moulton niguel water district

BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
26880 Aliso Viejo Pkwy, Suite 150, Aliso Viejo
June 10, 2021
6:00 PM
Approximate Meeting Time: 3 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:

2. PLEDGE OF ALLEGIANCE:

3. PUBLIC COMMENTS:

Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting. Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

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.

4. MINUTES OF THE DECEMBER 11, 2019 COMMUNITY RELATIONS/CITIZENS ADVISORY COMMITTEE BOARD OF DIRECTORS' MEETING

5. MINUTES OF THE MAY 3, 2021 SPECIAL BOARD OF DIRECTORS MEETING

6. MINUTES OF THE MAY 13, 2021 BOARD OF DIRECTORS MEETING

7. MINUTES OF THE MAY 20, 2021 SPECIAL BOARD OF DIRECTORS MEETING

8. MINUTES OF THE MAY 24, 2021 SPECIAL BOARD OF DIRECTORS MEETING

9. PROFESSIONAL SERVICES AGREEMENT FOR THE PLANT 3A SUBSIDENCE MITIGATION AND SITE IMPROVEMENTS

It is recommended that the Board of Directors approve the Professional Services Agreement for engineering services with Dudek in the amount of $579,892; authorize the General Manager or Assistant General Manager to execute the agreement; and to approve amendments up to 15% of the contract value.

10. AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT FOR COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM IMPLEMENTATION SERVICES

It is recommended that the Board of Directors approve Amendment No. 2 with Nexgen for implementation services to extend the contract to May 30, 2022; authorize the General Manager or Assistant General Manager to execute the amendment.

11. ANNUAL GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2021-22 (RESOLUTION 21-__)

It is recommended that the Board of Directors approve the resolution entitled, "Approving Appropriations Limit for Fiscal Year 2021-22 and Finding Compliance with Article XIIIB of the Constitution of the State of California."

12. SELECTION OF THE ANNUAL LUMP SUM PREPAYMENT OPTION FOR UNFUNDED ACCRUED LIABILITY TO CALPERS FOR FISCAL YEAR 2021-22

It is recommended that the Board of Directors elect the annual lump sum prepayment option to pay for the unfunded accrued liability to CalPERS for Fiscal Year (FY) 2021-22.

13. ANNUAL REVIEW OF FINANCIAL POLICIES

It is recommended that the Board of Directors approve the following financial policies: Debt Management Policy, Investment Policy, Purchasing Services, Materials and Public Works Projects Policy (Purchasing Policy), Capitalization & Surplus Policy, Reserve Policy, and Federal Grant Management Policy.

ADMINISTRATIVE MATTERS:

14. FISCAL YEAR 2021-22 PROPOSED BUDGET (RESOLUTION 21-__)

It is recommended that the Board of Directors approve the resolution entitled, "Approving a Budget Appropriation and Adopting the Operations and Maintenance Budget and Capital Improvement Program Budget for Fiscal Year 2021-22".

15. AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT FOR PUBLIC AFFAIRS SERVICES

It is recommended that the Board of Directors approve Amendment No. 2 to the Professional Services Agreement with Faubel Public Affairs to extend the term through June 30, 2022 and increase the contract $; and authorize the General Manager or Assistant General Manager to execute the agreement.

LEGAL MATTERS:

16. PUBLIC HEARING ON 2015 URBAN WATER MANAGEMENT PLAN AND ADOPTION OF A RESOLUTION ADOPTING AN ADDENDUM TO THE 2015 URBAN WATER MANAGEMENT PLAN (RESOLUTION 21-___)

The District will conduct a public hearing on the 2015 Urban Water Management Plan. Following the public hearing, and subject to any modifications to the 2020 Urban Water Management Plan as directed by the Board of Directors as a result of the public hearing, it is recommended that the Board of Directors adopt the resolution entitled, "Adopting an Addendum to the 2015 Urban Water Management Plan".

17. PUBLIC HEARING ON 2020 URBAN WATER MANAGEMENT PLAN AND ADOPTION OF A RESOLUTION APPROVING THE 2020 URBAN WATER MANAGEMENT PLAN (RESOLUTION 21-___)

The District will conduct a public hearing on the 2020 Urban Water Management Plan. Following the public hearing, and subject to any modifications to the 2020 Urban Water Management Plan as directed by the Board of Directors as a result of the public hearing, it is recommended that the Board of Directors adopt the Resolution entitled, "Adopting the 2020 Urban Water Management Plan".

INFORMATION ITEMS:

18. MONTHLY FINANCIAL REPORT

19. BOND FINANCING UPDATE

CLOSED SESSION:

20. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6
Agency designated representative: Board President Brian Probolsky
Unrepresented employee: General Manager

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

21. CONSIDERATION AND POSSIBLE ACTION TO APPROVE AN AMENDMENT TO THE GENERAL MANAGER'S CONTRACT ("CONTRACT"), AN AMENDED AND/OR RESTATED CONTRACT, OR ANY COMBINATION THEROF

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.

DRAFT
MINUTES OF THE REGULAR MEETING OF THE
COMMUNITY RELATIONS/CITIZENS ADVISORY COMMITTEE
BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT

December 11, 2019

A Regular Meeting of the Community Relations Board of Directors of the Moulton Niguel Water District was held at the District offices, 26880 Aliso Viejo Parkway, Suite 150, Aliso Viejo, California, at 9:00 AM on December 11, 2019. There were present and participating:

DIRECTORS

Duane Cave	Director/Chair
Richard Fiore	Director
Donald Froelich	President
Kelly Jennings	Director
Gary Kurtz	Director
Bill Moorhead	Director
Brian Probolsky	Vice President

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Drew Atwater	Director of Finance & Water Resources
Gina Hillary	Director of Human Resources
Todd Novacek	Director of Operations
Jake Vollebregt	Director of Regional and Legal Affairs
Jose Solorio	Government Affairs Officer
Tim Bonita	Recording Secretary
Kevin Crawford	MNWD
Ronin Goodall	MNWD

Medha Patel	MNWD
Dan West	MNWD
Bob Brown	CAC Member
Bob Bunyan	CAC Member
Steve Cienfuegos	CAC Member
Greg Clements	CAC Member
Mary Jane Foley	CAC Member
Abbass Kamalizad	CAC Member
Karen Langer	CAC Member
Larry Lizotte	CAC Member
Jared Mathis	CAC Member
Allan Metz	CAC Member
Betty Pequet	CAC Member
Howard Revier	CAC Member
Bill Sundin	CAC Member
Makam Subbarao	CAC Member
Larry Swanson	CAC Member
John Ulrich	CAC Member
Phil Vandermost	CAC Member
Sherry Wanninger	CAC Member
Michael Whipple	CAC Member
Paul Whitelock	CAC Member
Thomas Yocum	CAC Member
John Hrabe	Member of the Public

1. CALL MEETING TO ORDER

The meeting was called to order by Duane Cave at 9:08 a.m.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Kelly Jennings.

3. APPROVE THE MINUTES OF THE DECEMBER 12, 2018 COMMUNITY RELATIONS/CITIZENS ADVISORY COMMITTEE BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY RICHARD FIORE AND SECONDED BY BRIAN PROBOLSKY, MINUTES OF THE DECEMBER 12, 2018 COMMUNITY RELATIONS/CITIZENS ADVISORY COMMITTEE BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, KELLY JENNINGS, GARY KURTZ, BILL MOORHEAD, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

DRAFT

4. PUBLIC COMMENTS

Duane Cave asked for a round of introductions.

PRESENTATION ITEMS

5. Department Spotlight: Water Distribution Team

Joone Lopez provided a brief introduction to the item. Dan West and Kevin Crawford provided a presentation on the water distribution team.

INFORMATION ITEMS

6. District-wide Implementation of Advanced Metering Infrastructure (AMI)

Joone Lopez provided a brief introduction to the item. Drew Atwater provided a presentation on the District-wide implementation of Advanced Metering Infrastructure.

7. CAC Meeting Dates & Topics for 2020

Jose Solorio provided information on meeting dates and topics for 2020.

8. Late Items (Appropriate Findings to be Made)

None.

ADJOURNMENT

The meeting was adjourned at 10:17 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

DRAFT

DRAFT
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT

May 3, 2021

A Special 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 meeting was called to order at 4:06 PM on May 3, 2021. There were present and participating at 26880 Aliso Viejo Pkwy, Suite 150, Aliso Viejo, California:

DIRECTORS

Duane Cave	Vice President
Richard Fiore	Director
Donald Froelich	Vice President
Bill Moorhead	Director
Brian Probolsky	President
Diane Rifkin	Director
Sherry Wanninger	Director

Also present and participating were:

STAFF MEMBERS IN-PERSON

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Rod Woods	Director of Engineering
Johnathan Cruz	Director of Financial Planning & Innovation
Jose Solorio	Government Affairs Office
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Todd Dmytryshyn	MNWD
Kaden Young	MNWD

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

Gina Hillary	Director of Human Resources
Todd Novacek	Director of Operations
Jeff Ferre	Best, Best, & Krieger (General Counsel)
Trevor Agrelius	MNWD
Matt Brown	MNWD
Patrick Garner	MNWD
Bryan Hong	MNWD
Steve Merk	MNWD
Lindsey Stuvick	MNWD
Anudeep Vanjavakam	MNWD

1. CALL MEETING TO ORDER

The meeting was called to order by President Probolsky at 4:06 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.

2. PLEDGE OF ALLEGIANCE

Director Fiore led the Pledge of Allegiance.

3. 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.

DISCUSSION ITEMS

4. FISCAL YEAR 2021-22 PROPOSED BUDGET

Staff provided a presentation on the Fiscal Year 2021-22 Proposed Budget. Discussion ensued regarding proposed budget.

DRAFT

CLOSED SESSION

5. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

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

The Board entered closed session at 7:45 p.m. and exited at 8:10 p.m. Jeff Ferre stated that there was no reportable action.

ADJOURNMENT

The meeting was adjourned at 8:11 p.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

DRAFT

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

May 13, 2021

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 6:04 PM on May 13, 2021. 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
Bill Moorhead	Director
Diane Rifkin	Director
Sherry Wanninger	Director
Brian Probolsky	President

Also present and participating were:

STAFF MEMBERS IN-PERSON

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Rod Woods	Director of Engineering
Gina Hillary	Director of Human Resources
Jeff Ferre	Best, Best, & Krieger (General Counsel)
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary

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

Johnathan Cruz	Director of Financial Planning & Innovation

Todd Novacek	Director of Operations
Jose Solorio	Government Affairs Officer
Trevor Agrelius	MNWD
Matthew Brown	MNWD
David Larsen	MNWD
Steve Merk	MNWD
Genevieve Ramirez	MNWD
Laura Rocha	MNWD
Lindsey Stuvick	MNWD
Adrian Tasso	MNWD
Kaden Young	MNWD
Sheldon Yu	MNWD

1. CALL MEETING TO ORDER:

The meeting was called to order by President Probolsky at 6:04 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 claim
Claimant: Kim Reh

3. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

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

Receipt of claim
Claimant: Stephanie Grace

Jeff Ferre stated that there was no reportable action on Item 2. In regard to Item 3, a motion was made by Director Cave, seconded by Director Moorhead to reject the claim and to direct that appropriate notices be sent to the claimant.

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY BILL MOORHEAD, TO REJECT THE CLAIM AND TO DIRECT THAT APPROPRIATE NOTICES BE SENT

DRAFT

TO THE CLAIMANT. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, BILL MOORHEAD, DIANE RIFKIN, SHERRY WANNINGER, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

OPEN SESSION 6:00 PM

4. PLEDGE OF ALLEGIANCE:

Jeff Ferre 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 MARCH 1, 2021 SPECIAL BOARD OF DIRECTORS MEETING

7. MINUTES OF THE APRIL 8, 2021 BOARD OF DIRECTORS MEETING

8. MINUTES OF THE APRIL 14, 2021 SPECIAL BOARD OF DIRECTORS MEETING

9. CONSTRUCTION CONTRACT AWARD FOR UPPER SALADA LIFT STATION AUXILIARY GENERATOR REPLACEMENT

It is recommended that the Board of Directors award the construction services contract to Pacific Hydrotech Corporation in the amount of $869,380; authorize the General Manager or Assistant General Manager to execute the contract; and to approve change orders up to 10% of the contract value.

Prior to the vote on the Consent Calendar, Director Fiore disclosed for the record that in regard to item 9, his law firm did work for the Cresta De Ville Community Association many years ago, but he did not do that work directly. Even though this would not constitute a conflict of interest, Director Fiore wanted to make that disclosure and would proceed to vote on the item.

MOTION DULY MADE BY RICHARD FIORE AND SECONDED BY DIANE RIFKIN, ITEMS 6, 7, 8 AND 9 WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, BILL MOORHEAD, DIANE RIFKIN, SHERRY WANNINGER, AND BRIAN

DRAFT

PROBOLSKY ALL VOTING 'AYE'.

10. PURCHASE OF SERVICE TRUCK WITH CRANE

It is recommended that the Board of Directors approve the purchase of a 2022 Ford F-450 with Service Body and Crane for $87,268.

This item was pulled by Director Wanninger. Discussion ensued on the item.

MOTION DULY MADE BY SHERRY WANNINGER AND SECONDED BY BILL MOORHEAD, ITEM 10 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, BILL MOORHEAD, DIANE RIFKIN, SHERRY WANNINGER, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

TECHNICAL MATTERS:

11. AMENDMENT NO.1 FOR ON-CALL CONSTRUCTION SUPPORT SERVICES

It is recommended that the Board of Directors approve Amendment No. 1 to the On-Call Construction Support Services Agreements with Ferreira Construction Co., Inc., in the amount of $1,250,000 for a total not-to-exceed amount of $2,500,000 and Amendment No. 1 to the On-Call Construction Support Services Agreement with T. E. Roberts, Inc. in the amount of $1,250,000 for a total not-to-exceed amount of $2,500,000; and authorize the General Manager or Assistant General Manager to execute the amendments.

Rod Woods presented the item. Discussion ensued regarding the on-call construction support services.

MOTION DULY MADE BY SHERRY WANNINGER AND SECONDED BY DUANE CAVE, ITEM 11 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, BILL MOORHEAD, DIANE RIFKIN, SHERRY WANNINGER, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

LEGAL MATTERS:

12. PUBLIC HEARING ON THE WATER SHORTAGE CONTINGENCY PLAN AND ADOPTION OF AN ORDINANCE APPROVING THE WATER SHORTAGE CONTINGENCY PLAN AND PRESCRIBING WATER CONSERVATION RULES AND REGULATIONS (ORDINANCE 21-03)

The District will conduct a public hearing on the Water Shortage Contingency Plan. Following the public hearing, and subject to any modifications to the Water Shortage Contingency Plan as directed by the Board of Directors as a result of the public hearing,

DRAFT

it is recommended that the Board of Directors adopt the Ordinance entitled, "Adopting the Water Shortage Contingency Plan and Prescribing Water Conservation Rule and Regulations".

Matt Collings provided information on the item. Brian Probolsky opened the public hearing at 6:37 p.m. No public comments were received, and the public hearing closed at 6:38 p.m. Further discussion ensued by the Board of Directors.

A motion was made by Director Cave, seconded by Director Wanninger, to adopt Ordinance 21-03 with revisions to Section 4(3) to change the wording to "may be prohibited" and to change the hours to between 9:00 a.m. and 5:00 p.m.

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY SHERRY WANNINGER, TO ADOPT ORDINANCE 21-03 WITH REVISIONS TO SECTION 4(3) TO CHANGE THE WORDING TO "MAY BE PROHIBITED" AND TO CHANGE THE HOURS TO BETWEEN 9:00 A.M. AND 5:00 P.M. A ROLL CALL VOTE WAS TAKEN AND THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, RICHARD FIORE, DONALD FROELICH, BILL MOORHEAD, DIANE RIFKIN, SHERRY WANNINGER, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

INFORMATION ITEMS:

13. MONTHLY FINANCIAL REPORT

Trevor Agrelius presented the Monthly Financial Report.

14. SOUTH COAST WATER DISTRICT RATE INCREASE PUBLIC HEARING NOTIFICATION FOR THE LAGUNA SUR/MONARCH POINT AREA

Matt Collings provided background on the item. Discussion ensued regarding the item.

15. FISCAL YEAR 2021-22 PROPOSED BUDGET

Matt Collings fielded questions regarding the budget. Discussion ensued regarding the item.

CLOSED SESSION:

16. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6
Agency designated representative: Board President Brian Probolsky
Unrepresented employee: General Manager

The Board entered closed session at 9:00p.m. and exited at 9:33p.m. Jeff Ferre stated that there was no reportable action.

DRAFT

RETURN TO OPEN SESSION:

17. CONSIDERATION AND POSSIBLE ACTION TO APPROVE AMENDMENT TO THE GENERAL MANAGER'S CONTRACT

It is recommended that the Board of Directors consider, and possibly take action to approve, Amendment No. 11 to the Employment Contract for Services as General Manager of the Moulton Niguel Water District.

President Probolsky stated that this item would be brought back to the regular Board meeting in June and that he would continue to work with Joone on the details for an amended and/or restated contract.

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

Joone Lopez provided the Board with an update on the District's BOAT plan.

PRESIDENT'S REPORT:

No reports.

BOARD REPORTS:

No reports.

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

None.

LATE ITEMS: (Appropriate Findings to be Made)

None.

ADJOURNMENT:

The meeting was adjourned at 9:41 p.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

DRAFT

moulton niguel water district

DRAFT
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT

May 20, 2021

A Special Meeting of the Board of Directors of the Moulton Niguel Water District was held at 6:00 PM on May 20, 2021 as the Community Forum: Deep Dive – Learn Where Your Water Comes From. This was a virtual meeting with no public location. There were present and participating:

DIRECTORS

Duane Cave	Vice President
Richard Fiore	Director
Donald Froelich	Vice President
Bill Moorhead	Director
Diane Rifkin	Director
Sherry Wanninger	Director
Brian Probolsky	President

Also present and participating were:

Joone Lopez	General Manager

1. VIRTUAL COMMUNITY FORUM: DEEP DIVE - LEARN WHERE YOUR WATER COMES FROM

ADJOURNMENT

The meeting was adjourned at approximately 6:41 p.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

DRAFT
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT

May 24, 2021

A Special 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 meeting was called to order at 5:06 PM on May 24, 2021. There were present and participating at 26880 Aliso Viejo Pkwy, Suite 150, Aliso Viejo, California:

DIRECTORS

Duane Cave	Vice President (via teleconference arrived at 5:20pm)
Richard Fiore	Director
Donald Froelich	Vice President
Bill Moorhead	Director
Brian Probolsky	President
Diane Rifkin	Director
Sherry Wanninger	Director

Also present and participating were:

STAFF MEMBERS IN-PERSON

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Rod Woods	Director of Engineering
Gina Hillary	Director of Human Resources
Jose Solorio	Government Affairs Officer
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Laura Rocha	MNWD
Lindsey Stuvick	MNWD

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

Johnathan Cruz	Director of Financial Planning & Innovation
Jeff Ferre	Best, Best, & Krieger (General Counsel)
Matt Brown	MNWD
Kaden Young	MNWD

1. CALL MEETING TO ORDER

The meeting was called to order by President Probolsky at 5:06 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.

2. PLEDGE OF ALLEGIANCE

Vice President Froelich led the Pledge of Allegiance.

3. 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.

DISCUSSION ITEMS

4. URBAN WATER MANAGEMENT PLAN – 2020 UPDATE AND 2015 ADDENDUM

Matt Collings, Laura Rocha, and Lindsey Stuvick presented the Urban Water Management Plan. Discussion ensued regarding the report.

CLOSED SESSION

5. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

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

One potential case

The Board entered closed session at 6:07 p.m. and exited at 7:29 p.m. President Probolsky stated that there was no reportable action.

DRAFT

6. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6
Agency designated representative: Board President Brian Probolsky
Unrepresented employee: General Manager

The Board entered closed session at 7:30 p.m. and exited at 9:57 p.m. President Probolsky stated that there was no reportable action.

ADJOURNMENT

The meeting was adjourned at 10:00 p.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

DRAFT

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: June 10, 2021**

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

SUBJECT: **Professional Services Agreement for the Plant 3A Subsidence Mitigation and Site Improvements**

SUMMARY:

Issue: Board action is required to execute a Professional Services Agreement (PSA) for the Plant 3A Subsidence Mitigation and Site Improvements, Project No. 2019.301.

Recommendation: It is recommended that the Board of Directors approve the Professional Services Agreement for engineering services with Dudek in the amount of $579,892; authorize the General Manager or Assistant General Manager to execute the agreement; and to approve amendments up to 15% of the contract value.

Fiscal Impact: Project No. 2019.301 is budgeted in Fund 7, Rehabilitation and Replacement with a current project budget of $4,350,000.

Reviewed by Legal: Yes

BACKGROUND:

The District's Plant 3A facility, located at 26801 Camino Capistrano, Mission Viejo, was constructed in 1991 and generally included liquid treatment facilities only. The solids handling facilities were added in 1997 and have been operating in the current configuration since that time. Shortly after completing construction of the facility, settlement of the ground surfaces surrounding the structures, known as subsidence, was observed. Although the initial subsidence showed settlement up to one inch, over time, settlement has now exceeded six inches in certain areas.

The existing surfacing of the site generally consists of asphalt concrete pavement, concrete flatwork, and localized sections of concrete aprons and ribbon gutters. Subsidence in areas around deep structures has caused issues in the form of distress to concrete flatwork; level

differences of concrete and asphalt pavement; undermining of adjacent structures and concrete flatwork; undermining above ground piping support systems; and ponding of rainwater during storm events. It is believed subsidence may also be causing distress to underground piping and electrical utilities installed at various depths throughout the Plant 3A boundary.

Various issues, caused by the subsidence, need to be addressed for the long-term reliable operation of the treatment plant. At the same time, the cause of the subsidence needs to be remediated to the extent practical to reduce the potential for continued subsidence and damage to underground yard piping and electrical infrastructure.

Since the construction of Plant 3A, several investigations of the ground subsidence issue have been completed, including a geotechnical exploration (1993), distress evaluation (2004), geotechnical evaluation (2011), and a settlement monitoring program (1997-2019). In 2019, the District contracted with Hushmand and Associates, Inc. to review these documents and subsequently complete a current and comprehensive geotechnical evaluation of the facility. Included in this effort was the identification of potentially applicable ground modification procedures, including the use of polyurethane resin injection, leveling techniques, polymer and grout injection, as well as the replacement of the native compressible soils with alternative materials.

This project is intended to evaluate the most appropriate means to remediate the ground subsidence at Plant 3A, improve the site drainage infrastructure, and rehabilitate or replace the existing surface pavement. Additionally, this project will convert the existing plant water system to recycled water, as well as other necessary improvements which should be completed prior to constructing new pavement surfaces throughout the facility to avoid future rework.

The engineering services will include engineering evaluations; preliminary design; final design; construction cost estimates; permit acquisition support; bid period assistance, and construction engineering services.

DISCUSSION:

On April 14, 2021, staff issued a Request for Proposals for engineering consulting services to five qualified engineering consulting firms. Two proposals were received and are summarized below:

Consultant / Firm	Proposal Fee
Dudek	$579,892
Tetra Tech	$640,000

Staff performed a thorough review of the proposals received to determine the overall best value for the professional services required. Based on the consultants' specific project understanding and approach, overall proposal quality, project specific experience, proposed project team expertise, and cost, staff recommends that the Board approve the professional services agreement with Dudek.

Additionally, due to the increased likelihood for unforeseen conditions to be encountered during the design and construction of this project, as well as the expedited project timeline required because of other upcoming projects within Plant 3A, staff is recommending approval of future amendments up to 15% of the contract value, if required.

This project is part of the capital improvement program costs for the Plant 3A facility, of which Santa Margarita Water District's proportionate share is 28-percent.

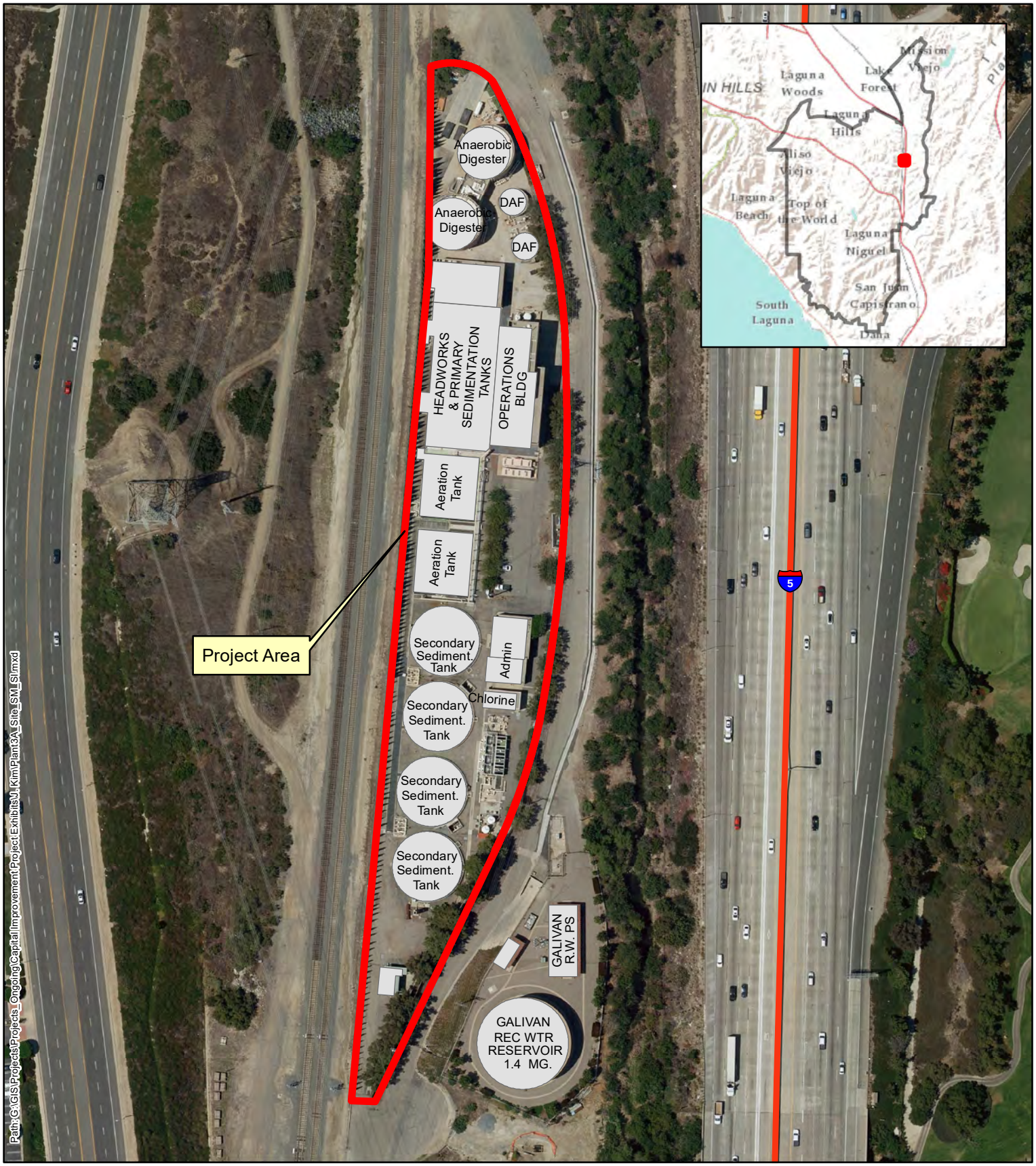
SUMMARY OF PROJECT BUDGET:

	Project Budget*	Proposed / Approved Contract	Proposed / Authorized Contingency	Total Proposed / Authorized Amount
Project Items				
Engineering	$675,000	$579,892	$86,984	$666,876
Geotechnical	$50,000	$50,000	$0	$50,000
Construction	$3,175,000	$3,183,124	$0	$3,183,124
Construction Management and Inspection	$400,000	$400,000	$0	$400,000
Legal, Permits, District Labor	$50,000	$50,000	$0	$50,000
Totals	$4,350,000	$4,263,016	$86,984	$4,350,000

*$102,461 has been expended to date.

