schedule and coordinating with the District and contractors or subcontractors, as needed.

The streamlined data management process will consist of an integrated, cloud-based solution for managing the data associated with the life-cycle of the Smart Timer Program; this includes, but is not limited to, maintaining a customer eligibility list, managing the customer application and installation scheduling processes, streamlining field data collection, tracking charges and invoices, and device performance tracking processes. The cloud-based solution should be characterized by ease and simplicity for the customer, as well as administrative ease for District staff.

The District would look to provide an application programming interface (API) to the vendor managing the cloud-based solution (Vendor) to receive regular data updates to target customers who meet the program eligibility guidelines. Vendors may be a third-party identified by the Proposer, or the Manufacturer or Installation Contractor may identify themselves as the Vendor. If Proposer selects a third-party Vendor, the Vendor must be identified in the Proposal for the District's review and approval.

1.1.1 TECHNICAL SPECIFICATIONS OF THE PROGRAM'S APPLICATION AND CLOUD-BASED MANAGEMENT SOLUTION

In developing the Program's application and cloud-based data management solution, Vendors, at a minimum, must meet the technical specifications provided below.

1. Compatibility with current versions of web browsers.
2. Compatibility for mobile devices, including, but not limited to, smart phones and tablets using iOS and Android operating systems.
3. Secure registration and login for each customer account.
4. Provide the customer with the ability to digitally sign the customer participation agreement.
5. Provide the capability to confirm that the account number entered is for an eligible customer.
6. Provide the capability to confirm eligibility of residential customer based on the District's specifications; non-eligible customers will be declined and directed to alternative programs, such as www.socalwatersmart.com to take advantage of the District's rebate program; eligible customers will progress to the next criteria for Program participation.
7. Provide the capability to confirm the customer has not already received a Smart Timer rebate from the District and either accept or decline the application.
8. Pre-screened applicants, who meet the District's eligibility specifications and who are

confirmed through the electronic application process, will either be forwarded electronically to an automated scheduling feature (the District's preference), or forwarded directly to the District's approved Installation Contractor(s) for appointment scheduling to schedule the pre-installation assessment and installation of the Smart Timer(s).

1.1.2 CONFIRMATION OF THE COMPLETED W9 TAX FORM

Within three business days of receiving the Customer's application and prior to the pre-installation assessment of the Customer's service location, the Installation Contractor shall provide the Customer with a link to the District's web-based W9 tax form.

The Installation Contractor must confirm that the W9 tax form has been completely filled out and successfully submitted by the Customer; this process can be completed by reviewing the W9 tax form submissions in SeamlessDocs, the District's web-based form software.

In the event a customer is not able to submit their tax details through the SeamlessDocs web-based form, the Contractor shall furnish the customer with a paper W9 tax form.

It is the Installation Contractor's responsibility to confirm the Customer's W9 tax form is completed and submitted to the District, either digitally or in paper, prior to the pre-installation assessment of the smart timer(s).

Installation Contractor shall document Customer communication details, including the date the W9 tax form was provided to the customer, either digitally or in paper, in the Customer Contact Log that is shared with the District.

1.1.3 INVENTORY MANAGEMENT

Synergy shall purchase inventory for all devices proposed (e.g smart controllers, outdoor enclosures, wireless flow sensors, etc.) and hold stock at the facility.

Synergy shall have sufficient stock to implement the program. Devices shall be available to perform installation.

District will be billed after the installation per fee schedule and as outlined in the PSA.

1.1.4 PRE-INSTALLATION ASSESSMENT

If not already scheduled through an automatic scheduling process, the Installation Contractor will contact the Customer and schedule an appointment for the pre-installation assessment and direct installation of the Smart Timer(s).

Prior to the physical installation of the Smart Timer(s), the Installation Contractor shall inspect

and assess the service location to confirm the site and irrigation system satisfies the minimum eligibility requirements of the Program.

During the pre-installation assessment, the Installation Contractor shall determine whether the proper installation and operation of the smart timer(s) is/are possible at each service location.

Pre-installation assessment procedures are listed below.

1. Installation Contractor is required to contact the Customer within three business days after confirming the Customer's submission of the W9 tax form to schedule the pre-installation assessment and installation of the smart timer(s), requiring the customer to be present during this appointment.
2. All Customer appointments will be entered into a cloud-based scheduler (for example, Google Calendar) by the Installation Contractor. Access credentials to the cloud-based schedule must be shared with the District; this will allow the District to monitor and randomly verify appointments.
3. At the appointed date and time, the Installation Contractor will meet the Customer at the Customer's service address and perform the pre-installation assessment with the customer in attendance.
4. The Installation Contractor will utilize a simplified pre-installation assessment form on a web-based device to document the strength of the Customer's WiFi signal to the existing controller(s), as well as the condition of the irrigation system, including wiring and valves, active/inactive stations, irrigation types (e.g. rotors, spray heads, drip), vegetation type (e.g. grass, shrubs, native plants), and other details, as necessary, to ensure the successful installation and programming of the smart timer(s).
5. During the pre-installation assessment, the Installation Contractor should note deficiencies in the irrigation system and WiFi signal strength. A list of these deficiencies shall be provided to the Customer to help them to make corrections.
6. The Customer's irrigation system should be in adequate working condition and the WiFi signal to the existing controller(s) must be of sufficient strength for the Installation Contractor to proceed with the Smart Timer installation(s). If the Installation Contractor elects to forgo an installation because of observed or perceived site conditions, limitations included in the District's list of conditions, gross inefficiencies in the customer's irrigation system, inadequate WiFi signal strength, or the presence of existing smart timer(s), the Installation Contractor will promptly advise the Customer, document the site and condition, and update the cloud-based database within 3 business days. The customer will have 60 days to make the necessary repairs and contact the Installation Contractor for a follow-up appointment.

7. All data gathered during the pre-installation assessment will be entered into the cloud-based database and will include an overall assessment of the customer's irrigation system. See cloud-based data management solution field requirements section below for required database fields.

1.1.5 INSTALLATION OF SUPPLEMENTAL DEVICES

At the customer request and at the approval of MNWD, customers can opt in to have supplemental devices installed including, but not limited to Wi-Fi boosters, wireless flow sensors, high efficiency energy and natural gas devices as described further in EXHIBIT B Fee Schedule.

1.1.6 INSTALLATION OF THE SMART TIMER(S)

The Installation Contractor will bring up to two approved Smart Timers to the Customer's service address at the scheduled time of the pre-installation assessment. Upon successfully passing the pre-installation assessment, the Installation Contractor will install the Smart Timer(s) with the customer in attendance. Specific steps are listed below:

1. Provided the customer's existing irrigation system is in adequate working condition, their WiFi signal is of sufficient strength to the existing controller(s), and the customer is present, then the Installation Contractor shall install the Smart Timer(s). Specific steps are listed below.
2. Installation Contractor will provide all new materials, free of defect, for quality installation(s).
3. Installation Contractor will NOT conduct any work outside the standard installation scope of the Program or receive ANY form of payment from the customer for work as a result of this Program without the express consent of the Customer and the permission of the District.
4. Certain Smart Timers require an enclosure if located outdoors. If the wiring and outlet for the timer is outdoors, an enclosure will be provided by the Installation Contractor, if necessary. A maximum of two enclosures will be provided to the Customer for purposes of this Program.
5. Installation Contractor will provide courteous, professional service and leave no materials or debris at the site.
6. Installation Contractor will conduct ALL installations per Manufacturer's recommendations. All installations shall be neat and professional in appearance.
7. The District will not pay for, nor is responsible for, substandard work. The District's

Water Efficiency staff will perform quality control inspections after Smart Timers are installed and programmed to ensure proper installation and programming. Installation Contractors will be responsible for correcting any errors in installation or programming at the Installation Contractor's expense.

8. Installation Contractor will provide training to the customer on how to program and maintain their new Smart Timer(s).
9. After training, the Installation Contractor will utilize a digital tablet to obtain the Customer's digital signature on a liability waiver, recognizing transfer of ownership of the Smart Timer(s).
10. The old irrigation timer(s) will be left with the Customer, who can retain or dispose of as desired.
11. Installation Contractor will leave the property owner or the property owner's legal representative a copy of ALL manufacturers' warranty documentation and user manual for EVERY Smart Timer installed on the property.
12. Installation Contractor will leave the property owner or the property owner's legal representative a local or toll-free telephone number for technical assistance and/or product malfunction within 90 days of product installation.
 - a. Installation Contractor will respond to every call within 2 business days.
 - b. Installation Contractor will document every call and resolution in the Customer Contact log.

All installation details, including, but not limited to the number of Smart Timers installed and their respective model and serial numbers, number of outdoor enclosures installed, and programming details will be entered into a cloud-based database and will include an overall assessment of the customer's irrigation system. See cloud-based data management solution field requirements section below for required database fields.

1.1.7 STATUS VERIFICATION, POST-INSTALLATION PERFORMANCE TRACKING, AND INVOICING

To streamline program compliance, the Vendor will provide a mechanism for the District to monitor the status (e.g. active or not active) and irrigation scheduled details of all new and replacement Smart Timer(s) installed through the Program.

Vendor will establish and provide a toll-free telephone number for responses to customer participation, scheduling of installations and questions. The District will publish this number on its website and in marketing materials. This number is to remain active up to 6 months after the last Smart Timer is installed under the Program.

The Vendor will complete and submit a monthly electronic invoice and the corresponding electronic copy of the District's Smart Timer installation database via email to the District's

Program Coordinator.

Status verification, post-installation performance tracking, Program charges, and invoice details will be entered into a cloud-based database. See cloud-based data management solution field requirements section below for required database fields.

1.1.8 CLOUD-BASED DATA MANAGEMENT SOLUTION FUNCTIONALITY AND DATABASE FIELD REQUIREMENTS

Vendor will develop and maintain an integrated, cloud-based data management solution designed to:

1. Manage Customer eligibility
2. Screen and track application data
3. Manage participant information
4. Confirmation of W9 tax form submission
5. House pre-installation assessment data
6. House Smart Timer installation data
7. Manage post-installation verification and Smart Timer performance tracking
8. Track Program charges and invoicing data

District staff will have secure access to said information. The database shall include, but not be limited to, the following information:

1. Application Date
2. Customer account number
3. Customer first name
4. Customer last name
5. Service address – Street name
6. Service address – House number
7. Service address – City
8. Service address – Zip code
9. Contact phone number with area code
10. Email address
11. Total landscaped area in square feet (provided by District)
12. Date Installation Contractor confirmed receipt of completed W9 tax form
13. Pre-installation assessment details:
 - a. Date of pre-installation assessment
 - b. Number of irrigation zones
 - c. Number of mixed plant zones
 - d. Mixed sprinkler heads present (True/False)
 - e. Presence of Isolation Valve (True/False)
 - f. Number of active irrigation valves
 - g. Solenoids in good conditions (True/False)

- h. Predominant sprinkler type (spray, rotating, drip)
 - i. Predominant landscape type (grass, shrubs, mixed, drought tolerant, CA natives)
 - j. Predominant soil type
 - k. Overall irrigation system assessment (1 to 5, poor to excellent)
 - l. Weekly watering amount (in minutes) for 1st existing controller
 - m. Weekly watering amount (in minutes) for 2nd existing controller
 - n. Assessment of WiFi signal strength for 1st controller (1 to 5, poor to excellent)
 - o. Assessment of WiFi signal strength for 2nd controller (1 to 5, poor to excellent)
14. Smart Timer installation details*:
- a. Number of controllers replaced
 - b. Make of 1st existing controller
 - c. Model of 1st existing controller
 - d. Number of stations on 1st existing controller
 - e. Make of 2nd existing controller
 - f. Model of 2nd existing controller
 - g. Number of stations on 2nd existing controller
 - h. Make of 1st new Smart Timer
 - i. Model of 1st new Smart Timer
 - j. Serial number of 1st new Smart Timer
 - k. Location of 1st new Smart Timer
 - l. Number of stations on 1st new Smart Timer
 - m. Installation date of 1st new Smart Timer
 - n. Make of 2nd new Smart Timer
 - o. Model of 2nd new Smart Timer
 - p. Serial number of 2nd new Smart Timer
 - q. Location of 2nd new Smart Timer
 - r. Number of stations on 2nd new Smart Timer
 - s. Installation date of 2nd new Smart Timer
 - t. *Additional fields will be added as needed to track the installation of additional devices (e.g. WiFi boosters, WiFi relays, compatible and supplemental devices, such as soil moisture sensors or flow sensors)
15. Post-installation performance tracking details
- a. Status of 1st new Smart Timer (Active or Not Active)
 - b. Irrigation Schedule Type of 1st new Smart Timer
 - c. Weekly watering amount (in minutes) for 1st new Smart Timer (on average)
 - d. Date 1st Smart Timer was replaced (if needed)
 - i. Make of replacement Smart Timer
 - ii. Model of replacement Smart Timer
 - iii. Serial number of replacement Smart Timer
 - iv. Reason for replacement
 - e. Status of 2nd new Smart Timer (Active or Not Active)
 - f. Irrigation Schedule Type of 2nd new Smart Timer
 - g. Weekly watering amount (in minutes) for 2nd new Smart Timer (on average)
 - h. Date 2nd Smart Timer was replaced (if needed)

- i. Make of replacement Smart Timer
- ii. Model of replacement Smart Timer
- iii. Serial number of replacement Smart Timer
- iv. Reason for replacement

16. Program Charges and Invoice Tracking

- a. Pre-installation assessment charge
- b. Pre-installation assessment date
- c. Invoice number with pre-installation assessment charge
- d. Invoice date for pre-installation assessment charge
- e. Number of existing controllers at service location
- f. Installation date of 1st new Smart Timer device
- g. Charge for 1st new Smart Timer device
- h. Charge for 1st new Smart Timer installation
- i. Charge for outdoor enclosure for 1st new Smart Timer, if needed
- j. Charge for outdoor enclosure installation for 1st new Smart Timer, if needed
- k. Invoice number with device and installation charges for 1st new Smart Timer
- l. Invoice date with device and installation charges for 1st Smart Timer
- m. Installation date of 2nd Smart Timer device
- n. Charge for 2nd new Smart Timer device
- o. Charge for 2nd new Smart Timer installation
- p. Charge for outdoor enclosure for 2nd new Smart Timer, if needed
- q. Charge for outdoor enclosure installation for 2nd new Smart Timer, if needed
- r. Invoice number with device and installation charges for 2nd new Smart Timer
- s. Invoice date with device and installation charges for 2nd new Smart Timer

1.2 CONSULTANT COMMITMENTS

1.2.1 COMMUNICATION WITH CUSTOMERS AND THE DISTRICT

1. Excellent customer service is a high priority to the District. Representatives of the Installation Contractor(s) and Controller Manufacturer(s) (collectively referred to hereafter as Consultants) shall communicate with Customers in a timely and respectful manner at all times.
2. Consultants shall provide a representative to take customer phone calls during business hours (Monday – Friday, 9 am – 5 pm).
3. Consultants shall make three attempts to contact the Customer. Consultant shall document all contact attempts in a Customer Contact Log, which shall be made available to the District, preferably in a cloud-based interface, on a specified interval and/or upon request by the District.

