



moulton niguel water district

**BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
26880 Aliso Viejo Pkwy, Suite 150, Aliso Viejo
March 26, 2020
CLOSED SESSION – 5:00 PM
OPEN SESSION – 6:00 PM
Approximate Meeting Time: 2 Hours**

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY LISTEN AND PROVIDE PUBLIC COMMENT TELEPHONICALLY BY CALLING THE FOLLOWING NUMBER:

**DIAL: 1-844-799-2451
PARTICIPANT CODE: 579-64-779#**

1. CALL MEETING TO ORDER:

CLOSED SESSION:

2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9

Receipt of claim - Claimant: Rancho Niguel Homeowners Association

OPEN SESSION - 6:00 PM

3. REPORT OUT OF CLOSED SESSION:

4. 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.

INFORMATION ITEMS:

5. FISCAL YEAR 2020-21 BUDGET – CORE FUNCTIONAL AREAS AND KEY OBJECTIVES
6. METROPOLITAN WATER DISTRICT BUDGET UPDATE

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

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, 26880 Aliso Viejo Parkway, Suite 150, Aliso Viejo, CA ("District Office"). If such writings are distributed to members of the Board less than seventy-two (72) hours prior to the meeting, they will be available in the reception area of the District Office at the same time as they are distributed except that, if such writings are distributed immediately prior to, or during the meeting, they will be available in the Board meeting room and on the District website at www.mnwd.com.



moulton niguel water district

STAFF REPORT

TO: Board of Directors MEETING DATE: March 26, 2020

**FROM: Joone Lopez, General Manager
Matt Collings, Assistant General Manager**

SUBJECT: Fiscal Year 2020-21 Budget – Core Functional Areas and Key Objectives

SUMMARY:

Issue: As part of the District’s annual strategic planning process and budget development, staff presents and reviews with the Board of Directors the core functional areas and associated key objectives for the upcoming fiscal year.

Recommendation: Information Purposes Only.

Fiscal Impact: The proposed Fiscal Year 2020-21 Operating and Capital Budgets will incorporate the necessary fiscal resources to execute the identified core functional areas and key objectives.

Reviewed by Committee: All budget items are presented at Regular Board Meetings.

Reviewed by Legal: Yes

BACKGROUND:

For the past seven years, the District has conducted an annual strategic planning process with the Board of Directors to identify the key objectives to support the strategic direction of the District. Ultimately, the outcome from the strategic planning process is incorporated into the budget development to allocate fiscal and staffing resources accordingly.

DISCUSSION:

The District has identified eight core functional areas that substantially encapsulate the services necessary to carry out the District’s mission:

#5.

Fiscal Year 2020-21 Budget – Core Functional Areas and Key Objectives

March 26, 2020

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1. Asset Management
2. Community Engagement and Outreach
3. Demand Management
4. Financial Planning
5. Government Affairs
6. Labor Relations
7. System Operations
8. Water Reliability

A summary of the core functional areas was provided at the Strategic Planning Meeting on February 13, 2020. Since that meeting, staff has incorporated key objectives completed during the last planning period and identified the critical objectives for the upcoming fiscal year. These activities and/or projects cover all core functional areas but are not inclusive of all activities of the District necessary to carry out the District's mission. This information is provided in Attachment 1.

Following review of Attachment 1, District staff will continue with the development of the Fiscal Year 2020-21 Operating and Capital budget for presentation and adoption by the Board of Directors in the coming months.

Attachments:

1. Core Functions and Key Objectives: Fiscal Year 2020-21

MOULTON NIGUEL WATER DISTRICT

CORE FUNCTIONS AND KEY OBJECTIVES: FISCAL YEAR 2020-21

3-26-2020

Since fiscal year 2013-14, the District has annually reviewed and updated its key objectives associated with the District's major core functions as part of the strategic planning process and budget development with the Board of Directors. Each core function is updated with specific objectives identified for the immediate time period to ensure focus and completion on key areas that are critical to the District's success. The necessary resources to support the identified objectives are incorporated into the annual fiscal budget for the Board to consider each year.

