



# moulton niguel water district

**ENGINEERING & OPERATIONS  
BOARD OF DIRECTORS' MEETING  
MOULTON NIGUEL WATER DISTRICT**

**27500 La Paz Road, Laguna Niguel**

**February 13, 2017**

**8:30 AM**

**Approximate Meeting Time: 3 Hours**

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE JANUARY 16, 2017 ENGINEERING AND OPERATIONS BOARD OF DIRECTORS' MEETING

3. PUBLIC COMMENTS

*Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.*

*Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.*

## **PRESENTATION ITEMS**

4. Quarterly Investment Report - Chandler Asset Management

## **DISCUSSION ITEMS**

5. Water Shortage Contingency Plan Stage 1 Implementation
6. Palms Apartments Waterline Construction Contract Award
7. Mini-Jetter Purchase
8. Bond and Disclosure Counsel Services - Jones Hall
9. Rebate Application for Turf Removal

## **INFORMATION ITEMS**

10. Operations Center Consolidation Improvement Project Update

11. Water Usage Update
12. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
13. 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]

### **CLOSED SESSION**

#### 14. 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: LAKEPARK COMMUNITY ASSOCIATION

### **ADJOURNMENT**

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

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



# moulton niguel water district

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## MINUTES OF THE REGULAR MEETING OF THE ENGINEERING & OPERATIONS BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT

January 16, 2017

A Regular Meeting of the Engineering & Operations Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 8:30 AM on January 16, 2017. There were present and participating:

### DIRECTORS

Duane Cave	Director
Scott Colton	Vice President/Chair
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President (arrived at 8:36 a.m.)

Also present and participating were:

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

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Marc Serna	Director of Engineering & Operations
Gina Hillary	Director of Human Resources
Drew Atwater	Director of Planning
Jake Vollebregt	Director of Regional & Legal Affairs
Jeff Ferre	Best, Best, & Krieger (General Counsel)
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Trevor Agrelius	MNWD
Johnathan Cruz	MNWD
Todd Dmytryshyn	MNWD
Ronin Goodall	MNWD
David Larsen	MNWD

## #2.

Steve Merk	MNWD
Todd Novacek	MNWD
Medha Patel	MNWD
Lindsey Stuvick	MNWD
Alex Thomas	MNWD
Rod Woods	MNWD
Roger Faubel	Faubel Public Affairs
Kurt Schwabe	University of Riverside
Ken Baerenklau	University of Riverside
Yuhua Xiong	University of Riverside

### 1. CALL MEETING TO ORDER

*The meeting was called to order by Scott Colton at 8:30 a.m.*

### 2. APPROVE THE MINUTES OF THE DECEMBER 12, 2016 ENGINEERING AND OPERATIONS BOARD OF DIRECTORS' MEETING

*MOTION DULY MADE BY GARY KURTZ AND SECONDED BY DON FROELICH, MINUTES OF THE DECEMBER 12, 2016 ENGINEERING AND OPERATIONS BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.*

### 3. PUBLIC COMMENTS

*None.*

## **DISCUSSION ITEMS**

### 5. On-Call Service Agreement for Manhole Rehabilitation Program

*This item was taken first on the agenda. Rod Woods provided information on the agreement. Staff recommends that the Board of Directors award the On-Call Services Agreement for Manhole Rehabilitation Services to Ayala Engineering for a total not-to-exceed amount of \$700,000 (\$350,000 per year) during Fiscal Years 2016-17 and 2017-18, with an option to extend the Agreement for an additional one-year term through Fiscal Year 2018-19 at the same annual amount; and authorize the General Manager to execute the agreement. Discussion ensued regarding the agreement.*

## **PRESENTATION ITEMS**

### 4. Water Efficiency Survey Update

*Drew Atwater gave a brief introduction to the item. Professor Kurt Schwabe provided a*

*presentation on the Water Conservation Survey. Key topics covered in the presentation included the project status, recent work completed, and key findings.*

### **DISCUSSION ITEMS CONTINUED**

**6. Lower Boundary Oak Lift Station Upgrades Construction Contract Award**

*Rod Woods provided details about the contract. Staff recommends that the Board of Directors award the construction services contract to RC Foster Corporation in the amount of \$292,000; authorize the General Manager to execute the contract; and authorize the General Manager or designee to approve change orders up to 10% of the contract value. Discussion ensued regarding the contract.*

**7. Pump Refurbishment Service Agreement Contract Amendment**

*Todd Novacek provided information on the contract. Staff recommends that the Board of Directors approve and authorize the General Manager to execute the following agreement documents:*

- 1. Pump Refurbishment Services Agreement Amendment with Evans Hydro, Inc. to increase \$45,000 from \$90,000 for a not-to-exceed amount of \$135,000 for FY 2016-17.*