Currently Proposed Amount

Attachments:
1. Exhibit A - Location Map
2. Exhibit B - Photos
3. Exhibit C - Professional Service Agreement



N

moulton niguel water district

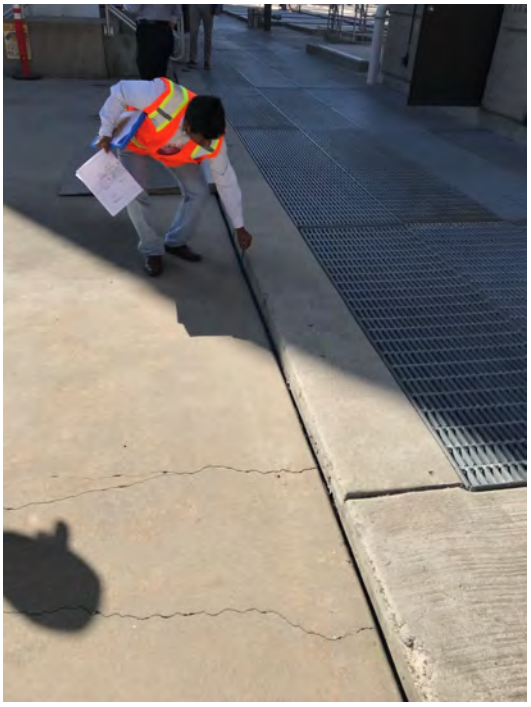
0 50 100 200 Feet

Scale = 1:1,700

Exhibit "A" Location Map
Plant 3A Subsidence Mitigation and Site Improvements

Ground Subsidence at Stair Landing

Pavement Distress at Manhole and Pipe Riser



Concrete Settlement and Distress at Pipe Tunnel

Settlement at Pipe Support

PROFESSIONAL SERVICES AGREEMENT
BETWEEN
MOULTON NIGUEL WATER DISTRICT AND
DUDEK
MNWD PROJECT: PLANT 3A SUBSIDENCE MITIGATION AND SITE IMPROVEMENTS
CONTRACT NO. 2019.301

This Agreement (the "Agreement") is made and entered into on _____, ("Effective Date") by and between the Moulton Niguel WATER DISTRICT ("MNWD") and Dudek, a corporation with its principal place of business at 27372 Calle Arroyo, San Juan Capistrano, CA 92675 ("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 engineering consulting services in a competent and professional manner.

SECTION II – TERM

The term of this Agreement shall be from the Effective Date to **August 31, 2022,** unless earlier terminated as provided herein.

SECTION III – SCOPE OF SERVICES

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

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

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

SECTION IV – COMPENSATION

Section 4.1. Payment for Services Rendered. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference. The total compensation shall not exceed **Five Hundred Seventy-Nine Thousand Eight Hundred Ninety-Two Dollars ($579,892)** without written approval by MNWD. Extra Work may be authorized, as

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

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

A. Payment shall not constitute acceptance of any work completed by Consultant.

B. The making of final payment shall not constitute a waiver of any claims by MNWD for any reason whatsoever.

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

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

SECTION V – REPRESENTATIVES OF THE PARTIES

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

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

SECTION VI – RESPONSIBILITIES OF CONSULTANT

Section 6.1. Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. MNWD retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of MNWD and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this

Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

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

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

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

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

Section 6.6. Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold MNWD, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

SECTION VII – LABOR CODE PROVISIONS

Section 7.1. Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. A copy of these prevailing wage rates are on file with the Department of Industrial Relations and can be found online with the State of California at http://www.dir.ca.gov/dlsr/pwd. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested Parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. It is the intent of the Parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Consultant shall therefore comply with such Labor Code sections to the fullest extent required by law. Consultant shall defend, indemnify and hold MNWD, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

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

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

SECTION VIII – INDEMNIFICATION

To the fullest extent permitted by law, Consultant shall immediately indemnify, defend, and hold MNWD, its directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against MNWD or its directors, officials, officers, employees, volunteers and agents as part of any such claim, suit, action or other proceeding. Consultant shall also reimburse MNWD for the cost of any settlement paid by MNWD or its directors, officials, officers, employees, agents or volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement

shall include payment for MNWD's attorneys' fees and costs, including expert witness fees. Consultant shall reimburse MNWD and its directors, officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by MNWD, its directors, officials, officers, employees, agents, or volunteers. Notwithstanding the foregoing, to the extent Consultant's Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

SECTION IX – INSURANCE

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

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

A. Commercial General Liability. Coverage for commercial general liability insurance shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001). Consultant shall maintain limits no less than $2,000,000 per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit or product-completed operations aggregate limit is used, including but not limited to form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit. The general liability policy shall include or be endorsed (amended) to state that: (1) MNWD, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work using as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37; and (2) the insurance coverage shall be primary insurance as respects MNWD, its directors, officials, officers, employees, agents, and volunteers using as broad a form as CG 20 01 04 13, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by MNWD, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

B. Automobile Liability. Coverage shall be at least as broad as the latest version of the Insurance Services Office Business Auto Coverage form number CA 0001, code 1

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

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

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

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

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

reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to MNWD, its directors, officials, officers, employees, agents, and volunteers.

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

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

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

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

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

SECTION X – TERMINATION

Section 10.1. Grounds for Termination. MNWD may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to MNWD, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

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

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

SECTION XI – OWNERSHIP OF MATERIALS AND CONFIDENTIALITY

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

Section 11.2. Subconsultants. Consultant shall require all subconsultants to agree in writing that MNWD is granted 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 11.3. Right to Use. MNWD shall not be limited in any way in its use or reuse of the Documents and Data or any part of them at any time for purposes of this Project or another project, provided that any such use not within the purposes intended by this Agreement or on a project other than this Project without employing the services of Consultant shall be at MNWD's sole risk. If MNWD uses or reuses the Documents & Data on any project other than this Project, it shall remove the Consultant's seal from the Documents & Data and indemnify and hold harmless Consultant and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. Consultant shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to MNWD upon completion, suspension, abandonment or termination. Consultant shall not be responsible or liable for any revisions to the Documents & Data made by any party other than Consultant, a

party for whom the Consultant is legally responsible or liable, or anyone approved by the Consultant.

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

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

SECTION XII – ACCOUNTING, INSPECTION AND AUDIT

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

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

SECTION XIII – GENERAL PROVISIONS

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

MNWD:	CONSULTANT:
Moulton Niguel Water District	Dudek
P.O. Box 30203	27372 Calle Arroyo
Laguna Niguel, CA 92607	San Juan Capistrano, CA 92675
Attn: Director of Engineering	Attn: Russ Bergholz

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

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

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

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

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

Section 13.8. Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to MNWD include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

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

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

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

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

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

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

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

Section 13.16. Government Code Claim Compliance. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against MNWD. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against MNWD.

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

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

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

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

MOULTON NIGUEL WATER DISTRICT:	**DUDEK:**
By: _____	By: _____
	(Authorized Representative of Consultant)
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

Exhibit A
Scope of Services

The Consultant shall provide comprehensive engineering services for each of the Tasks listed below.

Project Management and Meetings

The Consultants shall provide project management services for the duration of the project. The Consultant shall provide a project schedule and provide biweekly updates. Project meetings shall include, but not be limited to, a project kick-off meeting, project design workshops and review meetings after each design submittal (as identified in the Tasks below), a coordination meeting with OCTA and the consultant for the Solids Handling Facilities Improvement project (if required). The Consultant shall prepare meeting agendas and presentation materials and submit minutes after each meeting.

Deliverables: Agendas, presentations, and minutes for seven (7) meetings/workshops; biweekly schedule updates

Review of Available Data

HAI has performed a geotechnical investigation of the subsidence occurring at the site. Their report, including preliminary ground treatment zoning with yard piping summaries and recommendations for remediation, is provided on the share file below for reference.

Photos of existing site conditions are included in the geotechnical report, with some additional photos included separately within the MNWD ShareFile below.

Bush and Associates, Inc. has performed elevation surveys at settlement monitoring points throughout Plant 3A since 1997. The locations and survey results are provided in the MNWD ShareFile site, along with a survey of manhole inverts throughout Plant 3A.

The existing SWPPP prepared in 2019 by Yorke Engineering provides a general overview of stormwater drainage at Plant 3A. The trench drain construction referenced in the SWPPP has since been completed; refer *1505_06 Misc. Improvements - 2014 - As-Built Drawings.*

Other relevant record drawings and previous studies are also contained within the share file below.

The District has made the following information available for download at the link below:
https://mnwd.sharefile.com/d-sc5aa3c7c4f2241e0a964647ac3dade73

A. Geotechnical Engineering Investigation of Ground Subsidence, MNWD Plant 3A (HAI, 2019)
B. Geotechnical Evaluation - Plant 3A Geotechnical Stabilization and Infrastructure Repairs (Ninyo & Moore, 2011)
C. Plant 3A Settlement Monitoring Points and Manhole Survey (Bush and Associates)
D. SWPPP (Yorke Engineering, 2019)
E. Interim Report of Geotechnical Exploration (Converse, 1993)
F. Geotechnical Distress Evaluation - Phase II (Converse, 2004)

G. Geotechnical Report (Kleinfelder, 1986)
H. Plant 3A Design Drawings (CWC-HDR, 1987)
I. Plant 3A Solids Handling Facilities Improvements Project, Preliminary Design Report and 30% Design Drawings (Hazen & Sawyer, 2021)

This task covers detailed review of these records. After award, the District will furnish other available information requested by the Consultant.

Geotechnical Investigation

The Consultant shall conduct geotechnical investigations as needed to supplement or expand the work completed by HAI. The Consultant may retain the services of HAI or other qualified subconsultant as appropriate to evaluate the feasibility of ground improvement alternatives and to develop remediation recommendations to be incorporated into the construction documents.

Deliverables: Supplemental Geotechnical Investigation Report (Draft/Final)

Subsidence Mitigation Alternatives Analysis

The Consultant is to investigate options to remediate the backfill around deep structure that may be implemented in conjunction with the repair or replacement of damaged or vulnerable yard piping. Depending on underground utilities and piping present, different areas within Plant 3A may require different ground improvement techniques.

The Consultant is to investigate what methods or combinations are feasible, constructable and cost-effective in the constrained and congested site. Evaluate at least three (3) alternatives and determine their associated costs. Highlight the risks, advantages, and disadvantages of each alternative before making a recommendation on a preferred option in the Subsidence Mitigation Alternatives Analysis Report.

The HAI Geotechnical Report provided a range of recommended mitigation measures. As the Engineer of Record, the Consultant shall conduct its own investigation as needed and determine the suitable ground improvement techniques for the various zones of subsidence.

Deliverables: Subsidence Mitigation Alternatives Analysis Report (Draft/Final)

Survey and AutoCAD Drawings

There are no AutoCAD files available for the Plant 3A and the Consultant shall produce AutoCAD files for the entire Plant 3A within its boundary. The Consultant shall conduct field and aerial surveys as required. Topographic information used on the construction plans for the subsidence mitigation and site improvements shall be generated from a field survey and an aerial mapping process.

The Consultant shall prepare the scope of work for field and aerial surveys required for AutoCAD files for the entire Plant 3A. The benchmark for this survey will be Orange County

Benchmark located in the Westerly corner of the intersection of Oso Parkway and Bridlewood. The field survey shall be used to establish both horizontal and vertical alignment of the facilities and shall note all survey monuments, topographic features, property lines, and elevations. The basis of bearings and benchmarks shall be indicated on the drawings. Control shall meet or exceed NAVD 88 requirements and shall be based on the Plant Local Coordinate System and datum.

The aerial topography shall be required to meet the following criteria:

- The final product shall be delivered in AutoCAD.
- The aerial shall be based on the plant coordinate system.
- The CAD file shall adhere to the District's CAD compliance.
- Site contours shall be in 0.5 foot intervals.
- Contour and spot elevations shall be 3D; all other features should be 2D.

The Consultant shall provide all final native files including AutoCAD files for plans (including all reference files; NAD-83, State Plane Zone 6, NAVD-88 of all sheets).

The Consultant shall include the survey-related documents with the submittal of Preliminary Design.

3W Water System Conversion and Odor Reduction Tower (ORT) Water Supply

The District wants to replace the 3W water source with recycled water from nearby recycled water distribution system and the existing ORT will require an alternative secondary effluent supply system which may require a new pump system and dedicated piping.

The Consultant shall provide the following:

- Identify and present the best connection point to connect and supply the 3W water system with recycled water.
- Provide condition assessment for the existing 3W water piping system for the entire plant.
- Identify and present the best location for the required secondary effluent pump system and piping system for the existing ORT including alternatives evaluation (minimum 2 alternatives evaluation for pump system including pump type and piping routing).
- Provide preliminary and final design based on the selected connection point and pump system location including any isolation valves and valve box, flow meter and meter box, and any other associated pipe appurtenances.

Preliminary Design

Preliminary Design shall include the following items at a minimum:

- Design criteria for subsidence mitigation and site drainage improvements
- Preliminary locations and sizes of areas for subsidence mitigation
- Preliminary design of stormwater drainage infrastructure, including a new drainage pump station, if required

- Survey data including entire Plant 3A site layout in AutoCAD
- Preliminary location of the recycled water connection point to the existing 3W water piping including existing pipe condition assessment
- Preliminary design of new pump system for the secondary effluent supply to the existing ORT including piping routing.
- Preliminary site plans and construction details for subsidence mitigation, yard piping.
- Preliminary opinion of construction cost estimate for 30% design

For the purpose of estimating level of effort for Tasks 2.5 and Task 2.6, assume design will, as a minimum, include the following:

1. Design for ground improvement (subsidence mitigation) in the areas that have subsided beyond primary structures identified as Medium to High Priority in Figure 6b of the HAI Geotechnical Report.
2. In locations where there is subsidence but no yard piping or electrical infrastructure are present (refer Figure 6a of the HAI Geotechnical Report), design only for removal and recompaction of backfill soils down to 2.5 to 3 ft.in depth and restoration of existing concrete flatwork or AC pavement.
3. In locations where there is subsidence and yard piping or electrical infrastructure are present, design to remove and replace all underground yard piping within 2.5 to 3 ft.in depth. Provide design to replace concrete flatwork or AC pavement in these areas.
4. Provide design for grading to new surface levels throughout Plant 3A. Provide design to adjust manholes and utility boxes as required.
5. Provide design to reinstate foundations and supports for aboveground yard piping to new grading levels. Assume aboveground yard piping is in acceptable condition and will not require design for replacement.
6. Provide drainage design for drainage improvements as described in Section 1 of this Request for Proposal to contain the 85th percentile storm within the Plant 3A boundary for treatment within the Plant 3A facility.
7. Provide concrete and AC Pavement design for pavement rehabilitation outside of subsidence areas identified as Medium to High Priority in Figure 6b of the HAI Geotechnical Report.

Deliverables: Five (5) hard copies and a searchable PDF copy of Preliminary Design Submittal

Preparation of Contract Documents

The Consultant shall prepare a complete set of Contract Documents (Construction Drawings and Specifications) for construction of the proposed improvements. The Contract Documents shall comply with, and utilize, the District's standard format, standard forms, standard agreement, standard bonds, General Provisions, pertinent Special Provisions, pertinent Technical Specifications, and pertinent Standard Drawings. The District will provide the latest versions of these documents prior to the Consultant commencing this task.
The Contract Documents shall include a detailed construction sequencing plan that enables the Contractor to perform work efficiently while minimizing impacts on plant operations. Any facility shutdown requirements, including frequency and duration, shall be coordinated with the

District during design.

The Contract Documents shall adequately provide a basis of bid for any specialty ground-improvement work needed for subsidence mitigation, such as pressure grout or resin injection. This may include, but is not limited to, providing detailed performance specifications for the completion of this work. Specifications should also include a periodic post-repair monitoring plan for 3 to 5 years following the subsidence mitigation completion.

The Consultant shall be required to provide three (3) submittals as follows.

75% Design Submittal

A set of in-progress construction drawings and specifications representing approximately 75% design shall be submitted. The submittal shall include:

- All major plans and sections for design drawings
- All major technical specifications
- Updated construction cost estimate
- Draft Storm Water Pollution Prevention Plan (SWPPP)

100% Design Submittal

Fully completed set of construction drawings and specifications shall be submitted. The submittal shall adequately address all District comments on the 75% Design Submittal Review. Also submit the final Engineer's construction cost estimate and Final Storm Water Pollution Prevention Plan (SWPPP).

Bid Set

After the District completes a cursory review of the 100% Design Submittal, the Consultant will be instructed to prepare the Bid Set Contract Documents. The Bid set shall incorporate District Comments on the 100% Design Submittal.

Deliverables:

- 75% Design Submittal – One (1) full size set of construction plans, five (5) sets of bound construction specifications with 11"x17" reduced construction drawings enclosed as an exhibit and Five (5) copies of the SWPPP. A fully searchable PDF copy will also be required for each. An updated construction cost estimate is to be provided with this submittal.
- 100% Design Submittal – One (1) full size set of construction plans, five (5) sets of bound construction specifications with 11"x17" reduced construction drawings enclosed as an exhibit and Five (5) copies of the Final SWPPP. A fully searchable PDF copy will also be required for each. The final construction cost estimate is to be provided with this submittal.
- Bid Set Contract Documents – Seven (7) set of bound full-size construction plans and seven (7) sets of bound construction specifications with 11"x17" reduced construction drawings enclosed as an exhibit. For the bid set submittal, specifications shall be

provided with colored pages as follows: Bid Forms – White, General Provisions – Blue, Special Provisions – Pink, and Technical Specifications – Green. A fully searchable PDF copy will also be required. Provide all final native files including AutoCAD files for plans (including all reference files; NAD-83, State Plane Zone 6, NAVD-88 of all sheets), MS Word files for specifications, and MS Excel file for cost estimate.

Note: "Full size" Drawings/Plans shall be 22" x 34" such that 11" x 17" prints are true half size. Also, construction drawings shall be tied to the State Plane Coordinate System.

Note: The completion of these services, including the delivery of the Bid Set Contract Documents, shall be completed no later than December 31, 2021.

Construction Cost Estimates

The Consultant shall provide, and update, an estimate of the probable construction cost for the project. Construction cost estimates shall be provided with Preliminary, 75%, and 100% Design Submittals.

Deliverables: Construction Cost Estimates for Preliminary, 75%, and 100% Design Submittals

Note: The completion of these services, including the delivery of the Bid Set Contract Documents shall be completed no later than December 31, 2021.

Permit Acquisition Support

The Consultant shall determine all required permits and plan check requirements for the project. The Consultant shall prepare all permit applications and plan check packages and submit to the proper authorities on the District's behalf. The District will pay applicable permit and plan check fees. It is anticipated that a Right of Entry permit will be required from OCTA. The Consultant will also provide acquisition support services, including, but not necessarily limited to the following:

A. Attendance at coordination meetings with the OCTA (covered under Task 2.1).
B. Providing technical support for application materials and acquisition efforts.
C. Incorporating all permit conditions into the Contract Documents.

Deliverables: Permit applications and plan check packages

Bid Phase Support

During bid period, the Consultant shall assist with providing information and clarification of the Contract Documents to prospective bidders as requested. The Consultant shall assume three (3) addenda will be required during bid phase for budgeting purpose. The Consultant shall also conduct an onsite pre-bid meeting.

Deliverables: Three (3) Addenda if required; pre-bid meeting agenda and minutes

Construction Phase Services

During construction, the Consultant shall provide the following services:

A. Pre-Construction Meeting: Conduct pre-construction meeting with the District and Contractor prior to beginning construction and prepare agenda and minutes.

B. Contractor's RFI: Respond to approximately fifty (50) Requests for Information from the Contractor and the District.

C. Shop Drawing Reviews: Review and acceptance of at least fifty (50) shop drawing submittals. If the Consultant anticipates that more shop drawing submittals than the above stated number will be required, the fee estimate shall state the number of shop drawings and the hours required to review and process that quantity. The Consultant shall include an adequate fee amount to perform a second review of each shop drawing submittal. Each shop drawing review will be two (2) hours.

D. Site Visits: Ten (10) visits of two hours as requested by District staff.

E. Record Drawings: At the conclusion of the construction, the District will provide the Consultant with a single, consolidated set of red-lined as–built drawings. The Consultant shall prepare the final record drawings accordingly. Record drawings shall be prepared in AutoCAD.

Deliverables:

- Pre-Construction meeting agenda and minutes
- RFI responses and Submittal Review Comments.
- Three (3) full size sets of draft record drawings. Upon the District's review and approval, one (1) full size set of mylars with original signatures and one (1) full size set bond copy. In addition, provide electronic files in both AutoCAD (including all reference files; NAD-83, State Plane Zone 6, NAVD-88 of all sheets) and PDF.

Note: "Full size" Drawings/Plans shall be 22"x34" such that 11"x17" prints are true half size.

Scope of Work

Dudek has reviewed the Scope of Work included in the project RFP and provides the following additional, comments, additions, clarifications, and/or limitations:

Task 1: Project Management. Consistent with past project, Dudek will provide requested typical project management services, meetings, and accounting services.

Task 2: Review of Available Data. Primary focus, in addition to previously provided information, will be the review and inventory of subsurface infrastructure within the areas of known ground movement, particularly those interface locations between the pipelines and structures susceptible to shear stresses. In addition, the feasibility of interviewing past operations staff to identify undocumented issues, risks or improvements will be explored.

Task 3: Geotechnical Investigation The extent of analysis in the 2020 HAI report is substantial and well presented. Dudek has included HAI to support the consideration of mitigation measure alternatives and review construction bid documents. Level of effort at this time is limited to consultation, meetings, and review of deliverables. Additional geotechnical exploration and testing may be recommended during the PDR phase, but considered optional at this time and not included as part of the base proposal. Limited level of effort has also been included if any newly discovered or discussed concepts warrant preparation of a supplemental report to the 2020 HAI Report.

Task 4A: Subsidence Mitigation Alternatives Analysis – Subsurface. Under this task, Dudek is proposing to conduct a series of condition assessment efforts to pipelines identified within Task 2 as high risk, where each differential settlement coincides with subsurface pipe penetrations into existing structures. We feel this physical assessment is necessary to determine the appropriate mitigation for the subsurface utilities to minimize risk.

Three degrees of assessment are proposed to be available as part of the project. We have included TE Roberts Inc., and ProPipe onto our team to address the field construction investigative work.

1. To determine if there have already been issues within the distribution systems, TE Roberts can conduct either a pressure test or acoustic correlator test for leak detection. The feasibility of either of these two methods of assessment is highly dependent on both the accessibility of the pipe and ability to isolate the pipe for the testing operation. An allowance has been included within our proposal to allow for the recommendation of up to 10 pipelines to undergo either test. By obtaining validation, either of integrity or failed condition, the appropriate recommendation within the preliminary design can be achieved.
2. Similarly, for gravity flow pipelines, such as storm drains or gravity sewers, CCTV inspection can be provided for visual inspection of the internal pipe condition. We have allocated up to 1,000 LF of CCTV inspection to be applied as recommended and accepted by the District to provide validation of pipe integrity.
3. The final assessment approach includes potholing and visual inspection of the pipeline. Our approach, unique to this project and with acceptance from the District, will be to utilize an 8” vacuum extraction

bore hole for the excavation, and following the visual validation of the pipe exterior, insertion of a 6" PVC pipe sleeve extending to the surface with a cap and annular space backfilled. For these locations, our surveyor can then use the access point to establish a horizontal and vertical monument point directly on the pipeline. *This approach provides a new data point by which the physical pipe movement (if any) can be monitored directly adjacent to the structure it is entering.* We have included budget for up to 10 potholes with monitoring well access as part of our base proposal.

Task 4B: Subsidence Mitigation Alternatives Analysis – Surface. In addition to the subsurface utility condition assessment, the extent of surface level paving and concrete flatwork, along with pull boxes and related features will be assessed as part of this task. As discussed in our approach, we will divide the study area into small areas and assess severity, operator access risk, and surface drainage problems, and provided a recommended remediation score. Then various remediation options will be identified, from remove and reconstruct, to chemical injection, to "do nothing". Then each study area will be assigned a preliminary recommended remediation. With this "first pass" assessment, we intend to conduct a workshop with the District and our team, including HAI, to debate and determine the appropriate mitigation for surface remediation.

Task 4C: Stormwater/Surface Water Analysis. Following the creation of the plant site topographic mapping, Dudek will proceed with evaluating the current surface water flow conveyance, relative to the originally design stormwater collection system infrastructure to identify where corrections are necessary. Of particular importance is correcting areas of localized ponding (over electrical pull boxes), and where runoff is being conveyed into the pipe tunnels. A quantification of anticipated 10-year storm water flow will be used to evaluate existing system sizing and identify if there is a need for additional collection system piping or pumping.

Task 5: Survey and AutoCAD Drawings. Dudek will conduct the topographic aerial survey of the Plant 3A site, including 3 additional days of ground topo surveying to provide accurate documentation of the existing site conditions. No easements documentation preparation is anticipated at this time.

Task 6: 3W Water System Conversion and ORT Water Supply. This task will both address the necessary infrastructure elements necessary to convert the 3W distribution system to recycled water and identify the means of supplying the ORT with plant water. The anticipated approach will be a dedicated pumped supply pipeline. Therefore, the specific location and sizing of recommended infrastructure will be developed (2 alternatives).