4. Consultants must return calls and emails to the District and to Customers within one business day or by the close of the business day on Monday for all calls received after 5 pm on Friday.
5. Installation Contractor(s) shall maintain all appointments in a cloud-based appointment calendar that shall be shared with the District and updated in a timely manner as changes occur.
6. Installation Contractor(s) shall confirm appointments with the Customer at least one business day prior to the scheduled meeting. If Installation Contractor does not speak directly with the Customer, Installation Contractor may leave a voicemail reminder for the Customer that includes the survey date, time, surveyor name, and surveyor contact information. Installation Contractor shall document survey appointment reminder in the Customer Contact Log. Customer cancellations shall be noted in the Customer Contact Log.
7. Installation Contractor must arrive at appointments on time and must be identifiable as an Installation Contractor's representative by wearing a uniform and/or name tag. Installation Contractor shall provide excellent customer service and effectively communicate with the Customer during the appointment.
8. Customer must be present for the duration of the appointment. While scheduling the appointment, Installation Contractor shall convey to Customer that their presence is required and provide them with a time estimate for completion of the pre-installation assessment and installation based on their site needs.
9. If the Customer fails to meet the Installation Contractor at the appointed date and time, the Installation Contractor shall follow up with the Customer to reschedule and notify the District of the Customer's absence. The Installation Contractor shall note that the Customer missed the appointment and track all missed appointments in a cloud-based appointment calendar.

2. THE BLUE PRINT FOR PROGRAM SUCCESS

Synergy's qualifications, methods, strategies, and operations excellence all combine to create the blue print for program success.

2.1 QUALIFICATIONS

CSLB# 835016, 945168	Description
B	General Building Contractor
C2	Insulation and Acoustical
C10	Electrical
C17	Glazing

C20	HVAC
C36	Plumbing
C46	Solar

2.2 TECHNICAL SERVICE OPERATION

Customer satisfaction is Synergy's top priority and our motto is "We Treat People Right." When a customer needs assistance, Synergy is there as soon as possible to correct the situation. If MNWD customer service is involved, Synergy always keeps MNWD apprised as the solution to the situation progresses and when it is fully resolved.

Synergy Technical Service Department	Description
Hours of Operation	Monday - Friday 8AM - 5PM Emergency: Monday – Sunday 24 Hours
Procedures for Technical Service Assistance	No matter how big or how small the assistance required, Synergy resolves all issues as soon as possible. Most issues are resolved the same day or 24 hours after reported.
Staff Expertise	Spanish and English speaking. Seasoned with 10 + years at Synergy.
Staff Training	Weekly. Based upon "Becoming Your Best" Global Leadership Training Principles.
Staffing Levels During Normal Business Hours	10 to 15
Communication Methods for Delivery of Services	Phone, email, calendar invites, and text messaging.
Communication Methods for Changes in Delivery	Phone, email, calendar invites, and text messaging.
Internal Tracking of Goods and Services	Synergy Database – STS© (2009 – 2018)

2.2.1 DETAILED WARRANTY PROCESS

Synergy Warranty Process	Description
Warranty Coverage	No-hassle 1-year warranty on labor and 3-year warranty on material to be free from manufacture defects. Rachio provides a 4-year warranty.
Conditions that may Void Coverage	The Synergy warranty inspector reviews all seemingly unreasonable claims and makes a

	judgment on a case by case basis. Synergy knows that a positive word spreads quickly, but a negative word spreads even faster even if one is not at fault. Making the customer happy is always the vision.
Retrieval of Damaged and/or Defective Merchandise	Synergy retrieves all damaged and defective merchandise from the premises where installed. This is not the customer's responsibility.
Effective Date of Warranty	Date of installation
Warranty Period Tracking	Customer installation dates are recorded and accessible to customer service technicians through the Synergy Database for reference.
Manufacturer Unit Tracking	Bill of sale or bill of lading for each Synergy order is used for manufacturer unit tracking.
Normal Business Hours for Warranty Calls and Service	Monday - Friday 8AM - 5PM Emergency: Monday – Sunday 24 Hours
Contact Information for Warranty Questions and Service	Phone: 800-818-4298 Web: www.synergycompanies.org
Warranty Process	Program customer reaches Synergy's Technical Service Department through phone or web inquiry. The Technical Service Department representative retrieves the customer's information in the Synergy database. An appointment is scheduled for warranty service as soon as possible with an assigned Synergy technician in the field. Each record in the Synergy database is assigned a specific program. This feature allows for differentiation between programs facilitating faster customer service, program specific reports, and invoicing.

The Typical Response Time for Warranty Calls and Service for Measures that are not Operational or not Functioning Properly	No matter how big or how small the warranty call or service required, Synergy resolves all issues as soon as possible. Most issues are resolved the same day or 24 hours after reported. Non-emergency weekend calls are handled the first business day following the weekend. Synergy holidays are New Year's Day, Memorial Day, 4 th of July, Labor Day, Thanksgiving Day, and Christmas Day. During holidays, only the emergency service calls are attended to. The message for emergency service responds on all the telephone lines after hours, weekends, and holidays.
The Determining Factors for Repairing or Replacing Defective Equipment	The number one factor is customer satisfaction. Synergy aims to make customers happy. The second factor is the warranty period.
Who will Make the Necessary Service Repairs or Replacement?	Synergy Quality Production Managers who specialize in the quality and productivity of Synergy technicians. The original technician who performed the work may also be assigned for the warranty service call depending on the nature of the service call.
Warranty Coverage and Process Management after the Contract Ends	Synergy will continue to stand behind products and services installed after the contract ends for the duration of the warranty period of each customer.

2.2.2 TRAINING

Every two weeks Synergy Managers hold on-site trainings with Synergy outreach and technicians at the company facilities. Each position has a checklist of skills and knowledge to master and pass off. The trainings include quizzes and interactive team building exercises to share skills and knowledge. The training topics in general knowledge about products and services, troubleshooting, the warranty process, and product features.

As Synergy employees master these areas and have them passed off by a Synergy manager, they receive increases in compensation and opportunities for advancement.

2.2.3 AVAILABILITY OF PRODUCTS

Product Availability	Description
Warehouse Locations	90 Business Park Drive, Perris, CA 92571 – 4,000 ft ² 1325 N Gum Street, Anaheim, CA 92806 - 1,500 ft ²
Product Delivery Time	1 to 30 days depending on the product from key suppliers.
Minimum and Maximum Quantity Per Order	No minimum with key suppliers. Higher quantities ordered provide the best material costs.
Communication of Product Shortage	Scheduled customers are notified of the shortage and have the option to receive other program measures and schedule another time to receive the product that is experiencing a shortage or reschedule for when the product is in stock.
Communication of Retirement/Inception of New Models	Technicians are required to return old products and pick-up new models. Staff are notified of the change in meetings and emails. Program materials are updated to
Guaranteeing and Assuring Products for Duration of Contract	Synergy has multiple suppliers and the products offered are common and so there

3. THE SYNERGY ADVANTAGE

Synergy has read and understands the contractor's responsibilities as outlined in the Statement of Work. The section below serves to illustrate the Synergy Advantage.

- a. Quality Measure Installations: To ensure high production quality and customer satisfaction, Synergy employs full time quality production managers that physically inspect a minimum of 10% of all jobs completed on the program. The QPMs also actively resolve customer questions and concerns regarding workmanship and warranty. The QPMs ensure that measures are installed properly and perform as they should while doing a physical inspection of the work. These managers focus on maintaining an overall pass rate of 95% of all Measures and Services inspected.
- b. Answer Customer Inquiries with Attentiveness and Responsiveness: Striving for the highest levels of customer satisfaction is Synergy at the core. Significant training and investment are ongoing with Synergy's culture and representatives to deliver industry best customer service and satisfaction. Investments in customer communication tools and quarterly Becoming Your Best training from BYB Global Leadership keep Synergy ahead of the curve in the dynamic realm

of customer service.

c. Maintain and Safeguard Records: Synergy takes cyber security and data protection seriously. Synergy has a fully staffed IT department with an IT director. This team is responsible for protecting and securing sensitive program data, including but not limited to, customer account and status, energy billing history, and if available, business information and past rebate participation. Program documentation can be safely stored for the minimum of (10) years.

d. Keep Customer Information Private: Each Synergy employee has a company email account that is based on the encrypted Google Apps for business platform. Cloud storage is also hosted on the encrypted Google Apps for business platform. Google forces HTTPS (Hypertext Transfer Protocol Secure) for all transmissions between users and Google Apps services and uses Perfect Forward Secrecy (PFS) for all its services. Google also encrypts message transmissions with other mail servers using 256-bit Transport Layer Security (TLS) and utilizes 2048 RSA encryption keys for the validation and key exchange phases. This protects message communications when client users send and receive emails with external parties also using TLS.

e. Quality Assurance: We meet with our crews in tail-gate meetings weekly and review both ethical and technical training on how to do the best work possible. Synergy also has a more formal bi-monthly meeting to review best practices on quality and service. If a technician is caught cheating, he is terminated from employment with our firm. Our motto in this area is: "We do not lie, cheat or steal, nor tolerate any among us that do." A telephone survey is done by an independent 3rd party company with over 20% of customers asking a variety of questions about their experience. These questions include how long the technician was at the property, if they properly introduced themselves, if they were presentable, if they were explained what work would be done, if they cleaned up afterwards, and whether the customer had a positive experience.

f. SoCalGas and SCE No Cost Programs: Synergy will perform single family installation of smart irrigation timers to Moulton Niguel Water District customers. Synergy currently implements the SoCalGas and SCE Residential Direct Install Program in the Moulton Niguel Water District service territory. At no additional cost, Synergy will install but not limited to: NEST smart programmable thermostats, low flow showerheads, faucet aerators, and thermostatic shower valves that reduce electricity, natural gas, and water consumption. at the time of MNWD smart timer installation offering unmatched comprehensiveness and value to MNWD customers.

3.1 CLOUD-BASED DATA MANAGEMENT SOLUTION DESCRIPTION AND FEE SCHEDULE

Cloud-Based Data Management Solution:

Indicate the name of the firm acting as the Vendor (can be proposing Installation Contractor, Controller Manufacturer, or third-party): Rachio and Synergy.

Indicate the price for developing the cloud-based data management solution:

Synergy - \$15,000 for set-up of Exhibit B database field requirements, pre-installation assessment, and smart timer installation details in Synergy Tech System (www.synergytechsystem.com).

Indicate the price to maintain the cloud-based data management solution:
 Rachio - \$36,000 billed annually, totaling \$108,000 for the 3-year program length. MNWD has the option to renew at this price a total of two (2) times, bringing the total cost to \$180,000 for five (5) fiscal years.

Provide a description of the proposed cloud-based data management solution, making sure to address the required functionality and data fields listed above and in the attached Scope of Work (Exhibit B).

There are two elements to Rachio's cloud-based management solution: a.) the customer web portal, and b.) Rachio's Insights platform. Together, these serve as an integrated solution that brings efficiency to redemption management, electronic scheduling, verification of installation, and more.

Customer Web Portal

A.) Homeowner functionality and process

From the homeowner's viewpoint, the Rachio web portal is designed to facilitate the process of verifying their eligibility and providing them options for professional installation. Homeowners directed to this portal (landing page) will be hosted through the following steps:

1. Co-branded (Rachio, MNWD, Synergy) landing page containing program information, eligibility requirements, and a Rachio-hosted program FAQ.
2. Eligibility verification where the homeowner is prompted to provide their name, contact information, and MNWD account number. In-line error messaging is employed to alert the homeowner to any erroneous entries (e.g. improper account number formatting).
3. Scheduling availability, illustrating available assessment/installation times, presented in a calendar view. This allows the homeowner to choose the day and time they would like their controller installed.
4. Confirmation of scheduling availability, with ability for homeowner to provide additional information required for installation (e.g. special instructions for accessing home).