*Discussion ensued regarding the contract.*

**8. Tool Truck Purchase**

*Todd Novacek provided information on the item. Staff recommends that the Board of Directors approve the purchase of a 2017 Ford F-550 with Stellar TMAX Utility Body and Crane for \$174,194. Discussion ensued regarding the tool truck.*

### **INFORMATION ITEMS**

**9. Operations Center Consolidation Improvement Project Update**

*Matt Collings provided the Operations Center Consolidation Improvement Project Update. Staff continues to work with the consultant to finalize the site drainage plans. Staff will provide an updated schedule at the next meeting.*

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

*None.*

**11. Late Items (Appropriate Findings to be Made)**

*Staff has none.*

**CLOSED SESSION**

**12. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Significant exposure to litigation and initiation of litigation pursuant to paragraphs (2) and (4) of subdivision (d) of Government Code Section 54956.9

One potential case

*The Board entered closed session at 10:07 a.m. and exited at 11:09 a.m. Jeff Ferre stated that there was no reportable action.*

**ADJOURNMENT**

*The meeting was adjourned at 11:10 a.m.*

Respectfully submitted,

Tim Bonita  
Recording Secretary

# Moulton Niguel Water District

Period Ending  
December 31, 2016



<b>SECTION 1</b>	<b>Consolidated Information</b>
<b>SECTION 2</b>	<b>Account Profile</b>
<b>SECTION 3</b>	<b>Portfolio Holdings</b>
<b>SECTION 4</b>	<b>Transactions</b>
<b>SECTION 5</b>	<b>Economic Update</b>



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**SECTION 1**

**Consolidated Information**

## Investment Objectives

In order to provide for current expenses and long term growth, the District has divided its portfolio into three categories, the Liquid, Limited Maturity and Operating Reserve Funds. The investment goals of the Liquid and Limited Maturity Funds are to provide liquidity for operating expenses and current capital requirements, preserve principal, and earn a total rate of return commensurate with the first two goals.

The investment goals of the Operating Reserve Fund are to preserve real capital and provide growth over the long term by earning the rate of return which is available from longer term investments permitted under the California Government Code.

## Chandler Asset Management Performance Objective

The performance objective for the Liquid Fund is to earn a return in excess of the return on 90 day Treasury bills.

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The performance objective of the Limited Maturity Fund is to earn a return that equals or exceeds the return of the Bank of America Merrill Lynch 0-3 Yr US Treasury/Agency Index.

The performance objective of the Operating Reserve Fund is to earn a total rate of return over a market cycle which exceeds the return on a market index of government securities with maturities of one to ten years (the Bank of America Merrill Lynch 1-10 Yr Government Index).

Bond Reserves: To earn a commensurate rate of return over market cycles while ensuring compliance with the District's indentured funds.

## Strategy

The Liquid Fund is invested in short term securities and LAIF in order to achieve its goals. The average maturity of the Liquid Fund may not exceed 90 days, and the maximum maturity of individual securities in the fund shall be one year. In order to meet the goals of the Limited Maturity and Operating Reserve Funds, they are invested in a diversified portfolio of high quality fixed income securities with a maximum maturity of ten years. No more than 40% of the fund may be invested in securities with maturities in excess of five years in the Operating Reserve Fund.



## Moulton Niguel Water District Bond Reserves

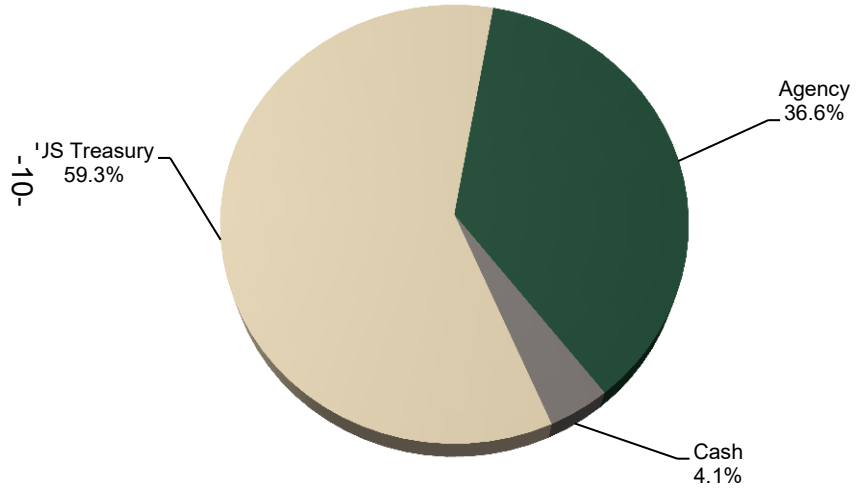
	12/31/2016	9/30/2016
	Portfolio	Portfolio
Average Maturity (yrs)	2.95	3.02
Modified Duration	2.85	2.93
Average Purchase Yield	1.03%	1.00%
Average Market Yield	1.45%	0.95%
Average Quality	AA+/Aaa	AA+/Aaa
Total Market Value	7,704,250	7,654,944