Exhibit B
Fees

		Dudek Labor Hour											Subconsultant Fees								
	Project Team Role:	Principal Engr/PM	Pipe/Mech Design	Stormwater	Condition Assessment	Civil/ Surface Design	Treatment	Project Engineer	Project Engineer	Designer			Surveyor	Electrical	Geotech	CCTV	Condition Assessment				
	Team Member:	Bergholz	Lecap/ Harper	Rieger	Combs	Greely	Giori	Nuhaily	Obrien	Hunter	TOTAL DUDEK	DUDEK LABOR	Guida	Project Line	Hushmand	Propipe	TE Roberts	OTHER DIRECT			
	Billable Rate :	$265	$230	$235	$235	$265	$235	$175	$190	$180	HOURS	COSTS	Fee	Fee	Fee	Fee	Fee	TOTAL HOURS	COSTS	TOTAL FEE	
Task 1	**Project Management**																				
1.1	Initiation and Kickoff	8	8								16	$ 3,960						16		$ 3,960	
1.2	Project Management/Accounting	20									20	$ 5,300						20		$ 5,300	
1.3	Quality Control	8				8					16	$ 4,240						16		$ 4,240	
	Subtotal Task 1	**36**	**8**			**8**					**52**	**$ 13,500**	$ -	$ -	$ -	$ -	$ -	**52**	$ -	**$ 13,500**	
Task 2	**Review of Available Data**																				
2.1	Mapping of critical subsurface infrastructure	4		4	4		8	12			32	$ 6,920						32		$ 6,920	
2.2	Review of Surface Drainage Paths - Stormwater	2		16					12	4	34	$ 7,290						34		$ 7,290	
2.3	Mapping of Accessibility and Unsafe/Risk Areas for O&M					8				4	12	$ 2,840						12		$ 2,840	
	Subtotal Task 2	**6**		**20**	**4**	**8**	**8**	**12**	**12**	**8**	**78**	**$ 17,050**	$ -	$ -	$ -	$ -	$ -	**78**	$ -	**$ 17,050**	
Task 3	**Geotechnical Investigation**																				
3.1	Geotechnical Support during subsurface mitigation											$ -			$2,816					$ 2,816	
3.2	Geotechnical Support during surface mitigation											$ -			$2,816					$ 2,816	
	Subtotal Task 3											**$ -**	$ -	$ -	**$ 5,632**	$ -	$ -		$ -	**$ 5,632**	
Task 4 A	**Subsidence Mitigation Alts Analysis - Subsurface**																				
4.1 A	Condition Assessment Alt Research and Recommendations	6	16		24			12			58	$ 13,010						58		$ 13,010	
4.2 A	Pipe Pressure Tests (up to 5) - Field Work	2			8						10	$ 2,410					$5,500	10		$ 7,910	
4.3 A	Acoustic Leak Detection (up to 5) - Field Work	2			8						10	$ 2,410					$55,000	10		$ 57,410	
4.4 A	Pothole + Monitoring well (up to 10) - Field Work	2			4						6	$ 1,470					$7,700	6		$ 9,170	
4.5 A	CCTV Inspection (up to 1,000 LF) - Field Work	2			4						6	$ 1,470				$6,600		6		$ 8,070	
4.6 A	Mitigation Alts Assessment Draft	4	4		12			12			32	$ 6,900			$2,816			32		$ 9,716	
4.7 A	Mitigation Alts Workshop	4			8						12	$ 2,940			$2,816			12		$ 5,756	
4.8 A	Mitigation Alts Assessment Recommendations	4			8						12	$ 2,940						12		$ 2,940	
	Subtotal Task 4 A	**26**	**20**		**76**			**24**			**146**	**$ 33,550**	$ -	$ -	**$ 5,632**	**$ 6,600**	**$ 68,200**	**146**	$ -	**$ 113,982**	
Task 4 B	**Subsidence Mitigation Alts Analysis - Surface**																				
4.1 B	Sub-Area Creation and Initial Assessment	2				12			16		30	$ 6,750						30		$ 6,750	
4.2 B	Mitigation Alt Development and Initial Recommendations	2				8			8		18	$ 4,170						18		$ 4,170	
4.3 B	Mitigation Alts Assessment Draft					12			12		24	$ 5,460						24		$ 5,460	
4.4 B	Mitigation Alts Workshop	2				4			4		10	$ 2,350			$2,816			10		$ 5,166	
4.5 B	Mitigation Alts Assessment Recommendations					4			8		12	$ 2,580						12		$ 2,580	
	Subtotal Task 4 B	**6**				**40**			**48**		**94**	**$ 21,310**	$ -	$ -	**$ 2,816**	$ -	$ -	**94**	$ -	**$ 24,126**	
Task 4 C	**Stormwater/Surface Water Analysis**																				
4.1 C	Evaluation of Stormwater Runoff Conditions/Flows			8					12		20	$ 4,160						20		$ 4,160	
4.2 C	Flow Path Mapping and Existing conveyance system Eval.			4					16		20	$ 3,980						20		$ 3,980	
4.3 C	Identification of Surface flow corrections required			12					8		20	$ 4,340						20		$ 4,340	
4.4 C	Needs assessment for SW pumping system/size/location		8	8					4		20	$ 4,480						20		$ 4,480	
4.5 C	Draft Summary of Mitigation Recommendations		4	8					16		28	$ 5,840						28		$ 5,840	
4.6 C	Mitigation Workshop	2	2	4					4		12	$ 2,690			$2,816			12		$ 5,506	
4.7 C	Mitigation Alts Assessment Recommendations			8					4		12	$ 2,640						12		$ 2,640	
	Subtotal Task 4 C	**2**	**14**	**52**					**64**		**132**	**$ 28,130**	$ -	$ -	**$ 2,816**	$ -	$ -	**132**	$ -	**$ 30,946**	
Task 5	**Survey and AutoCAD Drawings**																				
5.1	Topographic Survey and Base Map	4								4	8	$ 1,780	$27,100					8		$ 28,880	
5.2	Locating Additional Monitoring Points											$ -	$4,400							$ 4,400	
	Subtotal Task 5	**4**								**4**	**8**	**$ 1,780**	**$ 31,500**	$ -	$ -	$ -	$ -	**8**	$ -	**$ 33,280**	
Task 6	**3W Water System Conversion and ORT Supply**																				
6.1	3W Connection and Conversion Planning		16				4				20	$ 4,620						20		$ 4,620	
6.2	Condition Assessment of 3W network		8	4							12	$ 2,780						12		$ 2,780	
6.3	Location for ORT supply - Alt Analysis		12				4				16	$ 3,700						16		$ 3,700	
6.4	ORT Pump Station sizing/selection		12								12	$ 2,760						12		$ 2,760	
6.5	Draft and Final Recommendations		16				4				20	$ 4,620						20		$ 4,620	
	Subtotal Task 6		**64**		**4**		**12**				**80**	**$ 18,480**	$ -	$ -	$ -	$ -	$ -	**80**	$ -	**$ 18,480**	
Task 7	**Preliminary Design**																				
7.1	Consolidation of Assessment Recommendations	12	4	4	8	8					36	$ 9,040						36		$ 9,040	
7.2	Draft Preliminary Design Report	8		8	8	8		8	8		48	$ 10,920						48		$ 10,920	
7.3	PDR Workshop	4	2	2	2	2		2	2		16	$ 3,720			$2,816			16		$ 6,536	
7.4	Final Preliminary Design Report	2			8	4					14	$ 3,470						14		$ 3,470	
	Subtotal Task 7	**26**	**6**	**14**	**26**	**22**		**10**	**10**		**114**	**$ 27,150**	$ -	$ -	**$ 2,816**	$ -	$ -	**114**	$ -	**$ 29,966**	
Task 8	**Preparation of Contract Documents**																				
8.1	Preparation of 75% Plans, Specifications and Estimate	8	16	12	20	12		80	80	160	388	$ 74,500		$39,600	$7,040			388		$ 121,140	
8.2	Draft SWPPP			24					40		64	$ 13,240						64		$ 13,240	
8.3	Preparation of 100% Plans, Specifications and Estimate	8	8	8	8	8		20	20	100	180	$ 35,140		$6,600				180		$ 41,740	
8.4	Final SWPPP			8					16		24	$ 4,920						24		$ 4,920	
8.5	Preparation of Bid Set Package	4	4	4	4	4		12	12	30	74	$ 14,700						74	$ 1,200	$ 15,900	
8.6	Post Mitigation Monitoring Plan											$ -			$5,632					$ 5,632	
	Subtotal Task 8	**20**	**28**	**56**	**32**	**24**		**112**	**168**	**290**	**730**	**$ 142,500**	$ -	**$ 46,200**	**$ 12,672**	$ -	$ -	**730**	**$ 1,200**	**$ 202,572**	
Task 9	**Construction Cost Estimate**																				
9.1	Estimates to be included in Task 8											$ -								$ -	
	Subtotal Task 9											**$ -**	$ -	$ -	$ -	$ -	$ -		$ -	**$ -**	
Task 10	**Permit Acquisition Support**																				
10.1	OCTA Permitting included as Optional As-needed Task 13											$ -								$ -	
	Subtotal Task 10											**$ -**	$ -	$ -	$ -	$ -	$ -		$ -	**$ -**	
Task 11	**Bid Phase Support**																				
11.1	Support for up to 3 Addenda	24									24	$ 6,360			$1,408			24		$ 7,768	
11.2	Pre-Bid Meeting	4	4			4					12	$ 3,040						12	$ 100	$ 3,140	
	Subtotal Task 11	**28**	**4**			**4**					**36**	**$ 9,400**	$ -	$ -	**$ 1,408**	$ -	$ -	**36**	**$ 100**	**$ 10,908**	
Task 12	**Construction Phase Support**																				
12.1	Pre-Construction Meeting	2				2					4	$ 1,060						4	$ 100	$ 1,160	
12.2	Contractor RFIs (up to 50)	10	10	10	10	10					50	$ 12,300			$2,816			50		$ 15,116	
12.3	Shop Drawing Reviews (up to 50)	10	10	10	10	10					50	$ 12,300			$2,816			50		$ 15,116	
12.4	Site Visits (up to 10)	20	10	10	10	10					60	$ 14,950			$1,408			60	$ 1,000	$ 17,358	
12.5	Record Drawings	4								40	44	$ 8,260						44	$ 600	$ 8,860	
	Subtotal Task 12	**46**	**30**	**30**	**30**	**32**				**40**	**208**	**$ 48,870**	$ -	$ -	**$ 7,040**	$ -	$ -	**208**	**$ 1,700**	**$ 57,610**	
	Total Non-Optional Hours and Fee	**200**	**174**	**172**	**172**	**138**	**20**	**158**	**302**	**342**	**1678**	**$ 361,720**	**$ 31,500**	**$ 46,200**	**$ 40,832**	**$ 6,600**	**$ 68,200**	**1678**	**$ 3,000**	**$ 558,052**	
	Percent of Hours:	*12%*	*10%*	*10%*	*10%*	*8%*	*1%*	*9%*	*18%*	*20%*											
Optional Services																					
Task 13																					
13.1	OCTA Permitting Support	8			24						32	$ 7,760						32		$ 7,760	
13.2	Additional Geotechnical Investigations											$ -			$14,080					$ 14,080	
	Subtotal Task 13	**8**			**24**						32	**$ 7,760**	$ -	$ -	**$ 14,080**	$ -	$ -	32	$ -	**$ 21,840**	
	Total Optional and Non-Optional Hours and Fee	**208**	**174**	**172**	**196**	**138**	**20**	**158**	**302**	**342**	**1710**	**$ 369,480**	**$ 31,500**	**$ 46,200**	**$ 54,912**	**$ 6,600**	**$ 68,200**	**1710**	**$ 3,000**	**$ 579,892**	

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: June 10, 2021**

FROM: **Matthew Brown, Information Systems Officer**

SUBJECT: **Amendment No. 2 to Professional Services Agreement for Computerized Maintenance Management System Implementation Services**

SUMMARY:

Issue: Board action is required to execute an amendment to the Professional Services Agreement for computerized maintenance management system (CMMS) implementation with Nexgen Asset Management (Nexgen).

Recommendation: It is recommended that the Board of Directors approve Amendment No. 2 with Nexgen for implementation services to extend the contract to May 30, 2022; authorize the General Manager or Assistant General Manager to execute the amendment.

Fiscal Impact: There is no change to the original contract amount. The implementation services Agreement for $540,880 is funded from Project No. 2011.033 Asset Management Program/CMMS Implementation, which is budgeted in Fund 7, Rehabilitation and Replacement with a current project budget of $1,041,979.

Reviewed by Legal: Yes

BACKGROUND:

As part of the District's commitment to serving its customers with reliable, economical, and high-quality potable water, recycled water, and wastewater service, the District has identified the need to implement a new CMMS to enhance the maintenance tracking of the District's infrastructure. The District's current CMMS, Tabware, has been used for nearly 20 years. The current software is no longer supported, is becoming incompatible with newer operating systems and software, and does not meet the growing needs of our operations and maintenance staff. Nexgen software provides a comprehensive solution that incorporates mobility for field staff, compatibility with existing systems,

capability to manage the District's various operational needs, and many other functionalities.

In March of 2019, the Board approved a CMMS implementation services with Nexgen in the amount of $540,880. The Board also approved a 10% contingency in the amount of $54,080. In July of 2020, staff executed Amendment No. 1 extending the contract to June 30, 2021. While progress continues, the schedule of this project was significantly impacted by the pandemic. This amendment, which does not change the overall cost of the contract, is necessary to extend the contract date to meet the new schedule.

DISCUSSION:

Implementation of the software solution requires extensive communication and planning between the District's various departments. The work involves creating and adopting new workflows, procedures, and reports, and training on the new software. Due to the pandemic, progress on the project slowed. Staff continued to reschedule work as necessary and proceeded with implementation to accommodate the updated schedule. This amendment will extend the contract to meet the new schedule.

The implementation approach is to introduce new portions of the software based on areas of function. In the Spring of 2021, the District went live on both the Fleet module and the Cross Connection module. Both efforts have already provided benefits in data management and data quality. The project is approximately 35% expended with $350,000 left of the original $540,880. The following depicts the future implementation schedule going forward and anticipated "go live" dates for various District workgroups:

September 2021	Facility Maintenance and Wastewater Treatment
December 2021	Underground Maintenance and Wastewater Collections
February 2022	Customer Service, Water Efficiency, Inspection
April 2022	Timekeeping

Attachments:

1. Exhibit A - Nexgen CMMS Implementation Services Agreement
2. Exhibit B - Nexgen CMMS Implementation Amendment No 1.
3. Exhibit C - Proposed Nexgen CMMS Implementation Amendment No. 2.

PROFESSIONAL SERVICES AGREEMENT
BETWEEN
MOULTON NIGUEL WATER DISTRICT AND
NEXGEN ASSET MANAGEMENT
MNWD PROJECT: COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM (CMMS) IMPLEMENTATION
CONTRACT NO. 2011.033b

This Agreement (the "Agreement") is made and entered into this 29th day of April, 2019 ("Effective Date") by and between the Moulton Niguel WATER DISTRICT ("MNWD") and Nexgen Asset Management, a corporation with its principal place of business at 4010 Lennane Drive, Sacramento, CA 95834 ("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 CMMS implementation services in a competent and professional manner.

SECTION II – TERM

The term of this Agreement shall be from the Effective Date to **June 30, 2020**, unless earlier terminated as provided herein.

SECTION III – SCOPE OF SERVICES

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

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

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

SECTION IV – COMPENSATION

Section 4.1. Payment for Services Rendered. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference. The total compensation shall not exceed **Five Hundred Forty Thousand Eight Hundred Eighty Dollars**

($540,880) without written approval by MNWD. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

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

A. Payment shall not constitute acceptance of any work completed by Consultant.

B. The making of final payment shall not constitute a waiver of any claims by MNWD for any reason whatsoever.

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

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

SECTION V – REPRESENTATIVES OF THE PARTIES

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

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

SECTION VI – RESPONSIBILITIES OF CONSULTANT

Section 6.1. Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. MNWD retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of MNWD and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this

Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

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

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

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

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

Section 6.6. Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold MNWD, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

SECTION VII – 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. 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 original 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: Information Systems Officer

CONSULTANT:

Nexgen Asset Management
4010 Lennane Drive
Sacramento, CA 95834
Attn: Vincent Yee

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 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.

Section 12.20. 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:	**Nexgen Asset Management:**
By: Matt	By: (Authorized Representative of Consultant)
Printed Name: Matt Collings	Printed Name: Vincent Yee
Title: Assistant General Manager	Title: President
Dated: 5/28/19	Dated: 4/25/19

EXHIBIT A
Scope of Work

Implementation Scope of Work

Task 1. Project Management	
Objectives	The purpose of this task is to manage the project within schedule, budget and delivery.
Activities	1) NEXGEN's project delivery approach will plan, schedule, and deliver a benchmark project on schedule and within budget. 2) Weekly communication with project team to track project delivery.
Deliverables	❑ Project delivered within budget and schedule. ❑ Meeting agendas and minutes
Task 2. Implementation Strategy	
Objectives	The purposes of this task are to develop an implementation strategy that fits the District's user requirements and business processes.
Activities	1) We will meet with users (specific to AM functionalities) to identify functional requirements of AM, based on their user needs. Desired functionalities of AM will drive the configurations. 2) Document the District's AM functional requirements & acquire validation from staff. 3) Work with District staff to identify the business processes that are required to support the functional requirements. 4) Review existing data and develop a data conversion plan. 5) Develop an implementation strategy that is accepted by the District.
Deliverables	❑ Technical memorandum summarizing the implementation strategy that includes the approach, user requirements and mapped business processes.
Task 3. Hardware Recommendations	
Objectives	The purpose of this task is to identify hardware recommendations to support the asset management industry best practices that includes computers and mobile devices.
Activities	1) We will provide minimum computer specifications for users on the desktop web version. 2) Based on the District's implementation strategies, we will recommend mobile technologies for field users that include tablets and phones. NEXGEN has tablet and phone applications for both IOS and Android operating systems. 3) Develop a technical memorandum of the hardware recommendations.
Deliverables	❑ Technical memorandum summarizing the hardware recommendations.
Task 4. System Configuration	
Objectives	The purposes of this task are to configure the NEXGEN AM to support District's user needs, functional requirements and asset management best practices.
Activities	1) We will configure the NEXGEN AM to support the user requirements and business processes. 2) We will create users, user groups, security rights and notifications based on the business process workflows and requirements. Develop departments and divisions that optimizes the workflows. We have assumed that the District will provide list of users, user groups and notification workflows for configuration.

	3) We will configure all the service requests and work order pull down menus that include service request types, work order tasks, cause and resolution. Configure cascade of service request types and work order tasks to departments and divisions. 4) Configure the District's preventive maintenance programs based on the District's current preventive maintenance with assets, schedules, frequencies, checklists (standard operating/maintenance procedures). It is assumed that the District will provide the preventive maintenance configurations in a spreadsheet with associated checklists. 5) Setup notifications for District's work flows and business processes. Set up notifications content for alerts, emails and text messages. 6) Develop up to 5 custom reports for the District. We have assumed the formats of these reports may be slightly different than the original hardcopies.
Deliverables	❑ Optimized system configurations and custom reports.
Task 5. Data Migration	
Objectives	The purpose of this task is to migrate District's existing legacy CMMS asset inventory and work order histories into NEXGEN AM.
Activities	1) Work with the District to identify asset inventory from the District's existing CMMS to be migrated into NEXGEN. The District may need to allocate some time to "clean up" any asset inventory data prior to migration. We have assumed that the District will provide the complete set of asset inventory with unique asset numbers and attributes to be migrated into NEXGEN. 2) Work with the District to review historical work orders and map out the fields to be migrated into NEXGEN. The District may need to allocate some time to "clean up" any work order tasks, causes and resolutions prior to migration. 3) District to review and test the data migration. NEXGEN to modify any necessary changes from testing results. 4) District to sign off approving the completion of the data migrations.
Deliverables	❑ Asset inventory and historical work orders migrated into NEXGEN.
Task 6. Integration	
Objectives	The purposes of this task are to integrate NEXGEN AM with District's ESRI ArcGIS, Gasboy, Granite CCTV, Digalert, JD Edwards and Inframap.
Activities	1) NEXGEN is seamlessly integrated with the District's ESRI ArcGIS (GIS). We will map the layers and attributes in the GIS with NEXGEN's asset hierarchy locations and classes so updates with the GIS will automatically will reflect in the NEXGEN AM software. 2) NEXGEN will be integrated with the District's fuel management system Gasboy to push fuel consumption and mileage associated to vehicles. These information will be put into the meter readings of the respective vehicles. We have assumed that the District's mileage entries are correct for integration. 3) NEXGEN has a built in integration with GraniteNet CCTV to import the CCTV records into NEXGEN's condition assessment module. Uploads from the CCTV will automatically create a condition assessment record for each asset. We have assumed that the District's CCTV will use the same asset numbers as in the District GIS and all PACP ratings and videos are captured in GraniteNet CCTV. We have assumed that the District's CCTV assessment will have PACP ratings from GraniteNet and will have associated asset numbers corresponding to the GIS asset numbers.

	4) NEXGEN will be integrated with Digalert where underground service alert requests in digalert will automatically generate a service requests in NEXGEN for District staff. Completed digalert requests will be updated into Digalert. 5) We will integrate with the District's JDE Financial System with NEXGEN. We have assumed that JDE will provide the integration API for these integration requirements. We have also assumed that the District will coordinate with JDE to acquire the integration API at the District's expense. a) Two way integration where service request created in JDE will automatically generate a service request in NEXGEN. If the service request has been converted to a work order or any changes in the service request status, the information will be updated back in JDE. We have assumed that the District will provide API or data for the JDE. b) Two way integration between JDE to NEXGEN on the warehouse inventory (inventory, counts, and costs). Users in NEXGEN will use the inventory in work orders and at the end of the day, will send the updated warehouse inventory (inventory, counts, and costs) back into JDE. All warehouse inventory management workflow process will continue to be managed in JDE. We have assumed that the District will provide API or data for the JDE. c) One way integration from NEXGEN to JDE for timesheets that are created in NEXGEN will be pushed over into JDE's payroll module. Employee times collected in work orders or service requests will be captured in NEXGEN's timesheet module. 6) NEXGEN will integrate with the District's Inframap valve exercise program where work orders can be created from Inframap to generate a correct work order in NEXGEN. We have assumed that Inframap will provide a feature in their software interface that allows users to generate a NEXGEN work order.
Deliverables	☐ NEXGEN AM integrated with District's ESRI ArcGIS, Gasboy, Granite CCTV, Digalert, JD Edwards and Inframap.
Task 7. System Testing	
Objectives	The purposes of this task are to test the system, resolve issues and optimize configurations.
Activities	1) Provide a limited District staff a system testing plan of the desktop and mobile software. 2) Concerted effort of the District and NEXGEN staff to stress test the system during a 2 week testing period. 3) Provide support to resolve any issues or questions during the 2 week testing period. 4) Modify any configurations necessary to optimize work flows. 5) District to sign off on the system testing upon acceptance.
Deliverables	☐ System tested and accepted.
Task 8. User Acceptance Testing	
Objectives	The purposes of this tasks are for the user acceptance testing, resolve issues and optimize configurations.
Activities	1) Provide District staff a testing plan of the desktop and mobile software. Remote web training on the testing plan and process. 2) District staff field testing the system during a 2 week testing period. 3) Provide support to resolve any issues or questions during the 2 week testing period. 4) Modify any configurations necessary to optimize work flows. 5) District to sign off on the user acceptance testing.
Deliverables	☐ User acceptance tested and accepted.

Task 9. Reporting	
Objectives	The purposes of this task are to develop custom reports, GIS queries and dashboard configurations.
Activities	1) NEXGEN comes with stock reports, ad hoc and scheduled (push reports) reporting capabilities. We will train District staff on developing ad hoc reports. We will work with District staff to schedule reports where it will automatically email reports to individuals based on a specific routine schedule. 2) We will develop up to 5 custom reports. 3) We will work with District staff to develop or configure GIS queries for map reports.
Deliverables	❑ 60 hours of custom report development, GIS queries and dashboard configurations
Task 10. Training	
Objectives	The purpose of this task is to provide pre deployment training.
Activities	1) Develop training plans for power users, field personnel, adjunct users and system administrators. 2) 40 hours of onsite training for power users 3) 32 hours of onsite training for field personnel. 4) 16 hours of onsite training for adjunct users. 5) 16 hours of onsite training for system administrators
Deliverables	❑ Training plans for each group. ❑ 104 hours of onsite training.
Task 11. Go Live Support	
Objectives	The purposes of this task are to provide pre deployment training and provide post deployment support.
Activities	1) Weekly web conference call "office hours" after deployment to provide users opportunities to ask questions, acquire additional training and support. 2) Post deployment on-site training to provide additional training and transition to support.
Deliverables	❑ 8 weekly 2 hour web conference after deployment to provide additional training. ❑ 1 – 2 day (16 hr.) on-site training post deployment to be scheduled after 2 months of deployment.
Task 12. Follow Up Support	
Objectives	The purposes of this task are to provide post go live support for additional configurations, report development and other requests after going live.
Activities	1) Provide 6 months of post go-live support not to exceed 120 hours.
Deliverables	❑ Up to 120 hours of post go-live support

EXHIBIT B
Fee Schedule

Implementation Services Costs

The implementation services cost is $540,880.

Task Name	PM	Sr. MT	MT2	MT1	Labor (hr)	Labor ($)	Expense	Total Cost
1. Project Management	180	40			220	$ 56,400	$ 10,640	$ 67,040
2. Implementation Strategy	40	40			80	$ 20,000	$ 4,000	$ 24,000
3. Hardware Recommendations	16	16	10		42	$ 10,200	$ 1,020	$ 11,220
4. System Configuration	20	80	80	100	280	$ 62,000	$ 6,200	$ 68,200
5. Data Migration	20	80	80	100	280	$ 62,000	$ 6,200	$ 68,200
6. Integration	40	160	100		300	$ 70,800	$ 9,080	$ 79,880
7. System Testing	20	40	20		80	$ 19,200	$ 3,920	$ 23,120
8. User Acceptance Testing	20	40	20	20	100	$ 23,200	$ 4,320	$ 27,520
9. Reporting	20	40	40	80	180	$ 39,600	$ 3,960	$ 43,560
10. Training	20	120	120	40	300	$ 68,400	$ 8,840	$ 77,240
11. Go Live Support	40	20			60	$ 15,200	$ 4,020	$ 19,220
12. Follow Up Support	20	80	20		120	$ 28,800	$ 2,880	$ 31,680
Total =	456	756	490	340	2,042	$ 475,800	$ 65,080	$ 540,880

Billing Rate Schedule

Labor Category	Rate (per hour)	Team Members in this Labor Category
Project Manager	$260.00	Vincent Yee, Joel Sullivan
Senior Management Technologist	$240.00	Gaja Naik, Alan Zeisbrich, Sukhdeep Kaur
Management Technologist 2	$220.00	Nishant Sinha, Rajshree Shenai
Management Technologist 1	$200.00	Gabby Mogannam, Soumya Januu

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AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN MOULTON NIGUEL WATER DISTRICT AND NEXTGEN ASSET MANAGEMENT MNWD PROJECT: COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM (CMMS) IMPLEMENTATION CONTRACT NO. 2011.033b

This Amendment No. 1 (this "Amendment") is entered into and effective as of July 1, 2020, amending the Professional Services Agreement dated April 29, 2019 (the "Agreement"), by and between Moulton Niguel Water District ("MNWD"), and Nexgen Asset Management ("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 April 29, 2019, the Parties entered into the Agreement for professional services through June 30, 2020 for a total not-to-exceed amount of $540,880; and

B. WHEREAS, the Parties desire to extend Agreement term until June 30, 2021.

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

1. The term of the Agreement is hereby extended through June 30, 2021.

2. The Services to be provided by Consultant shall be revised to include the Services set forth in Exhibit "A" attached hereto and incorporated by this reference.

3. The Parties agree that the total Agreement amount, including this Amendment, shall remain the same and shall not exceed $540,880.

4. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement will include coverage for this Amendment.

5. 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.

6. 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-

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MOULTON NIGUEL WATER DISTRICT:		NEXGEN ASSET MANAGEMENT:	
By:	DocuSigned by: Matt Collings 386397D8EC41493...	By:	(Authorized Representative of Consultant)
Printed Name:	Matt Collings	Printed Name:	VINCENT LEE
Title:	Assistant General Manager	Title:	PRESIDENT
Dated:	06/11/2020	Dated:	6/10/20

AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN MOULTON NIGUEL WATER DISTRICT AND NEXTGEN ASSET MANAGEMENT MNWD PROJECT: COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM (CMMS) IMPLEMENTATION CONTRACT NO. 2011.033b

This Amendment No. 2 (this "Amendment") is entered into and effective as of July 1, 2021, amending the Professional Services Agreement dated April 29, 2019 (the "Agreement"), by and between Moulton Niguel Water District ("MNWD"), and Nexgen Asset Management ("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 April 29, 2019, the Parties entered into the Agreement for professional services through June 30, 2020 for a total not-to-exceed amount of $540,880; and

B. WHEREAS, on June 11, 2020, the Parties executed Amendment No. 1 to the Agreement extending the term through May 30, 2021; and

C. WHEREAS, the Parties desire to extend Agreement term until June 30, 2022.

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

1. The term of the Agreement is hereby extended through May 30, 2022.

2. The Parties agree that the total Agreement amount, including this Amendment, shall remain the same and shall not exceed $540,880.

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-

MOULTON NIGUEL WATER DISTRICT:	**NEXGEN ASSET MANAGEMENT:**
By: _____	By: _____ (Authorized Representative of Consultant)
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: June 10, 2021**

FROM: **Trevor Agrelius, Controller**

SUBJECT: **Annual Gann Appropriations Limit for Fiscal Year 2021-22**

SUMMARY:

Issue: Board approval is required for the Fiscal Year 2021-22 Gann Appropriations Limit.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled "Approving Appropriations Limit for Fiscal Year 2021-22 and Finding Compliance with Article XIIIB of the Constitution of the State of California."

Fiscal Impact: None

Reviewed by Legal: Yes

BACKGROUND:

In November of 1979, the voters of the State of California approved Proposition 4, commonly known as the "Gann Initiative" or "Gann Limit". The Proposition created Article XIIIB of the State Constitution, placing limits on the amount of tax revenue which can be received and allocated within a given year by public agencies, including many Special Districts. Section 7900 of the Government Code specifies the process for calculating state and local government appropriation limits and appropriations subject to limitation under Article XIIIB of the Constitution. These constitutional and statutory sections explain and define the appropriations limit and appropriations subject to limitation as they apply to state and local government; and require that each entity of government formally "adopt" its Appropriations Limit for a given fiscal year.

DISCUSSION:

Fiscal Year 1978-79 appropriations serve as the base for this limit, with adjustments being made annually to reflect increase in population and the cost of living. Only property tax proceeds are subject to the limit. Charges for services, regulatory fees, grants, loans, donations and other non-tax proceeds are not subject to the limit. Each year the Board of Directors must adopt by Resolution the District's Appropriations Limit for the following year. For Fiscal Year 2021-22 the Appropriations Limit is calculated to be $9,326,830. Additionally, per Section 1.5 of Article XIIIB of the California Constitution, the appropriations limit calculation must be reviewed as part of the annual financial audit. The District's auditors review this calculation and provide an agreed upon procedures report summarizing the results.

The appropriations limit only applies to the application of property tax revenue to the District's operation and maintenance expenses. The District primarily utilizes property tax revenues to fund the capital improvement program which isn't subject to the same limitations.