*As we have developed this process over the years, the District has identified eight core functional areas that substantially define the scope of activities executed by the District Board of Directors and staff on an annual basis. These core functional areas are: **Asset Management, Community Engagement and Outreach, Demand Management, Financial Planning, Government Affairs, Labor Relations, System Operations, and Water Reliability**. As part of the annual planning process, the District reviewed these eight core functional areas to develop key actionable objectives that have been identified to implement the associated management strategy as follows:*

1. ASSET MANAGEMENT

Management Strategy: Develop and implement a comprehensive Asset Management Program that will optimize the life-cycle management of the District's infrastructure and assets.

A comprehensive asset management strategy is critical for accurate capital improvement program planning and budgeting as well as ensuring an effective replacement/refurbishment program. Moulton Niguel developed an Asset Management Framework Plan to assist the District in implementing a comprehensive asset management program. The Plan identified many key areas necessary for a successful program, such as GIS development and integration, asset data collection and hierarchy, a robust Computerized Maintenance Management Program, data development and analytics, condition and criticality assessment programs, and key rehabilitation and replacement capital investments. The District has taken significant strides towards developing and/or implementing many of the identified programs and will continue to refine and implement programs to maximize the useful life of the District's infrastructure while maintaining a high level of service.

Completed:

- a. Substantial completion of required asset attribute data in GIS
- b. Refinement and advancement of recently developed programs (e.g. Valve Replacement and Maintenance, Reservoir Management Systems, Electrical Systems, Reservoir Recoating, Manhole Rehabilitation, Service Line Replacements, Pipeline/Station Rehabilitation and Replacements
- c. Commenced construction on the Plant 2A Upgrade Projects
- d. Developed and initiated comprehensive capital improvement program for Plant 3A
- e. Initiated implementation of a new Computerized Maintenance Management System
- f. Completed several key studies associated with major pipeline rehabilitation/replacement projects

#5.

Planned:

- a. Completion of the pipeline replacement project at I-5 and Oso Creek
- b. Substantial construction of the following significant projects:
 - i. Regional Lift Station Force Main Replacement Project
 - ii. Regional Lift Station Enhancements
 - iii. Southerly Influent Sewer Improvement Project at RTP
- c. Confirm solids treatment requirements and wastewater liquids capacity for Plant 3A
- d. Complete implementation of the Computerized Maintenance Management System
- e. Complete update to the 10-year Capital Improvement Program

2. COMMUNITY ENGAGEMENT AND OUTREACH

Management Strategy: Promote the District's programs and services to our customers and general public in a positive, purposeful, and cost-effective manner, while also soliciting customer and community feedback.

The District has developed a comprehensive public outreach program which includes an integrated approach to customer communications, community engagement, public outreach, and education programs. We've seen the value of outreach and community programs as we have a record number of interactions with the public, new local and regional partners, and new communications tools in place to engage with our customers. Based on the feedback from our customers and member cities, they appreciate the increased engagement and our participation at community events.

Completed:

- a. Facilitated social media training and communications meetings with our Board and Staff
- b. Evaluated the scope and structure of Citizens' Advisory Committee (CAC), including issuing feedback survey, and developed new plan and approach to host future CAC meetings
- d. Launched a customer appreciation campaign to thank customers who remain in their monthly water budgets
- e. Increased real-time monitoring and responses to customer questions on social and digital media platforms
- f. Initiated a Customer Communications Survey to inform the District's customer communication and outreach strategies
- g. Developed District Year-in-Review video and produced a District Fact Sheet to highlight information about Moulton Niguel, key facts, and achievements
- h. Developed information video, fact sheet, and additional materials in support of FLOW (Future Leaders of Water) Initiative

Planned:

- a. Continue multi-faceted, multi-year customer and public communications surrounding smart meter technology
- b. Continue campaign commemorating the District's 60th anniversary
- c. Support FLOW Initiative through promotion of a video, information materials, and website; continue work to trademark FLOW logo
- d. Finalize Customer Communications Survey and implement new communication strategies based on survey findings

- e. Encourage cross-promotion through the development of a policy surrounding bill inserts for external organizations
- f. Develop new program to recognize local businesses and organizations that are “water efficiency champions”
- g. Develop customer information packet and begin sending to targeted customers

3. DEMAND MANAGEMENT

Management Strategy: Develop new and improve existing strategies to cost effectively reduce the District’s water demands. Continue the District’s leadership role in implementing the Governor’s Water Action Plan to make “conservation a way of life” through engagement with our customers.