To ensure customers falling out of this process are retained, Rachio will implement an intelligent email sequence (Iterable) that prompts homeowners to return to the step at which they fell out. This will maximize conversion and make the most of MNWD's outreach.

B.) Management functionality

The program management portion of the web portal is designed to allow for management of eligible account numbers by Rachio, viewing of redemption and conversion analytics, and installation verification.

At program start, MNWD will provide eligible account numbers to Rachio to upload to the portal, and set a redemption maximum for the first marketing cycle. This maximum will manifest itself on the landing page in the form of a ‘controller count remaining’. This allows the program to be ‘phased’ and prompts the homeowner to sign up at their earliest convenience.

MNWD will receive weekly updates on the number of controllers redeemed as submissions are made. Similarly, they will be able to see which serial numbers are distributed to whom and be able to view activation statistics.

Insights Platform

In addition to the web portal, described above, MNWD will be provided with four seats for the Rachio Insights platform. This platform is designed to provide aggregated irrigation data and analytics to help inform conservation strategies, engagement campaigns, and measure program efficacy.

Insights aggregates configuration, schedule, and weather data for all devices in the MNWD service area, irrespective of whether they were subsidized by the utility. The platform will be configured so that MNWD can group controllers by distribution method (program) and contrast those controllers against those purchased organically through retail channels. Insights will not allow MNWD to view the exact location of any given controller and provides no access to personally-identifiable information (PII).

Features of the Insights platform include:

A.) Controller Status: View the status of controllers in the service area (e.g. Online) and gain insight into how controllers are responding to seasonal changes or weather events such as rain.

B.) Scheduling and Zone Configuration: Understand how users have programmed their schedules (i.e. start time, duration, frequency) as well as the configuration of their zones, including information such as vegetation type, nozzle type, soil, etc.

C.) Segmentation: Use filters to create user segments that can be tracked over time to measure the success of interventions related to demand reduction or management.

D.) Engagement (optional): Use Rachio’s segmentation and filtering abilities to inform email and/or in-app messaging campaigns from Rachio. These are aimed at changing the irrigation behavior of existing Rachio users, and are designed to be educational and prescriptive.

3.2 SMART TIMER SPECIFICATION SHEET

Use the Smart Timer Specification Sheet to describe the capabilities of the Smart Timer being proposed for this Program.

1. How long has the Smart Timer been commercially available and where is it manufactured?

Rachio's Rachio 3 controller has been commercially available since 2018, with previous iterations, Generation 1 and Generation 2, available in 2014, and 2016, respectively. Rachio controllers are manufactured in the United States and Mexico.

2. Is the hardware Wi-Fi compatible out of the box or are add-on features required to make the Smart Timer "smart"? Please describe.

Rachio's controller is Wi-Fi compatible out of the box and is compatible with both 2.4 GHz and 5 GHz networks.

3. Is the Smart Timer operable if the Wi-Fi goes down? Please explain.

Power is essential to the activation and operation of irrigation valves. However, Rachio controllers maintain on-board firmware that retains an encrypted version of the home's Wi-Fi credentials and last schedule created. This allows the controller to reconnect automatically if power and/or Wi-Fi goes down.

4. What is the primary interface with the Smart Timer?

The primary interface with the timer Rachio's app, available for iOS, Android and web browser.

5. Can the homeowner's landscaper access the Smart Timer remotely? If so, how?

Yes. Rachio is a cloud-connected controller, meaning that a majority of its infrastructure exists in a cloud environment. The controller can therefore be accessed anywhere in the world, by homeowners or landscapers alike, assuming they have access to the internet or a cellular connection.

Rachio was the first Wi-Fi connected controller to offer what is referred to in the app as 'Shared Access'. Shared Access allows homeowners to grant multiple levels of access to their landscape professional. These levels include Complete Access, Limited Access, and Transfer Ownership.

Complete Access

- Requires Rachio account.
- Full access shared to zone configuration, schedules, weather intelligence settings, etc.
- Changes can be made and saved by the homeowner or landscaper.
- Access does not expire unless manually removed.

Limited Access (Category Exclusive)

- No Rachio account required.
- Allows landscaper to turn zones on or off for system assessments or repair.
- Allows homeowner to set expiration date for access.

Transfer Ownership (Category Exclusive)

- Requires Rachio account.
- Controller can be transferred from one account to another.
- Allows for transfer of device when home ownership changes.

Finally, Rachio allows landscapers to manage an unlimited number of customer devices free of charge.

6. Is the user able to provide global and/or valve-specific percent adjustments to the calculated watering schedule?

The user is able to provide global and valve-specific adjustments to the calculated watering schedule. Rachio allows these adjustments to be made in increments of one minute, as user experience testing has demonstrated that this is easier understood and managed by users when compared to percentage adjustments.

7. Are there any ongoing or subscription costs? If so, please provide cost details.
N/A

8. How many zones does the Smart Timer support?

Individual controllers can support up to 16 zones, with the ability to be combined for properties with up to 32 zones.

9. What is the source of weather data for the Smart Timer? How would it provide accurate scheduling for different micro-climates in the District's Service area? Please describe.

Rachio's Weather Intelligence™ Plus gives users the most accurate weather scheduling available by combining data from national weather stations, more than 270,000 personal weather stations, satellite data, radar data, and more to provide hyperlocal forecasting that's accurate to the location of any given controller.

#8.

Weather Intelligence™ Plus is also self-healing, meaning that if a station connected to the controller stops reporting data, Rachio will switch to the closest reporting station and send the homeowner an email notifying them of the change.

In addition to advanced weather accuracy, Weather Intelligence™ Plus also has the same 'skip' features as the weather service that preceded it. These features act as weather triggers to skip the watering schedules or adjust watering durations, saving homeowners water.

Rain Skip: This feature will skip the watering schedule when it's raining; if the precipitation threshold (e.g. $\frac{1}{4}$ ") is or will be met (looking back 24 hours and ahead 24 hours) at the time the schedule starts, the schedule will be skipped. The user-configurable rain threshold can be set between one-sixteenth of an inch (.0625") to one inch (1").

Wind Skip: This feature prevents waste by skipping watering when high winds are likely to scatter water intended for the plants. If wind speeds exceed a predetermined threshold (e.g. 25 mph), Rachio will automatically skip the scheduled watering. The user-configurable rain schedule can be set between 5 and 40 miles per hour.

Seasonal Shift: This feature will update schedule durations on a monthly basis (for Fixed schedules) to offset seasonal weather changes. In short, durations increase from winter to summer and decrease from summer to winter. Seasonal shifts manifest themselves in interval adjustments for Flexible schedules.

Saturation Skip: This feature will skip the watering schedule any time the soil moisture balance of all zones is sufficient to wait until the next scheduled watering.

Freeze Skip: This feature will skip the watering schedule if the observed temperature falls below a predetermined threshold. The user-configurable freeze skip can be set between 32 and 45 degrees.

10. Can the weather station from which the Smart Timer gathers data be changed?

Yes. The user can select which weather station information is provided from. They can select their desired weather station from a map view.

11. Can the Smart Timer be mounted outside the house? If so, does it have a weatherproof housing or enclosure?

Yes. The controller can be mounted outside the house with the use of an outdoor enclosure, available separately.

12. How does the Smart Timer adjust watering frequency and/or watering times over the course of a year? Please describe.

The controller allows for two different schedule “types” which determine watering frequency and duration: Fixed schedules and Flexible schedules. Both of these contribute to significant water savings.

Fixed schedules are designed so that the user can specify the exact days of the week that the sprinklers run. They also allow for the user to specify a fixed interval (e.g. every three days). The primary benefit of these schedules is realized in areas where watering restrictions are in place, as they allow for specific guidelines on when water can be applied.

There are a number of weather-related features that contribute substantially to water savings within Fixed schedules. These include seasonal adjustments to run times (Seasonal Shift), skips for forecasted precipitation (Rain Skip), and skips under conditions where ET has not been sufficient to require watering (Saturation Skip). Smart Cycle, Rachio’s automatic ‘cycle and soak’ functionality, is also available for schedules of this type.

Rachio has two types of Flexible schedules: Flexible Daily and Flexible Monthly.

Under Flexible Daily, individual zone moisture balance is estimated using input criteria provided by the user for each zone (e.g. vegetation type). These input criteria are analyzed relative to actual and forecasted weather data to determine the moisture balance of each zone. Based on this, the controller determines when to apply water to the landscape.

Flexible Monthly schedules are configured to create an interval-based schedule (e.g. every three days) that changes monthly. This means that the user may see an interval of every two days in warmer months, and every ten days in cooler ones. Intervals for each month are determined based on 30-year historical ET, and scheduled run times are subject to the same weather-related features as a Fixed schedule.

Rachio leverages a method of managed allowed depletion in determining how to apply water under Flexible schedules. Rachio calculates the allowed depletion level, as well as the field capacity for each zone, based on the zone’s characteristics. Moisture levels are calculated using real time ET and precipitation data in combination with zone irrigation events.

13. Is the user able to modify zone characteristics such as vegetation, soil type, sun exposure, nozzle types/precipitation rate or slope?

Rachio provides unparalleled configurability at the valve or zone level. Standard inputs include Zone Type (Vegetation), Spray Head (Nozzle Type), Soil Type, Exposure and Slope.

Additionally, Rachio employs methods to suggest proper plant and/or soil types based on controller location.

14. Can the user configure advanced zone settings (i.e. allowed depletion level or zone area)?

Rachio's advanced settings allow the user to configure Zone Area, Available Water, Root Depth, Allowed Depletion, Efficiency, Crop Coefficient and Nozzle Inches per Hour.

15. Are there multiple schedule types? If so, please explain each. (Cycle and soak capability?)

Please see question 12 for an explanation of Rachio schedule types. All Rachio schedules support 'cycle and soak' capabilities.

Smart Cycle is Rachio's implementation of the 'cycle and soak' technique. It automates the cycle and soak process and removes the guesswork of how long to cycle and soak. It intelligently breaks up run times to maximize watering capabilities. Smart Cycle is recommended, and enabled automatically on all schedules, but can be edited. The duration of the cycle and soak times for each zone is calculated automatically by Rachio, utilizing the zone's unique zone settings. Rachio also allows users to set the cycle and soak intervals and durations manually.

16. Is the Smart Timer capable of watering within restrictions? (e.g. not on specific days or between 9AM & 6PM)

Yes. Rachio can be configured to water on or exclude specific days and is fully configurable for schedule start time. Options allow the user to specify that the schedule end before sunrise, start after sunset, end before a specific time, or start at a specific time.

17. Is the Smart Timer WaterSense or SWAT certified? If not, why?

Yes. The controller is both EPA WaterSense and SWAT certified. In independent testing performed for EPA's WaterSense certification, Rachio achieved Irrigation Adequacy of 100% in 5 of 6 zones, and 99% in the remaining zone. 80% is considered passing. Irrigation Excess averaged .2%, with excess of 0% in all zones but one, where excess measured 1%. Under 5% is considered passing.

18. How many hours does it take to install/program the Smart Timer? Please describe the complete process to install the device.

Installation of the controller typically takes between 30 minutes and one hour, depending on the total number of zones. This does not include assessment of the system or irrigation audits.

There are four elements to Rachio installation and configuration: controller installation, Wi-Fi connection, zone configuration and schedule selection.

Controller installation: This includes the attachment of the controller (and enclosure, if necessary) to the wall or exterior of the home using Rachio-provided hardware, and the connection of zone wires.

Wi-Fi connection: Once connected to power, the user will walk through a process of connecting the controller to their home's Wi-Fi using the Rachio app.

Zone configuration: When Wi-Fi connection has been established, the user will be prompted to configure their zones. The controller will walk the user through a process where each zone is activated, so that the user can specify which vegetation type, soil type, nozzle type, etc., is present in each zone. The user can also take pictures of individual zones and save them for reference in the app. The user will have the ability to disable any zones that are inactive.

Schedule selection: The user will be presented with three different schedule "types" to select from, based on their preference or any local restrictions. Question 12 covers schedule types in greater detail. The user has the ability to configure multiple schedules based on their irrigation preferences.

19. What is the warranty on the Smart Timer?

Controllers distributed through utility-subsidized programs are warrantied for four years, versus the usual two.

20. What types of training materials are available for the Smart Timer?

Rachio maintains the most robust set of training materials in the industry, hosted on the Rachio support site (support.rachio.com) and the Rachio community (community.rachio.com). The former is home to approximately 250 articles on topics ranging from controller installation to zone diagnostics. Approximately 20 videos are available as well. In Summer of 2018, Rachio averaged 54,000 support article views per week. In the same time period, Rachio averaged 4,000 video views per week.

Rachio's community forum is home to approximately 10,000 active users and covers a variety of user-generated topics that aid in the installation and configuration of the device. This forum is actively managed by Rachio staff to field support requests, product suggestions, and more.

21. What kind of support does your company offer to Program participants?

Rachio's support site (Help Center) is the first line of support available, and has an average Self Service Score of around 10:1. This means that for every 10 people that have questions or problems with Rachio products and use our Help Center, only one person is not able to answer their question with self-help resources (articles, videos) and reaches out to a

support agent. Rachio creates program-specific support articles for each of the utility-subsidized programs it participates in.

