



moulton niguel water district

**BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
26880 Aliso Viejo Pkwy, Suite 150, Aliso Viejo
November 12, 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 THE PUBLIC TO ATTEND THIS BOARD MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY LISTEN AND PROVIDE PUBLIC COMMENT TELEPHONICALLY BY CALLING THE FOLLOWING NUMBER:

**DIAL: 1-669-900-9128
MEETING ID: 942-941-7034#
PASSCODE: 26161#**

1. CALL MEETING TO ORDER:

CLOSED SESSION:

2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8
Property: 27500 La Paz Road, Laguna Niguel, CA
Agency Negotiator: Joone Lopez, General Manager
Negotiating Parties: Cypress Express Partners, LLC
Under Negotiation: Price and terms of payment for a ground lease

3. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

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

One potential case

OPEN SESSION - 6:00PM

4. PLEDGE OF ALLEGIANCE:

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.

PRESENTATION ITEM:

6. RESOLUTION HONORING MR. GARY R. KURTZ (RESOLUTION 20-)

It is recommended that the Board of Directors approve the resolution entitled, "Honoring Mr. Gary R. Kurtz."

7. AUDIT PRESENTATION FOR FISCAL YEAR ENDED JUNE 30, 2020

CONSENT CALENDAR ITEMS:(Items on the Consent Calendar have been discussed at the regularly scheduled Administrative and Technical Committee meetings)

Consent items: Unless the General Manager or the Board requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote. Requests for discussion of any specific item should be made to the Presiding Officer in conjunction with the discussion of the consent motion.

8. MINUTES OF THE OCTOBER 8, 2020 BOARD OF DIRECTORS MEETING

9. PLUG AND CHECK VALVE PURCHASE AGREEMENT

It is recommended that the Board of Directors authorize a single-source purchase agreement with CS Amsco for new plug and check valves for an amount not to exceed \$450,000 over a three-year period.

10. MATERIALS TESTING AND INSPECTION SERVICES AMENDMENT FOR UPGRADES AT PLANT 2A

It is recommended that the Board of Directors approve a \$60,000 not-to-exceed amendment for a total not-to-exceed authorization of \$225,000 with Koury Engineering, Inc. and authorize the General Manager or Assistant General Manager to execute the amendment.

11. CONSTRUCTION CONTRACT AMENDMENT FOR THE CAMINO CAPISTRANO OPERATIONS YARD IMPROVEMENTS

It is recommended that the Board of Directors amend the construction contract with Ferreira Construction Co, Inc. (Ferreira) by \$162,295 for a total contract amount of \$1,560,022; extend the contract through February 28, 2021; and authorize the General Manager or Assistant General Manager to execute the contract change order.

12. RESOLUTION HONORING DR. ALLAN BERNSTEIN (RESOLUTION 20-)

It is recommended that the Board of Directors approve the resolution entitled, "Honoring Dr. Allan Bernstein for Service to the City of Tustin."

13. RESOLUTION HONORING MRS. JOAN FINNEGAN (RESOLUTION 20-)

It is recommended that the Board of Directors approve the resolution entitled, "Honoring Mrs. Joan Finnegan for Service to the Municipal Water District of Orange County."

ADMINISTRATIVE MATTERS:

14. PROFESSIONAL SERVICES AGREEMENT FOR PROPERTY MANAGEMENT SERVICES

It is recommended that the Board of Directors approve the Professional Services Agreement with Jones Lange LaSalle Americas, Inc. ("JLL") in the amount of \$971,975; authorize the General Manager or Assistant General Manager to execute the agreement; and approve amendments up to 10% of the contract value.

TECHNICAL MATTERS:

15. CONTINGENCY INCREASE FOR CONSTRUCTION MANAGER AT RISK SERVICES AGREEMENT

It is recommended that the Board of Directors approve a contingency increase from 2.5% to 4.0% for the Construction Manager at Risk Agreement with Layton Construction.

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

16. APPROVAL OF AN AMENDMENT TO GROUND LEASE OF 27500 LA PAZ ROAD, LAGUNA NIGUEL TO CYPRESS EXPRESS PARTNERS, LLC

It is recommended that the Board approve an amendment to the ground lease of 27500 La Paz Road, Laguna Niguel to Cypress Express Partners, LLC in regard to an extension of the current due diligence period.

17. CUSTOMER COMMUNICATIONS SURVEY UPDATE

INFORMATION ITEMS:

18. MONTHLY FINANCIAL REPORT

19. TEN-YEAR CASHFLOW UPDATE

20. H2O FOR HOAS UPDATE

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.

RESOLUTION NO. 20-____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT
HONORING MR. GARY R. KURTZ**

WHEREAS, for the past three decades, the Honorable Gary Kurtz has distinguished himself as an exemplary community leader and public official, and now intends to conclude his public service as an elected member of the Moulton Niguel Water District Board of Directors; and

WHEREAS, since beginning his public service as a member of the Moulton Niguel Water District Board of Directors, Director Kurtz has represented a community of more than 170,000 residents and businesses in Laguna Niguel, Aliso Viejo, Mission Viejo, Laguna Hills, Dana Point and San Juan Capistrano, while setting local policies, overseeing the management of local and regional water supply, and ensuring the delivery of safe, clean and reliable water; and

WHEREAS, throughout his years on the Moulton Niguel Water District Board of Directors, Director Kurtz was the chairman of the Moulton Niguel Community Relations, Investment, Personnel and Salary, Audit and Financial Committees, and an alternate delegate on the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA); and

WHEREAS, in addition to leading our community as an elected member of the Moulton Niguel Water District Board of Directors, Director Kurtz’s commitment to his community began before the City of Laguna Niguel became a city in 1989, and was instrumental in guiding the development of the City of Laguna Niguel through his leadership on the Laguna Niguel Community Council; and

NOW, THEREFORE, BE IT RESOLVED: The Board of Directors of Moulton Niguel Water District commends the Honorable Gary Kurtz for his exemplary service to the water community and to the public, expresses sincere gratitude for his outstanding leadership for our customers and communities, and wishes him well during his retirement.

ADOPTED, SIGNED AND APPROVED this 12th day of November, 2020.

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

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

#7.

Audit Presentation for Fiscal Year Ended June 30, 2020

November 12, 2020

Page 2 of 2

DISCUSSION:

The District's financial statements have been audited by Eide Bailly, LLP, a firm of independent certified public accountants that merged with the accounting firm Vavrinek, Trine, Day and Co., LLP, with whom the District contracted to perform audit services. Due to the COVID-19 pandemic, both the interim and year-end portions of the audit were conducted virtually. The external audit firm has issued an unmodified (clean) opinion for the District's financial statements for the fiscal year ended June 30, 2020. The letter on internal control for the financial audit contained no significant deficiencies or material weaknesses.

Any comments or recommendations received prior to November 30th will be incorporated into the final draft that will be considered by the Board of Directors in December. The finalized CAFR will be posted on the District's website and will be submitted to the Government Finance Officers Association to apply for the Certificate of Achievement for Excellence in Financial Reporting. The District's annual CAFR's have received the award in each of the previous eleven years.

Attachments:

1. CAFR for the Fiscal Year Ended June 30, 2020
2. Letter on internal control for the Fiscal Year Ended June 30, 2020
3. Audit Communication Letter for the Fiscal Year Ended June 30, 2020
4. Article XIII-B Appropriations Limit Calculation Report for the Fiscal Year Ended June 30, 2020



moulton niguel water district

26880 Aliso Viejo Parkway
Aliso Viejo, CA 92656



COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2020

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**Moulton Niguel Water District
Laguna Niguel, California**

Comprehensive Annual Financial Report

Year Ended June 30, 2020

**Prepared By:
The Finance Department**

26880 Aliso Viejo Parkway
Aliso Viejo, Ca 92656

www.mnwd.com

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**Moulton Niguel Water District
Comprehensive Annual Financial Report**

Year Ended June 30, 2020

Table of Contents

<u>Introductory Section</u>	<u>Page</u>
Letter of Transmittal	i
Government Finance Officers Association – Certificate of Achievement for Excellence in Financial Reporting – June 30, 2019	xi
Organization Chart	xii
Board of Directors	xiii
Service Area Map w/ Cities Served	xiv
<u>Financial Section</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	13
Statement of Revenues, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
Notes to Financial Statements	19
Required Supplementary Information	
Pension Plan:	
Miscellaneous Plan –	
Schedule of Proportionate Share of the Net Pension Liability	58
Schedule of Plan Contributions	59
Other Post Employment Benefit Plan:	
Schedule of Changes in the Net OPEB Liability and Related Ratios	60
Schedule of Contributions	61
Supplementary Information	
Schedule of Revenues, Expenses and Other Sources (Uses) of Funds	63
Operations & Maintenance (O&M) Budget Comparison Report	64

DRAFT

**Moulton Niguel Water District
Comprehensive Annual Financial Report**

Year Ended June 30, 2020

Table of Contents

<u>Statistical Section</u>	<u>Page</u>
Statistical Section Overview Table of Contents	66
Financial Trends	
Net Position by Component – Last Ten Fiscal Years	67
Changes in Net Position – Last Ten Fiscal Years	69
Revenue Capacity	
Water Sold and Wastewater Services Provided by Type of Customer – Last Ten Fiscal Years	71
Annual Domestic Consumption in Acre Feet (AF) – Last Ten Fiscal Years	73
Water Rates – Last Ten Fiscal Years	74
Principal Water Customers – Current Fiscal Year and Nine Years Ago	75
Wastewater Rates – Last Ten Fiscal Years	76
Principal Wastewater Services Customers – Current Fiscal Year and Nine Years Ago	77
Recycled Water Rates – Last Ten Fiscal Years	78
Principal Recycled Water Customers – Current Fiscal Year and Nine Years Ago	79
Property Tax Levies and Collections – Last Ten Fiscal Years	80
Assessed Valuations & Largest Local Secured Taxpayers – Current Fiscal Year and Nine Years Ago	81
Debt Capacity	
Outstanding Debt by Type and Debt per Customer – Last Ten Fiscal Years	82
Ratio of Net Direct General Obligation Debt – Last Ten Fiscal Years	83
Direct and Overlapping Debt – Current Fiscal Year	84
Pledged Revenue Coverage – Last Ten Fiscal Years	85
Demographic and Economic Information	
Demographic and Economic Statistics – Last Ten Fiscal Years	86
Principal Employers – Current Year and Nine Years Ago	89
Operating Information	
Full Time Employees by Function – Last Ten Fiscal Years	90
Operating Indicators – Last Ten Fiscal Years	91
Capital Asset Statistics – Last Ten Fiscal Years	92

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December x, 2020

Members of the Board of Directors
Moulton Niguel Water District

We are pleased to present the Moulton Niguel Water District's ("District") Comprehensive Annual Financial Report ("CAFR") for the fiscal year ending June 30, 2020. This report was prepared by District staff in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of certified public accountants.

The CAFR provides an assessment of the District's financial condition, informs readers about District services, includes information about current District initiatives, capital improvement projects, and offers financial and demographic trend information. Management at the District is responsible for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. We believe the information and data, as presented, is accurate in all material respects, and is presented in a manner that provides a fair representation of the financial position and operations of the District. We believe we have included all disclosures that are necessary to enhance the understanding of the financial condition of the District.

The District's financial statements have been audited by Eide Bailly, LLP, a firm of independent certified public accountants that merged with the accounting firm Vavrinek, Trine, Day and Co., LLP, with whom the District contracted to perform audit services. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ending June 30, 2020, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's financial statements for the fiscal year ending June 30, 2020, were fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

The Management Discussion & Analysis ("MD&A") includes a narrative introduction, overview, and analysis to provide a better understanding of the accompanying financial statements. The MD&A immediately follows the Independent Auditor's Report.

Profile of the District

Authority, Services, and Customers

The District was formed on November 16, 1960, under the provisions of the California Water District Law, Division 13, of the Water Code of the State of California, commencing with Section 34000. The District was formed for the purposes of providing a water supply to the communities within its service area. In 1963, the California Water District Act was amended, allowing California water districts to provide wastewater reclamation services. On July 1, 1964, the District began operation and management of wastewater services previously provided by Orange County Sanitation District No. 12.

The District is authorized to acquire, control, store, treat, reclaim, recapture, and salvage any water (including wastewater) for the beneficial use of the District and its customers. The District's water and



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wastewater customers include retail customers (e.g. residential and commercial) located in incorporated areas within the District's service area. The District is also authorized to levy and collect taxes; to revise and collect rates or other charges for the delivery of water and collection of wastewater, use of facilities or property, or provisions for service. The District may also issue bonds, borrow money, and incur indebtedness.

Governance

The District is governed by a seven-member Board of Directors ("Board"), who are publicly elected by registered voters within the District's service area for staggered four-year terms. Each Director is elected through an at-large voting process.

Policy-making and legislative authority are vested with the Board. The Board has the authority to set rates and charges for water, recycled water, and wastewater services. The Board is responsible for, among other things, setting policies governing the operation of the District, adopting the budget, appointing committees, and hiring the General Manager. The General Manager is responsible for carrying out the policies of the Board, for overseeing the day-to-day operations of the District, and for hiring staff for the various divisions (e.g. Finance/Planning, Human Resources, Engineering, and Operations).



The Moulton Niguel Water District Board of Directors

Service Area

The District's service area, located in South Orange County, California, encompasses approximately 37 square miles, serving approximately 172,000 in population within the cities of Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo, San Juan Capistrano, and Dana Point. The District distributes water to approximately 55,000 accounts, 52,000 of which also receive wastewater service. Elevation within the District ranges from 230 to 904 feet above sea level. Climate is typical of the coastal plains of Southern California, with temperatures mild and relatively uniform. The District's service area experienced a net taxable value increase of 4.0% for the most current tax roll, which was slightly less than the countywide increase of 5.6%. The assessed net taxable valuation of the properties within the District's service area has grown to \$39.0 billion as of June 30, 2020.

Water Supply and Services



Membrane Filtration System at the Baker Water Treatment Plant

The District imports all its potable water from the Metropolitan Water District of Southern California ("MET") through its member agency, the Municipal Water District of Orange County ("MWDOC"), a wholesale importer of water from MET. The District is a customer agency of MWDOC and, as such, receives water from available sources of MET. MET's sources of water primarily include water imported from the Colorado River and from the State Water Project. All the District's potable water is treated at either the Diemer Filtration Plant in Yorba Linda, California, or the Baker Water Treatment Plant ("Baker WT Plant") in Lake Forest, California. The Diemer Filtration Plant is owned and operated by MET and supplies approximately two-thirds of the District's treated potable water. The Baker WT Plant was completed in

October 2016 and provides approximately one-third of the treated potable water to the District. The Baker WT Plant, which is owned by the District in partnership with four other water agencies, provides a

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secondary treatment plant that treats imported MET water and improves local water reliability. All potable water is delivered through three major transmission facilities: the South County Pipeline (“SCP”), East Orange County Feeder #2 (“EOCF#2”), and the Allen-McColloch Pipeline (“AMP”).

Delivering safe drinking water is the highest priority of the District. In order to ensure the District is meeting drinking water quality standards, the District conducts approximately 12,000 water quality tests each year that are independently analyzed at state-of-the-art laboratories. These tests continue to demonstrate that the water provided to the District’s customers is safe, clean, and continues to surpass every state and federal water quality standard. In June 2020, the District issued the 2019 Water Quality and Consumer Confidence Report, which provides an overview of the water quality testing and results for the previous calendar year.



Water resilience and reliability planning is paramount to ensuring our customers have water supplies available to them when desired while ensuring appropriate and cost-effective investments in water supply reliability projects. In 2008, the District adopted a policy to evaluate and develop reliability projects and demand management measures that will provide 31 days of average demand water supply to District customers in the event of an outage of imported water supplies. With the implementation of projects like the Baker WTP and Upper Chiquita Reservoir, and other water reliability projects and demand management programs, the District has been able to meet that policy objective. In 2015, the District developed its first Long Range Water Reliability Plan (LRWRP) to provide an adaptive management tool for reviewing and identifying projects and programs to support the District’s objectives in building water resilience and reliability. Currently, the LRWRP is being updated based on current demand and water supply projections, along with a review of potential water reliability investments. Further, the District is reviewing its water reliability objectives based on the outputs from the LRWRP update. The LRWRP will continue to support the District’s efforts in making smart investments in reliability projects and programs to provide enhanced resiliency to its customers without over-investing and potentially stranding assets. As a result of this effort, the District will continue to stress efforts to reduce dependence on imported water supplies through recycled water and water efficiency programs. Mission Viejo Country Club and El Niguel Country Club began using reclaimed wastewater over 50 years ago. Today, more than 1,350 recycled water meters account for approximately 25% of the District’s total water demand. The District has implemented several water-use efficiency programs, most notably the Water Budget-Based Rate Structure, and extensive rebate programs for its customers. The District continues to evaluate various alternative local water storage and water supply opportunities to potentially supplement the significant efforts of MET to bring imported water to the MNWD service area.

The District operates and maintains over 650 miles of domestic water distribution pipelines. In addition, the District has 26 steel and 2 pre-stressed concrete operational storage reservoirs for a District-wide total potable water storage capacity of approximately 70 million gallons. The District owns capacity rights in several adjoining water agencies’ reservoirs and pipelines, such as El Toro Water District R-6 reservoir, the Santa Margarita Water District Upper Chiquita Reservoir, the Joint Transmission Main (a joint powers agreement between the District and other water agencies), Eastern Transmission Main jointly owned by the District and the City of San Juan Capistrano, the South County Pipeline, which conveys water from the Allen McColloch Pipeline to several south county water agencies, and the Irvine Ranch Water District Interconnection jointly owned with Irvine Ranch Water District. The District also operates 23 pump stations to pump water from lower pressure zones to the higher-pressure zones and 20 pressure reducing stations and flow control facilities to convey water from high to low zones.

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Wastewater Services

The District maintains approximately 500 miles of wastewater pipelines. The District’s wastewater system has 17 lift stations that pump wastewater over the ridge lines to the various treatment plants for disposal or recycling. The District owns and operates wastewater treatment Plant 3A. The District is also a member of the South Orange County Wastewater Authority (“SOCWA”), a joint powers agency comprised of ten governmental agencies, which owns and operates three regional treatment plants and two ocean outfalls. The District’s cost to SOCWA for wastewater treatment and disposal is for operations and maintenance (“O&M”) costs and a pro-rata share of the capital costs based on the type and location of each project.

The District recently updated its Sewer System Management Plan (SSMP), a requirement from the State Water Resources Control Board. The SSMP incorporated and updated the District’s Sanitary Sewer Overflow Prevention Plan and Sanitary Sewer Overflow Response Plan along with existing pretreatment and engineering programs to complete the remaining SSMP requirements. The SSMP was developed to facilitate proper funding and management of the District’s sanitary sewer system.

Recycled Water Supply and Services

The District promotes the use of recycled water to reduce imported water and maximize the reuse of available resources. The recycled water system consists of two Advanced Water Treatment (“AWT”) plants to treat wastewater and supply recycled water, as well as 140 miles of recycled water distribution pipelines with 5 pre-stressed concrete and 6 steel storage reservoirs to service the recycled water system. The District also operates 9 pump stations to pump recycled water from lower pressure zones to the higher-pressure zones. In addition, the District owns 1,000 acre-feet of capacity rights in the Upper Oso recycled water reservoir owned by the Santa Margarita Water District.



Aliso Viejo Recycled Water Reservoir

The District continues to implement the recommendations from the Recycled Water Master Plan (“RWMP”) and identified recycled water as its highest priority alternative water supply source. The RWMP is used to identify further opportunities to expand the system to new customers and the necessary infrastructure to support the expansion, as well as to encourage and open the door to regional cooperation and involvement. The RWMP includes model development, supply and storage assessments, and identification of new recycled water users, along with all associated capital needs.

The District plans to expand its recycled water distribution system with the implementation of the RWMP. The District offers a recycled water retrofit rebate as an incentive to encourage recycled water use. Additionally, the District has partnered with the Metropolitan Water District of Southern California to help customers in its service area access additional financial incentives for recycled water use through its On-Site Retrofit Program.

Factors Affecting Financial Conditions

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the District operates.

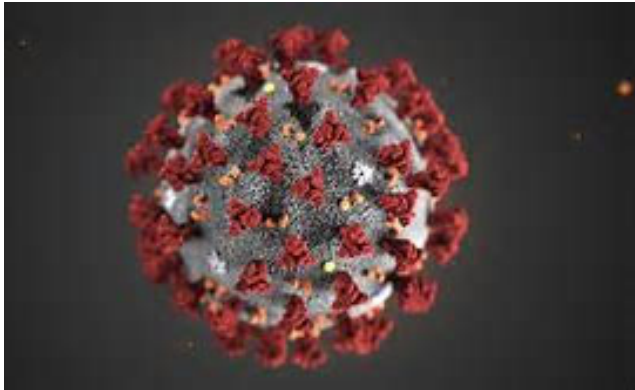
COVID-19 Coronavirus Epidemic

A new coronavirus disease (COVID-19) began spreading across the world at the end of 2019. The first confirmed cases in both the United States and the state of California occurred in January 2020, and by March 11, 2020, the World Health Organization declared the new coronavirus disease (COVID-19) a

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pandemic. The disease has spread to over 200 countries since its original discovery and has more than 35 million confirmed cases.



New coronavirus disease officially named COVID-19 by the World Health Organization

As an essential service, the District's priority was to ensure safe and reliable service to the residents, businesses, and schools in the District's service area. The District has successfully maintained continuity of service throughout the COVID-19 pandemic, without any impact or pandemic related interruptions to water or wastewater services. The District's operations delivered ongoing water and wastewater services to the District's 172,000 customers that continued to meet or exceed all local, state, and federal standards for safety, quality, and environmental protection. Additionally, the District took the following steps to help its customers experiencing financial hardships:

- Eliminated customer shutoffs for non-payment or assessment of late bill payment fees prior to the Governor's Executive Order
- Eased the bill adjustment process to provide more immediate relief for customers
- Expanded temporary bill adjustments for customers due to economic hardships

Local Community

The District serves communities within South Orange County that historically reports stronger financial indicators than that of the nation and state. There are four major land uses in the District: (1) residential (single-family and multiple-family); (2) commercial (retail and light industrial); (3) schools; and (4) recreation areas (parks, golf courses, etc.). Residential development is the predominant land use throughout the District. The highest concentration of commercial use is in the City of Mission Viejo, which includes the Shops at Mission Viejo, an affluent shopping mall, and in the City of Aliso Viejo, which includes the Pacific Park Business Center. The highest concentration of schools (students) is in the cities of Mission Viejo and Aliso Viejo, which includes Mission Viejo High School, Capistrano Valley High School, Saddleback Community College, Aliso-Niguel High School, and Soka University. The highest concentration of recreation areas is in Laguna Niguel and Aliso Viejo, where each has a golf course and numerous community parks. Future growth will primarily occur on a redevelopment basis of existing property and land.

Water Efficiency

The State of California is an active partner with local agencies to address water needs in anticipation of prolonged drought periods. The State continues to maintain a set of conservative standards, which among other things, place a permanent ban on wasteful practices, such as hosing driveways and excessive watering. The State also requires monthly reporting and calls for prudent planning and preparing for continued and future drought conditions and water shortages. The State has also proposed legislation that includes a plan to make water conservation a way of life, and to set long-term urban water use efficiency standards by 2021.

The District continues to offer resources, rebates and information to help customers make conservation a California way of life. The District has ongoing partnerships with Universities to study water use, rebate programs, and other resources that will continue to inform prudent operational and financial decisions.

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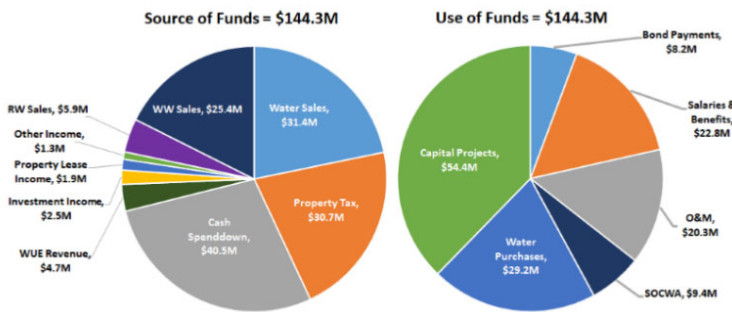


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Budget Process

The Board adopts an operating and capital budget prior to each new fiscal year, commencing on July 1st. The development of the operating and the capital budgets are guided by the Ten-Year Cash Flow and the Ten-Year Capital Improvement Program. The operating and capital budgets serve as the foundation for the District's financial planning and control of District operations and enterprise functions. The District reports its water, wastewater, and recycled water services as a single enterprise fund. On a monthly basis, a budget comparison report is submitted to the Board to provide a year-to-date comparison of the revenues and expenses against the adopted budget, and on a quarterly basis, a capital improvement program progress report is submitted to the Board to provide the status of current infrastructure projects.

The District's annual budget process includes reviewing and updating, if necessary, District policies that govern financial affairs, and contains policies for Reserves, Investments, Purchasing, Capitalization and Surplus, Debt Management and Federal Grants Management.



Sources and Uses of Funds from District 2020-21 Budget

Each of those policies serve as an important tool in managing the financial affairs of the District. The main objective of the Reserve Policy is to set target levels for cash reserves to establish a relationship between current and anticipated future risks. The District's reserve categories are discussed in Note 16 of the Notes to Financial Statements. The Board receives monthly updates on the status of the adopted reserve targets. The

Investment Policy is used to direct the purchasing of securities, while also maintaining the flexibility to fund infrastructure improvements. The Purchasing Policy establishes procedures for acquiring services and materials, equipment and supplies, and for public works projects for the District. The Debt Management Policy is used to document the District's goals and guidelines for the use of debt instruments for financing District water, recycled water, and wastewater infrastructure projects and other financing needs. The Capitalization and Surplus policy is intended to provide guidance for accounting and treatment related to the District's investments in critical assets. The Federal Grants Management Policy is designed to provide guidance to District staff in executing projects and utilizing funds provided through Federal grants, and to comply with the provisions of the Uniform Guidance.

Long-term Financial Planning

The District uses various planning documents; i.e. Urban Water Management Plan ("UWMP), Long Range Water Reliability Plan, and Long Range Financial Plan ("LRFP") to forecast the District's needs for water use and demand, capital improvement projects, water supply reliability projects, and financial resources. The associated financial models supporting those planning documents are significant assets to the District and have been built internally by District staff, allowing the District and the Board to consider and evaluate different scenarios for things such as: changes to the economic environment, operational requirements, or capital investments.

The objective of the LRFP is to identify strategies and actions to ensure sufficient financial resources to enable the District to achieve its mission and to utilize those financial resources effectively. Additionally, the LRFP serves as key contextual information to aid in making near-term financial decisions. The LRFP incorporates the District's reserve policies, debt policies, coverage ratios, water demand needs, water rates, capital improvement program, and operating budget to provide a financial forecast for the District.

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The District has historically maintained a strong financial position based upon conservative planning and budgeting, maintenance of adequate cash balances, and maintaining the proper debt service coverage ratios.

In November 2019, the District issued the 2019 Certificates of Participation for \$64.6 million. This issuance was anticipated as part of the LRFP to support investments in the District’s capital improvement program, and the District is in a very strong financial position. As part of that process, both Standard and Poor’s and Fitch rating agencies rated District debt AAA, the highest rating available. Both agencies cited the District’s strong financial management practices and advanced planning tools as reasons for the AAA rating.

Additionally, the District utilizes a conservation-based rate design, as data has shown that design to be the most effective tool in reducing water usage, while still providing the necessary revenues to recover the District’s expenses, regardless of changing water demands. The State Water Resources Control Board (“SWRCB”) has recognized the District’s specific rate design as a best practice amongst more than 400 urban water utilities statewide. The rate design focuses on the cost of service for the efficient use of water as the primary basis for setting rates and identifying costs associated with conservation and water-use efficiency programs as the basis for conservation pricing. The rates are also structured to ensure that an appropriate level of fixed expenses is recovered with fixed revenue. As a result, the District has managed to remain financially strong despite a consistent reduction in per person water use while continuing to maintain water rates among the lowest in the region. The Board annually reviews the financial plan and projected rates through the ten-year cash flow model to ensure the District’s financial forecasts are consistent with District policy and objectives while providing a strong foundation.

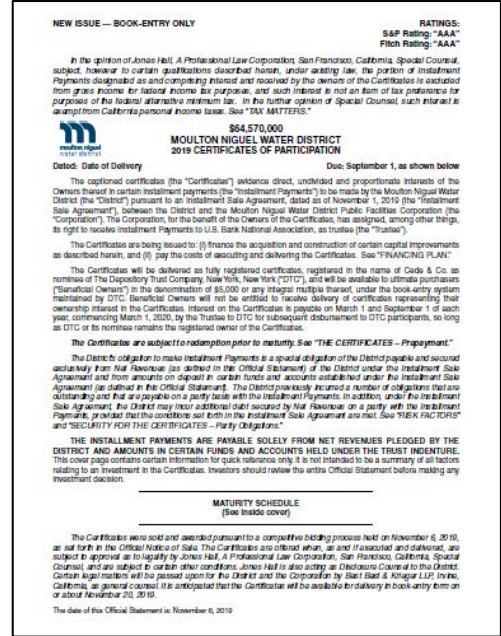
Internal Controls

Management of the District has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with GAAP. The District’s comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. The Board and District staff continue to evaluate the District’s internal control framework to determine if improvements are attainable and implement feasible recommendations.

Major Initiatives

Strategic Planning

The Board provided tactical direction at the 2020 Long Range Strategic Planning Session and identified the key initiatives for the Board and District staff to focus efforts. The identified initiatives were Asset Management, Community Engagement and Outreach, Demand Management, Financial Planning, Government Affairs, Labor Relations, System Operations, and Water Reliability. These objectives are discussed in detail in the District’s adopted fiscal year 2020-21 budget, available on the District’s website.



2019 Certificates of Participation Cover

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Water Education and Efficiency Actions

The District's Board continues to partner with local and regional agencies to provide a variety of water education and water-saving programs and opportunities to District customers. The following programs are a sample of the types of programs implemented by the District.



Native plants identified by this seal are available at local nurseries

The District has teamed up with MET, other local water agencies, and the California Native Plant Society to bring more native plants to the region's homes and gardens through the Calscape program. Through the program, staff at participating nurseries will receive training on the proper care, maintenance, watering, and planting of California native plants.

The District continues to expand its successes from prior years with education about native gardens and landscapes, and in light of COVID-19, elected to move the popular landscape workshops to a virtual format. Once a customer attends a landscape workshop, they are also eligible to participate in NatureScape, a direct-install turf-to-native garden program that helps customers replace turf with a California native, low water-use landscape.

The District held its fourth annual H2O for HOAs workshop, which was held virtually this year due to the pandemic. The workshop provided education and information on various topics related to water management to homeowner association Board Members, property managers, and professional landscapers.

Additionally, the District joined forces with Sustain Southern California and the California Data Collaborative to host the combined 5th annual Water Data Summit and Water Solutions. The two-day online event featured interactive panels on how data can power California to a better water future through streamlined operations and more effective water conservation programs.



The District also hosted a community forum "Taking Care of Business During COVID-19" in September 2020. The District hosted the forum to enhance communication with its customers and community stakeholders, and to discuss current water issues, ongoing water needs, and how the District has adapted to continue serving its customers during the COVID-19 pandemic.

Recognition and Funding

The District was one of just 45 other agencies to receive approval for a \$1.5 million grant from the United States Bureau of Reclamation through its WaterSmart program for the final phase of the District's Smart meter project. In total, the District will receive \$2.1 million in funding from the US Bureau of Reclamation as part of the full rollout of the smart meter project. The automated smart meters will help the District detect water leaks, improve operations, and allow customers to monitor their water usage in real-time. Upon completion, the project is anticipated to help conserve 500 million gallons of water every year. The final phase of the project aims to install nearly 45,000 residential, commercial, and fire protection sites in the District's service area.

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The District’s customer portal app, “MyWater MNWD” has gained quite a bit of traction over the past year. The App has seen over 32,000 customers login to get access to water usage information, pay their bills, and learn about water conservation programs all available in one location. Additionally, the District received the “Best Analytics Project” from CS Week 2020 for the smart meter data integration with the customer portal.

In December 2019, the District was nominated as a top workplace in Orange County by the Orange County Register. This was the third consecutive year the District received the top workplace designation. The top workplace designation has been a key tool in recruitment successes over the past few years.

This past year, the District also received the Government and Finance Officers Association award for the 2019 Distinguished Budget Presentation for the District’s Fiscal Year 2019-20 budget. The award honors government agencies that adhere to the highest principles of government budgeting and meet nationally recognized guidelines for public transparency of budget materials and was the second consecutive year the District earned that achievement.

Regional Collaborative Ventures

The District continues to work with world-renowned scientists and engineers at UC Davis’ Center for Water and Energy Efficiency to optimize the District’s energy use and reduce operating costs -- while continuing to meet every customer’s water needs. The \$3.1 million project, which is funded by a grant from the California Energy Commission, will use real-time energy analytics to develop an energy management system that adapts to changing energy demands and different energy rate structures for the District’s potable and recycled water systems.

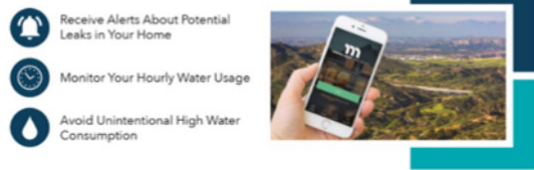
The District had previously approved an agreement with the Orange County Water District to collaboratively study the potential of future dry weather storage in the Orange County Groundwater Basin and conveyance of water during an emergency. The first study is to explore potential conveyance from the basin to South Orange County, with the second evaluating the economic aspects of a potential future agreement. These studies hope to build on the existing emergency service agreement the District has with the Orange County Water District.

The District has signed a historic Memorandum of Understanding (MOU) with the County of Orange, City of Laguna Niguel, City of Mission Viejo, City of Laguna Hills, City of Aliso Viejo, City of Dana Point, Laguna Bluebelt Coalition, and OC Coastkeeper to reduce urban runoff in order to protect local creek water quality, and ultimately, our ocean. The MOU’s potential local, regional, and state-wide impact have already begun to receive recognition, with its first major project, the Smart Watershed Network. The project received the 2018 GEELA Award and has received over \$200,000 in funding from the Metropolitan Water District of Southern California based on its innovative use of technology to address development of new water supplies. At this time, the program partners are in the process of installing the Smart Watershed Network.

Major Capital Investments

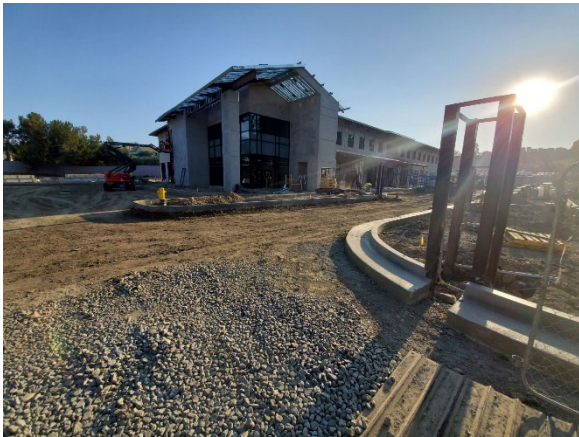
The District has implemented an extensive Capital Improvement Program, which is primarily driven by the replacement and/or refurbishment of existing infrastructure. Over 82% of future capital improvement

SMART METERS, SMART WATER USE



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spending will be related to replacement and refurbishment of that infrastructure. To support the Capital Improvement Program, the District's Asset Management Program uses various business system tools, i.e. Geographic Information System (GIS) and Computerized Maintenance Management System (CMMS). The District is in the process of expanding and upgrading the Asset Management Program by implementing a new CMMS that will be integrated with all business system processes to optimize operations and maintenance practices. The integrated Asset Management Program will provide the tools and data necessary to better assess infrastructure needs, optimize operations, and support short and long-range Capital Improvement Program decisions. This approach to comprehensive asset management will ensure the District maximizes the investment in its assets.



View of administration building from front entrance

The District awarded a Construction Manager-at-Risk Contract to Layton Construction Company, LLC, to construct various projects located near the District's Plant 2A facility. The District broke ground on these projects in August 2019. Plant 2A has served as an operations facility for the District for more than 50 years, originally developed as a wastewater treatment plant in 1965. The treatment plant was de-commissioned in the early 1970s, and the site has been used for various operations activities. Since that time, only minimal improvements have been made to the facilities despite an increased customer base and growing infrastructure and operational needs associated with providing water, recycled water, and wastewater collection and treatment services to the communities served by the District. The existing facilities are generally undersized for their current uses, and no longer sufficient to meet the

changing and developing operational requirements. The District determined that these improvements were crucial to support the operations and maintenance functions.

During these times of economic uncertainty and financial stress, the District has been able to chart a successful course through strategic and forward-thinking policies implemented by the Board of Directors. The District continues to focus on safe, effective ways to use and educate its customers regarding efficient uses of water and remains flexible and nimble to adapt to changing conditions in this current environment.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Moulton Niguel Water District for its CAFR for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the 2020 CAFR continues to meet the Certificate of Achievement Program requirements and this report will mark our eleventh consecutive submission to the GFOA to determine its eligibility for another certificate. The District has received the award for its CAFR for each of the past ten years.

Respectfully submitted,

Joone Lopez
General Manager

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Moulton Niguel Water District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

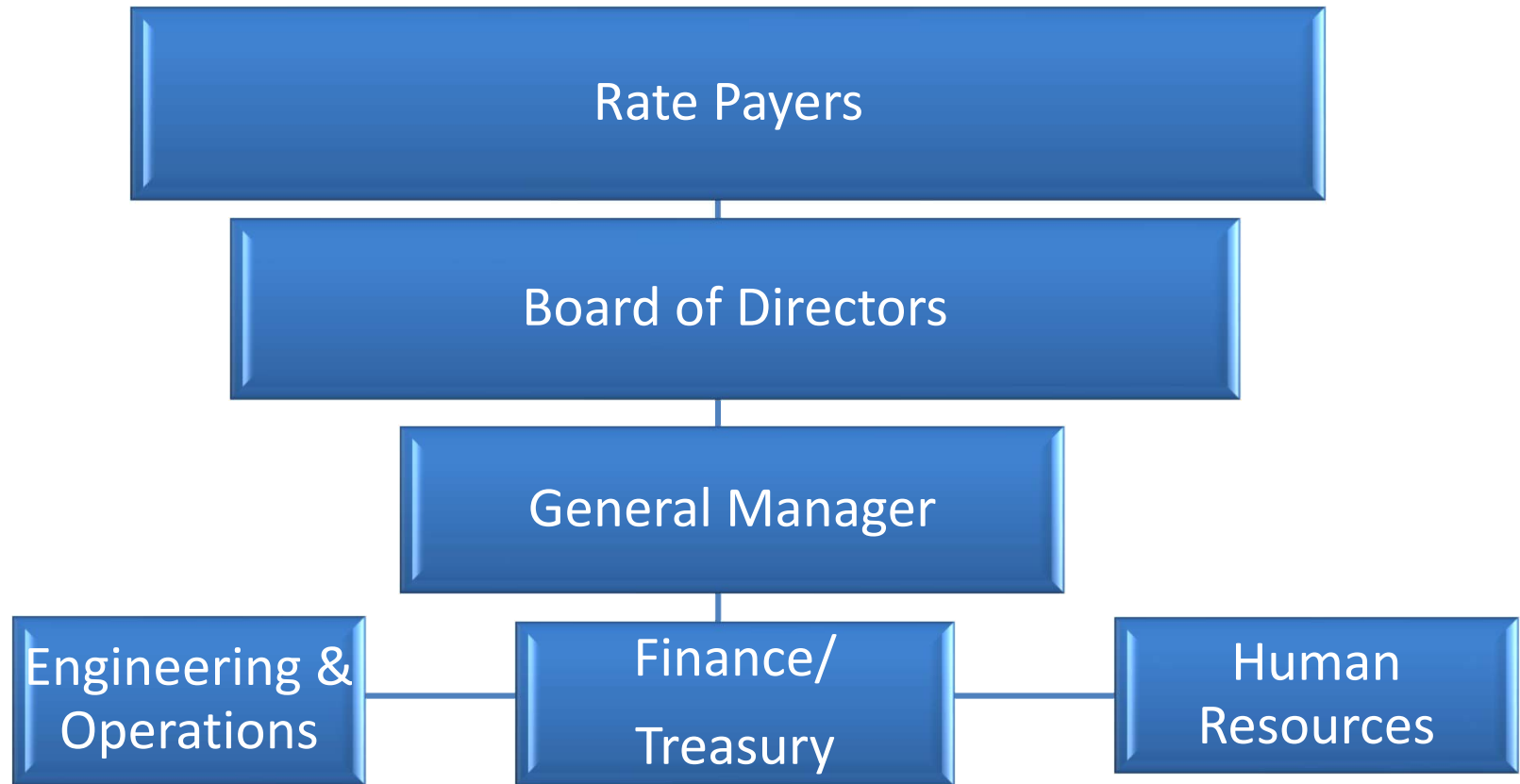
June 30, 2019

Christopher P. Morill

Executive Director/CEO

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Moulton Niguel Water District Organization Chart



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Moulton Niguel Water District Board of Directors

Brian S. Probolsky
President



Duane D. Cave
Vice President



Donald R. Froelich
Vice President



Gary R. Kurtz
Director



Kelly A. Jennings
Director



Bill B. Moorhead
Director

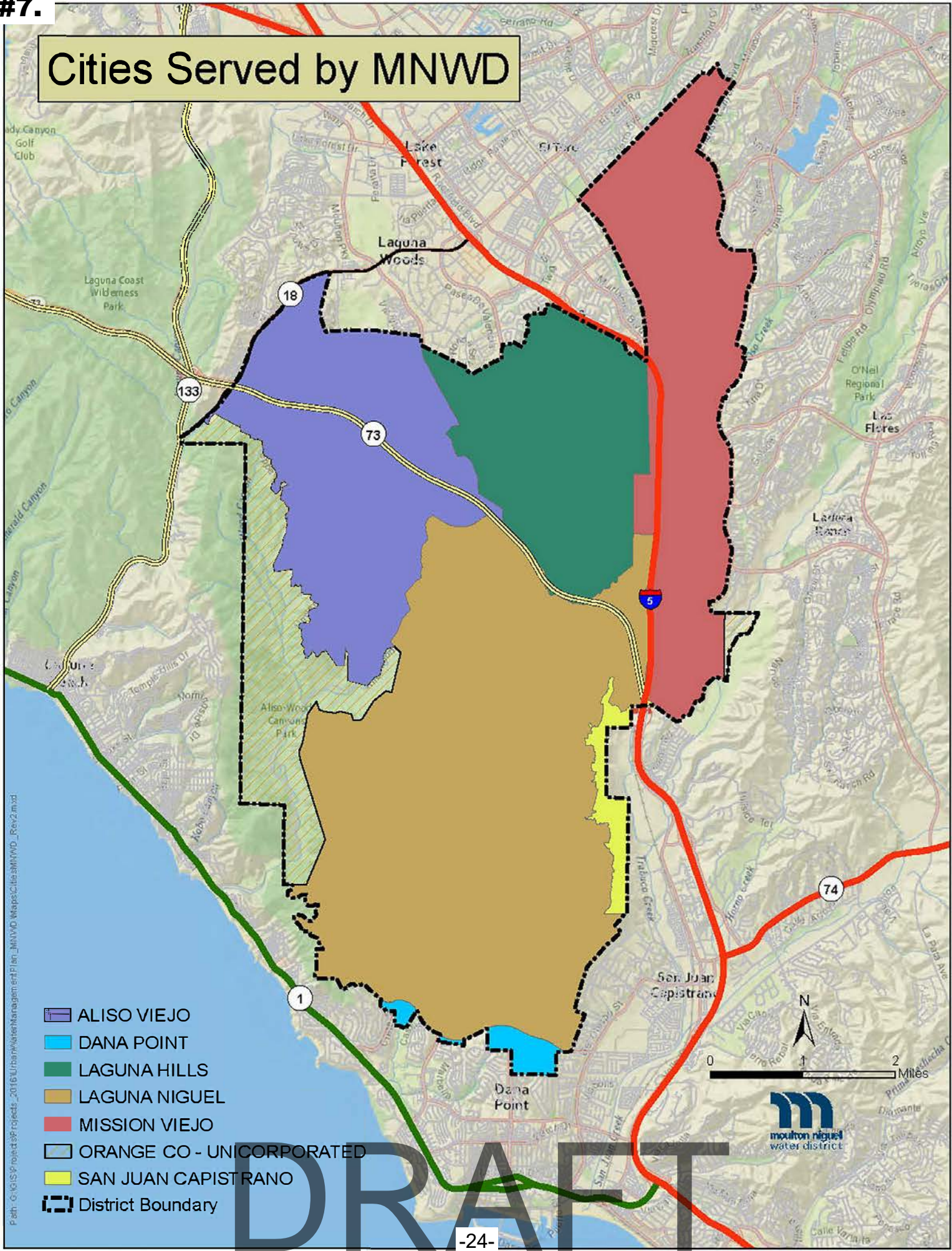


Richard Fiore
Director



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Cities Served by MNWD



Path: G:\GIS\Projects\2016\UrbanWaterManagementPlan\MNWVD\Map\Cities\MNWVD_Rev2.mxd

- ALISO VIEJO
- DANA POINT
- LAGUNA HILLS
- LAGUNA NIGUEL
- MISSION VIEJO
- SAN JUAN CAPISTRANO
- ORANGE CO - UNINCORPORATED
- District Boundary



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moulton niguel water district

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Independent Auditor's Report

Board of Directors
Moulton Niguel Water District
Aliso Viejo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Moulton Niguel Water District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2020, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of GASB Statement No. 87, *Leases*, which has resulted in a restatement of the net position as of July 1, 2019. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability and schedule of plan contributions for the pension plan, and the schedule of changes in the net OPEB liability and related ratios and schedule of contributions for the OPEB plan as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The introductory section, schedule of revenues, expenses and other sources(uses) of funds, operations & maintenance (O&M) budget comparison report, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of revenues, expenses and other sources(uses) of funds and operations & maintenance (O&M) budget comparison report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses and other sources (uses) of funds and operations & maintenance (O&M) budget comparison report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated [REDACTED], 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Laguna Hills, California
[REDACTED], 2020

**Moulton Niguel Water District
Management's Discussion & Analysis**

Year Ended June 30, 2020

Overview of the Financial Statements

The Moulton Niguel Water District ("District") financial statements are prepared in conformity with Generally Accepted Accounting Principles ("GAAP") and include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Readers should evaluate the financial statements with the accompanying Notes to Financial Statements. The Notes to Financial Statements are an integral part of the financial statements and provide useful explanations and detailed information on the financial statements. The Management's Discussion and Analysis precedes the financial statements, and its purpose is to provide an overall analysis of the District's financial position and results of operations.