Attachments:

1. Resolution Approving Appropriations Limit for Fiscal Year 2021-22 and Finding Compliance With Article XIIIB of the Constitution of the State of California
2. Computation of the Appropriation Limit for Fiscal Year 2021-22

RESOLUTION NO. 21-____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT APPROVING ITS APPROPRIATIONS LIMIT FOR FISCAL YEAR 2021-22 AND FINDING COMPLIANCE WITH ARTICLE XIIIB OF THE CONSTITUTION OF THE STATE OF CALIFORNIA

WHEREAS, the Board of Directors of the Moulton Niguel Water District (MNWD) has reviewed the financial affairs of MNWD and has reviewed the proposed Budget for the Fiscal Year 2021-22; and

WHEREAS, the Board of Directors desires to establish an Appropriations Limit for Fiscal Year 2021-22 for the purpose of complying with Article XIIIB of the Constitution of the State of California. Said calculations have been posted at MNWD's offices and made available to the public at least 15 days prior to the adoption of this Resolution; and

WHEREAS, the Board of Directors desires at this time to approve its Budget for the Fiscal Year 2021-22, as well as its Appropriations Limit for said Fiscal Year 2021-22;

NOW, THEREFORE, the Board of Directors of MNWD does RESOLVE, DETERMINE, and ORDER as follows:

Section 1. That an Appropriations Limit of **$9,326,830** be and the same hereby is established as the limit to which funds derived from proceeds of taxes may be appropriated during the Fiscal Year 2021-22.

Section 2. That the Budget for the Fiscal Year 2021-22 be and the same hereby is approved by this Board of Directors which Budget is on file with the Treasurer of MNWD and is by this reference incorporated herein.

Section 3. That the Treasurer of MNWD be and the same is hereby authorized to file copies of said Budget with such other public agencies as may be necessary. Pursuant to Government Code Section 7910, any judicial action or proceeding to attach, review, set aside, void, or annul the establishment of the appropriations limit as set forth herein must be commenced within 45 days of the adoption of this Resolution.

ADOPTED, SIGNED and APPROVED this 10th day of June, 2021.

MOULTON NIGUEL WATER DISTRICT

_____
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
Permitted Growth Rate in Appropriations for 2021-22

Appropriations Limitation adopted 2020-21			$8,896,093
Increase In CA Per Capita Personal Income			
	5.73 + 100.00 / 100	1.0573	
Increase In Population Orange County			
	-.84+ 100.00 / 100	0.9916	
Change Ratio	1.0573 x 0.9916		1.0484
Appropriations Limitation for 2021-22			$9,326,830

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: June 10, 2021**

FROM: **Gina Hillary, Director of Human Resources**

SUBJECT: **Selection of the Annual Lump Sum Prepayment Option for Unfunded Accrued Liability to CalPERS for Fiscal Year 2021-22**

SUMMARY:

Issue: The District is required to remit employer contributions to the California Public Employees Retirement System (CalPERS).

Recommendation: It is recommended that the Board of Directors elect the annual lump sum prepayment option to pay for the unfunded accrued liability to CalPERS for Fiscal Year (FY) 2021-22.

Fiscal Impact: Should the District exercise this option, there would be a savings of $61,539.04 for FY 2021-22.

Reviewed by Legal: Yes

BACKGROUND:

CalPERS conducts an annual actuarial valuation of our retirement plan to determine required employer contributions. Beginning with FY 2015-16, CalPERS changed the billing process for collecting employer contributions. The normal cost portion of employer contributions must be paid as a percentage of payroll. The unfunded accrued liability portion may be paid as an annual lump sum pre-payment or as a monthly dollar amount. The District has paid the unfunded accrued liability portion of its contribution obligation as a lump sum prepayment since this option was made available.

DISCUSSION:

The FY 2021-22 required employer contribution determined by the CalPERS actuarial valuation is $1,788,506. CalPERS offers two options for employers to pay the unfunded accrued liability:

Option 1: Lump sum pre-payment of $1,788,506
Option 2: Monthly payments of $154,170.42 (total for 12 months = $1,850,045.04)

If the District elects Option 1, the lump sum pre-payment must be received in full by CalPERS on or before July 31, 2021 and would save the District $61,539.04. Staff is recommending the Board approve the annual lump sum prepayment option to pay for the unfunded accrued liability to CalPERS for Fiscal Year (FY) 2021-22.

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: June 10, 2021**

FROM: **Johnathan Cruz, Director of Financial Planning & Innovation**
Kaden Young, Financial Planning Manager

SUBJECT: **Annual Review of Financial Policies**

SUMMARY:

Issue: The Moulton Niguel Water District's (District) financial policies are annually reviewed and presented for Board consideration, consistent with best practice.

Recommendation: It is recommended that the Board of Directors approve the following financial policies: Debt Management Policy, Investment Policy, Purchasing Services, Materials and Public Works Projects Policy (Purchasing Policy), Capitalization & Surplus Policy, Reserve Policy, and Federal Grant Management Policy.

Fiscal Impact: None.

Reviewed by Legal: Yes.

BACKGROUND:

The District's current financial policies were last updated in June 2020.

The Debt Management Policy identifies types of debt which may be issued, the purposes for which debt proceeds may be used, the relationship of debt to, and integration with, the District's capital improvement program or budget, and internal control procedures that the District has implemented to ensure that proceeds of proposed debt issuances will be directed to the intended use.

The Investment Policy identifies permitted investments, controls and procedures for the investment of District funds and identifies responsible agents.

The Purchasing Policy establishes a set of standards enacted by the Board of Directors that directs how District funds are spent. All purchases and procurements

made by the District must adhere to this Policy and to the type of solicitation, authority level, and dollar limits set in this Policy.

The Capitalization & Surplus Policy identifies the types of costs that will be capitalized, how to properly account for capital assets, and to comply with the requirements of Governmental Accounting Standard Board and other financial reporting standards, as well as IRS code. The policy also establishes procedures for the recording of regulated assets and proper asset disposals.

The Reserve Policy identifies the District's reserve levels and the financial funds where reserves are held.

The Federal Grant Management Policy identifies the management and fiscal accountability of federal grants for the District, primarily related to requirements established by the Office of Management and Budget of the Federal Government. To be eligible to receive Federal grant funds, the District must have such a policy.

The District conducts an annual review of its financial policies to provide timely updates as government code changes occur and align with best practices. This practice has been positively cited by both bond rating agencies and external auditors.

DISCUSSION:

Staff worked with the District's Investment Advisor, Chandler Asset Management, as well as the District's Financial Advisor, PFM, to review these policies and ensure they are consistent with current financial operating conditions and government code, state law, and industry standards. Based on those discussions and review, staff is not recommending any changes to the policies since their last approval and adoption by the Board in June 2020.

As such, District staff is recommending the Board of Directors approve the identified financial policies as presented.

Attachments:

1. Debt Management Policy
2. Investment Policy
3. Purchasing Services, Materials and Public Works Projects Policy
4. Capitalization & Surplus Policy
5. Reserve Policy
6. Federal Grant Management Policy

POLICY A-3: MANAGING WATER DISTRICT DEBT

This Policy may be amended by the Board as it deems appropriate from time to time in the prudent management of the debt of the District.

1. **Policy Statement**

This policy documents Moulton Niguel Water 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 District recognizes the need to invest in ongoing capital replacement and rehabilitation of its facilities as well as new infrastructure to ensure future viability of services, and that the appropriate use of debt can facilitate the timely construction of such facilities.

The District expects to pay for infrastructure and other projects (e.g., water supply) from a combination of current revenues, available reserves, and prudently issued debt. MNWD recognizes that debt can provide an equitable means of financing projects for its customers and provide access to new capital needed for infrastructure and project needs. Debt will be used to meet financing needs (i) if it meets the goals of equitable treatment of all customers, both current and future; (ii) if it is cost-effective and fiscally prudent, responsible, and diligent under the prevailing economic conditions; and (iii) if there are other important policy reasons. Therefore, all District debt must be approved by the Board of Directors.

To achieve the highest practical credit ratings and endorse prudent financial management, the District is committed to systematic capital planning and long-term financial planning. Evidence of this commitment to long term planning is demonstrated through adoption and periodic adjustment of the District's Capital Improvement Plan (CIP) identifying the benefits, costs and method of funding capital improvement projects over the planning horizon.

This Debt Policy complies with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the District.

2. **Purpose of Policy**

The purpose of this debt management policy is to:

- Establish parameters for issuing debt, including the purposes for which debt can be issued
- Describe how debt and debt proceeds will be managed

- Provide guidance as to the type of debt to be issued
- Provide guidance as to the relationship between the capital improvement plan and debt issuance

3. Purpose and Use of Debt

The District will utilize reasonable debt financing to fund long-term improvements and thus ensure equitable allocation of costs. Long-term improvements may include the acquisition of land, facilities, infrastructure, and supplies of water; and enhancements or expansions to existing water, recycled water, and wastewater capacity and facilities. Debt can be issued to fund the planning, pre-design, design, acquisition of land and/or easements, construction, and related fixtures, equipment and other costs as permitted by law. The District will not issue debt to cover operating needs.

The District may utilize short term financing (including leases) to finance certain essential equipment and vehicles. These assets can range from service vehicles to equipment. The underlying asset must have a minimum useful life of one year or more. Short-term financings, including loans, on bill financing and capital lease purchase agreements, are executed to meet such needs.

The Treasurer, Director of Finance & Water Resources and Financial Planning Manager will periodically evaluate the District's existing debt and recommend re-financings or prepayment (refunding) when economically beneficial. A refinancing may include the issuance of bonds to refund existing bonds or the issuance of bonds in order to refund other obligations, such as commercial paper or loans.

The General Manager, Treasurer, Director of Finance & Water Resources and Financial Planning Manager and District Financial Advisor, as appropriate, shall analyze any debt financing proposal to determine its benefit to the District and if it complies with the District's long-term financial planning objectives, including maintaining or improving credit ratings.

The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized. Debt may only be issued upon Board authorization. The weighted average maturity of the debt (or the portion of the debt allocated to a project or projects) will not exceed the average useful life of the project(s) to be financed by more than 20%. The final maturity of bonds or state or federal loan debt shall be limited to 35 years after the date of issuance.

The District will provide for a periodic review of its financial performance and review its performance relative to the financial policies outlined herein. These financial policies

will be taken into account during the capital planning, budgeting, and rate setting process. Necessary appropriations for annual debt service requirements will be routinely included in the District's annual budget. The District will maintain proactive communication with the investment community, including rating agencies, credit enhancers and investors, to ensure future capital market access at the lowest possible interest rates.

4. District Policies Provide Guidance for Debt Management

General. The District's Debt Management Policy, Reserve Policy and Investment Policy all guide the budgeting and capital improvement planning process. As such, the following principles outline the District's approach to debt management:

The District will issue debt only in the case where there is an identified source of repayment. Debt will be issued when:

- Projected existing revenues pay for the proposed debt service, and
- As necessary, other revenues have been identified to pay for the proposed debt, and
- Bond covenants will be achieved.

Debt will be structured for the shortest period possible, consistent with an equitable allocation of costs to current and future users. Borrowings by the District should be of a duration that does not exceed the average useful life of the project to be financed by more than 20 percent and where feasible, should be shorter than the projected economic life. The standard term of long-term borrowing is typically 20-30 years.

The District may issue bonds bearing a fixed or variable interest rate. When appropriate, the District may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities. Such variable rate bonds will be limited to no more than 20 percent of outstanding debt.

The proceeds of the bond sales will be invested until used for the intended project(s) to ensure effective use of the public funds. The investments will be made to obtain a return, while maintaining the highest level of safety. The District's Investment Policy and the specific bond indentures govern objectives and criteria for investment of bond proceeds. The Treasurer, Director of Finance & Water Resources and Financial Planning Manager will oversee the investment of bond proceeds, while complying with arbitrage and tax provisions.

Bond proceeds will be deposited and recorded in separate accounts. The District's

trustee will administer the disbursement of bond proceeds pursuant to the applicable Indenture of Trust or similar document.
Requisition for the disbursement of bond funds will be approved by the District's General Manager or Treasurer.

The Financial Planning Manager and Controller will monitor dedicated debt reserve fund balances and periodically review the advisability of prepayment or refunding of related debt. The financial advantages of a current refunding must outweigh the cost of issuing new debt. A potential refunding will be assessed in combination with any new capital projects requiring financing, and the benefits of the refunding will be evaluated in relation to its costs and risks.

Debt can be refunded to achieve any of the following objectives:

- Reduce future interest costs or restructure future debt service in response to evolving conditions regarding anticipated revenue sources;
    - Current refundings (that is, refinancings within 90 days of the call date of the bonds to be refunded) must meet a minimum net present value savings target of at least 3 percent of refunded bonds
- Restructure the legal requirements and/or covenants of the original issue to reflect more closely the changing conditions of the District, current market standards, or the type of debt.

5. District Will Maintain Acceptable Debt Service Coverage

The District will not finance debt unless the proposed obligation, when combined with all existing debts, results in acceptable debt service coverage ratios. To help determine the affordability of proposed revenue bonds, the District will compare projected annual net revenues after payment of operating and maintenance (O&M expense) to estimated annual debt service to estimate the resulting debt service coverage ratio (DCR). DCR is the amount of cash flow available to meet annual interest and principal payment on debt.

To keep its high-quality credit rating, the District will maintain a DCR at or above 1.75.

6. Financial Managers Will Pursue Positive Credit Rating on Debt Issuance

The General Manager, Director of Finance & Water Resources and Financial Planning Manager, with the District's Financial Advisor as appropriate, will assess whether a

credit rating should be obtained for an issuance and make a recommendation to the Board.

If it is determined that a credit rating is desirable, the probable rating of the proposed debt issuance is assessed before its issuance, and necessary steps are taken in structuring the debt.

7. Managers and Financial Advisors Will Structure District Debt

The District will seek to structure debt with aggregate level principal and interest payments over the life of the borrowing. "Backloading" of debt service will be considered only when such structuring is beneficial to the District's aggregate overall debt payment schedule.

The Financial Planning Manager, Director of Finance & Water Resources and General Manager, with the advice of the District's Financial Advisor, will evaluate and recommend to the Board the use of a call option, if any, and call protection period for each issuance. A call option, or optional redemption provision, gives the District the right to prepay or retire debt prior to its stated maturity. This option may permit the District to achieve interest savings inthe future through refunding of the bonds. Because the cost of call options can vary widely, depending on market conditions, an evaluation of factors, such as the call premium, time until the bonds may be called at a premium or at par, and interest rate volatility will guide the decision to issue bonds with a call option. Generally, 30-year tax exempt municipal borrowings are structured with a 10-year call. From time to time, shorter call options (3-7 years) may also be used.

8. Types of Debt

The District may use revenue bonds, Certificates of Participation (COPs), variable rate bonds, state revolving fund (SRF) loans, federal loans (including loans through the Water Infrastructure Finance and Innovation Act (WIFIA) program), bank loans, notes, commercial paper, direct placements, capital leases, lease-purchase financing, and on bill financing. The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy. A description of each type of debt is provided in Appendix A.

In addition to the aforementioned long and short term financing instruments, the District may also consider joint arrangements with other governmental agencies. Communication and coordination will be made with local governments regarding cost sharing in potential joint projects, including leveraging grants and funding sources.

The District is authorized to join with other special districts and/or municipal agencies to create a separate entity, a Joint Powers Authority (JPA), to issue debt on behalf of the District, the special district or municipality.

The District will only be liable for its share of debt service, as specified in a contract executed in connection with the joint venture debt.

9. Board May Consider Credit Enhancement to Establish or Improve Credit Rating

The Treasurer and General Manager will recommend to the Board the use of credit enhancement if it reduces the overall cost of the proposed financing or if, in the opinion of the General Manager and/or Treasurer (with the advice of counsel and the District's Financial Advisor), the use of such credit enhancement furthers the District's overall financial objectives.

Unless there are market requirements or it is important to increase credit ratings, the District will not fund a debt service reserve fund as part of its debt issuance. To the extent the Treasurer or Financial Planning Manager determine a debt service reserve fund is advantageous, the debt reserves will be maintained in keeping with the District's Reserve Policy.

Interest may be capitalized for the construction period of a revenue- producing project, that debt service expense does not begin until the project is expected to be operational and producing revenues. For lease back arrangements, such as those used for lease revenue bond transactions, interest may be capitalized for the construction period, until the asset is operational. Only under extraordinary circumstances, interest may be capitalized for a period longer than the construction period. Under all circumstances, interest may not be capitalized for any period longer than that permitted under Federal tax law to the extent such interest relates to tax exempt debt for Federal tax law purposes.

10. District Will Maintain Highest Possible Credit Ratings

The District will seek to maintain the highest possible credit ratings that can be achieved for debt instruments without compromising the District's policy objectives.

Each proposal for additional debt will be analyzed for its impact upon the District's credit rating on outstanding debt.

11. Any Major Credit Rating Agencies May be Used

The District may seek credit ratings from any of the major credit rating agencies - Standard & Poor's, Moody's Investors Service, and Fitch Investors Service, as appropriate. The District will also evaluate the value of additional ratings on a case-by-case basis (e.g., Kroll Rating Services). District staff will provide periodic updates to the rating agencies, both formal and informal, on the District's general financial condition and coordinate meetings and presentations with a new debt issuance when necessary.

The General Manager, Director of Finance & Water Resources, and Financial Planning Manager, working with the District's financial advisor, shall determine whether a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.

12. The Best Method of Sale Will be Used to Sell Municipal Bonds

The District will select the method of sale that best fits the type of bonds being sold, market conditions, and the desire to structure bond maturities to improve the performance of the debt portfolio. Three primary methods exist for the sale of municipal debt:

- **Competitive sale.** Bonds will be marketed to a wide audience of investment banking (underwriting) firms. The underwriter is selected based on its best bid for its securities. The District will award the sale of the competitively sold bonds on a true interest cost (TIC) basis. Due to this policy, the General Manager or Treasurer may sign the bid form on behalf of the District to fix the interest rates on bonds sold on a competitive basis.

- **Negotiated sale.** The General Manager, Director of Finance & Water Resources and Financial Planning Manager will select the underwriter, or team of underwriters, of its securities before the bond sale, subject to Board approval. The District works with the underwriter to bring the issue to market and negotiates all rates and terms of the sale. Before the sale, the General Manager, with advice from the District's financial advisor, will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale itself will be conducted. With this policy, the General Manager or Treasurer may sign the bond purchase agreement on behalf of the District to fix the interest rates on bonds sold on a negotiated basis.

- **Private placement.** The District may elect to issue debt on a private placement

basis. A private placement would be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that financing be completed before access to the public market is available.

13. Financial Planning Manager Will Make Debt Financing Recommendations to the Board

In developing such recommendations, the Financial Planning Manager shall consider the need for debt financing and assess progress on the current capital improvement program (CIP) and any other program/improvement deemed necessary by the District. The Board authorizes and approves debt service-related recommendations and proposals, and must approve all debt issuances.

The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the District's capital budget and the capital improvement plan.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

Debt is to be issued by the authority of and in full compliance with provisions, restrictions and limitations of the Constitution and laws of the State of California Government Code (CGC) §54300 et seq.

14. Policy Goals Related to Planning Goals and Objectives

The District is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and

budget administration. The District intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the District's annual operations budget.

It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

15. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and;
- its investment policies as they relate to the investment of bond proceeds.

It is the policy of the District to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by athird-party trustee and the Issuer will submit written requisitions for such proceeds. The District's General Manager or Treasurer will submit a requisition for reimbursement only after obtaining the signature of the Controller or Director of Finance & Water Resources approving expenditures. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Controller shall retain records of all expenditures of proceeds through the final payment date for the debt.

16. Bond and Disclosure Counsel

As part of its responsibility to oversee and coordinate the marketing of all District indebtedness, the General Manager, Director of Finance & Water Resources, and Financial Planning Manager shall make recommendations for approval by the Board on the retention of bond and disclosure counsel (which may be the same firm).

Bond counsel will prepare the necessary authorizing resolutions, agreements and other documents necessary to execute the financing, while disclosure counsel is responsible for preparing the preliminary and final official statement (or other disclosure documents) and assisting the District with ongoing disclosure responsibilities. All debt issued by the District will include a written opinion by bond counsel affirming that the District is authorized to issue the debt, stating that the District has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.

17. Financial Advisors

The District will select an independent registered municipal advisor or advisors (financial advisors) to help execute all debt transactions. To avoid any conflict of interest, financial advisor firms shall not also serve as underwriters of bonds. Financial advisors shall be selected through a competitive process after a review of proposals by the staff and approved by the Board.

The financial advisor will:

- Advise the District on refunding opportunities for current outstanding debt.
- Evaluate the merits of competitive, negotiated or private placement of new debt.
- Determine the most appropriate structure to ensure effective pricing that meets the District's near-term and long-term cash flow needs.
- Assist the District in the development of financial plans and policies.

The financial advisor will work with all parties involved in the financing transaction, including the District's bond counsel, trustee, underwriters, credit liquidity providers, to develop and monitor the financing schedule and preparation of the Official Statement. The financial advisor will help the District develop and distribute bid specifications for: desired services, trustee and paying agents, printing, remarketing and credit liquidity service providers, and assist the District in its review process.

The District also expects its financial advisor to provide objective advice and analysis, maintain confidentiality of the District's financial plans, and be free from any conflict of interest.

18. Underwriters

For negotiated sales, the District will generally select or pre-qualify underwriters through a competitive process. This process may include a request for proposal or qualifications to all firms considered appropriate for the underwriting of a particular issue or type of bonds.
The Financial Planning Manager, in consultation with the District's financial advisor, will determine the appropriate method to evaluate the underwriter submittals and then select or qualify firms on that basis, and recommend the firm or firms to function as the District's underwriter. The Board will approve the underwriter(s) to be used for each transaction or a series of transactions. The District is not bound by any underwriting agreement; oral or written, to which it was not a party.

19. The District Will Comply With Federal Arbitrage and Rebate Regulations

The Financial Planning Manager and Controller will take all necessary steps to minimize any rebate liability through proactive management in the structure and oversight of the District's debt. All District tax-exempt issues, including lease purchase agreements, are subject to arbitrage compliance regulations.

The Controller and Financial Planning Manager will:

- Monitor the expenditure of bond proceeds to ensure they are used only for the purpose and authority for which the bonds were issued and exercising best efforts to spend bond proceeds in such a manner that the District shall meet the spend-down exemptions from arbitrage rebate. Tax-exempt bonds will not be issued unless it can be reasonably expected that 85% of the proceeds will be expended within the three-year temporary period.

- Monitor the investment of bond proceeds with awareness of rules pertaining to yield restrictions. Maintaining detailed investment records, including purchase prices, sale prices and comparable market prices for all securities.

- Contract with outside arbitrage consultants to establish and maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of federal tax code.

The District will include any arbitrage rebate liability in its annual Comprehensive Annual Financial Report (CAFR).

20. Continuing Disclosure

The District will meet continuing disclosure requirements in a timely and comprehensive manner, as required by the Securities Exchange Commission (SEC) Rule 15c2-12 and consistent with the District's Disclosure Procedures Policy. The Financial Planning Manager shall provide ongoing disclosure information to the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access (EMMA) system. The District will annually provide financial information and operating data within 9 months of the end of its fiscal year, along with notice of certain material events required under Rule 15c2-12. In addition, the District may provide voluntary disclosures if such disclosure would be in the District's interest.

The District will keep current with any changes in both the administrative aspects of its filing requirements and the national repositories responsible for ensuring issuer compliance with the continuing disclosure regulations. In the event a 'material event' occurs requiring immediate disclosure, the Financial Planning Manager and Controller will ensure information is posted on EMMA.

21. Compliance with Bond Covenants

In addition to financial disclosure and arbitrage compliance, once the bonds are issued, the District is responsible for verifying compliance with all undertakings, covenants, and agreements of each bond issuance on an ongoing basis. This typically includes ensuring:

- Annual appropriation of revenues to meet debt service payments
- Timely transfer of debt service payments to the trustee or paying agent
- Compliance with insurance requirements
- Compliance with rate covenants
- Compliance with all other bond covenants, including maintaining debt service coverage ratios as required

On an annual basis, the Controller will prepare all required debt related schedules and footnotes for inclusion in the District's CAFR. The CAFR shall describe in detail all funds and fund balances established as part of any direct debt financing of the District.

The CAFR may also contain a report detailing any material or rate covenants contained in any direct offering of the District and whether or not such covenants have been satisfied.

22. Updates to this Policy

On an as needed based, the General Manager will update and revise this Policy, which shall be reviewed and adopted by the Board.

APPENDIX A: Types of Debt and Uses

Bank Loans and Notes - Use of short-term borrowing, such as bank loans and notes, will be undertaken only if available cash or reserves are insufficient to meet both project needs and current obligations.

Capital Lease - Capital lease debt may be considered to finance capital improvements, including vehicles and equipment with an expected useful life of less than ten years. A capital lease is a lease in which the lessor finances the lease and all other rights of ownership transfer to the District.

Derivatives - The District may choose to enter into contracts and financing agreements involving interest rate swaps, floating/fixed rate auction or reset securities, or other forms of debt bearing synthetically determined interest rates as authorized under the applicable statutes. The District will only consider the use of derivative products on a case-by-case basis and consistent with state statute and financial prudence. Before entering into such contracts or agreements, the District will review the risks and benefits of such financing techniques and expected impacts on the District's long-term financial operations and credit ratings. The District shall not execute derivative contracts with terms exceeding 10 years.

Lease-Purchase Financing - The use of lease-purchase agreements in the acquisition of vehicles, equipment and other capital assets shall be considered carefully relative to any other financing option. The lifetime cost of a lease may be higher than other financing options or pay-go purchases. Nevertheless, lease-purchase agreements may be used by the District as funding options for capital acquisitions if circumstances warrant.

On Bill Financing - The District may choose to enter into low or zero interest financing agreements with utility providers who offer On Bill Financing. This type of financing offers financing of business improvements at little to no interest and no fees or costs to the District. Repayment amounts will be based on projected savings associated with the project and will be part of the monthly bill received from the issuer. Financing terms can range from three to ten years depending on the project to be financed.

Revenue Bonds - Revenue bonds issued by the District are long term obligations issued to fund a specific project or purpose. The District will generally issue revenue bonds on a fixed interest rate basis, wherein at the time of the bond sale all interest rates are known and do not change while those bonds are outstanding.

Particular conditions may arise where the District would consider the use of variable interest rate bonds. Variable interest rate bonds have interest rates that reset on a periodic basis (e.g. daily, weekly, monthly, etc.).

Revenue bonds are payable solely from District revenues in accordance with the agreed upon bond covenants.

Variable Rate Debt - Variable rate debt is an alternative to fixed rate debt. It may be appropriate to issue short-term or long-term variable rate debt to diversify the District's debt portfolio, reduce interest costs, provide interim funding for capital projects and improve the match of assets to liabilities. Variable rate debt typically has a lower cost of borrowing than fixed rate financing and shorter maturities in the range of 7 to 35 days. The District may consider variable rate debt in certain instances. The District will maintain a conservative level of outstanding variable debt not exceeding 20% of outstanding debt. Under no circumstances will the District issue variable rate debt solely for the purpose of earning arbitrage.

Short Term Debt - Pending the issuance of bonds the Board may authorize the issuance of short term debt. The Financial Planning Manager will determine and recommend the least costly method for short-term borrowing. Such debt shall be authorized by resolution of the Board.

These short term notes may be structured as:

- Bond Anticipation Notes (BANs) - BANs are short term obligations that will be repaid by proceeds of a subsequent long-term bond issue. The District may choose to issue Bond Anticipation Notes as a source of interim construction financing. Before issuing such notes, financing for such notes must be planned for and determined to be feasible by the General Manager and Financial Planning Manager, in consultation with the District's financial advisor.

- Commercial Paper (CP) - CP is a form of debt that has maturities up to 270 days although it may be rolled to a subsequent maturity date. Tax Exempt Commercial Paper shall not be issued for capital programs unless it is of sufficient economic size, as determined by the General Manager, Director of Finance & Water Resources, and Financial Planning Manager, in consultation with the District's Financial Advisor.

- Tax and Revenue Anticipation Notes (TRANs) - TRANs are short term notes secured by a pledge of taxes and other revenues in the current fiscal year. TRANs, if issued, will constitute direct obligations of the District. All TRANs will be redeemed in the same fiscal year in which they are issued.