Rachio's remote support team is the largest product-specific support group in the industry, with approximately 50 staff available during peak season. Support inquiries can be fielded by phone, email, and directly through the Rachio app. Users can manage their active support inquiries (tickets) through the app.

Rachio's remote support allows for diagnostic capabilities and scalability that could not be achieved by an on-the-ground support team. In a vast majority of cases, Rachio is able to address any controller-related issues because of the controller's cloud capabilities and electrical diagnostics. Response and resolution times are actively monitored to ensure that the support team is providing unparalleled customer service.

In cases where on-site assistance is required, Rachio relies on Synergy's industry-leading irrigation staff to diagnose and address irrigation or landscape issues.

22. Are there any unique features of this Smart Timer? Please explain.

In addition to many of the features discussed in previous and subsequent questions, Rachio is unique in the amount of effort applied towards homeowner-focused user experience research and app refinement. Since the product's release in 2014, over 110 app versions have been released, with each making incremental improvements to the controller's usability. Rachio's feature set is unparalleled and has become the standard for intelligent irrigation.

23. Are there any other reasons why this Smart Timer should be chosen for the Program?

Proven: Rachio is a proven technology with the number of activated devices in the six-figures, and with customers in all 50 states and over 85 countries. It is the best-selling product in its category and has maintained its position as the best-rated (4.6 stars out of 5, with almost 4,000 reviews) for approximately three years. Rachio's 'share of voice' among other brands in the smart irrigation category is approximately 70%.

Rachio is the product most often selected by water agencies for direct installation programs, pilots, or other smart irrigation programs where a single manufacturer is selected.

Rachio has also received accolades from independent third parties, including Wirecutter (Best Smart Sprinkler Controller), Reviewed (Best Smart Sprinkler Controller), PC Mag (Editor's Choice) and TechHive (Editor's Choice). The company has been the focus of an Amazon Web Services case study on IoT companies.

Most integrated: The smart home has quickly become a reality, with over 50 million Americans having access to a smart speaker (e.g. Amazon Echo). Approximately 20% of Rachio's users have connected their device with a smart home platform.

Rachio has established and maintains the most integrations in the category, with direct integration between it and class-leading platforms such as Amazon Alexa, Google Assistant, Samsung SmartThings, and Works with Nest. Rachio is the only smart sprinkler controller to maintain direct integration with Apple HomeKit.

With the rapid growth and penetration of the smart home category, it's important that consumers have a solution that communicates with the other devices in their home.

Unparalleled savings: In independent testing performed for EPA's WaterSense certification, Rachio achieved Irrigation Adequacy of 100% in 5 of 6 zones, and 99% in the remaining zone. 80% is considered passing. Irrigation Excess averaged .2%, with excess of 0% in all zones but one, where excess measured 1%. Under 5% is considered passing.

Security: Rachio's controller is one of the most secure smart home devices in the industry. Rachio employs industry-leading methods (MQTT over TLS) to facilitate secure communications between the controller, home Wi-Fi system, and Rachio cloud.

All of the Rachio cloud data is stored using Amazon's cloud computing services (AWS). A virtual private cloud (VPC) is used for all applications servers and databases. These all exist in a private subnet with no external access from the internet. Passwords are stored using a SHA-256 algorithm with random, generated text to salt the hash. The data itself is stored in multiple distinct locations called availability zones. Integrations with third-party systems leverage OAuth2.

The controller has been the subject of a Medium blog focused on reversing (hacking) IoT devices, and has been lauded for its security practices.

Thought-leadership with utilities: Rachio has the largest network of cloud-connected irrigation controllers in the world, and academic research has revealed this network's importance to water utilities nationwide. For example, in a groundbreaking study authored by American Water, WaterDM's Peter Mayer and the Alliance for Water Efficiency, Rachio demonstrated that ET-based flexible schedules can be managed to reduce peak day demand by 1 MGD in areas with an installation base of 1,500 Rachio controllers.

The power of Rachio's controller network has become a catalyst for product strategy. Rachio specializes in helping water utilities maintain excellent service in the face of complex demand challenges. Rachio's utility solutions leverage controller data to enable real-time visibility into schedule data and water use, and to facilitate insight, management, and control of residential irrigation. Rachio continues to innovate in this space and is currently implementing several direct distribution programs nationwide.

3.3 QUALIFICATION AND EXPERIENCE

Optimal servicing of single-family customers requires a proficient skillset in several key areas. These include but are not limited to responsive customer service, irrigation, heating, air conditioning, electrical, lighting, plumbing, general glazing, insulation, and a well-maintained and protected information systems infrastructure to securely store and transmit sensitive and important information. Synergy has been improving upon these skills since 1983 and believes that the “Best is Yet to Be.”

Experience with comparable projects and customers is one of the best ways a firm can demonstrate its capability and capacity of being the ideal company with which to work. The tables that follow present Synergy’s overall single-family water and energy efficiency experience and results. The products, services, budgets, and goals of these closely resemble those of MNWD’s Smart Timer Direct Installation Program, making Synergy an easy turn-key solution.

3.4 KEY SYNERGY PROGRAM STAFF

Staff Name	Position Title	Experience	Duties
Casey Davis	Division Manager – Production and Customer Service	10 + Years of Operations Experience at Synergy working with Utility programs. Bachelor's degree	Oversees all production management, training, crew management, and QAQC
Jeff Dockendorf	Division Manager – Marketing and Operations	10 + Years of Program Management Experience working with SCE, SoCalGas, PG&E, and SCPPA programs. MBA.	Daily admin of the program forms & systems flow
Matthew Clark (DBE)	VP – Business Development	10 + Years of Program Management Experience working with SCE, SoCalGas, PG&E, SDG&E, and SCPPA programs. Bachelor's degree in Accounting.	Oversees all aspects of program launch & implementation
Julie Richardson (DBE)	Billing & Reporting	30 Years of Experience with PG&E, SCE, SoCalGas, and SDG&E providing Efficiency Services. Business degree.	Processes and Oversees all reporting and billing
Alejandro Garofalo	IT Director	15 + Years of IT and Data Security Management Experience working with SCE, SoCalGas, PG&E, SDG&E, and SCPPA programs. Patent holder.	Data Security and Requirements

EXHIBIT B
FEE SCHEDULE

SMART TIMER DIRECT INSTALLATION PROGRAM

1. CLOUD-BASED DATA MANAGEMENT SOLUTION DESCRIPTION AND FEE SCHEDULE

One-time Vendor price for developing the cloud-based data management solution and set-up field requirements, pre-assessment, and smart timer installation details in Synergy Tech System

Synergy Set-up	
FISCAL YEAR	2019/2020
PRICE	\$15,000

1.1 CLOUD-BASED DATA MANAGEMENT SOLUTION DESCRIPTION AND FEE SCHEDULE

Vendor will develop and maintain an integrated, cloud-based data management solution with Rachio billed at \$36,000 annually, totaling \$108,000 for the 3-year program length. MNWD has the option to renew at this price for a total of two (2) times, for a total cost of \$180,000 for five (5) fiscal years.

Cloud-based Data Management and Fee Schedule					
FISCAL YEAR	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
PRICE	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000

2. SMART TIMER DEVICE FEE PROPOSAL FOR RACHIO GEN 3- 8 ZONE TIMER AND ACCESSORY

Rachio Gen 3: Price per 8 zone timer					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$202.75	\$202.75	\$202.75	\$202.75	\$202.75

Pre-installation Assessment: Price for Rachio Gen 3 (8 Zone)					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$40	\$40	\$40	\$40	\$40

Installation of Rachio Gen 3: Price for 8-zone					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$160	\$160	\$160	\$160	\$160

Outdoor Enclosure for Rachio Gen 3: Price per enclosure					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$22.50	\$22.50	\$22.50	\$22.50	\$22.50

Installation Outdoor Enclosure for Rachio Gen 3: Price per unit					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$15	\$15	\$15	\$15	\$15

2.1 SMART TIMER DEVICE FEE PROPOSAL FOR RACHIO GEN 3- 16 ZONE TIMER AND ACCESSORY

Rachio Gen 3: Price per 16 zone timer					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$251.67	\$251.67	\$251.67	\$251.67	\$251.67

Pre-installation Assessment: Price for Rachio Gen 3 (16 Zone)					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$40	\$40	\$40	\$40	\$40

Installation of Rachio Gen 3: Price per 16-zone					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$180	\$180	\$180	\$180	\$180

Outdoor Enclosure for Rachio Gen 3: Price per unit					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$22.50	\$22.50	\$22.50	\$22.50	\$22.50

Installation Outdoor Enclosure for Rachio Gen 3: Price per unit					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$15	\$15	\$15	\$15	\$15

3. SUPPLEMENTAL AND COMPATIBLE DEVICES

Upon pre-installation assessment, Installation Contractor will determine which service addresses require supplemental devices such as Wi-Fi boosters to ensure sufficient Wi-Fi signal strength for Smart Timers to operate properly. Additionally, compatible devices such as a flow sensor have been included. Customers have the option to install supplemental devices at the expense of the Customer.

Google Wi-Fi Booster: Price per unit					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$139	\$139	\$139	\$139	\$139

Google Wi-Fi Booster: Installation per unit					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$89	\$89	\$89	\$89	\$89

Rachio Wireless Flow Meter: Price per unit					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$120	\$120	\$120	\$120	\$120

Rachio Wireless Flow Meter: Installation per unit					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Price/ Unit	\$189	\$189	\$189	\$189	\$189

3.1 ADDITIONAL HOURLY LABOR RATE:

Additional Hourly Labor Rate					
Fiscal Year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Labor Rate	\$125	\$125	\$125	\$125	\$125

4. ADDITIONAL DIRECT INSTALL DEVICE(S)

Installation Contractor currently implements the SoCalGas and SCE Residential Direct Install Program in the Moulton Niguel Water District service area. This program provides NEST smart programmable thermostats, low flow showerheads, faucet aerators, and thermostatic shower valves that reduce electricity, natural gas, and water consumption. Installation Contractor will install **No Cost** SoCalGas and SCE single family natural gas and electric saving measures at the time of MNWD Smart Timer Installation.

EXHIBIT C

LIST OF SUBCONSULTANTS/SUBCONTRACTORS

- 1) Rachio, Inc.
2040 Larimer Street
Denver, CO 80205
- 2) Energy Efficiency, Inc.
595 E. Bluff St. Suite 5
St. George, UT 84770

All contracts between Consultant and the above referenced subconsultants/subcontractors must contain the language below-

[subcontractor name] shall grant an irrevocable, perpetual, royalty-free, non-exclusive right and license to use and access all documents or data that [subcontractor name] prepares pursuant to this agreement. [subcontractor name] shall give MNWD and its agents access to such documents and data and shall provide such documents and data upon request by MNWD.

Firm Name	Received RFP	Contact Name	Email	Response Status
RainBird	yes	Matthew Conway	mconway@rainbird.com	Did not propose
Rachio	yes	Clay Kraus	clay@rachio.com	Submitted Proposal
Hunter	yes	Daniel Kamieniecki	Daniel.Kamieniecki@hunterindustries.com	Did not propose
Toro	yes	Javier Cuellar	javier.cuellar@toro.com	Did not propose
Ewing	yes	Ray Gonzalez	raygonzalez@ewingirrigation.com	Did not propose
Valley Soil	yes	Eric Anderson	Eric@valleysoil.com	Submitted Proposal
ConServ	yes	Don Holder	dholder@conservinc.net	Submitted Proposal
Synergy	yes	Matt Clark	matt.clark@synergycompanies.org	Submitted Proposal
EcoTech Services	yes	Malcolm McLaren	mmclaren@ecotechservices.net	Submitted Proposal
SiteOne	yes	Tony	aasroui@siteone.com	Did not propose
Imperial Sprinkler Supply	yes		orders@imperialtechnical.com	Did not propose
Glen's Landscape	yes	Glen Frohlich	service@glenlandscape.com	Declined to Propose
Bottom Line Utility Solutions	yes	Rob	rob@blusinc.com	Did not propose
Brightview Landscaping	yes	Nancy Arredondo	Nancy.arredondo@brightview.com	Did not propose
WaterWise Consulting	yes	Ajay Dhawan	adhawan@waterwise-consulting.com	Submitted Proposal
AquaSave	yes		info@aquasave.us	Did not propose
ET Water	yes	N/A	N/A	Incomplete proposal submitted; did not contain required Attachments 2 and 3
California Association of Landscape Contractors - OC Chapter	yes	Bronwyn Miller	eyescapes@yahoo.com	Distributed to OC Landscape Contractors



moulton niguel water district

STAFF REPORT

SUMMARY:

Issue: Board action is required to execute an amendment to the Biosolids, Grit & Screening Hauling Agreement with Athens Services, Agreement No. OM18-19.085.

Recommendation: It is recommended that the Board of Directors approve Amendment No. 1 to the Biosolids, Grit & Screening Hauling Agreement with Athens Services in the amount of \$190,000 for a total not-to-exceed contract value of \$265,000; and authorize the General Manager or Assistant General Manager to execute the amendment.

Fiscal Impact: Sufficient funds are included in the proposed FY 2019-20 Operating Budget to support the amendment.