The District is seen as a statewide leader in providing a portfolio of innovative tools to help our customers manage their water demands. Our water efficiency programs, partnerships with academic institutions, coordination of the statewide data collaborative and budget-based rate structure are just some of the reasons why we have been successful. It is paramount to continue developing strategies and tools to help our customers use water efficiently while ensuring reliable service and the economic health of our communities.

Completed:

- a. AMI Phase 2 to all commercial and multi-family customers (about 4,000 more AMI meters in addition to the current 4,500)
- b. Awarded 3rd Bureau of Reclamation award for Phase 3 expansion of AMI
- c. Conducted third H2O for HOA workshops and a focused HOA working meeting to inform the development of new HOA programs
- d. Retrofitted Mission Viejo High School water devices with high efficiency devices with four schools in process
- e. Identified opportunities for energy and water integrated efficiency from the awarded California Energy Commission grant in coordination with UC Davis
 - i. San Diego Gas and Electric Low-Income water efficient device direct install program developed
 - ii. San Diego Gas and Electric commercial kitchens direct install program developed
- f. Expanded watershed education to local schools through integrated field trips and classroom instruction

Planned:

- a. Implement Phase 3 to expand AMI to all customers
- b. Implement an acoustic leak detection program to reduce real system water losses
- c. Pursue additional state/federal funding opportunities for demand management and recycled water program expansion
- d. Host California Native plant tour in coordination with the California Native Plant Society annual tour in South Orange County
- e. Host 4th H2O for HOAs workshop
- f. Partner with California Data Collaborative & Sustain SoCal on 5th Annual Water Data Summit at UC Irvine Beall Applied Innovation Center

#5.

4. FINANCIAL PLANNING

Management Strategy: Provide actionable, timely financial information through adaptive modeling and forecasts to meet changing conditions with a view towards long-term, sustained fiscal health.

Our efforts to ensure a strong and resilient financial position continue to prove very effective. The long-range financial plan, our rate structure, and a comprehensive review/update of financial policies have positioned the District to continue to be a leader in the industry and state. Our proactive planning efforts, which were built around utilizing staff with sophisticated financial analysis/rate design/forecasting capabilities, have paid dividends and continue to be essential for maintaining the strong financial health of the organization. As the District is expected to continue to invest more resources into its infrastructure, and the State begins to implement the long-term efficiency framework, it is imperative that we use our internally developed tools to evaluate and assess the short-term and long-term financial condition of the District. We will continue to be nimble, able, innovative and conservative in our financial management and plan aggressively to ensure limited financial impact to our customers.

Completed:

- a. Updated Long-Range Financial Plan and 10-year cash flow model
- b. Successfully completed the audit; and achieved a clean audit with no findings
- c. Evaluated rate increase projections; implemented rate recommendations
- d. Conducted short-term cash forecasting & coordinated restructuring of investment portfolio with advisors to fund capital improvements
- e. Performed annual review of investment policy, reserve policy, debt management policy, capitalization & surplus policy and purchasing policy as well as added new grant management policy
- f. Implemented labor capitalization to more accurately track labor to function and improve debt coverage ratio.
- g. Successful Issuance of 2019 COPs and maintained AAA rating for S&P and Fitch

Planned:

- a. Review and update financial policies as part of the annual review
- b. Achieve the Distinguished Budget & CAFR Award from the Government Finance Officers Association
- c. Maintain AAA rating from Fitch & S&P
- d. Issue late bill payment collections RFP and select vendor
- e. Prepare for 2021 Cost of Service and Rate Study

5. GOVERNMENT AFFAIRS

Management Strategy: Expand the District's engagement and influence on local, county, state and federal issues associated with water, wastewater, and recycled water. Engage with relevant stakeholders, including elected officials and agency staff, to advance District priorities and projects.