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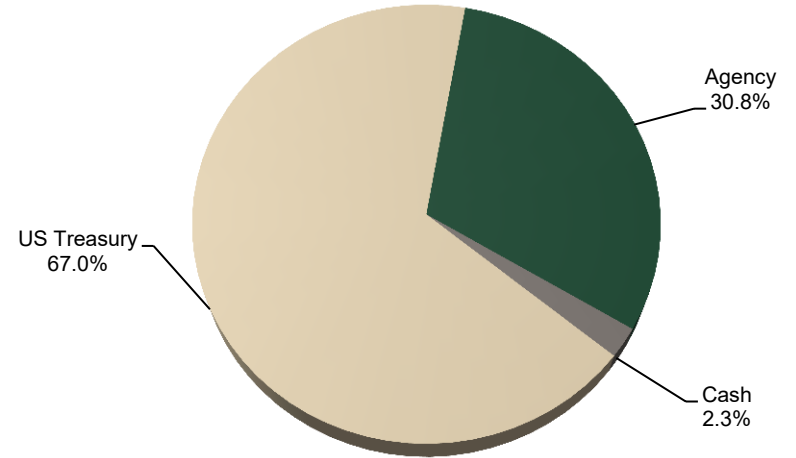


## Moulton Niguel Water District Bond Reserves

December 31, 2016



September 30, 2016





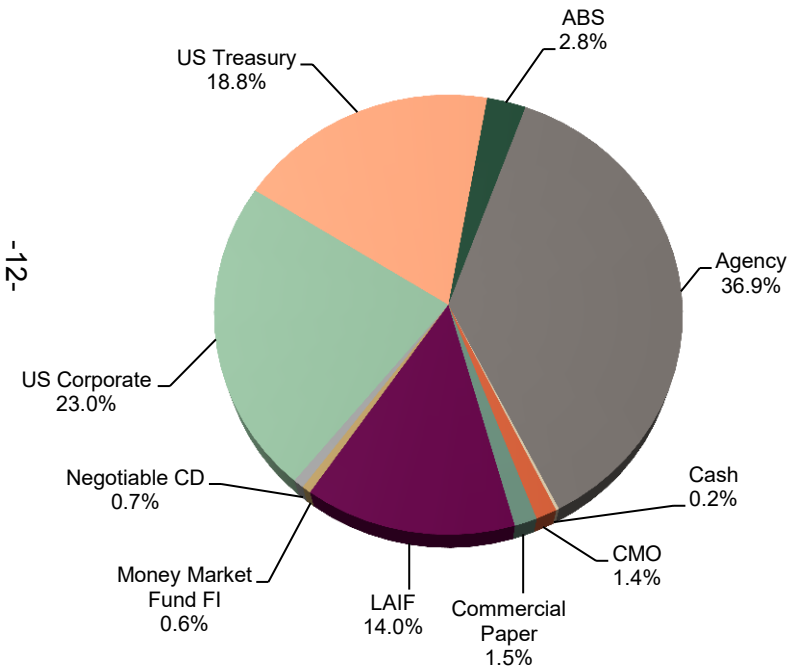
## Moulton Niguel Water District Consolidated

	12/31/2016	9/30/2016
	Portfolio	Portfolio
Average Maturity (yrs)	2.96	3.18
Modified Duration	2.74	2.96
Average Purchase Yield	1.74%	1.78%
Average Market Yield	1.57%	1.13%
Average Quality	AA/Aa1	AA/Aa1
Total Market Value	128,612,991	121,196,482

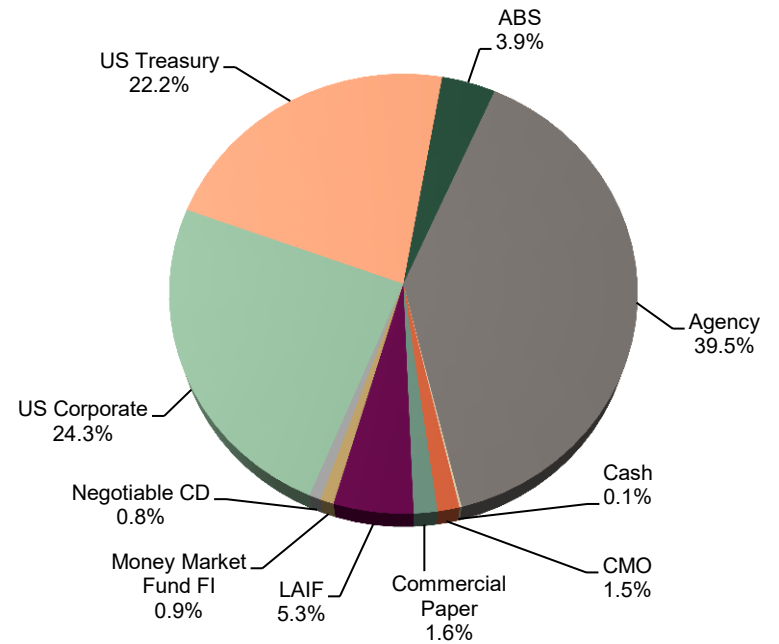


## Moulton Niguel Water District Consolidated

December 31, 2016



September 30, 2016



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## Moulton Niguel Water District Consolidated – Account #43