Reviewed by Committee: No

Reviewed by Legal: Yes

BACKGROUND:

The District currently operates the Plant 3A Wastewater Treatment Plant (Plant 3A) with an average daily flow of 2.7 million gallons per day. As part of the wastewater treatment processes, the facility employs pre-treatment, liquids treatment, and solids handling treatment methods. Each of these methods creates solids that require hauling and disposal offsite, including screenings of solids from the incoming wastewater, removal of

Amendment No. 1 for Biosolids, Grit & Screening Hauling

May 23, 2019

Page 2 of 2

grit from the liquids, and processing of biosolids from the digestion process. The quantity of solids generated by the treatment process varies based on the quantity and concentration of the incoming wastewater.

As part of the preparation efforts to assume operation of Plant 3A, the District executed an agreement with Athens Services for biosolids, grit and screenings hauling in March 2018. Since that time, Staff has operated Plant 3A and generated solids requiring disposal utilizing this agreement. Since assuming operation of the facility, it was discovered that the solids concentration of the wastewater sent to 3A is higher than originally anticipated, which has caused increased demand for biosolids, grit and screenings hauling.

DISCUSSION:

Due to the critical nature of solids hauling and disposal at Plant 3A, Staff has determined it is in the best interest of the District to authorize Amendment No. 1 for additional Biosolids, Grit and Screening Hauling services until a long-term contract can be thoroughly solicited and executed. The solicitation for this long-term contract for these services is currently underway, and the results will be presented to the Board at a future meeting for consideration in July or August.

Until that time, Staff is recommending the Board authorize the General Manager or Assistant General Manager to extend the agreement with Athens Services, for an additional \$190,000 for Biosolids, Grit & Screening Hauling Services. Athens Services has provided prompt and reliable service to the District on nearly a daily basis.

Attachments:

1. Biosolids, Grit & Screening Hauling Agreement with Athens Services
2. Amendment No. 1 to the Agreement with Athens Services

**CONTRACT SERVICES AGREEMENT BETWEEN
MOULTON NIGUEL WATER DISTRICT AND
ATHENS SERVICES
MNWD PROJECT: BIOSOLIDS, GRIT & SCREENING HAULING
CONTRACT NO. OM18-19.085**

THIS AGREEMENT (the "Agreement") is dated as of 3-15, 2019 (the "Effective Date"), by and between Athens Services, hereinafter referred to as the "CONTRACTOR" and Moulton Niguel Water District hereinafter referred to as "MNWD." MNWD and CONTRACTOR may sometimes be referred to in this Agreement individually as "Party" and together as "Parties."

R E C I T A L S

CONTRACTOR proposes to provide services to MNWD for delivery and supply of polymer products. The scope of work to be performed by CONTRACTOR 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:

A G R E E M E N T

SECTION I - CONTRACTING SERVICES, AUTHORIZATION

Section 1.1 CONTRACTOR proposes to perform those services which are described in the Scope of Work ("Services"). CONTRACTOR 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 practices and principles, and to the satisfaction of MNWD. CONTRACTOR must receive prior written approval from MNWD before using any subcontractors. In performing the Services under this Agreement, CONTRACTOR 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. Without limiting the foregoing, the Services include, but are not limited to, the following:

- a. Protect existing facilities and personal property.
- b. CONTRACTOR shall be responsible for unloading, hoisting and otherwise handling its own materials, supplies and equipment.
- c. CONTRACTOR is responsible for researching and complying with all local codes, agencies and jurisdictions that regulate and govern the Work.
- d. CONTRACTOR shall set up, identify, coordinate, provide safe access, and obtain all inspections for its work, as required by any authorized agency or applicable code, prior to covering up work.

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

Section 1.3 CONTRACTOR agrees to complete the work described in the Scope of Work within the time periods set forth in the Scope of Work. CONTRACTOR agrees to coordinate the work to ensure its timely completion and shall promptly notify MNWD of any anticipated delays or causes or casualties beyond CONTRACTOR'S control which may affect the work schedule. CONTRACTOR shall not begin any services pursuant to this Agreement until receipt of MNWD'S written direction to proceed. Upon receipt of such notice, CONTRACTOR shall immediately commence the work described in Exhibit A.

SECTION II - COMPENSATION

Section 2.1 In consideration for providing the Services referred to in SECTION I herein, MNWD agrees to compensate CONTRACTOR 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 CONTRACTOR exceed the sum of **Seventy-Five Thousand Dollars (\$75,000)** ("Contract Amount") without the written approval of MNWD.

Section 2.2 The Contract Amount shall include all business expenses that CONTRACTOR may incur while providing the services.

Section 2.3 Monthly payments will be made based on submittal of invoices by CONTRACTOR. Only one bill per month shall be submitted by CONTRACTOR.

SECTION III - WARRANTY

Section 3.1 In performing services under this Agreement, CONTRACTOR 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 CONTRACTOR's services will be performed in accordance with generally accepted 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 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 General/ Automobile Liability Insurance. CONTRACTOR 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 CONTRACTOR, 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 4.2 Worker's Compensation. By its signature hereunder, CONTRACTOR 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 CONTRACTOR will comply with such provisions before commencing the performance of work under this Agreement. CONTRACTOR and subcontractors shall maintain throughout the term of this Agreement workers' compensation insurance with limits no less than the statutory limits, and Employer's Liability insurance with limits no less than One Million Dollars (\$1,000,000) per accident and per disease for their employees and shall file with the MNWD the certificate required by Labor Code Section 3700. The workers compensation/Employer's Liability insurance shall be endorsed with a waiver of subrogation in favor of MNWD and its' directors, officers, employees and representatives.

Section 4.3 Pollution Liability. Pollution liability 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. Coverage shall apply to sudden and gradual pollution conditions resulting from the escape of release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, or gases, natural gas, waste materials, or other irritants, contaminants, or pollutants (including asbestos). If the coverage is written on a claims-made basis, the Contractor warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this Agreement; and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of three (3) years beginning from the time that work under this contract is completed. This coverage can be obtained through the Contractor's Commercial General Liability policy by including the Limited Pollution Liability Extension ISO endorsement CG 2415 or its equivalent.

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 XII, 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. CONTRACTOR shall provide 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 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 CONTRACTOR's (and its subcontractor's) insurance, and shall not contribute to such insurance.

Any deductibles or self-insured retentions must be declared in writing and approved by MNWD. At the option of MNWD, either: the insurance provider(s) shall reduce or eliminate such deductibles or self-insured retentions as respects the MNWD and its' directors, officers, employees and representatives; or the CONTRACTOR 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, CONTRACTOR 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 CONTRACTOR, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the CONTRACTOR'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, CONTRACTOR's duty of indemnification shall not extend to Claims arising from indemnitees' gross negligence, recklessness or willful misconduct. CONTRACTOR'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 CONTRACTOR.

(b) In any and all claims against the indemnified Parties by any employee of the CONTRACTOR, 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 CONTRACTOR, or any subcontractor, or other person under workers' compensation acts, disability benefit acts, or other employee acts.

(c) CONTRACTOR'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 CONTRACTOR hereunder.

SECTION V – TERM

The term of this Agreement shall commence on March 1, 2019 and shall remain in effect through June 30, 2019, unless otherwise terminated by either Party pursuant to Section VI herein.

SECTION VI- TERMINATION OR ABANDONMENT

This Agreement may be terminated in whole or in part in writing by MNWD provided that no such termination may be affected unless the CONTRACTOR 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 CONTRACTOR of any or all services listed in the Scope of Work under this Agreement by providing written notice to CONTRACTOR at least five (5) working days prior to the date on which MNWD wishes to

suspend; provided, upon receipt of such notice, CONTRACTOR shall immediately suspend any work or services hereunder, unless otherwise instructed by MNWD in such notice.

CONTRACTOR shall not perform further services under this Agreement after the effective date of suspension until receipt of written notice from MNWD to resume services. MNWD and CONTRACTOR agree that in the event MNWD suspends or terminates services by CONTRACTOR for any cause other than the intentional or negligent error or omission of CONTRACTOR, CONTRACTOR 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.

SECTION VII - GENERAL

Section 7.1 CONTRACTOR 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 7.2 This Agreement represents the entire understanding of MNWD and CONTRACTOR 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 7.3 Any notice required or permitted to be given hereunder if not otherwise specified herein may be given or delivered by depositing the same in the United States Post Office, registered or certified, postage prepaid, or by personal service a hand delivery, and addressed to:

MNWD:

Moulton Niguel Water District
26161 Gordon Road
Laguna Hills, CA 92653
Attn: Director of Engineering

CONTRACTOR:

Athens Services
12303 Montague Street
Pacoima, CA 91331
Attn: Matt Trout

Section 7.4 California law shall govern the interpretation of this Agreement. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure 394.

Section 7.5 In the event an action is commenced by either Party to enforce its rights or obligations arising from this Agreement, the prevailing Party in such action, in addition to any other relief and recovery awarded by the court, shall be entitled to recover all costs and expenses, including court costs, plus a reasonable amount for attorney's fees.

Section 7.6 If any section of this Agreement or provision of this Agreement as applied to either Party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent

permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

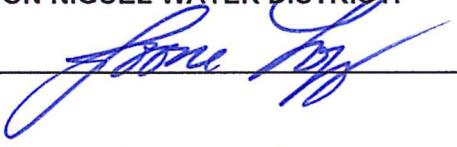
Section 7.7 It is expressly understood and agreed that CONTRACTOR is an independent contractor and not an employee of MNWD while engaged in carrying out this Agreement. CONTRACTOR warrants that it will not represent, at any time or in any manner, that CONTRACTOR is an employee or agent of MNWD. CONTRACTOR 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 CONTRACTOR.

Section 7.8 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 CONTRACTOR without prior written consent of MNWD.

Section 7.9 This Agreement may be executed in counterparts, each of which shall be deemed an original.

MOULTON NIGUEL WATER DISTRICT:

By: 

Printed Name: Joone Lopez

Title: General Manager

Dated: 3/20/19

ATHENS SERVICES:

By: 

(Authorized Representative of
Consultant)

Printed Name: Juan Rodriguez

Title: VP Operations

Dated: 3-15-2019

EXHIBIT A

SCOPE OF WORK AND PRICING

1) Services Description

- Grit, Screening, and Class B Biosolids hauling and disposal from MNWD's 3A facility (the "Facility"), located at:

26801 Camino Capistrano
Laguna Niguel, CA 92677

- Service to be provided
 - a. Haul grit, screenings, and biosolids off site to an appropriate disposal site.
- Hauling services to be conducted daily as directed by 3A operations staff.
- Contractors will be responsible for entire process of loading and unloading bins from 3A.

2) Services Conduct

- Contractor will be accompanied by MNWD staff at all times while on the Facility premises.
- Contractor shall exercise due care to avoid injury to existing improvement or facilities, adjacent property, and trees and shrubbery.
- Contractor shall so conduct his operations as to offer the least possible obstruction and inconvenience to the public.
- Contractor will not permit unauthorized persons on site for any reason.
- All workers are required to wear uniforms while working on the property; minimum to be shirts identified with the company name.

Exhibit B



DATE: 2/28/2019

CUSTOMER: MNWD: 3A Wastewater Treatment Facility
26801 Camino Capistrano Laguna Niguel, CA 92607

CONTACT: Jessey Cordero

PHONE: 949 371 1726

*Your material (**Grits**) is currently profiled into Simi Valley Landfill as this is the closest and most economical disposal site (1st choice for your materials). We will require resubmission to transfer the current profile to NMWD as it is currently profiled with SOCWA.

*Your material (**Class B Solids**) will require profile submission into Simi Valley Landfill. This is the closest and most economical disposal site (1st choice for your materials). Landfill rates will be based on material approval.

- MNWD: 3A Wastewater Treatment Facility to Provide Reports for Both Waste Streams
- ATHENS TO PROFILE and MANIFEST
- MAX PER WEIGHT is 9 TONS
- *DISPOSAL COST TBD AFTER LANDFILL ACCEPTANCE*

<u>Materials:</u>	<u>Grit & Screenings</u>
<u>Equipment (MNWD OWNED):</u>	8' X 16' X 4' Roll Offs
<u>Transportation Fee (Going to Simi Valley Landfill):</u> Single Box	\$882.12
<u>Transportation Fee (Going to Simi Valley Landfill):</u> Double Boxes Using Doubles Trailer	\$1059.00
<u>Disposal:</u>	Accepting Landfill Per Ton Tip / Fees + 20%
<u>Weekend or Holiday Surcharge:</u>	\$200.00
<u>Standby Time When Documented:</u>	\$97.46 (per hour)
<u>Cancelation Charge:</u>	\$97.46
<hr/>	
<u>Materials:</u>	<u>Class B Solids</u>
<u>Equipment (MNWD OWNED):</u>	8' X 16' X 4' Roll Offs
<u>Transportation Fee (Going to Simi Valley Landfill):</u> Single Box	\$882.12
<u>Transportation Fee (Going to Simi Valley Landfill):</u> Double Boxes Using Doubles Trailer	\$1059.00
<u>Disposal:</u>	Accepting Landfill Per Ton Tip / Fees + 20%
<u>Weekend or Holiday Surcharge:</u>	\$200.00
<u>Standby Time When Documented:</u>	\$97.46 (per hour)
<u>Cancelation Charge:</u>	\$97.46

***** BACK UP LANDFILL / RAIN EVENTS*****
Going to South Yuma Landfill: \$2535 Double Haul
\$55 Per Ton Disposal

AGREED X
MNWD / Jessey Cordero

Thank You
Matt Trout
Special Waste Account Manager

**AMENDMENT NO. 01 TO THE CONTRACT SERVICES AGREEMENT AGREEMENT
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
ATHENS SERVICES FOR
BIOSOLIDS, GRIT, AND SCREENINGS HAULING AND DISPOSAL
CONTRACT NO. OM18-19.085**

This Amendment No. 01 (this "Amendment") is entered into and effective as of _____, 2019, amending the Contract Services Agreement dated May 3, 2019 (the "Agreement"), by and between Moulton Niguel Water District ("MNWD"), and Athens Services ("Contractor") (collectively, the "Parties"). Any capitalized terms used but not defined herein shall have the meaning assigned to them in the Agreement.