Financial Highlights

- Total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$428.3 million (total net position). Net position consists of \$305.0 million in net investment in capital assets, \$0.3 million in restricted for capital projects, and \$123.0 million of unrestricted net position. This is an increase of \$6.7 million, or 1.6% over the prior fiscal year total net position of \$421.6 million.
- Total assets increased by \$92.5 million to \$621.7 million, representing a 17.5% increase over the prior year balance. The District received \$68.6 million in proceeds from issuing the 2019 Certificates of Participation during the year, and as a result, total liabilities increased by \$70.7 million, or 62.9%. The 2019 Certificates mature September 1, 2049, and brought the ending long-term debt balance up to \$136.1 million at June 30, 2020.
- The District implemented GASB 87, *Leases*, recording \$17.1 million in assets and receivables, and \$17.4 million in liabilities and deferred inflows of resources related to District leasing activities. See Note 4 in the Notes to Financial Statements for more information.
- Total Revenues were \$106.2 million, an increase of \$2.6 million, or 2.5%, largely driven by an increase in investment and interest income. The District adheres to Governmental Accounting Standards Board Statement No. 31, which requires the District to record investments at fair market value.
- The District received \$29.9 million for its share of the 1% ad valorem property taxes, an increase of \$0.8 million, or 2.7% over the prior fiscal year.
- Total Expenses increased by \$2.5 million to \$100.6 million, representing an increase of 2.5% as compared to the prior fiscal year. The District reported additional pension expense of \$1.9 million due to changes to the Net Pension liability in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.
- Total capital assets for the year ended June 30, 2020, were \$435.4 million, an increase of \$39.4 million, or 10.0%. The District was able to execute 92% of internally managed capital projects during the year.

Required Financial Statements

The *Statement of Net Position* states the financial position of the District at June 30, 2020. This statement includes five components: District assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, with the remaining difference between those items being reported as net position. The assets and liabilities are listed in order of their liquidity. Therefore, assets readily convertible to cash, such as cash and investments, appear first.

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Moulton Niguel Water District Management's Discussion & Analysis (Continued)

Year Ended June 30, 2020

The *Statement of Revenues, Expenses, and Changes in Net Position* accounts for the annual results of operations. This statement shows the current year's revenues, expenses, capital contributions, and also calculates the overall change in net position. The sum of the beginning net position and the current year's change in net position equals the ending net position balance. The same ending net position balance appears on the *Statement of Net Position*. Over time, changes in net position serve as a key indicator of the District's financial health.

Both the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Net Position* are shown using the accrual basis of accounting. This means revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts and payments.

By contrast, the *Statement of Cash Flows* presents information about changes in cash and cash equivalents during the year. The statement categorizes changes by operating activities, non-capital financing activities, capital and related financing activities, and investing activities. From this statement the reader can obtain information on the sources and uses of the District's cash.

District Financial Analysis

The following condensed schedules contain summary financial information extracted from the basic financial statements and are meant to assist readers in evaluating the District's overall financial position and results of operations. These schedules can be used to assess whether the District's overall financial position has improved or deteriorated. Other external factors such as changes in economic conditions, customer growth, and legislative mandates should also be considered as part of this analysis.

Financial Position Summary:

Table 1 - Condensed Statement of Net Position (In Thousands)				
	2020	2019	Increase/(Decrease)	
			Amount	Percent
Current and noncurrent assets	\$ 186,373	\$ 133,276	\$ 53,097	39.8%
Capital assets, net	435,362	395,920	39,442	10.0%
Total Assets	621,735	529,196	92,539	17.5%
Deferred Outflows of Resources	6,594	6,005	589	9.8%
Current liabilities	24,463	18,069	6,394	35.4%
Long-term liabilities	158,566	94,309	64,257	68.1%
Total Liabilities	183,029	112,378	70,651	62.9%
Deferred Inflows of Resources ¹	16,993	1,186	15,807	1332.8%
Net investment in capital assets	304,970	319,601	(14,631)	-4.6%
Restricted for capital projects	296	375	(79)	-21.1%
Unrestricted net position	123,041	101,661	21,380	21.0%
Total Net Position	\$ 428,307	\$ 421,637	\$ 6,670	1.6%

¹ The District implemented GASB 87, Leases during the year. The 2019 balance in the MD&A was not restated. See note 1 for more information as to the restatement related to this implementation

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Moulton Niguel Water District
Management’s Discussion & Analysis (Continued)

Year Ended June 30, 2020

Financial Position Summary (Continued):

The Statement of Net Position presents the District’s financial position as of June 30. The statement consists of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Total net position represents the District’s net worth.

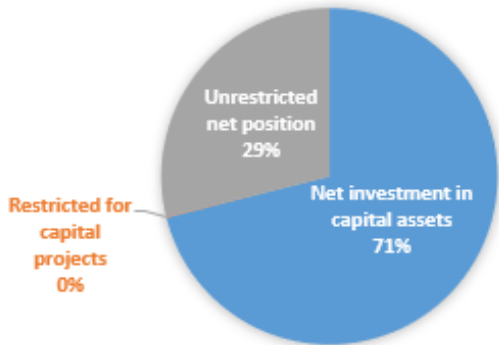
As shown in Table 1 in the condensed Statement of Net Position on the previous page, the District’s total assets increased \$92.5 million, or 17.5%. The District issued the 2019 Certificates of Participation during the year and received \$68.6 million in proceeds.

The deferred outflows of resources balance increased by \$0.6 million, or 9.8% as compared to the prior fiscal year balance of \$6.0 million. This is primarily the result of changes in assumptions made by the District’s pension plan administrator, CalPERS.

Total liabilities increased by \$70.7 million, or 62.9% as compared to the previous fiscal year. The main driver for this increase was the issuance of the 2019 Certificates of Participation.

Deferred inflows of resources ended the fiscal year at \$17.0 million, increasing \$15.8 million in comparison to the prior fiscal year reported amounts. The District implemented GASB 87, *Leases* during the year, and reported \$15.2 million in deferred inflows associated with leasing arrangements. See Note 4 in the Notes to Financial Statements for more information.

**FIGURE 1
NET POSITION
JUNE 30, 2020**



The District’s total ending net position at June 30, 2020, amounted to \$428.3 million, increasing \$6.7 million, or 1.6% during the fiscal year.

Net position consists of \$305.0 million in net investment in capital assets, \$0.3 million restricted for capital projects, and \$123.0 million in unrestricted net position. Net investment in capital assets reflects capital assets, net of accumulated depreciation or amortization and liabilities attributed to the acquisition, construction, or improvement of those assets. In addition, this amount includes the net amount of regulated assets and intangible right to use assets. The District’s net investment in capital assets balance decreased by 4.6% to \$305.0 million, representing 71.2% of total net position.

Restricted net position ended the year at \$0.3 million, decreasing \$0.1 million as compared to the prior fiscal year. Restricted net position represents the unspent portion of capacity fees paid by developers for connecting to the water and wastewater systems. Annually as part of the budget process, the District specifies which capital projects will be funded from these restricted monies.

Unrestricted net position was \$123.0 million at June 30, 2020, an increase of \$21.4 million, or 21.0% from the June 30, 2019 balance. The primary reason for this increase was the issuance of the 2019 Certificates of Participation, as new capital proceeds reduces the net investment in capital assets. Additional information on unrestricted net position can be found in Note 16 in the Notes to Financial Statements.

**Moulton Niguel Water District
Management's Discussion & Analysis (Continued)**

Year Ended June 30, 2020

Activities and Changes in Net Position:

The Statement of Revenues, Expenses, and Changes in Net Position summarizes the District's operations during the fiscal year. A summary of the District's changes in net position for the fiscal year's ended June 30, is included in Table 2, below:

Table 2 - Revenues, Expenses and Changes in Net Position (In Thousands)				
	2020	2019	Increase/(Decrease)	
			Amount	Percent
Operating Revenues:				
Water charges	\$ 32,981	\$ 32,681	\$ 363	1.1%
Recycled charges	5,049	5,161	(112)	-2.2%
Sanitation charges	26,695	25,463	1,232	4.8%
Other	498	644	(146)	-22.7%
Total Operating Revenues	65,223	63,949	1,337	2.1%
Non-operating Revenues:				
Property taxes	29,907	29,111	796	2.7%
GOB assessment	676	1,220	(544)	-44.6%
Investment income	7,083	6,067	1,016	100.0%
Interest income	602	-	602	200.0%
Cellular lease income	1,313	1,770	(457)	-25.8%
Intergovernmental revenue	1,223	1,343	(120)	-8.9%
Other	136	78	58	74.4%
Total Non-operating revenues	40,940	39,589	1,351	3.4%
Total Revenues	106,163	103,538	2,688	2.6%
Water purchases	26,529	23,671	2,858	12.1%
Meters	-	361	(361)	-100.0%
Utilities	1,661	1,849	(188)	-10.2%
Wastewater treatment & pumping	14,395	14,329	66	0.5%
Water transmission & distribution	1,423	2,048	(625)	-30.5%
General, administrative & other	30,434	29,114	1,320	4.5%
Amortization	946	-	946	n/a
Depreciation	20,831	19,744	1,087	5.5%
Total Operating Expenses	96,219	91,116	5,103	5.6%
Interest on long-term debt	4,307	4,078	229	5.6%
Other	104	2,943	(2,839)	-96.5%
Total Non-operating Expenses	4,411	7,021	(2,610)	-37.2%
Total Expenses	100,630	98,137	2,493	2.5%
Income (loss) before capital contributions	5,533	5,401	132	2.4%
Capital contributions	1,137	3,194	(2,057)	-64.4%
Change in Net Position	6,670	8,595	(1,925)	-62.0%
Beginning Net Position	421,637	413,042	8,595	2.1%
Ending Net Position	\$ 428,307	\$ 421,637	\$ 8,595	2.0%

Revenues:

As shown in Table 2, the District's total revenues increased \$2.7 million, or 2.6% in fiscal year 2020, totaling \$106.2 million.

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Moulton Niguel Water District
Management’s Discussion & Analysis (Continued)

Year Ended June 30, 2020

Operating revenues amounted to \$65.2 million for the fiscal year ended June 30, 2020, increasing 2.0% over the prior fiscal year total of \$63.9 million. Total operating revenues represented approximately 61% of total revenues for the fiscal year ended. Figure 2 provides an illustration of the different sources of revenue the District received during the year.

Water charges contributed the largest share of total revenues at \$33.0 million, or 31% of total revenues. The fiscal year total for water charges represented a 0.9% increase over the prior fiscal year amount of \$32.7 million.

Sanitation charges increased by 4.8% million to \$26.7 million for the year. In December 2017, the Board adopted a four-year rate schedule for potable, recycled, and sanitation service charges based on recommendations from the 2017 Cost of Service Study. The 2019-20 rate revenue for Sanitation Sales included a 5.5% average increase.

Non-operating revenues totaled \$40.9 million for the fiscal year ended, an increase of 3.4% over the prior fiscal year and represents approximately 39% of total revenue. The \$1.4 million increase over the prior fiscal year is primarily related to an additional \$1.0 million in investment income earned when compared to the prior fiscal year. The District records investments at fair market value, so unrealized gains and losses are recorded on investments. For the year, unrealized gains were \$4.2 million and recorded as revenue.

Expenses:

FIGURE 2 - REVENUES
YEAR ENDED
JUNE 30, 2020

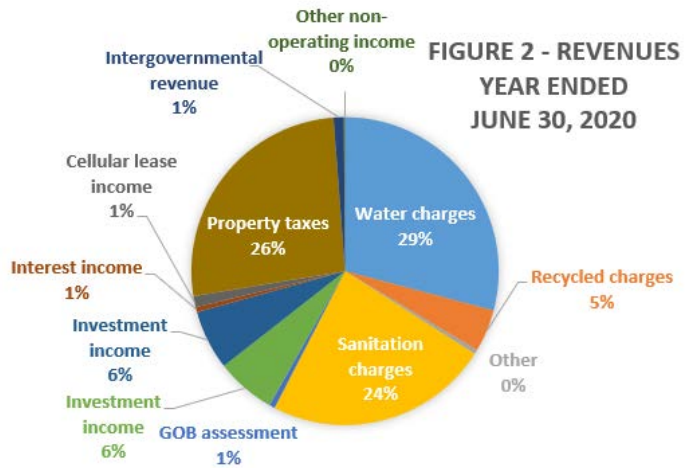
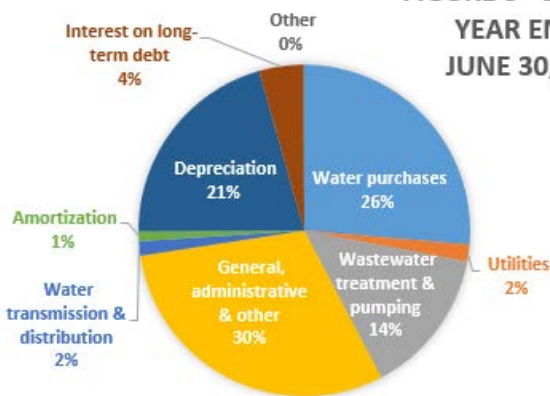


FIGURE 3 - EXPENSES
YEAR ENDED
JUNE 30, 2020



As seen in Table 2, total expenses for the fiscal year ended June 30, 2020, increased to \$100.6 million, representing an increase of \$2.5 million, or 2.5% over the prior fiscal year. Operating expenses ended the fiscal year at \$96.2 million, an increase of \$5.1 million, or 5.6% over the 2019 totals. Water purchases, wastewater treatment and pumping, and water transmission and distribution amount to 44% of total expenses for the District. Water Purchases increased by \$2.9 million to \$26.5 million for the year ended, primarily because the prior year included a \$2.2 million reimbursement from Santa Margarita Water District (SMWD) for water delivered through a connecting intertie.

Non-operating expenses decreased by \$2.6 million to \$4.4 million, representing a 37.2% decrease as compared to the prior fiscal year. The District resolved a lawsuit in the prior year, resulting in the large reduction this year.

**Moulton Niguel Water District
Management's Discussion & Analysis (Continued)**

Year Ended June 30, 2020

Capital Contributions:

As noted in Table 2, capital contributions decreased to \$1.1 million, a change of 64.4% as compared to the prior year. This decrease was primarily driven by a decrease in developer donated capital facilities, which were \$2.2 million in the fiscal year ended June 30, 2019, and were \$0.4 million in this fiscal year, a decrease of approximately 82%. The prior year total was higher than an average year and these contributions are the result of projects completed by external developers and donated to the District as part of connecting to the District's system.

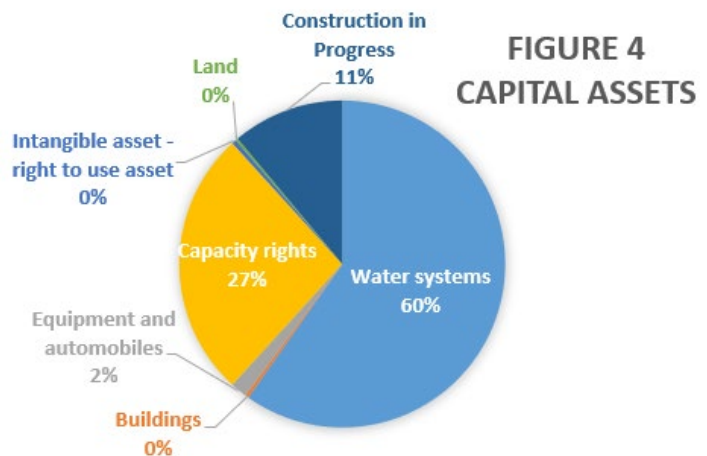
Capital Assets:

Table 3 - Condensed Capital Asset Summary (In Thousands)				
	Fiscal Year	Fiscal Year	Increase/(Decrease)	
	2020	2019	Amount	Percent
Water systems	260,332	260,191	141	0.1%
Capacity rights	115,165	110,611	4,554	4.1%
Buildings	1,470	1,566	(96)	-6.1%
Equipment and automobiles	7,156	8,952	(1,796)	-20.1%
Total Net Depreciable Assets	384,123	381,320	2,803	0.7%
Intangible asset - right to use asset	1,881	-	1,881	n/a
Total Intangible Assets	1,881	-	1,881	n/a
Land	1,092	1,092	-	0.0%
Construction in Progress	48,266	13,508	34,758	257.3%
Total Non-Depreciable Assets	49,358	14,600	34,758	238.1%
Capital Assets, Net	\$ 435,362	\$ 395,920	\$ 39,442	10.0%

As shown in table 3, the District held \$435.4 million in total net capital assets as of June 30, 2020. Total net depreciable assets increased by \$2.8 million, representing an increase of 0.7%, net of \$20.8 million in depreciation expense.

The District implemented GASB 87, *Leases*, during the year, which required the recognition of \$1.9 million in intangible right to use leased assets. Additional information about these leases can be found in Note 4 of the Notes to Financial Statements.

The District invested \$57.1 million in additional construction in progress expenses during the fiscal year. Projects completed during the fiscal year and transferred from construction in progress to depreciable capital assets amounted to \$22.4 million.



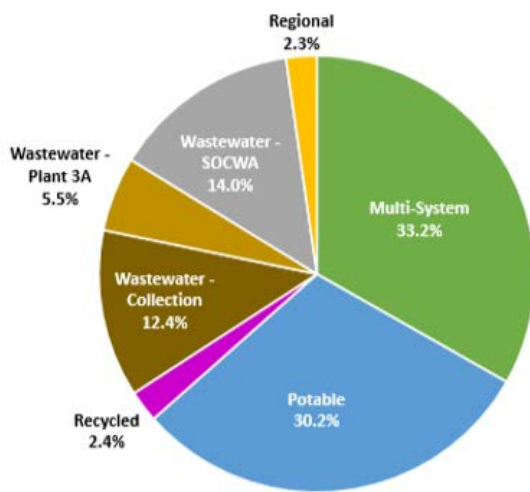
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Moulton Niguel Water District
Management’s Discussion & Analysis (Continued)

Year Ended June 30, 2020

FIGURE 5

System	FY 2020-21 Proposed Budget
Multi-System	\$22,453,600
Potable Water	\$20,438,896
Recycled Water	\$1,590,000
Wastewater	
Collection	\$8,390,000
Treatment (Plant 3A)	\$3,737,500
Treatment (SOCWA)	\$9,434,861
Regional (i.e. Baker WTP, R6 Reservoir Cover, JRWSS, Upper Oso/Chiquita, etc.)	\$1,537,644
Total FY 2020-21 Proposed Budget	\$67,582,501



Capital Assets (Continued):

As seen in Figure 5 to the left, the District’s Fiscal Year 2020-21 Adopted Budget includes \$67.6 million in capital spending, primarily for multi-system, potable water, and wastewater related projects. See Note 5 in the Notes to Financial Statements for additional details on capital asset activities.

Long-term Debt:

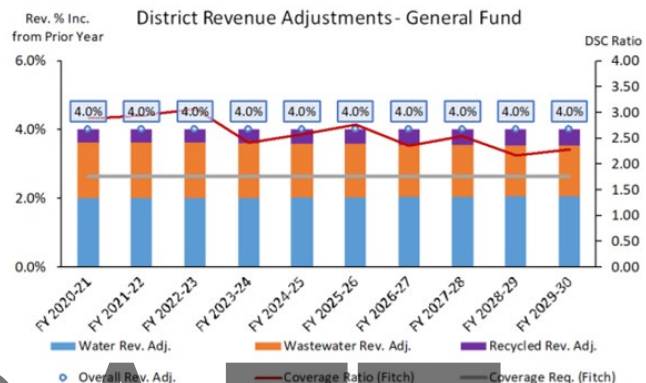
As noted in Table 4 below, the District’s total long-term liabilities at June 30, 2020, was \$136.1 million, representing An increase of \$59.3 million, or 77.3% over the prior fiscal year.

During the fiscal year, the District issued the 2019 Certificates of Participation and fully refunded \$5.1 million in outstanding loans. As part of the process to issue the 2019 Certificates, the District was reviewed by both Fitch and Standard and Poor’s rating agencies and both agencies awarded the District with a AAA rating, the highest rating available.

	Fiscal Year 2020	Fiscal Year 2019	Increase/(Decrease)	
			Amount	Percent
Bonds Payable	\$ 67,527	\$ 71,646	\$ (4,119)	-5.7%
Certificates of Participation (COP)	68,555	-	68,555	n/a
Loans	-	5,088	(5,088)	-100.0%
Total Long-term Liabilities	\$ 136,082	\$ 76,734	\$ 59,348	77.3%

The District utilizes a Ten-Year Cash Flow model to forecast to plan for future debt issuances, project potential future rate adjustments, and anticipate the District’s future debt coverage ratio. Although the official debt covenants in most issuances call for a coverage ratio of 125%, the District’s Board of Directors has established a goal of maintaining a coverage of 175%.

FIGURE 6



#7.

**Moulton Niguel Water District
Management's Discussion & Analysis (Continued)**

Year Ended June 30, 2020

Long-term Debt (Continued):

This means that net revenues would exceed debt service payments on any given year by 175%. As noted in the District's Fiscal Year 2020-21 Budget Document and on the right in Figure 6, the District anticipates that even with the new 2019 Certificates, its debt coverage ratio will be over 200% for at least the next ten years.

See Note 7 in the Notes to Financial Statements for detail on long-term liabilities.

Contacting the District

This financial report is designed to provide the District's elected officials, customers, investors, employees, and creditors with an assessment of the District's financial condition and an accounting of the public's funds. An electronic copy of the CAFR can be found on the District's website, www.mnwd.com. If you have questions about this report or need additional financial information, please contact the Finance Department at Moulton Niguel Water District at (949) 831-2500.

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moulton niguel water district

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Statement of Net Position
June 30, 2020

Assets:

Current:

Cash and investments (Note 2)	\$ 40,782,802
Accounts receivable:	
Water and sanitation charges	3,958,988
Taxes	400,257
Other accounts receivable	1,215,292
Grants receivable	166,772
Interest receivable	719,157
Leases receivable, current (Note 4)	1,248,675
Inventory	1,440,862
Prepaid expenses	761,434
	<hr/>
Total Current Assets	50,694,239

Noncurrent:

Investments (Note 2)	108,942,276
Restricted cash and investments with fiscal agent (Note 2)	11,373,458
Retrofit loans receivable (Note 3)	474,808
Leases receivable, noncurrent (Note 4)	13,926,415
Regulated assets (Note 6)	961,382
Capital assets - net of accumulated depreciation (Note 5)	384,122,951
Capital assets, intangible asset - right to use leased asset (Note 4)	1,880,958
Capital assets not being depreciated (Note 5):	
Land	1,091,910
Construction in progress	48,266,048
	<hr/>
Total Noncurrent Assets	571,040,206
	<hr/>
Total Assets	621,734,445

Deferred Outflows of Resources:

Deferred charges on refundings (Note 7)	317,736
Deferred items related to pension (Note 9)	5,559,108
Deferred items related to OPEB (Note 10)	717,051
	<hr/>
Total Deferred Outflows of Resources	6,593,895
	<hr/>
Total Assets and Deferred Outflows of Resources	\$ 628,328,340

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Statement of Net Position
June 30, 2020

Liabilities:

Current:

Accounts payable	\$ 17,225,841
Interest payable	1,686,771
Unearned revenue	697,186
Compensated absences (Note 7)	1,042,996
Lease liabilities (Note 4)	910,364
Current portion of long-term debt (Note 7):	
Bonds payable	1,990,000
Certificates of participation	910,000
Total Current Liabilities	<u>24,463,158</u>

Long-Term Liabilities:

Compensated absences (Note 7)	347,665
Long-term debt (Note 7):	
Bonds payable	65,537,000
Certificates of participation	67,644,646
Net pension liability (Note 9)	22,455,803
Net OPEB liability (Note 10)	1,275,305
Lease liabilities (Note 4)	1,305,724
Total Long-Term Liabilities	<u>158,566,143</u>

Total Liabilities**183,029,301****Deferred Inflows of Resources:**

Deferred items related to pension (Note 9)	1,490,997
Deferred items related to OPEB (Note 10)	326,759
Deferred items related to leases (Note 4)	15,175,090
Total Deferred Inflows of Resources	<u>16,992,846</u>

Net Position:

Net investment in capital assets (Note 15)	309,716,709
Restricted for capital projects (Note 16)	295,848
Unrestricted (Note 17)	118,293,636
Total Net Position	<u>428,306,193</u>

**Total Liabilities, Deferred Inflows of Resources,
and Net Position****\$ 628,328,340**

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#7.



moulton niguel water district

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**Moulton Niguel Water District
Statement of Revenues, Expenses,
and Changes in Net Position
Year Ended June 30, 2020**

Operating Revenues:

Water charges	\$ 32,980,943
Recycled charges	5,049,306
Sanitation charges	26,695,247
Other	498,377
	<hr/>
Total Operating Revenues	65,223,873

Operating Expenses:

Source of supply:	
Water purchases	26,530,223
Utilities	1,662,017
Pumping water	1,714,355
Wastewater treatment	12,680,278
Water transmission and distribution	1,423,084
Customer service	3,555,680
Water efficiency	4,335,108
General, administrative, and other	22,543,109
Amortization:	
Right to use leased asset	925,676
Regulated assets	19,919
Depreciation	20,830,890
	<hr/>
Total Operating Expenses	96,220,339

Operating Income (Loss)**(30,996,466)****Non-Operating Revenues (Expenses):**

Investment income (loss) (Note 2)	6,787,971
Investment income - restricted (Note 2)	295,346
Interest income - leases (Note 4)	601,770
Property tax revenue	29,907,153
General obligation bond assessments	676,489
Interest expense	(4,307,575)
Intergovernmental revenue	1,223,208
Cellular lease and license income (Note 4)	1,312,711
Other non-operating revenues	136,200
Other non-operating expenses	(104,634)
	<hr/>
Total Non-Operating Revenues (Expenses)	36,528,639

Income (Loss) Before Capital Contributions**5,532,173****Capital Contributions:**

Developer donated capital facilities	400,150
Capacity fees	196,953
Other contributions	539,537
	<hr/>
Total Capital Contributions	1,136,640

Change in Net Position**6,668,813****Net Position:**

Beginning of fiscal year, as restated (Note 1)	421,637,380
End of Fiscal Year	\$ 428,306,193

See Notes to Financial Statements

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Statement of Cash Flows
Year Ended June 30, 2020

Cash Flows from Operating Activities:

Cash received from customers	\$ 65,694,039
Cash paid to suppliers	(45,616,504)
Cash paid to employees	(20,563,386)

Net Cash Provided By (Used For) Operating Activities (485,851)

Cash Flows from Non-Capital Financing Activities:

Cash received from property taxes	<u>29,816,054</u>
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Net Cash Provided By (Used For) Non-Capital Financing Activities 29,816,054

Cash Flows from Capital and Related Financing Activities:

Acquisition and construction of capital assets	(57,991,658)
Acquisition and construction of regulated assets	(981,301)
Proceeds from capital debt	68,634,112
Cash received from general obligation bond assessments	676,489
Repayment of notes receivable	15,660
Capital contributions	736,490
Principal payments on long-term debt	(9,286,886)
Interest payments on long-term debt	(3,592,093)
Lease payments	(925,676)
Intergovernmental revenue	<u>1,145,606</u>

Net Cash Provided By (Used For) Capital and Related Financing Activities (1,569,257)

Cash Flows from Investing Activities:

Investment earnings received	3,538,242
Lease receipts	1,312,711
Proceeds from sales and maturities of investments	91,691,962
Purchases of investments	<u>(100,991,379)</u>

Net Cash Provided By (Used For) Investing Activities (4,448,464)

Net Increase (Decrease) in Cash and Cash Equivalents 23,312,482

Cash and Cash Equivalents, Beginning of Year 17,470,320

Cash and Cash Equivalents, End of Year \$ 40,782,802

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Statement of Cash Flows
Year Ended June 30, 2020

**Reconciliation of Operating Income (Loss) to Net Cash Provided By
(Used For) Operating Activities:**

Operating income (loss)	<u>\$ (30,996,466)</u>
 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:	
Depreciation	20,830,890
Amortization of leases	925,676
Amortization of regulated assets	19,919
Other non-operating revenue	136,200
Other non-operating expense	(104,634)
Changes in net pension liability, deferred inflows/outflows of resources and pension expense	1,939,029
Changes in net OPEB liability, deferred inflows/outflows of resources and OPEB expense	(190,610)
Changes in lease liabilities and intangible right to use asset	335,130
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, water and sanitation	(197,457)
(Increase) decrease in accounts receivable, other	636,057
(Increase) decrease in inventory	(386,521)
(Increase) decrease in prepaid expenses	(11,041)
Increase (decrease) in accounts payable	6,346,673
Increase (decrease) in compensated absences	<u>231,304</u>
 Net Cash Provided By (Used For) Operating Activities	 <u><u>\$ (485,851)</u></u>

Non-cash Investing, Capital, and Financing Activities:

Unrealized gain (loss) on investments	\$ 4,230,003
Developer donated capital facilities	400,150
Amortization of deferred charges on refundings	97,765
Amortization of (premiums) discounts (Note 6)	838,568

Moulton Niguel Water District**Notes to Financial Statements
June 30, 2020****I. Significant Accounting Policies****Note 1: Organization and Summary of Significant Accounting Policies**

The accounting principles of the Moulton Niguel Water District (the "District") conform to generally accepted accounting principles ("GAAP") applicable to governmental-type organizations. The following is a summary of the District's significant accounting policies.

a. Description of the Reporting Entity

The District was established on November 16, 1960, under the provisions of the California Water District Law, Division 13 of the Water Code. The District provides water and collects, treats, and recycles wastewater to the communities of Aliso Viejo, Laguna Niguel, Laguna Hills, Mission Viejo, Dana Point and San Juan Capistrano. The District is governed by a seven-member Board of Directors.

For financial reporting purposes, the District includes all funds that are controlled by, or dependent on, the District's Board of Directors. Management has determined that the District is a single enterprise fund reporting unit for financial reporting purposes by applying the criteria set forth in the Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*. This criteria requires the reporting entity to have a separate elected governing body, that it be a legal separate entity, and fiscally independent.

b. Basis of Accounting

The District reports its activities as an enterprise fund. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. The District utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal operations. The principal operating revenues of the District consist of water, recycled water, and sanitation charges. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

c. MNWD Public Facilities Corporation

The MNWD Public Facilities Corporation (the "Corporation") was incorporated as a California Non-profit Public Facilities Corporation on October 12, 1993, and has received tax exempt status from the Internal Revenue Service and California Franchise Tax Board.

The Corporation was formed for the purpose of providing financing through the issuance of certificates of participation to construct District infrastructure necessary to provide water, wastewater, and recycled water services to existing and future customers within the District. Members of the Board of Directors of the District act as the Corporation's governing board and exert significant influence over its operations. Separate financial statements are prepared for the Corporation. To obtain complete financial information from the Corporation, please contact the District at 26880 Aliso Viejo Parkway, Aliso Viejo, Ca, 92626, or via telephone at (949) 831-2500.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39 and GASB Statement 61. Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of its relationship with the District. In accordance with those Statements, a component unit should be included in the reporting entity financial statements using the blending method in any of these circumstances:

- i. The component unit's governing body is substantively the same as the governing body of the primary government and (1) there is a financial benefit or burden relationship between the primary government and the component unit, or (2) management of the primary government has operational responsibility for the component unit. Management of a primary government has operational responsibility for a component unit if it manages the activities of the component unit in essentially the same manner in which it manages its own programs, departments, or agencies.
- ii. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. Usually the services provided by a blended component unit are financing services provided solely to the primary government.

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Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

- iii. The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government. Repayment generally occurs through a continuing pledge and appropriation by the primary government to the component unit that, in turn, pledges those appropriation payments as the primary source of repayment for its debt.

Because the Corporation meets the requirements in circumstances i, ii, and iii, the Corporation has been reported as a blended component unit. In accordance with GASB Statement 61, condensed financial information is reported in Note 11.

d. Property Taxes

The District is authorized to levy taxes on all taxable property within its boundaries for the purposes of carrying on its operations and paying its obligations, subject to certain limitations in the Water Code, the Revenue and Taxation Code, and the California Constitution. A portion of the taxes are levied to meet the District's debt service requirements on its general obligation bonds.

Property taxes are levied annually as of July 1, using a lien date of January 1, and are payable by property owners in two equal installments, which are due by December 10 and April 10. The taxes levied are billed and collected by the County of Orange, and remitted to the District throughout the year.

e. Inventory and Prepaid Expenses

Inventory consists of meters, meter components and operating supplies. Inventory is valued at cost on a first-in, first-out method.

Certain payments to vendors, primarily related to services, reflect costs applicable to future accounting periods and are initially recorded as prepaid expenses and expensed through the lifetime of the agreement.

f. Capital Assets

Capital assets are valued at cost where historical records are available, and at an estimated historical cost where no historical records exist. Donated assets are valued at their acquisition value on the date received. The District capitalizes all assets with a historical cost of at least \$3,000 and a useful life of at least five years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed. The District also records the value of intangible right to use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right to use intangible asset is amortized each year for the term of the contract.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Depreciation for capital assets is computed utilizing the straight-line method over the following estimated useful lives:

Water and wastewater systems	10 to 75 years
Capacity rights	10 to 99 years
Buildings	5 to 40 years
Automobiles and equipment	5 to 20 years

g. Regulated Assets

Regulated assets are created by deferring certain expenses that are recoverable by future rate charges in accordance with the District’s rate ordinance. To be considered a regulated asset, expenses must meet the following criteria:

- 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

Amortization is computed utilizing the straight-line method to match the associated revenues and expenses:

Potable regulated assets	15 to 25 years
Wastewater regulated assets	15 to 25 years

h. Compensated Absences

It is the District’s policy to permit employees to accrue vacation leave up to 200% of their annual vacation accrual. Vacation accrual schedules vary depending on length of employment and begin on the date of regular full-time employment. Once employees reach the maximum accrual limit, they cease to accrue vacation until vacation is reduced to an amount below the limit. Employees are eligible to be compensated in cash for up to a maximum of their annual vacation accrual, upon meeting certain criteria.

All regular full-time employees are eligible to accrue 96 hours of sick leave per year from the date of employment. Prior to December 31 of each year, employees who have accumulated more than 176 hours of sick leave are eligible to receive compensation equal to 75% of the amount over 176 hours.

Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Upon separation from employment, the District pays employees 100% of vacation leave accrued but not taken. In addition, employees who worked for the District for ten or more years, may receive a portion of up to 100% of sick leave accrued but not taken.

All accrued vacation and sick leave pay is recorded as an expense and a liability at the time the benefit is earned.

i. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of three months or less. Investments held by fiscal agent are classified as long-term assets regardless of the maturity date. These investments are typically held as a covenant for long-term debt service and, therefore, continually re-invested and held until the maturity of the debt service obligation.

j. Investments

Investment income includes interest earnings, changes in fair value (unrealized gains or losses) and realized gains or losses upon the liquidation or sale of investments.

k. Fair Value Measurement

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

l. Net Pension Liabilities

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan fiduciary net position and additions to/deductions from the pension plan fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

m. Net OPEB Liabilities

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	January 1, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

n. Leases

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

o. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as inflow of resources in the period that the amounts become applicable.

p. Net Position

Net position of the District is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets represent the capitalized cost of capital assets, net of depreciation and the related outstanding debt balances, including related deferred outflows of resources. Additionally, the District includes the right to use leased assets and regulated asset balances in this balance.

Restricted net position represents net position that is constrained by externally imposed requirements of creditors (such as through debt covenants), laws or regulations of other governments or by law, through constitutional provisions or enabling legislation.

All net position not categorized as net investment in capital assets or restricted are included in unrestricted net position, including amounts reserved in accordance with designations by the Board of Directors included in Note 16.

q. New Accounting Pronouncements Implemented

The following accounting pronouncements were implemented effective July 1, 2019:

GASB Statement No. 87, Leases. This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Net position at June 30, 2019, as previously reported	\$ 421,637,380
Add lease receivable under GASB Statement No. 87 at June 30, 2019	16,382,530
Less deferred outflows of resources under GASB Statement No. 87 at June 30, 2019	<u>(16,382,530)</u>
Net position at June 30, 2019, as restated	<u>\$ 421,637,380</u>

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

There were no material arrangements that existed prior to July 1, 2019, in which the District was the lessee, and the District elected not to restate the prior year net position for the lessee arrangements.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately as they delayed the effective dates of several GASB Statements.

II. Detailed Notes on all Activities**Note 2: Cash and Investments**

Cash and Investments are classified in the accompanying Statement of Net Position as follows at June 30, 2020:

Statement of Net Position:	
Cash and Investments-Current	\$ 40,782,802
Investments-Noncurrent	108,942,276
Restricted Cash and Investments with Fiscal Agent	<u>11,373,458</u>
Total Cash and Investments	<u>\$ 161,098,536</u>

Cash and Investments held by the District at June 30, 2020, consisted of the following:

Cash:	
Petty Cash on Hand	\$ 6,183
Deposits with Financial Institutions	<u>1,364,774</u>
Total Cash	<u>1,370,957</u>
Investments:	
State Treasurer's Investment Pool	39,605,466
US Treasury Notes	26,592,240
Federal Agency Securities	36,510,664
Medium Term Notes	32,270,077
Asset Backed Securities	16,124,978
Commerical Paper	4,648,809
Money Market Funds	<u>3,975,345</u>
Total Investments	<u>159,727,579</u>
Total Cash and Investments	<u>\$ 161,098,536</u>

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 2: Cash and Investments (Continued)

Investments Authorized by the California Government Code and the District's Investment Policy

The following table identifies the investment types that are authorized for the District by the California Government Code and the District's investment policy. The table also identifies certain provisions of the California Government Code (or the District's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. The table below does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy:

	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Municipal Securities	5 years	30%	5%
U.S. Treasury Obligations	10 years**	None	None
Federal Agency Securities	10 years**	None	25%
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Collateralized Bank and Time Deposits	5 years	20%	None
Repurchase Agreements	1 year	None	None
Medium-Term Notes	5 years	30%	5%
Mutual Funds***	N/A	20%	10%
Money Market Mutual Funds***	N/A	20%	None
Asset Backed Securities	5 years	20%	5%
Local Agency Investment Fund (LAIF)	N/A	\$65M	None
Local Government Investment Pools	N/A	None	None
Supranationals	5 years	30%	10%

*Based on state law requirements or investment policy requirements, whichever is more restrictive, except for maturities in excess of 5 years, as described below.

**5 years for the limited maturity fund, up to 10 years and a maximum of 40% exceeding 5 years for the operating reserve fund, as allowed by the investment policy.

***Government code allows a combined total of 20% between mutual funds and money market mutual funds.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk:

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 2: Cash and Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
Federal Agency Securities	None	None	None
Bankers Acceptances	360 days	None	None
Municipal Obligations	None	None	None
Money Market Mutual Funds	120 days	None	None
Investment Agreements	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk attributable to changes in market interest rates that will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater sensitivity to fair value when market interest rates fluctuate. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Total	12 Months or Less	13 to 36 Months	37 to 60 Months	More Than 60 Months
State Investment Pool	\$ 39,605,466	\$ 39,605,466	\$ -	\$ -	\$ -
US Treasury Notes	21,374,525	2,015,461	7,213,784	4,042,964	8,102,316
Federal Agency Securities	32,788,177	3,280,721	6,374,010	9,653,352	13,480,094
Medium Term Notes	32,270,077	8,742,392	15,809,949	7,717,736	-
Asset Backed Securities	16,124,978	-	6,425,158	9,699,820	-
Commercial Paper	3,749,025	3,749,025	-	-	-
Money Market Funds	2,441,873	2,441,873	-	-	-
Held by Fiscal Agent:					
US Treasury Notes	5,217,715	4,906,855	206,090	104,770	-
Federal Agency Securities	3,722,487	3,085,498	526,616	110,373	-
Commercial Paper	899,784	899,784	-	-	-
Money Market Funds	1,533,472	1,533,472	-	-	-
Total	\$ 159,727,579	\$ 70,260,547	\$ 36,555,607	\$ 31,329,015	\$ 21,582,410

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 2: Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following table shows the minimum rating required by (where applicable) the California Government Code, the District's investment policy or debt agreements, and the actual rating from Moody's rating agency (or another Nationally Recognized Statistical Ratings Organization if Moody's rating is unavailable) as of year-end for each investment type:

Investment Type	Total	Minimum Legal Rating*	Rating as of Year-End			
			AAA	AA	A	Not Rated
State Investment Pool	\$ 39,605,466	N/A	\$ -	\$ -	\$ -	\$ 39,605,466
US Treasury Notes	21,374,525	N/A	21,374,525	-	-	-
Federal Agency Securities	32,788,177	N/A	27,139,169	2,650,808	2,998,200	-
Medium Term Notes	32,270,077	A	3,614,346	6,783,387	21,872,344	-
Asset Backed Securities	16,124,978	AA	16,124,978	-	-	-
Commerical Paper	3,749,025	A	-	-	3,749,025	-
Money Market Funds	2,441,873	Highest rated	2,441,873	-	-	-
Held by Fiscal Agent:						
US Treasury Notes	5,217,715	N/A	5,217,715	-	-	-
Federal Agency Securities	3,722,487	N/A	3,722,487	-	-	-
Commercial Paper	899,784	A	899,784	-	-	-
Money Market Funds	1,533,472	Highest rated	-	-	-	1,533,472
Total	<u>\$ 159,727,579</u>		<u>\$ 80,534,877</u>	<u>\$ 9,434,195</u>	<u>\$ 28,619,569</u>	<u>\$ 41,138,938</u>

* Minimum legal rating according to California Government Code or Investment Policy

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code or the District's Investment Policy. Investments in any one issuer (excluding U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

Investment Type	Year-end Balance
Federal Home Loan Mortgage Corp.	\$ 13,444,976
Federal Home Loan Bank	12,724,372
Federal National Mortgage Assoc.	10,803,688

Disclosures Relating to Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 2: Cash and Investments (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The District had the following recurring fair value measurements as of June 30, 2020:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized
State Investment Pool	\$ 39,605,466	\$ -	\$ -	\$ 39,605,466
US Treasury Notes	21,374,525	-	21,374,525	-
Federal Agency Securities	32,788,177	-	32,788,177	-
Medium Term Notes	32,270,077	-	32,270,077	-
Asset Backed Securities	16,124,978	-	16,124,978	-
Commerical Paper	3,749,025	-	3,749,025	-
Money Market Funds	2,441,873	2,441,873	-	-
Held by Fiscal Agent:				
US Treasury Notes	5,217,715	-	5,217,715	-
Federal Agency Securities	3,722,487	-	3,722,487	-
Commercial Paper	899,784	-	899,784	-
Money Market Funds	1,533,472	1,533,472	-	-
Total	<u>\$ 159,727,579</u>	<u>\$ 3,975,345</u>	<u>\$ 116,146,768</u>	<u>\$ 39,605,466</u>

Money market funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those specific investments. US Treasuries, Corporate bonds and securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing model and evaluated based on various market and industry inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The State Investment Pool is managed by the State Treasurer, and by law is regulated by the California Government Code. Deposits and withdrawals in the State Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the District's investments in LAIF at June 30, 2020, of \$39,605,466 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment, or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy limits custodial credit risk by requiring that financial institutions secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

DRAFT

Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 2: Cash and Investments (Continued)**

The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. For investments, the District's portfolio is held in safekeeping in the District's name by a third-party bank trust department, acting as agent for the District, under the terms of a custody agreement. The District Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

State Treasurer's Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund ("LAIF") that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment Earnings

The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments and as a result, realized gains and losses of the current period include unrealized amounts from prior periods. Investment earnings consist of the following for the year ended June 30, 2020:

Investment income	\$	2,967,994
Realized gain (loss)		(114,680)
Unrealized gain (loss)		<u>4,230,003</u>
Total investment income (loss)	\$	<u><u>7,083,317</u></u>

Note 3: Retrofit Loans

In November 1996, the Board adopted Resolution 96-26, allowing for qualifying non-profit entities and public agency applicants to obtain a loan through the District to finance the cost for on-site recycled water retrofits of the applicant's irrigation system. The program offers incentive to customers who would otherwise have difficulties financing the cost of the recycled water retrofits. As of the end of the fiscal year, the District has 46 loans outstanding totaling \$474,808, which includes both principal and interest. The re-payment of the loan agreement is structured based on a volumetric consumption amount of recycled water at \$0.25 a billing unit per month. Since re-payment is based on usage, it is difficult to provide a structured repayment schedule. On average, the District receives approximately \$30,000 a year towards the principal and interest portion of the loan.

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Moulton Niguel Water District**Notes to Financial Statements (Continued)**
June 30, 2020**Note 3: Retrofit Loans (Continued)**

Most of the loans are re-paid within 10 years with the balance of the loans to be repaid within 30+ years from the date of the agreement.

Note 4: Leases

The District has several leasing arrangements, summarized below:

Lessee:

The District entered a triple net lease agreement to lease office space for forty-eight months, beginning August 2019. The lease terminates July 2023. Under the terms of the lease, the District pays a monthly base fee of \$72,560, increasing 3.0% annually on the anniversary of the agreement. The District also pays a pro rata share of operating expenses and property taxes, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$317,280 during the year towards those variable costs. The District does have an option to terminate the lease after the thirtieth month, which the District believes it will exercise with reasonable certainty. At June 30, 2020, the District has recognized a right to use asset of \$1,794,186 and a lease liability of \$2,129,602 related to this agreement. During the fiscal year, the District recorded \$897,093 in amortization expense and \$18,809 in interest expense for the right to use the office space. The District used an incremental discount rate of 0.9867%, based on the true interest cost for its most recent debt issuance for the same time periods.

The District entered an agreement to lease printer and copier machines for thirty-six months, beginning August 2019. The lease terminates August 2022. Under the terms of the lease, the District pays an amount not to exceed \$144,785 over the life of the agreement. At June 30, 2020, the District has recognized a right to use asset of \$56,350 and a lease liability of \$56,582 related to this agreement. During the fiscal year, the District recorded \$21,673 in amortization expense and \$566 in interest expense for the right to use the printer and copier equipment. The District used an incremental discount rate of 0.9925%, based on the true interest cost for its most recent debt issuance for the same time periods.

The District entered an agreement to lease a postage machine for sixty months, beginning January 2020. The lease terminates December 2024. Under the terms of the lease, the District pays \$424 per month over the life of the agreement. At June 30, 2020, the District has recognized a right to use asset of \$22,296 and a lease liability of \$22,352 related to this agreement. During the fiscal year, the District recorded \$2,478 in amortization expense and \$120 in interest expense for the right to use the storage containers. The District used an incremental discount rate of 1.0060%, based on the true interest cost for its most recent debt issuance for the same time periods.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020**Note 4: Leases (Continued)**

The District entered an agreement to lease storage containers for thirty-six months, beginning May 2019. The lease terminates May 2022. Under the terms of the lease, the District pays \$346 per month over the life of the agreement.