State Revolving Funds - A State Revolving Fund (SRF) loan is a low or zero interest loan program for the construction of wastewater treatment and sewage collection systems, water recycling facilities, storm water projects, implementation of nonpoint source and

storm drainage pollution control management programs, and for the development and implementation of estuary conservation and management programs. SRF debt service payments are factored into debt service coverage ratios as defined by applicable water and wastewater indentures.

SRF loans are generally structured such that the District is required to contribute a percentage of the total project cost and receives loan proceeds from the State for the balance. The SRF loan interest rate is calculated by taking half of the True Interest Cost (TIC) of the most recent State of California General Obligation Bonds sale. The term of the loans can be 20 to 30 years. When compared to traditional bond financing, the District may realize substantial savings through the use of SRF loans.

SRF Loans may provide additional assistance in the form of principal forgiveness. Principal forgiveness must be specified at the execution of the loan agreement for the amount forgiven to be counted against the total loan required to be provided by the SRF.

WIFIA Loans – The Environmental Protection Agency (EPA) administers loans under the Water Infrastructure Finance and Innovation Act (WIFIA)to provide low cost financing for water projects. The loans are provided on a competitive basis, and borrowers must submit applications to EPA as EPA makes funds available. The loans are based on treasury rates, and may have terms of up to 35 years from substantial completion of the project. WIFIA loans may fund up to 49% of eligible project costs.

Letters of Credit - The District shall have the ability to enter into a letter-of-credit agreement when such an agreement is deemed prudent and advantageous. Only those financial institutions with short-term credit ratings of VMIG 1/A-1, F1 by Moody's Investor Services, Standard & Poor's and Fitch IBCA, may participate in the District's letter of credit agreements.

A-7: MAINTAINING DISTRICT INVESTMENT FUNDS

This Policy may be amended by the Board as it deems appropriate from time to time in the prudent management of the funds of the District.

This policy documents Moulton Niguel Water District's delegation and guidelines for the investment of public funds. The District's cash management system is designed to monitor and accurately forecast expenditures and revenues, thus enabling the District to invest funds to the fullest extent possible

This Investment Policy is intended to comply with California Government Code Sections 53600 et seq. and shall govern all investment activity undertaken by the District.

1. Purpose of Policy

The purpose of this Investment Policy is to:

- Establish the objectives, policies, and guidelines for the investment of District funds
- Establish how invested funds will be managed
- Establish a basis for evaluating investment results
- Identify principal agents and delegation of authority

2. The Board May Delegate Investment Authority and Management

In accordance with Section 53600 et seq. of the Government Code of the state of California, the authority to invest public funds is expressly delegated to the Board of Directors for subsequent delegation to the Treasurer. Investments are limited to those instruments specified by this Investment Policy.

The Moulton Niguel Water District may hire external investment advisers registered under the Investment Advisers Act of 1940 to help manage the District's investment portfolio in keeping with the District's objectives. External investment advisers may buy and sell securities that comply with this policy.

This policy covers all funds and investment activities under the direct authority of the District, as set forth in the State Government Code, Sections 53600 et seq., with the following exceptions:

1. Proceeds of debt issuance shall be invested in accordance with the District's general investment philosophy as set forth in this policy; however, such proceeds are to be invested pursuant to the permitted investment provisions of their specific bond indentures.
2. Any other funds specifically exempted by the District.

3. District Fiduciaries Shall Follow Prudent Investor Standards

California Government Code, Section 53600.3 stipulates that all persons authorized to make investment decisions on behalf of the District are trustees and are thereby fiduciaries subject to the Prudent Investor Standard.

The Treasurer or designated investment advisor and other authorized persons responsible for managing District funds acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that the Treasurer or other authorized persons acted in good faith.

The District's Board of Directors will assign a Treasurer, Director of Finance & Water Resources, or Manager of Financial Planning or investment advisers to invest District funds. The Administration Committee of the Board of Directors will oversee the investments.

If a security's credit or market risk changes unexpectedly, the Treasurer, or his or her designee, will report the change to the governing body in a timely fashion and appropriate action should be taken to control adverse developments.

4. District Investment Program Criteria Shall be Followed in Priority Order:

1. Safety: The District will seek investments in a manner that seeks to ensure the preservation of capital in the overall portfolio. To accomplish this, the District will diversify its portfolio by investing funds among a variety of securities with independent returns.

2. Liquidity: The portfolio will remain sufficiently liquid to meet all reasonably anticipated operating requirements.

3. Return on Investments: The portfolio will be designed to obtain a market rate of return throughout budgetary and economic cycles, recognizing investment risk limits for safety and liquidity requirements.

5. District Investments Shall be Organized by Performance Objective

The District's investments are allocated across four fund types, described below. The District shall inform the investment adviser from time to time of amounts to be allocated to each of the four categories.

1. Liquid Fund:
   Funds for current operating expenses and capital requirements. This fund shall preserve principal, provide liquidity for operating and maintenance expenses, debt service payments, and capital needs, and earn a total rate of return commensurate with the first two goals.

   The Liquid Fund's investment performance shall earn a return over a market cycle that equals or exceeds the return on 90-day Treasury Bills.

   The average maturity of the Liquid Fund shall not exceed 90 days, and the maximum final stated maturity of individual securities in the Liquid Fund may not exceed one year.

   The District's Treasurer, Director of Finance & Water Resources, or Manager of Financial Planning shall regularly update the investment adviser on the District's specific short-term liquidity requirements.

   The Liquid Fund shall maintain a minimum fund balance that provides sufficient cash reserves to pay current operating expenses.

2. Limited Maturity Fund:
   Funds needed to meet expenses anticipated over the next one to five years. This fund shall preserve principle, provide liquidity for operations and maintenance, debt service payments, and capital needs within the next five years, and earn a total rate of return in line with the first two goals.

   The investment performance objective of the Limited Maturity Fund is to earn a return that equals or exceeds the return of the ICE Bank of America Merrill Lynch 0-3 Year Treasury Index.

3. Operating Reserve Fund:
   This fund shall preserve principal and provide long-term growth by earning the rate of return available from the longer-term investments permitted under the California Government Code.

The investment performance objective for the Operating Reserve Fund shall be to earn a rate of return over a market cycle, which exceeds the return on the ICE Bank of America Merrill Lynch 1-10 Year US Treasury and Agency Index.

The maximum stated final maturity of individual investments in the Operating Reserve Fund is ten years.

No more than 40 percent of the Operating Reserve Fund may be invested in securities that mature in more than five years.

4. Debt Service Restricted Reserve Funds:
Funds required per bond trust indentures of the District's debt portfolio. This fund will preserve principal, provide capital for debt service payments in case of default, and earn a total rate of return in line with the first two goals.

The investment performance objectives for the Debt Service Restricted Reserve Fund shall be to earn a return over a market cycle, which equals or exceeds the return on ICE Bank of America Merrill Lynch 3-5 Year US Treasury & Agency Index.

6. The District Will Only Work with Qualified Financial Institutions

The District shall work with financial institutions that are reputable and trustworthy, knowledgeable and experienced in Public Agency investing and able to meet all financial obligations. These institutions include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

As stated in Section 53601.5, the District may transact business investments with:

- Primary government dealers designated by the Federal Reserve Bank and non-primary government dealers.
- Nationally or state-chartered banks.
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase

The District has sole discretion to select the financial institutions and broker/dealers for investment transactions, except where the District utilizes an external investment adviser in which case the District may rely on the adviser for selection.

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

Selection of broker/dealers used by an external investment adviser retained by the District will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

7. District Mitigates Credit Risk and Market Risk in the Portfolio

Mitigating Credit Risk:
Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The District will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in the "Authorized Investments" section of this policy are designed to mitigate credit risk in the portfolio.
- No more than 5 percent of the total portfolio may be invested in securities of any single issuer, except where the issuer is the US Government, its Agencies and GSEs, an authorized Supranational issuer or where the security is a Money Market Mutual Fund, Local Agency Investment Fund (LAIF) or other Local Government Investment Pool.
- The District may sell a security before it matures and record a capital gain or loss to manage the quality, liquidity or yield of the portfolio in response to market conditions or District's risk preferences.
- If District securities are downgraded by a nationally recognized statistical rating organization (NRSRO) to a level below the quality required by this investment policy, the District will decide whether to sell or retain the securities.
    - If a security is downgraded, the CFO will decide whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.

- If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board of Directors.

Mitigating Market Risk:
Market risk is the risk that the portfolio value will vary due to changes in the general level of interest rates. The District recognizes that, over time, longer-term portfolios may achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The District will mitigate market risk by providing enough liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The District further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The District, therefore, adopts the following strategies to control and limit its exposure to market risk:

- The District will keep at least six months of budgeted operating expenditures in short term investments to provide liquidity for expected disbursements.
- The maximum percent of callable securities(does not include “make whole call” securities as defined in the Glossary) in the portfolio will be 20 percent.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, unless otherwise stated in this policy.
- The duration of the portfolio will be equal to the duration (typically, plus or minus 20 percent) of a Market Benchmark, an index selected by the District based on the District’s investment objectives, constraints and risk tolerances.

8. District Investments Shall Comply with State Laws

The District’s investments are governed by California Government Code sections 53600 et seq. Within the investments permitted by the Code, the District seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy (except credit quality). At the time of the investment’s maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

9. Authorized Investments

All investments shall be made as "delivery vs. payment" transactions. The authorized investments are as listed below:

Municipal Securities

Municipal Securities include obligations of the District, the State of California, any of the other 49 states, and any local District within the State of California, provided that:

- The securities are rated in a rating category of "A" or higher by at least one nationally recognized statistical rating organization ("NRSRO").
- No more than 5% of the portfolio may be invested in any single issuer.
- No more than 30% of the portfolio may be in Municipal Securities.
- The maximum stated maturity does not exceed five (5) years, with the exception of securities that have a "put" feature of five years or less.

U.S. Treasuries

U.S. Treasuries and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage of the portfolio that the District may invest in U.S. Treasuries, provided that:

- The maximum maturity is five (5) years, with the exception of securities held in the Operating Reserve, which can have a stated maturity of 10 years.

Federal Agencies

Federal Agencies or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage of the portfolio that the District may invest in Federal Agency or Government-Sponsored Enterprises (GSEs), provided that:

- No more than 25% of the portfolio may be invested in any single Agency/GSE

issuer.
- The maximum maturity does not exceed five (5) years, with the exception of securities held in the Operating Reserve, which may have a stated maturity of 10 years.

Banker's Acceptances
Banker's Acceptances provided that:

- They are issued by institutions which have short-term debt obligations rated in a rating category of "A-1" or higher by at least one NRSRO; or long-term debt obligations which are rated in a rating category of "A" or higher by at least one NRSRO.
- No more than 40% of the portfolio may be invested in Banker's Acceptances.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 180 days.

Commercial Paper
Commercial Paper provided that:

- The issuer is a corporation organized and operating in the United States with assets in excess of $500 million.
- The securities are rated in a rating category of "A-1"or higher by at least one NRSRO.
- The securities are issued by corporations which have long-term obligations rated in a rating category of "A" or higher by at least one NRSRO.
- The District may purchase no more than 10% of the outstanding commercial paper of any single issuer.
- No more than 25% of the portfolio may be invested in Commercial Paper.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 270 days.

Negotiable Certificates of Deposit (NCDS)
Negotiable Certificates of Deposit (NCDS), issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
- Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated in a rating category of "A-1" or higher by at least one NRSRO; or long-term obligations rated in a rating category of "A" or

higher by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in NCDs.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

Federally Insured Time Deposits (Non-Negotiable Certificates of Deposit)
Federally Insured Time Deposits (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:

- The amount per institution is limited to the maximum covered under federal insurance.
- No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.
- The maximum maturity does not exceed five (5) years.

Collateralized Time Deposits (Non-Negotiable Certificates of Deposit)
Collateralized Time Deposits (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with California law, provided that:

- No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.
- The maximum maturity does not exceed five (5) years.

Collateralized Bank Deposits
District deposits with financial institutions will be collateralized with pledged securities per California Government Code, Section 53651.

Repurchase Agreements
Repurchase Agreements collateralized with securities authorized under California Government Code 53651, maintained at a level of at least 102% of the market value of the Repurchase Agreement. There are no limits on the dollar amount or percentage that the District may invest, provided that:

- Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third-party custodian.
- Repurchase Agreements are subject to a Master Repurchase Agreement between the District and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA).

- The maximum maturity does not exceed one (1) year.

State of California Local District Investment Fund (LAIF)
State Of California Local District Investment Fund (LAIF), provided that:

The District may invest up to the maximum amount permitted by LAIF.

LAIF's investments in instruments prohibited by or not specified in the District's policy do not exclude the investment in LAIF itself from the District's list of allowable investments, provided LAIF's reports allow the Treasurer and the outside investment adviser to adequately judge the risk inherent in LAIF's portfolio.

Local Government Investment Pools
The District may invest up to the maximum amount permitted by the following respective Local Government Investment Pools:

- CALTRUST
- California Asset Management Program (CAMP)

Local Government Investment Pool investments in securities prohibited by or not specified in the District's policy do not exclude the investment in LGIPs itself from the District's list of allowable investments, provided the specific LGIP's reports allow the Treasurer and the outside investment adviser to adequately judge the risk inherent in LGIP's portfolio.

Corporate Medium Term Notes (MTNS)
Corporate Medium Term Notes (MTNS), provided that:

- The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- The securities are rated in a rating category of "A" or higher by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in MTNs.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

Mutual Funds
Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940 that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q)

inclusive and that meet either of the following criteria:

- Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
- Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of $500 million.
- No more than 10% of the total portfolio may be invested in shares of any one mutual fund.
- No more than 20% of the total portfolio may be invested in a combination of Mutual Funds and Money Market Mutual Funds.

Money Market Mutual Funds

Money Market Mutual Funds that are registered with the Securities and Exchange Commission under the (link) Investment Company Act of 1940, provided that such Funds meet either of the following criteria:

- Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
- Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of $500 million.
- No more than 20% of the total portfolio may be invested in a combination of Mutual Funds and Money Market Mutual Funds.

Supranationals

Supranationals, provided that:

- Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
- The securities are rated in a rating category of "AA" or higher by a NRSRO.
- No more than 30% of the total portfolio may be invested in these securities.
- No more than 10% of the portfolio may be invested in any single issuer.
- The maximum stated maturity does not exceed five (5) years.

Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, And Collateralized Mortgage Obligations

Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, And Collateralized Mortage Obligations from issuers not defined in the US Treasury and Federal Agency sections of the Authorized Investments section of this policy, provided that:

- The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.
- No more than 20% of the total portfolio may be invested in these securities.
- No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer.
- The maximum legal final maturity does not exceed five (5) years.

Prohibited Investment Vehicles and Practices

- Any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency denominated securities is prohibited.

10. The District Requires Collateralization for Specific Securities

Certificates of Deposit (CDs)

The District shall require any commercial bank or savings and loan association to deposit eligible securities with an Agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150 percent of the face value of the CD if the securities are classified as mortgages and 110 percent of the face value of the CD for all other classes of security.

Collateralization of Bank Deposits

This is the process by which a bank or financial institution pledges securities, or other deposits to secure repayment of deposited funds. The District shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

Repurchase Agreements

The District requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.

- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.

- The District and its investment adviser shall receive monthly statements of collateral.

11. Custodian Keeps District's Investments in Safekeeping

Investment securities and cash shall be held in a bank custody account in the District's name.

All investments shall be made as "delivery vs. payment" transactions.

All cash and securities in the District's portfolio shall be held in safekeeping in the District's name by a third-party custodian, acting as agent for the District under the terms of a custody agreement executed by the bank and the District.

The custodian will report monthly to the District, listing all securities held in safekeeping with current market data and other information.

All investment transactions require a safekeeping receipt or acknowledgment of the trade, except for depository accounts and securities purchases made with:

- Local government investment pools.
- Time certificates of deposits.
- Money market mutual funds (since purchased securities are not deliverable).

12. Reporting

Quarterly Reports

The Treasurer will submit a quarterly investment report to the Governing Body which provides full disclosure of the District's investment activities within 30 days after the end of the quarter. These reports will disclose, at a minimum, the following information about the District's portfolio:

- An asset listing showing par value, cost and independent third-party fair market value of each security as of the date of the report, the source of the valuation, type of investment, issuer, maturity date and interest rate.
- Transactions for the period.
- A description of the funds, investments and programs (including lending programs) managed by contracted parties (i.e. LAIF; investment pools, outside money managers and securities lending agents)
- A one-page summary report that shows:
    - Average maturity of the portfolio and modified duration of the portfolio;
    - Maturity distribution of the portfolio;
    - Percentage of the portfolio represented by each investment category;
    - Average portfolio credit quality; and,
    - Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months and since inception compared to the District's market benchmark returns for the same periods;
- A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution.
- A statement that the District has adequate funds to meet its cash flow requirements for the next six months.

13. Fiduciaries Shall Report to the Board Regularly

The bank custodian and the investment adviser shall each provide monthly statements of holdings and account activity to the District's Treasurer or Director of Finance & Water Resources. The bank custodian shall also provide such information to the District's Investment Adviser(s).

The investment adviser and broker shall promptly confirm all transactions and fund movements to the District. The investment adviser shall also make sure the broker provides duplicate confirmation to the District.

The investment adviser shall meet at least quarterly with District management and/or with the Administrative Committee of the Board of Directors to review account activity, economic conditions and investment performance.

14. Changes to This Policy Must Be Approved by the Board

The Board of Directors may change this Investment Policy from time to time. Changes must be approved by the Board of Directors and sent in writing to the Treasurer or Director of Finance & Water Resources and other responsible employees, third parties and investment advisers.

The investment adviser must inform the District of any changes to the California Government Code that affect the investment of District funds. Such changes shall be considered promptly by the Board of Directors.

The Investment Policy shall be reviewed and approved annually each fiscal year during the budget process.

DEFINITIONS:

Agencies - Shorthand market terminology for any obligation issued by a government-sponsored entity (GSE), or a federally related institution. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

- FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.
- FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.
- FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.
- FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.
- GNMA. The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.
- PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.
- TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

Asset Backed Securities - Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

Average Life - In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

Banker's Acceptance - A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

Benchmark - A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

Bid - The price at which a buyer offers to buy a security.

Broker - A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

Callable - A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

Certificate of Deposit (CD) - A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

Certificate of Deposit Account Registry System (CDARS) - A private placement service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $250,000 each, so that FDIC coverage is maintained.

Collateral - Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

Collateralized Mortgage Obligations (CMO) - Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial Paper - The short-term unsecured debt of corporations.

Coupon - The rate of return at which interest is paid on a bond.

Credit Risk - The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

Current Yield - The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

Dealer - A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

Debenture - A bond secured only by the general credit of the issuer.

Delivery vs. Payment (DVP) - A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

Derivative - Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

Discount - The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

Diversification - Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

Duration - The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

Federal Funds Rate - The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

Federal Open Market Committee - A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

Liquidity - The speed and ease with which an asset can be converted to cash.

Local Agency Investment Fund (LAIF) - A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

Local Government Investment Pool - Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

Make Whole Call - A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call.

With this type of call, an investor is compensated, or "made whole."

Margin - The difference between the market value of a security and the loan a broker makes using that security as collateral.

Market Risk - The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

Market Value - The price at which a security can be traded.

Marking to Market - The process of posting current market values for securities in a portfolio.

Maturity - The final date upon which the principal of a security becomes due and payable.

Medium Term Notes - Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

Modified Duration - The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

Money Market - The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

Mortgage Pass-Through Securities - A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

Municipal Securities - Securities issued by state and local agencies to finance capital and operating expenses.

Mutual Funds - An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

Nationally Recognized Statistical Ratings Organization (NRSRO). A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

Negotiable CD - A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Premium - The difference between the par value of a bond and the cost of the bond, when the cost is above par.

Prepayment Speed - A measure of how quickly principal is repaid to investors in mortgage securities.

Prepayment Window - The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

Primary Dealer - A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

Prudent Person (Prudent Investor) Rule - A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

Realized Yield - The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

Regional Dealer - A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

Repurchase Agreement - Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

Safekeeping - A service to bank customers whereby securities are held by the bank in the customer's name.

Structured Note - A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced

cost of borrowing by purchasing interest rate swap agreements.

Supranational - A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

Total Rate of Return - A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. Treasury Obligations - Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury Bills - All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

Treasury Notes - All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

Treasury Bonds - All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

Volatility - The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

Yield to Maturity - The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

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

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.

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

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

- 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.

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.

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

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.

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

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

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).

TABLE 1: Procurement Limits and Contract Signature Authority

Procurement Limits and Contract Signature Authority		
Title	**Expenditures**	**Contract Signature Authority**
General Manager	up to $75,000	$75,001 and over with Board authorization up to $75,000 without Board authorization
Assistant General Manager	up to $50,000	up to $50,000
Staff Directors, Government Affairs Officer, Information Systems Officer	up to $25,000	up to $25,000
Board Secretary, Staff Assistant Directors	up to $20,000	None
Superintendents, Managers, Controller, Principal Engineers, Coordinators, Sr. Water Resources Planner	up to $10,000	None
Supervisors, Purchasing Agent, Administrative Personnel, Sr. Water Efficiency Specialist, Sr. Wastewater Treatment Plant Operators	up to $5,000	None

POLICY A-4: CAPITALIZATION, REGULATED ASSETS & SURPLUS

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

1. **Capital Asset Threshold**

   The District maintains a schedule of individual capital assets that meet the capitalization threshold within its financial reporting operating system. Items with an original value of less than $3,000, or with an estimated useful life of less than five years, are recorded as operating expenditures.

   This financial reporting system should include:

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

2. **Depreciation of Capital Assets Using Straight-Line Method**

   Depreciation will be calculated using the straight-line method with no salvage value for all depreciable capital assets. The following estimated useful lives will be used by asset type:

   - Water and wastewater systems 10 to 75 years
   - Capacity rights 10 to 99 years

- Buildings 20 to 50 years
- Automobiles and equipment 5 to 15 years

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

3. Capital Assets Are Reported at Historical Value

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

These costs will include (when applicable):

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

Any cost specifically for a planned capital project (or asset acquisition), including public information costs and costs incurred to get project financing will be capitalized. Contributed capital assets will be recorded at their estimated fair market value at the date the asset was contributed to the District. The Accounting Department will determine if the estimated fair market value is appropriate.

4. Repairs and Maintenance Are Classified As Operating Expenses

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

5. Regulated Asset Threshold

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

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

6. Amortization of Regulated Assets

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

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

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

7. Regulated Assets Are Reported at Historical Value

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

These costs will include (when applicable):

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

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

8. Purchasing Department Maintains Inventory

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

This financial reporting system should include:

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

9. The District Will Sell or Dispose of Surplus Property

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

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

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

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

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

11. District Recycles Surplus Scrap Material

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

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

12. All Other Surplus Property Sales Require Approval

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

13. District Follows California Law When Disposing of Property

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

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

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

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

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

DEFINITIONS:

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

Capital Asset – The Government Finance Officers Association ("GFOA") defines capital assets as "assets that are used in operations and that have initial lives extending beyond a single reporting period." Capital assets may be intangible (capacity rights) or tangible (buildings, equipment). To be considered a capital asset, a District expenditure must cost at least $3,000 and have a useful life of at least five years.

Inventory - an asset that is intended to be used in the ordinary course of business with a cost of less than $3,000 per item or does not have an initial life extending beyond five years.

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

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

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

A-8: MAINTAINING WATER DISTRICT RESERVE FUNDS

1. **District Reserve Funds Shall Satisfy Industry Standards and Best Practices**

   The District will maintain a General Operating Reserve (Fund 1) to fund daily operating expenses and support the District's cash flow.

   The target balance of the General Operating Reserve will equal three months of operating expenses consistent with industry best practices for agencies with monthly rate revenue. Funding for the General Operating Reserve shall be identified at the start of each fiscal year and maintained within Fund 1.

   The District will maintain a Self-Insurance Reserve (Fund 4) to fund property and liability insurance deductibles, losses exceeding insurance limits, and unemployment benefit payments in case a claim is made.

   The target amount of the Self-Insurance Reserve will equal five times the current JPIA property insurance deductible (currently up to $50,000). The District shall fund and maintain the Self-Insurance Reserve at the start of each fiscal year through budget transfers to the Self-Insurance Fund (Fund 4).

   The District will fund a Rate Stabilization Reserve (Fund 52) to provide for revenue losses, significant increases in water purchase costs, and other extraordinary financial impacts to revenues and expenses. The target balance of the Rate Stabilization Reserve will be set equal to fifty percent of the District's budgeted 1 percent ad valorem property tax revenue. The District shall maintain the Rate Stabilization Reserve in the Rate Stabilization Fund.

2. **Capital Reserves Will Fund Projects**

   The Replacement and Refurbishment (R&R) Reserve, the Emergency Reserve, the Water Supply Reliability Reserve, the Planning and Construction Reserve, and the Capital Facilities Restricted Reserve will make up the District's Capital Reserves. Key objectives for accumulating these Reserves are to fund projects identified in the Long-Range Financial Plan and the Ten-Year Capital Improvement Plan, to reduce the volatility of water and sewer rate increases and to quickly repair critical assets in the event of a natural disaster or facility failure.

The Replacement and Refurbishment (R&R) Reserve fund (Fund 7) will fund ongoing costs for the replacement and refurbishment of existing assets in conjunction with the District's Capital Improvement Plan. All amounts will be maintained in a separate R&R Fund. Funding for the R&R Reserve will be from new debt issuances or fund transfers as part of the budget process.

The Emergency Reserve (Fund 1) will 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 will equal 2 percent of the replacement costs of the District's assets, as outlined in current guidelines from the Federal Emergency Management Agency (FEMA).

The Water Supply Reliability Reserve (Fund 12) will fund the development of new water or recycled water supplies as identified in the District Capital Improvement Plan. All amounts will be maintained in a separate Water Supply Reliability Fund. Funding for the Water Supply Reliability Reserve will be from new debt issuances or fund transfers as part of the budget process.

The Planning and Construction Reserve (Fund 14) will fund 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. All amounts will be maintained in a separate Planning and Construction Fund. Funding for the Planning and Construction Reserve will be from new debt issuances or fund transfers as part of the budget process.

The Capital Facilities Restricted Reserve (Fund 15) will fund the development of new district-wide capital facilities or replacement or refurbishment. All amounts will be maintained in a separate Capital Facilities Restricted Reserve Fund and transferred to Funds 7, 12, or 14 as part of the annual budget process. Funding for the Capital Facilities Restricted Reserve will be from capacity fees charged to new developments to buy into existing assets.

3. District Debt Service Reserves Will Be Held in Trust

The District will fund Debt Service Reserves, which are held in trust with a third party trustee as provided for in bond covenants. Increases and decreases to these reserves will be consistent with bond covenants. The District's accounting records show these amounts in various debt funds.

4. District May Use Certain Reserves for Cash Flow Requirements

General Operating, and Self-Insurance Reserves may be used any time to meet cash flow requirements of District operations. Authority to use the funds will be consistent with the District's Purchasing Policy.

The Rate Stabilization Reserve can be used at any time to meet cash flow requirements of District operations. The use of the Rate Stabilization Reserve will require Board authorization.

The Board of Directors will authorize the use of the Replacement and Refurbishment, Planning and Construction, and Water Supply Reliability Reserves during the budget process.

Funds from the Capital Facilities Restricted Reserve are transferred to the R&R, Planning and Construction, and/or Water Supply Reliability Reserves as part of the budget process. The Emergency Reserve may also be used for unplanned (unbudgeted) capital replacement and emergency expenses in case of natural disasters or facility failures. When appropriate, the Board may adopt Reimbursement Resolutions as needed to advance reserves before seeking outside funds. Authorization for the use of Capital Improvement Reserves for unplanned capital replacement will be consistent with the District's Purchasing Policy.

5. Funds Must Be Replenished As Soon As Possible

General Reserves are replenished from the District's revenues with the General Operating and Self-Insurance Reserves taking precedence to the Rate Stabilization Reserve. General Operating and Self Insurance Reserves will be replenished by the end of each fiscal year. The Rate Stabilization Reserve will be replenished as soon as possible with replenishment to commence within 12 months of any Rate Stabilization Reserve draw.

The R&R, Planning and Construction, and Water Supply Reliability Reserves are replenished at year end as part of the budget process via transfers or through debt issuances. The Emergency Reserve is replenished from the District's revenue as soon as possible after an emergency outside the budgeting process. The Capital Facilities Restricted Reserve is funded by developer's capacity fees throughout the year and transferred to the R&R, Planning and Construction, and

Water Supply Reliability Reserves as part of the budget process. The District's General Manager or Director of Finance/Treasurer will do a full review (what does "full" include?) of the District's Long Range Financial Plan and cash flow models to determine if corrective actions are needed to replenish the funds in the event of a draw on the Emergency Reserve.