RECITALS

A. WHEREAS, on March 15, 2019, the Parties entered into the Agreement for biosolids, grit, and screenings hauling and disposal services through June 30, 2019 for a total not-to-exceed amount \$75,000; and

B. WHEREAS, the Parties desire to amend the Agreement to extend the Agreement term through August 31, 2019, and increase the total not-to-exceed amount by \$160,000 with the same scope and fees listed in Exhibit A and B of the Agreement.

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

1. The term of the Agreement is hear by extended through August 31, 2019.
2. All payments and services associated with this Amendment shall not exceed One Hundred Ninety Thousand Dollars (\$190,000).
3. The Parties agree that the total Agreement amount, including this Amendment, shall not exceed Two Hundred Sixty-Five Thousand Dollars (\$265,000).
4. Recitals section, page 1 of the Agreement, is hereby deleted and replaced, in its entirety, with the following:

 CONTRACTOR proposes to provide services to MNWD for class B biosolids, grit, and screenings hauling and disposal. The scope of work to be performed by CONTRACTOR under this Agreement is described in Exhibit A hereto, which is incorporated herein (the "Scope of Work").
5. All requisite insurance policies to be maintained by the Contractor pursuant to the Agreement will include coverage for this Amendment.
6. All other provisions of the Agreement will remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this Amendment, the terms of this Amendment shall control.
7. The individuals executing this Amendment and the instruments referenced in it on behalf of the Contractor each represent and warrant that they have the legal power, right and actual authority to bind Contractor to the terms and conditions of this Amendment.

-Signatures on following page-

MOULTON NIGUEL WATER DISTRICT:

By: _____

Printed Name: _____

Title: _____

Dated: _____

CONSULTANT/CONTRACTOR NAME:

By: _____

(Authorized Representative of
Contractor)

Printed Name: _____

Title: _____

Dated: _____

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
May 23, 2019

Year to date unaudited results of operations as of March 31, 2019, are summarized below.

Total operating revenues were \$48.2 million for the nine months ended, which came in at 76% of the budget. Total operating expenses ended at \$52.4 million, which amounted to 67% of the approved budget. Total Net Income for the nine months ended was \$3.4 million, up from \$0.9 million from this same period in the prior year.

Investment income is trending higher at 220% of the budget this year at \$2.8 million, however \$1.8 million of that amount is related to the fair market value adjustments of investments held.

As we near the completion of Fiscal Year 2018-19, several individual line items are anticipated to exceed their respective budget allocation, but overall, we anticipate the General Fund and Water Efficiency Fund to be under budget at the end of the Fiscal Year. As of March 31, 2019, the General Fund Budget is at 68%, while the Water Efficiency Fund is at 46% of the approved budget. The overall actual results are within staff's expectations and are within the Ten-Year Cash Flow projections.

The District currently has \$6.7 million available in the Water Efficiency Fund for new projects, rebate applications or additional programs. The remaining balance considers \$1.3 million in approved water efficiency program commitments and \$0.5 million for new radios as part of the Phase II AMI Project. The District is awaiting notification from the US Bureau of Reclamation for a grant application for more than \$1 million in funding to apply towards the full rollout of AMI.

The District has a total of \$115.5 million in available Cash and Investments as of March 31, 2019, down approximately \$7.3 million from June 30, 2018, based on planned spending for capital projects and debt service payments made during the fiscal year.

Total outstanding debt at March 31, 2019 is \$65.6 million. This is down from \$81.8 million at June 30, 2018, a decrease of \$16.1 million during the year, or approximately 20%. Refunding the 2009 Build America Bonds with the 2019 Revenue Refunding Bonds reduced the outstanding debt total by \$11.4 million.

Additionally, the District holds \$5.9 million invested in trustee accounts to satisfy covenants associated with outstanding debt issuances. This report is now updated with the 2019 Revenue Refunding Bonds.

Based on the approved FY 18/19 Budget, the Board has established a target reserve level of \$67.6 million, and as of March 31, 2019, the District held \$68.1 million in reserves. Additionally, there is \$28.2 million available in the funds designated for capital projects.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Year To Date Totals March 31, 2019

Description	1	2	3	=3-1	=1/3
	Fiscal Year to Date Actuals	Prior Fiscal Year to Date Actuals	Current Year Approved Budget	Current Year Budget Balance	% of Actuals to Budget
ALL FUNDS					
<u>Operating Revenues</u>					
Water Sales	\$ 21,555,420	\$ 22,759,285	\$ 29,719,565	\$ 8,164,145	73%
Recycled Water Sales	3,884,806	4,069,881	6,126,568	2,241,761	63%
Sewer Sales	18,913,598	16,364,689	22,677,534	3,763,936	83%
Water Efficiency	3,486,843	2,579,313	3,835,379	348,535	91%
Other Operating Income	310,415	327,381	643,065	332,650	48%
A Total Operating Revenue	48,151,083	46,100,551	63,002,110	14,851,027	76%
<u>Operating Expenses</u>					
Salaries	9,702,991	8,974,556	14,190,862	4,487,871	68%
PERs Employer Contributions	1,656,112	1,357,772	2,259,904	603,792	73%
Defined Contribution 401A	172,292	154,659	251,587	79,295	68%
Educational Courses	25,917	25,640	78,920	53,003	33%
Travel & Meetings	202,602	146,129	328,210	125,608	62%
Recruitment & Employee Relations	19,590	14,739	93,343	73,753	21%
General Services	277,219	223,808	488,149	210,930	57%
Annual Audit	23,468	26,585	54,000	30,532	43%
Member Agencies O&M ¹	307,334	132,963	319,266	11,932	96%
Dues & Memberships ²	165,901	125,259	160,899	(5,002)	103%
Consulting Services	1,498,471	1,258,721	2,217,200	718,729	68%
Equipment Rental	37,124	43,816	61,500	24,376	60%
District Fuel	195,855	177,478	260,000	64,145	75%
Insurance - District	246,927	313,586	507,850	260,923	49%
Insurance - Personnel	284,453	252,696	395,425	110,972	72%
Insurance - Benefits	2,864,513	2,692,925	3,941,106	1,076,593	73%
Legal Services - Personnel	18,616	4,082	50,000	31,384	37%
Legal Services - General	1,415,409	774,031	1,770,000	354,591	80%
District Office Supplies	494,997	409,633	703,975	208,978	70%
District Operating Supplies	363,921	285,492	522,904	158,983	70%
Repairs & Maintenance - Equipment	565,268	593,411	756,362	191,094	75%
Repairs & Maintenance - Facilities ³	3,529,241	2,474,547	4,170,831	641,591	85%
Safety Program & Compliance Requirements ⁴	346,797	243,162	324,725	(22,072)	107%
Wastewater Treatment	7,001,859	6,697,152	11,454,088	4,452,229	61%
Special Outside Assessments	27,412	27,976	114,500	87,088	24%
Utilities	1,484,763	1,839,988	2,359,573	874,809	63%
Water Purchases	18,491,170	19,979,375	27,333,491	8,842,321	68%
Meter / Vault Purchases	107,446	171,950	441,000	333,554	24%
Water Efficiency	780,460	740,586	2,750,000	1,969,540	28%
Other Operating Expenses	-	659	-	-	n/a
B Total Operating Expenses	52,409,805	50,163,375	78,494,670	26,084,865	67%
A-B Operating Income (Loss)	(4,258,722)	(4,062,824)	(15,492,560)	(11,233,838)	27%
<u>Non-Operating Revenues (Expenses)</u>					
Property Tax Revenue	18,376,180	19,033,251	28,194,179	9,817,999	65%
Investment Income ⁵	3,860,101	(358,799)	1,758,346	(2,101,755)	220%
Property Lease Income	1,323,889	1,370,509	1,732,671	408,782	76%
Interest Expense	(3,477,538)	(3,753,322)	(4,877,827)	(1,400,289)	71%
Misc. Non-Operating Income (Expense)	2,098,672	2,429,521	3,034,711	936,039	69%
Capacity Fees	96,854	649,528	614,970	518,116	16%
Demand Offset Fees	36,047	-	65,000	28,953	55%
C Total Non-Operating Revenue (Expenses)	22,314,205	19,370,687	29,842,080	7,527,874	75%
A-B+C Change in All Funds	\$ 18,055,484	\$ 15,307,862	\$ 14,349,520	\$ (3,705,964)	
<u>Other Non Cash Expenses</u>					
Depreciation	14,655,705	14,414,349	-	(14,655,705)	n/a
D Total Change in Net Position	\$ 3,399,779	\$ 893,514	\$ 14,349,520	\$ 10,949,741	

Note: Totals may not sum due to rounding.

- This line item contains quarterly payments for the SJBA, and quarterly payments for shared facilities with SMWD.
- The District began working with the Building Industry Association to participate in the Water Forum this year. In FY 19-20, those costs will be included as part of the budget.
- The Golden Lantern Reservoir Roof Repair project has incurred over \$300k.
- The SWRCB FY 18-19 fee was \$90k.
- Investment income is comprised of realized income of \$2,012,433 and unrealized income of \$1,847,668.

#10.b.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Year To Date Totals March 31, 2019
Legal Services - General

Firm	Water Use				Total
	General ⁶	Efficiency ⁶	Capital ⁷		
Alvarado Smith APC	\$ 581,128	\$ -	\$ -	\$ 581,128	
Best Best & Krieger LLP	808,979	18,650	136,437	964,065	
Total	1,390,107	25,300	136,437	1,545,193	
Budget Amount	1,750,000	20,000	-	1,770,000	
Budget Balance	\$ 359,893	\$ (5,300)	n/a	\$ 354,594	

Note: Totals may not sum due to rounding.

6. Legal Services - General on the previous page is made up of the General balance of \$1,390,107 and the \$25,300 Water Use Efficiency balance, for a total of \$1,415,409.

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	YTD	Overall
Nossaman LLP ⁸	\$ 24,750	\$ 63,250
West Yost Associates ⁹	58,914	139,909
Grants Received ¹⁰	(300,000)	(300,000)
Totals	\$ (216,336)	\$ (96,841)

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

9. West Yost compiled the AMI WaterSmart final closeout documents and prepared documents for additional grant applications, including the AMI Phase II project, Full Roll out AMI application and the Cal OES grant application.

10. The District received a \$300k grant through the U.S. Bureau of Reclamation for the AMI Phase II project.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Year To Date Totals March 31, 2019

	1 Description	Approved Budget	2 Fiscal Year to Date Actuals	=1-2 Budget Balance	=2/1 % of Actuals to Budget
GENERAL FUND					
<u>Operating Revenues</u>					
Water Sales	\$ 29,719,565	\$ 21,555,420	\$ 8,164,145		73%
Recycled Water Sales	6,126,568	3,884,806	2,241,762		63%
Sewer Sales	22,677,534	18,913,598	3,763,936		83%
Other Operating Income	643,065	310,415	332,650		48%
A Total Operating Revenue	59,166,732	44,664,240	14,502,492		75%
<u>Operating Expenses</u>					
Salaries	13,164,836	9,044,183	4,120,653		69%
PERs Employer Contributions	2,204,117	1,553,047	651,070		70%
Defined Contribution 401A	240,620	160,487	80,133		67%
Educational Courses	76,420	25,121	51,299		33%
Travel & Meetings	299,710	185,042	114,668		62%
Employee Relations	93,343	19,590	73,753		21%
General Services	488,149	277,219	210,930		57%
Annual Audit	54,000	23,468	30,532		43%
Member Agencies O&M	319,266	307,334	11,932		96%
Dues & Memberships	134,415	148,402	(13,987)		110%
Election Expenses	135,000	101,675	33,325		75%
Consulting Services	1,317,200	913,971	403,229		69%
Equipment Rental	61,500	37,124	24,376		60%
District Fuel	260,000	195,855	64,145		75%
Insurance - District	507,850	246,927	260,923		49%
Insurance - Personnel	373,746	271,776	101,970		73%
Insurance - Benefits	3,433,156	2,699,831	733,325		79%
Legal Services - Personnel	50,000	18,616	31,384		37%
Legal Services - General	1,750,000	1,390,107	359,893		79%
District Office Supplies	511,475	368,030	143,445		72%
District Operating Supplies	522,304	361,212	161,092		69%
Repairs & Maintenance - Equipment	743,362	562,588	180,774		76%
Repairs & Maintenance - Facilities	4,170,831	3,529,241	641,591		85%
Safety Program & Compliance Requirements	322,975	345,623	(22,648)		107%
Wastewater Treatment	11,454,088	7,001,859	4,452,229		61%
Special Outside Assessments	114,500	27,412	87,088		24%
Utilities	2,359,573	1,484,763	874,809		63%
Water Purchases	27,333,491	18,491,170	8,842,321		68%
Meter / Vault Purchases	441,000	107,446	333,554		24%
B Total Operating Expenses	72,936,927	49,899,120	23,037,807		68%
A-B Operating Income (Loss)	(13,770,195)	(5,234,880)	(8,535,314)		38%
<u>Non-Operating Revenues (Expenses)</u>					
Property Tax Revenue	28,194,179	18,376,180	9,817,999		65%
Investment Income	1,667,272	2,300,921	(633,649)		138%
Property Lease Income	1,732,671	1,323,889	408,782		76%
Misc. Non-Operating Income (Expense)	250,812	35,594	215,218		14%
C Total Non-Operating Revenue (Expenses)	31,844,934	22,036,584	9,808,350		69%
A-B+C Change in General Fund	\$ 18,074,739	\$ 16,801,704	\$ 1,273,036		76%
<u>Other Non Cash Expenses</u>					
Depreciation	-	14,655,705	(14,655,705)		n/a
D Total Change in Net Position	\$ 18,074,739	\$ 2,145,999	\$ 15,928,740		

Note: Totals may not sum due to rounding.