At June 30, 2020, the District has recognized a right to use asset of \$8,126 and a lease liability of \$7,551 related to this agreement. During the fiscal year, the District recorded \$4,432 in amortization expense and \$96 in interest expense for the right to use the storage containers. The District used an incremental discount rate of 0.9867%, based on the true interest cost for its most recent debt issuance for the same time periods.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ended June 30	Principal	Interest
	2021	\$ 910,364
2022	1,288,785	3,673
2023	9,375	108
2024	5,030	53
2025	2,534	7
Total	<u>\$ 2,216,088</u>	<u>\$ 21,621</u>

The District amortized the right to use assets as follows during the fiscal year:

Leasee activities	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020
Right to use assets				
Office space	\$ -	\$ 2,691,279	\$ (897,093)	\$ 1,794,186
Printers and copiers	-	78,023	(21,673)	56,350
Mail postage machine	-	24,774	(2,478)	22,296
Storage bins	-	12,558	(4,432)	8,126
Totals, right to use assets	<u>\$ -</u>	<u>\$ 2,806,634</u>	<u>\$ (925,676)</u>	<u>\$ 1,880,958</u>

Lessor:

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of 10 years, with one renewal period of 5 years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.0% – 4.0% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$1,312,711 in lease revenue and \$601,770 in interest income related to these agreements. At June 30, 2020, the District recorded \$15,175,090 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of between 3.64% and 3.79%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 4: Leases (Continued)

Leases receivable	Balance at June 30, 2019, as restated	Additions	Deletions	Balance at June 30, 2020
License agreements	\$ 16,382,530	\$ -	\$ (1,207,440)	\$ 15,175,090
Total leases receivable	<u>\$ 16,382,530</u>	<u>\$ -</u>	<u>\$ (1,207,440)</u>	<u>\$ 15,175,090</u>

Remaining amounts to be received associated with these leases are as follows:

Fiscal Year Ended June 30	Lease Revenue
2021	1,248,675
2022	1,323,083
2023	1,317,997
2024	1,324,143
2025	1,339,159
2026-2030	8,368,182
2031-2035	253,850
Total	<u>\$ 15,175,090</u>

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2020, is as follows:

Capital Assets	Balance at June 30, 2019	Transfers	Additions	Deletions	Balance at June 30, 2020
Depreciable assets					
Water systems	\$ 591,041,739	\$ 14,362,174	\$ 590,248	\$ -	\$ 605,994,161
Capacity rights	133,059,258	7,696,176	-	-	140,755,434
Building	5,755,374	-	-	-	5,755,374
Automobiles and equipment	24,664,017	294,950	690,375	(31,264)	25,618,078
Total cost of depreciable assets	<u>754,520,388</u>	<u>22,353,300</u>	<u>1,280,623</u>	<u>(31,264)</u>	<u>778,123,047</u>
Less accumulated depreciation					
Water systems	(330,851,199)	-	(14,810,493)	-	(345,661,692)
Capacity rights	(22,448,017)	-	(3,142,800)	-	(25,590,817)
Buildings	(4,189,500)	-	(96,162)	-	(4,285,662)
Automobiles and equipment	(15,711,754)	-	(2,781,435)	31,264	(18,461,925)
Total accumulated depreciation	<u>(373,200,470)</u>	<u>-</u>	<u>(20,830,890)</u>	<u>31,264</u>	<u>(394,000,096)</u>
Net depreciable assets	<u>381,319,918</u>	<u>22,353,300</u>	<u>(19,550,267)</u>	<u>-</u>	<u>384,122,951</u>
Amortized assets					
Intangible asset - right to use leased asset	-	-	2,806,634	-	2,806,634
Total amortized assets	<u>-</u>	<u>-</u>	<u>2,806,634</u>	<u>-</u>	<u>2,806,634</u>
Less accumulated amortization					
Intangible asset - right to use leased asset	-	-	(925,676)	-	(925,676)
Total accumulated amortization	<u>-</u>	<u>-</u>	<u>(925,676)</u>	<u>-</u>	<u>(925,676)</u>
Net amortized assets	<u>-</u>	<u>-</u>	<u>1,880,958</u>	<u>-</u>	<u>1,880,958</u>
Capital assets not depreciated					
Land	1,091,910	-	-	-	1,091,910
Construction in progress	13,508,163	(22,353,300)	57,111,185	-	48,266,048
Total capital assets net	<u>\$ 395,919,991</u>	<u>\$ -</u>	<u>\$ 39,441,876</u>	<u>\$ -</u>	<u>\$ 435,361,867</u>

Depreciation and amortization expense were \$20,830,890 and \$925,676, respectively.

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-59-

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 6: Regulated Assets

Regulated asset activity for the year ended June 30, 2020, is as follows:

Regulated assets	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020
Potable meters	\$ -	\$ 981,301	\$ -	\$ 981,301
Less accumulated amortization	-	(19,919)	-	(19,919)
Total regulated assets	<u>\$ -</u>	<u>\$ 961,382</u>	<u>\$ -</u>	<u>\$ 961,382</u>

The District recognized \$19,919 in amortization during the fiscal year.

The District has approximately 55,000 meters in the potable water system. The District prioritizes the accuracy of the meters within the service area and continues to invest in technology that aims to prevent water loss. As a result, the District maintains a robust meter replacement plan, under which an average of 3,000 meters are replaced each year. The meters that are replaced are determined based on meter route age, with routes aged between 20-25 years. Commercial meters are in process of being upgraded to ultrasonic smart water meters to capture low-volume water flows more accurately.

Note 7: Long-Term Liabilities

Long-Term liabilities for the year ended June 30, 2020, are as follows:

	Balance at June 30, 2019	Addition	Deletion	Ending June 30, 2020	Due Within One Year
Bonds payable:					
2014 GOB	\$ 1,465,000	\$ -	\$ (1,465,000)	\$ -	\$ -
2015 Refunding	10,460,000	-	(1,895,000)	8,565,000	1,990,000
Add: Premium	1,130,424	-	(265,982)	864,442	-
2019 Refunding	48,605,000	-	-	48,605,000	-
Add: Premium	9,985,678	-	(493,120)	9,492,558	-
Total Bonds	<u>71,646,102</u>	<u>-</u>	<u>(4,119,102)</u>	<u>67,527,000</u>	<u>1,990,000</u>
Certificates of Participation:					
2019 COPs	-	64,570,000	-	64,570,000	910,000
Add: Premium	-	4,064,112	(79,466)	3,984,646	-
Total COPs	<u>-</u>	<u>68,634,112</u>	<u>(79,466)</u>	<u>68,554,646</u>	<u>910,000</u>
Loans Payable:					
CIEDB	551,500	-	(551,500)	-	-
State Revolving Fund	4,536,818	-	(4,536,818)	-	-
Total Loans	<u>5,088,318</u>	<u>-</u>	<u>(5,088,318)</u>	<u>-</u>	<u>-</u>
Compensated Absences:					
Vacation pay	729,216	804,095	(619,125)	914,186	685,640
Sick Pay	430,141	475,511	(429,177)	476,475	357,356
Total Compensated Absences	<u>1,159,357</u>	<u>1,279,606</u>	<u>(1,048,302)</u>	<u>1,390,661</u>	<u>1,042,996</u>
Total:	<u>\$ 77,893,777</u>	<u>\$ 69,913,718</u>	<u>\$ (10,335,188)</u>	<u>\$ 137,472,307</u>	<u>\$ 3,942,996</u>

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Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 7: Long-Term Liabilities (Continued)*****Bonds Payable***2014 Consolidated Refunding (General Obligation) Bonds

On February 4, 2014, the District issued \$21,315,000 of 2014 Consolidated Refunding Bonds ("2014 Refunding Bonds") General Obligation Bonds. Proceeds from the issuance were used to refund the 2003 Consolidated Refunding Bonds and to pay costs of issuing the Bonds. The Bonds constitute the consolidated obligations of Improvement District Number 6 and Improvement District Number 7. A voter approved tax assessment is levied each year to pay the debt service on these bonds. The serial bonds accrue interest at rates between 3% and 5% and mature between September 1, 2014, and September 1, 2019. Interest is payable on September 1 and March 1 of each year. The Bonds were fully matured as of June 30, 2020.

2015 Revenue Refunding Bond

On June 1, 2015, the District issued \$12,265,000 of 2015 Revenue Refunding Bonds ("2015 Revenue Bonds"). Proceeds from the issuance were used to refund the 2003 Refunding Certificates of Participation, fund a debt service reserve fund for the Bonds, and pay the costs of issuing the Bonds. Interest on the Bonds is payable on March 1 and September 1 of each year at 5% per annum. The Bonds mature between September 1, 2018, and end on September 1, 2023. The Bonds are special obligations of the District and are payable exclusively from Tax Revenues and Net Revenues of the District, and from amounts on deposit in certain funds and accounts established under the Indenture. The remaining deferred charges related to this refunding at June 30, 2020, is \$317,736, and will be amortized over the life of the bonds.

As of June 30, 2020, the Reserve Requirement for the 2015 Revenue Refunding Bond was \$1,046,000 and the District had \$1,364,444 in the reserve account.

2019 Revenue Refunding Bonds

In January 2019, the District issued \$48,605,000 of 2019 Revenue Refunding Bonds ("2019 Revenue Bonds"). Proceeds from the issuance were used to refund the 2009 Certificates of Participation, fund a debt service reserve fund for the Bonds, and pay the costs of issuing the Bonds. Interest on the Bonds is payable on March 1 and September 1 of each year at 5% per annum. The Bonds mature starting September 1, 2024, and end on September 1, 2039. The Bonds are special obligations of the District and are payable exclusively from Tax Revenues and Net Revenues of the District, and from amounts on deposit in certain funds and accounts established under the Indenture.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 7: Long-Term Liabilities (Continued)

*Certificates of Participation*2019 Certificates of Participation

On November 6, 2019, the District issued \$64,570,000 of 2019 Certificates of Participation ("2019 Certificates") pursuant to an installment sale agreement with the Corporation. The 2019 Certificates were issued to finance the acquisition and construction of certain capital improvements and pay for the costs of issuance. The 2019 Certificates accrue interest at rates between 2% and 5% and mature between September 1, 2020, and September 1, 2049. Interest is payable on September 1 and March 1 of each year.

The Certificates maturing on September 1, 2044 and September 1, 2049, are also subject to mandatory sinking fund prepayment on September 1 in each year on or after September 1, 2040 and September 1, 2045, respectively, by lot, in integral multiples of \$5,000, at a prepayment price equal to the principal amount thereof, without premium, together with accrued interest on the date of prepayment, from the principal component of the Installment Payments to be paid by the District pursuant to the Installment Sale Agreement with respect to each such prepayment, as follows:

Certificates Maturing September 1, 2044	
Year (September 1)	Principal Amount of Certificates to be Prepaid
2040	\$ 2,490,000
2041	2,565,000
2042	2,645,000
2043	2,725,000
2044 (Maturity)	2,805,000
Certificates Maturing September 1, 2049	
Year (September 1)	Principal Amount of Certificates to be Prepaid
2045	\$ 2,890,000
2046	2,975,000
2047	3,065,000
2048	3,155,000
2049 (Maturity)	3,250,000

*Loans Payable*California Infrastructure and Economic Development Bank (CIEDB)

The District obtained two loans from the California Infrastructure and Economic Development Bank to finance the construction of certain capital projects related to water and wastewater infrastructure. The \$1,700,000 loan obtained for the construction of water infrastructure accrues interest at 2.73%.

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-62-

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020**Note 7: Long-Term Liabilities (Continued)**

The loan was obtained for the on-site sodium hypochlorite generation-reservoir management system; phase II - installation of ClorTec chlorination tank recirculation systems, which include on-site sodium hypochlorite generation and ammonia injection units on 16 reservoirs at 14 sites in the District service area. The \$1,111,340 loan obtained for the construction of wastewater infrastructure accrues interest at 3.17%. Both loans are due March 1, 2022. Principal is repaid annually on March 1, and interest payments are due semi-annually on March 1 and September 1. As of June 30, 2020, both loans were fully redeemed ahead of schedule.

State Revolving Fund Loans (SRF)

The District obtained three State Revolving Fund loans totaling \$36,053,400 with the State Water Resources Control Board. They were used to finance the Phase III Revised Expansion Project, consisting of expanding the District's reclamation system to serve an additional 500 irrigated landscape sites with 4,502 acre-feet per year of reclaimed water and Phase 4 Expansion of the Reclaimed Water Distribution System. The loans accrue interest at rates ranging from 1.727% to 1.811%. Principal and interest payments are due annually through September 3, 2022. As of June 30, 2020, the final loan was fully redeemed ahead of schedule.

Compensated Absences

Vacation and sick leave payable is recorded as an expense and a liability at the time the benefit is earned. As of June 30, 2020, the District's compensated absences liability was \$1,390,661.

Remaining Payments on Long-Term Liabilities

The long-term obligations of the District, excluding amortizations of deferred charges, at June 30, 2020, are as follows:

June 30	Bonds Payable		June 30	Certificates of Participation Payable	
	Principal	Interest		Principal	Interest
2021	\$ 1,990,000	\$ 2,808,750	2021	\$ 910,000	\$ 2,159,081
2022	2,085,000	2,706,875	2022	1,215,000	2,105,956
2023	2,190,000	2,600,000	2023	1,275,000	2,043,706
2024	2,300,000	2,487,750	2024	1,340,000	1,978,331
2025	2,055,000	2,378,875	2025	1,405,000	1,909,706
2026-2030	11,920,000	10,204,850	2026-2030	8,155,000	8,393,531
2031-2035	15,210,000	6,830,000	2031-2035	10,150,000	6,439,928
2036-2040	19,420,000	2,522,000	2036-2040	11,555,000	5,040,956
			2041-2045	13,230,000	3,316,200
Total	<u>\$ 57,170,000</u>	<u>\$ 32,539,100</u>	2046-2050	15,335,000	1,177,125
			Total	<u>\$ 64,570,000</u>	<u>\$ 34,564,522</u>

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 8: Rate Covenants

The District is required by certain debt documents to collect revenues which will be at least sufficient to yield net revenues equal to 125% of debt service payable during the fiscal year. The following demonstrates the District's compliance with the rate covenants for the year ended June 30, 2020:

Debt Service Coverage	
Operating Revenues:	
Water sales and service charges	\$ 38,030,249
Wastewater service charges	26,695,247
Meter sales & other	498,377
Total Operating Revenues	<u>65,223,873 (A)</u>
Operations & Maintenance Expenses:	
Source of supply	28,192,240
Pumping water	1,714,355
Wastewater treatment	12,680,278
Water transmission & distribution	1,423,084
Customer service	3,555,680
Water efficiency	4,335,108
General, administrative & other	23,468,785
Total Operations & Maintenance Expenses	<u>75,369,530 (B)</u>
Net Operating Income (Loss)	(10,145,657) (A-B)
Non-Operating Revenues (Expenses):	
Capacity fees	196,953
Cellular lease income	1,312,711
Interest income	601,770
Investment income (loss)	7,083,317
Intergovernmental revenue	1,223,208
Other contributions	939,687
Other income	136,200
Other expense	(104,634)
Total Non-Operating Revenues	<u>11,389,212 (C)</u>
Net Revenues	1,243,555 (A-B+C)
Property Tax Revenues	29,907,153
Sum of Net & Tax Revenues	<u>\$ 31,150,708 (D)</u>
Debt Service	
2015 Refunding Revenue Bonds	\$ 2,370,625
Governmental loans	1,364,656
2019 Refunding Revenue Bonds	2,430,250
2019 Certificates of Participation	612,125
Total Debt Service	<u>\$ 6,777,656 (E)</u>
Calculated Debt Service Coverage Percentage	460% (D/E)

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020**Note 9: Pension Plans**Defined Benefit Plan***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Defined Benefit Pension Plan ("Plan"), a cost-sharing, multiple employer defined benefit pension plan administered by the California Public Employees Retirement System ("CalPERS"). Board members are not eligible for participation in CalPERS. The CalPERS Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employers miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Fund C ("PERF C"). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. The District's Board of Directors has authority over the District's participation in CalPERS, plan amendments and the choice of plan options within CalPERS. The CalPERS annual financial report may be obtained from their website at www.calpers.ca.gov or from their executive Office: 400 P Street, Sacramento, CA, 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law ("PERL"). Each plan has a 3% annual cost-of-living allowance increase benefit.

The District has three different tiers that employees participate in: First Tier Miscellaneous Plan (hired by the District prior to July 28, 2009), Second Tier Miscellaneous Plan (hired by the District after July 28, 2009 or enrolled in CalPERS or reciprocal plan by January 1, 2013), and PEPRM Miscellaneous Plan (enrolled in CalPERS on or after January 1, 2013). The District's current plans are referred to as the 2% @ 55, which is closed to new CalPERS members as of January 1, 2013, and 2% @ 62 defined benefit plans, where a qualified employee may receive an annual retirement benefit equal to 2% of his/her final year compensation times the number of years of service at age 55 or 62, depending on which tier the employee participates. First and Second Tier plans have a highest 12 consecutive months' compensation period and the PEPRM plan has a highest 36 consecutive months' compensation period.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 9: Pension Plans (Continued)

	Tier 1	Tier 2	PEPRA
	Hired by District		
	and enrolled prior	Prior to January 1,	January 1, 2013
CalPERS enrollment date*	to July 28, 2009	2013	and after
Benefit formula	2% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.000%	7.000%	6.500%
Required employer contribution rates	12.098%	11.120%	7.191%
Unfunded actuarial liability payment	\$1,280,075	\$9,991	\$12,305

*A District employee enrolled in CalPERS at another agency prior to January 1, 2013, may be eligible for the District's Tier 2 plan. Tier 1 is closed to new entrants.

Contribution Description

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, contributions to the plan were \$2,708,761, matching the Actuarially Determined Contribution.

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the collective net pension liability as \$22,455,803.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020**Note 9: Pension Plans (Continued)**

The District's net pension liability at June 30, 2020, for the plan was measured as the proportionate share of the collective cost-sharing plan. The District's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard actuarial update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the actuarially determined projected contributions of all participating employers. The District's proportion of the collective net pension liability as of June 30, 2018 and 2019, was as follows:

	<u>Pension Plans</u>
Proportion - June 30, 2018	0.21156%
Proportion - June 30, 2019	0.21914%
Change - Increase (Decrease)	0.00758%

Recognition of Gains and Losses

Under GASB Statement 68, gains and losses related to changes in total pension liability are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

For the year ended June 30, 2020, the District recognized pension expense of \$4,647,790. At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 691,208	\$ -
Change in assumptions	1,438,809	-
Differences between Projected and Actual Investment	-	(392,597)
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(1,095,481)
Change in Employer's Proportion	720,330	(2,919)
Contribution subsequent to measurement date	2,708,761	-
Total	\$ 5,559,108	\$ (1,490,997)

\$2,708,761 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 9: Pension Plans (Continued)**

Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

June 30:	Deferred Outflows/(Inflows) of Resources	
2021	\$	1,364,033
2022		(256,860)
2023		172,845
2024		79,332
Total	\$	<u>1,359,350</u>

The amortization period differs depending on the source of the deferred inflow or outflow of resources. The difference between projected and actual earnings is amortized straight-line over 5 years. All other deferred amounts are amortized straight-line over the expected average remaining service life ("EARSL") of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The EARSL is calculated by dividing the total future service years of active employees by the total number of plan participants in PERF C. Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund. As of the June 30, 2019, measurement period, the EARSL was 3.8 years.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019, measurement date total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) on the CalPERS website.

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 9: Pension Plans (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class ¹	Current Target Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% was used for this period.

³ An expected inflation of 2.92% was used for this period.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 9: Pension Plans (Continued)*****Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following table presents the District's proportionate share of the net pension liability, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	Discount Rate - 1%	Current Discount	Discount Rate +1%
District's proportionate share of the Net Pension Liability:	6.15%	7.15%	8.15%
	\$ 35,027,215	\$ 22,455,803	\$ 12,078,991

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports. See the CalPERS website for additional information.

Defined Contribution Plan

The District sponsors the Moulton Niguel Water District 401(a) Plan and Trust ("401(a) Plan"), a single employer defined contribution pension plan. The District's Board of Directors established the 401(a) Plan and is authorized to amend the 401(a) Plan and to name its trustees. All employees participating in the Deferred Compensation Plan and all members of executive management are eligible to participate in the 401(a) Plan. Plan investments are held in trust by Lincoln Financial.

The District matches up to 2% of an employees' salary to the 401(a) Plan if the employee elects to participate in the District's 457 Deferred Compensation Plan. Employer contributions were \$245,290 and recognized as pension expense for the year ended June 30, 2020. All contributions are fully vested. The trustee maintains individual accounts for each participant. Each participant provides direction for investment of their account balance. Contributions, plus investment returns, are distributed to participants after separation from employment.

Note 10: Other Post-Employment Benefits (OPEB)***Plan Description***

Under the authority of the District's Board of Directors, the District has established a Retiree Healthcare Plan (HC Plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan. These benefits may be amended at the discretion of the Board of Directors. To mitigate the costs of increasing healthcare, the District has imposed a three-tier structure for its employees. Employees hired prior to July 1, 2008, retiring from the District at age 55 with ten years of service to the District, receive post-retirement health benefits for themselves and their dependents.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020**Note 10: Other Post-Employment Benefits (OPEB) (Continued)**

Employees hired after July 1, 2008, but before July 1, 2017, retiring from the District at age 60 with fifteen years of continuous employment, receive post-retirement health benefits for themselves and their dependents. Employees hired on or after July 1, 2017, are not eligible for retiree health benefits. Board members elected after January 1, 1995, are not eligible for retiree health coverage, regardless of age and years of service at retirement.

After age 65, the District provides \$235 per month, cash allotment, towards a Medicare supplement policy to the retiree or former Board Member. Dependent coverage ceases when the retiree or former Board member reaches age 65.

Employees Covered

As of the January 1, 2019, actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active plan members	114
Inactive employees or beneficiaries currently receiving benefits	<u>43</u>
Total	<u><u>157</u></u>

Contributions

The HC Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, District cash contributions were \$310,922 (including payments made to the trust and retiree payments made outside the trust) and the estimated implied subsidy was \$120,885, resulting in total payments of \$431,807.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2019, that was rolled forward to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.50%
Inflation	2.50%
Salary Increases	2.75% per year
Investment Rate of Return	6.50% per year based on CERBT asset allocation Strategy 2
Mortality Rate	Derived using CalPERS' Experience Study released in 2017 for all Miscellaneous members
Healthcare Trend Rate	Derived using the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend, 9% starting in year 2019 and decreased to 4.25% in year 2071 and beyond

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 10: Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Cost Method

The actuarial cost method for determining the benefit obligations is the individual Entry Age Normal Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit.

The portion of this actuarial present value allocated to a valuation year is called the service costs. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the Fiduciary Net Position, and (b) the actuarial present value of future service costs is called the Net OPEB Liability (NOL). The Fiduciary Net Position is equal to market value of assets as of the Measurement Date.

Economic Assumptions

Assets are invested in the California Employers' Retiree Benefit Trust ("CERBT") Fund Strategy 2. The District used a discount rate of 6.5% for the actuarial valuation dated January 1, 2019. This rate is derived on the fund's investment policy as shown below and includes a 2.5% long-term inflation assumption.

<u>Asset Class</u>	<u>Expected Arithmetic Nominal Return (50 years)</u>	<u>Asset Allocation</u>
Global Equity	8.08%	40.0%
US Fixed Income	5.88%	43.0%
Treasury Inflation-Protected Securities	3.67%	5.0%
Real Estate Investment Trusts	7.91%	8.0%
Commodities	5.38%	4.0%
Expected Geometric Return (50 years)*		6.42%

*A Geometric return is one that considers compounding and reflects the effect that variations in actual returns each year will have on long-term asset returns

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50 percent. Under GASB 75, the discount rate should reflect the long-term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits. To the extent that OPEB plan assets along with expected future investment returns and expected future contributions are sufficient to finance all OPEB benefits, the discount rate should be based on the assumed investment return on plan assets. Currently, the District had set a funding policy of funding the OPEB liabilities in an amount equal to the service cost plus an amortization of the Net OPEB Liability. Therefore, current assets and expected future investment returns and expected future contributions are expected to be sufficient to fund all OPEB liabilities.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 10: Other Post-Employment Benefits (OPEB) (Continued)

Changes in the OPEB Liability

The changes in the net OPEB liability for the HC Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 <i>(Measurement Date June 30, 2018)</i>	\$ 5,137,847	\$ 3,597,025	\$ 1,540,822
Changes recognized for the measurement period:			
Service cost	106,229	-	106,229
Interest	327,519	-	327,519
Differences between actual and expected experience with regard to economic or demographic factors	(337,990)	-	(337,990)
Changes of assumptions	308,962		308,962
Benefit payments ¹	(417,212)	(417,212)	-
Contributions from employer	-	417,212 ²	(417,212)
Net investment income	-	254,804	(254,804)
Administrative expense	-	(1,779)	1,779
Net Changes	(12,492)	253,025	(265,517)
Balance at June 30, 2020 <i>(Measurement Date June 30, 2019)</i>	\$ 5,125,355	\$ 3,850,050	\$ 1,275,305

¹ Equals actual benefit payments of \$280,145 plus \$137,067 of estimated implicit rate subsidy for the period of 7/1/2018 to 6/30/2019

² The amount shown includes any contributions made to the trust plus the pay-as-you-go benefit payment cost and estimated implicit rate subsidy

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Discount Rate - 1%	Current Discount Rate	Discount Rate +1%
	5.50%	6.50%	7.50%
Net OPEB Liability	\$ 1,710,951	\$ 1,275,305	\$ 890,951

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease in Healthcare Costs Trend Rate	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Costs Trend Rate
	Net OPEB Liability	\$ 1,044,951	\$ 1,275,305

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020

Note 10: Other Post-Employment Benefits (OPEB) (Continued)

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from the CalPERS website www.calpers.ca.gov under Forms and Publications.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts (if applicable)	Expected average remaining service lifetime (EARSL) (9.35 Years at June 30, 2019)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$224,856. As of fiscal year ended June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (301,841)
Changes of assumptions	275,918	-
Net difference between projected and actual earnings	9,326	(24,918)
Contributions made subsequent to measurement date	431,807	-
Total	\$ 717,051	\$ (326,759)

The \$431,807 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

	Deferred Outflows/(Inflows) of Resources	
June 30:		
2021	\$	(8,611)
2022		(8,610)
2023		(3,841)
2024		(6,950)
2025		(3,105)
Thereafter		(10,398)
Total	\$	(41,515)

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020**Note 11: Blended Component Unit**

The Corporation has been included as part of the District financial statements as a blended component unit. In accordance with GASB 61, the following summarized information as of June 30, 2020, for the Corporation is required:

Corporation Condensed Statement of Net Position at June 30, 2020:

Assets:	
Current (due from the District)	\$ 1,637,277
Noncurrent (due from the District)	67,644,646
Total Assets:	<u>69,281,923</u>
Liabilities:	
Current	1,637,277
Long-term	67,644,646
Total Liabilities	<u>69,281,923</u>
Net Position:	
Total Net Position	<u>-</u>
Total Liabilities and Net Position	<u>\$ 69,281,923</u>

**Corporation Condensed Statement of Revenues, Expenses, and Changes in Net Position
for the Year Ended June 30, 2020:**

Nonoperating revenues	\$ 1,882,014
Nonoperating expenses	<u>1,882,014</u>
Change in net position	<u>-</u>
Net Position, beginning of year	<u>-</u>
Net Position, end of year	<u>\$ -</u>

Corporation Condensed Statement of Cash Flows for the Year Ended June 30, 2020:

Net Cash Provided by (Used for):	
Operating activities	\$ -
Capital and related financing activities	66,024,821
Investing activities	<u>(66,024,821)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>-</u>
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>

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Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 12: Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA JPIA"), which offers risk management and self-insurance and insured programs. The program provides workers' compensation, property, and employment liability and general liability coverage for the District. The membership includes 363 public water agencies within California. A Board of Directors consisting of representatives from member agencies governs the ACWA JPIA. The general Board of Directors elects Executive Board members to provide oversight of the operations of the ACWA JPIA, including selection of management and approval of the operating budget.

The District maintains \$55,000,000 in commercial general liability insurance, auto liability, employment practices liability coverage and public official's error & omissions. The District also has a \$3 million cyber liability commercial insurance policy through ACWA JPIA which, is not a risk-sharing program. The property damage insurance program provided for up to \$500 million in limits, per occurrence, on structures and contents with a \$25,000 deductible per loss, and underground storage tank coverage of \$3,000,000.

The District has a \$50,000 retrospective allocation point (self-insured retention) per claim for general and automobile liability for the year. Workers' Compensation coverage provides statutory limits for bodily injury by each accident and bodily injury per occurrence, and Employer's Liability is \$2 million per occurrence. If the District's deposits are not adequate to meet costs of claims and expenses, a retrospective adjustment to make up the difference can take place. The District promotes safety in the workplace through an extensive safety program. As a result of the program, the District has received retrospective refunds from the ACWA JPIA Rate Stabilization Fund. The District also maintains a self-insurance reserve to provide for expenses incurred to the District for the deductible amounts on insurance claims under \$50,000. See Note 15 on the District's reserve funds for additional information. Settlements have not exceeded insured limits in the past three fiscal years.

To obtain complete financial information contact ACWA JPIA at P.O. Box 619082, Roseville, CA, 95661, or via telephone at (800) 231-5742. Information may be available at www.acwajpia.com.

The District also holds additional insurance policies amounting to a \$2,000,000 commercial blanket bond for employee dishonesty, forgery and alteration and computer fraud, and a \$30,000 bond for Notary Errors and Omissions that covers four notaries.

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Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020**Note 13: Commitments and Contingencies**

The District considers the following to be material commitments, or existing arrangements to enter into future transactions or events, at June 30, 2020:

Project Name	Total Project Budget	Cumulative Expenses as of June 30, 2020	Outstanding Commitments
Asset Management Program/CMMS Implementation	\$ 1,041,979	\$ 451,521	\$ 504,824
2017-18 Electrical System Improvements - PW	1,295,546	707,510	570,085
2017-18 Reservoir Management System Replacement	5,561,495	4,164,713	1,152,826
2017-18 Electrical Distribution Equipment Replacements	748,350	149,139	520,003
RW Main Installation at I-5 Oso Creek Crossing	4,218,458	3,399,922	781,527
Regional LS Enhancements	5,289,586	240,648	527,306
RWOS Miscellaneous Distribution System Improvements	746,943	120,833	554,474
AMI Phase III	6,537,522	2,914,974	2,959,855
Field Maintenance Facility	6,684,356	3,153,477	3,530,879
Fleet Services Building	4,577,674	2,265,253	2,312,421
Warehouse Improvements	1,337,681	277,673	1,060,008
Fueling Station	1,605,656	459,511	1,146,145
Site Utilities	2,100,493	1,466,015	634,478
Site Improvements	10,657,147	2,782,445	7,874,702
Landscape and Irrigation	1,157,860	158,244	999,616
Administration Facility	16,476,674	7,529,996	8,946,678
Plant 3A Solids Treatment Improvements	14,806,250	596,910	1,928,052

Note 14: Joint Powers Authorities and Joint VenturesSouth Orange County Wastewater Authority (a California Joint Powers Authority)

The District is one of ten member agencies that participate in SOCWA. SOCWA treats, beneficially reuses, and disposes of wastewater in South Orange County. SOCWA operates three wastewater treatment plants ("WWTP") and two ocean outfalls in the region. SOCWA has ten member agencies, including three cities and seven water districts. A Board of Directors consisting of representatives from member agencies governs SOCWA. The Board of Directors governs the operations of SOCWA, including selection of management and approval of the annual budget. SOCWA has Project Committees that member agencies participate in financially at various levels, depending on their capacity rights. Each WWTP is a project, as well as various other physical facilities, such as outfall pipelines. The District's overall participation level is the highest of the member agencies, approximating 44% of SOCWA. The District deposits money with SOCWA to cover its share of operation and capital in the project committees the District participates. At fiscal year-end SOCWA analyzes its actual costs and refunds or collects additional money from its members as appropriate. Construction deposits made to SOCWA for capital projects are recorded as capacity rights capital assets on the District's financial statements. The District remitted \$16,877,134 to SOCWA for the year ended June 30, 2020, consisting of \$9,149,540 for operations and maintenance ("O&M") and \$7,727,549 for capital projects.

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Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 14: Joint Powers Authorities and Joint Ventures (Continued)**

To obtain complete financial information from SOCWA please contact SOCWA at 34156 Del Obispo Street, Dana Point, CA, 92629, or via telephone at (949) 234-5421.

Joint Regional Water Supply System (Formed Using a Trust Agreement)

The District is one of nine members who participate in the Joint Regional Water Supply System ("JRWSS"). JRWSS owns and operates several pipelines, including the Joint Transmission Main that serves the District. The pipelines deliver drinking water to the nine member agencies. South Coast Water District ("SCWD") serves as Trustee of JRWSS. As Trustee, SCWD maintains the infrastructure, collects money to cover expenses from the member agencies and keeps records for JRWSS.

The District deposits money with JRWSS to cover its share of operation and capital costs. At fiscal year-end, JRWSS analyzes its actual costs and refunds or collects additional money from its members as appropriate. The District remitted \$800,849 to JRWSS for the year ended June 30, 2020, consisting of \$329,522 for capital projects and \$471,327 for O&M.

To obtain complete financial information from JRWSS, contact SCWD at P.O. Box 30205, Laguna Niguel, CA, 92607, or via telephone at (949) 499-4555.

San Juan Basin Authority (a California Joint Powers Authority)

The District is also a member of the San Juan Basin Authority ("SJBA") a joint powers authority formed to secure and develop water rights for its member agencies. It currently has permits for using the San Juan Groundwater Basin ("Basin") and is best classified as an underground stream. It holds a capacity of 40,000 acre-feet, with about half as usable storage, where storm flows are recharged and withdrawn by various production wells. The state has granted SJBA water rights to divert water from the Basin for beneficial purposes. The objective of the District's membership is to diversify and increase its water sources in the future.

SJBA's membership includes the District along with Santa Margarita Water District, City of San Juan Capistrano and South Coast Water District. A Board of Directors consisting of representatives from member agencies governs SJBA. The Board of Directors oversees contracts and approves the annual budget. SJBA has Project Committees that member agencies participate in financially at various levels based upon ownership or usage. The District deposits money with SJBA to cover its share of costs in the respective projects. Surplus balances at fiscal year-end are refunded to member agencies or added to their reserves as determined by the Board of Directors. The District remitted \$2,449 to SJBA for the year ended June 30, 2020, consisting entirely of O&M.

To obtain complete financial information from SJBA contact Santa Margarita Water District at 26111 Antonio Parkway, Las Flores, CA, 92688, or via telephone at (949) 459-6400.

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-78-

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2020**Note 14: Joint Powers Authorities and Joint Ventures (Continued)**Santiago Aqueduct Commission (a California Joint Powers Authority)

The District is a member of the Santiago Aqueduct Commission ("SAC") with five other member agencies. SAC operates and maintains the Baker Pipeline. The District has 13 cubic feet per second (cfs) of capacity rights in the Baker Pipeline and is responsible for costs to operate and maintain the Baker Pipeline. Irvine Ranch Water District maintains the infrastructure, collects money to cover expenses from the members, and maintains the records for SAC. The District did not remit any funds to SAC for the year ended June 30, 2020.

To obtain complete financial information on SAC, contact Irvine Ranch Water District at 15600 Sand Canyon Avenue, Irvine, CA, 92618, or via telephone at (949) 453-5300.

The relationships between the District and the joint powers authorities are such that SOCWA, ACWA/JPIA, JRWSS, SJBA, and SAC are not component units of the District for financial reporting purposes.

Note 14: Net Investment in Capital Assets

The calculation for the amount reported at June 30, 2020, for net investment in capital assets was as follows:

Total capital assets	\$ 433,480,909
Add right to use asset	1,880,958
Add regulated assets	961,382
Less capital related debt	(136,081,646)
Less lease liabilities	(2,216,088)
Add deferred charges related to debt	317,736
Add unspent proceeds	<u>11,373,458</u>
Total Net Investment in Capital Assets	<u>\$ 309,716,709</u>

Note 16: Restricted Net Position

At June 30, 2020, the District held \$295,848 in unspent capacity fee revenue. By State law the capacity fees must be spent on capital projects. All interest earned on these funds are added to the total restricted fund balance.

Note 17: Unrestricted Net Position

A portion of the District's unrestricted net position has been designated by the Board of Directors for specific purposes. The detail of unrestricted net position at June 30, 2020, is as follows:

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Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 17: Unrestricted Net Position (Continued)**

Unrestricted net position:	
Designated for rate stabilization	\$ 15,064,806
Designated for replacement and refurbishment	13,537,658
Designated for self-insurance reserves	233,402
Designated for planning and construction	300,677
Designated for water efficiency	5,436,059
Designated for water supply reliability	9,157
Designated for emergency reserves	35,300,000
Designated for operating reserves	48,411,877
Total unrestricted net position	<u>\$ 118,293,636</u>

Rate Stabilization

The Rate Stabilization reserves were established to provide funds to be used specifically for stabilizing potential fluctuation in District water and wastewater service rates that may result from losses or reductions of ad valorem property tax revenues.

Replacement & Refurbishment

The Replacement & Refurbishment fund ("R&R") was established to fund ongoing costs related to the replacement and refurbishment of existing assets in conjunction with the District's Capital Improvement Plan. Funding for the R&R fund will be provided from new debt issuances or fund transfers as part of the District annual budget process.

Self-Insurance

The District maintains a Self-Insurance reserve to provide funding for property and liability insurance deductibles, losses exceeding insurance limits, and unemployment benefit payments.

Planning and Construction Reserves

Planning and Construction reserves were established to provide funding for the development of new capital facilities that do not result in new water or recycled water supplies as identified in the District Capital Improvement Plan. Funding for the Planning and Construction reserve will be provided from debt issuances or fund transfers as part of the District annual budget process.

Water Efficiency Fund

The Water Efficiency Fund was established for certain Water-Base-Budget Rate Structure ("WBBS") revenues. The District's intent is to use the revenues for purposes generally related to water efficiency, conservation goals and policies, and water reliability projects as specifically directed by the Board under budgetary and other approval programs from time to time.

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Moulton Niguel Water District**Notes to Financial Statements (Continued)
June 30, 2020****Note 17: Unrestricted Net Position (Continued)**Water Supply Reliability

The Water Supply Reliability reserves were created to provide funding for the development of new water or recycled water supplies as identified in the District Capital Improvement Plan. Funding for the Water Supply Reliability reserve will be provided from debt issuances or fund transfers as part of the District annual budget process.

Emergency Reserve

The Emergency Reserve was created to provide funds to enable the District to quickly repair critical assets in the event of a natural disaster or facility failure. The target balance of the Emergency Reserve is equal to 2% of the replacement costs of the District's assets as outlined in current guidelines from the Federal Management Agency (FEMA).

General Operating Reserve

The District will maintain a General Operating Reserve in order to provide sufficient liquidity for funding the day-to-day operating expenses and District cash flow needs during normal operations due to standard delays between the receipt of revenues and the payment of expenses.

The target balance in the General Operating Reserve will equal three months of operating expenses, consistent with best practices in the industry for agencies with monthly rate revenue.

Note 18: Subsequent Events

Ground Lease

On May 21, 2020, the District entered into a ground lease for certain real property owned by the District in the City of Laguna Niguel, California. The initial term of the lease is for a period of twenty-five years and includes tenant options to extend the term of the lease for up to six periods of five lease years. The tenant will pay the District \$301,000 per year for the first five years, subject to a 10% increase to the rent amount on each five-year anniversary from the start of the lease. Per the terms of the agreement, the tenant must conduct feasibility and due diligence activities prior to the commencement of the lease, and until that time, either the District or the tenant can terminate the agreement. As of the date of this report, the tenant has not completed the feasibility and due diligence activities, and the District's Board of Directors has extended the due diligence period.

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moulton niguel water district

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Moulton Niguel Water District
Miscellaneous Plan - Cost Sharing Multiple Employer Benefit Plan
Schedule of Proportionate Share of the Net Pension Liability
As of June 30

Last Ten Fiscal Years ¹

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Proportion of the Net Pension Liability	0.19721%	0.18844%	0.20318%	0.20884%	0.21156%	0.21914%
Proportionate Share of the Net Pension Liability	<u>\$ 12,251,838</u>	<u>\$ 12,934,337</u>	<u>\$ 17,581,392</u>	<u>\$ 20,711,604</u>	<u>\$ 20,386,747</u>	<u>\$ 22,455,803</u>
Covered Payroll	<u>\$ 7,060,907</u>	<u>\$ 7,735,097</u>	<u>\$ 8,936,374</u>	<u>\$ 9,739,736</u>	<u>\$ 11,147,956</u>	<u>\$ 12,330,405</u>
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	174%	167%	197%	213%	183%	182%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability ²	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%

Notes to Schedule:

Benefit Changes:
None

Changes of Assumptions:

- a Discount rate changed from 7.50% at the June 30, 2014, measurement date, to 7.65% at the June 30, 2015, measurement date.
- b In Fiscal Year 2017, the financial reporting discount for the PERF C was lowered from 7.65% to 7.15%.
- c In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

¹ Historical information is required only for measurement to which GASB 68 is applicable. Amounts presented above were determined as of June 30 of each fiscal year. As Fiscal Year 2015 was the first year of implementation, additional years will be presented as they become available.

² Plan represents the total CalPERS risk pool.

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**Moulton Niguel Water District
Miscellaneous Plan - Cost Sharing Multiple Employer Benefit Plan
Schedule of Plan Contributions
As of June 30**

Last Ten Fiscal Years ¹

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
All Plans						
Actuarially Determined Contribution	\$ 997,427	\$ 1,351,327	\$ 1,539,047	\$ 1,820,425	2,224,257	2,708,761
Contribution in Relation to the						
Actuarially Determined Contribution	(997,427)	(1,351,327)	(1,539,047)	(1,820,425)	(2,224,257)	(2,708,761)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,735,097	\$ 8,936,374	\$ 9,739,736	\$ 11,147,956	\$ 12,330,405	\$ 14,389,775
Contributions as a Percentage of						
Covered Payroll	12.89%	15.12%	15.80%	16.33%	18.04%	18.82%

¹ Historical information is required only for measurement to which GASB 68 is applicable. Amounts presented above were determined as of June 30 of each fiscal year. As Fiscal Year 2015 was the first year of implementation, additional years will be presented as they become available.

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Moulton Niguel Water District
OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
As of June 30

Last Ten Measurement Periods ¹

	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 104,316	\$ 111,097	\$ 106,229
Interest on the total OPEB liability	329,346	328,136	327,519
Actual and expected experience difference	-	-	(337,990)
Changes in assumptions	-	-	308,962
Benefit payments	(441,013)	(477,082)	(417,212)
Net change in total OPEB liability	(7,351)	(37,849)	(12,492)
Total OPEB liability - beginning	5,183,047	5,175,696	5,137,847
Total OPEB liability - ending (a)	5,175,696	5,137,847	5,125,355
Plan Fiduciary Net Position			
Contribution - employer	559,297	477,082	417,212
Net investment income	225,973	204,998	254,804
Benefit payments	(441,013)	(477,082)	(417,212)
Administrative expense	(1,664)	(1,784)	(1,779)
Net change in plan fiduciary net position	342,593	203,214	253,025
Plan fiduciary net position - beginning	3,051,218	3,393,811	3,597,025
Plan fiduciary net position - ending (b)	3,393,811	3,597,025	3,850,050
Net OPEB liability - ending (a) - (b)	\$ 1,781,885	\$ 1,540,822	\$ 1,275,305
Plan fiduciary net position as a percentage of the total OPEB liability	65.6%	70.0%	75.1%
Covered employee payroll	\$ 10,391,010	\$ 10,389,025	\$ 10,102,781
Net OPEB liability as a percentage of covered employee payroll	17.1%	14.8%	12.6%

Notes to schedule:

Measurement date June 30, 2017 June 30, 2018 June 30, 2019

¹ Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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**Moulton Niguel Water District
OPEB Plan
Schedule of Contributions
Fiscal Year Ended June 30**

Last Ten Fiscal Years ¹

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution (ADC)	\$ 392,230	\$ 403,997	\$ 360,948
Contributions in relation to ADC	477,082	467,077	431,807
Contribution deficiency (excess)	<u>\$ (84,852)</u>	<u>\$ (63,080)</u>	<u>\$ (70,859)</u>
Covered employee payroll	\$ 10,389,025	\$ 10,102,781	\$ 10,696,756
Contributions as a percentage of covered-employee payroll	4.6%	4.6%	4.0%

Notes to schedule:

* Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 were from the January 1, 2019 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of expected salary for each year of employment between entry age and assumed exit
Discount Rate	6.50%
Inflation	2.50% per annum
Payroll Growth	2.75% per annum
Investment Rate of Return	6.50% pery year based on CERBT asset allocation Strategy 2
Healthcare cost-trend rates	Derived from the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend, 9% starting in year 2019 and decreased to 4.25% in year 2071 and beyond According to the retirement rates under the most recent CalPERS pension plan experience study. According to the following retirement tables: Miscellaneous Tier 1: 2.00% @ 55
Retirement Age	Miscellaneous Tier 2: 2.00% @ 62
Mortality	Derived from CalPERS Experience Study released in 2017 for all Miscelleous members

¹ Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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Schedule of Revenues, Expenses, and Other Sources (Uses) of Funds
Year Ended June 30, 2020

The schedule below is the District's Adopted Budget Summary in the areas of revenues, expenses, debt service, capital improvement projects, and other sources and uses of District funds. It compares the District's projected figures to the actual amounts and is designed to monitor performance during the year and assist in future budget preparations.

	<u>2019-20 Final Budget*</u>	<u>2019-20 Actual*</u>	<u>Variance with Budget Over (Under)</u>	<u>% Variance with Budget Over (Under)</u>
Revenues				
Potable Water Sales	\$ 31,512,227	\$ 29,148,255	\$ (2,363,972)	-7.50%
Recycled Water Sales	6,438,316	5,049,306	(1,389,010)	-21.57%
Wastewater Sales	24,065,352	26,695,247	2,629,895	10.93%
WBBRS Efficiency Funds	4,764,604	3,832,688	(931,916)	-19.56%
Other Operating Income	911,436	498,377	(413,059)	-45.32%
Ad Valorem Property Tax	28,599,883	29,907,153	1,307,270	4.57%
Investment Income ¹	2,108,233	7,083,318	4,975,085	235.98%
Cellular Lease Income	1,800,265	1,914,481	114,216	6.34%
Capacity Fees	384,339	105,673	(278,666)	-72.51%
Demand Offset Fees	36,000	91,280	55,280	153.56%
Misc. Non-Operating Income ²	933,436	2,002,214	1,068,778	114.50%
Contributions ³	-	939,687	939,687	-
Total Revenues	<u>\$ 101,554,091</u>	<u>\$ 107,267,679</u>	<u>\$ 5,713,588</u>	
Expenses, Debt Obligations, and Capital Improvement Projects				
Operations and Maintenance	79,436,905	74,514,806	(4,922,099)	-6.20%
Capital Outlay ⁴	2,122,101	1,476,029	(646,072)	-30.44%
General Obligation Bonds Debt Service	1,490,375	1,458,243	(32,132)	-2.16%
Other Debt Service ⁵	6,180,094	11,507,859	5,327,765	86.21%
Depreciation and Amortization ⁶	-	21,776,485	21,776,485	-
Replacement and Refurbishment Projects ⁴	26,936,964	24,489,964	(2,447,000)	-9.08%
Regional Agency Projects	16,557,423	7,696,408	(8,861,015)	-53.52%
Water Supply Reliability Projects ⁴	4,700,000	3,614,962	(1,085,038)	-23.09%
Planning and Construction Projects ⁴	21,413,205	21,123,171	(290,034)	-1.35%
Total Expenses, Debt Obligations, and Capital Improvement Projects	<u>\$ 158,837,067</u>	<u>\$ 167,657,927</u>	<u>\$ 8,820,860</u>	
Net Income (Deficit)*	<u>\$ (57,282,976)</u>	<u>\$ (60,390,248)</u>	<u>\$ (3,107,272)</u>	

*The variance between budgetary basis net income and financial statement net income is due to the inclusion of Debt Service and capital activity as expenses on the budgetary basis.

¹ Investment income was includes an unrealized gain of \$4.2 million due to the GASB standard of recording investments at fair value.

² Includes \$1.2 million in grants received. The District conservatively does not budget for grant revenues.

³ Includes \$1.2 million in grants received. The District conservatively does not budget for grant revenues.

⁴ The District spent \$50.7 million on District managed capital projects, representing a 92% execution rate of the \$55.2 million budget.

⁵ The District elected to fully pay off the remaining balance of its outstanding loans early, totalling \$3.8 million.

⁶ Depreciation is not included as part of the budget as the transaction does not involve cash.

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Operations & Maintenance (O&M) Budget Comparison Report
Year Ended June 30, 2020

The Operations and Maintenance (O&M) Budget Comparison Report was designed to compare the expenses of the District to the budget and/or the adjusted budget figures used by the District to monitor performance during the year. The Notes to the O&M Budget Comparison Report provides explanations for noteworthy items in this report.