As of 12/31/2016

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	1.78%	4.48	18.81%
Local Agency Investment Fund	LAIF	0.67%	0.00	14.01%
Federal Home Loan Bank	Agency	1.77%	3.86	10.78%
Federal National Mortgage Association	Agency	2.01%	5.27	10.35%
Federal Home Loan Mortgage Corp	Agency	1.58%	3.28	9.24%
Tennessee Valley Authority	Agency	1.79%	3.90	5.09%
General Electric Co	US Corporate	1.22%	0.64	1.65%
ChevronTexaco Corp	US Corporate	1.45%	1.26	1.51%
Bank of Tokyo-Mit UFJ	Commercial Paper	1.05%	0.18	1.47%
Federal Farm Credit Bank	Agency	1.46%	2.60	1.43%
Qualcomm Inc	US Corporate	2.03%	2.87	1.40%
Federal Home Loan Mortgage Corp	CMO	1.45%	1.65	1.35%
Bank of New York	US Corporate	1.97%	2.70	1.30%
Charles Schwab Corp/The	US Corporate	1.47%	1.19	1.27%
Paccar Financial	US Corporate	1.82%	2.26	1.27%
Honda Motor Corporation	US Corporate	1.68%	1.78	1.26%
Intel Corp	US Corporate	1.19%	0.96	1.22%
Oracle Corp	US Corporate	2.41%	4.71	1.04%
Apple Inc	US Corporate	1.28%	1.34	0.97%
Exxon Mobil Corp	US Corporate	2.16%	4.17	0.97%
JP Morgan ABS	ABS	1.41%	3.29	0.96%
State Street Bank	US Corporate	2.44%	4.38	0.96%
Cisco Systems	US Corporate	1.50%	2.16	0.95%
JP Morgan Chase & Co	US Corporate	1.94%	2.08	0.95%
US Bancorp	US Corporate	1.66%	1.87	0.95%
Toyota Motor Corp	US Corporate	1.83%	2.05	0.95%
Deere & Company	US Corporate	1.67%	1.95	0.92%
Berkshire Hathaway	US Corporate	2.25%	4.21	0.82%
John Deere ABS	ABS	1.11%	1.67	0.80%
Honda ABS	ABS	1.16%	1.61	0.76%

**Moulton Niguel Water District Consolidated – Account #43**
**As of 12/31/2016**

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Pepsico Inc	US Corporate	2.13%	3.33	0.75%
Bank of Nova Scotia	Negotiable CD	1.26%	0.16	0.72%
Microsoft	US Corporate	2.24%	4.61	0.66%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.23%	0.00	0.65%
HSBC USA Corp	US Corporate	1.79%	1.04	0.62%
Wells Fargo Corp	US Corporate	1.62%	1.04	0.31%
Toyota ABS	ABS	1.24%	1.67	0.30%
Bank Cash Account	Cash	0.00%	0.00	0.25%
Air Products & Chemicals	US Corporate	1.23%	0.79	0.23%
United Technology Corp	US Corporate	1.17%	0.42	0.09%
<b>Total</b>		<b>1.57%</b>	<b>2.96</b>	<b>100%</b>