#10.b.

**Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Year To Date Totals March 31, 2019**

	Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND					
Projected Operating Revenue					
	Water Efficiency ¹	\$ 3,835,379	\$ 3,486,843	\$ 348,535	91%
A	Projected Total Operating Revenue	3,835,379	3,486,843	348,535	91%
Projected Operating Expenses					
	Labor	1,514,774	951,037	563,737	63%
	Educational Courses	2,500	797	1,703	32%
	Travel & Meetings	28,500	17,561	10,939	62%
	Dues & Memberships	26,484	17,499	8,985	66%
	Consulting Services	900,000	584,500	315,500	65%
	Legal Services	20,000	25,302	(5,302)	127%
	Conservation supplies	193,100	129,676	63,424	67%
	Repairs and Maintenance - Equipment	13,000	2,679	10,321	21%
	Safety Program & Compliance Requirements	-	1,174	(1,174)	n/a
	Water Efficiency	2,750,000	780,460	1,969,540	28%
B	Projected Total Operating Expenses	5,448,359	2,510,684	2,937,674	46%
A-B	Projected Operating Income (Loss)	(1,612,980)	976,159	(2,589,139)	-61%
Projected Non-Operating Revenue					
	Demand offset fees	65,000	36,047	28,953	55%
	Investment Income	91,074	216,453	(125,380)	238%
C	Projected Total Non-Operating Revenue	156,074	252,501	(96,427)	162%
A-B+C	Projected Change in Water Efficiency Fund	\$ (1,456,906)	\$ 1,228,659	\$ (2,685,566)	

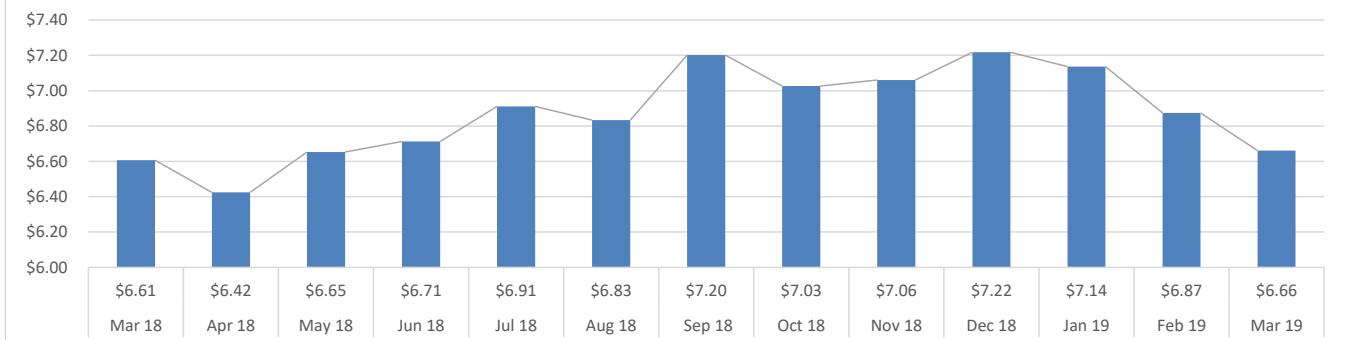
Note: Totals may not sum due to rounding.

Water Efficiency Available Net Position¹

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance
Fund Net Position, Beginning of Year	\$ 7,191,459	\$ 7,191,459	\$ 7,191,459
Projected Change in Water Efficiency Fund	(1,456,906)	1,228,659	(2,685,566)
Project Commitments		\$ (1,279,555)	
Capital Spending	(950,000)	(479,134)	
Fund Net Position, Year To Date Totals March 31, 2019	\$ 4,784,553	\$ 6,661,430	

1. In addition to realized expenditures, including capital spending of \$479,134, there is approximately \$1,279,555 in project commitments, reducing the available WBBRS reserve balance to \$6,661,430.

WBBRS Historical Reserves (In Millions \$)



MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited)	<u>March 31, 2019</u>	<u>June 30, 2018</u>
CURRENT ASSETS:			
Cash and investments ¹	\$ 20,674,546	\$ 42,456,222	
Accounts receivables:			
Water and sanitation charges	3,013,844	4,114,801	
Property taxes	-	280,221	
Other accounts receivable	488,184	687,336	
Interest receivable	533,820	825,763	
Inventory	1,292,887	1,110,856	
Prepaid expenses	1,268,792	562,137	
TOTAL CURRENT ASSETS	<u>27,272,073</u>	<u>50,037,336</u>	
NONCURRENT ASSETS:			
Investments ¹	94,873,332	80,422,057	
Restricted cash and investments with fiscal agent	5,868,058	7,257,989	
Retrofit loans receivable	494,027	506,303	
Capital assets, net of accumulated depreciation	365,608,251	379,040,946	
Capital assets not being depreciated:			
Land	1,091,910	1,091,910	
Construction in progress ¹	<u>21,775,315</u>	<u>7,455,835</u>	
TOTAL NONCURRENT ASSETS	<u>489,710,893</u>	<u>475,775,041</u>	
TOTAL ASSETS	<u>516,982,966</u>	<u>525,812,377</u>	
DEFERRED OUTFLOW OF RESOURCES:			
Deferred Charges on Refunding	442,560	527,664	
Deferred Items related to Pension	6,316,056	6,316,056	
Deferred Items related to OPEB	<u>477,082</u>	<u>477,082</u>	
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>7,235,698</u>	<u>7,320,802</u>	
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 524,218,664	\$ 533,133,179	

1. Total cash and investments has changed (\$7,330,401) during this fiscal year. \$15,540,274 has been spent on capital projects and \$16,137,589 has been spent on debt service.

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited)	
	<u>March 31, 2019</u>	<u>June 30, 2018</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 4,772,022	\$ 9,432,089
Interest payable	294,065	1,694,354
Compensated absences	813,847	746,465
Current portion of long-term debt:		
Bonds payable ²	3,360,000	1,365,000
Loans Payable	1,283,260	1,399,041
Certificates of participation ²	-	1,805,000
TOTAL CURRENT LIABILITIES	<u>10,523,194</u>	<u>16,441,949</u>
LONG-TERM LIABILITIES		
Compensated absences	271,282	248,822
Long-term debt:		
Bonds payable ²	57,170,000	11,925,000
Loans payable	3,805,058	5,261,865
Certificates of participation ²	-	60,000,000
Net Pension Liability	20,711,604	20,711,604
Net OPEB Liability	1,781,885	1,781,885
TOTAL LONG-TERM LIABILITIES	<u>83,739,829</u>	<u>99,929,176</u>
Bond Discount/Premium	11,331,580	1,537,769
TOTAL LIABILITIES	<u>105,594,603</u>	<u>117,908,894</u>
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	2,163,337	2,163,337
Deferred items related to OPEB	19,083	19,083
TOTAL DEFERRED INFLOW OF RESOURCES	<u>2,182,420</u>	<u>2,182,420</u>
NET POSITION:		
Net investment in capital assets	311,968,138	304,822,680
Restricted for capital projects	300,281	604,783
Unrestricted	104,173,223	107,614,402
TOTAL NET POSITION	<u>416,441,643</u>	<u>413,041,865</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	<u>\$ 524,218,666</u>	<u>\$ 533,133,179</u>

Note: Totals may not sum due to rounding.

2. The District refunded the 2009 Certificates of Participation with the 2019 Revenue Refunding Bonds.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of March 31, 2019

	Reserve Requirement	(Unaudited) Balance 3/31/2019		Over (Under) Requirement	Balance 6/30/2018	Outstanding Debt Balance 3/31/2019		
		\$	\$			\$	\$	Net Change
<u>Restricted Cash and Investments:</u>								
2014 Consolidated Ref Bonds	\$ -	\$ 2	\$ 2	\$ 2	\$ 2	\$ 1,465,000	\$ (1)	
2015 Refunding Bonds	-	15	15		12	-	3	
2015 Refunding Reserve	1,226,500	1,280,749	54,249		1,243,327	10,460,000	37,421	
2019 Revenue Bonds Reserve ⁺	4,487,500	4,487,500	-		6,014,569	48,605,000	(1,527,069)	
2019 Revenue Bonds	-	99,793	99,793		79	-	99,714	
CIEDB Loans	-		-			551,499	-	
SRF Loans	-		-			4,536,819	-	
Total Restricted Trust Accounts	\$ 5,714,000	\$ 5,868,058	\$ 154,058	\$ 7,257,989	\$ 65,618,318	\$ (1,389,931)		

Note: Totals may not sum due to rounding.

⁺ The 2019 Revenue Bonds Refunded the 2009 Certificates of Participation.

FY	Payoff Schedule ¹			
	Principal*	Interest	Fees	Totals
2020	\$ 4,643,260	\$ 3,027,210	\$ 1,655	\$ 7,672,124
2021	3,297,912	2,880,057	1,119	6,179,088
2022	3,418,059	2,753,035	229	6,171,323
2023	3,354,087	2,620,508	-	5,974,595
2024	2,300,000	2,487,750	-	4,787,750
2025 ²	2,055,000	2,378,875	-	4,433,875
2026	2,155,000	2,273,625	-	4,428,625
2027	2,265,000	2,163,125	-	4,428,125
2028	2,380,000	2,046,100	-	4,426,100
2029	2,500,000	1,925,000	-	4,425,000
2030	2,620,000	1,797,000	-	4,417,000
2031	2,755,000	1,662,625	-	4,417,625
2032	2,890,000	1,521,500	-	4,411,500
2033	3,035,000	1,373,375	-	4,408,375
2034	3,185,000	1,217,875	-	4,402,875
2035	3,345,000	1,054,625	-	4,399,625
2036	3,515,000	883,125	-	4,398,125
2037	3,690,000	703,000	-	4,393,000
2038	3,875,000	513,875	-	4,388,875
2039	4,070,000	315,250	-	4,385,250
2040	4,270,000	106,750	-	4,376,750
	\$ 65,618,318	\$ 35,704,285	\$ 3,002	\$ 101,325,605

*Note: Total outstanding balance reconciles to balance as of the most recent audited fiscal year.

1. The District has made \$4,742,589 in principal payments to date this fiscal year.
2. Principal payments starting in FY 2025 all relate to the 2019 Revenue Refunding Bonds.

MOULTON NIGUEL WATER DISTRICT
NET POSITION
As of March 31, 2019

	Reserve Target	(Unaudited)		(Unaudited)	
		Balance 3/31/2019	Net Change	Balance 6/30/2018	
Adopted Reserve Targets¹					
Designated for Self Insurance Reserve	\$ 250,000	\$ 253,466	\$ 9,131	\$ 244,335	
Designated for Rate Stabilization	14,097,089	14,546,440	45,895	14,500,545	
Designated for Emergency Reserves	35,300,000	35,300,000	-	35,300,000	
Designated for Operating Reserves ²	17,963,332	17,963,332	1,073,850	16,889,482	
Total Adopted Reserve Targets	\$ 67,610,421	\$ 68,063,238	\$ 1,128,876	\$ 66,934,362	
 Designated for Capital Projects³					
Designated for Replacement and Refurbishment	\$ 43,107,654	\$ 7,994,910	\$ (8,823,858)	\$ 16,818,768	
Designated for Water Supply Reliability	-	357,507	12,756	344,751	
Designated for Planning and Construction	4,900,382	19,816,583	3,491,521	16,325,061	
Total Designated for Capital Projects	\$ 48,008,036	\$ 28,169,000	\$ (5,319,580)	\$ 33,488,580	
 Other amounts					
Designated for Water Efficiency (WBBRS) ⁵		\$ 7,940,985	\$ 749,525	\$ 7,191,459	
Restricted for Capital Facilities (Projects)		300,281	(304,502)	604,783	
Net Investment in Capital Assets ⁶		311,968,138	7,145,458	304,822,680	
Total Other amounts		\$ 320,209,404	\$ 7,590,482	\$ 312,618,923	
 Total Net Position		\$ 416,441,643	\$ 3,399,778	\$ 413,041,865	

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 \$28,073,161.
3. Balances in the Capital Project Funds represent available and designated cash to fund identified CIP projects.
4. FY Budget also includes \$950,000 for capital expenses in Fund 6, bringing the total CIP budget to \$48,958,036.
5. In addition to realized expenditures, there is approximately \$1,279,555 in project commitments, reducing the available WBBRS reserve balance to \$6,661,430.
6. Net Investment in Capital Assets calculated as follows:

Total capital assets	\$ 388,475,476
Less capital related debt	(76,949,898)
Add deferred charges related to debt	442,560
Total Net Investment in Capital Assets	\$ 311,968,138

MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF APRIL

Summary of Disbursements in April:

General Fund Disbursements	3,878,238.53
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Restricted Fund Disbursements:

Water Efficiency Fund	205,225
Replacement & Refurbishment Fund	1,121,396
Planning & Construction Fund	308,421
Total Disbursements for all Funds	1,650,068
	\$ 5,528,306

Detail of Major Expenditures in April:

1. Municipal Water District of Orange County (MWDOC)			
February Water Purchases 1178.9 AF	1,014,609		
FY17/18 O & M Cost of East Orange County Feeder No.2	181,404		
February Readiness to Serve	103,757		
February Capacity Charge	27,463		
February and March SoCal Water\$mart Residential Rebate Program	19,881		
February SCP Operation Surcharge	6,155		
February SAC Operation Surcharge	784		
	1,354,052		
2. Pacific Hydrotech Corporation			
C#2015013 Reservoir Management System Replacement, progress payments #8 & #9			412,261
3. South Coast Water District (SCWD)/JRWSS			
March 2019 Capital Project Costs	167,809		
FY 18/19 Q4 Fixed O&M Charges	118,517		286,326
4. Ferreira Construction Co., Inc.			
C#2016022 Camino Capistrano Yard Improvement, progress payments #1 & #2	160,129		
C#2017006 17-18 Valve Replacement, progress payment #1	93,473		
Emergency Water Services and Mainline Repairs at multiple locations	29,297		282,899
5. A & Y Company Inc.			
Paving service on multiple locations			144,693
6. GHD Inc.			
Multiple projects of Portable, Recycled and Sewer Pipeline Replacement	66,758		
Asset Management Program (CMMS) Planning	15,102		
Plan 3A Engineering Support Services	36,870		118,730



STAFF REPORT

TO: Board of Directors **MEETING DATE:** May 23, 2019
FROM: Trevor Agrelius, Controller
SUBJECT: Capitalization and Surplus Policy Annual Review

SUMMARY:

Issue: The Moulton Niguel Water District's (District) Capitalization & Surplus policy has been updated based on Government Finance Officer Association (GFOA) best practices and is presented for adoption.

Recommendation: It is recommended that the Board of Directors approve the proposed modifications to the Capitalization and Surplus policy.

Fiscal Impact: None

Reviewed by Committee: No

Reviewed by Legal: Yes

BACKGROUND:

The District's current Capitalization & Surplus policy was last updated in June 2018. In accordance with other financial policies such as the Purchasing, Debt Management and Investment policies, the District presents the Capitalization & Surplus policy to the Board for review and approval annually as part of the budget process.

DISCUSSION:

Staff reviewed the prior Capitalization & Surplus policy as well as Government Finance Officer Association (GFOA) best practices and worked with the District's financial consultant's PFM and Michael Bell to update this policy. Additionally, District staff reached out to the Government Accounting Standards Board (GASB) in the review and update of this policy.

Capitalization & Surplus Policy Annual Review

May 23, 2019

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The proposed changes are intended to align current District activities and provide best practices in project accounting for capitalization. The policy updates are timely as the District looks to implement a new computerized maintenance management system.

- The term regulated assets has been added to this policy. Regulated assets are included in GASB Statement No. 62 and are defined as specific costs an agency can capitalize on its balance sheet, as opposed to including the costs as an expense on the income statement.
- Sections 5-7 of the draft policy discuss regulated assets in detail.
 - Section 5 contains the threshold and criteria that will be considered when determining if expenses can be classified as a regulated asset.
 - Board establishes rates
 - Rates recover cost of regulated cost or asset
 - Rates are collected from customers
 - Section 6 establishes the amortization period for regulated assets.
 - Section 6 provides examples of costs that will be included in the total regulated asset cost base.
- The capitalization threshold for capital assets has been adjusted. The proposed threshold will be changed to expenses that have an initial estimated useful life of five years or more and at least \$3 thousand.

Attachment: 2019 Capitalization & Surplus Policy (Redline)



POLICY A-4: CAPITALIZATION & SURPLUS

See also:

6.21.2018

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Last Revised:

8.20.2015

POLICY A-4: CAPITALIZATION, REGULATED ASSETS & SURPLUS

This policy is intended to specify what types of costs will be capitalized by the Moulton Niguel Water District (District), how to properly account for capital assets, and to comply with the requirements of Governmental Accounting Standard Board (GASB) Statement Numbers 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, and IRS code. This Statement requires the reporting of District capital assets and depreciation and regulatory assets and amortization, in the ~~if~~ annual audited financial statements.

1. District Expenditures Will Meet Financial Reporting Capital Asset Threshold

The District maintains a schedule of individual capital assets that meet ~~this the~~ capitalization threshold within its financial reporting operating system. Items with an original value of less than \$35,000, or with an estimated useful life of less than ~~three five~~ years, are recorded as operating expenditures.

This financial reporting system should include:

- Capital asset description
- Location
- Physical dimensions, if possible
- Original value
- Date placed in service
- Original useful life
- Accumulated Depreciation
- Book Value
- Impairments, if any

2.1. Purchasing Department Maintains Inventory

~~The Purchasing department safeguards and maintains inventory items. Inventory will be recorded within the District's financial reporting operating system, and the Purchasing department will count the physical inventory regularly. Access to the warehouse will be restricted to those required to perform the duties of their job. The District will measure the value of all inventory items using the perpetual method of accounting, where~~



POLICY A-4: CAPITALIZATION & SURPLUS

See also:

6.21.2018

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~~inventory reflects actual quantities on hand, including new arrivals and items used in operations.~~

~~This financial reporting system should include:~~

- ~~Item description~~
- ~~Location~~
- ~~Physical dimensions~~
- ~~Usage statistics~~
- ~~Original value~~
- ~~Quantity on hand~~

3.2. Depreciation of Capital Assets Using Straight-Line Method

Depreciation will be calculated using the straight-line method with no salvage value for all depreciable capital assets. ~~The purchasing department determines salvage value through market comparison.~~

The following estimated useful lives will be used by asset type:

- | | |
|--------------------------------|----------------|
| • Water and wastewater systems | 10 to 75 years |
| • Capacity rights | 10 to 99 years |
| • Buildings | 20 to 50 years |
| • Automobiles and equipment | 5 to 15 years |

The Engineering Department will provide the Accounting Department with the description and type of asset the expenditures qualify for, and the Accounting Department will record the asset in the financial reporting system.

4.3. Capital Assets Are Reported at Historical Value

The District will report purchased or District-constructed capital assets at their historical cost for financial reporting in audited financial statements. The total cost of each capital asset is the cash outlay (or its equivalent) required to purchase or construct the asset and put it in operating condition/service.

These costs will include (when applicable):

- contract price
- freight



POLICY A-4: CAPITALIZATION & SURPLUS

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- sales tax
- licensing fees
- handling and assembling
- installation and testing
- fully burdened direct ~~and indirect~~ labor and materials
- ~~benefit and overhead allocations~~
- ~~construction period interest cost~~

Any cost specifically for a planned capital project (or asset acquisition), including public information costs and costs incurred to get project financing will be capitalized.

Contributed capital assets will be recorded at their estimated fair market value at the date the asset was contributed to the District. The Accounting Department will determine if the estimated fair market value is appropriate.

5.4. Repairs and Maintenance Are Classified As Operating Expenses

Any outlay that only returns a capital asset to its existing condition before the repair or maintenance, regardless of amount, will be classified as an operating expense.



POLICY A-4: CAPITALIZATION & SURPLUS

See also:

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5. Regulated Asset Threshold

Regulated assets are created by the Board of Directors by deferring certain expenses that are recoverable by future rate charges in accordance with the District's rate ordinance. The District maintains a schedule of individual regulated assets that meet the criteria to qualify as regulatory assets within its financial reporting operating system.

The criteria are as follows:

- The District's Board of Directors establish the rates
- The regulated rates are designed to recover the specific regulated activity's costs of providing the regulated service
- The rates must be set at levels that will at least recover the costs over the life of the asset and the associated rates can be charged to and collected from customers.
- Future revenues will be provided to permit recovery of the actual regulated cost rather than expected levels of similar service.

6. Amortization of Regulated Assets

Regulated assets are amortized over the period in which future rate charges will recover actual costs incurred for regulated services. Amortization will be calculated using a straight-line method to match the associated revenues and expenses. The following estimated useful lives will be used by asset type:

- | | |
|-------------------------------|----------------|
| • Potable regulated assets | 15 to 25 years |
| • Wastewater regulated assets | 15 to 25 years |

The Engineering and Operations Departments will provide the Accounting Department with the description and type of asset the expenditures qualify for, and the Accounting Department will record the asset in the financial reporting system.

7. Regulated Assets Are Reported at Historical Value

The District will report purchased or District-constructed regulated assets at their historical cost for financial reporting in audited financial statements. The total cost of each regulated asset is the cash outlay (or its equivalent) required to purchase or construct the asset and put it in service.

These costs will include (when applicable):



POLICY A-4: CAPITALIZATION & SURPLUS

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- contract price
- freight
- sales tax
- licensing fees
- handling and assembling
- installation and testing
- fully burdened direct labor and materials

Any cost specifically for a planned capital project (or asset acquisition), including public information costs and costs incurred to get project financing will be capitalized.

8. Purchasing Department Maintains Inventory

The Purchasing department safeguards and maintains inventory items. Inventory will be recorded within the District's financial reporting operating system, and the Purchasing department will count the physical inventory regularly. Access to the warehouse will be restricted to those required to perform the duties of their job. The District will measure the value of all inventory items using the perpetual method of accounting, where inventory reflects actual quantities on hand, including new arrivals and items used in operations.

This financial reporting system should include:

- Item description
- Location
- Physical dimensions
- Usage statistics
- Original value

Quantity on hand

6.9. The District Will Sell or Dispose of Surplus Property

Sections 35604 and 65400 of the Water Code (California Water District Act) authorizes the District to dispose of surplus property. The District will sell or dispose of surplus property with the intent to gain the greatest return. Sales will occur in the public market, by public auction, internet sales, consignment, or other public bidding. Property with no net value will be recycled, if practical, or discarded in keeping with environmental and hazardous waste disposal laws.



POLICY A-4:

CAPITALIZATION & SURPLUS

See also:

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7.10. General Manager and Board Decide Whether to Dispose of Real Property

The General Manager will review the District's real property and decide whether it is surplus. Before disposing of any real property, the General Manager will:

- Determine if an appraisal is necessary, and obtain one independent appraisal if determined necessary
- Obtain authorization from the Board to dispose of real property.
- Solicit offers to purchase or lease the real property at fair market value as determined by the appraisal (or opinion of value), from certain public agencies in accordance with Chapter 5 (commencing with Section 54220) of Part 1, Division 2, Title 5 of the Government Code, or successor provisions.

If no acceptable offer is made within the required 60-day (or other) negotiation period, the General Manager may lease or sell the real property as prescribed by the Board.

8.11. District Recycles Surplus Scrap Material

Scrap material will be collected in a designated location on district property, and the General Manager or designee will regularly review the surplus property to determine it has been accurately designated as scrap material or surplus.

The Purchasing department will recycle scrap material as appropriate. Recycling vendors will be reviewed periodically to consider rates, quality of service provided, fees and other applicable factors.

9.12. All Other Surplus Property Sales Require Approval

All other surplus property, other than real property and scrap material requires approval of surplus status prior to sale. An "Approval of Surplus Property" form must be completed by staff and approved by a supervisor. Prior to disposal of the approved surplus property, the Assistant General Manager must approve the disposal. The Purchasing department will maintain a list of all approved surplus property. The list of surplus property approved for disposal will be used to sell the items in the public market, by public auction, internet sales, consignment, or other public bidding methods.

10.13. District Follows California Law When Disposing of Property



POLICY A-4: CAPITALIZATION & SURPLUS

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The District will comply with the California Environmental Quality Act and all applicable laws for disposing of property.

11.14. Staff and Families Are Not Eligible to Acquire District Property

Board members, District staff, spouses and dependent children may not bid for, purchase, or otherwise have interests in surplus property of the District, directly with the District, or represent any potential bidder or purchaser, under any terms and conditions.

12.15. Accounting Will Record All Funds Received From Disposal of Surplus Property

All revenues collected from the disposal of surplus property shall be reported to and deposited by the Accounting ~~dP~~Department. All revenues will be recorded in a manner consistent with District procedures and standard accounting practices.



POLICY A-4: CAPITALIZATION & SURPLUS

See also:

6.21.2018

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TABLE 1: Definitions

Board – The Board of Directors of Moulton Niguel Water District.

Capital Asset – The Government Finance Officers Association (“GFOA”) defines capital assets as “assets that are used in operations and that have initial lives extending beyond a single reporting period.” Capital assets may be intangible (capacity rights) or tangible (buildings, equipment). To be considered a capital asset, a District expenditure must cost at least \$5,000 and have a useful life of at least three years.

Inventory - an asset that is intended to be used in the ordinary course of business with a cost of less than \$5,000 per item or does not have an initial life extending beyond three years.

Salvage value - the estimated market value once the property has been deemed surplus. The salvage value will be determined by the purchasing department through market comparison.

Scrap material - the value of which consists only of intrinsic material content and which has no commercial value for its original purpose as fabricated.

Surplus property – property that is excess of the current or planned future needs of the District or no longer has an economic use by the District, including property that which has become worn, broken, deteriorated or obsolete to a point where it is uneconomical for use by the District