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual Expense</u>	<u>Remaining Budget</u>
General Fund				
Salaries	\$ 13,073,384	\$ 13,073,384	\$ 12,525,884	\$ 547,500
Retirement Program ¹	2,614,787	2,614,787	4,431,462	(1,816,675)
Educational Courses	79,934	79,934	36,312	43,622
Travel and Meetings	347,140	347,140	237,988	109,152
Recruitment and Employee Relations	93,813	93,813	9,049	84,764
General Services	490,292	490,292	462,381	27,911
Annual Audit	62,500	62,500	40,272	22,228
Member Agencies O&M	541,714	541,714	379,553	162,161
Dues and Memberships	189,857	189,857	137,102	52,755
Consulting Services	1,603,300	1,603,300	1,810,932	(207,632)
Equipment Rental	66,500	66,500	34,476	32,024
District Fuel	315,000	315,000	267,854	47,146
Insurance - District	532,850	532,850	523,231	9,619
Insurance - Personnel	489,306	489,306	487,576	1,730
Insurance - Benefits	3,267,475	3,267,475	3,745,994	(478,519)
Legal Services	600,000	600,000	253,009	346,991
District Office Supplies	493,680	493,680	692,755	(199,075)
District Operating Supplies	1,444,654	1,444,654	1,381,522	63,132
Repairs and Maintenance - Equipment	969,300	969,300	1,161,479	(192,179)
Repairs and Maintenance - Facilities ¹	3,950,249	3,950,249	3,637,944	312,305
Safety Program and Compliance Requirements	364,548	364,548	324,920	39,628
Wastewater Treatment	9,471,915	9,471,915	8,548,084	923,831
Special Outside Assessments	133,600	133,600	139,508	(5,908)
Utilities ²	2,992,102	2,992,102	2,476,262	515,840
Water Purchases ³	28,747,811	28,747,811	26,526,566	2,221,245
Water Efficiency Fund				
Labor	2,101,479	2,101,479	1,881,989	219,490
Educational Courses	1,000	1,000	9,194	(8,194)
Travel and Meetings	40,000	40,000	25,911	14,089
Dues and Memberships	63,225	63,225	98,730	(35,505)
Consulting Services ⁴	1,940,000	1,940,000	782,027	1,157,973
Legal Services	20,000	20,000	15,072	4,928
Conservation Supplies	347,240	347,240	175,808	171,432
Repairs and Maintenance - Equipment	105,250	105,250	32,194	73,056
Safety Program & Compliance Requirments	-	-	1,069	(1,069)
Water Efficiency ⁵	1,883,000	1,883,000	1,220,697	662,303
Total O&M	\$ 79,436,905	\$ 79,436,905	\$ 74,514,806	\$ 4,922,099

¹ The District recorded an additional \$1.8 million in retirement expenses due to GASB 68 and GASB 75. See Notes 9 and 10 in the Notes to Financial Statements for more information.

² The District anticipated electric costs to increase by approximately 5%, but during the year electric costs actually decreased by nearly 10%, mostly due to a temporary shut down of a major distribution pipeline to accommodate required maintenance. That distribution line typically draws a large amount of electricity.

³ The District's service area saw a reduction of about 500 acre feet in water purchases due the high frequency and amounts of rain received during the months of March and April 2020.

⁴ Due to unforeseen circumstances involving the COVID-19 Pandemic, several Water Efficiency programs were delayed, such as the NatureScope Garden Tour, and in person workshops.

⁵ The COVID-19 Pandemic affected Water Efficiency programs and rebates available.

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moulton niguel water district

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Moulton Niguel Water District
Statistical Section Overview

#7.

Year Ended June 30, 2020

Table of Contents

The Statistical Section provides historical information on the District's economic condition. All of the information presented in the statistical section is organized around five specific objectives:

	<u>Page</u>
<u>Financial Trends</u>	
Net Position by Component – Last Ten Fiscal Years	67
Changes in Net Position – Last Ten Fiscal Years	69
<u>Revenue Capacity</u>	
Water Sold and Wastewater Services Provided by Type of Customer – Last Ten Fiscal Years	71
Annual Domestic Consumption in Acre Feet (AF) – Last Ten Fiscal Years	73
Water Rates – Last Ten Fiscal Years	74
Principal Water Customers – Current Fiscal Year and Nine Years Ago	75
Wastewater Rates – Last Ten Fiscal Years	76
Principal Wastewater Services Customers – Current Fiscal Year and Nine Years Ago	77
Recycled Water Rates – Last Ten Fiscal Years	78
Principal Recycled Water Customers – Current Fiscal Year and Nine Years Ago	79
Property Tax Levies and Collections – Last Ten Fiscal Years	80
Assessed Valuations & Largest Local Secured Taxpayers – Current Fiscal Year and Nine Years Ago	81
<u>Debt Capacity</u>	
Outstanding Debt by Type and Debt per Customer – Last Ten Fiscal Years	82
Ratio of Net Direct General Obligation Debt – Last Ten Fiscal Years	83
Direct and Overlapping Debt – Current Fiscal Year	84
Pledged Revenue Coverage – Last Ten Fiscal Years	85
<u>Demographic and Economic Information</u>	
Demographic and Economic Statistics – Last Ten Fiscal Years	86
Principal Employers – Current Year and Nine Years Ago	89
<u>Operating Information</u>	
Full Time Employees by Function – Last Ten Fiscal Years	90
Operating Indicators – Last Ten Fiscal Years	91
Capital Asset Statistics – Last Ten Fiscal Years	92

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#7.**Moulton Niguel Water District****Net Position by Component
Last Ten Fiscal Years**

	2011	2012	2013	2014	2015
Assets:					
Current & other assets	\$ 174,874,392	\$ 178,970,721	\$ 180,037,968	\$ 179,892,333	\$ 166,631,779
Capital assets	373,881,504	373,802,210	371,840,527	366,859,960	375,845,562
Total Assets	548,755,896	552,772,931	551,878,495	546,752,293	542,477,341
Deferred Outflows of Resources: ¹	-	-	1,318,562	1,136,314	2,920,477
Total Assets and Deferred Outflows of Resources	548,755,896	552,772,931	553,197,057	547,888,607	545,397,818
Liabilities:					
Current and other liabilities	18,166,398	20,048,452	21,174,407	19,459,691	19,942,207
Long-term liabilities	136,276,375	127,632,200	120,022,562	110,150,054	112,757,545
Total Liabilities	154,442,773	147,680,652	141,196,969	129,609,745	132,699,752
Deferred Inflows of Resources: ^{1,2}	-	-	-	-	4,936,619
Net Position:					
Net investment in capital assets	267,962,257	272,169,901	272,287,164	269,994,246	267,393,560
Restricted for capital projects	312,742	326,175	424,363	931,603	1,508,109
Unrestricted	126,038,124	132,596,203	139,288,561	147,353,013	138,859,778
Total Net Position ³	\$ 394,313,123	\$ 405,092,279	\$ 412,000,088	\$ 418,278,862	\$ 407,761,447

¹ GASB 65 modified the presentation of the statement of net position. Deferred inflows of resources and deferred outflows of resources are reported prospectively from 2013.

² With the implementation of GASB 87, the District added over \$15.2 million in deferred inflows of resources in FY 2020

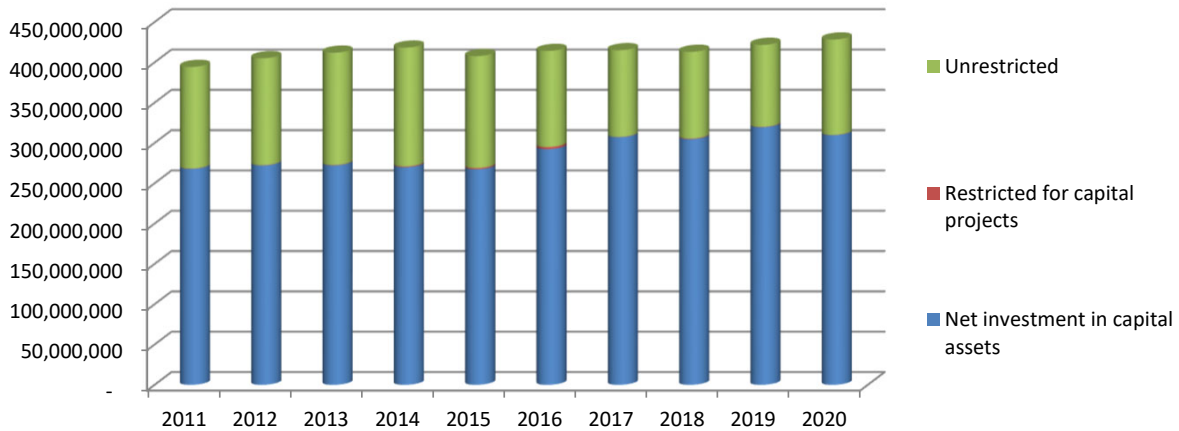
³ Beginning net position was restated for FY 2013, 2015, and 2018.

Source: Moulton Niguel Water District Audited Financial Statements.

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**Net Position by Component
Last Ten Fiscal Years**

2016	2017	2018	2019	2020	
					Assets:
\$ 148,655,677	\$ 133,490,291	\$ 138,223,685	\$ 133,276,189	\$ 186,372,578	Current & other assets
390,974,342	395,581,587	387,587,456	395,919,991	435,361,867	Capital assets
539,630,019	529,071,878	525,811,141	529,196,180	621,734,445	Total Assets
2,356,834	5,269,166	7,797,884	6,484,420	6,593,895	Deferred Outflows of Resources: ¹
541,986,853	534,341,044	533,609,025	535,680,600	628,328,340	Deferred Outflows of Resources
					Liabilities:
21,768,761	15,499,289	16,613,298	18,069,016	24,463,158	Current and other liabilities
102,531,779	101,316,497	103,076,293	95,849,390	158,566,143	Long-term liabilities
124,300,540	116,815,786	119,689,591	113,918,406	183,029,301	
3,530,389	2,447,949	2,201,503	1,200,436	16,992,846	Deferred Inflows of Resources: ^{1,2}
					Net Position:
292,404,060	307,272,958	304,821,445	319,601,072	309,716,709	Net investment in capital assets
2,632,947	291,818	604,783	375,294	295,848	Restricted for capital projects
119,118,917	107,512,539	107,615,589	101,661,014	118,293,636	Unrestricted
\$ 414,155,924	\$ 415,077,309	\$ 411,717,931	\$ 420,561,758	\$ 428,306,193	Total Net Position ³



Moulton Niguel Water District

Changes in Net Position
Last Ten Fiscal Years

	2011	2012	2013	2014	2015
Operating Revenue:					
Water charges	\$ 22,520,064	\$ 28,866,153	\$ 30,633,036	\$ 30,503,803	\$ 28,604,894
Recycled water charges	4,340,197	4,530,175	4,612,874	5,005,391	4,880,742
Sanitation charges	14,448,835	16,826,066	16,941,327	17,135,446	16,182,197
Other	444,346	429,064	1,035,873	562,871	329,755
Total Operating Revenue	41,753,442	50,651,458	53,223,110	53,207,511	49,997,588
Operating Expenses:					
Source of supply ¹	22,088,538	24,415,284	28,049,259	29,770,326	28,610,139
Pumping water	419,633	1,593,316	2,135,266	2,100,550	2,596,544
Sewage treatment	8,588,172	8,665,958	9,841,299	9,647,000	9,519,199
Water transmission and distribution	3,752,224	1,020,852	2,299,355	2,138,767	959,193
Customer service	311,483	1,202,302	2,711,672	2,750,999	2,839,137
Water efficiency	-	-	1,446,759	1,448,498	3,472,838
General, administrative and other	13,130,167	16,481,929	10,652,698	11,236,876	14,702,063
Post retirement medical benefits (OPEB) ²	-	-	-	591,372	361,057
Amortization	-	-	-	-	-
Depreciation	15,162,538	15,566,287	13,472,995	16,554,024	16,708,439
Total Operating Expenses	63,452,755	68,945,928	70,609,303	76,238,412	79,768,609
Operating Income (Loss)	(21,699,313)	(18,294,470)	(17,386,193)	(23,030,901)	(29,771,021)
Non-Operating Revenues (Expenses):					
Investment income ³	4,009,900	6,271,001	(533,131)	2,931,831	2,624,306
Interest income ⁴	-	-	-	-	-
Property tax revenue & GOB assessments	27,250,759	27,221,147	28,528,175	29,083,747	28,946,309
Interest on long-term debt	(7,897,888)	(7,608,336)	(5,850,174)	(6,781,711)	(6,160,882)
Intergovernmental Revenue	20,530	-	-	-	6,401,510
Cellular lease income ⁴	1,498,290	1,562,383	1,642,410	1,694,478	1,731,352
Other non-operating revenues	1,480,660	1,557,431	1,522,360	1,361,984	3,661,818
Other non-operating expenses	-	-	-	-	-
Total Non-operating Revenues (Expenses)	26,362,251	29,003,626	25,309,640	28,290,329	37,204,413
Income (Loss) before Capital Contributions	4,662,938	10,709,156	7,923,447	5,259,428	7,433,392
Capital Contributions:					
Developer donated capital facilities	94,332	70,000	60,000	495,000	294,000
Connection fees	182,491	-	83,038	489,346	551,179
Other contributions	-	-	-	35,000	-
Change in Net Position	4,939,761	10,779,156	8,066,485	6,278,774	8,278,571
Net Position - Beginning of Year⁵	389,373,362	394,313,123	403,933,603	412,000,088	399,482,876
Net Position - End of Year	\$ 394,313,123	\$ 405,092,279	\$ 412,000,088	\$ 418,278,862	\$ 407,761,447

¹ Source of Supply includes: water purchases, meter purchases and utilities.

² GASB 75 was implemented in FY 2018, and modified the presentation of the OPEB expense. OPEB expense is now recorded in General, administrative and other.

³ Interest income is combined with unrealized gain/loss on investments.
For FY 2013, 2017, and 2018, the unrealized loss on investments exceeded investment income.

⁴ With the implementation of GASB 87, Leases, the District recorded \$0.6 million in interest income. In previous years, no interest was recorded and those revenues were recorded in cellular lease income.

⁵ Beginning Net Position was restated for FY 2013, 2015, and 2018.

**Changes in Net Position
Last Ten Fiscal Years**

2016	2017	2018	2019	2020	
					Operating Revenue:
\$ 29,812,128	\$ 32,149,585	\$ 32,317,988	\$ 32,680,545	\$ 32,980,943	Water charges
4,850,326	5,030,973	5,597,493	5,161,153	5,049,306	Recycled water charges
18,963,978	20,156,723	22,623,626	25,463,110	26,695,247	Sanitation charges
415,565	417,705	468,673	644,182	498,377	Other
54,041,997	57,754,986	61,007,780	63,948,990	65,223,873	Total Operating Revenue
					Operating Expenses:
26,357,342	26,681,334	29,446,569	25,879,882	28,192,240	Source of supply ¹
3,177,393	1,629,215	1,656,773	2,108,350	1,714,355	Pumping water
10,705,495	11,452,080	11,733,752	12,221,043	12,680,278	Sewage treatment
1,341,220	1,546,693	1,226,775	2,048,008	1,423,084	Water transmission and distribution
3,047,070	3,094,606	3,346,966	3,413,313	3,555,680	Customer service
6,749,664	4,037,455	3,448,360	4,333,171	4,335,108	Water efficiency
14,947,755	18,319,946	20,436,785	21,605,403	22,543,109	General, administrative and other
388,058	289,096	237,692	-	-	Post retirement medical benefits (OPEB)
-	-	-	-	945,595	Amortization
17,123,278	17,811,064	19,374,985	19,743,524	20,830,890	Depreciation
83,837,275	84,861,489	90,908,657	91,352,694	96,220,339	Total Operating Expenses
(29,795,278)	(27,106,503)	(29,900,877)	(27,166,012)	(30,996,466)	Operating Income (Loss)
					Non-Operating Revenues (Expenses):
4,139,084	(438,180)	(8,721)	6,067,463	7,083,317	Investment income ³
-	-	-	-	601,770	Interest income ⁴
30,604,182	28,507,929	28,848,018	30,330,582	30,583,642	Property tax revenue & GOB assessments
(4,910,737)	(4,629,947)	(4,517,784)	(4,078,474)	(4,307,575)	Interest on long-term debt
3,382,555	1,670,403	1,335,648	1,342,824	1,223,208	Intergovernmental Revenue
1,623,544	1,772,941	1,897,765	1,769,978	1,312,711	Cellular lease income ⁴
(9,718)	126,847	252,021	78,189	136,200	Other non-operating revenues
-	(85,430)	(84,765)	(2,943,447)	(104,634)	Other non-operating expenses
34,828,910	26,924,563	27,722,182	32,567,115	36,528,639	Total Non-operating Revenues (Expenses)
5,033,632	(181,940)	(2,178,695)	5,401,103	5,532,173	Income (Loss) before Capital Contributions
					Capital Contributions:
-	109,100	822,585	2,191,253	400,150	Developer donated capital facilities
1,046,335	331,393	649,528	200,375	196,953	Connection fees
314,510	662,832	291,790	802,832	539,537	Other contributions
6,394,477	921,385	(414,792)	8,595,563	6,668,813	Change in Net Position
407,761,447	414,155,924	413,456,609	413,041,817	421,637,380	Net Position - Beginning of Year⁵
\$ 414,155,924	\$ 415,077,309	\$ 413,041,817	\$ 421,637,380	\$ 428,306,193	Net Position - End of Year

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#7.**Moulton Niguel Water District****Water and Wastewater Sold by Type of Customer
Last Ten Fiscal Years**

Water & Wastewater Sales	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	\$ 25,283,507	\$ 31,624,818	\$ 32,670,666	\$ 32,924,779	\$ 30,767,071
Commercial	4,301,909	4,919,168	5,380,650	5,291,358	4,983,870
Multi-Family Commercial	5,512,126	6,710,800	6,576,362	6,468,560	6,154,836
Irrigation ¹	1,846,244	2,383,616	2,903,695	2,910,423	2,842,933
Recycled Water ¹	4,340,197	4,530,175	4,612,874	5,005,391	4,880,742
Hydrant ¹	25,112	53,818	42,991	44,129	38,381
Total Water & Wastewater Sales	\$ 41,309,095	\$ 50,222,395	\$ 52,187,238	\$ 52,644,640	\$ 49,667,833

Metered Accounts	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	46,840	46,996	47,197	47,305	47,586
Commercial	4,839	4,841	4,901	4,898	4,804
Irrigation	1,387	1,395	1,369	1,367	1,338
Recycled Water	1,262	1,265	1,292	1,299	1,257
Hydrant	34	36	33	30	34
Total Metered Accounts	54,362	54,533	54,792	54,899	55,019

¹ Irrigation, Hydrant, and Recycled Water sales do not include wastewater sales.

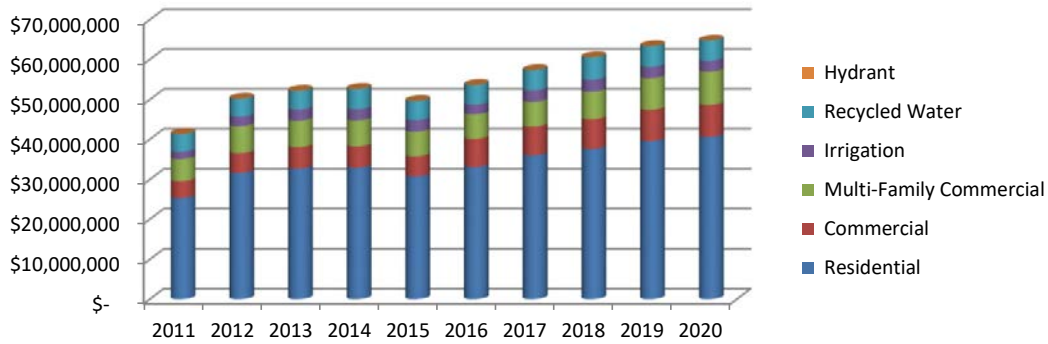
Source: Moulton Niguel Water District Billing Department.

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**Water and Wastewater Sold by Type of Customer
Last Ten Fiscal Years**

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Water & Wastewater Sales
\$ 33,081,103	\$ 35,988,870	\$ 37,563,077	\$ 39,540,259	\$ 40,592,683	Residential
7,029,909	7,176,604	7,421,598	7,903,411	8,066,245	Commercial
6,126,794	6,241,262	6,981,747	7,864,301	8,272,824	Multi-Family Commercial
2,516,562	2,887,963	2,957,065	2,818,794	2,719,367	Irrigation ¹
4,850,326	5,030,973	5,597,493	5,161,153	5,049,306	Recycled Water ¹
21,738	11,609	18,128	16,889	25,071	Hydrant ¹
\$ 53,626,432	\$ 57,337,281	\$ 60,539,108	\$ 63,304,807	\$ 64,725,496	Total Water & Wastewater Sales

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Metered Accounts
47,535	47,333	47,333	47,332	47,342	Residential
4,738	5,006	5,032	5,060	5,064	Commercial
1,286	1,313	1,294	1,291	1,289	Irrigation
1,247	1,356	1,369	1,380	1,396	Recycled Water
43	22	39	45	44	Hydrant
54,849	55,030	55,067	55,108	55,135	Total Metered Accounts



#7.**Moulton Niguel Water District****Annual Domestic Consumption in Acre Feet (AF)
Last Ten Fiscal Years**

Fiscal Year	Usage (AF)	Purchase Price ¹	Average cost per AF	Metered Accounts	Average AF per Metered Account	Average Cost per Metered Account
2011	27,360	\$ 19,908,518	\$ 728	54,362	0.50	\$ 364
2012	28,047	21,625,497	771	54,533	0.51	393
2013	28,920	24,434,327	845	54,792	0.53	448
2014	29,516	25,689,087	870	54,899	0.54	470
2015	27,285	24,257,752	889	55,019	0.50	445
2016	28,762	21,829,003	759	54,849	0.52	395
2017	22,916	20,933,121	913	55,030	0.42	383
2018	26,797	24,041,011	897	55,067	0.49	440
2019	23,676	22,557,276	953	55,108	0.43	410
2020	23,239	22,982,131	989	55,135	0.42	415

¹ Purchase price does not include any charges for services.

Source: Moulton Niguel Water District Accounting Department.

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Moulton Niguel Water District

Water Rates
Last Ten Fiscal Years

Residential & Multi-Family Potable Water Rate by Fiscal Year								
Consumption Tiers	2011 (Note 1)	2012-2014 (Note 2)	2015 (Note 3)	2016	2017	2018	2019	2020
Tier 1	\$ 1.16	\$ 1.38	\$ 1.41	\$ 1.49	\$ 1.56	\$ 1.69	\$ 1.82	\$ 1.95
Tier 2	1.30	1.54	1.61	1.70	1.78	1.94	2.10	2.26
Tier 3	1.57	2.75	2.49	2.62	2.73	3.32	3.41	3.50
Tier 4	1.84	5.51	4.25	4.38	4.49	5.12	5.21	5.30
Tier 5	1.97	11.02	9.04	9.17	9.28	9.59	9.68	9.77

Commercial & Irrigation Potable Water Rate by Fiscal Year ⁴								
Consumption Tiers	2011	2012-2014 (Note 3)	2015 (Note 3)	2016	2017	2018	2019	2020
Former Irr. Uniform Rate	\$ 1.97	\$ 2.29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Former Comm. Tier 1	1.16	1.38	-	-	-	-	-	-
Tier 1	1.30	1.54	1.61	1.70	1.78	1.94	2.10	2.26
Tier 2	1.57	2.75	2.49	2.62	2.73	3.32	3.41	3.50
Tier 3	1.84	5.51	4.25	4.38	4.49	5.12	5.21	5.30
Tier 4	1.97	11.02	9.04	9.17	9.28	9.59	9.68	9.77

¹ Prior to 2011, water usage was billed according to an inclining tier based rate structure. The first 10 BU were considered Tier 1 usage, while 11-20 B.U., 21-30 B.U., and 31-50 B.U. were considered Tiers 2, 3, and 4, respectively. Any usage above 50 B.U. was considered Tier 5.

² A Water Budget Based Rate Structure was implemented July 2011. Tiers 1 and 2 of budgets are based on the number of persons in the household; amount of irrigated acreage; evapotranspiration rate; and the number of days in the billing cycle. Tiers 3, 4 and 5 apply to usage that exceeds budget.

³ A revised Water Budget Based Rate Structure was implemented April 2015. Indoor allowance was lowered to 60 R-GPCD and the Outdoor Allowance was lowered to reflect a plant factor of 0.7.

Meter Size	Monthly Basic Service Charge for Potable Water ⁴											
	Uniform Charge		2015					2016				
	2011	2012 - 2014	Residential	Multi family	Commercial	Irrigation	Fire Protection	Residential	Multi family	Commercial	Irrigation	Fire Protection
5/8"	\$ 8.91	\$ 10.36	\$ 10.79	\$ 6.64	\$ 5.93	\$ 16.88	\$ 3.58	\$ 11.39	\$ 7.01	\$ 6.26	\$ 17.83	\$ 3.78
3/4"	8.91	10.36	10.79	6.64	5.93	16.88	3.58	11.39	7.01	6.26	17.83	3.78
1"	8.91	10.36	10.79	6.64	5.93	16.88	3.58	11.39	7.01	6.26	17.83	3.78
1.5"	15.66	34.53	35.97	22.13	19.77	56.27	11.94	37.98	23.37	20.88	59.42	12.61
2"	26.46	55.25	57.55	35.41	31.63	90.03	19.11	60.77	37.39	33.40	95.07	20.18
3"	35.92	120.87	125.89	77.47	69.19	196.94	41.80	132.94	81.81	73.06	207.97	44.14
4"	49.42	207.20	215.80	132.80	118.60	337.60	71.65	227.88	140.24	125.24	356.51	75.66
6"	76.42	431.67	449.94	276.89	247.28	703.90	149.27	475.14	292.40	261.13	743.32	157.63
8"	103.43	621.60	647.40	398.40	355.80	1,012.80	214.95	683.65	420.71	375.72	1,069.52	226.99
10	76.42	431.67	1,043.39	642.09	573.43	1,632.30	346.31	1,101.82	678.05	605.54	1,723.71	365.70

Meter Size	Monthly Basic Service Charge for Potable Water ⁴									
	2017					2018				
	Residential	Multi family	Commercial	Irrigation	Fire Protection	Residential	Multi family	Commercial	Irrigation	Fire Protection
5/8"	\$ 11.91	\$ 7.33	\$ 6.55	\$ 18.65	\$ 3.95	\$ 11.22	\$ 10.78	\$ 5.54	\$ 18.06	\$ 4.29
3/4"	11.91	7.33	6.55	18.65	3.95	11.22	10.78	5.54	18.06	4.29
1"	11.91	7.33	6.55	18.65	3.95	11.22	10.78	5.54	18.06	4.29
1.5"	39.73	24.45	21.84	62.15	13.19	37.41	25.20	18.46	60.21	14.31
2"	63.57	39.11	34.94	99.44	21.11	59.85	37.56	29.54	96.34	22.90
2.5"	-	-	-	-	33.64	-	-	-	-	36.50
3"	139.06	85.57	76.42	217.54	46.17	130.94	76.70	64.61	210.76	50.10
4"	238.36	146.69	131.00	372.91	79.14	224.46	128.19	110.76	361.29	85.88
6"	497.00	305.85	273.14	777.51	164.88	467.62	262.09	230.76	752.68	178.92
8"	715.10	440.06	393.00	1,118.72	237.43	673.37	375.38	332.29	1,083.86	257.65
10	1,152.50	709.24	633.39	1,803.00	382.52	1,084.87	601.96	535.36	1,746.22	415.10

Meter Size	Monthly Basic Service Charge for Potable Water ⁴									
	2019					2020				
	Residential	Multi family	Commercial	Irrigation	Fire Protection	Residential	Multi family	Commercial	Irrigation	Fire Protection
5/8"	\$ 10.71	\$ 10.59	\$ 4.91	\$ 17.24	\$ 4.42	\$ 10.22	\$ 10.41	\$ 4.29	\$ 16.46	\$ 4.56
3/4"	10.71	10.59	4.91	17.24	4.42	10.22	10.41	4.29	16.46	4.56
1"	10.71	10.59	4.91	17.24	4.42	10.22	10.41	4.29	16.46	4.56
1.5"	35.69	24.22	16.35	57.45	14.74	34.08	23.30	14.31	54.85	15.18
2"	57.11	35.91	26.16	91.93	23.59	54.53	34.36	22.90	87.76	24.30
2.5"	-	-	-	-	37.60	-	-	-	-	38.72
3"	124.95	72.93	57.23	201.11	51.60	119.29	69.36	50.10	192.00	53.15
4"	214.19	121.63	98.10	344.75	88.46	204.49	115.42	85.89	329.14	91.11
6"	446.23	248.27	204.38	718.24	184.29	426.03	235.16	178.94	685.71	189.82
8"	642.56	355.42	294.31	1,034.25	265.38	613.47	336.48	257.67	987.42	273.34
10	1,035.24	569.72	474.17	1,666.30	427.55	988.38	539.13	415.14	1,590.84	440.38

⁴ Prior to the April 2015 rate change all potable water meters were charged the same meter size based charge. Monthly service charges are now determined by both customer class and meter size.

Note: 1 Billing Unit (B.U.) is = 100 Cubic Feet = 748 gallons

Source: Moulton Niguel Water District Billing Department.



#7.**Moulton Niguel Water District****Principal Water Customers
Current Fiscal Year and Nine Years Ago****Fiscal Year 2020**

<u>Customer</u>	<u>Type of Property</u>	Total Water Sales ¹	Percentage of Total Water Sales
Idyllwillow Lp	Multi Family Residential	\$ 186,627	0.57%
Soka University Of America	Private University	154,154	0.47%
Heather Ridge Condo Assn	Multi Family Residential	148,544	0.45%
Mission Hospital Reg Med Ctr	Medical Facility	143,461	0.43%
City of Laguna Niguel	Parks, Slopes, Medians	138,766	0.42%
Moritz Associates LLC	Multi Family Residential	137,732	0.42%
Shea Properties/City Lights	Multi Family Residential	115,616	0.35%
Barcelona LLC	Multi Family Residential	113,634	0.34%
Hidden Hills Apts	Multi Family Residential	111,597	0.34%
City of Mission Viejo	Parks, Slopes, Medians	<u>110,920</u>	<u>0.34%</u>
		\$ 1,361,050	4.13%
Total Water Sales for FY 2019-20		\$ 32,980,943	

Fiscal Year 2011

<u>Customer</u>	<u>Type of Property</u>	Total Water Sales 1	Percentage of Total Water Sales
Mission Hospital Reg Med Ctr	Medical Facility	\$ 96,653	0.43%
Soka University of America	Private University	64,439	0.29%
The Shops at Mission Viejo	Retail Center	57,679	0.26%
Saddleback Community College	Public University	42,106	0.19%
Renaissance Hotel Operating Co.	Retail Business	35,960	0.16%
Shea Properties/City Lights	Multi Family Residential	31,555	0.14%
K&M Royal Group LLC	Retail Center	21,412	0.10%
Mission Imports	Retail Center	19,723	0.09%
Saddleback Church	Religious Facility	19,306	0.09%
Capistrano Valley High School	School	<u>18,590</u>	<u>0.08%</u>
		\$ 407,423	1.83%
Total Water Sales for FY 2010-11		\$ 22,520,064	

¹Total water sales includes only potable water sales.

Source: Moulton Niguel Water District Billing Department.

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**Wastewater Rates
Last Ten Fiscal Years**

RESIDENTIAL WASTEWATER RATES										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Basic Service Charges	\$ 9.59	\$ 11.14	\$ 11.14	\$ 11.14	\$ 22.68	\$ 24.83	\$ 26.22	\$ 14.36	\$ 15.15	\$ 15.99
Per Person Charge								\$ 4.31	\$ 4.55	\$ 4.80
Volumetric Charge										
1-25 B.U.	0.76	0.88	0.88	0.88	-	-	-	-	-	-
26+ B.U.										
Maximum per month	28.59	33.14	33.14	33.14	-	-	-	-	-	-

COMMERCIAL AND MULTI-FAMILY WASTEWATER RATES				
	2011	2012	2013	2014
Basic Service Charge	\$ 19.18	\$ 22.28	\$ 22.28	\$ 22.28
Volumetric Charge - All B.U.'s				
Class 1	0.76	0.88	0.88	0.88
Class 2	1.03	1.19	1.19	1.19
Class 3	1.30	1.51	1.51	1.51
Class 4	1.57	1.82	1.82	1.82

COMMERCIAL AND MULTI-FAMILY WASTEWATER RATES										
	2015					2016				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
Basic Service Charge	\$ 22.28	\$ -	\$ -	\$ -	\$ -	\$ 22.28	\$ -	\$ -	\$ -	\$ -
Meter Size										
5/8"	24.72	17.87	38.07	78.32	84.49	27.07	19.56	41.69	85.76	92.52
3/4"	24.72	17.87	38.07	78.32	84.49	27.07	19.56	41.69	85.76	92.52
1"	24.72	17.87	38.07	78.32	84.49	27.07	19.56	41.69	85.76	92.52
1.5"	75.90	53.05	120.39	254.54	275.11	83.11	58.09	131.83	278.72	301.25
2"	119.77	83.22	190.96	405.60	438.53	131.15	91.12	209.10	444.14	480.19
2.5"	119.77	83.22	190.96	405.60	438.53	131.15	91.12	209.10	444.14	480.19
3"	258.72	178.75	414.46	884.04	956.06	283.30	195.73	453.84	968.02	1,046.88
4"	441.52	304.43	708.50	1,513.46	1,636.92	483.47	333.35	775.81	1,657.24	1,792.43
6"	916.83	631.22	1,473.04	3,150.05	3,407.27	1,003.93	691.18	1,612.98	3,449.31	3,730.96
8"	1,319.01	907.72	2,119.93	4,534.81	4,905.21	1,444.31	993.95	2,321.33	4,965.62	5,371.20
10"	2,123.37	1,460.74	3,413.76	7,304.41	7,901.16	2,325.09	1,599.51	3,738.07	7,998.33	8,651.77

Meter Size	2017					2018				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
5/8"	20.66	122.31	44.02	90.56	97.70	16.94	20.84	49.92	107.85	117.98
3/4"	20.66	122.31	44.02	90.56	97.70	16.94	20.84	49.92	107.85	117.98
1"	20.66	122.31	44.02	90.56	97.70	16.94	20.84	49.92	107.85	117.98
1.5"	61.35	400.52	139.21	294.33	318.12	51.38	64.39	161.31	354.40	388.15
2"	96.23	639.03	220.81	469.01	507.08	80.91	101.73	256.81	565.75	619.76
2.5"	-	639.03	-	-	-	-	-	-	-	-
3"	206.69	1,394.36	479.25	1,022.23	1,105.51	174.42	219.98	559.23	1,235.12	1,353.26
4"	352.02	2,388.09	819.25	1,750.04	1,892.81	297.44	375.55	957.11	2,115.74	2,318.26
6"	729.89	4,971.94	1,703.30	3,642.47	3,939.89	617.32	780.05	1,991.64	4,405.47	4,827.39
8"	1,049.61	7,158.19	2,451.32	5,243.70	5,671.99	887.98	1,122.30	2,866.98	6,342.87	6,950.43
10"	1,689.08	11,530.82	3,947.40	8,446.24	9,136.27	1,429.31	1,806.83	4,617.72	10,217.77	11,196.63

Meter Size	2019					2020				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
5/8"	17.87	21.99	52.66	113.78	124.46	18.85	23.20	55.56	120.04	131.31
3/4"	17.87	21.99	52.66	113.78	124.46	18.85	23.20	55.56	120.04	131.31
1"	17.87	21.99	52.66	113.78	124.46	18.85	23.20	55.56	120.04	131.31
1.5"	54.20	67.94	170.18	373.89	409.50	57.19	71.67	179.54	394.45	432.02
2"	85.35	107.33	270.93	596.87	653.84	90.05	113.23	285.83	629.70	689.80
2.5"	-	-	-	-	-	-	-	-	-	-
3"	184.01	232.08	589.99	1,303.05	1,427.69	194.13	244.84	622.44	1,374.72	1,506.21
4"	313.80	396.20	1,009.75	2,232.10	2,445.76	331.06	417.99	1,065.29	2,354.87	2,580.28
6"	651.27	822.95	2,101.18	4,647.77	5,092.90	687.09	868.21	2,216.75	4,903.40	5,373.01
8"	936.82	1,184.03	3,024.67	6,691.73	7,332.71	988.34	1,249.15	3,191.03	7,059.77	7,736.01
10"	1,507.92	1,906.21	4,871.69	10,779.75	11,812.45	1,590.86	2,011.05	5,139.64	11,372.64	12,462.13

Wastewater Classes:

Class 1 : Typical users include residential, banks, car washes, churches, department and retail stores, laundromats, professional offices, schools and colleges.

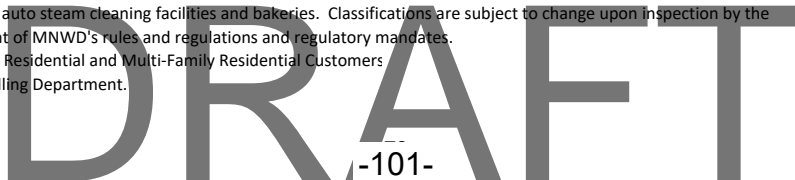
Class 2: Typical users includes beauty and barber shops, hospitals and convalescent facilities, commercial laundry, repair shops, service stations and veterinary hospitals.

Class 3: Typical users include hotels with dining facilities, markets with garbage disposals, mortuaries and fast-food restaurants

Class 4: Typical users include restaurants, auto steam cleaning facilities and bakeries. Classifications are subject to change upon inspection by the District in order to comply with the intent of MNWD's rules and regulations and regulatory mandates.

Per Person Wastewater Charge applies to Residential and Multi-Family Residential Customers

Source: Moulton Niguel Water District Billing Department.



#7.**Moulton Niguel Water District****Principal Wastewater Customers
Current Fiscal Year and Nine Years Ago****Fiscal Year 2020**

<u>Customer</u>	<u>Type of Property</u>	Total Wastewater Sales	Percentage of Total Wastewater Sales
Moritz Associates LLC	Multi-family Residential	\$ 254,196	0.95%
Barcelona LLC	Multi-family Residential	185,582	0.70%
Heather Ridge Condo Assn	Multi-family Residential	135,032	0.51%
Laguna Gardens Apartments	Multi-family Residential	129,865	0.49%
Aliso Creek - Sares	Multi-family Residential	124,551	0.47%
Shea Properties/City Lights	Multi Family Residential	118,730	0.44%
ERP Operating LP LN	Multi Family Residential	117,127	0.44%
Bre Properties	Multi Family Residential	116,900	0.44%
Aliso Meadows Condo Assoc	Multi Family Residential	106,841	0.40%
Alize at Aliso Viejo	Multi Family Residential	<u>104,114</u>	<u>0.39%</u>
		\$ 1,392,938	5.23%

Total Wastewater Sales for FY 2019-20 \$ 26,695,247**Fiscal Year 2011**

<u>Customer</u>	<u>Type of Property</u>	Total Wastewater Sales	Percentage of Total Wastewater Sales
Soka University of America	Private University	\$ 56,889	0.39%
Mission Hospital Regional Med Center	Hospital and Medical	49,426	0.34%
The Shops at Mission Viejo	Shopping Mall	44,776	0.31%
Renaissance Hotel Operating Co.	Retail Center	23,650	0.16%
Shea Properties/City Lights	Multi Family Residential	19,238	0.13%
K&M Royal Group LLC	Retail Center	16,279	0.11%
Saddleback Community College	Public College	15,792	0.11%
Shapell Industries, Inc.	Retail Center	11,825	0.08%
Crown Valley Holding LLC	Retail Business	9,169	0.06%
Heritage Pointe	Multi Family Residential	<u>8,200</u>	<u>0.06%</u>
		\$ 255,244	1.75%

Total Wastewater Sales for FY 2010-11 \$ 14,448,835

Source: Moulton Niguel Water District Billing Department.

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Recycled Water Rates
Last Ten Fiscal Years

Recycled Water Rates by Fiscal Year										
Consumption Tiers (Note 1)	2011	2012 (Note 2)	2013 (Note 2)	2014 (Note 2)	2015 (Notes 2&3)	2016	2017	2018	2019	2020
All B.U.'s	\$ 1.58	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 - 50 B.U.	-	-	-	-	-	-	-	-	-	-
51+ B.U.	-	-	-	-	-	-	-	-	-	-
Tier 1	-	1.23	1.23	1.23	1.17	1.24	1.29	1.39	1.47	1.55
Tier 2	-	1.23	1.23	1.23	1.66	1.74	1.81	2.51	2.69	2.87
Tier 3	-	2.20	2.20	2.20	3.42	3.50	3.57	4.31	4.49	4.67
Tier 4	-	4.41	4.41	4.41	8.21	8.29	8.36	8.78	8.96	9.14
Tier 5	-	8.81	8.81	8.81	-	-	-	-	-	-

¹ Billing Unit (B.U.) is = 100 Cubic Feet = 748 gallons

² A Water Budget Based Rate Structure was implemented July 2011. Tiers 1 and 2 apply to usage within budget, while Tiers 3, 4 and 5 apply to usage in excess of budget

³ A revised Water Budget Based Rate Structure was implemented April 2015. Outdoor Allowance was lowered to reflect a plant factor of 0.7.

Recycled Water Basic Service Charge										
Meter Size	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
5/8"	\$ 8.91	\$ 10.36	\$ 10.36	\$ 10.36	\$ 16.88	\$ 17.83	\$ 18.65	\$ 18.06	\$ 17.24	\$ 16.46
3/4"	8.91	10.36	10.36	10.36	16.88	17.83	18.65	18.06	17.24	16.46
1"	8.91	10.36	10.36	10.36	16.88	17.83	18.65	18.06	17.24	16.46
1.5"	15.66	34.53	34.53	34.53	56.27	59.42	62.15	60.21	57.45	54.85
2"	26.47	55.25	55.25	55.25	90.03	95.07	99.44	96.34	91.93	87.76
3"	35.92	120.87	120.87	120.87	196.94	207.97	217.54	210.76	201.11	192.00
4"	49.42	207.20	207.20	207.20	337.60	356.51	372.91	361.29	344.75	329.14
6"	76.42	431.37	431.37	431.37	703.90	743.32	777.51	752.68	718.24	685.71
8"	103.43	621.60	621.60	621.60	1,012.80	1,069.52	1,118.72	1,083.86	1,034.25	987.42
10"	130.43	1,001.47	1,001.47	1,001.47	1,632.30	1,723.71	1,803.00	1,746.22	1,666.30	1,590.84

Source: Moulton Niguel Water District Billing Department.

#7.**Mouton Niguel Water District****Principal Recycled Water Customers
Current Fiscal Year and Nine Years Ago****Fiscal Year 2020**

<u>Customer</u>	<u>Type of Property</u>	<u>Total Recycled Water Sales</u>	<u>Percentage of Total Sales</u>
Aliso Viejo Comm Assn	Parks, Slopes, Medians	\$ 553,400	10.96%
City of Laguna Niguel	Parks, Slopes, Medians	351,939	6.97%
City of Mission Viejo	Parks, Slopes, Medians	254,515	5.04%
Mission Viejo Country Club	Golf Course	179,315	3.55%
Aliso Viejo Country Club	Golf Course	170,599	3.38%
El Niguel Country Club	Golf Course	166,611	3.30%
City of Laguna Hills	Parks, Slopes, Medians	154,676	3.06%
Marila Hills PCA	Parks, Slopes, Medians	151,026	2.99%
Soka University of America	Private University	85,631	1.70%
Arroyo Trabuco Golf Club	Golf Course	<u>84,412</u>	<u>1.67%</u>
		\$ 2,152,124	42.62%

Total Recycled Water Sales for Fiscal Year 2019-20 \$ 5,049,306**Fiscal Year 2011**

<u>Customer</u>	<u>Type of Property</u>	<u>Total Recycled Water Sales</u>	<u>Percentage of Total Sales</u>
Aliso Viejo Community Association	Parks, Slopes, Medians	\$ 504,540	11.62%
Mission Viejo Country Club	Golf Course	198,178	4.57%
Aliso Viejo Country Club	Golf Course	193,092	4.45%
El Niguel Country Club	Golf Course	158,317	3.65%
Marina Hills PCA	Golf Course	136,525	3.15%
Soka University of America	Private University	106,020	2.44%
City of Mission Viejo	Parks, Slopes, Medians	74,265	1.71%
City of Laguna Niguel	Parks, Slopes, Medians	90,249	2.08%
Beacon Hill Planned Community	Landscape	67,856	1.56%
City of Laguna Hills	Parks, Slopes, Medians	<u>65,301</u>	<u>1.50%</u>
		\$ 1,594,343	36.73%

Total Recycled Water Sales for Fiscal Year 2010-11 \$ 4,340,197

Source: Moulton Niguel Water District Billing Department.

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**Property Tax Levies and Collections
Last Ten Fiscal Years**

Levy Year	Total Tax Levy	Collected within the Levy Year		Collections from Prior Years	Total Collections to Date	
		Amount ¹	Percentage of Levy		Amount	Percentage of Levy
2011	21,638,200	20,835,460	96.29%	511,337	21,346,797	98.65%
2012	22,143,993	20,666,470	93.33%	475,230	21,141,700	95.47%
2013	22,511,515	21,304,598	94.64%	555,032	21,859,630	97.10%
2014	22,890,247	22,311,794	97.47%	211,474	22,523,268	98.40%
2015	24,520,773	23,957,232	97.70%	54,284	24,011,516	97.92%
2016	25,996,107	24,906,067	95.81%	391,998	25,298,065	97.31%
2017	27,121,477	26,078,739	96.16%	355,371	26,434,110	97.47%
2018	28,757,033	27,513,830	95.68%	412,403	27,926,233	97.11%
2019	29,303,633	28,633,242	97.71%	477,414	29,110,656	99.34%
2020	30,793,007	29,439,004	95.60%	468,149	29,907,153	97.12%

¹ Property Tax revenue is the District's second major revenue source.

² Collections from prior years does not include penalty revenue.

Source: Moulton Niguel Water District Finance Department and Orange County Auditor-Controller's office.