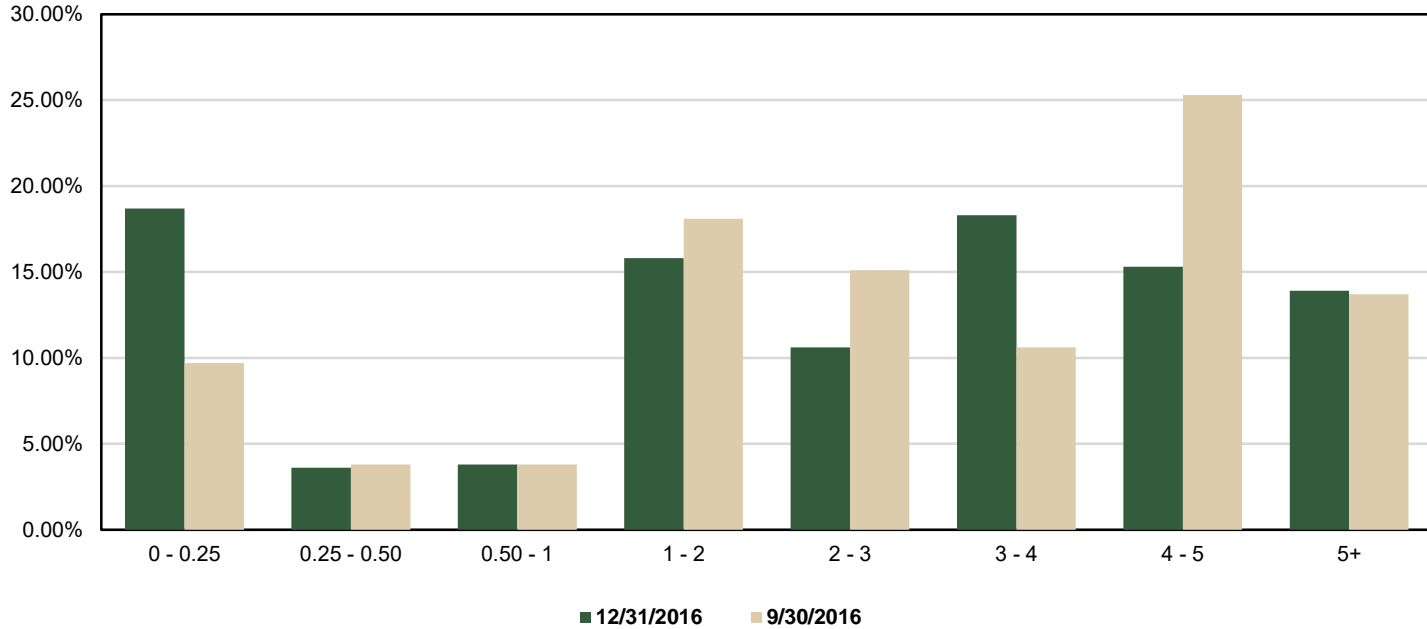




# Duration Distribution

## Moulton Niguel Water District Consolidated

December 31, 2016 vs. September 30, 2016



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	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
<b>12/31/16</b>	<b>18.7%</b>	<b>3.6%</b>	<b>3.8%</b>	<b>15.8%</b>	<b>10.6%</b>	<b>18.3%</b>	<b>15.3%</b>	<b>13.9%</b>
<b>09/30/16</b>	<b>9.7%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>18.1%</b>	<b>15.1%</b>	<b>10.6%</b>	<b>25.3%</b>	<b>13.7%</b>

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**SECTION 2**

**Account Profile**



## Bond Reserves

	Bond Reserves	
	12/31/2016	9/30/2016
Portfolio book value	\$7,801,325	\$7,635,016
Market value	\$7,704,250	\$7,654,944
Net Contribution/Withdrawal for the Period	\$150,000	--
Average book yield	1.03%	1.00%
Average maturity (yrs)	2.95	3.02
Modified duration	2.85	2.93
\$ change in value for 1% change in rates	\$219,721	\$224,103
% maturing within two years	22.0%	27.4%
Average credit quality	AA+/Aaa	AA+/Aaa

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## Liquid Fund

	BAML 3-Month US Treasury Bill Index	Liquid Fund	
	12/31/2016	12/31/2016	9/30/2016
Portfolio book value	--	\$18,003,903	\$6,384,402
Market value	--	\$18,018,179	\$6,403,960
Net Contribution/Withdrawal for the Period	--	\$11,600,000	--
Average book yield	--	0.67%	0.63%
Average maturity (yrs)	0.14	0.00	0.00
Modified duration	0.15	0.00	0.00
\$ change in value for 1% change in rates	--	\$0	\$0
% maturing within one year	100%	100%	100%
Average credit quality	AAA	Not Rated	Not Rated



## Limited Maturity Fund

	BAML 0-3 Yr US Treasury Index	Limited Maturity Fund	
	12/31/2016	12/31/2016	9/30/2016
Portfolio book value	--	\$9,563,123	\$12,098,203
Market value	--	\$9,544,102	\$12,130,608
Net Contribution/Withdrawal for the Period	--	\$2,575,000	--
Average book yield	--	1.36%	1.18%
Average maturity (yrs)	1.40	1.20	1.19
Modified duration	1.36	1.07	1.06
\$ change in value for 1% change in rates	--	\$102,122	\$128,584
% maturing within two years	69.0%	74.4%	78.9%
Average credit quality	AAA	AA/Aa2	AA/Aa1