6. Reserve Analyses are Required for Review by the Board

The General Manager or Director of Finance/Treasurer will submit a reserve analysis to the Board of Directors when:

- The Board of Directors' consider the annual budget.
- The Board of Directors' consider a water and sewer rate increase.
- A major change in conditions threatens the reserve levels.

If analysis indicates projected or actual individual reserve levels would fall 10 percent or more below the target levels outlined in this Policy, at least one of the following actions shall be included with the analysis:

- An explanation of why the reserve levels are not at the targeted level.
- A list of actions needed to bring reserve levels within the target levels prescribed.

The District will also use the internal Long-Range Financial Plan and 10-year and monthly cash flow models to determine forecasted reserve target shortfalls and report on needed corrective actions.

POLICY A-6: FEDERAL GRANT MANAGEMENT

This policy applies to management and fiscal accountability of federal grants for the Moulton Niguel Water District (District). This policy is intended to supplement, not supplant the District's employee/organizational policies and procedures.

As a recipient of federal grants, the District will adhere to the regulations contained at 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, in addition to other applicable federal statutes, guidelines and directives.

1. **Primary Point of Contact**

   A designated project manager shall serve as the primary contact between the District and the federal funding agency and any external consultants.

2. **Cash Management** - *Legal requirement: 2 CFR 200.305*

   Requests for reimbursement of expenses or advance payments must be consistent and fully compliant with the terms of the grant. The District must also comply with Federal regulations.

   a. The District will maintain effective internal controls for federal grant funds.
   b. The District must protect federal grant cash and other assets and must assure that grant monies are only used for authorized purposes.
   c. The District will maintain adequate records which identify the source and application of funds for federally-funded activities. These records must include source documents of Federal awards, authorizations, obligations, unobligated balances, revenue and expenses.
   d. Office of Management and Budget (OMB) cost principles, program regulations, and terms of the grant agreement will determine if the cost is allowable, allocable and reasonable to the award.
   e. Federal expenditures will be compared with budgeted amounts for each grant.

3. **Procedures for Cash Management**- *Legal requirement: 2 CFR 200.305*

   The project manager will approve allowable grant expenditures in accordance with Table 2 of the District's Purchasing Policy. The District pays for the approved expenditures through the District's normal accounting processes.

a. The Controller initiates reimbursement requests per the stipulations of the grant award after review of federal expenditure activity.
b. Reimbursement is made via ACH wire directly into the District's bank account.
c. The cash receipt is entered into the financial system.
d. A copy of the ACH confirmation will be maintained with the cash receipt. The cash receipt is reviewed and approved in the financial system. Cash receipts are recorded in the "Grant funding" object account within the same fund used for the project business unit.
e. If the District receives an advance, per Federal requirement, any interest earned more than $500 will be returned to the awarding agency.

4. **Allowability of Costs** - *Legal requirement: 2 CFR 200.302(b)(7), 2 CFR 200.309, and 2 CFR 200.403 - 2 CFR 200.405*

Except where otherwise authorized by statute, costs must meet the following general criteria to be allowable under Federal awards:

a. Must be necessary and reasonable for the performance of the Federal award or sponsored agreement and does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
b. Must be allocable to a project if it is considered a direct cost of that project.
c. Must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.
d. Consistently treated when used in like circumstances and adequately documented.
e. Must be allowed by the District's approved policy and procedures and conform to any limitations or exclusions set forth by §200.403 principles or identified in the award.
f. Determined in accordance with Generally Accepted Accounting Principles (GAAP).
g. Has not been included or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or prior period.

In the event a special or unusual cost arises, the project manager should attempt to receive prior written approval from the Federal awarding agency to avoid any unreasonableness or non-allocability. If prior approval is not obtained, it does not mean those costs will not be allowed.

Direct costs can be identified specifically with a Federal award or other program or activity or can be charged directly to the account assigned to that program or activity. Direct costs include salaries, wages, and proportional fringe benefits of staff directly engaged in the program and only if they are included in the grant agreement. Direct costs also include the cost of equipment, materials, supplies, and services, consultant fees subcontracts, or other allowable costs per the terms of the agreement.

A direct cost can benefit more than one program or function and can be allocated to the benefiting programs or functions on a reasonable or equitable basis.

Any expenditure that is not allowed to be charged to the award by the agreement, federal agency regulations, or the Uniform Guidance for Federal Awards shall not be charged to the award.

5. **Cost Share/Matching Funds** - *Legal requirement: 2 CFR 200.306*

All cost sharing/matching expenses shall be documented in the same manner as regular program expenses. Contributions must meet all the following criteria to be included as matching funds:

a. Verifiable from the contributor's records;
b. Not included as contributions for any other federal grant project or program;
c. Necessary and reasonable to complete project or program objectives;
d. Allowable under the applicable Federal Cost Principles;
e. Not paid by the federal government under another award;
f. Provided for in the approved budget when required by the federal awarding agency;

6. **Program and Budget Revisions** - *Legal requirement: 2 CFR 200.308*

The project manager is responsible for obtaining written approvals for program or budget revisions.

7. **Lobbying** - *Legal requirement: 2 CFR 200.450*

Federal grant funds will not be used for lobbying activities or other influencing activities associated with obtaining grants, contracts, or agreements.

8. **Reporting** - *Legal requirement: 2 CFR 200.327, 2 CFR 200.328 and 2 CFR 200.329*

    a. Grant expenditures are coded by the project manager to the project business unit, separating Federal grant expenditures from other expenditures.
    b. The Controller reviews the financial statements and general ledger activity for accuracy, completeness, proper coding, and general adherence to award terms and conditions.
    c. The project manager submits financial status reports to awarding agency, if required.
    d. The Controller presents monthly financial status reports to the District Administrative Committee.
    e. The Controller maintains the Schedule of Federal Expenditures of Awards.

9. **Monitoring Grant Program** - *Legal requirement: 2 CFR 200.328 and 2 CFR 200.331*

    The District will monitor the activities and progress of its federal grants and any problems, delays or adverse conditions that will materially impact the ability to meet a grant's objectives will be reported to the federal funding agency by the project manager. This will include making sure activities follow laws, regulations and the provisions of the grant agreements; and that performance goals are achieved.

10. **Timesheets** - *Legal requirement: 2 CFR 200.430(i) and 2 CFR 200.306*

    All District employees that work on projects funded through federal grants, are responsible for completing their timesheets on a bi-weekly basis. Employees must record all time spent on grant and non-grant activities. Grant activities will be monitored by a unique identifier in the time sheets, and the actual cost of those hours will be allocated to the project business unit.

    The payroll department will maintain a file with all timesheets, and the project manager will maintain a file that documents hours charged to the project.

11. **Contract Administration and Payment** - *Legal requirement: 2 CFR 200.318(b)*

    The project manager and Contracts Analyst shall be responsible for monitoring administration of the contract and shall ensure the fulfillment of all written requirements. Disbursement of federal funds will follow the same accounts payable process as nonfederal payments.

12. Standards of Conduct - *Legal requirement: 2 CFR 200.318(c)(1) and 2 CFR 200.318(c)(2)*

District employees and members of the Board of Directors must comply with the District's conflict of interest policy. The Board Secretary shall maintain conflict of interest statements for all employees and Board members.

13. Procurement Records and Files - *Legal requirement: 2 CFR 200.318(i)*

The District will retain historical records of federal procurements in accordance with the District's records retention policy.

14. Suspension/Debarment - *Legal requirement: 2 CFR 200.213*

No procurement will be made using a contractor that has been suspended or debarred from receiving federal funds. Prior to awarding any contract, District staff will search the federal *Excluded Parties List System* (www.sam.gov) to determine that the contractor is not suspended or debarred. Documentation of this search will be maintained in the grant procurement file.

15. Open and Free Competition - *Legal requirement: 2 CFR 200.319*

Proposal selection shall be based on responsiveness to the solicitation, price, quality, deadlines of delivery, warranties, accountability and fulfillment of the service and other relevant factors.

To ensure full and open competition, the District will abide by the following guidelines:

Procurement Amount	Action
Greater than $75,000	Formal solicitations shall be conducted, and a cost/price analysis shall be conducted
$10,001 - $75,000	Cost/price analysis shall be conducted
$1 - $10,000	Formal solicitations or cost/price analysis are not required

The District reserves the right to award purchase orders, consultant agreements or project contracts on a sole source/noncompetitive basis when one or more of the following circumstances apply: (1) the item or service is available only from a single source that has predominate capability; (2) there is a public emergency that will not

permit a delay from competitive solicitations; (3) The District received prior approval from the awarding agency; or (4) competition is determined to be inadequate after solicitation from a number of sources. A written justification will be prepared and kept on file for any noncompetitive procurement.

16. Procurement Procedures - *Legal requirement: 2 CFR 200.320*

A. Methods of Procurement. One of the following procurement methods must be used:

Procurement Method	Purpose
Micro-purchases	For supplies or services when the aggregate dollar amount does not exceed $10,000 Solicitation of price quotations is not required.
Small purchases	For supplies, services or other property that do not exceed $75,000. A cost/price analysis must be conducted. A minimum of three written price quotes shall be obtained.
Sealed bids	The preferred procurement method for construction projects. Formal advertising required. A minimum of three responsible bidders must be considered. Public works contracts will be awarded to the lowest responsive bidder.
Competitive proposals	For supplies and services of more than $75,000 when the use of sealed bids is not appropriate. Requests for proposals must be formally advertised and solicited from a minimum of three qualified sources. Formal solicitations shall be conducted.
Noncompetitive proposals	Authorized only by the General Manager.

B. Procurement Authority for Operating Expenses. The individuals with purchasing authority and the ability to sign contracts is listed in Table 2 of the Purchasing Policy.

RFPs must be publicized and identify all evaluation factors and their relative importance. All proposals will be reviewed by the project manager and the contracts department using similar evaluation criteria for nonfederal awards.

17. **Use of Small Businesses, Minority-owned Firms and Women's Business Enterprises** - Legal *requirement: 2 CFR 200.321*

    The District will make positive efforts to utilize small businesses, minority-owned firms, women's business enterprises, wherever fully practicable. To further this goal, the District will:

    a. Place qualified small and minority businesses and women's business enterprises on solicitation lists to encourage and facilitate their participation;
    b. Solicit small and minority businesses and women's business enterprises when they are identified as potential sources;
    c. When feasible, divide larger projects into smaller components to permit maximum participation by small and minority businesses and women's business enterprises;
    d. Establish delivery schedules, when permissible, that encourages participation by small and minority businesses and women's business enterprises;
    e. Use the services of organizations such as local Chambers of Commerce, the Small Business Administration and the Minority Business Development Agency of the Department of Commerce;
    f. Require prime contractors to take the same affirmative steps if subcontracts are awarded.

18. **Cost or Price Analysis** - *Legal requirement: 2 CFR 200.323*

    A cost or price analysis shall be conducted for every procurement action **greater than $10,000**. The cost or price analysis shall be performed **prior to** receiving bids or proposals. A cost analysis shall consist of a review and evaluation of each element of cost to determine reasonableness, allocability and allowability. A price analysis shall consist of comparing price quotations, market prices and similar information.

19. **Required Contract Provisions** - *Legal requirement: 2 CFR 200.326*

    The District shall include all provisions required by the Federal funding agency and applicable provisions found in *Appendix II of the Uniform Guidance (2 CFR Part 200)*.

20. Equipment Records - *Legal requirement: 2 CFR 200.313(d)(1)*

A. For all equipment purchased with federal grant funds, the District will maintain accurate information about the equipment including the following:

i. A description and serial number or other identification number;
ii. Source of funding, including the Federal Award Information Number (FAIN);
iii. Whether title vests in the recipient or the federal government;
iv. Acquisition or received date and cost;
v. Percentage of federal participation in the cost;
vi. Location use, condition, and the date the information was reported;
vii. Ultimate disposition data, including date of disposal and sales price.

B. Equipment owned by the federal government shall be identified as such.

21. Inventory - *Legal requirement: 2 CFR 200.313(d)(2)*

The District will conduct a physical inventory at least once each year. Any differences between quantities between the inspection and the accounting records shall be investigated. The District will verify the existence, current utilization and continued need for the equipment.

22. Disposition of Equipment - *Legal requirement: 2 CFR 200.311(c) 2 CFR 200.313(d)(5) and 2 CFR 200.313(e)*

When equipment purchased with federal funds is no longer needed for the original project or program, District staff will consult the grant's terms and conditions, and the federal program officer for disposition instructions.

23. Financial and Program Records - *Legal requirement: 2 CFR 200.333*

All records will be retained in accordance with the District's records retention policy and retained for at least three years. The only exceptions are the following:

a. Litigation, claims, or audits - records shall be retained until all litigation, claims or audit findings involving the records have been resolved;
b. If the District is notified by the granting agency that records must be retained beyond the three-year period;

c. Records for disposition of equipment shall be retained for three years after disposition;

24. Access to Records - *Legal requirement: 2 CFR 200.336*

The District will grant personnel from the federal awarding agency, Inspectors General, the Comptroller General of the United States and the pass-through entity, or any of their authorized representatives, access to any documents, papers, or other records which are pertinent to the federal grant. District staff will be available to answer questions related to such documents.

25. Safeguarding Sensitive Information - *Legal requirement: 2 CFR 200.303(e)*

The District will take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or District considers sensitive consistent with laws regarding privacy and obligations of confidentiality.

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: June 10, 2021**

FROM: **Johnathan Cruz, Director of Financial Planning & Innovation**
Kaden Young, Financial Planning Manager

SUBJECT: **Fiscal Year 2021-22 Proposed Budget**

SUMMARY:

Issue: The current Operations and Maintenance Budget and the annual Capital Improvement Program (CIP) for Fiscal Year 2021-22 have been developed based on projected resource requirements and is being presented for Board consideration.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled, "Approving a Budget Appropriation and Adopting the Operations and Maintenance Budget and Capital Improvement Program Budget for Fiscal Year 2021-22".

Fiscal Impact: The proposed Budget, and staffing plan, along with the Cash Fund balances and projected 10-year cashflow, are included in the budget document.

Reviewed by Legal: Yes

BACKGROUND:

The District has a one-year Operations and Maintenance Budget and an annual Capital Improvement Program Budget with 10-year projection. Additionally, staff updates the Long-Range Financial Planning model to provide a comprehensive picture of the District's financial position as the Board considers the budget. The Operations and Maintenance Budget includes the necessary staffing, resources, and services to provide water, wastewater, and recycled water services to the District's customers. The Capital Improvement Program budget includes appropriate funding to perform infrastructure improvements and/or the addition of new infrastructure.

DISCUSSION:

Each year, the budget process begins with a joint strategic planning session between the Board and staff to identify priority initiatives for the upcoming fiscal year. The proposed fiscal year budgets are then developed by staff based on the outputs of the strategic planning session. The proposed budget document identifies both the workplan for projects within the initiatives as well as the personnel and financial resources necessary to implement the Board's strategic initiatives and long-term policy objectives while continuing to enhance existing service levels.

This year's budget, which is based on public input and at the direction of the Board of Directors, continues to put customers first. The balanced 2021-22 Budget ensures customers maintain access to a safe and reliable water supply, while also reinvesting ratepayer funds into critical infrastructure projects.

For more than 60 years, Moulton Niguel Water District has delivered safe and reliable water services to its customers in South Orange County. The District has never wavered in the face of major challenges and severe droughts and the commitment continues as the community recovers from the COVID-19 pandemic.

The District is a resilient agency powered by its resilient workforce. All of this starts by maintaining the trust of its customers. By embracing technology, the District enters this year as a stronger water and wastewater utility and will continue to deliver on its commitment by enhancing services, investing in infrastructure, and keeping rates as low as possible.

Upon approval by the Board of Directors, this budget will invest $138.3 million in necessary programs, services, and infrastructure, while being cognizant of the broader economic challenges facing the community. Included in this budget: the District's 2021-22 Long-Range Financial Plan, which forecasts expenses and revenues for the next ten years.

As recent events demonstrate, no one can predict the future. However, this planning document provides the District with a valuable tool for adjusting to changing conditions in order to maintain high-quality service at low rates.

On May 3, 2021, the Board participated in a budget workshop to review the details of the proposed budget and provide input throughout the budget process. The draft budget document provides a summary of the Fiscal Year 2019-20 actuals in comparison to the current Fiscal Year 2020-21 adopted Budget, the forecast of the Fiscal Year 2021-22 expenses consistent with the 10-year cashflow model and the proposed Fiscal Year 2021-22 budget. The budget document also includes narrative and graphics to provide additional context to the proposed budget and incorporates changes generated during the budget workshop. The public meetings to discuss the FY 2021-22 budget and its development are listed below:

Budget Process	Date
FY 2021-22 Budget Development Plan Review with Board of Directors	**January 14, 2021**
FY 2021-22 Strategic Planning Session	**February 24, 2021**
FY 2021-22 MWDSC & MWDOC Budgets & Rates Review	**March 11, 2021**
FY 2021-22 Proposed Budget Updates	**April 8, 2021**
Board of Directors FY 2021-22 Budget Workshop	**May 3, 2021**
FY 2020-21 Proposed Budget Review, Technical Committee	**May 10, 2021**
FY 2020-21 Proposed Budget Review, Administrative Committee	**May 12, 2021**
FY 2020-21 Proposed Budget Review, Board of Directors Meeting	**May 13, 2021**
FY 2020-21 Budget Adoption	**June 10, 2021**

The Budget document has been posted on the District website for public review and is not attached to this report.

Attachment: Resolution entitled, “Approving a Budget Appropriation and Adopting the Operations and Maintenance Budget and Capital Improvement Program Budget for Fiscal Year 2021-22.”

RESOLUTION NO. 21-__

RESOLUTION OF THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT APPROVING A BUDGET APPROPRIATION AND ADOPTING THE OPERATIONS AND MAINTENANCE BUDGET AND CAPITAL IMPROVEMENT PROGRAM BUDGET FOR FISCAL YEAR 2021-22

WHEREAS, the Financial Policies of the District provide that the Board shall hold public meetings and adopt the District's budget and may modify appropriations with a majority approval throughout the Fiscal Year. Said budget consists of the estimated and anticipated expenditures and revenues for the Fiscal Year for all funds; and

WHEREAS, the Capital Improvement Program ("CIP") outlines the expenditure plan for future capital projects for the next decade and provides a CIP Budget for the upcoming Fiscal Year. CIP projects are funded from five sources: General ("G") Fund 1, Water Efficiency ("WE") Fund 6, Replacement and Refurbishment ("R&R") Fund 7, Water Supply Reliability ("WSR") Fund 12, and Planning and Construction ("P&C") Fund 14. All of the funds described herein and as further set forth in the budget adopted by this Resolution shall be referred to herein as "Funds;" and

WHEREAS, the Board held multiple public meetings to review and discuss the proposed Fiscal Year 2021-22 Operations and Maintenance Budget and Capital Improvement Budget. In addition, a public meeting of the Board was duly noticed and conducted under the Brown Act on June 10, 2021 during which this Resolution and the budget were considered; and

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

SECTION 1. A certain document now on file in the Finance Division of the Moulton Niguel Water District entitled, "Moulton Niguel Water District FY 2021-22 Budget," is hereby made part of this Resolution.

SECTION 2. Said Operations and Maintenance Budget and Capital Improvement Budget are hereby adopted for the Fiscal Year beginning July 1, 2021, and ending June 30, 2022, and consists of the estimated and anticipated expenditures and revenues for the Fiscal Year for all Funds.

SECTION 3. Except as provided for in SECTION 4, the appropriations for each Fund may only be increased or decreased by the Board during the Fiscal Year by passage of a resolution amending the Budget.

SECTION 4. The following controls are hereby placed on the use and transfers of budgeted Funds:

A. No expenditure of funds shall be authorized unless sufficient amounts have been appropriated by the Board or General Manager as described herein. The General Manager may authorize all transfers of amounts from category to category within the same Fund. The General Manager may delegate authority to director level staff, the Assistant General Manager and/or Controller to transfer amounts between categories as necessary.

B. The General Manager may authorize the transfer and expenditure of amounts between the Funds only to the extent of the specific Funds and maximum amounts set forth below. Said transfers may be made at one or more times during the Fiscal Year so long as the total amounts do not exceed the maximum amounts for the specific Funds set forth below. The General Manager may delegate authority to Director level staff, the Assistant General Manager and/or Controller to transfer amounts between categories as necessary.

1. The maximum amount which may be transferred by the General Manager from Fund 1 to Funds 7, 12, and/or 14 shall be $67,582,501.

2. The maximum amount which may be transferred by the General Manager between and among Funds 7, 12, and 14 shall be $67,582,501.

3. The maximum amount which may be transferred by the General Manager from the Capacity Fee Fund 15 to Fund 7 shall be $50,000 to be spent on the identified projects in Table 1.

Table 1.

Description	**FY 2021-22 Budget**
Regional Lift Station Force Main Replacement	$6,000,000
Lower Salada Lift Station Force Main Replacement	$200,000
North Aliso Lift Station Reconstruction 2019007	$300,000
IRWD Baker Water Treatment Plant Capital Projects	$150,000
Total	$6,650,000

4. The maximum amount which may be transferred by the General Manager from Fund 1 to Funds 12, 71, and 73 shall be $8,112,831 to be spent on debt service payments.

5. The maximum amount which may be transferred by the General Manager from Fund 70 to Funds 1 shall be $75,000.

6. The maximum amount which may be transferred by the General Manager from Fund 1 to Fund 4 shall be $16,249 to be spent on insurance deductibles and claims.

7. The maximum amount which may be transferred by the General Manager from Fund 1 to Fund 52 shall be $463,551 to align Fund 52 (Rate Stabilization Reserve) with its designated target per the District's Reserve Policy.

C. The General Manager is authorized to employ during the fiscal year(s) covered by this Budget, the number of such full-time employees as are shown in the Budget, all subject to the total number of authorized positions. The General Manager may also authorize the hiring of temporary or part time staff as authorized in the Budget.

SECTION 5. All appropriations for the Capital Improvement Projects remaining unexpended on June 30, 2021, are hereby appropriated for such Capital Projects for the 2021-22 Fiscal Year.

SECTION 6. All appropriations and outstanding encumbrances for non-Capital Projects as of June 30, 2021, expire as of said date.

SECTION 7. The Board of Directors does hereby approve and adopt the General Manager, General Unit, Supervisory Unit and Exempt Employees' Job Classification Salary Schedules effective June 20, 2021, for Fiscal Year 2021-2022.

SECTION 8. If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

SECTION 9. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

ADOPTED, SIGNED and **APPROVED** this 10th day of June, 2021.

MOULTON NIGUEL WATER DISTRICT

_____
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: June 10, 2021**

FROM: **Jose Solorio, Government Affairs Officer**

SUBJECT: **Amendment No. 2 to the Professional Services Agreement for Public Affairs Services**

SUMMARY:

Issue: The District requires additional services from Faubel Public Affairs to provide public affairs, community outreach and communications services in support of District's programs and initiatives.

Recommendation: It is recommended that the Board of Directors approve Amendment No. 2 to the Professional Services Agreement with Faubel Public Affairs for the extended agreement term through June 30, 2023.

Fiscal Impact: This amendment would continue the existing retainer of $8,000 per month for an additional two years. The total estimated contract value for two years of performance would not exceed $192,000.

Reviewed by Legal: Yes

BACKGROUND:

In 2017, the District retained Faubel Public Affairs for a two-year period to provide public affairs, community outreach and communications services in support of the Board's strategic initiatives. The agreement was approved by the Board in June 2017 and amended in June 2019 to continue the agreement through June 30, 2021. The scope of services generally include participation in meetings and events on behalf or in support of the District, coordination of communication materials and programs, engagement with local and regional officials in support of the District's strategic goals, and regular coordination with District staff on day-to-day activities and business.

DISCUSSION:

Throughout the time period of the agreement, services have been performed and overseen by Roger Faubel, the firm's principal, for a monthly retainer of $8,000.

District staff has reviewed the level of service required to continue supporting the District's upcoming programs and services. Based on the frequency and duration of public meetings, staff meetings, and community events, staff and Faubel Public Affairs are proposing to continue the current monthly retainer of $8,000 per month. Faubel Public Affairs has been responsive to staff requests throughout the duration of the agreement, remained informed of the District's programs and services, and has been effective in representations on behalf of the District.

For these reasons, and considering the District's ongoing need to engage with other elected officials, community and business leaders, and the community at large, staff recommends amending the existing agreement as presented.

Attachments:

1. Original Agreement executed July 1, 2017
2. Amendment No. 1
3. Amendment No. 2

AGREEMENT FOR CONSULTING SERVICES
BETWEEN MOULTON NIGUEL WATER DISTRICT AND
ROGER FAUBEL PUBLIC AFFAIRS, INC.
AGREEMENT NO. OM17-18.006

THIS AGREEMENT (the "Agreement") is dated as of July 1, 2017 (the "Effective Date"), by and between Roger Faubel Public Affairs, Inc., dba Faubel Public Affairs, hereinafter referred to as "CONSULTANT" and Moulton Niguel Water District hereinafter referred to as "MNWD," and provides for the furnishing of consulting services to MNWD by CONSULTANT. MNWD and CONSULTANT may sometimes be referred to in this Agreement individually as "party" and together as "parties."

RECITALS

A. WHEREAS, the parties previously entered into that certain Agreement For Consulting Services, Agreement No. OM16-17.007, dated July 1, 2016 ("2016 Agreement") whereby CONSULTANT provided communication and outreach services ("Services") to MNWD. The term of the 2016 Agreement expired as of December 31, 2016; and

B. WHEREAS, the parties then entered into that certain Amendment No. 1 To The Agreement For Consulting Services, Contract No. OM16-17.007, dated January 1, 2017 ("First Amendment") to extend the term of the 2016 Agreement and to amend the 2016 Agreement to include certain exclusivity requirements of CONSULTANT. The term was extended to June 30, 2017; and

C. WHEREAS, the parties desire to enter into this Agreement in order to extend the term through June 30, 2019 for the provision of Services. The scope of work to be performed by CONSULTANT under this Agreement is described in **Exhibit A** hereto, which is incorporated herein (the "Scope of Work"). In addition, due to the frequency and duration of public meetings, staff meetings and community events, the parties have agreed to increase the amount of the monthly retainer from $5,000 to $8,000.

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

AGREEMENT

SECTION I - CONSULTING SERVICES

Section 1.1 CONSULTANT shall provide the Services to MNWD as further defined in **Exhibit A**. This Agreement, including all attached Exhibits form the Agreement between the parties.

SECTION II – SCOPE OF SERVICES AND PERFORMANCE

Section 2.1 CONSULTANT shall perform the Services in accordance with **Exhibit A**, the terms of this Agreement, and as directed by MNWD. MNWD reserves the right to develop additional Services and related requirements as it deems appropriate to meet the needs and objectives of MNWD and this Agreement.

Section 2.2 CONSULTANT acknowledges and agrees that MNWD does not guarantee any minimum or maximum amount of Services and MNWD may use other Consultants for the Services in its sole discretion.

Section 2.3 CONSULTANT shall provide all labor, materials, tools, equipment, supplies, utilities and transportation required to perform the Services, subject to compliance with the Agreement requirements, and complete all Services in a thorough, professional manner in accordance with generally accepted industry practices and principles, and to the satisfaction of MNWD. CONSULTANT shall have the sole and absolute discretion in determining the methods, details and means of performing the Services, and MNWD shall not have any right to direct the methods, details and means of the Services, provided that CONSULTANT must receive prior written approval from MNWD before using any subconsultants for the provision of Services under this Agreement. In performing the Services under this Agreement, CONSULTANT shall observe and abide by the terms and conditions of all applicable laws, regulations, ordinances, or other rules of the United States, of the State of California, or any political subdivisions thereof, or of any other duly constituted public authority or agency including but not limited to MNWD.

Section 2.4 MNWD may request or CONSULTANT may recommend, that CONSULTANT perform work in addition to or different from that delineated in the original Scope of Services, or delete services from the Scope of Services. Upon MNWD's request for additional or changed Services, CONSULTANT shall provide a cost estimate and written description of the additional or changed work. Prior to any such addition, changes, or deletion to the Scope of Services, MNWD and CONSULTANT shall negotiate an adjustment of the compensation and completion date and shall execute a written addendum. Upon execution of each addendum, (i) the Scope of Services shall thereafter be as described in the Agreement, respectively, as modified by the addendum and any previously executed addendum; and (ii) the time for completing the Services shall be as set forth in the addendum. Following execution of any amendment, all terms and provisions of the Agreement, except as expressly modified by such amendment, shall remain in full force and effect. MNWD will not be required to pay for any additional or changed work rendered in advance of the execution of an amendment covering the additional or changed work.