Moulton Niguel Water District

Assessed Valuations and Largest Local Secured Taxpayers
Current Fiscal Year and Nine Years Ago

	Assessed Land Values by Use ¹	
	FY 2020	FY 2011
<u>Land Use</u>	<u>Secured Assessed Value</u>	
Residential	\$ 20,373,687,514	\$ 12,454,621,156
Commercial	2,130,420,739	1,515,507,895
Industrial	408,769,481	324,316,239
Vacant/Other	10,924,381	251,099,325
Total	<u>\$ 22,923,802,115</u>	<u>\$ 14,545,544,615</u>

Principal Local Secured Taxpayers
For Fiscal Year 2020

<u>Rank</u>	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1	Moritz Associates LLC	Apartments	\$ 129,529,800	0.57%
2	Barcelona LLC	Apartments	108,721,800	0.47%
3	BRE-FMCA LLC	Apartments	79,341,859	0.35%
4	Enterprise Office Owner LLC	Commercial	65,280,000	0.28%
5	HTA-Mission Mob LLC	Apartments	61,902,754	0.27%
6	Monarch Coast I Owner LLC	Commercial	43,562,523	0.19%
7	Valuerock Aliso Viejo	Commercial	43,191,165	0.19%
8	TR Polaris LLC	Commercial	42,236,080	0.18%
9	Shops at Mission Viejo LLC	Commercial	41,642,718	0.18%
10	Summit Office LLC	Apartments	39,648,004	0.17%
			<u>\$ 655,056,703</u>	<u>2.86%</u>

Fiscal Year 2018-19 Total Local Secured Net Taxable Value: \$ 22,923,802,115

Principal Local Secured Taxpayers
For Fiscal Year 2011

<u>Rank</u>	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1	Shea Homes LP & Shea Homes Vantis Inc.	Residential	\$ 109,983,724	0.76%
2	OC/SD Holdings LLC	Apartments	45,444,053	0.31%
3	BRE - FMCA LLC	Apartments	43,088,043	0.30%
4	Moritz Associates LLC	Apartments	42,364,675	0.29%
5	Laguna Cabot Road Business Park LP	Commercial	40,404,015	0.28%
6	Target Corporation	Commercial	37,967,921	0.26%
7	Barcelona, LLC	Apartments	36,607,525	0.25%
8	Sequoia Equities - Alicante	Apartments	33,587,300	0.23%
9	Mission Viejo Associates	Commercial	31,525,889	0.22%
10	Stonebridge Investors Ltd.	Apartments	30,433,236	0.21%
			<u>\$ 451,406,381</u>	<u>3.11%</u>

Fiscal Year 2010-11 Local Secured Net Taxable Value: \$ 14,545,544,615

¹ Values are for land only and do not include any improvements.

**Outstanding Debt by Type and Debt per Customer
Last Ten Fiscal Years**

Fiscal Year	Bonds Payable	Certificates of Participation ³	Loans Payable	Total Debt	Total		Est. District Population ²	Debt per Capita
					Customer Accounts	Debt per Customer Accounts		
2011	\$ 37,400,000	\$ 87,590,679	\$ 21,432,781	\$ 146,423,460	54,362	\$ 2,693	164,450	\$ 890
2012	32,755,000	85,873,271	19,336,551	137,964,822	54,533	2,530	165,272	835
2013	27,775,000	84,065,864	17,160,816	129,001,680	54,792	2,354	168,174	767
2014	22,816,846	82,198,457	14,998,798	120,014,101	54,899	2,186	169,212	709
2015	31,326,483	65,836,049	12,794,395	109,956,927	54,899	2,003	170,326	646
2016	24,890,785	63,928,642	10,688,013	99,507,440	54,849	1,814	170,610	583
2017	18,327,964	61,946,234	8,693,016	88,967,214	55,030	1,617	171,178	520
2018	16,632,769	60,000,000	6,660,906	83,293,675	55,067	1,513	172,324	483
2019	71,646,102	-	5,088,318	76,734,420	55,108	1,392	171,661	447
2020	67,527,000	68,554,646	-	136,081,646	55,135	2,468	171,746	792

¹ 2015 Revenue Refunding Bonds refunded the 2003 Certificates of Participation, and are listed under the Certificates of Participation column by California Municipal Statistics, Inc.

² Estimated District Population is based on the most recent available data

³ The 2009 Certificates of Participation were fully refunded by the 2019 Revenue Refunding Bonds

Source: Moulton Niguel Water District Finance Department.
California Municipal Statistics, Inc.

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#7.**Moulton Niguel Water District****Ratio of Net Direct General Obligation Debt
Last Ten Fiscal Years**

Fiscal Year	Total General Obligation Bonds Outstanding ¹	General Obligation Debt Service ⁴	Assessed Value ²	Percent of General Obligation Debt to Assessed Value	Population ³	Net General Obligation Debt per Capita
2011	\$ 37,400,000	\$ 6,159,813	\$ 6,062,288,925	0.10%	56,919	\$ 108
2012	32,755,000	6,263,016	6,051,286,544	0.10%	58,503	107
2013	27,775,000	6,416,000	6,093,356,189	0.11%	56,114	114
2014	22,816,846	6,466,700	6,300,950,763	0.10%	56,675	114
2015	16,867,130	6,227,747	5,749,154,516	0.11%	57,236	109
2016	10,697,414	6,240,500	6,159,717,218	0.10%	57,613	108
2017	4,400,575	6,365,900	6,559,781,425	0.10%	57,709	110
2018	2,971,362	1,419,500	7,001,618,675	0.02%	58,289	24
2019	1,465,000	1,449,875	1,794,786,384	0.08%	58,483	25
2020	-	1,490,375	1,871,398,638	0.08%	58,512	25

¹ The repayment of the General Obligation Bonds debt is a voter approved property tax assessment to the property owners residing in the service areas in which the debt applies.

² Assessed valuations are only property related to the General Obligation Bond debt (GOB).

³ The District population is estimated by the California State University at Fullerton Center for Demographic Research (CDR) and is based on the most recent available data.

⁴ Amount represents total debt service paid by the District during the fiscal year

Source: Orange County Auditor-Controller, CDR and Moulton Niguel Water District Accounting Department

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**Direct and Overlapping Debt
Current Fiscal Year**

2019-20 Assessed Valuations: \$22,942,634,170 (Land only)

Direct & Overlapping Tax and Assessment Debt: (Based on all property assessed valuation of \$39,017,967,343)

	Total Debt		District's Share
	06/30/2020	% Applicable ¹	of Debt 06/30/2020
Metropolitan Water District	\$ 37,300,000	1.262%	\$ 470,726
Capistrano Unified School District School Facilities Improvement Distri	18,925,885	29.858%	5,650,891
Laguna Beach Unified School District	20,005,000	1.735%	347,087
Saddleback Valley Unified School District	107,545,000	20.583%	22,426,359
City of San Juan Capistrano	26,270,000	0.013%	3,415
City of Aliso Viejo Community Facilities District No. 2005-01	29,650,000	100.000%	29,650,000
<i>Total Direct & Overlapping Tax and Assessment Debt</i>			\$ 58,548,478

Direct & Overlapping General Fund Debt:

Orange County General Fund Obligations	\$ 386,745,000	6.235%	\$ 24,113,551
Orange County Pension Obligation Bonds	466,863,754	6.235%	29,108,955
Orange County Board of Education Certificates of Participation	12,930,000	6.235%	806,186
Capistrano Unified School District Certificates of Participation	27,010,000	31.114%	8,403,891
City of Aliso Viejo Certificates of Participation	12,250,000	97.995%	12,004,388
City of Laguna Hills Certificates of Participation	4,325,000	70.345%	3,042,421
City of Mission Viejo Certificates of Participation	30,194,326	34.489%	10,413,721
City of San Juan Capistrano Certificates of Participation and Judgment	1,008,682	0.013%	131
Moulton-Niguel Water District General Fund Obligations²	57,170,000	100.000%	57,170,000
<i>Total Direct & Overlapping General Fund Debt</i>			145,063,244

TOTAL DIRECT DEBT			\$ 57,170,000
TOTAL OVERLAPPING DEBT			146,441,722
Combined Total Debt ³			\$ 203,611,722

Ratios to Land Only Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt 0.26%

Ratios to All Property Assessed Valuation:

Total Direct Debt (\$57,170,000) 0.15%
Combined Total Debt 0.52%

¹ The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the water district divided by the overlapping district's total taxable assessed value.

² Excludes accreted value.

³ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

#7.

Moulton Niguel Water District

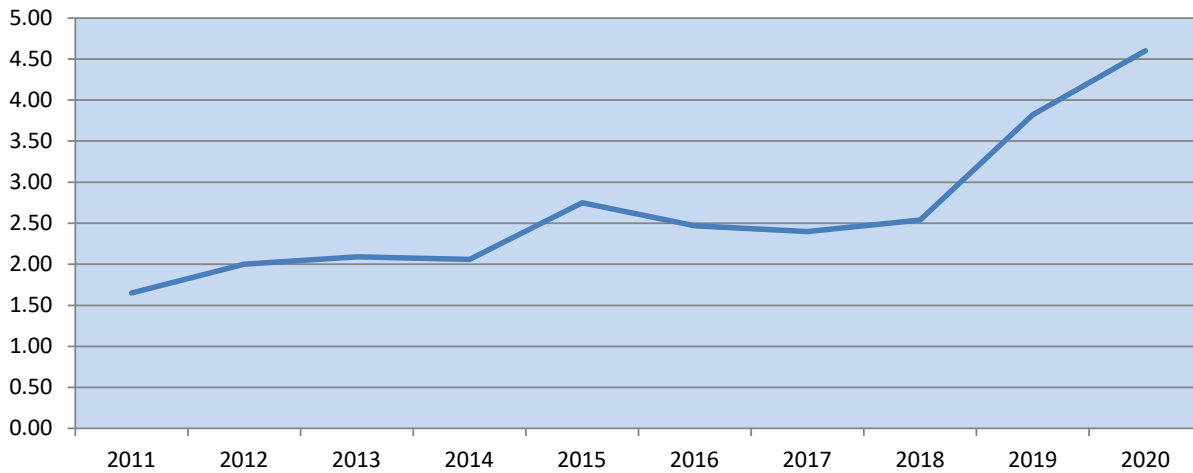
Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Total Revenues ¹	Operating Expenses ²	Net Available Revenues	Annual Debt Service ³			Coverage Ratio
				Principal	Interest	Total	
2011	71,267,139	55,783,588	15,483,551	3,681,716	5,701,425	9,383,141	1.65
2012	72,127,432	53,336,041	18,791,391	3,686,551	5,727,264	9,413,815	2.00
2013	76,664,834	57,089,327	19,575,507	3,572,972	5,790,836	9,363,808	2.09
2014	78,969,108	59,633,768	19,335,340	3,918,909	5,475,003	9,393,912	2.06
2015	88,604,859	63,060,170	25,544,689	3,821,389	5,478,923	9,300,312	2.75
2016	88,604,859	66,713,997	21,890,862	3,766,711	5,093,380	8,860,091	2.47
2017	88,339,002	67,050,425	21,288,577	3,849,998	5,027,110	8,877,108	2.40
2018	94,089,864	71,533,672	22,556,192	3,957,110	4,914,398	8,871,508	2.54
2019	105,512,586	74,314,925	31,197,661	3,377,588	4,792,953	8,170,541	3.82
2020	106,624,872	75,474,164	31,150,708	3,178,260	3,599,396	6,777,656	4.60

¹ Total Revenues include all operating revenues, interest income and other non-operating revenues, but excludes general obligation bond assessment revenues used to repay the general obligation bond debt.

² Operating expenses exclude depreciation and amortization expense.

³ Principal and Interest amounts do not include debt obligations related to general obligation bonds.



Source: Moulton Niguel Water District Finance Department.

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Demographic and Economic Statistics
Last Ten Fiscal Years

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2010	167,408
2011	164,450
2012	165,272
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746

City of Laguna Niguel ¹				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2010	67,117	3,235,788	51,005	7.0%
2011	67,666	3,880,866	47,820	7.5%
2012	63,691	3,172,067	49,804	6.8%
2013	64,065	3,236,436	50,518	4.4%
2014	64,460	3,280,305	50,889	3.9%
2015	64,449	3,215,232	49,888	5.0%
2016	66,142	3,327,443	50,308	4.1%
2017	66,689	3,337,813	50,050	3.7%
2018	65,377	3,380,822	51,713	3.3%
2019	66,748	3,496,077	52,377	2.8%

Source: CSUF Center for Demographic Research. Based on most recent data available.

¹ The District serves 100% of the City of Laguna Niguel which represents approximately 39% of the total District
Source: City of Laguna Niguel Finance Department. Based on most recent available data.

City of Aliso Viejo ²				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2009	45,249	\$ 2,052,309	\$ 44,925	2.7%
2010	45,683	1,977,869	43,342	4.8%
2011	45,634	2,059,354	43,062	4.9%
2012	47,823	2,002,825	40,884	4.6%
2013	48,988	2,100,002	42,444	3.0%
2014	49,951	2,100,839	42,058	2.6%
2015	49,939	2,181,535	43,684	3.5%
2016	50,509	2,223,991	44,032	3.6%
2017	50,312	2,274,460	45,207	3.1%
2018	51,950	2,311,366	44,492	2.6%
2019	51,372	2,385,153	46,429	2.8%

² The District serves approximately 98% of the City of Aliso Viejo which represents approximately 30% of the total District population.
Source: City of Aliso Viejo Finance Department. Based on most recent available data.

Note: The District boundaries encompass five cities: Aliso Viejo, Dana Point, Laguna Hills, Laguna Niguel and Mission Viejo. Aliso Viejo, Laguna Hills, Laguna Niguel, and Mission Viejo represent approximately 99% of the total District population.

#7.**Moulton Niguel Water District****Demographic and Economic Statistics
Last Ten Fiscal Years**

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2010	167,408
2011	164,450
2012	165,272
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746

City of Laguna Hills ³				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2010	33,280	1,417,282	42,444	7.0%
2011	33,593	1,500,666	44,672	8.0%
2012	30,341	1,445,996	47,227	6.6%
2013	30,410	1,363,858	44,421	4.8%
2014	30,857	1,320,001	42,778	4.2%
2015	30,848	1,336,181	43,315	5.0%
2016	30,681	1,373,184	44,757	4.1%
2017	31,544	1,479,761	46,911	3.7%
2018	31,818	1,587,577	49,896	2.6%
2019	31,572	1,661,606	52,629	2.2%

Source: CSUF Center for Demographic Research. Based on most recent data available.

³ The City of Laguna Hills represents approximately 18% of the total District population. Source: City of Laguna Hills Finance Department. Based on most recent data available.

City of Mission Viejo ⁴				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2010	93,297	153,300,000	52,124	6.9%
2011	93,483	154,100,000	50,440	6.7%
2012	94,196	161,700,000	52,342	5.7%
2013	94,824	165,300,000	53,032	4.7%
2014	95,334	173,300,000	55,096	3.9%
2015	96,652	181,300,000	57,133	4.2%
2016	96,701	189,800,000	59,303	4.1%
2017	95,985	208,700,000	65,011	3.4%
2018	95,987	220,200,000	68,014	3.1%
2019	96,434	230,800,000	70,688	3.0%

⁴ The City of Mission Viejo represents approximately 57% of the total District population. Source: City of Mission Viejo Finance Department. Based on most recent data available

Note: The District boundaries encompass five cities: Aliso Viejo, Dana Point, Laguna Hills, Laguna Niguel and Mission Viejo. Aliso Viejo, Laguna Hills, Laguna Niguel, and Mission Viejo represent approximately 99% of the total District population.

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-112-

Demographic and Economic Statistics
Last Ten Fiscal Years

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2010	167,408
2011	164,450
2012	165,272
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746

City of Dana Point ⁵				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2010	35,561	1,706,000	47,974	6.9%
2011	35,109	1,816,000	51,725	6.3%
2012	33,054	1,663,000	50,312	5.5%
2013	33,398	1,723,000	51,590	5.9%
2014	33,625	1,699,000	50,528	5.5%
2015	33,710	1,649,000	48,917	5.2%
2016	33,415	1,742,949	52,161	4.2%
2017	34,902	1,811,000	58,218	3.8%
2018	34,619	1,841,000	61,088	3.2%
2019	34,359	1,927,000	59,496	2.7%

Source: CSUF Center for Demographic Research. Based on most recent data available.

⁵ The City of Dana Point represents approximately 20% of the total District population. Source: City of Dana Point Finance Department. Based on most recent data available.

Note: The District boundaries encompass five cities: Aliso Viejo, Dana Point, Laguna Hills, Laguna Niguel and Mission Viejo. Aliso Viejo, Laguna Hills, Laguna Niguel, and Mission Viejo represent approximately 99% of the total District population.

#7.**Moulton Niguel Water District****Principal Employers
Current Fiscal Year and Nine Years Ago**FY 2020^{1,2}

<u>Rank</u>	<u>Employer</u>	<u>Operating City</u>	<u>Number of Employees</u>	<u>Percent of Each City's Employment</u>
1	Mission Hospital Regional Medical Center	City of Mission Viejo	2,600	5.21%
2	United States Government	City of Laguna Niguel	2,200	6.23%
3	Saddleback Memorial Medical Center	City of Laguna Hills	1,596	9.33%
4	Saddleback College	City of Mission Viejo	1,210	2.42%
5	United Parcel Service	City of Aliso Viejo	1,000	4.04%
6	Ritz-Carlton-Laguna Niguel	City of Dana Point	970	8.17%
7	Saddleback Valley Unified School District	City of Mission Viejo	914	1.83%
8	Pacific Life	City of Aliso Viejo	811	3.28%
9	Monarch Beach Resort (former St. Regis)	City of Dana Point	800	6.74%
10	Coldwell Banker	City of Mission Viejo	740	1.48%

FY 2011^{1,2}

<u>Rank</u>	<u>Employer</u>	<u>Operating City</u>	<u>Number of Employees</u>	<u>Percent of Each City's Employment</u>
1	Saddleback College	City of Mission Viejo	2,196	4.31%
2	Mission Hospital Regional Medical Center	City of Mission Viejo	1,349	2.65%
3	Saddleback Memorial Medical Center	City of Laguna Hills	1,020	6.22%
4	Unisys Corporation	City of Mission Viejo	1,000	1.96%
5	Fluor Industrial Services	City of Aliso Viejo	1,000	4.96%
6	US Technology Resources	City of Aliso Viejo	1,000	4.96%
7	Qlogic Switch Products	City of Aliso Viejo	900	4.46%
8	Quest Software Inc.	City of Aliso Viejo	607	3.01%
9	Costco Wholesale Corporation	City of Laguna Niguel	500	3.51%
10	Fluor Daniel Construction Co.	City of Aliso Viejo	500	2.48%

¹ Principal Employers represents blended most recent available data from the five cities the District serves: Aliso Laguna Niguel, Laguna Hills, Mission Viejo, Dana Point and Aliso Viejo.

² The District used data from the FYE 2010 - 2019 CAFRs for the cities of Aliso Viejo, Laguna Niguel, Mission Viejo, Laguna Hills, Mission Viejo and Dana Point.

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-114-

Full Time Employees by Function
Last Ten Fiscal Years

<u>Function</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Office of the General Manager	3	2	3	6	6	7	6	6	8	7
Human Resources	1	2	2	2	2	2	2	2	2	3
Customer Service - Admin	2	2	3	2	1	1	1	1	1	1
Utility Billing	7	7	7	6	-	-	-	-	-	-
Customer Service - Field	17	18	19	16	16	16	16	16	16	16
Customer Accounts	6	7	5	6	12	12	13	13	14	14
Engineering - Admin	7	9	14	11	9	8	10	10	4	4
Engineering									12	12
Inspection	9	8	9	12	11	12	13	13	13	13
Purchasing	2	2	2	3	3	3	3	4	2	2
Information Technology	3	3	3	3	3	4	6	6	7	7
Finance & Planning	3	2	2	2	3	3	3	3	4	4
Accounting	5	7	7	7	6	6	6	6	6	6
Operations - Admin	6	6	6	4	6	8	6	6	2	2
Operations - Facilities	9	10	11	17	18	19	16	16	19	20
Operations - Utilities	24	22	20	18	19	22	28	28	28	31
Water Efficiency	-	-	-	-	3	6	9	9	8	10
Wastewater Treatment Plant Operations	-	-	-	-	-	-	-	-	6	6
Total	104	107	113	115	118	129	138	139	152	158

Source: Moulton Niguel Water District Human Resources Department

Moulton Niguel Water District

Operating Indicators
Last Ten Fiscal Years

FISCAL YEAR	SERVICE CONNECTIONS	NET INCREASE PIPELINE (MILES)	MONTH OF PEAK CONSUMPTION	PEAK MONTHLY CONSUMPTION (M.G.D.)	AVERAGE DAILY CONSUMPTION (M.G.D.) ²	AVG. DAILY SEWAGE (M.G.D.)	AVG. DAILY POTABLE IMPORT (M.G.D.)	TAKEOUTS
2011	54,374	~1,400	August	31.30	24.16	12.5	24.16	13
2012	54,597	~1,400	August	34.31	24.43	13.4	20.54	13
2013	54,790	~1,400	August	43.50	25.10	13.6	25.19	13
2014	54,899	~1,400	July	35.30	25.58	11.9	25.6	13
2015	55,019	~1,300	August	39.94	29.10	11.2	24.03	13
2016	54,849	~1,300	June	31.66	24.75	11.2	20.72	13
2017	55,030	~1,300	September	37.32	24.28	10.9	22.47	9
2018	55,067	~1,300	September	35.44	26.28	10.8	22.94	9
2019	55,108	~1,300	August	38.34	23.69	10.6	21.30	9
2020	55,135	~1,300	August	35.85	22.67	10.7	20.80	11

FISCAL YEAR	PUMP STATIONS ¹			RESERVOIRS ¹		NO. OF FIRE HYDRANTS	TREATMENT PLANTS ¹	MILES OF WATER	MILES OF WASTEWATER	MILES OF RECYCLED
	RECYCLED	POTABLE	LIFT	RECYCLED	POTABLE					
2011	12	30	19	13	28	7,256	4	700	537	148
2012	12	30	19	13	28	7,258	4	700	537	148
2013	12	30	19	13	28	7,211	4	700	537	148
2014	12	30	19	13	28	7,141	4	700	537	148
2015	10	25	18	11	28	7,112	4	663	504	140
2016	10	25	18	11	28	7,149	4	668	505	141
2017	9	23	17	11	28	7,154	4	655	501	142
2018	9	23	17	11	28	7,163	4	656	501	142
2019	9	23	17	11	28	7,148	4	656	501	142
2020	9	25	17	11	28	7,159	4	656	501	142

Note: MGD = Millions of Gallons per Day.

¹ The District wholly owns or has capacity rights in its pump stations, reservoirs, and treatment plants.

² Consumption includes Recycled Water

Source: Moulton Niguel Water District Operations and Billing Department.

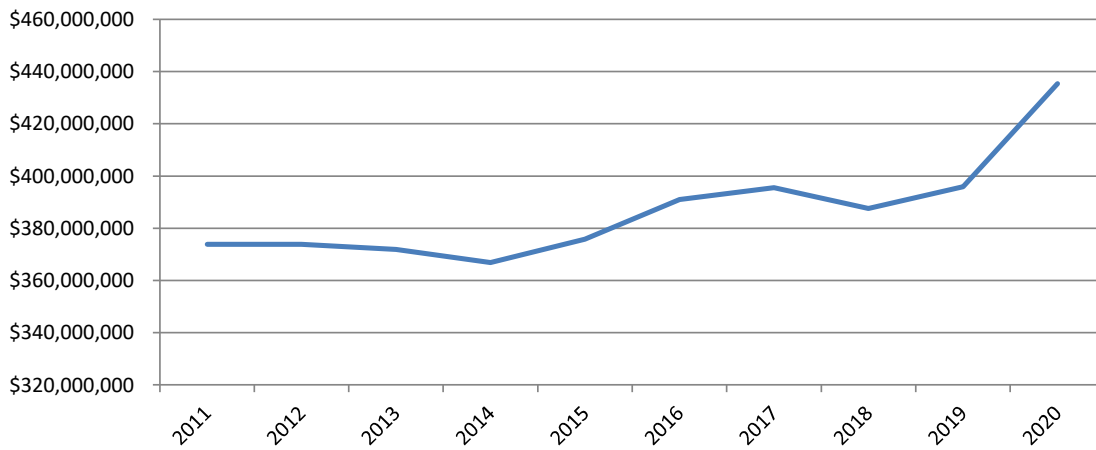
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**Capital Asset Statistics
Last Ten Fiscal Years**

Fiscal Year	Water Systems	Capacity Rights	Buildings	Automobiles & Equipment	Intangible Asset ¹	Land	Construction in Progress	Capital Assets, Net of Depreciation
2011	\$ 335,560,748	\$ 7,995,119	\$ 3,401,805	\$ 3,448,555	\$ -	\$ 1,091,910	\$ 22,383,367	\$ 373,881,504
2012	329,278,513	27,691,901	3,217,693	2,949,815	-	1,091,910	9,572,378	373,802,210
2013	330,699,738	27,149,621	3,119,398	2,722,514	-	1,091,910	7,057,346	371,840,527
2014	319,084,402	26,607,341	2,864,432	2,426,058	-	1,091,910	14,785,817	366,859,960
2015	311,408,504	26,065,062	2,689,869	2,947,705	-	1,091,910	31,642,242	375,845,292
2016	271,113,215	63,993,270	2,408,058	7,232,783	-	1,091,910	45,135,106	390,974,342
2017	267,966,653	67,862,518	2,126,682	11,685,232	-	1,091,910	44,848,592	395,581,587
2018	261,018,260	106,002,867	1,845,743	10,174,076	-	1,091,910	7,454,600	387,587,456
2019	260,190,540	110,611,241	1,565,874	8,952,263	-	1,091,910	13,508,163	395,919,991
2020	260,332,469	115,164,617	1,469,712	7,156,153	1,880,958	1,091,910	48,266,048	435,361,867

¹ The District implemented GASB 87, Leases, during Fiscal Year 2019-20, and recognized an intangible asset for the right to use leased assets.

Capital Assets, Net of Depreciation



Source: Moulton Niguel Water District Accounting Department

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Moulton Niguel Water District
Aliso Viejo, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Moulton Niguel Water District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated _____, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 's internal control. Accordingly, we do not express an opinion on the effectiveness of 's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Laguna Hills, California
_____, 2020

_____, 2020

To the Board of Directors
Moulton Niguel Water District
Aliso Viejo, California

We have audited the financial statements of the Moulton Niguel Water District (District) as of and for the year ended June 30, 2020, and have issued our report thereon dated _____, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*, and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated May 14, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance the District's major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated _____, 2020. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated _____, 2020.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Note 1, the District adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement No. 87, Leases*, effective July 1, 2019. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimates of pension and OPEB liabilities, and related deferred inflows and outflows of resources, pension and OPEB expenses, and disclosures.

Management's estimate of the pension and OPEB information described above is based on actuarial valuations. We evaluated the key factors and assumptions used to develop these estimates and determined that they were reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

- Note 4 to the financial statements disclose the District's leases, including those where the District is a lessee (liabilities) and lessor (receivables).
- Note 9 and 10 to the financial statements disclose the District's net pension and OPEB liabilities, respectively, including the related deferred outflows and inflows of resources and pension/OPEB expenses. The valuations of the net pension and OPEB liabilities are sensitive to the actuarial assumptions used, including but not limited to, the investment rate of return, discount rates, and for OPEB, the healthcare cost trend rates. As disclosed in Notes 9 and 10, a 1% increase or decrease in the discount rate and healthcare trend rate, as applicable, has a significant effect on the District's net pension and OPEB liabilities.
- Note 18 to the financial statements disclose events occurring subsequent to June 30, 2020, including the ground lease for certain real property owned by the District.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. No such items were reported.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated _____, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or its manner of presentation, is materially consistent with the financial statements.

Emphasis of Matter of the Auditor's Report

We have made the following modification to our auditor's report.

Addition of an emphasis of matter paragraph regarding the District's adoption of GASB 87, *Leases*. Our opinion is not modified with respect to that matter.

Group Audits

The financial statements include the financial statements of the Moulton Niguel Water District Public Facilities Corporation (Corporation), a blended component unit of the District, which for the purposes of our audit we do not consider to be a significant component within the financial statements. Consistent with the audit of the financial statements as a whole, our audit included obtaining an understanding of the Corporation and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and completion of further audit procedures.

This report is intended solely for the information and use of the Board and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Laguna Hills, California

**Independent Accountant's Report on Applying Agreed Upon Procedures
Related to the Article XIII-B Appropriations Limit Calculation**

Board of Directors
Moulton Niguel Water District
Laguna Niguel, California

We have performed the procedures enumerated below, which were agreed to by the Moulton Niguel Water District (District) (the specified party), on the Appropriations Limit Calculation of the District prepared in accordance with Article XIII-B of the California Constitution for the fiscal year ended June 30, 2020. The District's management is responsible for the Appropriations Limit Calculation. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been required or for any other purpose.

The procedures and associated findings are as follows:

1. We obtained completed worksheets setting forth the calculations necessary to establish the District's appropriation limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the Board of Directors. We recalculated the apportionment limit provided by the District.

Findings: No exceptions were found as a result of this procedure.

2. We added last year's limit to the total adjustments and compared the resulting amount to the 2019-2020 appropriations limit.

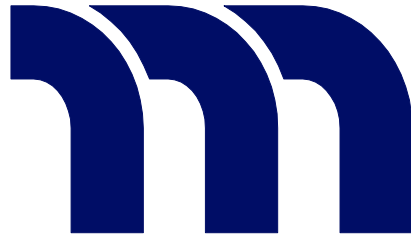
Findings: No exceptions were found as a result of this procedure.

3. We compared the current year information to the worksheets described in No. 1 above.

Findings: No exceptions were found as result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the Board of Directors.

Findings: No exceptions were found as result of this procedure.



moulton niguel water district

**DRAFT
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT**

October 8, 2020

A Regular Meeting of the Board of Directors of the Moulton Niguel Water District was held in accordance with the Governor’s Executive Order N-29-20 in an effort to prevent the spread of COVID-19 (Coronavirus). As a result, there was no public location for the public to attend in person. The Closed Session was called to order at 5:00 PM and the Open Session was called to order at 6:00 PM on October 8, 2020. There were present and participating at 26880 Aliso Viejo Pkwy, Suite 150, Aliso Viejo, CA:

DIRECTORS

- | | |
|-----------------|-------------------------------|
| Duane Cave | Vice President |
| Richard Fiore | Director |
| Donald Froelich | Vice President |
| Kelly Jennings | Director |
| Gary Kurtz | Director (via teleconference) |
| Bill Moorhead | Director |
| Brian Probolsky | President |

Also present and participating were:

STAFF MEMBERS IN-PERSON

- | | |
|---------------|---------------------------|
| Matt Collings | Assistant General Manager |
| Paige Gulck | Board Secretary |

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

- | | |
|------------|---------------------------|
| Rod Woods | Assistant General Manager |
| Tim Bonita | Board Secretary |

#8.

1. **CALL MEETING TO ORDER:**

The meeting was called to order by President Probolsky at 6:00 p.m. President Probolsky stated that the meeting was being conducted by teleconference pursuant to the Brown Act waivers provided for under the Governor's Executive Orders in response to the COVID-19 State of Emergency. As stated on the agenda, there was no public location for attending the meeting in person. The agenda also stated that the public could listen and provide comment telephonically by calling the number listed on the agenda.

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 claims - Claimants: Mark Hadipour, Joshua Ward, Douglas Shaffer, Valerie Mantecon, Benjamin and Kendra Stevens, Tammy Miller

OPEN SESSION - 6:00PM

3. **REPORT OUT OF CLOSED SESSION:**

The Board met in closed session under Government Code Section 54956.9 regarding the receipt of claims from the claimants listed on the agenda.

MOTION DULY MADE BY GARY KURTZ AND SECONDED BY RICHARD FIORE, TO REJECT THE CLAIMS AND TO DIRECT THAT THE APPROPRIATE NOTICES BE SENT TO THE CLAIMANTS AND THAT THIS MATTER BE TURNED OVER TO THE DISTRICT'S INSURANCE CARRIER. A ROLL CALL VOTE WAS TAKEN AND THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

4. **PLEDGE OF ALLEGIANCE:**

Director Fiore led the Pledge of Allegiance.

5. **PUBLIC COMMENTS:**

President Probolsky stated that as permitted under the Brown Act, and in order to provide an equal opportunity for members of the public to provide comment without everyone talking over one another, public comments, on items on or off the agenda, would be taken during the Public Comment portion of the meeting. President Probolsky then asked if there was anyone on the phone who would like to provide comment. Hearing none, the Public Comment portion of the meeting was closed.

CONSENT CALENDAR ITEMS:(Items on the Consent Calendar have been discussed at the regularly scheduled Administrative and Technical Committee meetings)

6. MINUTES OF THE SEPTEMBER 10, 2020 BOARD OF DIRECTORS MEETING

8. MINUTES OF THE SEPTEMBER 29, 2020 SPECIAL BOARD OF DIRECTORS MEETING

9. ON-CALL CONSTRUCTION SUPPORT SERVICES AGREEMENT AND AMENDMENT

It is recommended that the Board of Directors approve a two-year Construction Support Services Agreement with Pacific Hydrotech, Inc. for a not-to-exceed amount of \$500,000; approve Amendment No. 1 to the Construction Support Services Agreement with Kingmen Construction, Inc. in the amount of \$250,000 for a total not-to-exceed amount of \$1,000,000; and authorize the General Manager or Assistant General Manager to execute the agreement and amendment.

10. CONSTRUCTION CONTRACT TIME EXTENSION FOR ELECTRICAL SYSTEM IMPROVEMENTS

It is recommended that the Board of Directors approve a construction contract time extension through December 31, 2020 to Southern Contracting Company; and authorize the Director of Engineering to execute the extension.

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY DONALD FROELICH, CONSENT ITEMS 6, 8, 9 AND 10 WERE APPROVED AS PRESENTED. A ROLL CALL VOTE WAS TAKEN AND THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

7. MINUTES OF THE SEPTEMBER 24, 2020 SPECIAL BOARD OF DIRECTORS MEETING

This item was pulled from consent by Director Fiore. Director Fiore mentioned that he believed he had attended this meeting virtually and as a result, his name should be added to the Minutes as one of the attendees.

MOTION DULY MADE BY DONALD FROELICH AND SECONDED BY RICHARD FIORE, ITEM 7 WAS APPROVED WITH THE REVISION TO INLCUDE DIRECTOR FIORE AS ONE OF THE ATTENDEES. A ROLL CALL VOTE WAS TAKEN AND THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

Later in the meeting, Director Fiore stated that upon further review of his schedule, he now recollected that he did not attend that special meeting virtually.

MOTION DULY MADE BY RICHARD FIORE AND SECONDED BY DUANE CAVE, TO RECONSIDER AND ADOPT ITEM 7 AS SET FORTH IN THE AGENDA PACKET WITH NO REVISIONS. A ROLL CALL VOTE WAS TAKEN AND THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

INFORMATION ITEMS:

11. MONTHLY FINANCIAL REPORT

Trevor Agrelius presented the monthly financial report.

12. PIPELINE REPLACEMENTS AT I-5 AND OSO CREEK PROJECT UPDATE

Todd Dmytryshyn presented the Pipeline Replacements at I-5 and Oso Creek Project Update.

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

Matt Collings provided the General Manager report. The report included an update on the District's COVID response and an update on the Plant 2A upgrades project.

PRESIDENT'S REPORT:

President Probolsky commended staff for the great job everyone did on the community forum. He also passed along a message from Director Mark Monin of El Toro Water District congratulating staff on the success of the community forum.

BOARD REPORTS:

Director Moorhead stated that he attended Water Environment Federation presentation on direct backups for pump stations.

Vice President Froelich stated that he attended the WACO meeting where they had a topic on managing salinity.

Vice President Cave stated that he attended the quarterly meeting with the Districts board officers and Santa Margarita Water Districts board officers to talk about how the districts can work together and cooperate on upcoming events. Vice President Cave also stated that the community forum was a lot of fun and was a great event.

Director Jennings also stated that staff did an exceptional job on the community forum.

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

None.

LATE ITEMS: (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT:

The meeting was adjourned at 7:07 p.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

DRAFT



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** November 12, 2020

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

SUBJECT: Plug and Check Valve Purchase Authorization

SUMMARY:

Issue: Board action is required to authorize the purchase of plug and check valves.

Recommendation: It is recommended that the Board of Directors authorize the purchase of plug and check valves from CS Amsco in an amount not to exceed \$450,000 over a three-year period.

Fiscal Impact: The fiscal impact will depend on the number of plug and check valve replacements required. Sufficient funds are available in current capital budget and will be included in subsequent years.

Reviewed by Committee: Yes, recommended for approval at Technical Committee Meeting on November 2, 2020.

Reviewed by Legal: Not applicable

BACKGROUND:

The District currently operates and maintains 17 active wastewater lift stations throughout its service area, as well as the Plant 3A wastewater treatment facility. Within these facilities are approximately 250 plug valves and 80 check valves of various sizes. Although rehabilitation of each facility, including the replacement of valves within each facility, has been planned as part of the District's Capital Improvement Program, occasional valve replacements are necessary to continue to ensure that reliable service is provided.

As part of the District's programmatic approach to facility rehabilitation, it is desired to standardize on certain equipment throughout the District to increase interchangeability and to reduce staff training requirements and the necessary inventory of spare parts.

#9.

Plug and Check Valve Purchase Authorization

November 12, 2020

Page 2 of 2

In May 2020, the District initiated a Valve Evaluation Study with Black & Veatch utilizing the On-Call Engineering Services Agreement. This study included an engineering technical review and preliminary cost comparison of various plug and check valves for wastewater service to assist the District with standardizing on these valve types throughout the District.

Through this evaluation, working closely with District staff, Black & Veatch concluded that DeZURIK plug valves and APCO check valves provided the best overall value to the District primarily based on the following superior technical considerations:

DeZURIK PEC Eccentric Plug Valve

- Vertically adjustable plug, which allows for plug axial movement. This feature helps avoid binding problems and allows for a reliable shut off in the closed position.
- Ability to view the packing seal and chevron (V shape) adjustable gland. Packing can be inspected, adjusted, or replaced under pressure. The leakage of the packing seal can be inspected and does not cause damage to the actuator device. The gland can be field adjusted and tightened multiple times to prevent leakages.

APCO CVS 6000/6000A

- Double clevis design. This feature promotes even wearing of seating surfaces compared to the single pivot design. The clevis hinge assures self-leveling and even load distribution upon closing, which minimizes seat wear.
- APCO provides a larger, heavy-duty shaft which is designed to handle higher flow rates, pressures, and withstand shock for improved durability.

DISCUSSION:

Based on Black & Veatch's evaluation, staff issued a Request for Quotation to CS Amsco, the exclusive local distributor for DeZURIK plug valves and APCO check valves, to obtain unit pricing of various sizes of plug and check valves for wastewater service over a three year term. A quotation was received on October 23, 2020.

Staff has reviewed the proposed pricing for various sizes of plug and check valves from CS Amsco and has determined that it is consistent with initial pricing included in Black & Veatch's valve evaluation, which was a factor considered during the evaluation.

Staff is recommending that the Board of Directors authorize the purchase of plug and check valves from CS Amsco in an amount not to exceed \$450,000 over a three-year period.



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** November 12, 2020

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

SUBJECT: Materials Testing and Inspection Services Amendment

SUMMARY:

Issue: Additional Materials Testing and Inspection Services are required to support the completion of the upgrades at the District’s Plant 2A facility.

Recommendation: It is recommended that the Board of Directors approve a \$60,000 not-to-exceed amendment for a total not-to-exceed authorization of \$225,000 with Koury Engineering, Inc. and authorize the General Manager or Assistant General Manager to execute the amendment.

Fiscal Impact: Sufficient funds are included in the capital budgets for the ongoing projects at Plant 2A.

Reviewed by Committee: Yes, recommended for approval at Technical Committee Meeting on November 2, 2020.

Reviewed by Legal: Yes

BACKGROUND:

In June 2019, the Board of Directors authorized the execution of an agreement with Koury Engineering, Inc. in the amount not-to-exceed \$150,000 to provide materials testing and inspection services in support of the upgrades at the District’s Plant 2A facility. The Board also approved amendments up to 10% of the contract value at that time. Construction commenced on August 26, 2019 and has been ongoing since that time.

Koury Engineering has provided material testing and inspection services as required while the construction work has progressed. These services have included on-site observation, inspection, field testing, sample collection, laboratory testing, and reporting. However, the services required to date for the project have exceeded

#10.

Materials Testing and Inspection Services Amendment

November 12, 2020

Page 2 of 2

staff's original estimate; thus, Amendment No. 1 for an additional \$15,000 in time-and-material services was executed on October 7, 2020 in accordance with the Board's previous authorized contingency.

DISCUSSION:

The materials testing and inspection services provided by Koury Engineering, Inc. have contributed to ensuring the construction work is completed in accordance with the design documents and produced the necessary documentation to satisfy the requirements of the building permits. However, it is anticipated that additional testing and inspection services will be required in support of the remaining upgrades at Plant 2A. Staff is requesting an amendment to the Materials Testing and Inspection Agreement with Koury Engineering, Inc. in the amount of \$60,000 for a total not-to-exceed total authorization of \$225,000.

All services will continue to be performed on a time and materials not to exceed basis.

Attachments:

1. Professional Services Agreement
2. Amendment No. 1 to the Professional Services Agreement
3. Amendment No. 2 to the Professional Services Agreement (proposed)

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN
MOULTON NIGUEL WATER DISTRICT AND
KOURY ENGINEERING & TESTING, INC.
MNWD PROJECT: ON-CALL MATERIALS TESTING AND INSPECTION SERVICES
CONTRACT NO. 2014.015i**

This Agreement (the "Agreement") is made and entered into this 6th day of August, 2019 ("Effective Date") by and between the Moulton Niguel WATER DISTRICT ("MNWD") and Koury Engineering & Testing, Inc., a corporation with its principal place of business at 14280 Euclid Ave., Chino, CA 91710 ("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 material testing and inspecting services in a competent and professional manner.

SECTION II – TERM

The term of this Agreement shall be from the Effective Date through March 30, 2021, unless earlier terminated as provided herein.

Section 2.1. 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 2.2. 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 2.3. 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 III – COMPENSATION

Section 3.1. 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 Hundred Fifty Thousand Dollars (\$150,000) 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.

#10.

Section 3.2. 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 3.3. Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by MNWD.

Section 3.4. 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 IV – REPRESENTATIVES OF THE PARTIES

Section 4.1. MNWD's Representative. MNWD hereby designates its Director of Engineering, 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 4.2. Consultant's Representative. Consultant hereby designates Corey Ptaszynski, or his or her 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 V – RESPONSIBILITIES OF CONSULTANT

Section 5.1. 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 5.2. 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 5.3. Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of MNWD.

Section 5.4. Substitution of Key Personnel. Consultant has represented to MNWD that certain key personnel will perform and coordinate the Services under this Agreement. The key personnel for performance of this Agreement are as follows: Corey Ptaszynski. 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 5.5. 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 5.6. 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 VI – LABOR CODE PROVISIONS

Section 6.1. 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 6.2. 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 6.3. 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 VII – 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 VIII – INSURANCE

Section 8.1. 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 8.2. 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,

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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 8.3. 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 8.4. 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 8.5. 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 8.6. 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 8.7. 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 8.8. 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 IX – TERMINATION

Section 9.1. 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 9.2. 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 9.3. 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 X – OWNERSHIP OF MATERIALS AND CONFIDENTIALITY

Section 10.1. 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 10.2. Subconsultants. Consultant shall require all subconsultants to agree in writing that MNWD is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. 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 design professionals other than Consultant or its subconsultants, or those provided to Consultant by MNWD.

Section 10.3. 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 10.4. 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 10.5. 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 XI – ACCOUNTING, INSPECTION AND AUDIT

Section 11.1. 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 11.2. 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 XII – GENERAL PROVISIONS

Section 12.1. 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 Engineering

CONSULTANT:

Koury Engineering & Testing, Inc.
14280 Euclid Ave
Chino, CA 91710
Attn: Corey Ptaszynski

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

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applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

Section 12.2. Subcontracting/Subconsulting. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of MNWD. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

Section 12.3. 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 12.4. Time of Essence. Time is of the essence for each and every provision of this Agreement.

Section 12.5. MNWD's Right to Employ Other Consultants. MNWD reserves right to employ other consultants in connection with this Project.

Section 12.6. Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

Section 12.7. 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 12.8. 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 12.9. Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

Section 12.10. 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 12.11. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

Section 12.12. 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 12.13. 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 12.14. 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 12.15. Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

Section 12.16. 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 12.17. 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 12.18. 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 12.19. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

EXHIBIT A

SCOPE OF SERVICES

Provide materials testing and inspection services on an on-call, as-needed basis including but limited to: on-site observation, inspection, field testing, sample collection, laboratory testing, and reporting for the improvements at Plant 2A.



MASTER SCHEDULE OF FEES

Prevailing Wage

INSPECTORS

Materials Inspector (Concrete, Masonry, Structural Steel and Welding, Fireproofing, Shotcrete)	\$	85.00	Per Hour
Building Inspector (Wood Construction)	\$	95.00	Per Hour
Building Inspector (MEP)	\$	95.00	Per Hour
Specialty Inspector (Glu-Lam Beams/Trusses at Fab Shop/Med Gas/ Add. Specialty Inspections)	\$	Quote	Per Hour
Soils Inspector (Soils, Asphalt, Piles)	\$	85.00	Per Hour
Soils Inspector (LA Deputy Grading Inspector)	\$	95.00	Per Hour
Nuclear Gauge Equipment	\$	35.00	Per Day
Soils Inspector Mileage	\$	0.75	Per Mile
Soils Inspector Travel Time (portal to portal)			Equal to Rate of Service

NON-DESTRUCTIVE TESTING AND ADDITIONAL SERVICES

Lab Technician - 1 man & equipment (Torque, Pull, Pachometer, Schmidt Hammer, Coring)	\$	110.00	Per Hour
Asst. Lab Technician	\$	85.00	Per Hour
Non-Destructive Testing: UT, PT, MT	\$	95.00	Per Hour
Ground Penetrating Radar – Technician	\$	250.00	Per Hour
Utility Locating – Technician	\$	175.00	Per Hour
Asst. Technician - (GPR and Utility Locating)	\$	110.00	Per Hour
Radiography Technician	\$	95.00	Per Hour
Radiography Truck	\$	195.00	Per Shift
Radiography Film	\$	0.15	Per Sq/In
Non-Destructive Testing: Couplant and Dye Penetrant	\$	60.00	Per gallon
Parking (if necessary)	\$	Cost Plus	20%
Travel Time	\$		Equal to Rate of Service
Mileage	\$	0.75	Per Mile

FIELD EQUIPMENT CHARGE AND CONSUMABLES

Equipment - Torque Wrench	\$	65.00	Per Day
Equipment - Skidmore Bolt Tension Calibrator	\$	150.00	Per Day
Equipment - Skidmore Bolt Tension Indicator	\$	65.00	Per Day
Equipment - Multiplier	\$	15.00	Per Day
Equipment – Schmidt Hammer	\$	40.00	Per Day
Equipment – Dry Film Thickness Gauge	\$	40.00	Per Day
Equipment – Non-Shrink Grout Mold 2" Cube	\$	25.00	Per Day
Equipment – Slab Moisture Test Kit (Per Kit)	\$	35.00	Per Day
Equipment – Tile Test Kit (Per Kit)	\$	35.00	Per Day
Equipment – Unit Weight Kit: scale, bucket, plate, mallet, rod	\$	20.00	Per Day
Equipment – Air-Entrainment	\$	20.00	Per Day
Equipment – Windsor Probe	\$	15.00	Per Day
Equipment – Truck Charge	\$	55.00	Per Day
Equipment – Epoch	\$	Quote	Per Day
Equipment – Coring	\$	Quote	Per Day
Equipment - Relative Humidity Probes	\$	55.00	Per Probe
Isotope Depletion 314	\$	18.00	Each
Hazardous Waste Disposal	\$	15.00	Each

LABORATORY HOURS AND TESTING SERVICES

Laboratory hours are 7:00 a.m. through 4:00 p.m., Monday through Friday. Break results available at 8:00 a.m. Additional charges will be made for off-hours, weekends or holidays as follows:

Off-hour Laboratory Operations per hour	\$	500.00	Per Hour
Saturday Laboratory Operations per hour	\$	500.00	Per Hour
Sunday or Holiday Laboratory Operations per hour	\$	750.00	Per Hour
Pick Up Sample Trip Charge (2 hour minimum)	\$	50.00	Per Hour
After Hours Pick Up Sample Trip Charge	\$	100.00	Per Hour

ASTM Physical Characteristics

SOIL AND AGGREGATE

Table listing soil and aggregate tests such as Unit Weight, Expansion Index, Particle-Size Distribution, and Durability Index with associated costs and units.