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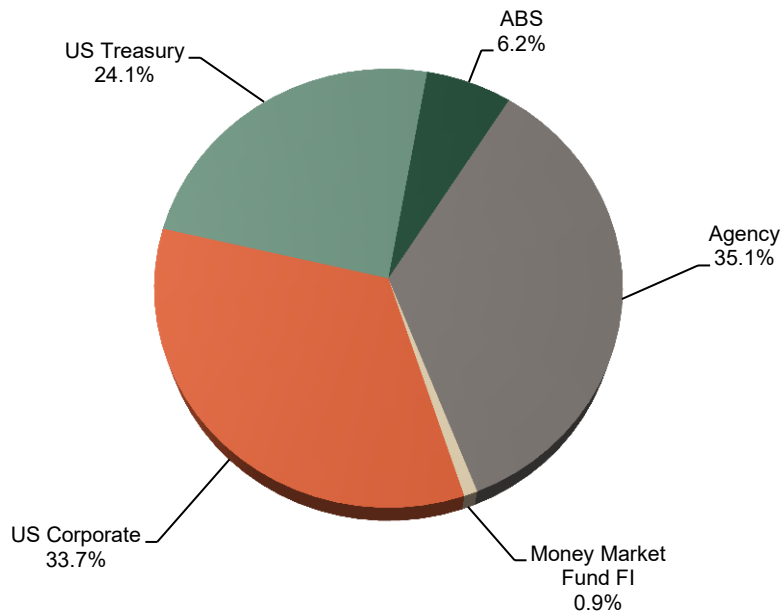
## Operating Reserve Fund

	BAML 1-10 Yr US Treasury/Agency Index	Operating Reserve Fund	
	12/31/2016	12/31/2016	9/30/2016
Portfolio book value	--	\$92,888,470	\$92,372,419
Market value	--	\$93,346,461	\$95,007,017
Net Contribution/Withdrawal for the Period	--	\$1,758	--
Average book yield	--	2.05%	2.00%
Average maturity (yrs)	3.90	3.71	3.66
Modified duration	3.65	3.43	3.41
\$ change in value for 1% change in rates	--	\$3,201,784	\$3,239,739
% maturing within two years	22.4%	24.1%	20.1%
Average credit quality	AAA	AA/Aa1	AA/Aa1

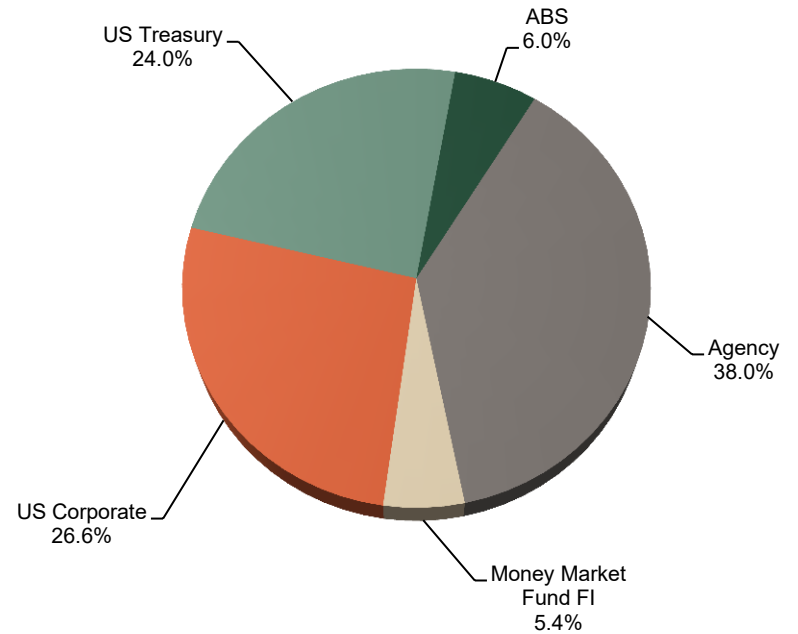


## Moulton Niguel Water District Limited Maturity

December 31, 2016



September 30, 2016



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## Moulton Niguel Water District Limited Maturity – Account #42

As of 12/31/2016

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	0.79%	1.02	24.12%
Federal National Mortgage Association	Agency	0.77%	0.56	16.01%
Federal Home Loan Bank	Agency	1.21%	1.78	9.91%
Federal Home Loan Mortgage Corp	Agency	0.77%	0.79	9.18%
Qualcomm Inc	US Corporate	1.41%	1.38	4.83%
Bank of New York	US Corporate	1.97%	2.70	4.79%
Charles Schwab Corp/The	US Corporate	1.47%	1.19	4.53%
Wells Fargo Corp	US Corporate	1.62%	1.04	4.21%
ChevronTexaco Corp	US Corporate	1.45%	1.17	4.21%
General Electric Co	US Corporate	1.71%	2.04	4.07%
Intel Corp	US Corporate	1.19%	0.96	3.88%
Honda ABS	ABS	1.23%	2.14	3.28%
Air Products & Chemicals	US Corporate	1.23%	0.79	3.15%
Toyota ABS	ABS	1.20%	1.95	2.90%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.23%	0.00	0.93%
<b>Total</b>		<b>1.10%</b>	<b>1.20</b>	<b>100%</b>