Section 2.5 CONSULTANT agrees to coordinate the work to ensure its timely completion and shall promptly notify MNWD of any anticipated delays or causes or casualties beyond CONSULTANT'S control which may affect the work schedule. CONSULTANT shall not begin work on any Services pursuant to this Agreement until receipt of MNWD'S written direction to proceed. Upon receipt of such notice, CONSULTANT shall immediately commence the work described in **Exhibit A**. The Services shall be completed in an expeditious manner and in any event no later than the completion date listed on the Scope of Services. Time is of the essence in this Agreement.

Section 2.6 CONSULTANT's manager in charge of the Services is Roger Faubel.

Section 2.7 Without prior written approval of MNWD, CONSULTANT will not make any changes in CONSULTANT'S manager in charge, in consultants, in outside labor arrangements, or associations or joint ventures which are required to accomplish any part of the Scope of Services. CONSULTANT is responsible to MNWD for the acts and omissions of its subcontractors as it is for persons directly employed by CONSULTANT. Nothing contained in this Agreement creates any contractual relationship between any subcontractor and MNWD. CONSULTANT shall not allow any subcontractor to commence work or services under any subcontract until all insurance required of CONSULTANT has been obtained for the subcontractor.

Section 2.8 MNWD shall make available to CONSULTANT, at no cost, all information reasonably required by CONSULTANT and relating to the work to be performed under this Agreement.

Section 2.9 All documents and information generated by CONSULTANT and any of CONSULTANT'S subcontractors pursuant to this Agreement shall remain confidential and shall not be copied, distributed, or otherwise provided or referenced by CONSULTANT or CONSULTANT'S subcontractors to any third parties other than with MNWD's prior written approval, or as compelled by order of court.

Section 2.10 CONSULTANT understands that all information, documents, records, reports, data or other materials (collectively "Materials") disclosed or provided by MNWD to CONSULTANT pursuant to this Agreement are to be considered confidential for all purposes and shall not be disclosed to or used for the benefit of third parties.

Section 2.11 All information, original drawings, artwork, media, final deliverables and other documents, developed pursuant to this Agreement shall, upon payment in full for the services described in this Agreement or as otherwise provided in SECTION IV herein, be furnished to and become the property of MNWD.

Section 2.12 While this Agreement is in effect, CONSULTANT will not take on additional client contracts or projects that involve providing services to any other water purveyors or water agencies in Orange County without the consent of MNWD. Nothing in this Agreement precludes or limits CONSULTANT or MNWD from retaining others to perform additional or supplemental services on behalf of MNWD.

SECTION III – TERM

Section 3.1 This Agreement shall commence as of the Effective Date and continue in effect through **June 30, 2019** unless otherwise terminated by either party pursuant to Section VII herein.

SECTION IV – FEES AND PAYMENT TERMS

Section 4.1 MNWD will pay Consultant for its performance of services pursuant to this Agreement, on a monthly retainer basis in the amount of **Eight Thousand Dollars ($8,000) per month**, to include all direct costs and expenses. Total payments under this Agreement shall not exceed **One Hundred Ninety Two Thousand Dollars ($192,000)**.

Section 4.2 Payments will be made based on submittal of invoices by CONSULTANT. Consultant will provide MNWD, on a monthly basis, copies of invoices sufficiently detailed to include summary of work performed, and related activities and costs for approval by MNWD.

SECTION V - INSURANCE AND INDEMNIFICATION

Section 5.1 Professional Liability Insurance. CONSULTANT and each of its sub-consultants/subcontractors shall maintain throughout the term of this Agreement a professional liability (errors and omissions) policy of insurance having coverage of not less than One Million Dollars ($1,000,000) for each claim and in annual aggregate. The following provisions shall apply if the professional liability coverage is written on a claims-made basis:

(a) The retroactive date of the policy must be shown and must be dated before the date of this Agreement.

(b) Insurance must be maintained and evidence of insurance must be provided for at

least five (5) years after completion of this Agreement or the services hereunder.

(c) If coverage is canceled or not renewed and it is not replaced with another claims made policy form with a retroactive date that precedes the date of this Agreement, CONSULTANT must provide extended reporting coverage for a minimum of five (5) years after completion of the services. MNWD shall have the right to exercise at the CONSULTANT'S cost any extended reporting provisions of the policy should the CONSULTANT cancel or not renew the coverage.

(d) A copy of the claims reporting requirements must be submitted to MNWD prior to the commencement of any work under this Agreement.

Section 5.2 General/Automobile Liability Insurance. CONSULTANT and each of its sub-consultants/subcontractors shall maintain throughout the term of this Agreement a general liability policy of insurance for bodily injury and/or death, personal injury and property damage claims which may arise from or in connection with the performance of the work under this Agreement by CONSULTANT and its sub-consultants/subcontractors, and each of their agents, representatives, or employees. Such public liability and property damage insurance (which shall cover claims, injury, death, loss or damage or accidents from the use or operation of any automobiles, trucks and/or other mobile or stationary equipment, whether owned, non-owned or hired) shall be comprehensive in form and shall be on a "per occurrence" basis in a minimum amount of One Million Dollars ($1,000,000) per occurrence and an annual aggregate limit in a minimum amount at least twice the per occurrence limit specified in this Section.

All insurance provided under this Section 5.2 shall name MNWD and its' directors, officers, employees and representatives as additional insureds under each such policy ("additional insureds") and an additional insured endorsement shall be provided in form acceptable to MNWD.

Section 5.3 Worker's Compensation. By its signature hereunder, CONSULTANT certifies that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that CONSULTANT will comply with such provisions before commencing the performance of work under this Agreement. CONSULTANT and subcontractors shall maintain throughout the term of this Agreement workers' compensation insurance with limits no less than the statutory limits, and Employer's Liability insurance with limits no less than One Million Dollars ($1,000,000) per accident and per disease for their employees and shall file with the MNWD the certificate required by Labor Code Section 3700. The workers compensation/Employer's Liability insurance shall be endorsed with a waiver of subrogation in favor of MNWD and its' directors, officers, employees and representatives.

Section 5.4 Requirements of All Policies. All policies of insurance required under this SECTION V shall be from insurance providers who are either admitted or licensed to do business in California, or are Surplus Lines Carriers authorized to do business in California, and who have financial size and ratings of no less than A-, Class VII, and in either case are otherwise acceptable to MNWD. All such policies shall include a provision and executed endorsement for thirty (30) days prior written notice by certified mail, return receipt requested, to MNWD of any cancellation or material alteration of such insurance. CONSULTANT shall provide original certificates and endorsements for all such insurance on forms approved by MNWD in conformity with all requirements of this Agreement prior to commencement of any work or professional services. The policies required hereunder shall be endorsed to include contractual

liability.

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

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

Section 5.5 Indemnity.

CONSULTANT agrees to indemnify, defend and hold harmless MNWD and its officers, directors, officials, and employees from and against all claims, damages, losses and expenses including attorneys' fees arising out of the performance of the work described herein caused by any negligence, recklessness, or willful misconduct of the CONSULTANT, its subconsultants or anyone for whose acts any of them may be liable. This section will survive the expiration or early termination of this Agreement. CONSULTANT is not responsible for errors or omissions in the data provided by District to the CONSULTANT.

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

SECTION VI - SUBCONTRACTING

Section 6.1 No obligations under this Agreement shall be subcontracted without prior written approval by MNWD, which approval shall not be unreasonably withheld or delayed.

Section 6.2 In the event that subcontracting is approved by MNWD, CONSULTANT shall ensure that:

1) Each subcontractor complies in all respects with the provisions of this Agreement.
2) Its subcontractor maintains the same level of insurance coverage as required of CONSULTANT in Section V of this Agreement.

Section 6.3 CONSULTANT is as responsible to MNWD for the acts and omissions of its subcontractor as it is for persons directly employed by CONSULTANT. Nothing contained in this Agreement creates any contractual relationship between any subcontractor and MNWD. Supplier shall remain the primary debtor and be responsible for the due and timely performance by any subcontractor.

SECTION VII - TERMINATION OR ABANDONMENT

Section 7.1 This Agreement may be terminated in whole or in part in writing by either party provided that no such termination may be effected unless the other party is given not less than ten (10) calendar days' written notice (deliver by certified mail, return receipt requested) of intent to terminate. Additionally, MNWD may suspend performance by CONSULTANT of any or all services listed in the Scope of Services under this Agreement by providing written notice to CONSULTANT at least five (5) working days prior to the date on which MNWD wishes to suspend; provided, upon receipt of such notice, CONSULTANT shall immediately suspend any work or services hereunder, unless otherwise instructed by MNWD in such notice.

Section 7.2 CONSULTANT shall not perform further work under this Agreement after the effective date of suspension until receipt of written notice from MNWD to resume performance. MNWD and CONSULTANT agree that in the event MNWD suspends or terminates performance by CONSULTANT for any cause other than the intentional or negligent error or omission of CONSULTANT, CONSULTANT shall be entitled to payment of compensation incurred prior to the effective date of the suspension or termination, as determined under Section IV of this Agreement.

Section 7.3 In the event of any suspension or termination herein, MNWD shall have the right to take possession and shall immediately own all original drawings and other documents developed for that portion of the work completed and/or being suspended or abandoned.

SECTION VIII - GENERAL

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

Section 8.2 This Agreement represents the entire understanding of MNWD and CONSULTANT as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be amended, modified or altered except in writing, signed by the parties. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared it. In the event of any inconsistency between this Agreement and any other agreement or document between the parties, either written or verbal, including any CONSULTANT proposal document, this Agreement shall control unless such other agreement provides explicitly to the contrary.

Section 8.3 Any notice required or permitted to be given hereunder if not otherwise specified herein may be given or delivered by depositing the same in the United States Post Office, registered or certified, postage prepaid, or by personal service a hand delivery, and addressed to:

For Program Questions:	For Contractual/Agreement Matters:
Moulton Niguel Water District Attn: Matt Collings Assistant General Manager mcollings@mnwd.com 27500 La Paz Road Laguna Niguel, CA 92677	**Moulton Niguel Water District** Attn: Dori Dennis Contracts and Procurement Manager ddennis@mnwd.com 949-425-3532 26161 Gordon Road Laguna Hills, CA 92653
CONSULTANT: Attn: Roger Faubel, President & CEO Faubel Public Affairs 25 Orchard Lake Forest, CA 92630	**CONSULTANT:** Attn: Roger Faubel, President & CEO Faubel Public Affairs 25 Orchard Lake Forest, CA 92630

Section 8.4 California law shall govern the interpretation of this Agreement. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court

of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure 394.

Section 8.5 In the event an action is commenced by either party to enforce its rights or obligations arising from this Agreement, the prevailing party in such action, in addition to any other relief and recovery awarded by the court, shall be entitled to recover all costs and expenses, including court costs, plus a reasonable amount for attorney's fees.

Section 8.6 If any section of this Agreement or provision of this Agreement as applied to either party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

Section 8.7 It is expressly understood and agreed that CONSULTANT is retained as an independent contractor for the sole purpose of rendering the professional and/or special services, and is not an employee or agent of MNWD. CONSULTANT warrants that it will not represent, at any time or in any manner, that CONSULTANT is an employee or agent of MNWD. CONSULTANT shall have no authority to, and shall not, incur any debt, obligation or liability on behalf of MNWD. CONSULTANT shall be solely responsible for the payment of all federal, state and local income tax, social security tax, Workers' Compensation insurance, state disability insurance, and any other taxes or insurance CONSULTANT, as an independent contractor, is responsible for paying under federal, state or local law. CONSULTANT is thus not eligible to receive workers' compensation, medical, indemnity or retirement benefits, including but not limited to enrollment in CalPERS.

Section 8.8 The person signing this Agreement on behalf of each party hereto represents

he/she has authority to sign on behalf of, respectively, MNWD or CONSULTANT.

Section 8.9 This is a non-exclusive Agreement for the services contemplated herein.

Section 8.10 This Agreement and all of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no assignment of this Agreement or any interest herein shall be made by CONSULTANT without prior written consent of MNWD.

Section 8.11 This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

Moulton Niguel Water District

By: _____
Joone Lopez
~~Assistant~~ General Manager

Date: June 28, 2017

Roger Faubel Public Affairs, Inc.

By: _____
Roger Faubel
President and CEO

Date: June 21, 2017

EXHIBIT A
SCOPE OF WORK

CONSULTANT shall perform the following services pursuant to this Agreement:

1. Assist the District with developing strategic positions and communication protocols as needed.

2. Support the District with issue management as identified by the District. Support may include developing and implementing programs for community outreach, media relations and government relations.

3. Support the District in furthering its policy objectives and targeted interests with local and regional elected officials and staff. Activities may include, but are not limited to, coordinating briefing meetings and developing position letters, talking points, or briefing packets.

4. Review and provide feedback on the District's outreach programs and community communication programs as requested.

AMENDMENT NO. 01 TO THE CONSULTING SERVICES AGREEMENT BETWEEN MOULTON NIGUEL WATER DISTRICT AND ROGER FAUBEL PUBLIC AFFAIRS, INC. CONTRACT NO. OM17-18.006

This Amendment No. 01 (this "Amendment") is entered into and effective as of July 1, 2019, amending the Consulting Service Agreement dated July 1, 2017 (the "Agreement"), by and between Moulton Niguel Water District ("MNWD"), and Roger Faubel Public Affairs, Inc., dba Faubel Public Affairs ("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 July 1, 2017, the Parties entered into the Agreement for consulting services through July 30, 2019 for a total not-to-exceed amount $192,000; and

B. WHEREAS, the Parties desire to extend Agreement term through June 30, 2021.

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

1. The term of the Agreement is hear by extended through June 30, 2021

2. MNWD shall pay Consultant for its performance under this Amendment, a monthly retainer of $8,000. All payments and services associated with this Amendment shall not exceed One Hundred Ninety-Two Thousand Dollars ($192,000).

3. The Parties agree that the total Agreement amount, including this Amendment, shall not exceed Three Hundred Eight-Four Thousand Dollars ($384,000).

4. All requisite insurance policies to be maintained by the Consultant pursuant to the Agreement will include coverage for this Amendment.

5. 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.

6. 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:

By: JOONE

Printed Name: JOONE LOPEZ

Title: GENERAL MANAGER

Dated: 7/15/19

ROGER FAUBEL PUBLIC AFFAIRS, INC.:

By: (Authorized Representative of Consultant)

Printed Name: Roger S. Faubel

Title: President + CEO

Dated: July 10, 2019

AMENDMENT NO. 2 TO THE CONSULTING SERVICES AGREEMENT BETWEEN MOULTON NIGUEL WATER DISTRICT AND FAUBEL PUBLIC AFFAIRS CONTRACT NO. OM17-18.006

This Amendment No. 2 (this "Amendment") is entered into and effective as of July 1, 2021, amending the Consulting Service Agreement dated July 1, 2017 (the "Agreement"), by and between Moulton Niguel Water District ("MNWD"), and Roger Faubel Public Affairs, Inc., dba Faubel Public Affairs ("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 July 1, 2017, the Parties entered into the Agreement for consulting services through July 30, 2019, for a total not-to-exceed amount $192,000; and

B. WHEREAS, on July 1, 2019, the Parties executed Amendment No. 1 to the Agreement increasing the total not-to-exceed amount to $384,000, and extending the term of the Agreement through June 30, 2021; and

C. WHEREAS, the Parties desire to extend Agreement term through June 30, 2023.

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

1. The term of the Agreement is hereby extended through June 30, 2023.

2. MNWD shall pay Consultant for its performance under this Amendment, a monthly retainer of $8,000. All payments and services associated with this Amendment shall not exceed One Hundred Ninety-Two Thousand Dollars ($192,000).

3. The Parties agree that the total Agreement amount, including this Amendment, shall not exceed Five Hundred Seventy-Six Thousand Dollars ($576,000). 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-

MOULTON NIGUEL WATER DISTRICT:	**FAUBEL PUBLIC AFFAIRS:**
By: _____	By: _____ (Authorized Representative of Consultant)
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

moulton niguel water district

STAFF REPORT

TO: **Board of Directors** **MEETING DATE: June 10, 2021**

FROM: **Matt Collings, Assistant General Manager**
Laura Rocha, Senior Water Resources Planner

SUBJECT: **2020 Draft Urban Water Management Plan and 2015 UWMP Addendum**

SUMMARY:

Issue: The Draft 2020 Urban Water Management Plan (UWMP) has been prepared to meet Urban Water Management Planning Act requirements. The Draft 2015 UWMP Addendum has been prepared to meet the Delta Plan requirements.

Recommendation: It is recommended that the Board of Directors adopt the 2020 UWMP and 2015 UWMP Addendum.

Fiscal Impact: No fiscal impact.

Reviewed by Legal: The Draft 2020 UWMP and Draft 2015 UWMP Addendum have been reviewed by legal.

BACKGROUND:

The Urban Water Management Planning Act (Act) requires urban water suppliers providing water to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually to develop an UWMP at least once every five years. Pursuant to recent amendments to the Act, urban water suppliers are required to update and electronically submit their 2020 UWMPs to the California Department of Water Resources (DWR) by July 1, 2021. UWMPs provide a framework for long term water planning and provide a vehicle that informs the public about how agencies are carrying out their long-term water resource planning responsibilities to ensure adequate water supplies are available to meet existing and future demands. Since its passage in 1983, several amendments have been added to the UWMP Act. Significant legislative changes to the UWMP Act since the 2015 UWMP include the addition of or modification of the following major requirements:

- Five consecutive dry year water reliability assessment (versus three years);
- Drought Risk Assessment (DRA) for years 2021 through 2025;
- Readily obtainable information on energy use for the water system;
- WSCP with prescribed requirements including a new Annual Assessment and the District's ability to respond to six supply shortage levels; and
- Seismic risk to water system facilities and mitigation plan.

The 2015 UWMP Addendum is required in order to add a new section to the 2015 UWMP for addressing reduced reliance on the Delta. Under the Delta Reform Act of 2009, state and local public agencies proposing a covered action (e.g., a project) or receiving water from a covered action in the Delta, must provide information in their 2015 and 2020 UWMPs that can be used in the covered action process to demonstrate consistency with the Delta Plan Policy WR P1 (addressing reduced Delta Reliance). Because the District is a member of MWDOC and recipient MWD supplies, the District may receive water under a future "covered action" through MWD's participation in the proposed Delta Conveyance Project. Therefore, the District is providing the requested Delta reliance information in our 2015 and 2020 UWMPs to support MWD's efforts in the Delta Conveyance Project.

DISCUSSION:

While many agencies hire consultants to prepare their UWMP, MNWD staff internally led the effort for the 2020 UWMP, highlighting the District's water reliability and wide array of demand management measures it has implemented and plans to implement in the future. Staff across departments worked collaboratively to put forth the final draft document. Additionally, due to many of the Board's proactive decisions, the District was once again highlighted as a case study in the 2020 UWMP DWR Guidelines as a best practice in rate design and drought response. The District sent public notices and contacted the cities within its service area, the County of Orange, and local water agencies for input into the Draft 2020 UWMP and Draft 2015 Addendum documents and analysis.

The UWMP was introduced to the Board in February 2021. A copy of the Draft 2020 UWMP and Draft 2015 UWMP Addendum was distributed to the Board of Directors on April 30, 2021, for review and comment. A workshop was held with the Board of Directors on May 24, 2021. Comments and input were incorporated into the Final 2020 UWMP. Approval of the Final 2020 UWMP will assist the District in complying with the UWMP Act, which requires submittal of the UWMP, along with the adopted Water Shortage Contingency Plan, to DWR by July 1, 2021.

Staff worked with MWDOC staff to obtain information regarding the 2015 UWMP Addendum. MWD provided its member agencies, with input from MWDOC staff, a template for the 2015 UWMP Addendum. MWD and MWDOC have requested its member agencies use the template to provide the necessary information related to reduced Delta reliance in both 2015 and 2020 UWMPs. MWD has worked with the Delta Stewardship Council on the proposed regional approach for MWD member agencies. The information included in both UWMPs details how the District is reducing reliance on imported water through our water efficiency programs and use of recycled water.

Once the 2020 UWMP is adopted by the Board, the adoption resolution must be included with the 2020 UWMP submittal. DWR collects and reviews all the submitted plans, checking for compliance with the Act and SBX7-7, and then summarizes the statewide compilation of plans to the State Legislature. Required deadlines for noticing and submitting the District's 2020 UWMP and 2015 UWMP Addendum are listed in the table below which have been met or are planned to be met.

Project Task	Date Sent or Planned
60-day notice to stakeholders (cities, the County, and other water agencies) prior to public hearing	March 24, 2021
Two notices of the public hearing published in local newspapers at least 14 days prior to hearing	May 16th and May 23rd, 2021
Public Hearings (2020 and 2015 UWMPs)	June 10, 2021
Adoption of UWMP Resolutions (2020 and 2015 Addendum)	June 10, 2021
Deadline to submit UWMPs to DWR	July 1, 2021
Submit UWMPs to California State Library	No later than 30 days after adoption
Submit UWMPs to cities and County	No later than 30 days after adoption
UWMPs available for public review at District offices	No later than July 30, 2021

The Final 2020 UWMP and Final 2015 UWMP Addendum can be found on the District's website: https://www.mnwd.com/reports-publications/.

Attachments:

1. Resolution entitled, "Adopting an Addendum to the 2015 Urban Water Management Plan."
2. Resolution entitled, "Adopting the 202 Urban Water Management Plan."

RESOLUTION NO. 21-__

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT ADOPTING AN ADDENDUM TO THE 2015 URBAN WATER MANAGEMENT PLAN

WHEREAS, the California Urban Water Management Planning Act, (Water Code Section 10610, et seq. (the Act)), mandates that every urban supplier of water providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually, prepare an Urban Water Management Plan (UWMP); and

WHEREAS, the Act generally requires that said UWMP be updated and adopted at least once every five years on or before July 1, in years ending in six and one; and

WHEREAS, pursuant to the Sacramento-San Joaquin Delta Reform Act of 2009 (Water Code Section 85000, et seq.), the Delta Plan, and Water Code Section 85021, which declares that the State's policy is to "reduce reliance on the Delta in meeting California's future water needs through a statewide strategy of investing in improved regional supplies, conservation, and water use efficiency," urban water suppliers are encouraged by the California Department of Resources (DWR) and the Delta Stewardship Council (DSC) to consider adopting an Addendum to their 2015 UWMP to demonstrate consistency with the Delta Plan Policy WR P1 to Reduce Reliance on the Delta Through Improved Regional Water Self-Reliance (Cal. Code Regs. tit. 23, Section 5003); and

WHEREAS, Moulton Niguel Water District (District) meets the definition of an urban retail water supplier for purposes of the Act; and

WHEREAS, the District has prepared an Addendum to its 2015 Plan in accordance with Delta Plan Policy WR P1, and in accordance with applicable legal requirements, has undertaken certain coordination, notice, public involvement, public comment, and other procedures in relation to its Addendum; and

WHEREAS, in accordance with the Act and Delta Plan Policy WR P1, the District has prepared its Addendum to the 2015 Plan with its own staff, with the assistance of consulting professionals, and in cooperation with other governmental agencies, and has utilized and relied upon industry standards and the expertise of industry professionals in preparing its Addendum to its 2015 Plan, and has also utilized DWR's Urban Water Management Plan Guidebook 2020, including its related appendices, in preparing its Addendum to the 2015 Plan; and

WHEREAS, in accordance with applicable law, including Water Code Section 10642, and Government Code Section 6066, a Notice of a Public Hearing regarding the District's Addendum to the 2015 Plan was published within the jurisdiction of the District on May 16, 2021 and May 23, 2021; and

WHEREAS, in accordance with applicable law, including but not limited to Water Code Section 10642, a public hearing was held on June 10, 2021 at 6:00 PM, or soon thereafter, at the District's Headquarters, 26880 Aliso Viejo Parkway, Aliso Viejo, CA 92656 and the public was

invited to attend telephonically in order to provide members of the public and other interested entities with the opportunity to be heard in connection with proposed adoption of the Addendum to the 2015 Plan and issues related thereto; and

WHEREAS, pursuant to said public hearing on the District's Addendum to the 2015 Plan, the District, among other things, encouraged the active involvement of diverse social, cultural, and economic members of the community within the District's service area with regard to the Addendum to the 2015 Plan and encouraged community input regarding the District's Addendum to the 2015 Plan; and

WHEREAS, the District has reviewed and considered the purposes and requirements of the Act and Delta Plan Policy WR P1, the contents of the Addendum to the 2015 Plan, and the documentation contained in the administrative record in support of the Addendum to the 2015 Plan, and has determined that the factual analyses and conclusions set forth in the Addendum to the 2015 Plan are legally sufficient; and

WHEREAS, the District desires to adopt the Addendum to the 2015 Plan prior to July 1, 2021 in order to comply with the Act and Delta Plan Policy WR P1.

WHEREAS, Section 10652 of the California Water Code provides that the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) (CEQA) does not apply to the preparation and adoption, including addenda thereto, of urban water management plans pursuant to this part.

NOW THEREFORE BE IT RESOLVED, the Board of Directors of the Moulton Niguel Water District hereby resolves as follows:

SECTION 1. The Addendum to District's 2015 Urban Water Management Plan to demonstrate consistency with the Delta Plan Policy to Reduce Reliance on the Delta Through Improved Regional Water Self-Reliance is hereby adopted as amended by changes incorporated by the District as a result of input received (if any) at the public hearing and ordered filed with the Secretary of the Board of Directors;

SECTION 2. The General Manager is hereby authorized and directed to include a copy of this Resolution in the District's 2015 Plan Addendum;

SECTION 3. The General Manager is hereby authorized and directed, in accordance with Water Code Sections 10621(d) and 10644(a)(1)-(2), to electronically submit a copy of the Addendum to the 2015 Plan to DWR no later than July 1, 2021;

SECTION 4. The General Manager is hereby authorized and directed, in accordance with Water Code Section 10644(a), to submit a copy of the Addendum to the 2015 Plan to the California State Library, and to any city or county within which the District provides water supplies no later than thirty (30) days after this adoption date;

SECTION 5. The General Manager is hereby authorized and directed, in accordance with Water Code Section 10645, to make the Addendum to the 2015 Plan available for public review at the District's offices during normal business hours and on its website at

https://www.mnwd.com/reports-publications/ no later than thirty (30) days after filing a copy of the Addendum to the 2015 Plan with DWR.

SECTION 6. The Board of Directors finds and determines that this resolution is not subject to CEQA pursuant to Water Code Section 10652 because CEQA does not apply to the preparation and adoption, including addenda thereto, of an urban water management plan or to the implementation of the actions taken pursuant to such plans. Because this resolution comprises the District's adoption of its Addendum to the 2015 Plan and involves its implementation, no CEQA review is required.

SECTION 7. Pursuant to CEQA, the Board of Directors directs staff to file a Notice of Exemption with the Orange County Clerk's office within five (5) working days of adoption of this resolution.

SECTION 8. The document and materials that constitute the record of proceedings on which this resolution and the above findings have been based are located at Orange County Clerk's office at Laguna Hills Civic Center, 24031 El Toro Road, Suite 150, Laguna Hills, CA 92653.