CHEMICAL PROPERTIES

Table listing chemical property tests such as Resistivity, pH, Sulphate, Chloride, and Corrosivity Series with associated costs and units.

ASPHALT CONCRETE

Table listing asphalt concrete tests such as Review of Existing Mix Design, Gradation of Extracted Sample, and Field Mix - Marshall - Stability Per Point with associated costs and units.

CONCRETE

Table listing concrete tests such as Concrete Cylinders Compression Test, Shotcrete Cores, Grout Shrinkage, and Air Entrainment Test with associated costs and units.

MASONRY

BLOCK

Table listing masonry block tests such as Mortar Cylinders, Mortar Cubes, and Grouted Prisms Compression with associated costs and units.

#10.

C1314	Grouted Prisms Compression (Masonry Assemblage) Test >8" x 8" x 16"	\$	120.00	Each
C140	Moisture Content as Received each	\$	50.00	Each
C140	Absorption, 3 Required	\$	40.00	Each
C140	Measurements	\$	30.00	Each
C140	Compression ≤8" x 8" x 16", Qty 3 Required	\$	45.00	Each
C140	Compression >8" x 8" x 16" Qty 3 Required	\$	55.00	Each
C426	Linear Shrinkage, Qty 3 Required.....	\$	80.00	Each
C42	Masonry Core – Compression	\$	55.00	Each
C42	Masonry Core – Shear.....	\$	75.00	Each
C42	In Laboratory Core Cutting.....	\$	50.00	Each

BRICK

C67	Compression.....	\$	40.00	Each
C67	Modulus of Rupture.....	\$	50.00	Each
C67	Absorption, Soak.....	\$	30.00	Each
C67	Absorption, Boil.....	\$	30.00	Each
C67	Absorption, Saturation Coefficient.....	\$	40.00	Each
C67	Initial Rate of Absorption	\$	40.00	Each
C67	Efflorescence	\$	55.00	Each
C67	Efflorescence with Mortar.....	\$	65.00	Each

STEEL REINFORCING

A615/A706	Tensile No. 8 Bar and Smaller	\$	55.00	Each
A615/A706	Tensile No. 9 To 11 Bar	\$	55.00	Each
A615/A706	Tensile No. 14 Bar.....	\$	70.00	Each
A615/A706	Bend Test No. 8 Bar and Smaller.....	\$	55.00	Each
A615/A706	Bend Test No. 9 To 11 Bar	\$	55.00	Each
A615/A706	Bend No.14 Bar	\$	70.00	Each
A615/A706	Bend / Tensile Test No. 18	\$	250.00	Each
A706	Chemical Analysis.....	\$	300.00	Each
A615/A706	Deformation Compliance	\$	55.00	Each
A615/A706	Cut To Size (for testing).....	\$	10.00	Each

STEEL COUPLED WELDED REINFORCING

A615/A706	Tensile No. 8 Bar and Smaller	\$	70.00	Each
A615/A706	Tensile No. 9 To 11 Bar	\$	80.00	Each
A615/A706	Tensile No. 14 Bar.....	\$	100.00	Each
A615/A706	Tensile No. 18 Bar.....	\$	275.00	Each

STRUCTURAL STEEL

A370/F606	Bolt Tensile Test	\$	55.00	Each
A370/F606	Bolt Proof Test.....	\$	45.00	Each
A370/F606	Nut Proof Test	\$	45.00	Each
A370/F606	Nelson Stud Tensile Test.....	\$	115.00	Each
A370/F606	Metal Deck Tensile Test (formed sheet metal)	\$	135.00	Each
E10	Brinell Hardness Test	\$	45.00	Each
E18	Rockwell Hardness Test.....	\$	45.00	Each
A370/F606	Coupon Tensile Test.....	\$	40.00	Each
A370/F606	Coupon Bend Test.....	\$	40.00	Each
A370/F606	Nut / Bolt / Washer Hardness Test	\$	45.00	Ea. Pc
A90	Metal Deck Coating.....	\$	115.00	Each
A370/F606	Machining & Preparation of Samples.....	\$	40.00	Each

PRESTRESS

A416	Prestressed Strand (Yield / Tensile).....	\$	125.00	Each
	Sample Preparation (Grease Removal).....	\$	15.00	Each

FIREPROOFING

UBC 43-8	Oven Dry Density.....	\$	45.00	Each
UBC 43-8	Adhesive/Cohesion Testing.....	\$	45.00	Each

ROOFING

UBC 32-12	Tiles (Breaking Strength / Absorption)	\$	60.00	Each
	Mineral Shake – Flexural.....	\$	40.00	Each
	Mineral Shake – Absorption	\$	30.00	Each
	Tagging, Material Id and Sampling Tiles	\$	70.00	Per Hour
	Final Laboratory Roof/Tile Material Affidavit Report.....	\$	300.00	Each

FLOOR FLATNESS

Price Includes 1 technician and equipment

Floor Flatness (Under 10,000 ft)	\$	Quotation	
Floor Flatness Final Report	\$	200.00	Each
Additional Technician (if necessary)	\$	95.00	Per Hour

WELD PROCEDURE AND WELDER QUALIFICATIONS

Review Existing Welding Procedure Specification (WPS) report	\$	150.00	Each
Review Welding Procedure Qualification (PQR) report	\$	150.00	Each
Observe Welder Qualification (AWS/CWI)	See Materials	Inspector	Rate
Weld Tensile Test Plate (1-inch thick or less)	\$	80.00	Each
Weld Bend Test Plate (1-inch thick or less)	\$	55.00	Each
Weld Macro Etch Plate (1-inch thick or less)	\$	70.00	Each
Weld Tensile Test Rebar #3 through #9	\$	90.00	Each
Weld Macro Etch Rebar #3 through #9	\$	70.00	Each
Weld Tensile Test Rebar #10 through #14	\$	125.00	Each
Weld Macro Etch Rebar #10 through #14	\$	110.00	Each
Weld Tensile Test Rebar #18	\$	275.00	Each
Weld Macro Etch Rebar #18	\$	180.00	Each
X-Ray Plate or Rebar in Laboratory (1-inch thick or less)	\$	150.00	Each

ENGINEERING AND PROFESSIONAL SERVICES

Senior Engineer/ Senior Geologist	\$	180.00	Per Hour
Staff Engineer/Geologist	\$	160.00	Per Hour
Project Manager / Field Supervisor	\$	120.00	Per Hour
Administration	\$	45.00	Per Hour
Drafter	\$	85.00	Per Hour
Test Technicians Lab – Materials	\$	85.00	Per Hour
Certified Payroll	\$	75.00	Per Week
Court Appearance (4-Hour Minimum)	\$	350.00	Per Hour
Preparation for Court, Consultation (in our Office)	\$	250.00	Per Hour
Preparation for Court, Consultation (Out of our Office, 4-Hour Minimum)	\$	250.00	Per Hour
Expert Witness Testimony (Corporate Officers and Engineers)	Quotation		
Deposition (portal to Portal, 4-Hour Minimum)	\$	275.00	Per Hour

REPORTS

Final Materials Compliance Report	\$	500.00	Each
Final Laboratory Verified Report (LVR) DSA-291 (Required for DSA Projects)	\$	500.00	Each
Final Special Inspection Verified Report (SIVR) DSA-292 (Required for DSA Projects)	\$	100.00	Each
Interim Report from Engineer	\$	500.00	Each
Review of Existing Mix Design, Determination of Proportions (3 Bus. Day Result)	\$	150.00	Each
Review of Existing Mix Design, Determination of Proportions (Same Day Result)	\$	300.00	Each
Report for Special Services / Off Site Testing	\$	200.00	Each
Final Grading / Compaction Report (Comprehensive)	\$	2,500.00	Each
Final Geotechnical Verified Report (GVR) DSA-293 (Required for DSA Projects)	\$	1,000.00	Each
Pad Certificate Report	\$	1,500.00	Each
Utility Trench Compaction Report	\$	2,500.00	Each
Wall Backfill Report	\$	1,500.00	Each
Monthly Interim In-Grading Report	\$	1,000.00	Each
Pile/Shoring Monitoring Report	\$	2,000.00	Each
Plan Review (Grading/ Foundation)	\$	1,000.00	Each
Extra Stamped Reports	\$	150.00	Each

MINIMUM HOURLY CHARGES

Minimum charges will apply for 2, 4 & 8 hour blocks defined as follows:

- 2-hour minimum: Inspector shows up, no work requested or performed
- 4-hour minimum: 1 to 4 hours.
- 8-hour minimum: Work over 4 hours.

Note: Less than 24-hour call-out notice may necessitate premium charges.

**AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
KOURY ENGINEERING & TESTING, INC.
MNWD PROJECT: ON-CALL MATERIALS TESTING AND INSPECTION
SERVICES CONTRACT NO. 2014.015i**

This Amendment No. 1 (this "Amendment") is entered into and effective as of 10/07/2020, amending the professional services Agreement dated August 6, 2019 (the "Agreement"), by and between Moulton Niguel Water District ("MNWD"), and Koury Engineering & Testing, Inc. ("Consultant") (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 August 6, 2019, the Parties entered into the Agreement for professional services through March 30, 2021 for a total not-to-exceed amount of \$150,000; and

B. WHEREAS, the Parties desire to amend the Agreement to increase the total not-to-exceed amount by \$15,000, with the same Scope of Services and Rates as set forth in the Agreement.

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

1. All payments and services associated with this Amendment shall not exceed \$15,000.
2. The Parties agree that the total Agreement amount, including this Amendment, shall not exceed **\$165,000**.
3. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement will include coverage for this Amendment.
4. 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.
5. The individuals executing this Amendment and the instruments referenced in it on behalf of the Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions of this Amendment.

MOULTON NIGUEL WATER DISTRICT:

KOURY ENGINEERING & TESTING, INC.:

By: DocuSigned by:
Matt Collings
386397D8EC41493...

By: Nicole Miller
(Authorized Representative of Consultant)

Printed Name: Matt Collings

Printed Name: Nicole Miller

Title: Assistant General Manager

Title: Vice President

Dated: 10/07/2020

Dated: 10.5.2020

**AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
KOURY ENGINEERING & TESTING, INC.
MNWD PROJECT: ON-CALL MATERIALS TESTING AND INSPECTION SERVICES
CONTRACT NO. 2014.015i**

This Amendment No. 2 (this "Amendment") is entered into and effective as of _____, amending the professional services Agreement dated August 6, 2019 (the "Agreement"), by and between Moulton Niguel Water District ("MNWD"), and Koury Engineering & Testing, Inc. ("Consultant") (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 August 6, 2019, the Parties entered into the Agreement for professional services through March 30, 2021 for a total not-to-exceed amount of \$150,000; and

B. WHEREAS, on October 7, 2020, the Parties executed Amendment No. 1 to the Agreement to increase the not-to-exceed amount to \$165,000; and

C. WHEREAS, the Parties desire to amend the Agreement to increase the total not-to-exceed amount by \$60,000, with the same Scope of Services and Rates as set forth in the Agreement.

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

1. All payments and services associated with this Amendment shall not exceed \$60,000.
2. The Parties agree that the total Agreement amount, including this Amendment, shall not exceed \$225,000.
3. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement will include coverage for this Amendment.
4. 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.
5. The individuals executing this Amendment and the instruments referenced in it on behalf of the Consultant each represent and warrant that they have the legal power, right and actual authority to bind Consultant to the terms and conditions of this Amendment.

-Signatures on following page-

#10.

MOULTON NIGUEL WATER DISTRICT:

By: _____

Printed Name: _____

Title: _____

Dated: _____

KOURY ENGINEERING & TESTING, INC.:

By: _____
(Authorized Representative of
Consultant)

Printed Name: _____

Title: _____

Dated: _____



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** November 12, 2020

FROM: Rod Woods, Director of Engineering
Alex Thomas, Principal Engineer

SUBJECT: Construction Contract Amendment for the Camino Capistrano
Operations Yard Improvements

SUMMARY:

Issue: Board action is required to amend the construction contract for the Camino Capistrano Operations Yard Improvements, Project No. 2016.022.

Recommendation: It is recommended that the Board of Directors amend the construction contract with Ferreira Construction Co, Inc. (Ferreira) by \$162,295 for a total contract amount of \$1,560,022; extend the contract through February 28, 2021; and authorize the General Manager or Assistant General Manager to execute the contract change order.

Fiscal Impact: Project No. 2016.022 is budgeted in Fund 14, Planning and Construction with a current project budget of \$1,687,500. The proposed project budget is \$1,849,795. The overall Fiscal Year 2020-21 CIP budget for Fund 14 is \$21,048,504.

Reviewed by Committee: Yes, recommended for approval at Technical Committee Meeting on November 2, 2020.

Reviewed by Legal: Yes

BACKGROUND:

The objective of this project is to improve District-owned properties located immediately north of Plant 3A and south of the Galivan Reservoir. The improvements will allow the properties to function as an operations yard for the storage of materials, equipment, excavated soil, and construction debris.

#11.

Construction Contract Amendment for the Camino Capistrano Operations Yard Improvements
November 12, 2020
Page 2 of 3

The original scope of work included: grading; concrete material bin construction; installation of a rock surface on the property south of Galivan Reservoir; drainage improvements; fencing; lighting; and construction of a decanting and storage system for excavated wet soils.

The Board awarded the construction contract to Ferreira in September 2018 in the amount of \$1,397,727 and at the same time authorized a 10% contingency in the amount of \$139,773. Construction work began in November 2018. Since that time, approximately 60% of the authorized contingency has been utilized to address unforeseen subsurface conditions including less favorable soils, groundwater, and existing utilities. The current contract value is \$1,476,870 with \$60,629 remaining in contingency.

Construction within the property north of Plant 3A was completed in September 2019 and is currently being utilized by the District, primarily for the decanting and storing of excavated wet soils, but also for the storage of dry materials. Construction within the property south of Galivan Reservoir was paused to facilitate construction of the Pipeline Replacements at I-5 and Oso Creek Project (I-5 Microtunnel Project).

DISCUSSION:

This project was originally planned to be completed prior to the I-5 Microtunnel Project. The I-5 Microtunnel Project required a large excavation within the same property south of Galivan Reservoir. With that in mind, the scope of services for the Camino Capistrano Operations Yard Improvements only included installation of a temporary rock surface on the property that would have allowed the District to use it as a secondary yard prior to the I-5 Microtunnel Project. The plan was to award a separate contract to install a final asphalt pavement surface once both projects were completed.

Once the Caltrans I-5 widening schedule was determined, staff determined it would be best to construct the I-5 Microtunnel Project ahead of the widening work and avoid delaying the critical project by several years. This required pausing the portion of Camino Capistrano Operations Yard Improvements project on the property south of Galivan Reservoir, until the I-5 Microtunnel Project could be completed. An added benefit to this was that the temporary rock surface would no longer be needed, and the final asphalt pavement could be incorporated into the project, along with the other scope of work items that were not previously completed. The I-5 Microtunnel Project was completed at the end of August 2020.

Staff requested a cost proposal from Ferreira to delete the scope of work for installing the temporary rock surface and add installation of a final asphalt pavement surface on the property south of Galivan Reservoir. A construction contract change order is required to authorize the additional funds for this work. Ferreira provided a request for change order in the amount of \$162,295 for this work. Ferreira solicited pricing from multiple paving subcontractors. Staff performed a comprehensive review of this request and has determined that it is reasonable. There are sufficient funds available in the approved Fund 14 CIP budget to support the increased project budget.

Construction Contract Amendment for the Camino Capistrano Operations Yard Improvements
November 12, 2020
Page 3 of 3

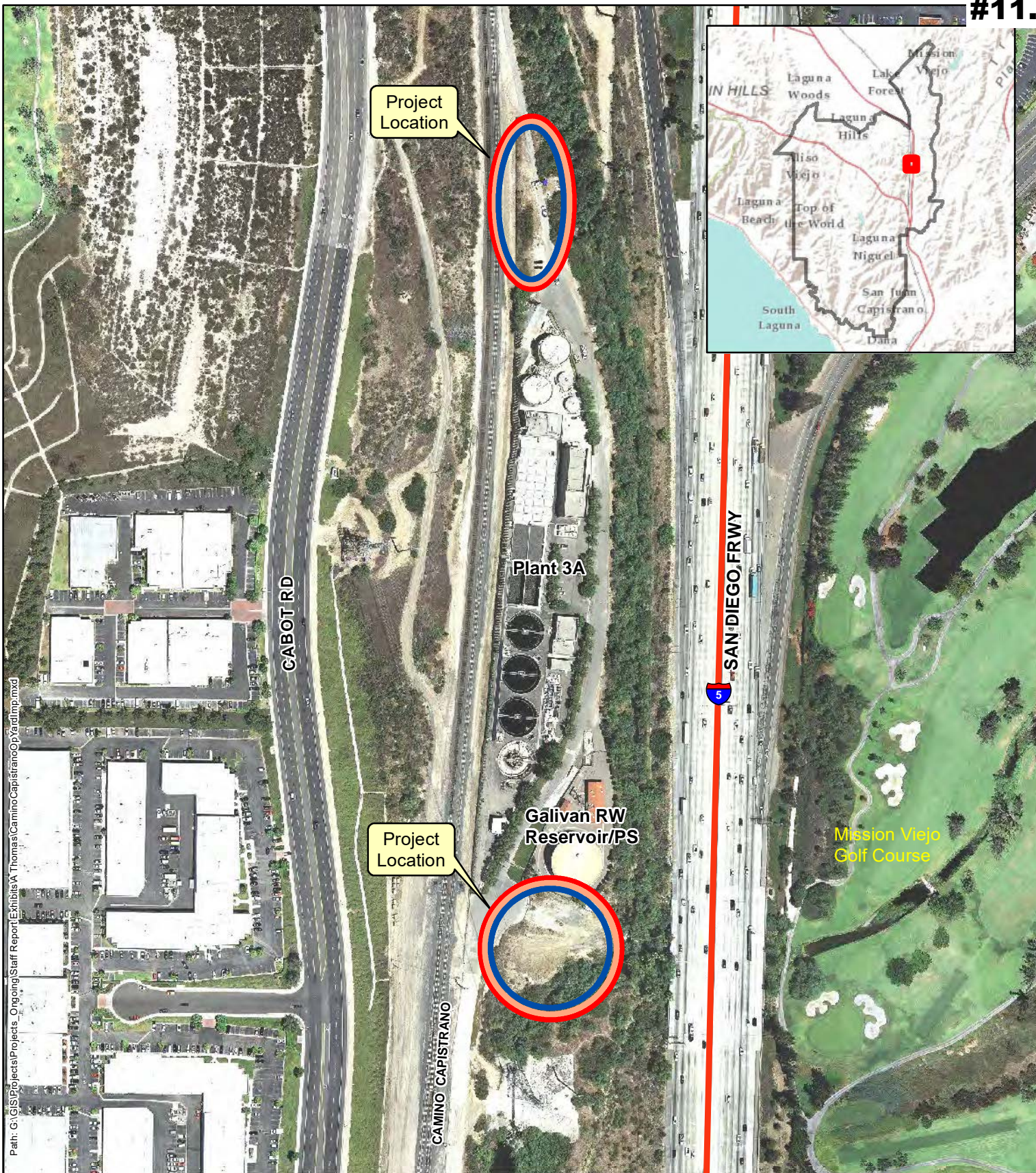
Staff anticipates that the current remaining contract contingency is adequate for completing the remaining construction work.

SUMMARY OF PROJECT BUDGET:

	Project Budget*	Proposed / Approved Contract	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items				
Engineering	\$120,000	\$120,000	\$0	\$120,000
Construction Contract	\$1,537,500	\$1,397,727	\$139,773	\$1,537,500
Proposed Change Order Work	\$0	\$162,295	\$0	\$162,295
Legal, Permits, District Labor	\$30,000	\$30,000	\$0	\$30,000
Totals	\$1,687,500	\$1,710,022	\$139,773	\$1,849,795

*\$1,412,311 has been expended to date.
 Currently Proposed Amount

Attachment: Exhibit A – Location Map



Path: G:\GIS\Projects\Projects_Ongoing\Staff Report Exhibits\A_Thomas\Camino Capistrano Op Yard Imp.mxd



0 50 100 200 300 400 Feet

Scale = 1:3,000

**Exhibit "A" Location Map
Camino Capistrano Operations Yard Improvements
Contract No. 2016.022**

RESOLUTION NO. 20-____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT
HONORING DR. ALLAN BERNSTEIN FOR SERVICE
TO THE CITY OF TUSTIN**

WHEREAS, Dr. Allan Bernstein was elected to the City Council in 2012 and re-elected in 2016. He was elected by his colleagues as Mayor Pro Tem in 2015 and later elected as Mayor in December 2016. He was again elected as Mayor Pro Tem in December 2018; and

WHEREAS, Dr. Bernstein had been appointed to represent the City of Tustin on the Newport Bay Watershed Executive Committee, the Orange County Sanitation District and the Water Advisory Committee of Orange County; and

WHEREAS, the City Selection Committee appointed Dr. Bernstein to the OC Local Agency Formation Commission (LAFCO) as an alternate in July 2014 and then as a City Seat member in January 2015. For the Association of California Cities - Orange County (ACC-OC), Dr. Bernstein serves on the Legislative, Regulatory and Water Committees. He also served on the Orange County Mosquito and Vector Control District from 2012 to 2016, serving as President of the Board in 2016; and

WHEREAS, Mayor Bernstein was invited to serve on the board of the Southern California Water Committee in 2017. Dr. Bernstein is Vice-Chair of the Environmental Quality Policy Committee within the League of California Cities as well as a Director on the League's Board; and

WHEREAS, in his professional career Dr. Bernstein is a respected reconstructive foot and ankle surgeon in private practice in Tustin for 23 years, having also embarked on a career as a Healthcare Consultant in 1998; and

WHEREAS, he is an award-winning author and lecturer. A Magna Cum Laude graduate of the New York College of Podiatric Medicine, Dr. Bernstein holds a Bachelor of Arts (BA) from Boston University and a Master of Business Administration (MBA) from the Healthcare Executive Program at the University of California, Irvine; and

WHEREAS, Dr. Bernstein participated in developing Cub Scout Pack 518 and served as Tiger Cub leader. His involvement in the not-for-profit world has been fueled by his passion for Israel defined by his participation in Hillel, Israel on Campus Coalition, AIPAC, JNF as well as fulfilling teaching responsibilities for the Bureau of Jewish Education and local Hebrew Schools; and

WHEREAS, Dr. Bernstein resides in Tustin with his wife, Randi, and son, Adam; and

NOW, THEREFORE, BE IT RESOLVED: The Board of Directors of Moulton Niguel Water District wishes to honor Mayor Allan Bernstein for his outstanding contributions and dedication to the City of Tustin and Orange County water community, exemplary community leadership, and devoted service to the communities and organizations his has represented.

#12.

ADOPTED, SIGNED AND APPROVED this 12th day of November, 2020.

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

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

RESOLUTION NO. 20-____**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT
HONORING MRS. JOAN FINNEGAN FOR SERVICE
TO THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

WHEREAS, Director Finnegan has served honorably as an elected member of the Coastal Municipal Water District Board of Directors from 1985 until its consolidation with the Municipal Water District of Orange County (MWDOC); and

WHEREAS, Director Finnegan was employed by the Mesa Water District for more than 21 years as the district's office manager and auditor; and

WHEREAS, since 2000, she has ably represented the interests of the communities of Huntington Beach, Seal Beach, and portions of Costa Mesa, Irvine and Newport Beach as Director, Division 4 of MWDOC; and

WHEREAS, her leadership resulted in being elected by her fellow board members to serve in the positions of Vice President and President twice during her tenure; and

WHEREAS, she served as President and Vice President of Orange County's Water Advisory Committee (WACO), and as a member of the Orange County Water Task Force Committee and the Association of California Water Agencies Region 10 Board; and

WHEREAS, her industry peers named Director Finnegan to leadership positions for the Independent Special Districts of Orange County (ISDOC) and the Orange County Water Association; and

WHEREAS, she was honored as Costa Mesa's 1980 'Woman of the Year,' and by Assemblymember Ken Maddox as '68th District Woman of the Year' in 2003; and

WHEREAS, she served on the Orange County Grand Jury during the 1980-81 term; and

WHEREAS, Director Finnegan has resided for more than five decades in Orange County where she and husband Robert have raised two children and are now grandparents of four; and

NOW, THEREFORE, BE IT RESOLVED: The Board of Directors of Moulton Niguel Water District wishes to honor Director Joan Finnegan for her outstanding contributions and dedication to the Municipal Water District of Orange County, exemplary community leadership, and devoted service to the communities and organizations she has represented.

#13.

ADOPTED, SIGNED AND APPROVED this 12th day of November, 2020.

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

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



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** November 12, 2020

FROM: Matt Collings, Assistant General Manager
Tim Bonita, Administrative Analyst

SUBJECT: Professional Services Agreement for Property Management Services

SUMMARY:

Issue: Board action is required to execute a Professional Services Agreement (PSA) to provide property management services at the District’s Operations and Administrative facilities.

Recommendation: It is recommended that the Board of Directors approve the Professional Services Agreement with Jones Lange LaSalle Americas, Inc. (“JLL”) in the amount of \$971,975; authorize the General Manager or Assistant General Manager to execute the agreement; and approve amendments up to 10% of the contract value.

Fiscal Impact: Sufficient funds have been budgeted in the Fiscal Year 2020-21 operating budget and will be included in future budgets.

Reviewed by Legal: Yes

BACKGROUND:

District staff currently utilize operation and administrative facilities located at Plant 2A, Plant 3A, and the temporary office in Aliso Viejo. These facilities serve to provide space for staff workstations and offices, operation and maintenance shops, fleet maintenance and repair, customer engagement activities, and Board and community meetings. Property management services for Plant 2A and Plant 3A are provided by District staff, while the temporary office in Aliso Viejo is managed by the property owner. Property management services include the procurement and administration of contracts and services to operate and maintain the workspaces for District operations, which include, but are not limited to:

#14.

Professional Services Agreement for Property Management Services

November 12, 2020

Page 2 of 3

- Janitorial services
- HVAC maintenance
- Fire protection and suppression systems
- General building maintenance, such as plumbing, mechanical, and electrical
- Landscape maintenance
- Site security
- Pest Control

Currently, the services identified above are provided by a combination of District staff and outside vendors; and all outside vendors are managed by various District staff. When building management issues arise and require attention, District staff respond and address those issues, such as plumbing matters, HVAC adjustments, lighting and electrical improvements.

District staff has evaluated various options to provide more efficient and effective building management services. Identifying a dedicated property management services firm would allow District field staff to focus on their areas of expertise operating and managing water and wastewater infrastructure. Further, a dedicated property management service has the experience in managing operations and administrative facilities, including the development of preventative maintenance programs to maintain the life of the building assets.

DISCUSSION:

On September 11, 2020, staff issued a Request for Proposals (RFP) for property management services to ten qualified firms. Three proposals were received, and the fee estimates are summarized below:

Firm	Annual Management Fee	Annual Staffing Cost
Kelemen Company	\$78,000	Contract services
JLL	\$46,800	\$139,001
Colliers International	\$50,400	\$168,000

Staff performed a comprehensive review of the proposals received. On October 27 and October 28, 2020, staff conducted interviews with each of the three firms. Each firm answered a series of questions about their proposal and qualifications related to the scope of services for this project.

Based on the firms' experience, property management approach and services, overall proposal quality, proposed management team, and performance in the interview, staff recommends that the Board approve the professional services agreement with JLL for a three-year term with two one-year options for a total contract value of \$971,975.

Professional Services Agreement for Property Management Services

November 12, 2020

Page 3 of 3

Upon award of the contract, JLL will begin to develop requests for proposals (RFPs) for the various vendor services that will be required to maintain the District's operation and administrative facilities. The procurement process will follow the District's purchasing policy requirements. Upon completion of the procurement, JLL will present an operation and maintenance budget for review and approval. Further, JLL will support the commissioning and start-up of the new facilities at Plant 2A.

Attachments:

1. Exhibit A – PSA for Property Management Services
2. Exhibit B – Vendor Contact List

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN
MOULTON NIGUEL WATER DISTRICT AND
JONES LANG LASALLE AMERICAS, INC.
MNWD PROJECT: PROPERTY MANAGEMENT SERVICES
CONTRACT NO. OM20-21.020**

This Agreement (the “Agreement”) is made and entered into on _____, (“Effective Date”) by and between the Moulton Niguel WATER DISTRICT (“MNWD”) and Jones Lang LaSalle Americas, Inc., a corporation with its principal place of business at 17875 Von Karman, Irvine, CA 92614 (“JLL”). MNWD and JLL are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

SECTION I – PURPOSE

JLL shall provide certain professional services required by MNWD on the terms and conditions set forth in this Agreement. JLL represents that it has the qualifications, experience, licenses, and facilities necessary to properly perform PROPERTY AND BUILDING MANAGEMENT SERVICES in a competent and professional manner.

SECTION II – TERM

The term of this Agreement shall be from the Effective Date to **November 30, 2023**, 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 JLL is set forth on Exhibit “A” attached hereto and by this reference incorporated herein (“Services”). JLL 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. JLL 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. JLL 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. JLL 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 for

#14.

the initial term shall not exceed **Five Hundred Seventy Thousand Thirty-Eight Dollars (\$570,038)** without written approval by MNWD. Should MNWD choose to renew the Agreement for years four and five, compensation shall not exceed the following amounts: Year four shall not exceed **One Hundred Ninety-Eight Thousand Six Hundred Ninety Dollars(\$198,690)**; year five shall not exceed **Two Hundred Three Thousand Two Hundred Forty-Seven Dollars (\$203,247)**. 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. JLL shall submit to MNWD a monthly itemized statement which indicates work completed and hours of Services rendered by JLL. 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 JLL.
- 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. JLL 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 JLL 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. JLL 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 Assistant General Manager, or his or her designee, to act as its representative for the performance of this Agreement ("MNWD's Representative"). JLL shall not accept direction or orders from any person other than MNWD's Representative or his or her designee.

Section 5.2. JLL's Representative. JLL hereby designates Angelica Arras, or her designee, to act as its representative for the performance of this Agreement ("JLL's Representative"). JLL's Representative shall have full authority to represent and act on behalf of JLL for all purposes under this Agreement. The JLL'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 VI – RESPONSIBILITIES OF JLL

Section 6.1. Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by JLL or under its supervision. JLL will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. MNWD retains JLL on an independent contractor basis and not as an employee. JLL 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 JLL shall also not be employees of

MNWD and shall at all times be under JLL's exclusive direction and control. JLL 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. JLL 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. JLL 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. JLL represents and maintains that it is skilled in the professional calling necessary to perform the Services. JLL warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, JLL represents that it, its employees and subcontractors 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, JLL 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 JLL's failure to comply with the standard of care provided for herein.

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

Section 6.4. Substitution of Key Personnel. JLL has represented to MNWD that certain key personnel will perform and coordinate the Services under this Agreement. The key personnel for performance of this Agreement are as follows: Angelica Arras, Tony Campos, Bob Nowak, Kelly Dobens, Rich McMahan. Should one or more of such personnel become unavailable, JLL may substitute other personnel of at least equal competence upon written approval of MNWD. In the event that MNWD and JLL 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 JLL at the request of MNWD.

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

Section 6.6. Laws and Regulations. JLL 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. JLL shall be liable for all violations of such laws and regulations in connection with Services. If the JLL performs any work knowing it to be contrary to such laws, rules and regulations, JLL shall be solely responsible for all costs arising therefrom. JLL 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. JLL 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, JLL 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>. JLL 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 JLL’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 JLL shall therefore comply with such Labor Code sections to the fullest extent required by law. JLL 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 JLL and all subcontractors must be registered with the Department of Industrial Relations (“DIR”). JLL shall maintain registration for the duration of the project and require the same of any subcontractors. This project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be JLL’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, JLL 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, JLL 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 JLL, its officials, officers, employees, subcontractors, vendors or agents in connection with the performance of the JLL’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. JLL 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. JLL 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. JLL 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. JLL'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 JLL'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 JLL.

SECTION IX – INSURANCE

Section 9.1. Time for Compliance. JLL 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, JLL shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to MNWD that the subcontractor 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. JLL 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 JLL, its agents, representatives, employees or subcontractors. JLL shall also require all of its subcontractors 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). JLL 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 JLL, 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 JLL's scheduled underlying coverage. Any insurance or self-insurance maintained by MNWD, its directors, officials, officers, employees, agents, and volunteers shall be excess of JLL'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). JLL 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,

#14.

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 JLL or for which JLL 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 JLL's scheduled underlying coverage. Any insurance or self-insurance maintained by MNWD, its directors, officials, officers, employees, agents, and volunteers shall be excess of JLL'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. JLL 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 JLL.

D. Professional Liability. JLL shall procure and maintain, and require its subcontractors 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 JLL'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. JLL 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. JLL 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, JLL 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. JLL 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) JLL 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. JLL 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 JLL employs other vendors (subcontractors) as part of the services covered by this agreement, it shall be the JLL's responsibility to require and confirm that each subcontractor meets the minimum insurance requirements specified above.

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

SECTION X – TERMINATION

Section 10.1. Grounds for Termination. MNWD may, by written notice to JLL, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to JLL of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, JLL shall be compensated only for those services which have been adequately rendered to MNWD, and JLL shall be entitled to no further compensation. JLL 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 JLL to provide all finished or unfinished Documents and Data and other information of any kind prepared by JLL in connection with the performance of Services under this Agreement. JLL 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 JLL 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 JLL on other projects without MNWD’s express written permission. Within thirty (30) days following the completion, suspension, abandonment or termination of this Agreement, JLL 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 JLL is entitled under the termination provisions of this Agreement, JLL shall provide all Documents & Data to MNWD upon payment of the undisputed amount. JLL shall have no right to retain or fail to provide to MNWD any such documents pending resolution of the dispute. In addition, JLL 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, JLL shall make a reasonable effort to notify MNWD and provide MNWD with the opportunity to obtain the documents.

Section 11.2. Subcontractors. JLL shall require all subcontractors to agree in writing that MNWD is granted a non-exclusive and perpetual license for any Documents & Data the subcontractor prepares under this Agreement. JLL represents and warrants that JLL has the legal right to license any and all Documents & Data. JLL makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than JLL or its subcontractors, or those provided to JLL 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 JLL 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 JLL’s seal from the Documents & Data and indemnify and hold harmless JLL 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. JLL 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. JLL shall not be responsible or liable for any revisions to the Documents & Data made by any party other than JLL, a party for whom JLL is legally responsible or liable, or anyone approved by the JLL.

Section 11.4. Intellectual Property Indemnification. JLL 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 JLL in connection with the performance of this Agreement, shall be held confidential by JLL. All Documents & Data shall not, without the prior written consent of MNWD, be used or reproduced by JLL for any purposes other than the performance of the Services. JLL 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 JLL that is otherwise known to JLL or is generally known, or has become known, to the related industry shall be deemed confidential. JLL 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. JLL 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 JLL under this Agreement. During such four (4) year period, JLL 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. Audit. District reserves the right to conduct examinations of Books and Records at any time with five (5) business days notice to JLL. District also reserves the right to perform any and all additional audits relating to JLL's activities, provided such audits are related to those activities performed by JLL for District.

Section 12.3. 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 JLL'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 JLL'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
P.O. Box 30203
Laguna Niguel, CA 92607
Attn: Assistant General Manager

JLL:

Jones Lang LaSalle Americas, Inc.
17875 Von Karman
Irvine, CA 92614
Attn: Bob Nowak

#14.

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. JLL shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of MNWD. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

Section 13.3. Equal Opportunity Employment. JLL represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, 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. JLL 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 Vendors. MNWD reserves right to employ other vendors 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. JLL 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 workdays. All references to JLL include all personnel, employees, agents, and subcontractors of JLL, 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. JLL maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for JLL, to solicit or secure this Agreement. Further, JLL 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 JLL, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. JLL further agrees to file, or shall cause its employees or subcontractors 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, JLL 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 JLL. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, JLL 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. JLL 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.

#14.

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:

JONES LANG LASALLE AMERICAS, INC.:

By: _____

By: _____
(Authorized Representative of JLL)

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Exhibit A Scope of Services

1. JLL shall be responsible for the procurement and management of maintenance Services at Districts Operations Center located at 26161 Gordon Road, Laguna Hills, CA, and their Wastewater Treatment Plant located at 26801 Camino Capistrano, Mission Viejo, CA. Services to include but not be limited to Janitorial, HVAC, Elevator Maintenance, Pest Control, Fire Sprinklers, and General Building Maintenance (such as electrical, low voltage cabling, plumbing, lighting, structural, and appliances).
2. JLL shall provide all personnel, equipment, tools, materials, vehicles, supervision and other items and services necessary to perform all Services, tasks, and functions. JLL shall provide guidance and coordination with District staff to endure effective and economical operation of all facility activities.
3. JLL shall have comprehensive knowledge and understanding of relevant property management laws and operations in California, excellent oral and written communication skills, sound judgement, the ability to work well with and maintain the confidence of District's Board and staff, and the ability to deliver Services in a timely and cost effective manner.
4. JLL shall comply with all Federal, State, and Local laws and follow the most restrictive guidance in cases of conflicting guidance. All work shall be performed in accordance with all applicable laws and codes, manufacturer's recommendations, and accepted industry standards.
5. District's normal business hours are from Monday through Friday from 7:00 am to 5:00 pm, except for designated holidays. JLL will be responsible for scheduling and coordinating services to minimize impact to District business and operations, including after-hours public meetings conducted by District. Specifically, janitorial activities will need to be scheduled outside of normal business hours.
6. JLL shall provide a dispatch function twenty-four (24) hours a day, seven (7) days a week. The firm shall accept work requests from designated District staff. Requests from other sources, except in an emergency, must be approved by designated District staff prior to the start of work. Additionally, the selected firm will meet the pre-determined minimum response times for identified service requests which shall be included in the terms of the agreement.
7. Any disruption of building Services requires prior approval. JLL shall coordinate scheduled outages with the District staff prior to the commencement of work. Such notification shall be made for disruptions caused by any maintenance or construction work. Notification of affected downtime due to emergency outages or interruptions is expected.
8. JLL personnel and its sub-consultants/contractors shall present a clean, neat, and professional appearance and be easily recognized as the firm's employee(s). At the minimum, the firm shall ensure all employees exhibit an identifying badge or patch, which shall include the company name and employee name. Each employee shall wear the badge or patch on the front outer clothing. The badge shall be visible at all times.
9. Adherence to the applicable Occupational Safety and Health Act (OSHA) standards are mandatory. JLL shall comply with all Federal, State, and Local laws and statutes

#14.

concerning safety. JLL shall manage all work areas to ensure the safety of building occupants, employees and visitors in, or near, the property.

10. The property management requirements include:
 - a. Administer the procurement of contract services, as necessary, based on industry expertise and within the guidelines of District's purchasing policy, Exhibit "C." Procurement services may include developing the appropriate scope of work and interfacing with prospective service providers.
 - b. Supervise vendor services and contract administration as it pertains to property management.
 - c. Review and verify each invoice is appropriate for payment.
 - d. Collect and monitor proof of insurance for vendors.
 - e. Field work order calls, dispatch, and follow up as appropriate.
 - f. Log all maintenance requests for future reference.
 - g. Develop a maintenance schedule; coordinate all scheduled and unscheduled maintenance work.
 - h. Communicate with District regarding any building issues that will affect use of the facilities.
 - i. Provide property inspections.
 - j. Provide monthly janitorial and engineering inspections.
 - k. Meet with District staff to discuss the status of repair items, including any warranty related items.
 - l. Identify and address emergency situations immediately upon occurrence and provide follow-up remediation while keeping District staff informed.
 - m. Supervise and arrange the routine maintenance and repairs of the property.
 - n. Prepare monthly financial reports.
 - o. Prepare annual operating budget.

General Manager:

Angelica Arras is the proposed General Manager for the District. Angelica will be 30% allocated to the District portfolio and will be responsible for the following:

Duties in Accordance with Exhibit A:

- Management oversight of all 5-buildings as well as off-site wastewater treatment plant and administration building.
- Meet with Maintenance Technician to ensure building grounds are immaculate at all times
- General Manager will be responsible for procuring and maintaining services contracts including but not limited to Janitorial, HVAC, Elevator Maintenance, Pest Control, Fire Sprinklers, and General Maintenance
- Create and implement emergency handbook and safety procedures
- Review onsite occupancy
- Respond to all tenant requests and questions in a timely and effective manner
- Review open service requests to ensure the completed are closed out and follow-up on those that are not complete
- Review and approve invoices for payment
- Scheduling and coordinating services to minimize impact to District's business and operations, including after hours public meetings conducted by the District
- General Manager will be available after business hours in the case of emergencies
- Alert District employees of any construction projects and ensure alternatives are in place to not disrupt workflow
- Walk building exterior, common areas, landscaping, garage and hallways for any possible life/safety issues or needed repairs
- Ensure all employees exhibit an identifying badge or patch when they are on-site
- Host weekly call/meeting with the District's Board and staff to deliver services in a timely and cost effective manner
- Ensure vendor scheduling and performance is meeting tenant and property demands
- Administer the procurement of contract services, as necessary, based on industry expertise and within the guidelines of the District's purchasing policy. Procurement services may include developing the appropriate scope of work and interfacing with prospective service providers.
- Supervise vendor services and contract administration as it pertains to property management.
- Review and verify each invoice is appropriate for payment.
- Collect and monitor proof of insurance for vendors.
- Field work order calls, dispatch, and follow up as appropriate.
- Log all maintenance requests for future reference.
- Develop a maintenance schedule; coordinate all scheduled and unscheduled maintenance work.
- Communicate with the District regarding any building issues that will affect use of the facilities.
- Provide property inspections.
- Provide monthly janitorial and engineering inspections.
- Meet with District staff to discuss the status of repair items, including any warranty related items.
- Identify and address emergency situations immediately upon occurrence and provide follow-up remediation while keeping the District staff informed.
- Supervise and arrange the routine maintenance and repairs of the property.
- Prepare monthly financial reports.
- Prepare annual operating budget.

#14.

Chief Engineer

Tony Campos is the recommended Chief Engineer for the District. He will be 25% allocated to the District portfolio and will be responsible for the following, in addition to oversight and support to the Maintenance Technician:

Duties in Accordance with Exhibit A:

- Create and implement a weekly maintenance schedule for Maintenance Technician
- In addition, implement a preventative maintenance schedule and help Maintenance Technician schedule and duties are completed
- Act as local support for Maintenance Tech to help during large projects and issues
- Provide expert advice and insight on all mechanical and operations for Janitorial, HVAC, Elevator Maintenance, Pest Control, Fire Sprinklers, and General Building Maintenance
- Act as the main point of contact for all large vendor and general contractors when it comes to building operations and maintenance
- Ensure Maintenance Technician has all the necessary equipment, tools, materials, vehicles, supervision, and other items necessary to perform all on-site services and tasks
- The Chief Engineer will be available at all times to handle major operations and maintenance concerns as well as during emergencies
- Ensure that Maintenance Staff and all vendor personnel adhere to OSHA standards as well as Federal, State, and Local laws and statutes concerning safety
- Chief Engineer will be the safety captain for the portfolio to ensure the safety of building occupants, employees, and visitors in, or near the property

Maintenance Technician

Our property team and leadership which includes Bob, Kelly, Angelica, and Tony, will partner with the District to recruit, interview, and hire a fully dedicated, qualified, and capable Maintenance Tech that will be able to perform the following duties:

Duties in Accordance with Exhibit A:

- The Maintenance Technician will be the main on-site personnel at the District
- Manage and maintain all work order requests from employees to ensure they are timely and effectively completed
- Perform routine maintenance tasks such as :
 - Clearing drains by means of plunger and hand held auger.
 - Changing light bulbs.
 - Changing HVAC filters if properly trained.
 - Thermostat adjustments if properly trained.
- Performs general labor, such as but not limited to carrying, stacking, and sorting of materials used in and around the job site, as well as debris removal.
- Clean up job site and equipment by means of vacuum, mop, broom, floor scrubber, waxer, steam cleaner, high pressure spray cleaner, as well as other types of cleaning devices or equipment.
- Maintenance Attendants shall not possess or use tools, except as reasonably necessary, to accomplish any of the above job duties. If other tools are required to perform any job, then the Engineers shall use the tools to facilitate the Maintenance Technician in performing his work.

Exhibit B
Fee Schedule

MONTHLY MANAGEMENT FEE (not subject to annual increases)

\$3,900/Month

PROPERTY PERSONNEL (3% annual increase after first year)

Year 1 by personnel

Team Member	
General Manager	\$49,451
Chief Engineer	\$28,350
Maintenance Technician	\$61,200
Total Annual Cost	\$139,001
Total Monthly Cost	\$11,583

COST BREAKDOWN PER YEAR

	Year 1	Year 2	Year 3	Optional Year 4	Optional Year 5
Monthly Management Fee	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900
Monthly Personnel Costs	\$11,583	\$11,930	\$12,288	\$12,657	\$13,037
Annual Total	\$185,801	\$189,971	\$194,266	\$198,690	\$203,247
Monthly Total	\$15,483	\$15,831	\$16,189	\$16,558	\$16,937



EXHIBIT C
MNWD PURCHASING POLICY
POLICY A-5: PURCHASING
SERVICES, MATERIALS, AND
PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 1

Last Revised:

6.13.2019

POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

This policy applies to the purchase of services and materials, equipment, supplies (referred to collectively as “materials”), and Public Works projects for the Moulton Niguel Water District (“District”) as required by California State law (Code Sections 54201, 54202 and 54204) and the Office of Management and Budget Uniform Grants Guidance Title 2, Subtitle A, Chapter II, Part 200, Subpart D (UGG 2 CFR 200).

All purchases of services or materials and Public Works projects paid for by the District must adhere to the authority level and dollar limits set in this Policy.

1. Delegation of Purchasing Authority

The Board has authorized the General Manager, or assigned representatives, to perform essential duties for District operations, including purchase authority.

The General Manager may delegate purchasing authority to others who may use purchasing cards, purchase orders, check requests, or other written authorization.

Board-established purchasing limits and contract signatory authority are listed in Table 1. These limits apply on a per-purchase/per-contract basis, not on an aggregated basis, for unrelated activities.

Purchases and Contract awards must be authorized by the appropriate authority in Table 1.

If an authorized signatory (other than the General Manager) for a given request is absent, the next highest authority in Table 1 may provide the purchase authority.

2. Unauthorized Purchasing is Prohibited and Subject to Penalties

Anyone making purchases outside this Policy and without General Manager or Board authorization, will be subject to disciplinary action and/or termination as outlined in the District Personnel and Salary Policy.

3. Division of Contracts

The District prohibits separating or dividing Contracts, reducing its cost below a specified sum to avoid the requirements of this or any related policy. But Contracts may be divided to meet unique scheduling needs of a project or to meet necessary time frames. Also, no Contract shall include language to limit competitive bidding or



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

#14.

6.11.2020

Page | 2

Last Revised:

6.13.2019

solicitation to any one specific vendor, brand, product, thing, or service, except for the exempt items listed in this policy. (See Item #14)

4. Purchase Amounts Include Taxes and Shipping

Purchase amounts include taxes and the cost of shipping, freight fees, and any other charges billed by the supplier or contractor within the authorized limits in this Policy.

5. Online Purchases and Utilization of Electronic Signatures

The District may use electronic commerce whenever reasonable or cost-effective. The District may accept electronic signatures and records for District procurement.

6. Requisitions for Purchasing Materials and Services

District staff who require materials or services to carry out the defined duties of their positions shall submit Requisitions, in advance, for purchases in accordance with this Policy. The Purchasing Department will generate a Purchase Order (PO) from the Requisition.