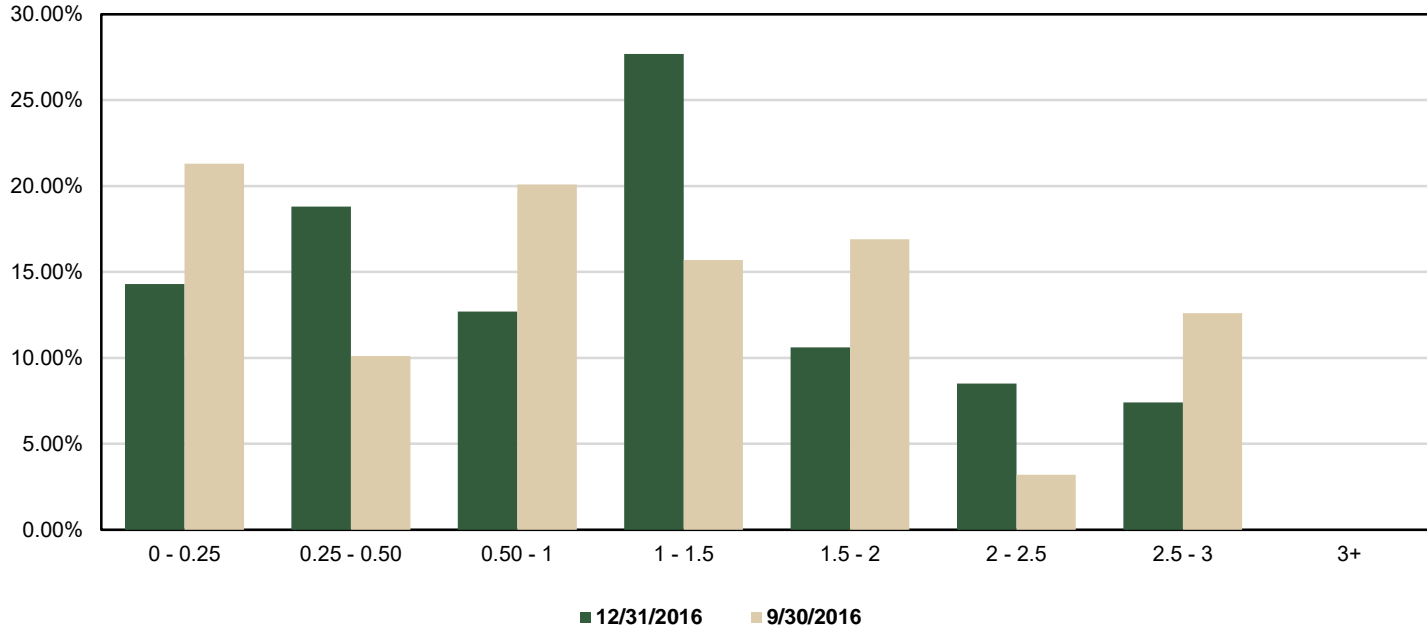




# Duration Distribution

## Moulton Niguel Water District Limited Maturity

December 31, 2016 vs. September 30, 2016



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	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 1.5	1.5 - 2	2 - 2.5	2.5 - 3	3+
<b>12/31/16</b>	<b>14.3%</b>	<b>18.8%</b>	<b>12.7%</b>	<b>27.7%</b>	<b>10.6%</b>	<b>8.5%</b>	<b>7.4%</b>	<b>0.0%</b>
<b>09/30/16</b>	<b>21.3%</b>	<b>10.1%</b>	<b>20.1%</b>	<b>15.7%</b>	<b>16.9%</b>	<b>3.2%</b>	<b>12.6%</b>	<b>0.0%</b>