The Board has identified the need to be informed and engaged in local, regional, state, and federal issues that impact our communities and the District's services. The District has recognized tremendous

value in pursuing interagency partnerships and grant funding opportunities. In order to identify and pursue these opportunities, the District has expanded its representation by both staff and government affairs consultants. District representatives meet with policymakers and agency staff on a regular basis to establish and strengthen relationships, as well as discuss water and other issues of mutual interest. Staff will continue to evaluate opportunities to influence policy and funding at every level.

Completed:

- a. Involved local, state, federal and other policy makers and their staff in several District events and activities (e.g., water and housing forums, facility tours, public safety appreciation events, federal agency official briefings)
- b. Planned and expanded water and housing forum series to educate community leaders on local and regional water issues
- c. Monitored regional, state, and federal discussions related to key issues that may directly impact the District (e.g., South Coast AQMD, water tax proposals, WaterFix/Delta Conveyance, water grant programs, federal property in Laguna Niguel near Regional Treatment Plant)
- d. Met with city managers in our service area to discuss best ways to keep them and their city councils informed of new Moulton Niguel programs, services and activities

Planned:

- a. Evaluate upcoming District projects and programs and identify possible new grant opportunities to help fund them
- b. Meet with new elected and appointed officials from our service area and continue to involve local, state, federal and other policy makers and their staff in several District events and activities (e.g., water and housing forums, facility tours, public safety appreciation events, state and federal agency official briefings)
- c. Host water forum and expand partnerships in the water and housing industry
- d. Continue to work with the South Orange County Wastewater Authority (SOCWA) member agencies on the evaluation of the strategic direction for SOCWA going-forward and potentially any associated amendments to the Joint Powers Authority Agreement

6. LABOR RELATIONS

Management Strategy: Maintain strong employee morale and enhance organizational performance through: recruitment, selection and retention of the best qualified staff; maintenance and enhancement of staff skills through training and development; utilization of the District's benefit programs; compliance with labor regulations; enforcement of District policies and provisions of the MOUs; and resolution of personnel matters in a timely manner with the highest standards of confidentiality, integrity, courtesy and respect.

Labor relations will always be the most critical component to determining the success of any organization, and our experience confirms this. The District continues to focus on maintaining excellent labor relations. Our current four-year MOU was developed in one day, which speaks to the trust and relationship established between the employees and the District. Having dedicated HR staff has been invaluable in building the trust through care, credibility, and performance. Recruitment and retention are a major concern as many agencies are interested in taking our highly skilled employees and are increasing compensation and benefits to attract talent.

#5.

Completed:

- a. Won the Top Workplace in Orange County designation for the third year in a row; continued to maintain a close working relationship with employees and OCEA
- b. Filled 153 of 158 budgeted full-time positions (97% staffed). Hired 32 employees (24 FTE + 8 Temp) January 2019 to January 2020
- c. Monitored labor relations legislation and took appropriate action
- d. Created job descriptions for Leak Detection Technician job family and recruited for vacant positions
- e. Negotiated 0% increase in Anthem health insurance rates

Planned:

- a. Continue to develop the FLOW Initiative through continued collaboration and partnerships with education institutions, such as UC Irvine, local community college programs, and local school districts, to create local pipelines for water and wastewater careers
- b. Initiate update of MNWDEA Memorandum of Understanding
- c. Implement new Deferred Compensation plans
- d. Review and update the Substance Abuse Policy-draft under review; met with supervisors to discuss new FMCSA clearinghouse requirements and trained all safety sensitive drivers on how to register
- e. Review and update the Personal Computer Purchase Plan Policy

7. SYSTEMS OPERATIONS

Management Strategy: Evaluate, implement, and continuously refine operational procedures and practices for the delivery of water, recycled water, and the collection and treatment of wastewater to protect public health, promote operational efficiencies, and ensure safe and reliable services.