7. Check Requests

A check request can be used for certain limited materials or services without a PO. Check requests may be used to request payment for Non-Discretionary Purchases, such as services rendered, subscriptions, membership dues, workshop/seminar/conference registrations, and use of facilities. Check requests are subject to the authorization limits established in Table 1.

8. Purchasing Cards

Authorized District staff may be assigned Cal Cards to make miscellaneous purchases within the limits of Table 1. Cal Card purchases are subject to the terms and conditions of the District Cardholder Acceptance Agreement.

Services may not be purchased with Cal Cards due to lack of insurance and indemnification language associated with these purchases. District staff using Cal Cards are subject to the terms of this Policy and all related Cal Card usage terms or amendments. A Cal Card should not be used if a Purchase Order or other procurement method would be appropriate.



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 3

Last Revised:

6.13.2019

9. Blanket Purchase Orders

A Blanket Purchase Order is issued to cover all amounts expected to be paid to the supplier/contractor/Consultant for the fiscal year or through a Contract term. Blanket Purchase Orders expire at the end of the fiscal year or as soon as a Contract ends, whichever comes first.

For Blanket Purchase Orders exceeding \$75,000, the District will utilize work order forms to initiate work with the supplier/contractor/Consultant. The work order forms will indicate the estimated cost for the work order, and must be signed by a Staff Director or Staff Officer prior to initiating the work with the supplier/contractor/Consultant. If the Director or Officer for a given work order is absent, the next highest authority in Table 1 may provide the authorization.

10. References and Financial Responsibility Before Awarding Contracts

Before awarding any Contract, the District will verify the references and financial responsibility of the contracting parties. After award, all Contracts shall be executed on behalf of the District by the appropriate authorized signatory indicated in Table 1.

No Contract will be awarded if funds are not available to make payment upon delivery or completion, or by payment schedule, unless authorized and approved by the Board or General Manager.

11. Contracts are Required for Any Services and Public Works Projects over \$5,000

Contracts for Non-Professional Services, Professional Services and Public Works shall be executed when the cost exceeds \$5,000 (except for an Emergency as defined in this policy).

12. Authorization of Multi-Year Contracts in the District's Best Interest

Multiple Year Contracts are allowed when they are in the best interest of the District as determined by the General Manager.

The dollar value of a Multiple Year Contract shall be the total contract value, including optional renewal periods. Once initially approved, any contract renewals may be authorized by the General Manager, regardless of dollar amount, if the pre-priced option is consistent with the terms of the initial Contract.

13. Non-Discretionary Purchases



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 4

Last Revised:

6.13.2019

#14.

Non-Discretionary Purchases do not require Board approval for payment, including those over the General Manager limit of \$75,000. Initial software license agreements and cloud-based services are subject to the purchase limits in Table 1. Purchase Orders are not required for Non-Discretionary Purchases.

14. Emergency Services Above \$75,000

The General Manager, Assistant General Manager or the assigned Emergency Operations Director may authorize Emergency expenditures for work, services, and/or supplies where the cost exceeds \$75,000 pursuant to Board policy. The Board shall be notified of any expenditures for Emergency work, services and/or supplies exceeding the General Manager's authorization limit at the next regularly scheduled Board meeting.

15. District Warehouse Inventory

Purchase requests to replenish the District's warehouse inventory within established inventory re-order levels require no prior authorization or signatory approval under Table 1.

16. Non-Professional Services and Materials Procurement

The District requires a competitive bid or selection process for purchasing non-professional services and materials, and for Public Works projects.

For non-professional services and materials estimated to cost \$10,000 or less, District staff may request a proposal from one qualified Consultant or Vendor.

District staff will request a minimum of three bids or proposals for non-professional services and materials when the contract amount is expected to cost between \$10,001 and \$75,000.

For a non-professional services and materials contract expected to cost more than \$75,000, the District will initiate an RFP or RFQ.

- All quotes, bids and proposals must be in writing. Email is acceptable.
- RFP, RFQ, and Invitation to Bid submissions must comply with all terms of the solicitation, or any related laws. Submissions that fail to comply may be disqualified.

17. Exceptions to Competitive Solicitations

- Sole Source Purchases



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 5

Last Revised:

6.13.2019

- Single Source Purchases
- Emergency expenditures
- Supplies, materials or equipment procured through a Cooperative Purchasing program with federal, state, county, or other public agencies
- Purchases made after a reasonable attempt to obtain competitive bids and:
 - No additional suppliers/providers/contractors/Consultants can be located.
 - The District receives no response from suppliers/providers/contractors/Consultants to a competitive bid.
 - No other satisfactory bids/proposals are received.

Except for purchases greater than \$75,000 and requiring Board authorization, the General Manager or Assistant General Manager may decide whether a purchase meets the criteria above to be exempt from competitive solicitation.

18. Public Works Contracts

Contracts for Public Works projects shall comply with all requirements for Public Works contracts under State law, including rules for:

- Listing subcontractors.
- Posting payment bonds equal to no less than 100 percent of the total contract amount (for all Public Works contracts over \$25,000).
- Paying prevailing wages (for all contracts for Public Works exceeding \$1,000), or as otherwise required by law.

Unless the General Manager and legal counsel approve a waiver, the District requires performance bonds for all Public Works Contracts equal to no less than 100 percent of the total contract amount. Public Works Contracts let by an Invitation to Bid will be awarded to the lowest responsive, responsible bidder as allowed by State law and the District's standard Public Works contract documents.

19. Professional Services Procurement

Professional Services Contracts must meet the terms of California Government Code §4525 et seq., and §53060, based on proof of competence and qualifications for the types of services to be performed at fair and reasonable prices, as determined by the District.

For Professional Services estimated to cost \$25,000 or less, District staff may request a proposal from one qualified Consultant.



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 6

Last Revised:

6.13.2019

#14.

District staff will request three proposals for Professional Services when the contract amount is expected to cost between \$25,001 and \$75,000.

For a Professional Services Contract expected to cost more than \$75,000, the District will initiate an RFP.

The following criteria shall apply as exceptions to the competitive solicitation requirements as indicated for Professional Services where such requirements would otherwise apply:

- In the case of sole or single source procurements of Professional Services, only one proposal from a qualified firm is required.
- For Professional Services in which it is infeasible to comply with the selection process because of the unique, exploratory or experimental nature of the project, District staff may request a proposal from one qualified Consultant.

20. Nonresponsive or Unqualified Bid or Response

In response to any Invitation to Bid, RFQ, or RFP, the District may reject any unqualified bid or other response that is incomplete, irregular, amplified, unqualified, conditional or otherwise not in compliance with the solicitation documents in all material respects, and in accordance with law.

The District may waive any informality, irregularity, immaterial defects or technicalities in any bids or other responses received; and/or cancel an invitation for bids or RFP/RFQ, or reject all bids or responses for any other reason, which indicates the cancellation or rejection of all bids or responses is in the District's best interest, and in accordance with law.

Rejection of all bids or responses or cancellation of competitive solicitations, including determinations to re-bid, or re-solicit is subject to the same authority level required to award a Contract in Table 1, and as required by law.

In the case of RFPs and RFQs, the General Manager and the Board reserve the right to award Contracts based upon the best interests of the District, as determined by the District.

21. Change Orders for Goods and Services

The District may issue Change Orders, as required by changes in the specifications or conditions of a project, services performed, or materials issued.



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 7

Last Revised:

6.13.2019

Change orders or amendments that extend the expiration date of the original or Board approved contract by no more than 12 months, but do not affect the total contract price can be approved subject to the contract signing authority indicated in Table 1.

The Purchasing department may issue Change Orders up to 10 percent over the original PO without further approvals if the original purchase amount was \$10,000 or less. For any Change Order request over the original PO by more than 10 percent or the \$1,000 limit, the requesting department will complete a revised Purchase Order Requisition (approved at the levels in Table 1.)

- For Contracts and Amendments up to \$75,000:
 - Change Orders can be approved by the total appropriate authorization levels as outlined in Table 1 up to a total Contract amount of \$75,000 without Board approval.
 - Board approval is required for a Change Order if the proposed Change Order would cause the total Contract amount to exceed \$75,000.
- For Contracts and Amendments over \$75,000:
 - Board approval is required for Change Order requests which increase the contract amount, unless sufficient contract contingency was previously approved by the Board.

A Change Order above the Change Order limits set forth in this policy may be authorized by the General Manager or Assistant General Manager prior to Board approval if:

- A delay in Change Order authorization could result in a negative financial impact to the District.
- A delay in Change Order authorization could result in damage to or impairment of the operations of a District facility.
- An Emergency exists which requires immediate work/services.

The Board shall be notified by the General Manager of any Change Order above the General Manager's authorized limit at the next Board meeting.

22. Personal Financial Interest in District Contract



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 8

Last Revised:

6.13.2019

#14.

Board members and District staff, spouses, or dependent children shall not be financially interested in any contract made by them in their official capacity. (Government Code Section 1090). Board Members and District staff, spouses, or dependent children shall not participate in any way to influence a governmental decision in which they have a financial interest. (Government Code Section 87100).

All District employees (other than Administrative Personnel not under Designated Positions in the District's Conflict of Interest Code) authorized under this Policy to make purchases or enter into agreements on behalf of the District will complete a Statement of Economic Interests (Form 700) and comply with the District's Conflict of Interest Code.

Confidential or proprietary information must be handled with due care and proper consideration of ethical and legal ramifications and governmental regulations. Purchasing activities must be performed in accordance with all applicable laws and this policy. Employees/individuals who violate the standards set forth in this Section are subject to disciplinary action consistent with District Personnel and Salary Policy.

23. This District Makes Purchases as a California Water District

As a California Water District, the District is not required by State law to competitively bid any purchases, unless otherwise stated in this policy.

The District may:

- Enter into non-bid contracts for Public Works.
- Purchase materials, services and supplies.
- Contract for design-build work.
- Job-order contracting.
- Enter into Cooperative Purchasing contracts to plan, build, and maintain Public Works.
- Undertake any other form of contract found to be in the District's lawful best interest.

24. Maintenance of this Policy

The General Manager and assigned representatives, working with the District's legal counsel, will maintain and propose revisions to this policy as needed. All changes to this policy shall require the approval of the Board of Directors. In all cases, the District shall implement this policy in a manner that is consistent with Federal, State or local regulations.



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 9

Last Revised:

6.13.2019

DEFINITIONS:

Administrative Personnel – District administrative employees authorized by the General Manager to purchase miscellaneous items, food and travel in support of District functions; includes Administrative Assistant, Administrative Analyst, Human Resources Administrator and any other administrative position as authorized by the General Manager.

Amendment – A written change or addition to a legal document which, when properly executed, has the same legal validity of the original document.

Blanket Purchase Orders - Used for payment to the same supplier/contractor/Consultant multiple times, or for ongoing monthly purchases/expenses.

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

Change Order – A written Amendment modifying the terms of an existing Contract or Purchase Order.

Consultant – An individual, firm or entity that provides or offers to provide Professional Services to the District.

Contingency - A predetermined amount or percentage of a Contract held for changes in a Public Works project.

Contract - Written agreement authorizing a contractor, Consultant, supplier or service provider to provide materials or services, or Public Works, in accordance with the material requirements, conditions or scope of work stated in the Contract.

Cooperative Purchasing – Participation with other agencies in cooperative purchasing arrangements and programs to leverage the benefits of volume purchases, delivery and supply chain advantages, best practices, and the reduction of administrative time and expenses.

District –Moulton Niguel Water District.

Emergency – A situation in which unforeseen circumstances present an immediate risk of harm or hazard to the public health, safety, and welfare, or to the District property, or threaten serious interruption of District operations.

General Manager – General Manager of the District or the person appointed by the Board to act in the capacity of the General Manager and authorized to administer this Policy on his/her behalf.

Invitation for Bids - A formal process for soliciting sealed bids from qualified prospective suppliers or Public Works contractors. Typically involves a formal bid opening, and the awarding



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

#14.

6.11.2020

Page | 10

Last Revised:

6.13.2019

of a Contract to a responsive and responsible supplier or contractor based on price and other specified factors, and as otherwise required by law.

Multiple Year Contract - A Contract for the purchase of services or materials, or for Public Works for a multiple year term or that may contain provisions to extend performance by exercising optional renewal periods. A Multiple Year Contract does not obligate the District beyond the initial award period and shall not provide for a cancellation payment to the contractor if options are not exercised.

Non-Discretionary Purchases – Payments to utilities and national, state or local agencies that relate to routine obligations and expenses essential to the District’s ability to provide service to customers and that have been approved in fiscal year operating or capital budgets, and for the purposes of this policy, shall also include expenses previously approved by the Board, which would require significant advanced planning to change service providers, such as software license agreement renewal/ cloud based services renewal, insurance providers, and healthcare providers.

Non-Professional Services – Services other than Professional Services, including supply and maintenance services.

Procurement - The purchase or lease of materials, supplies, equipment or services, or Public Works.

Professional Services – Any type of special service or advice in financial, economic, accounting, engineering, legal or administrative matters by persons specially trained and experienced and competent to perform the special services required. (California Government Code § 53060.) Such services include but are not limited to architectural; engineering; environmental; financial; land surveying; construction management; audits; training services; legal services; preparation of planning or studies; technology application development; and personnel, job classification and benefit studies.

Public Works – As defined by California Public Contract Code Section 22002, public projects include construction, reconstruction, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased or operated facility. Maintenance work is not considered a public project for purposes of this definition.

Purchasing Card - A form of charge card that allows materials and services to be purchased without using a Purchase Order. The District participates in the Cal Card and Home Depot credit card programs.

Purchasing Department – The District employees assigned the duties of identifying vendors, obtaining competitive bids, issuing and processing Purchase Order Requisitions, maintaining



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 11

Last Revised:

6.13.2019

office inventory, and assisting the General Manager in the application of Policy procedures within the District.

Purchase Order (PO) – An authorization, under a standardized form in which the party designated as the “provider” is to provide materials and/or services for which the District agrees to pay.

Request for Proposal (RFP) - A solicitation used for the procurement of Professional Services and Non-Professional Services. Prospective suppliers or Consultants submit requested information and are evaluated/awarded based on pre-established criteria.

Request for Quotes (RFQ) - A solicitation used for procurement of supplies, materials, or equipment.

Requisition (REQ) - The procedural method by which departments may request a PO for the purchase of materials, supplies or equipment. Requisitions are entered into the District’s Enterprise Resource Planning system application.

Single Source Purchase - Procurement where: (1) there is a compelling reason for only one source, a preferred brand, like material, etc., to be procured; or (2) the commodity is unique, including, but not limited to, acquisition of data processing, telecommunications and word processing equipment, goods and services; or (3) the purchase of a specific brand name, make or model is necessary to match existing District equipment or facilitate effective maintenance and support; or (4) when it is in the best interest of the District to extend or renew a Contract from a previous contract period, based on satisfactory service, reasonable prices, avoidance of start-up costs, avoidance of interruptions to District business, or good business practices.

Sole Source Purchase - Procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

Work Order – Request and approval for services or performances of specific tasks to be completed, and placed against a pre-established contract. Vendors may also use the terms “task order” and “statement of work”. For District purposes, these items will be treated as “work orders”. (These typically apply to on call or as needed contracts or Blanket Purchase Orders).



POLICY A-5: PURCHASING SERVICES, MATERIALS, AND PUBLIC WORKS PROJECTS

See also:

6.11.2020

Page | 12

Last Revised:

6.13.2019

#14.

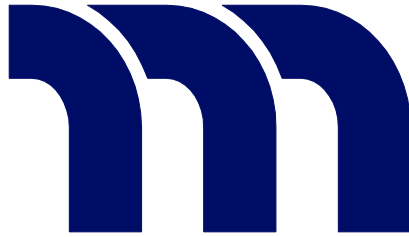
TABLE 1: Procurement Limits and Contract Signature Authority

Procurement Limits and Contract Signature Authority		
Title	Expenditures	Contract Signature Authority
<i>General Manager</i>	up to \$75,000	\$75,001 and over with Board authorization up to \$75,000 without Board authorization
<i>Assistant General Manager</i>	up to \$50,000	up to \$50,000
<i>Staff Directors, Government Affairs Officer, Information Systems Officer</i>	up to \$25,000	up to \$25,000
<i>Board Secretary, Staff Assistant Directors</i>	up to \$20,000	None
<i>Superintendents, Managers, Controller, Principal Engineers, Coordinators, Sr. Water Resources Planner</i>	up to \$10,000	None
<i>Supervisors, Purchasing Agent, Administrative Personnel, Sr. Water Efficiency Specialist, Sr. Wastewater Treatment Plant Operators</i>	up to \$5,000	None

Vendor Contact List

Company Name	Company Address	Contact Person	Telephone #	E-mail
The REMM Group	15991 Red Hill Ave. Ste. 200 Tustin, CA 92780	Nick Williams	(714) 974-1010 ext. 206	nwilliams@remmgroup.com
Orange County Property Management	16742 Gothard St Huntington Beach, CA 92647		(714) 840-1700	Info@ocmgmt.com
CBRE	4400 MacArthur Blvd. Newport Beach, CA 92660	Jonathan Serber	(949) 955-2131	jonathan.serber@cbre.com
Redmond Jepsen Realty Advisors	20 Enterprise, Suite 305 Aliso Viejo, CA 92656	Matt Jepsen	(949) 633-3482	mattj@rjrealtyadvisors.com
Cushman and Wakefield	18111 Von Karman Ave, Suite 1000 Irvine, CA 92612	Kevin Turner	(949) 955-7653	kevin.turner@cushwake.com
Colliers International	3 Park Plaza, Suite 1200 Irvine, CA 92614	Kevin Rude	(949) 724-5576	kevin.rude@colliers.com
JLL	4000 MacArthur Blvd., Suite 1050 Newport Beach, CA 92660	Bob Nowak	(949) 253-8800	bob.nowak@am.jll.com
PRES	19782 MacArthur Blvd., Suite 100 Irvine, Ca 92612	Dan Russell	(949) 261-7737	drussell@prescompanies.com
Burke Real Estate Group	260 E. Baker St., Suite 100 Costa Mesa, CA 92626	Ken Wheeler	(512) 845-9604	ken@burkegroup.net
Granite Properties	100 Bayview Circle, Suite 230 Newport Beach, CA 92660	Tessie Nolan	(949) 725-9900	tnolan@graniteprop.com

-203-



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** November 12, 2020

FROM: Rodney Woods, Director of Engineering
David Larsen, Engineering Manager

SUBJECT: Contingency Increase for Construction Manager at Risk Services Agreement

SUMMARY:

Issue: Additional Construction Manager at Risk (CMAR) Services are anticipated for the completion of the upgrades at the District’s Plant 2A facility.

Recommendation: It is recommended that the Board of Directors approve a contingency increase from 2.5% to 4.0% for the Construction Manager at Risk Agreement with Layton Construction.

Fiscal Impact: Sufficient funds are included the Fund 7 and Fund 14 capital budgets.

Reviewed by Legal: Yes

BACKGROUND:

In February 2019, the Board of Directors authorized the execution of an agreement with Layton Construction to provide CMAR services in support of the several upgrades at the District’s Plant 2A facility. Subsequently, in May 2019, the Board of Directors authorized the construction and post-construction phases of the upgrades at Plant 2A to commence and approved a contingency of 2.5% of the overall construction value for the various construction projects.

Construction of the upgrades at Plant 2A commenced on August 26, 2019 and has been ongoing since that time. Layton Construction has provided CMAR services as necessary to support the construction efforts.

DISCUSSION:

As the construction of the upgrades at Plant 2A continued, some considerable revisions to the construction work have been identified. A few notable revisions

#15.

Contingency Increase for Construction Manager at Risk Services Agreement

November 12, 2020

Page 2 of 2

include an increase in the asphalt paving section in the parking areas, the addition of fire sprinklers in one facility, and the inclusion of dedicated air-conditioning systems for the server rooms of each facility. As a result, staff is requesting an increase in the contingency from 2.5% to 4.0%, which equates to an increase of \$671,204. This request will allow for timely change orders to the CMAR contract to be executed as needed in support of the ongoing critical construction on the various projects at Plant 2A. The proposed contingency increase, as well as all individual change orders, was reviewed with the Ad-Hoc Committee members.



moulton niguel water district

*Customer Communications Survey
Update*

Board of Director's Meeting
November 12, 2020

Survey Goals & Methodology

- Customer Communication Survey was designed to:
 - Better understand customer perceptions of current communication efforts
 - Inform MNWD's future communication efforts

- Methodology
 - 400 surveys (via telephone, text, internet)
 - Surveys conducted August 20-31, 2020
 - Focus on single-family residential customers

Words That Best Describe District

- Using an open-ended question, we asked what words best describe our services.

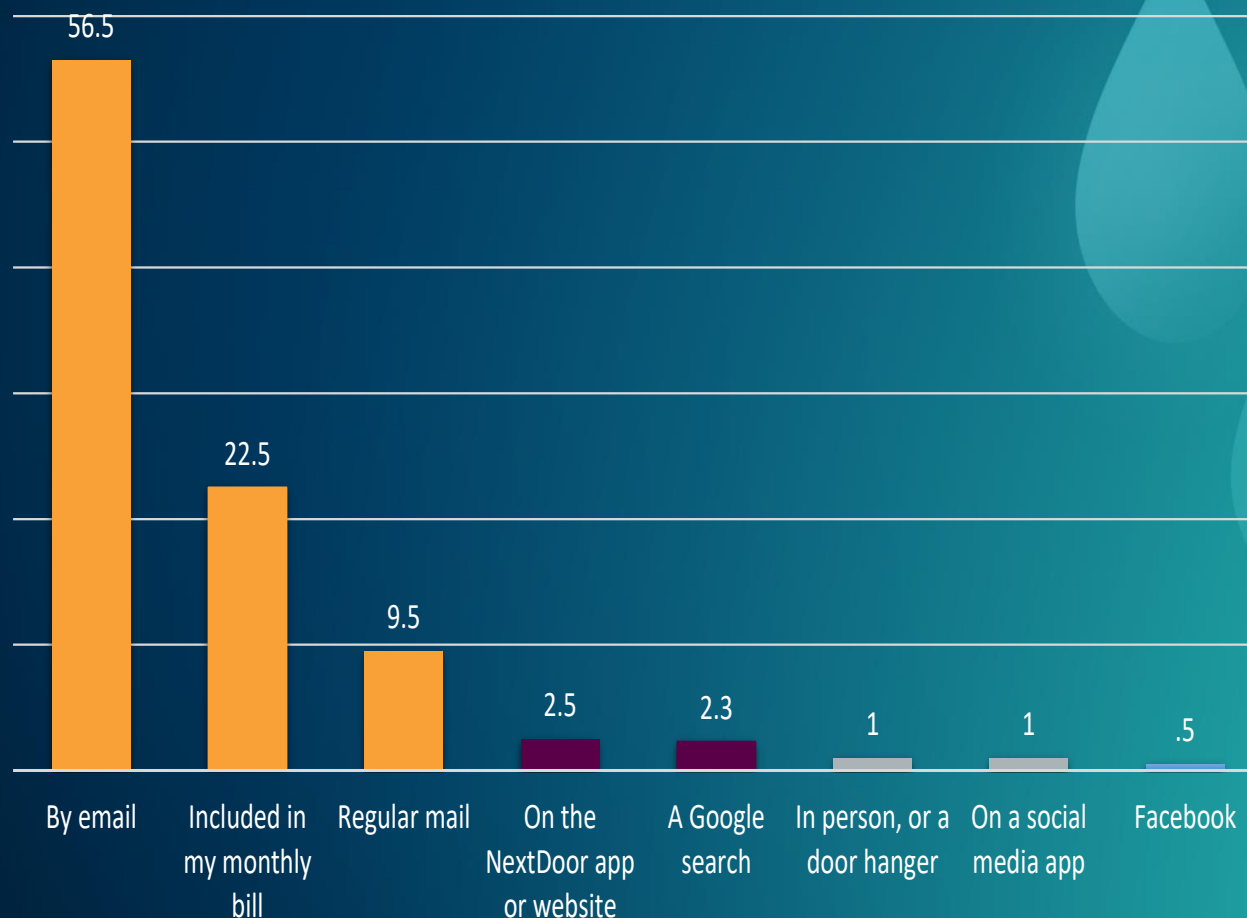
Since you are familiar with the Moulton Niguel Water District, what one word would you say best describes Moulton Niguel Water District?

-209-



Customer Information Preferences

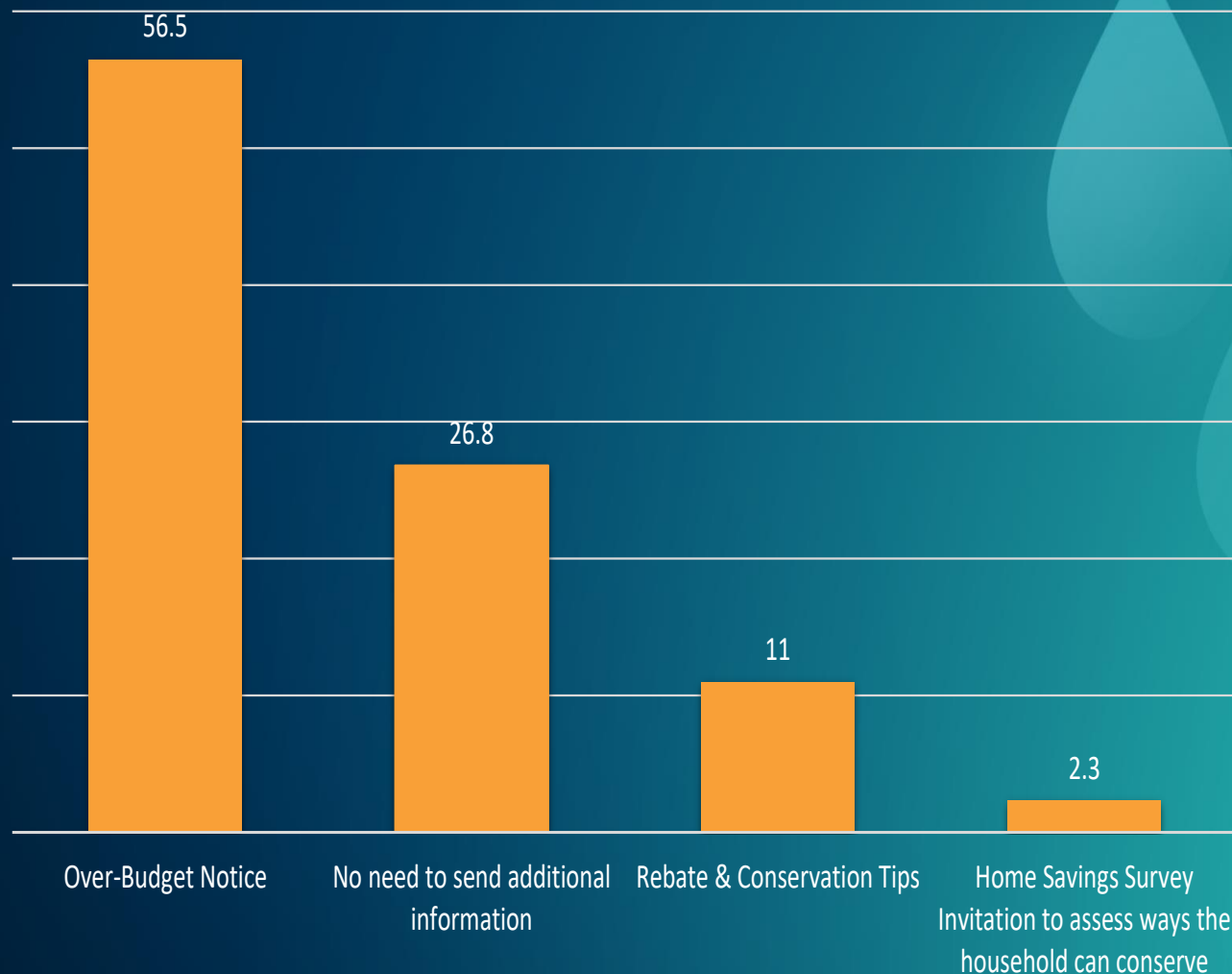
What is your preferred method for receiving information about water programs & services offered to customers (e.g., learn about ways to better conserve water, attend landscaping workshop, lower your bill, access rebate programs, participate in a water education event)?



-210-

Customer Information Preferences

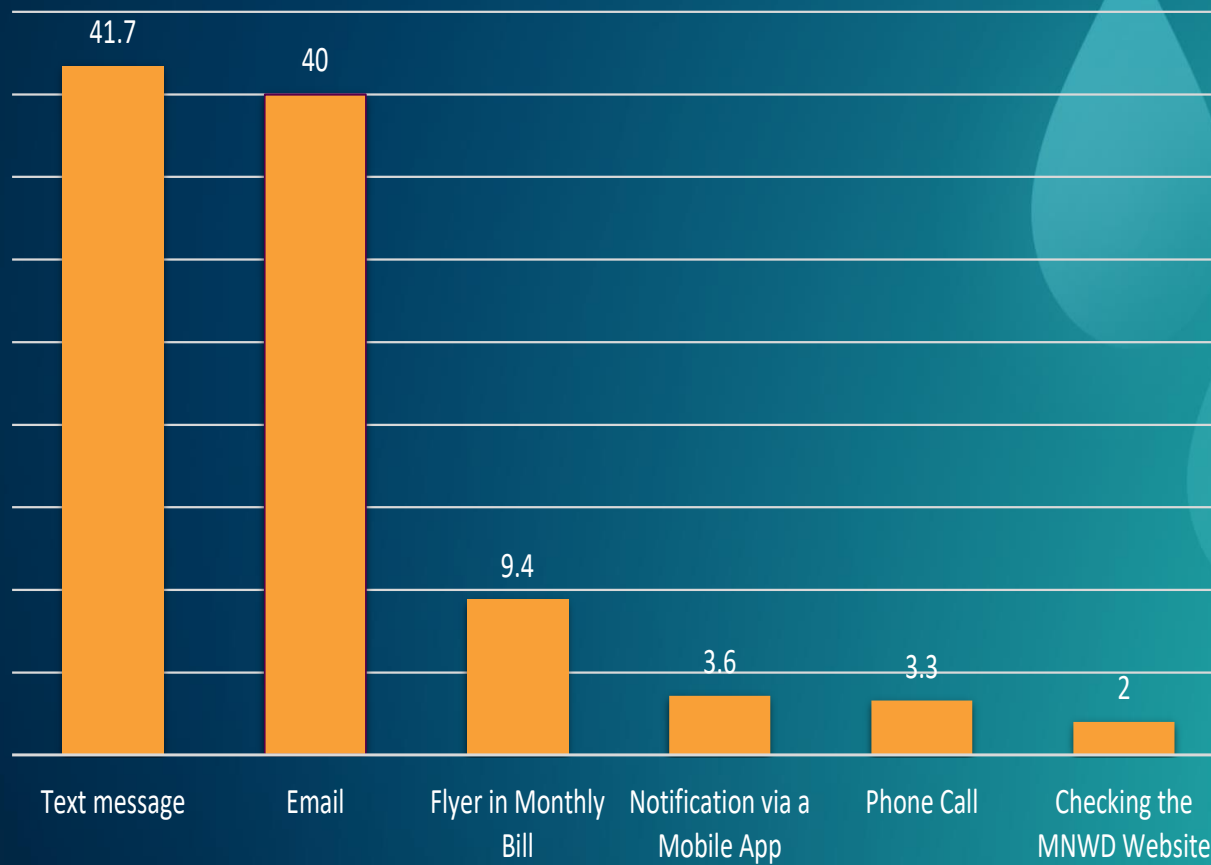
If you used a lot more water than usual and received a higher bill for that month, which of the following communication items would you like the District to send you in addition to the bill?



-211-

Customer Information Preferences

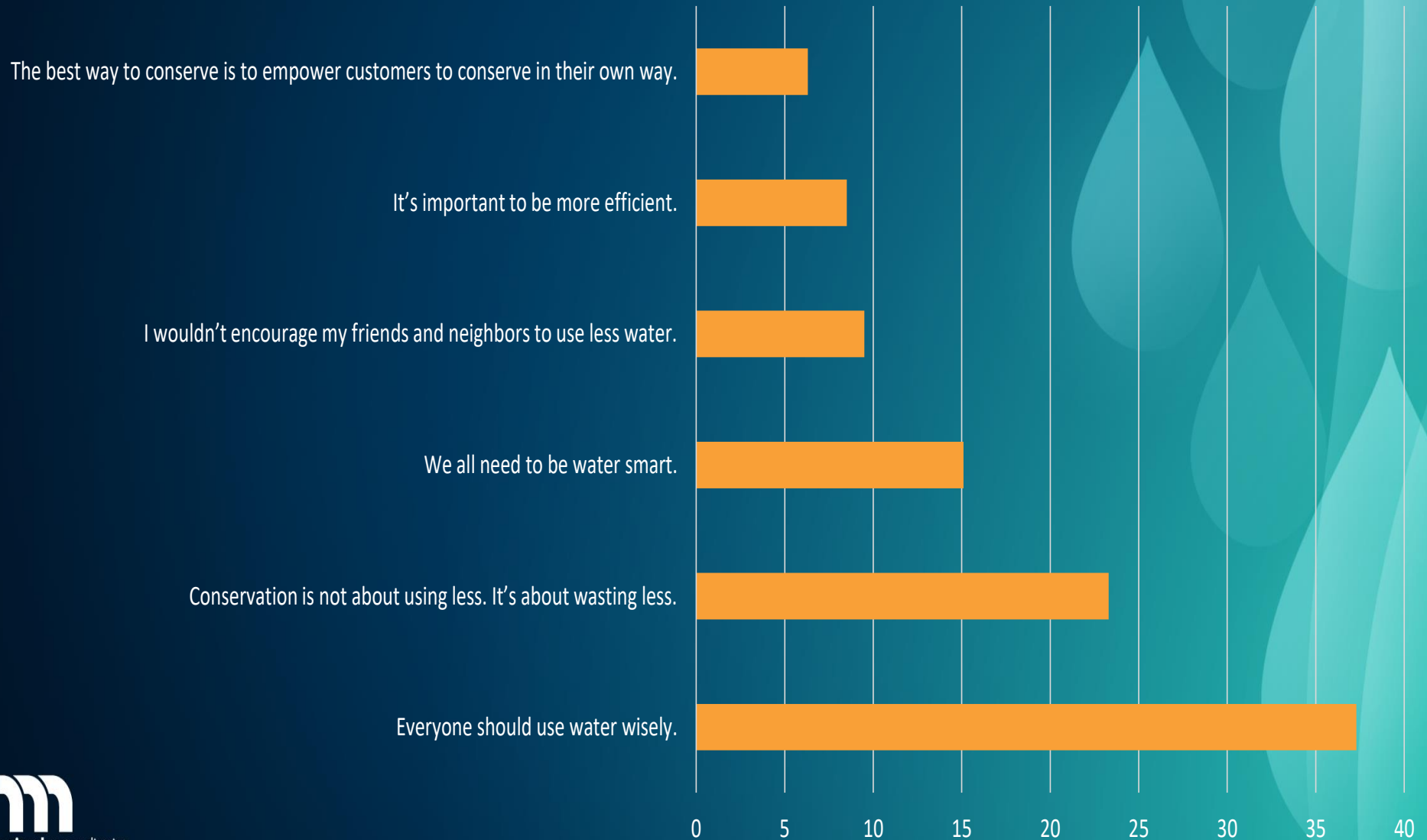
How would you prefer to be notified about a leak at your home?



-212-

Effective Conservation Messages

If you were trying to convince your friends and neighbors to reduce their water use, which of the following messages would be most effective?



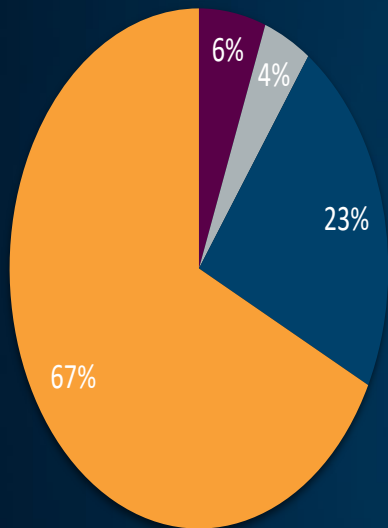
-213-

Landscape Decision Factors

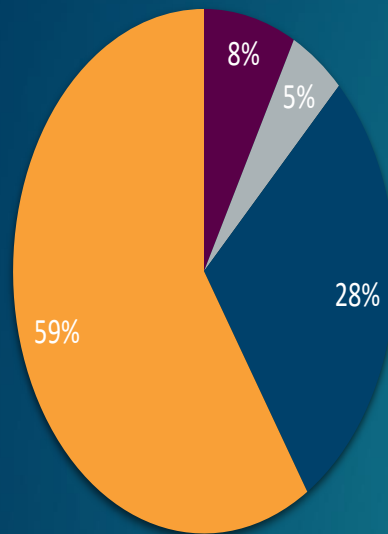
How important to you are each of the following factors in making landscaping decisions for your property?

-214-

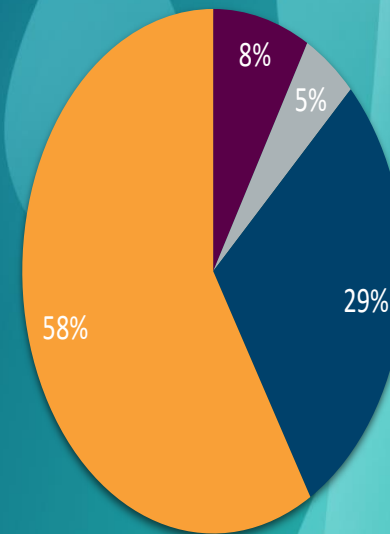
Looks Nice



Affordable to Install



Easy to Maintain



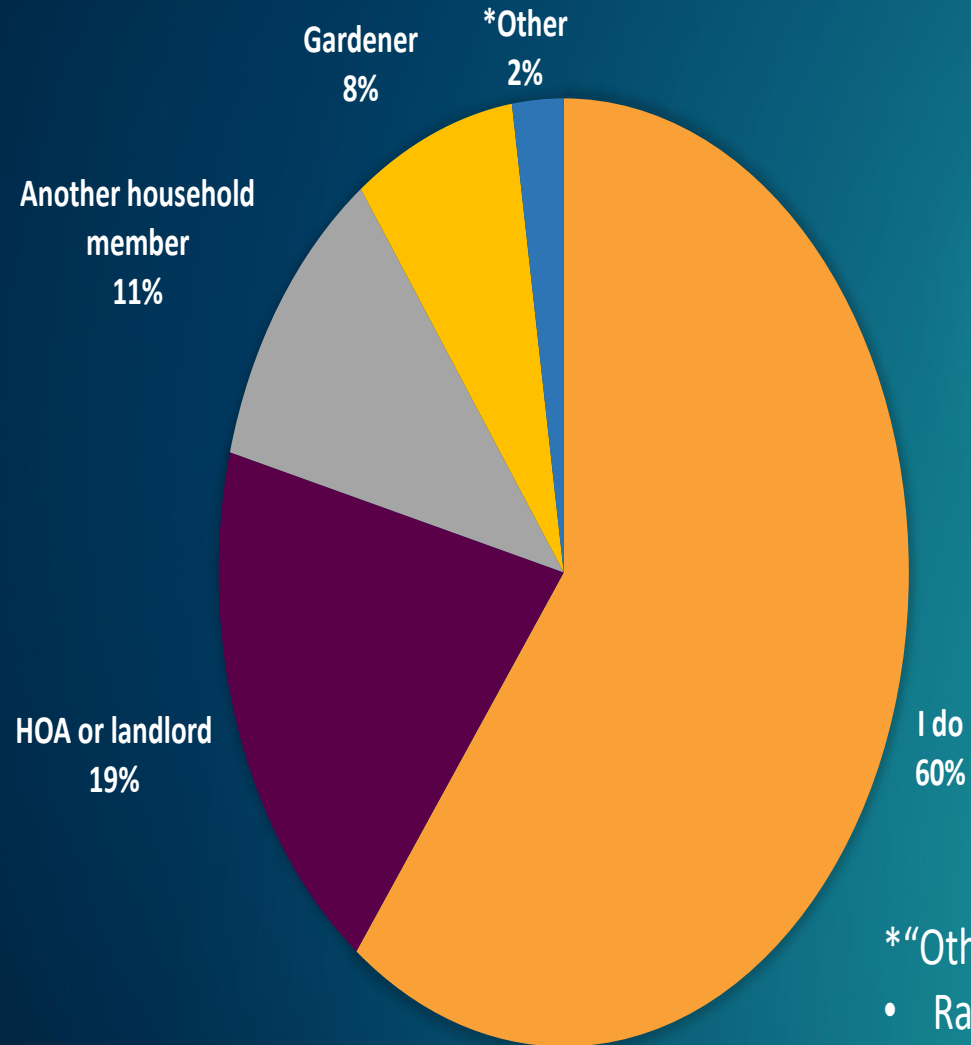
■ Not Important ■ Of little importance
■ Somewhat important ■ Very important

■ Not Important ■ Of little importance
■ Somewhat important ■ Very important

■ Not Important ■ Of little importance
■ Somewhat important ■ Very important

Who Makes Water Irrigation Decisions

Who makes irrigation decisions like the frequency and duration of watering your outside yards?



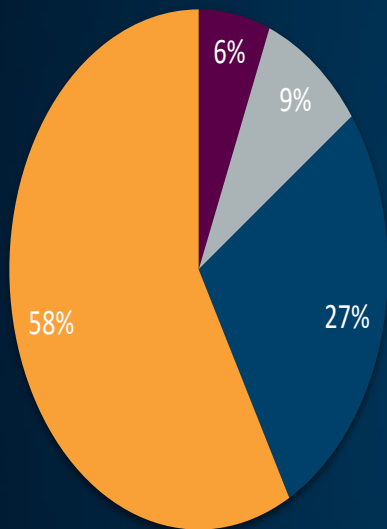
*"Other" included:

- Rachio Smart Sprinkler Controller
- Orbitz Controller

Interest in Additional Information & Services

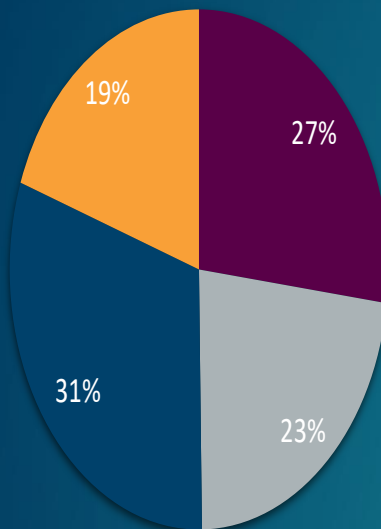
Now, please tell me how interested you are in receiving each of the following services from your water and wastewater provider?

Alerts re Possible Leaks



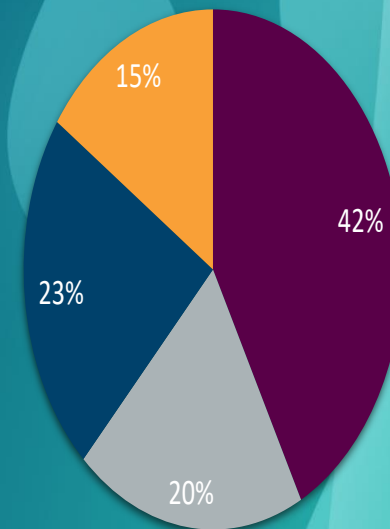
Not Interested
Slightly Interested
Interested
Very Interested

“How to” Videos



Not Interested
Slightly Interested
Interested
Very Interested

Water Education Programs



Not Interested
Slightly Interested
Interested
Very Interested

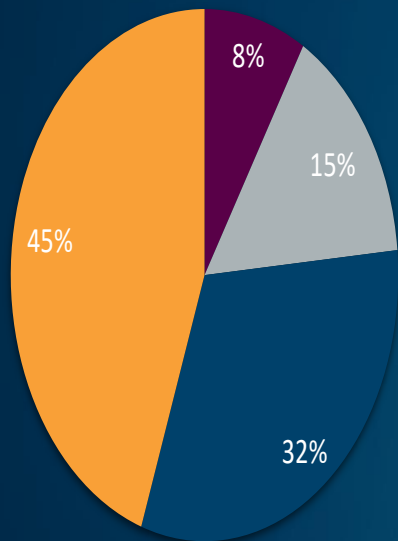
-216-



Interest in Additional Information & Services

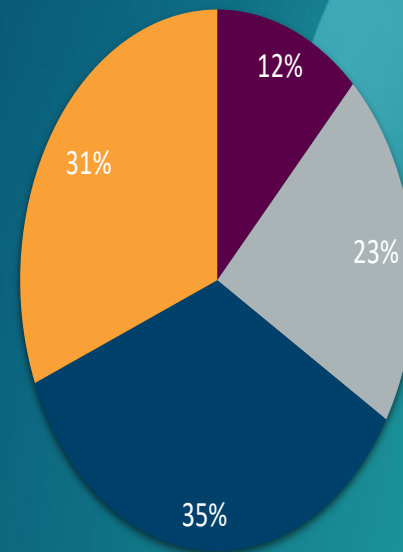
Now, please tell me how interested you are in receiving each of the following services from your water and wastewater provider?

Cash Rebates for Devices



■ Not Interested ■ Slightly Interested
■ Interested ■ Very Interested

Repairs or System Maintenance

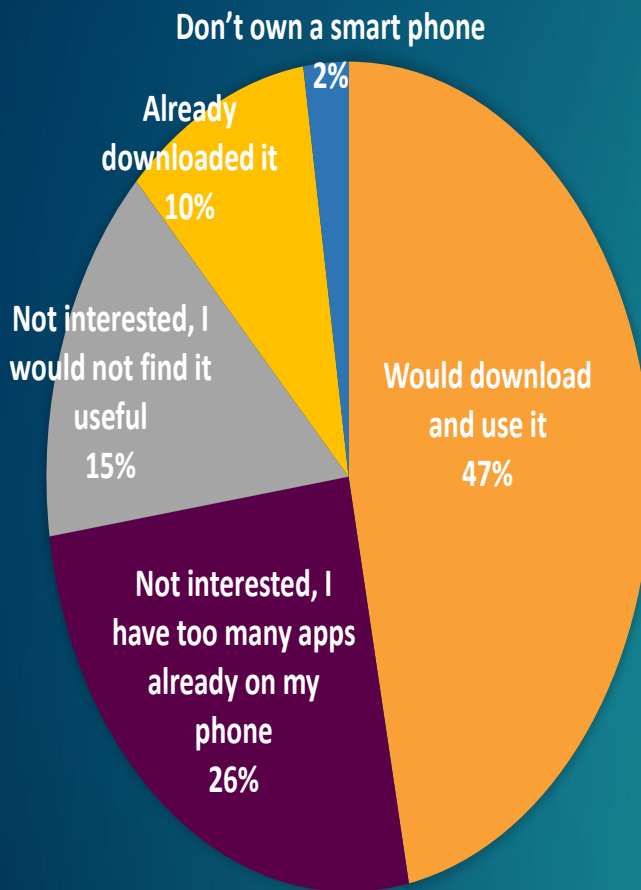


■ Not Interested ■ Slightly Interested
■ Interested ■ Very Interested

Interest in Additional Information & Services

Water use data can be provided to customers on a specialized mobile phone app that you download from Google Play or the Apple App Store. The mobile app allows you to manage your water use, identify leaks and pay your bill.

Which of the following best describes your response to this app?