APPROVED, SIGNED and ADOPTED this 10th day of June, 2021.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Moulton Niguel Water District held on June 10, 2021 by the following vote:

Duane Cave:
Richard Fiore:
Donald Froelich:
William Moorhead:
Brian Probolsky:
Diane Rifkin:
Sherry Wanninger:

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

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

RESOLUTION NO. 21-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT ADOPTING THE 2020 URBAN WATER MANAGEMENT PLAN

WHEREAS, the Urban Water Management Planning Act (Water Code, Part 2.6, Section 10610 et seq.) mandates that every urban water supplier providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre feet of water annually, prepare an Urban Water Management Plan and update its Urban Water Management Plan at least once every five years on or before July 1 in years ending in one and six; and

WHEREAS, pursuant to recent amendments to the Urban Water Management Planning Act, urban water suppliers are required to update and electronically submit their 2020 Urban Water Management Plans to the California Department of Water Resources by July 1, 2021; and

WHEREAS, the Water Conservation Act of 2009 (Water Code, Part 2.55, Section 10608 et seq.) established, among other things, requirements for urban retail water suppliers to achieve a 20 percent reduction in water use by year 2020 in accordance with the goal of reducing per capita water use statewide; and

WHEREAS, the Moulton Niguel Water District (District) is an urban retail water supplier for purposes of the requirements of the Urban Water Management Planning Act and the Water Conservation Act of 2009; and

WHEREAS, in accordance with the Urban Water Management Planning Act and the Water Conservation Act of 2009, the District has prepared its 2020 Urban Water Management Plan (2020 UWMP) and has undertaken certain coordination, notice, public involvement, public comment, and other procedures in relation to its 2020 UWMP; and

WHEREAS, as authorized by Section 10620(e) of the Urban Water Management Planning Act, the District has prepared its 2020 UWMP with its own staff, with the assistance of consulting professionals, and in cooperation with other governmental agencies, and has utilized and relied upon industry standards and the expertise of industry professionals in preparing its 2020 UWMP, and has also utilized and relied upon the California Department of Water Resources Urban Water Management Plan Guidebook 2020 (March 2021), including its related appendices; and

WHEREAS, in accordance with applicable law, including Water Code sections 10608.26 and 10642, and Government Code section 6066, a properly noticed public hearing regarding the District's 2020 UWMP was conducted by the District's Board of Directors on June 10, 2021 in order to provide members of the public and other interested entities with the opportunity to be heard in connection with the 2020 UWMP and the proposed adoption thereof; and

WHEREAS, pursuant to said public hearing on the 2020 UWMP, the District, among other things, encouraged the active involvement of diverse social, cultural, and economic members of the community within the District's service area with regard to the preparation of the 2020 UWMP; and

WHEREAS, the Board of Directors of the District has reviewed and considered the purposes and requirements and of the Urban Water Management Planning Act and the Water Conservation Act of 2009, the contents of the 2020 UWMP, and the documentation contained in the administrative record in support of the 2020 UWMP and has determined that the factual analyses and conclusions set forth in the 2020 UWMP are supported by substantial evidence; and

WHEREAS, this activity is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262, as this activity involves planning studies for possible future action, which has not been approved, adopted or funded; and where the exceptions listed in CEQA Guidelines Section 15003.2 would not apply.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Moulton Niguel Water District as follows:

SECTION 1. The Board of Directors approves and adopts the District's 2020 UWMP, a final copy of which is attached hereto as Exhibit "A";

SECTION 2. The General Manager is hereby authorized and directed to include a copy of this Resolution in the 2020 Urban Water Management Plan and, in accordance with Water Code sections 10621(d) 10644(a), to electronically submit a copy of the 2020 UWMP to the California Department of Water Resources no later than July 1, 2021;

SECTION 3. The General Manager is hereby authorized and directed, in accordance with Water Code section 10644(a) to submit a copy of the 2020 UWMP to the California State Library within thirty (30) days after this adoption date;

SECTION 4. The General Manager is hereby authorized and directed, in accordance with Water Code section 10644(a) to submit a copy of the 2020 UWMP to any city or county within which the District provides water supplies within thirty (30) days after this adoption date;

SECTION 5. The General Manager is hereby authorized and directed, in accordance with Water Code section 10645, to make the 2020 UWMP available for public review at the District's offices during normal business hours not later than thirty (30) days after filing a copy thereof with the California Department of Water Resources;

SECTION 6. The General Manager is hereby authorized and directed to recommend to the Board of Directors additional steps necessary or appropriate to effectively carry out the implementation of the 2020 UWMP in accordance with the Urban Water Management Planning Act and the Water Conservation Act of 2009.

SECTION 7. The Board of Directors finds and determines that this resolution is not subject to CEQA pursuant to Water Code Section 10652 because CEQA does not apply to the preparation and adoption of an UWMP or to the implementation of the actions taken pursuant to such plans.

SECTION 8. Pursuant to CEQA, the Board of Directors directs staff to file a Notice of Exemption with the Orange County Clerk's office within five (5) working days of adoption of this resolution.

SECTION 9. The document and materials that constitute the record of proceedings on which this resolution and the above findings have been based are located at Orange County Clerk's office at Laguna Hills Civic Center, 24031 El Toro Road, Suite 150, Laguna Hills, CA 92653. The custodian for these records is the Board Secretary.

APPROVED, SIGNED AND ADOPTED this 10th day of June, 2021

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Moulton Niguel Water District held on June 10, 2021 by the following vote:

Duane Cave:
Richard Fiore:
Donald Froelich:
William Moorhead:
Brian Probolsky:
Diane Rifkin:
Sherry Wanninger:

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

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

EXHIBIT A
2020 URBAN WATER MANAGEMENT PLAN

[Refer to: https://www.mnwd.com/reports-publications/]

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
June 10, 2021

Year to date unaudited results of operations as of April 30, 2021, are summarized below.

Total operating revenues were $59.7 million for the month ended, which came in at 87% of the budget. Total operating expenses ended at $63.3 million, which amounted to 78% of the approved budget. Total net income for the period ended was $5.7 million.

The District has received $29.7 million (97% of the budgeted amount) for property taxes through April 2021. Through April 2020 and 2019, the District had received $28.9 million and $28.0 million, respectively. The District has received an additional $1 million in property taxes since April 30th.

Investment income is valued at ($0.5) million for the year due to a ($2.8) million unrealized loss based on current market value. The $2.3 million of realized income from investments this year represents 92% of the budgeted amount.

The District currently has $3.9 million available in the Water Efficiency Fund for new projects, rebate applications or additional programs. The remaining balance considers $0.3 million in approved water efficiency program commitments, as well as $3.5 million in capital spending this fiscal year, and future expected grant reimbursements for the Smart Meter project.

The District's total unrestricted cash and investments balance at April 30, 2021, was $129.9 million, representing a decrease of $19.8 million since June 30, 2020. This decrease was projected as part of the budget and ten-year cash flow and is primarily due to the execution of the District's capital improvement program to invest in its infrastructure. The projected cash spend down in the approved fiscal year 2020-21 budget was $40.5 million.

Additionally, the District also holds $2.2 million in cash deposited with the District's fiscal agent. The District is meeting the 2015 Revenue Refunding Bonds reserve and holds additional funds in those accounts as well as the 2019 Revenue Bonds accounts that will be used to pay the next debt service payments in September 2021.

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 is meeting those reserve targets. Additionally, the District has $30.9 million available in the funds designated for capital projects.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Year To Date Totals April 30, 2021

		1	2	3	=3-1	=1/3
	Description	**Fiscal Year to Date Actuals**	**Prior Fiscal Year to Date Actuals**	**Revised Budget**	**Current Year Budget Balance**	**% of Actuals to Budget**
	ALL FUNDS					
	Operating Revenues					
	Water Sales	$ 27,006,659	$ 24,193,297	$ 31,438,154	$ 4,431,495	86%
	Recycled Water Sales	4,911,239	4,007,122	5,941,355	1,030,116	83%
	Sewer Sales	23,179,720	22,123,635	25,446,037	2,266,317	91%
	Water Efficiency	4,408,755	3,363,958	4,587,175	178,420	96%
	Other Operating Income	182,192	327,223	1,079,522	897,330	17%
A	**Total Operating Revenue**	**59,688,565**	**54,015,235**	**68,492,243**	**8,803,678**	**87%**
	Operating Expenses					
	Salaries [1]	11,861,833	11,510,529	16,159,959	4,298,126	73%
	PERs Employer Contributions	2,536,276	2,098,984	2,999,211 *	462,935	85%
	Defined Contribution 401A [1]	213,839	205,381	294,546	80,707	73%
	Education/Certification	44,744	37,566	81,360	36,616	55%
	Travel & Meetings	64,387	263,583	116,501 *	52,113	55%
	Recruitment & Employee Relations	11,101	8,150	98,055	86,954	11%
	General Services	291,478	323,358	528,874	237,396	55%
	Annual Audit	27,360	27,672	55,000	27,640	50%
	Member Agencies O&M	316,175	227,767	515,520	199,345	61%
	Dues & Memberships	127,869	203,410	208,647	80,778	61%
	Election Expenses	-	-	50,000 *	50,000	0%
	Consulting Services	1,689,601	2,014,034	2,927,000 *	1,237,399	58%
	Equipment Rental	43,874	51,453	63,010	19,136	70%
	District Fuel	235,713	226,301	330,000	94,287	71%
	Insurance - District	447,834	435,673	558,300	110,466	80%
	Insurance - Personnel	402,448	389,271	467,638 *	65,190	86%
	Insurance - Benefits [1]	3,715,792	3,363,587	4,050,028 *	334,236	92%
	Legal Services - Personnel	5,241	14,272	50,000	44,759	10%
	Legal Services - General	214,104	192,344	620,000	405,896	35%
	District Office Supplies	445,416	700,431	1,093,053	647,637	41%
	District Operating Supplies	633,532	1,232,763	1,159,250	525,718	55%
	Repairs & Maintenance - Equipment	870,467	942,673	1,406,595	536,128	62%
	Repairs & Maintenance - Facilities	2,566,257	2,442,404	4,359,324	1,793,067	59%
	Safety Program & Compliance Requirements	285,930	298,810	363,787	77,857	79%
	Wastewater Treatment	8,968,952	6,260,467	9,374,975	406,023	96%
	Special Outside Assessments	156,786	139,508	153,967	(2,820)	102%
	Utilities	2,299,897	2,089,614	3,079,533	779,636	75%
	Water Purchases	24,423,081	20,767,461	28,637,921	4,214,840	85%
	Water Efficiency	412,787	919,722	1,850,000	1,437,213	22%
B	**Total Operating Expenses**	**63,312,774**	**57,387,190**	**81,652,053**	**18,339,280**	**78%**
A-B	**Operating Income (Loss)**	**(3,624,208)**	**(3,371,956)**	**(13,159,810)**	**(9,535,602)**	
	Non-Operating Revenues (Expenses)					
	Property Tax Revenue	29,688,271	28,854,024	30,744,255	1,055,983	97%
	Investment Income [2]	(507,929)	5,744,192	2,469,486	2,977,416	-21%
	Property Lease Income	1,674,125	1,572,801	1,943,911	269,786	86%
	Interest Expense	(3,438,972)	(3,566,634)	(4,945,081)	(1,506,109)	70%
	Misc. Non-Operating Income (Expense) [3]	886,626	1,840,016	245,312	(641,314)	361%
	Capacity and Demand Offset Fees	36,959	184,146	420,384	383,425	9%
C	**Total Non-Operating Revenue (Expenses)**	**28,339,080**	**34,628,545**	**30,878,267**	**2,539,187**	**92%**
A-B+C	**Change in All Funds**	**$ 24,714,872**	**$ 31,256,589**	**$ 17,718,457**	**$ (6,996,415)**	
	Other Non Cash Expenses					
	Depreciation and amortization	18,993,366	17,963,545	-	(18,993,366)	n/a
D	**Total Change in Net Position**	**5,721,506**	**13,293,044**	**17,718,457**	**11,996,951**	

Note: Totals may not sum due to rounding.

* Budget Transfer

1. The District has capitalized $1,480,794 in salaries and benefits year-to-to date related to time spent on capital projects.
2. Investment income is comprised of realized income of $2,283,725 and unrealized income (loss) of ($2,791,654).
3. The District has received $605,474 this year from the US Bureau of Reclamation for the Smart Meter project.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Year To Date Totals April 30, 2021
Legal Services - General

Firm	General [1]	Water Use Efficiency [1]	Capital [2]	Total
Alvarado Smith APC	$ 26,780	$ -	$ -	$ 26,780
Best Best & Krieger LLP	167,444	21,545	19,405	208,395
Total	192,559	21,545	19,405	233,509
Budget Amount	600,000	20,000	-	620,000
Budget Balance	$ 407,441	$ (1,545)	n/a	$ 405,896

Note: Totals may not sum due to rounding.

1. Legal Services - General on the previous page is made up of the General balance of $192,559 and the $21,545 Water Use Efficiency balance, for a total of $214,104.

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
West Yost Associates	$ 19,271	$ 193,604
Grants Received [3]	-	(5,190,184)
Totals	$ 19,271	$ (4,996,580)

3. The District has received two grants from the US Bureau of Reclamation since the start of the grant administration program, totaling $1.8 million, and one grant from the California Governor's Office of Emergency Services (Cal-OES) for $2.8 million for the potable steel reservoir seismic retrofit project. Additionally, the District has received over $0.7 million in grants from the Metropolitan Water District of Southern California and MWDOC that are not included in this schedule as those grants were received and awarded utilizing internal staff only.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Year To Date Totals April 30, 2021

			1		2		=1-2	=2/1
	Description		**Revised Budget**		**Fiscal Year to Date Actuals**		**Budget Balance**	**% of Actuals to Budget**
	GENERAL FUND							
	Operating Revenues							
	Water Sales	$	31,438,154	$	27,006,659	$	4,431,495	86%
	Recycled Water Sales		5,941,355		4,911,239		1,030,116	83%
	Sewer Sales		25,446,037		23,179,720		2,266,317	91%
	Other Operating Income		1,079,522		182,192		897,330	17%
A	**Total Operating Revenue**		**63,905,068**		**55,279,810**		**8,625,258**	**87%**
	Operating Expenses							
	Salaries		14,531,475		10,687,707		3,843,768	74%
	PERs Employer Contributions		2,785,595	*	2,335,798		449,797	84%
	Defined Contribution 401A		263,876		193,989		69,887	74%
	Education/Certification		80,360		38,100		42,260	47%
	Travel & Meetings		65,301	*	60,434		4,867	93%
	Recruitment & Employee Relations		98,055		11,101		86,954	11%
	General Services		528,874		291,478		237,396	55%
	Annual Audit		55,000		27,360		27,640	50%
	Member Agencies O&M		515,520		316,175		199,345	61%
	Dues & Memberships		131,147		109,536		21,611	84%
	Election Expenses		50,000	*	-		50,000	0%
	Consulting Services		1,449,000	*	1,188,295		260,705	82%
	Equipment Rental		63,010		43,874		19,136	70%
	District Fuel		330,000		235,713		94,287	71%
	Insurance - District		558,300		447,834		110,466	80%
	Insurance - Personnel		436,257	*	378,245		58,012	87%
	Insurance - Benefits		3,731,962	*	3,420,521		311,441	92%
	Legal Services - Personnel		50,000		5,241		44,759	10%
	Legal Services - General		600,000		192,559		407,441	32%
	District Office Supplies		706,803		303,824		402,979	43%
	District Operating Supplies		1,158,250		630,548		527,702	54%
	Repairs & Maintenance - Equipment		1,381,595		862,590		519,005	62%
	Repairs & Maintenance - Facilities		4,359,324		2,566,257		1,793,067	59%
	Safety Program & Compliance Requirements		361,137		284,785		76,352	79%
	Wastewater Treatment		9,374,975		8,968,952		406,023	96%
	Special Outside Assessments		153,967		156,786		(2,820)	102%
	Utilities		3,079,533		2,299,897		779,636	75%
	Water Purchases		28,637,921		24,423,081		4,214,840	85%
B	**Total Operating Expenses**		**75,537,237**		**60,480,680**		**15,056,556**	**80%**
A-B	**Operating Income (Loss)**		**(11,632,169)**		**(5,200,870)**		**(6,431,298)**	
	Non-Operating Revenues (Expenses)							
	Property Tax Revenue		30,744,255		29,688,271		1,055,984	97%
	Investment Income		2,464,629		(363,124)		2,827,753	-15%
	Property Lease Income		1,943,911		1,674,125		269,786	86%
	Misc. Non-Operating Income (Expense)		250,812		223,991		26,821	89%
C	**Total Non-Operating Revenue (Expenses)**		**35,403,607**		**31,223,264**		**4,180,343**	**88%**
A-B+C	**Change in General Fund**	**$**	**23,771,439**	**$**	**26,022,394**	**$**	**(2,250,955)**	**95%**
	Other Non Cash Expenses							
	Depreciation		-		18,993,366		(18,993,366)	n/a
D	**Total Change in Net Position**	**$**	**23,771,439**	**$**	**7,029,028**	**$**	**16,742,411**	

Note: Totals may not sum due to rounding.

* Budget Transfer

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Year To Date Totals April 30, 2021

		1	2	=1-2	=2/1
	Description	**Revised Budget**	**Fiscal Year to Date Actuals**	**Budget Balance**	**% of Actuals to Budget**
	WATER EFFICIENCY FUND				
	Projected Operating Revenue				
	Water Efficiency	$ 4,587,175	$ 4,408,755	$ 178,420	96%
A	**Projected Total Operating Revenue**	**4,587,175**	**4,408,755**	**178,420**	**96%**
	Projected Operating Expenses				
	Labor	2,222,217	1,713,927	508,290	77%
	Education/Certification	1,000	6,644	(5,644)	664%
	Travel & Meetings	51,200	3,953	47,247	8%
	Dues & Memberships	77,500	18,333	59,167	24%
	Consulting Services	1,478,000	501,306	976,694	34%
	Legal Services	20,000	21,545	(1,545)	108%
	Conservation supplies	387,250	144,576	242,674	37%
	Repairs and Maintenance - Equipment	25,000	7,877	17,123	32%
	Safety Program & Compliance Requirements	2,650	1,145	1,505	43%
	Water Efficiency	1,850,000	412,787	1,437,213	22%
B	**Projected Total Operating Expenses**	**6,114,817**	**2,832,093**	**3,282,724**	**46%**
A-B	**Projected Operating Income (Loss)**	**(1,527,642)**	**1,576,662**	**(3,104,304)**	
	Projected Non-Operating Revenue				
	Demand offset fees	96,079	23,352	72,727	24%
	Grants received [1]	-	605,474	(605,474)	n/a
	Investment Income	4,857	(18,562)	23,419	-382%
C	**Projected Total Non-Operating Revenue**	**100,936**	**610,264**	**(509,328)**	**605%**
A-B+C	**Projected Change in Water Efficiency Fund**	**$ (1,426,706)**	**$ 2,186,925**	**$ (3,613,631)**	

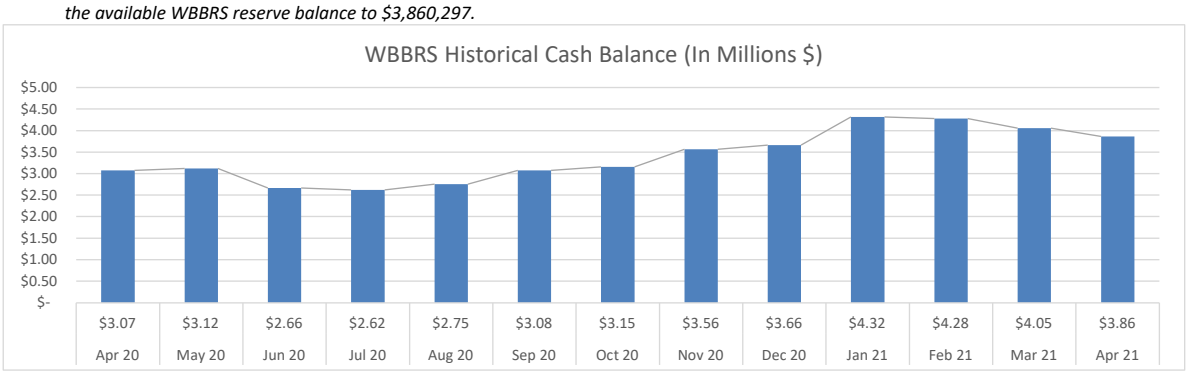
Note: Totals may not sum due to rounding.

1. The District has received $605,474 from the US Bureau of Reclamation this fiscal year for the Smart Meter project.

Water Efficiency Available Net Position [2]

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)	2,186,925	(3,613,631)
Project Commitments		(266,611)	
Capital Spending	(3,350,000)	(3,496,076)	
Fund Net Position, Year To Date Totals April 30, 2021	$ 659,353	$ 3,860,297	

2. In addition to realized expenditures, there is approximately $266,611 in project commitments, and $3,496,076 in capital spending, reducing the available WBBRS reserve balance to $3,860,297.



MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited) April 30, 2021	June 30, 2020
CURRENT ASSETS:		
Cash and investments	$ 49,151,129	$ 40,782,802
Accounts receivables:		
Water and sanitation charges	5,156,522	3,958,988
Property taxes	-	400,257
Grant Reimbursements	166,772	166,772
Other accounts receivable	598,396	1,215,292
Interest receivable	412,971	719,157
Inventory	1,608,060	1,440,862
Prepaid expenses	1,209,501	761,434
TOTAL CURRENT ASSETS	58,303,351	49,445,564
NONCURRENT ASSETS:		
Investments	80,786,334	108,942,276
Restricted cash and investments with fiscal agent	2,167,147	11,373,458
Retrofit loans receivable	461,489	474,808
Lease receivable	15,175,090	15,175,090
Regulated assets	920,492	961,382
Intangible asset - right to use leased asset	1,880,958	1,880,958
Capital assets, net of accumulated depreciation	381,543,693	384,122,951
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	75,959,154	48,266,048
TOTAL NONCURRENT ASSETS	559,986,267	572,288,881
TOTAL ASSETS	618,289,618	621,734,445
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	236,265	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	6,512,424	6,593,895
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 624,802,042	$ 628,328,340

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited) April 30, 2021	June 30, 2020
CURRENT LIABILITIES:		
Accounts payable	$ 12,806,695	$ 17,225,841
Interest payable	822,549	1,686,771
Unearned Revenue	-	697,186
Compensated absences	1,327,044	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	18,256,288	23,552,794
LONG-TERM LIABILITIES		
Compensated absences	442,348	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	141,929,544	145,134,861
Bond Discount/Premium	13,595,539	14,341,646
TOTAL LIABILITIES	173,781,371	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	329,147,992	309,716,709
Restricted for capital projects	40,532	295,848
Unrestricted	104,839,300	118,293,636
TOTAL NET POSITION	434,027,825	428,306,193
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 624,802,042	$ 628,328,340

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of April 30, 2021

	Reserve Requirement	(Unaudited) Balance 4/30/2021	Over (Under) Requirement	Balance 6/30/2020	Outstanding Debt Balance 4/30/2021
Restricted Cash and Investments:					
2015 Refunding Bonds Reserve	$ 657,500	$ 1,202,997	$ 545,497	$ 1,364,449	$ 6,575,000
2019 Revenue Bonds	-	964,150	964,150	3,382,611	48,605,000
2019 Certificates of Participation	-	-	-	6,626,398	63,660,000
Total Restricted Trust Accounts	**$ 657,500**	**$ 2,167,147**	**$ 1,509,647**	**$ 11,373,458**	**$ 118,840,000**

Note: Totals may not sum due to rounding.

	Remaining Payoff Schedule		
FY	**Principal**	**Interest**	**Totals**
2022	3,300,000	4,812,831	8,112,831
2023	3,465,000	4,643,706	8,108,706
2024	3,640,000	4,466,081	8,106,081
2025	3,460,000	4,288,581	7,748,581
2026	3,630,000	4,111,331	7,741,331
2027	3,815,000	3,925,206	7,740,206
2028	4,005,000	3,728,806	7,733,806
2029	4,210,000	3,524,331	7,734,331
2030	4,415,000	3,308,706	7,723,706
2031	4,640,000	3,082,331	7,722,331
2032	4,865,000	2,854,581	7,719,581
2033	5,090,000	2,646,406	7,736,406
2034	5,280,000	2,448,097	7,728,097
2035	5,485,000	2,238,513	7,723,513
2036	5,705,000	2,010,088	7,715,088
2037	5,945,000	1,768,925	7,713,925
2038	6,185,000	1,522,738	7,707,738
2039	6,440,000	1,265,613	7,705,613
2040	6,700,000	995,594	7,695,594
2041	2,490,000	819,600	3,309,600
2042	2,565,000	743,775	3,308,775
2043	2,645,000	665,625	3,310,625
2044	2,725,000	585,075	3,310,075
2045	2,805,000	502,125	3,307,125
2046	2,890,000	416,700	3,306,700
2047	2,975,000	328,725	3,303,725
2048	3,065,000	238,125	3,303,125
2049	3,155,000	144,825	3,299,825
2050	3,250,000	48,750	3,298,750
	$ 118,840,000	$ 62,135,790	$ 180,975,790

MOULTON NIGUEL WATER DISTRICT
NET POSITION
As of April 30, 2021

Adopted Reserve Targets [1]	Reserve Target	(Unaudited) Balance 4/30/2021	Net Change	Balance 6/30/2020
Designated for Self Insurance Reserve	$ 250,000	$ 240,008	$ 6,606	$ 233,402
Designated for Rate Stabilization	15,372,127	15,303,661	238,855	15,064,806
Designated for Emergency Reserves	35,300,000	35,300,000	-	35,300,000
Designated for Operating Reserves [2]	18,884,259	18,962,717	(29,449,160)	48,411,877
Total Adopted Reserve Targets	**$ 69,806,386**	**$ 69,806,386**	**$ (29,203,699)**	**$ 99,010,085**

Designated for Capital Projects [3]	FY Capital Budget [4]			
Designated for Replacement and Refurbishment	$ 41,393,593	20,408,212	$ 6,870,554	$ 13,537,658
Designated for Water Supply Reliability	100,000	98,145	88,988	9,157
Designated for Planning and Construction	21,048,504	10,377,508	10,076,831	300,677
Total Designated for Capital Projects	**$ 62,542,097**	**$ 30,883,864**	**$ 17,036,372**	**$ 13,847,492**

Other amounts			
Designated for Water Efficiency (WBBRS)	$ 4,149,050	$ (1,287,009)	$ 5,436,059
Restricted for Capital Facilities (Projects)	40,532	(255,316)	295,848
Net Investment in Capital Assets [5]	329,147,992	19,431,283	309,716,709
Total Other amounts	**$ 333,337,575**	**$ 17,888,959**	**$ 315,448,616**
Total Net Position	**$ 434,027,825**	**$ 5,721,632**	**$ 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 $43,985,857.

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	$ 460,475,715
Less capital related debt	(118,840,000)
Less: remaining premiums on capital debt	(13,595,539)
Add deferred charges related to debt	236,265
Add leases receivable and regulated assets	16,095,582
Less leases payable and lease deferred outflows	(17,391,178)
Add fiscal agent cash	2,167,147
Total Net Investment in Capital Assets	$ 329,147,992

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

Summary of Disbursements in May:

General Fund Disbursements		**9,249,639**
Other Fund Disbursements:		
Self Insurance Fund	3,980	
Water Efficiency Fund	275,412	
Replacement & Refurbishment Fund	2,134,538	
Water Supply Reliability Fund	2,000	
Planning & Construction Fund	2,258,163	**4,674,093**
Total Disbursements for all Funds		**13,923,732**

Detail of Major Expenditures in May:

1. South Orange County Wastewater Authority (SOCWA)		
Q4 20/21 Quarterly Deposits		**4,137,768**
2. Municipal Water District of Orange County (MWDOC)		
March Water Purchases 1887.4 AF	1,951,614	
March Readiness To Serve	110,911	
March Water$mart & Efficiency Rebate Programs	42,932	
March Capacity Charge	33,424	
March SCP and SAC Operation Surcharges	7,984	**2,146,864**
3. Layton Construction Co.		
CMAR Construction Phase Services, progress payment #25		**1,936,404**
4. Pascal & Ludwig Constructors Inc.		
C#2018023 Southwing Lift Station Auxiliary Generator Replacement, progress payments #3, #4, & retention	376,511	
C#2017007 Aliso Creek Lift Station Auxiliary Generator Replacement, progress payments #3, #4, & retention	354,925	**731,436**
5. Irvine Ranch Water District (IRWD)		
Q3 20/21 Baker Water Treatment Plant O&M		**451,341**
6. Pacific Hydrotech Corp.		
C#2017022 Regional Lift Station Enhancements, progress payment #10	213,727	
C#2019303 Plant 3A Primary Clarifiers No. 3 & No. 4 Rehabilitation, progress payment #6	107,412	**321,139**
7. South Coast Water District (SCWD) - JRWSS		
Capital Billings through March 2021	236,989	
O&M Fixed Charges May 2021	39,923	**276,912**
8. Shoffeitt Pipeline Inc.		
Emergency repair at multiple locations		**157,775**
9. Advanced Industrial Services Inc.		
C#2019008 Rehabilitation of Rancho Reservoirs No. 1 & No. 2, progress payment #6		**123,272**