The District manages the operations and maintenance of potable water, recycled water, and wastewater infrastructure. The combined infrastructure includes more than 1,300 miles of pipelines, over 150 different facilities, one wastewater treatment plant, along with the necessary fleet vehicles, mobile equipment, and information technology infrastructure needed to support the systems operations. Consistent and regular inspection and maintenance of all infrastructure and equipment is necessary to ensure regulatory compliance, staff and public safety, and high levels of service. The District has increased its focus on operational strategies to maximize the useful lives of its assets in the most efficient and cost-effective manner possible. System operations continues to be enhanced through regular education programs, implementation of new innovative strategies and tools, and updates to industry best practices.

Completed:

- a. Successfully assumed Plant 3A operations, maintenance, and capital planning
- b. Substantial completion of recommendations from the District-wide electrical system assessment
- c. Developed innovative leak detection program with dedicated staffing
- d. Established secondary operations yard at Camino Capistrano location
- e. Completed update to Sewer System Management Plan
- f. Completed upgrade to phone and voicemail system and customer service call software
- g. Initiated American Water Infrastructure Act's Risk and Resiliency Assessment

Planned:

- a. Substantial completion of initial targeted inflow and infiltration efforts
- b. Complete the American Water Infrastructure Act's Risk and Resiliency Assessment and begin implementing recommendations
- c. Begin replacement of high frequency radios (18GHz) of our SCADA communication network, including relocating the Moulton Peak tower
- d. Replace Board agenda management system
- e. Initiate condition assessment of Eastern Transmission Main
- f. Complete Fire Risk Assessment of closed zone pump stations and major lift stations
- g. Substantial completion of initial targeted operational items at Plant 3A, such as pump rehabilitations, aeration systems, lighting systems, electrical, tertiary treatment system, and SCADA

8. WATER RELIABILITY

Management Strategy: Plan, invest and execute programs and projects to implement Board policy on water reliability and develop water resource programs to meet projected future water demands to sustain the economic health of the region.

The District has been proactive in its water resources planning efforts to meet water reliability objectives. The Long-Range Water Reliability Plan provides an adaptive management approach to planning for reliability. It is a living document that needs to be updated given changed assumptions on water demands and regional planning efforts by Metropolitan. Staff has evaluated opportunities to expand recycled water and initiated a review of water banking program opportunities. These efforts are consistent with the early action items identified in the Long-Range Water Reliability Plan. As water reuse regulations are being developed by the State, staff will monitor the potential for indirect and direct potable reuse. Other local efforts such as ocean desalination, storm water capture, and expanding local emergency transfers are also being closely evaluated to determine the District's involvement.

Completed:

- a. Participated in the 2018 MWDOC Orange County Reliability Study Update
- b. Completed the Recycled Water Optimization Study and commenced implementation of required capital projects
- c. Increased days of system reliability to 30 from 1.5 over past 10 years through \$70 M infrastructure investment and comprehensive demand management strategies, including rate structure refinement and water efficiency programs
- d. Added 20 new recycled water service connections and completed 64 retrofits over the last 5 years
- e. Continued to make progress on key studies with OCWD to evaluate potential exchange program costs and infrastructure needs to meet District water reliability objectives

Planned:

- a. Update 2008 Board Policy on Water Reliability Initiatives

#5.

- b. Update 2014 Long Range Water Reliability Plan
- c. Evaluate opportunities to extend the Emergency Services Program with Orange County Water District for conveyance of groundwater during an emergency outage
- d. Develop potential pilot program to provide water storage with the Orange County Water District
- e. Complete study for potential use of Sulfur Creek Reservoir as forebay to advanced treatment at the Regional Treatment Plant and continue engagement with regulatory agencies to support a pathway to indirect or direct potable reuse at the Regional Treatment Plant
- f. Implement the “Smart Watershed Project” through our MOU with cities, the County of Orange and neighboring agencies to minimize urban runoff and storm flows utilizing data-driven approaches to evaluate mutually beneficial demand management strategies and potential use of wastewater assets
- g. Participate in the Met 2020 IRP Update
- h. Prepare the District’s 2020 Urban Water Management Plan