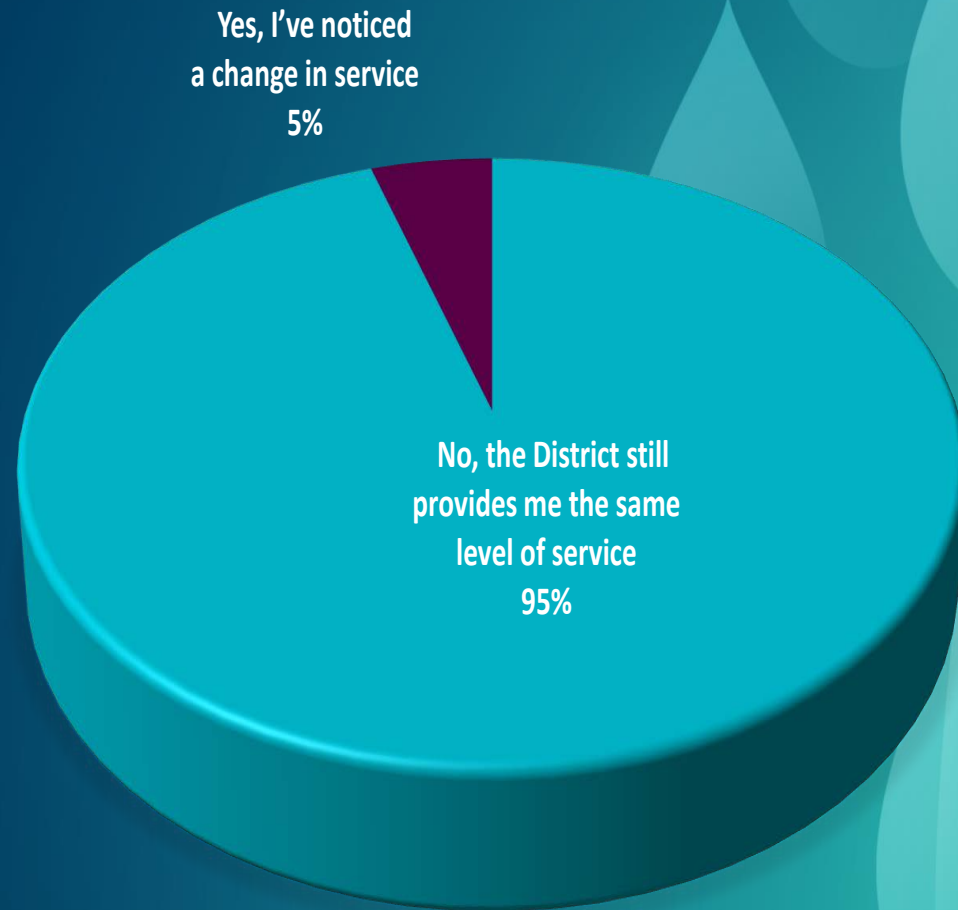


Service Remains Reliable

- Have MNWD customers perceived a change in the level of service during the pandemic?

As an essential public agency, the District has continued its operations and work during the Coronavirus pandemic. Although the District had to make temporary changes like closing its in-person customer lobby to be in compliance with public health orders, would you say the District's level of service to you has changed?

-219-



Words That Best Describe District

➤ Using an open-ended question, we asked what words best describe our services.

Since you are familiar with the Moulton Niguel Water District, what one word would you say best describes Moulton Niguel Water District?

-220-



MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
November 12, 2020

Year to date unaudited results of operations as of September 30, 2020, are summarized below.

Total operating revenues were \$19.8 million for the month ended, which came in at 29% of the budget. Total operating expenses ended at \$19.2 million, which amounted to 24% of the approved budget. Total net loss for the period ended was \$4.9 million. The District has historically recorded a net loss at this point in the fiscal year as most property tax allotments are received in December and April each year.

The District currently has \$3.1 million available in the Water Efficiency Fund for new projects, rebate applications or additional programs. The remaining balance considers \$2.6 million in approved water efficiency program commitments, and future expected grant reimbursements for the Smart Meter project.

The District's total unrestricted cash and investments balance at September 30, 2020, was \$136.5 million. The District also holds \$3.5 million in cash that is deposited with the District's fiscal agent.

The prepaid expense line item is still elevated as compared to the June 30, 2020, balance, as annual payments and premiums made in July are amortized over the course of the fiscal year.

As mentioned above, the District holds \$3.5 million in cash held with the District's fiscal agent. The \$2.2 million deposited in the 2019 revenue bonds account was from the former reserve and will be used to pay future scheduled debt service payments. The District is meeting the only current reserve requirement of \$1.2 million for the 2015 Revenue Refunding Bonds.

Based on the approved fiscal year 2020-21 Budget, the Board had established a target reserve level of \$69.8 million, and as of the end of this period, the District held \$69.8 million in reserves. Additionally, the District has \$34.9 million available in the funds designated for capital projects. As property taxes are received, the District will transfer sufficient funds into the designated for capital projects funds in accordance with the adopted Budget.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Year To Date Totals September 30, 2020

	1	2	3	=3-1	=1/3
Description	Fiscal Year to Date Actuals	Prior Fiscal Year to Date Actuals	Current Year Approved Budget	Current Year Budget Balance	% of Actuals to Budget
ALL FUNDS					
Operating Revenues					
Water Sales	\$ 9,234,375	\$ 8,370,003	\$ 31,438,154	\$ 22,203,779	29%
Recycled Water Sales	2,062,433	1,937,261	5,941,355	3,878,922	35%
Sewer Sales	6,854,610	6,547,931	25,446,037	18,591,427	27%
Water Efficiency	1,562,577	1,307,023	4,587,175	3,024,598	34%
Other Operating Income	42,233	67,711	1,079,522	1,037,289	4%
A Total Operating Revenue	19,756,227	18,229,928	68,492,243	48,736,016	29%
Operating Expenses					
Salaries ¹	3,684,950	3,573,836	16,159,959	12,475,009	23%
PERs Employer Contributions ¹	762,077	630,038	2,824,211	2,062,134	27%
Defined Contribution 401A ¹	65,335	62,834	294,546	229,211	22%
Educational Courses	12,765	7,820	81,360	68,596	16%
Travel & Meetings	17,524	69,349	391,501	373,977	4%
Recruitment & Employee Relations	1,149	1,145	98,055	96,906	1%
General Services	49,396	57,823	528,874	479,478	9%
Annual Audit	4,550	4,350	55,000	50,450	8%
Member Agencies O&M	16,266	(6,176)	515,520	499,254	3%
Dues & Memberships	34,366	59,920	208,647	174,281	16%
Election Expenses	-	-	180,000	180,000	0%
Consulting Services	384,142	430,792	3,277,000	2,892,858	12%
Equipment Rental	12,438	11,380	63,010	50,572	20%
District Fuel	44,522	45,169	330,000	285,478	13%
Insurance - District	115,565	123,929	558,300	442,735	21%
Insurance - Personnel	124,759	101,305	402,638	277,879	31%
Insurance - Benefits ¹	1,362,374	1,012,800	3,535,028	2,172,654	39%
Legal Services - Personnel	2,891	1,228	50,000	47,109	6%
Legal Services - General	41,828	15,304	620,000	578,172	7%
District Office Supplies	131,330	208,184	1,093,053	961,723	12%
District Operating Supplies	181,585	336,715	1,159,250	977,665	16%
Repairs & Maintenance - Equipment	227,197	281,542	1,406,595	1,179,398	16%
Repairs & Maintenance - Facilities	641,844	608,426	4,359,324	3,717,480	15%
Safety Program & Compliance Requirements	53,649	90,039	363,787	310,138	15%
Wastewater Treatment	2,240,899	2,287,385	9,374,975	7,134,076	24%
Special Outside Assessments	31,186	27,233	153,967	122,781	20%
Utilities	811,895	666,572	3,079,533	2,267,639	26%
Water Purchases	8,124,177	7,686,478	28,637,921	20,513,744	28%
Water Efficiency	25,457	291,145	1,850,000	1,824,543	1%
B Total Operating Expenses	19,206,115	18,686,564	81,652,053	62,445,938	24%
A-B Operating Income (Loss)	550,112	(456,636)	(13,159,810)	(13,709,922)	
Non-Operating Revenues (Expenses)					
Property Tax Revenue	579,324	581,309	30,744,255	30,164,931	2%
Investment Income ²	232,784	1,120,040	2,469,486	2,236,702	9%
Property Lease Income	434,520	443,050	1,943,911	1,509,391	22%
Interest Expense	(1,048,608)	(923,412)	(4,945,081)	(3,896,473)	21%
Misc. Non-Operating Income (Expense)	1,383	192,926	245,312	243,929	1%
Capacity and Demand Offset Fees	8,805	22,413	420,384	411,579	2%
C Total Non-Operating Revenue (Expenses)	208,207	1,436,326	30,457,883	30,249,676	1%
A-B+C Change in All Funds	\$ 758,319	\$ 979,690	\$ 17,298,073	\$ 16,539,754	
Other Non Cash Expenses					
Depreciation and amortization	5,664,415	5,350,666	-	(5,664,415)	n/a
D Total Change in Net Position	(4,906,096)	(4,370,976)	17,298,073	22,204,169	

Note: Totals may not sum due to rounding.

1. The District has capitalized \$400,845 in salaries and benefits year-to-to date related to time spent on capital projects.

2. Investment income is comprised of realized income of \$639,270 and unrealized income of (\$406,486).

**Moulton Niguel Water District
All Funds - Budget Comparison Report
Year To Date Totals September 30, 2020
Legal Services - General**

Firm	Water Use		Capital ²	Total
	General ¹	Efficiency ¹		
Alvarado Smith APC	\$ 6,728	\$ -	\$ -	\$ 6,728
Best Best & Krieger LLP	33,158	1,943	3,582	38,683
Total	39,885	1,943	3,582	45,411
Budget Amount	600,000	20,000	-	620,000
Budget Balance	\$ 560,115	\$ 18,057	n/a	\$ 578,172

Note: Totals may not sum due to rounding.

1. Legal Services - General on the previous page is made up of the General balance of \$39,885 and the \$1,943 Water Use Efficiency balance, for a total of \$41,828.
2. 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	\$ -	\$ 85,250
West Yost Associates ³	772	175,105
Grants Received ⁴	-	(2,000,000)
Totals	\$ 772	\$ (1,739,645)

3. West Yost compiled the AMI WaterSmart final closeout documents for Phase I and II and prepared documents for additional grant applications, including the AMI Phase II and III projects, and two additional Cal OES grant applications.

4. The District has received two grants from the US Bureau of Reclamation since the start of the grant administration program, totalling \$1.8 million. Additionally, the District has received a \$0.2 million grant from Metropolitan Water District of Southern California.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Year To Date Totals September 30, 2020

	1	2	=1-2	=2/1
Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND				
<u>Operating Revenues</u>				
Water Sales	\$ 31,438,154	\$ 9,234,375	\$ 22,203,779	29%
Recycled Water Sales	5,941,355	2,062,433	3,878,922	35%
Sewer Sales	25,446,037	6,854,610	18,591,427	27%
Other Operating Income	1,079,522	42,233	1,037,289	4%
A Total Operating Revenue	63,905,068	18,193,650	45,711,418	28%
<u>Operating Expenses</u>				
Salaries	14,531,475	3,333,511	11,197,965	23%
PERs Employer Contributions	2,610,595	700,470	1,910,125	27%
Defined Contribution 401A	263,876	58,794	205,082	22%
Educational Courses	80,360	7,315	73,045	9%
Travel & Meetings	340,301	16,278	324,023	5%
Recruitment & Employee Relations	98,055	1,149	96,906	1%
General Services	528,874	49,396	479,478	9%
Annual Audit	55,000	4,550	50,450	8%
Member Agencies O&M	515,520	16,266	499,254	3%
Dues & Memberships	131,147	33,366	97,781	25%
Election Expenses	180,000	-	180,000	0%
Consulting Services	1,799,000	287,370	1,511,630	16%
Equipment Rental	63,010	12,438	50,572	20%
District Fuel	330,000	44,522	285,478	13%
Insurance - District	558,300	115,565	442,735	21%
Insurance - Personnel	371,257	116,394	254,863	31%
Insurance - Benefits	3,216,962	1,240,998	1,975,964	39%
Legal Services - Personnel	50,000	2,891	47,109	6%
Legal Services - General	600,000	39,885	560,115	7%
District Office Supplies	706,803	56,579	650,224	8%
District Operating Supplies	1,158,250	180,129	978,121	16%
Repairs & Maintenance - Equipment	1,381,595	223,556	1,158,039	16%
Repairs & Maintenance - Facilities	4,359,324	641,844	3,717,480	15%
Safety Program & Compliance Requirements	361,137	53,039	308,098	15%
Wastewater Treatment	9,374,975	2,240,899	7,134,076	24%
Special Outside Assessments	153,967	31,186	122,781	20%
Utilities	3,079,533	811,895	2,267,639	26%
Water Purchases	28,637,921	8,124,177	20,513,744	28%
B Total Operating Expenses	75,537,237	18,444,462	57,092,775	24%
A-B Operating Income (Loss)	(11,632,169)	(250,811)	(11,381,357)	
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	30,744,255	579,324	30,164,931	2%
Investment Income	2,464,629	89,062	2,375,567	4%
Property Lease Income	1,943,911	434,520	1,509,391	22%
Misc. Non-Operating Income (Expense)	250,812	62,779	188,033	25%
C Total Non-Operating Revenue (Expenses)	35,403,607	1,165,684	34,237,923	3%
A-B+C Change in General Fund	\$ 23,771,439	\$ 914,873	\$ 22,856,566	7%
<u>Other Non Cash Expenses</u>				
Depreciation	-	5,664,415	(5,664,415)	n/a
D Total Change in Net Position	\$ 23,771,439	\$ (4,749,542)	\$ 28,520,981	

Note: Totals may not sum due to rounding.

Moulton Niguel Water District
 Water Efficiency Fund - Budget Comparison Report
 Year To Date Totals September 30, 2020

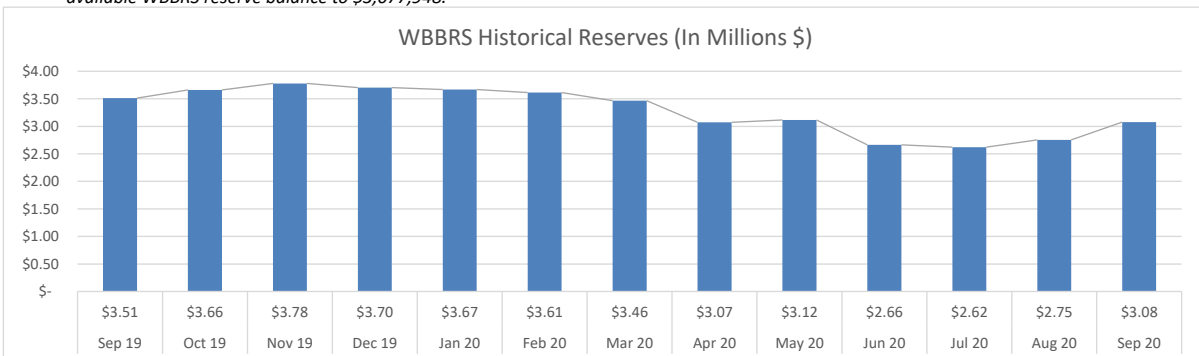
	1	2	=1-2	=2/1
Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Projected Operating Revenue</u>				
Water Efficiency	\$ 4,587,175	\$ 1,562,577	\$ 3,024,598	34%
A	Projected Total Operating Revenue	4,587,175	1,562,577	34%
<u>Projected Operating Expenses</u>				
Labor	2,222,217	549,328	1,672,889	25%
Educational Courses	1,000	5,450	(4,450)	545%
Travel & Meetings	51,200	1,246	49,954	2%
Dues & Memberships	77,500	1,000	76,500	1%
Consulting Services	1,478,000	96,772	1,381,228	7%
Legal Services	20,000	1,943	18,057	10%
Conservation supplies	387,250	76,208	311,042	20%
Repairs and Maintenance - Equipment	25,000	3,641	21,359	15%
Safety Program & Compliance Requirements	2,650	610	2,040	23%
Water Efficiency	1,850,000	25,457	1,824,543	1%
B	Projected Total Operating Expenses	6,114,817	761,654	12%
A-B	Projected Operating Income (Loss)	(1,527,642)	800,923	(2,328,565)
<u>Projected Non-Operating Revenue</u>				
Demand offset fees	96,079	10,885	85,194	11%
Investment Income	4,857	7,658	(2,801)	158%
C	Projected Total Non-Operating Revenue	100,936	18,544	82,392
A-B+C	Projected Change in Water Efficiency Fund	\$ (1,426,706)	\$ 819,467	\$ (2,246,173)

Note: Totals may not sum due to rounding.

Water Efficiency Available Net Position ¹

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance
Fund Net Position, Beginning of Year	\$ 5,436,059	\$ 5,436,059	\$ 5,436,059
Projected Change in Water Efficiency Fund	(1,426,706)	819,467	(2,246,173)
Project Commitments		\$ (2,569,960)	
Capital Spending	(3,350,000)	(607,618)	
Fund Net Position, Year To Date Totals September 30, 2020	\$ 659,353	\$ 3,077,948	

1. In addition to realized expenditures, there is approximately \$2,569,960 in project commitments, and \$607,618 in capital spending, reducing the available WBBRS reserve balance to \$3,077,948.



#18.

MOULTON NIGUEL WATER DISTRICT NET POSITION As of September 30, 2020

		(Unaudited)		(Unaudited)
		Balance	Net Change	Balance
Adopted Reserve Targets ¹	Reserve Target	9/30/2020		6/30/2020
Designated for Self Insurance Reserve	\$ 250,000	\$ 253,972	\$ 20,570	\$ 233,402
Designated for Rate Stabilization	15,372,127	15,392,779	327,973	15,064,806
Designated for Emergency Reserves	35,300,000	35,300,000	-	35,300,000
Designated for Operating Reserves ²	18,884,259	18,884,259	(29,527,618)	48,411,877
Total Adopted Reserve Targets	\$ 69,806,386	\$ 69,831,010	\$ (29,179,075)	\$ 99,010,085
	FY Capital			
	Budget ⁴			
Designated for Capital Projects ³				
Designated for Replacement and Refurbishment	\$ 41,393,593	23,101,560	\$ 9,563,902	\$ 13,537,658
Designated for Water Supply Reliability	100,000	99,606	90,449	9,157
Designated for Planning and Construction	21,048,504	11,747,066	11,446,389	300,677
Total Designated for Capital Projects	\$ 62,542,097	\$ 34,948,233	\$ 21,100,741	\$ 13,847,492
Other amounts				
Designated for Water Efficiency (WBBRS)		\$ 5,708,085	\$ 272,026	\$ 5,436,059
Restricted for Capital Facilities (Projects)		35,960	(259,888)	295,848
Net Investment in Capital Assets ⁵		312,876,787	3,160,078	309,716,709
Total Other amounts		\$ 318,620,831	\$ 3,172,215	\$ 315,448,616
Total Net Position		\$ 423,400,074	\$ (4,906,119)	\$ 428,306,193

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 \$44,828,054.

3. Balances in the Capital Project Funds represent available and designated cash to fund identified CIP projects.

4. FY Budget also includes capital expenses of \$1,690,404 and \$3,350,000 in Funds 1 and 6, respectively, bringing the total CIP budget to \$67,582,501.

5. Net Investment in Capital Assets calculated as follows:

Total capital assets and regulated assets	\$ 443,269,029
Less capital related debt	(132,957,814)
Add deferred charges related to debt	293,295
Add leases receivable and regulated assets	16,124,209
Less leases payable and lease deferred outflows	(17,391,178)
Add fiscal agent cash	3,539,246
Total Net Investment in Capital Assets	\$ 312,876,787

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	<u>(Unaudited)</u> <u>September 30, 2020</u>	<u>(Unaudited)</u> <u>June 30, 2020</u>
CURRENT ASSETS:		
Cash and investments	\$ 51,920,574	\$ 40,782,802
Accounts receivables:		
Water and sanitation charges	5,257,375	3,958,988
Property taxes	-	400,257
Grant Reimbursements	98,352	166,772
Other accounts receivable	293,950	1,215,292
Interest receivable	454,707	719,157
Inventory	1,470,264	1,440,862
Prepaid expenses	2,393,387	761,434
TOTAL CURRENT ASSETS	61,888,609	49,445,564
NONCURRENT ASSETS:		
Investments	84,577,242	108,942,276
Restricted cash and investments with fiscal agent	3,539,246	11,373,458
Retrofit loans receivable	467,897	474,808
Lease receivable	15,175,090	15,175,090
Regulated assets	949,119	961,382
Intangible asset - right to use leased asset	1,880,958	1,880,958
Capital assets, net of accumulated depreciation	378,956,713	384,122,951
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	61,339,448	48,266,048
TOTAL NONCURRENT ASSETS	547,977,623	572,288,881
TOTAL ASSETS	609,866,232	621,734,445
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	293,295	317,736
Deferred Items related to Pension	5,559,108	5,559,108
Deferred Items related to OPEB	717,051	717,051
TOTAL DEFERRED OUTFLOW OF RESOURCES	6,569,454	6,593,895
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$	616,435,686	\$ 628,328,340

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited)	(Unaudited)
	September 30, 2020	June 30, 2020
CURRENT LIABILITIES:		
Accounts payable	\$ 14,948,625	\$ 17,225,841
Interest payable	414,605	1,686,771
Unearned Revenue	79,499	697,186
Compensated absences	1,271,271	1,042,996
Current portion of long-term debt:		
Bonds payable	2,085,000	1,990,000
Certificates of participation	1,215,000	910,000
TOTAL CURRENT LIABILITIES	20,013,999	23,552,794
LONG-TERM LIABILITIES		
Compensated absences	423,757	347,665
Long-term debt:		
Bonds payable	53,095,000	55,180,000
Certificates of participation	62,445,000	63,660,000
Net Pension Liability	22,455,803	22,455,803
Net OPEB Liability	1,275,305	1,275,305
Present value of future lease payments	2,216,088	2,216,088
TOTAL LONG-TERM LIABILITIES	141,910,953	145,134,861
Bond Discount/Premium	14,117,814	14,341,646
TOTAL LIABILITIES	176,042,766	183,029,301
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	1,490,997	1,490,997
Deferred items related to OPEB	326,759	326,759
Present value of future lease receipts	15,175,090	15,175,090
TOTAL DEFERRED INFLOW OF RESOURCES	16,992,846	16,992,846
NET POSITION:		
Net investment in capital assets	312,876,787	309,716,709
Restricted for capital projects	35,960	295,848
Unrestricted	110,487,327	118,293,636
TOTAL NET POSITION	423,400,074	428,306,193
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 616,435,686	\$ 628,328,340

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of September 30, 2020

	Reserve Requirement	(Unaudited) Balance 9/30/2020	Over (Under) Requirement	(Unaudited) Balance 6/30/2020	Outstanding Debt Balance 9/30/2020
Restricted Cash and Investments:					
2015 Refunding Bonds Reserve	\$ 1,226,500	\$ 1,363,538	\$ 137,038	\$ 1,364,449	\$ 6,575,000
2019 Revenue Bonds	-	2,175,708	2,175,708	3,382,611	48,605,000
2019 Certificates of Participation	-	-	-	6,626,398	63,660,000
Total Restricted Trust Accounts	\$ 1,226,500	\$ 3,539,246	\$ 2,312,746	\$ 11,373,458	\$ 118,840,000

Note: Totals may not sum due to rounding.

FY	Remaining Payoff Schedule		
	Principal	Interest	Totals
2021*	\$ -	\$ 2,483,916	\$ 2,483,916
2022	3,465,000	4,643,706	8,108,706
2023	3,640,000	4,466,081	8,106,081
2024	3,460,000	4,288,581	7,748,581
2025	3,630,000	4,111,331	7,741,331
2026	3,815,000	3,925,206	7,740,206
2027	4,005,000	3,728,806	7,733,806
2028	4,210,000	3,524,331	7,734,331
2029	4,415,000	3,308,706	7,723,706
2030	4,640,000	3,082,331	7,722,331
2031	4,865,000	2,854,581	7,719,581
2032	5,090,000	2,646,406	7,736,406
2033	5,280,000	2,448,097	7,728,097
2034	5,485,000	2,238,513	7,723,513
2035	5,705,000	2,010,088	7,715,088
2036	5,945,000	1,768,925	7,713,925
2037	6,185,000	1,522,738	7,707,738
2038	6,440,000	1,265,613	7,705,613
2039	6,700,000	995,594	7,695,594
2040	2,490,000	819,600	3,309,600
2041	2,565,000	743,775	3,308,775
2042	2,645,000	665,625	3,310,625
2043	2,725,000	585,075	3,310,075
2044	2,805,000	502,125	3,307,125
2045	2,890,000	416,700	3,306,700
2046	2,975,000	328,725	3,303,725
2047	3,065,000	238,125	3,303,125
2048	3,155,000	144,825	3,299,825
2049	3,250,000	48,750	3,298,750
	\$ 118,840,000	\$ 64,619,706	\$ 183,459,706

* Thus far this year the District has made \$5.4M in debt service payments, consisting of \$2.9M in principal and \$2.5M in

#18.

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

Summary of Disbursements in October:

General Fund Disbursements		11,236,217
<u>Other Fund Disbursements:</u>		
Self Insurance Fund	459	
Water Efficiency Fund	1,090,108	
Replacement & Refurbishment Fund	751,383	
Planning & Construction Fund	3,961,994	5,803,945
Total Disbursements for all Funds		17,040,162

Detail of Major Expenditures in October:

1. Layton Construction Co. CMAR Construction Phase Services, progress payments #16 & #17		6,393,254
2. Municipal Water District of Orange County (MWDOC) August Water Purchases 2635.2 AF August Readiness To Service FY 20/21 Choice Programs Billing August Capacity Charge August Turf Removal, Smart Timer Rebates, and Rotating Nozzles August SCP and SAC Operation Surcharges September and August WaterSmart Residential Rebate Programs WEEA Community Partner Sponsor	2,606,441 115,136 108,348 28,851 24,662 12,278 8,000	2,903,717
3. Ferreira Construction Co. Inc. C #2018003 RWDS Miscellaneous Distribution System Improvement, progress payments #2 & #3 Emergency repair on multiple locations	645,840 128,046	773,887
4. Haaker Equipment Company 2021 New Vactor Sewer Cleaner Vehicle repair equipment	480,406 4,897	485,303
5. Aqua-Metric Sales, Co. 6000 MXU Single Ports for AMI project		465,480
6. Vадnais Trenchless Services, Inc. C #2017009 and C#2017014 Potable and Recycle Water Pipeline Replacement, progress payment #13		362,244
7. Kingman Construction Inc. HVAC Upgrade on multiple locations		237,005
8. Gateway Pacific Contractors, Inc. C #2017003 Reservoir Management Systems Replacement, progress payment #17		169,513
9. Ken Grody Ford Three new Ford District Vehicles		109,796



moulton niguel water district

Ten-Year Cashflow Update

Board of Directors Meeting

November 12, 2020

Financial Year in Review

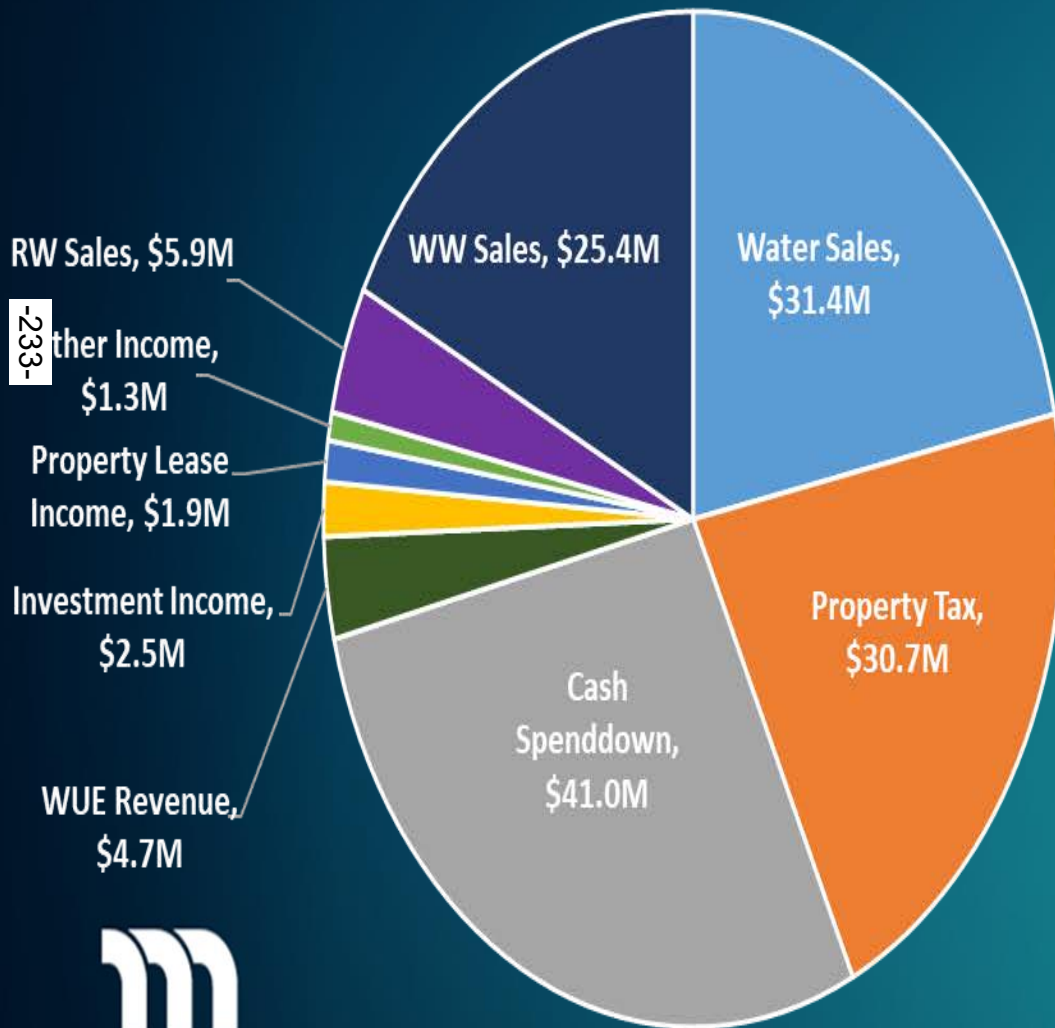
- Resilient Financial Planning
 - Year 3 of 4 year rate plan implemented
- Cost effective and conservative planning continue to support strong financial metrics
- 'AAA' reaffirmed by S&P and Fitch
- Increased Net Position to \$428.6 M
 - FY 19-20 \$58.4 M in capital projects
- GFOA – both CAFR and Budget awarded again
- COVID-19 – Board actions to assist customers in response to global pandemic

-232-

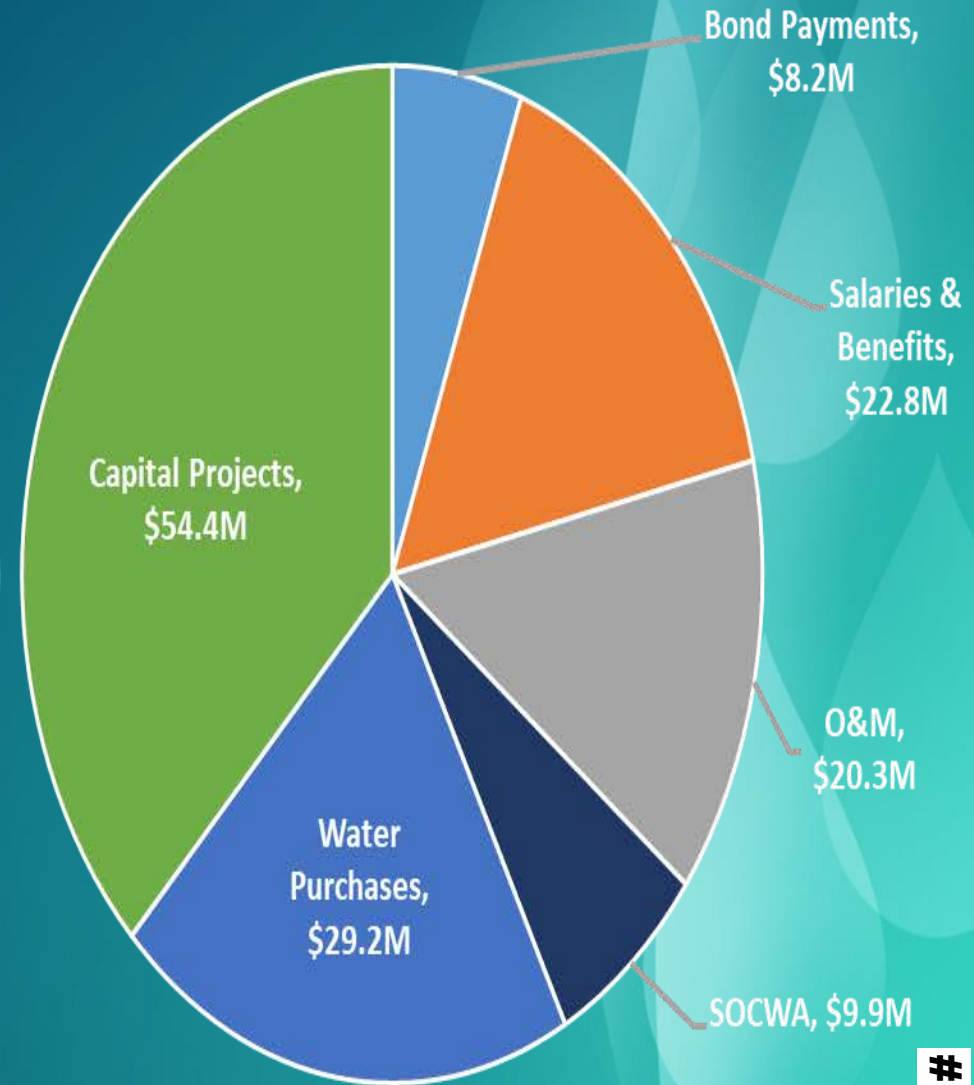


FY 2020-21 District Budget Summary

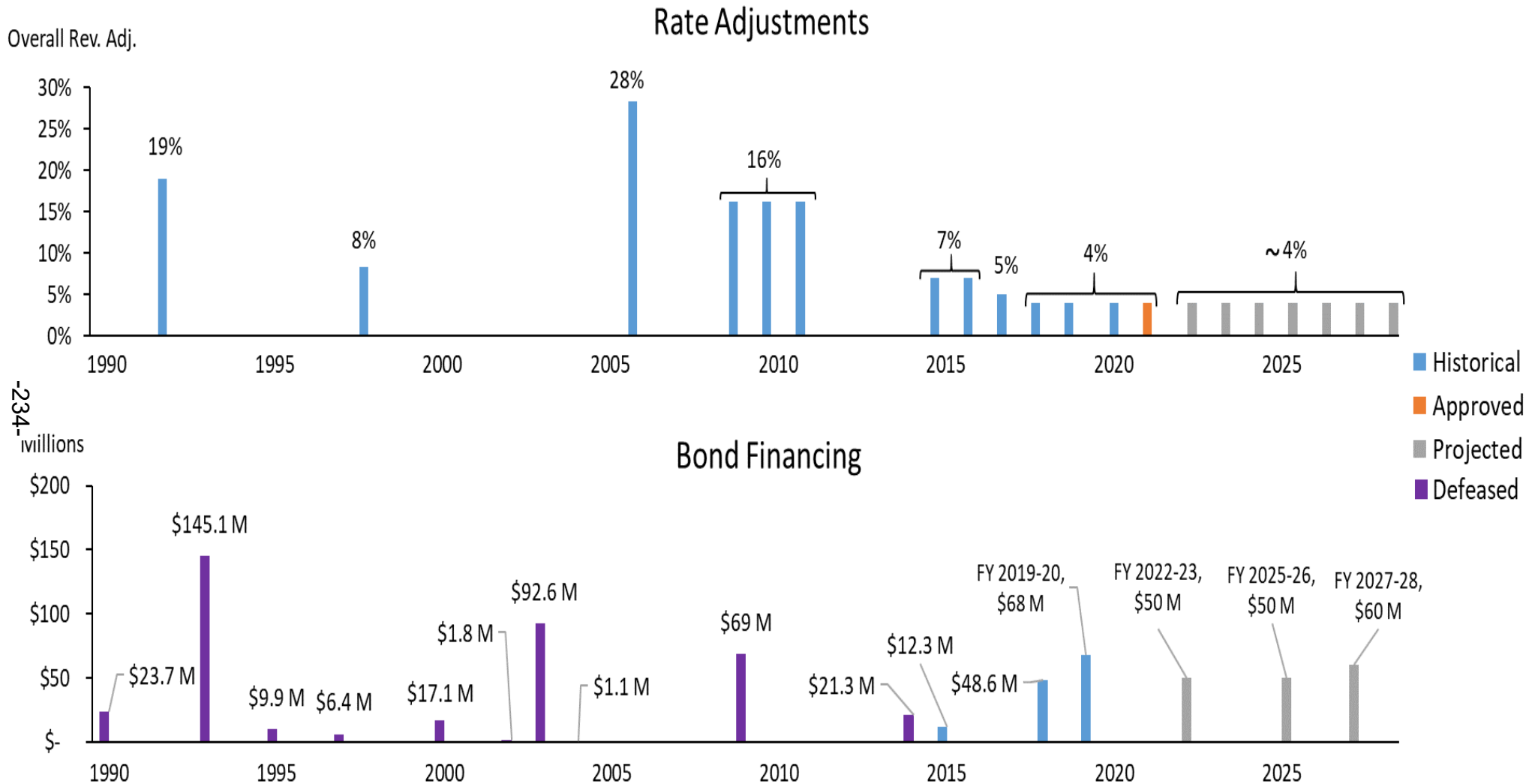
Source of Funds = \$144.8M



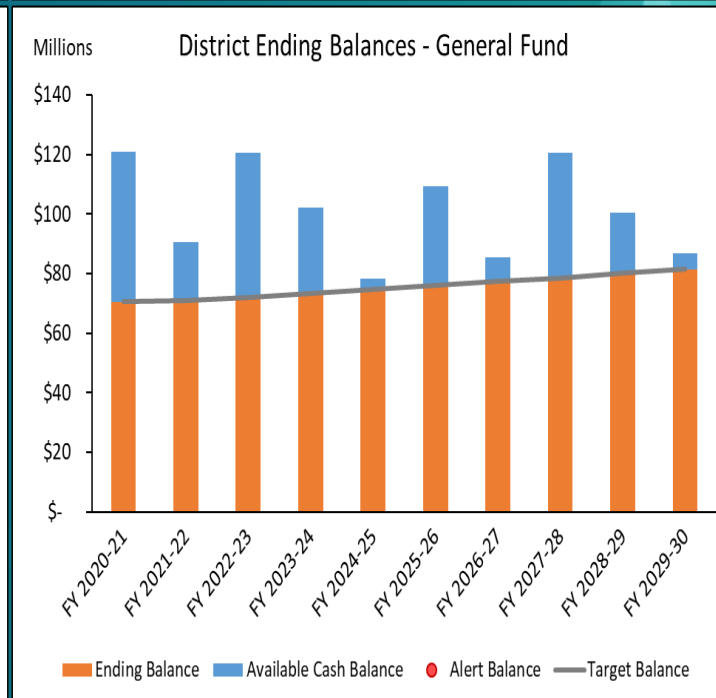
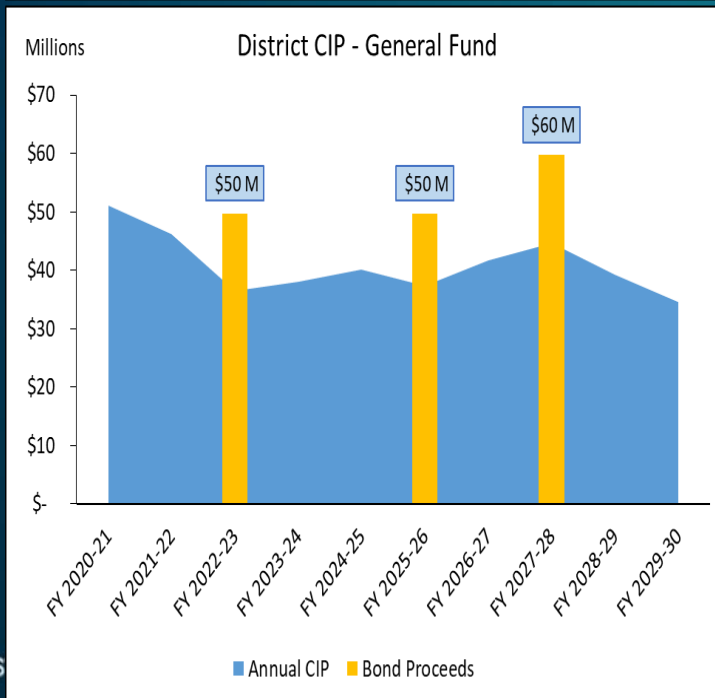
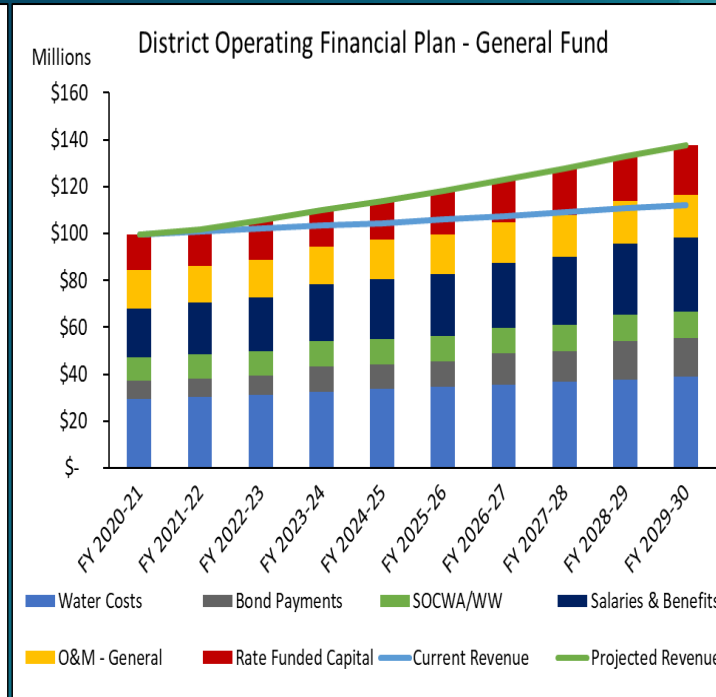
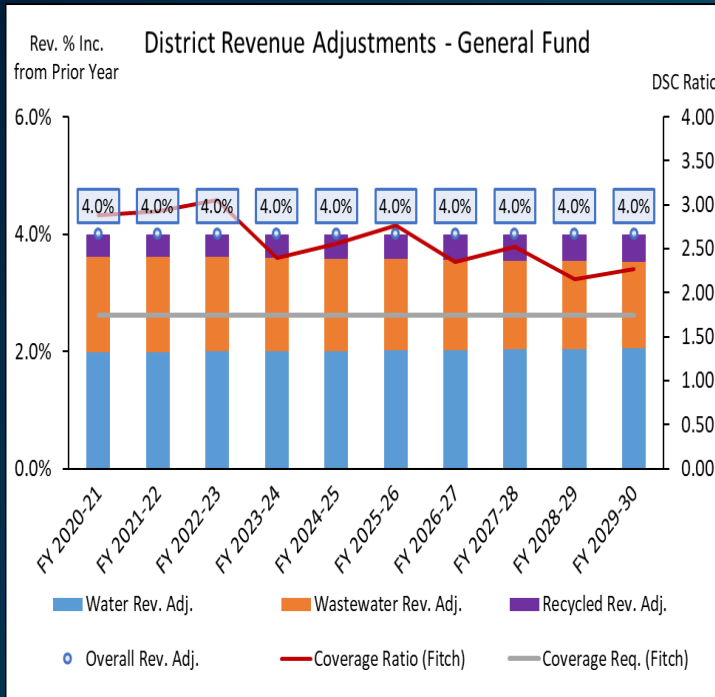
Use of Funds = \$144.8M



Historical and Projected Actions



10-Year Cashflow



-235-



Next Steps

- No Action Required
- Rate adjustment effective January 1, 2021
- First shows on bills February 1, 2021
- Proposed Bond Reimbursement Resolution in Spring 2021



moulton niguel water district

H2O for HOAs Update

Board of Directors Meeting

November 12, 2020

H2O for HOAs 2020

- 4th annual, first ever virtual H2O for HOAs
- HOA board members, community managers, landscape professionals, & residents
- Broadcast via Zoom Webinar
- Pre-recorded with live Q&A feature
- Viewed by 110 attendees

-238-



H₂O FOR HOAs

Please Join Us! #2020

Thursday, October 29, 2020
8:30am - 10:30am
Virtual Event Via Zoom

CLICK HERE TO REGISTER

FREE EVENT
OPPORTUNITY DRAWING

H2O FOR HOAs: AN EDUCATIONAL EVENT FOR HOA BOARD MEMBERS, PROPERTY MANAGERS, PROFESSIONAL LANDSCAPERS, AND RESIDENTS FOCUSING ON

Stormwater Best Management Practices

Devin Slaven, City of Lake Forest

Water Efficiency: Best Practices, Tools, and Resources

Lindsey Stuvick, Moulton Niguel Water District

Building Better Communities with Community Associations Institute: Education, Networking and Advocacy for Common Interest Developments

Anna Lisa Lukes, Community Associations Institute - Orange County

FireScope - Beautiful and Smart!

Marianne Hugo, Orange County Coastkeeper

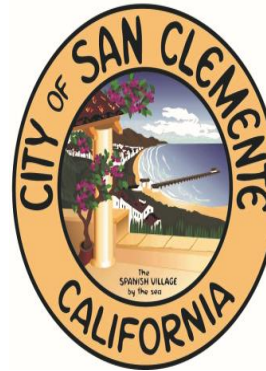
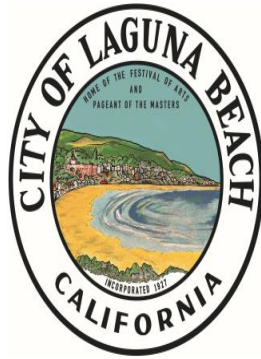
Partners

Cities: Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, Mission Viejo, Rancho Santa Margarita, San Clemente, and San Juan Capistrano

Water Agencies: El Toro Water District, Laguna Beach County Water District, Moulton Niguel Water District, Santa Margarita Water District, South Coast Water District, and Unincorporated OC



H2O for HOAs Partners



-239-



Featured Presentations

- Protecting Watersheds with Stormwater BMPs
- Water Efficiency Resources & Programs
- Community Associations Institute – OC
- Firescaping – Beautiful and Smart!
- Video & presentations available on our website

-240-



2020 H2O for HOAs

Landscape Maintenance

Problem:
If improperly applied, fertilizers can wash into our waterways and cause ecological problems

Solutions:

- Don't over fertilize and follow directions
- Keep fertilizer off impervious surfaces and sweep it back onto the lawn
- Stop applying fertilizer 48 hours before a forecasted rain event
- Use an organic fertilizer

MORE VIDEOS

Watch later

The slide features a photograph of blue fertilizer granules in a wooden bucket on the left. A man in a blue shirt is visible on the right side of the slide, appearing to be the presenter.



Survey and Sponsors

- Video, presentations, & survey sent to attendees
- Opportunity drawing with donated prizes
- Five event sponsors
- Key survey results:
 - Very positive feedback
 - Liked the concise format
 - Firescaping is an important topic to HOAs

-241-