## Moulton Niguel Water District Limited Maturity

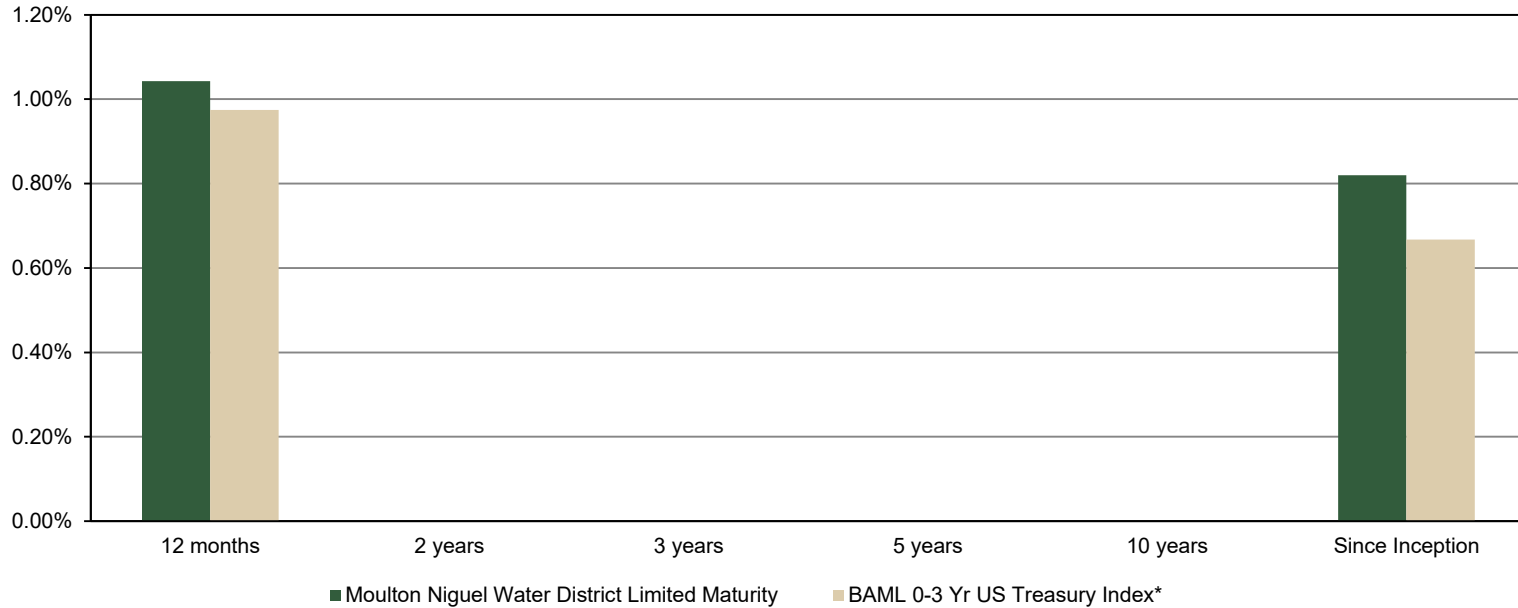
Period Ending

December 31, 2016

Total Rate of Return

Annualized Since Inception

February 28, 2015



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	Annualized						
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
Moulton Niguel Water District Limited Maturity	-0.10%	1.04%	N/A	N/A	N/A	N/A	0.82%
BAML 0-3 Yr US Treasury Index	-0.44%	0.97%	N/A	N/A	N/A	N/A	0.67%

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.



## 40- Trading Activity -9/30/2016 -12/31/2016

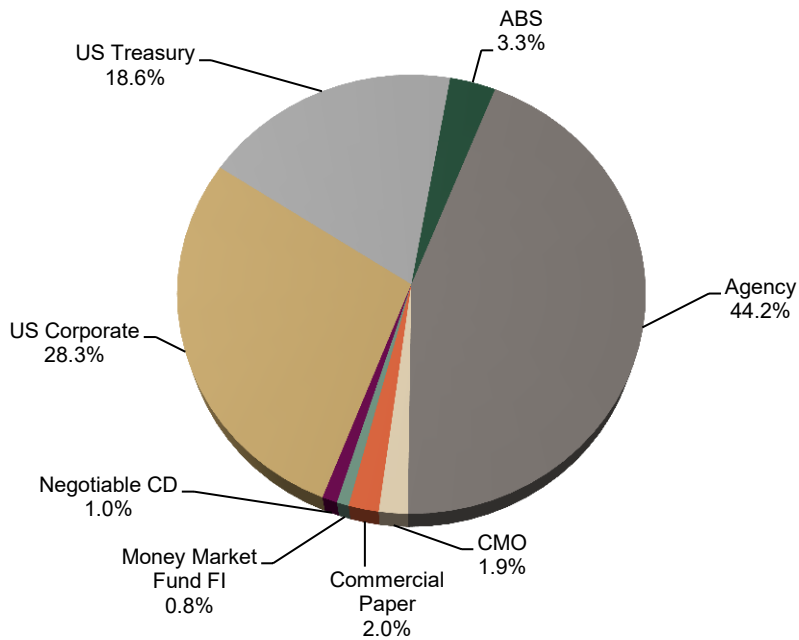
Settle Date	Description	Sector	Maturity Date	Amount	Book Value	Market Value	Gain/Loss	Duration	Yield
<b>Purchase</b>									
10/11/2016	FNMA	Agency	04/24/2026	\$1,100,000.00	\$1,109,097.00	\$1,109,097.00	\$0.00	8.517	2.029
10/11/2016	Oracle Corp	US Corporate	09/15/2021	\$1,350,000.00	\$1,347,988.50	\$1,347,988.50	\$0.00	4.661	1.931
10/27/2016	Bank of Tokyo Mitsubishi NY	Commercial Paper	03/06/2017	\$1,900,000.00	\$1,892,933.06	\$1,892,933.06	\$0.00	0.354	1.048
12/16/2016	FNMA	Agency	09/24/2026	\$1,275,000.00	\$1,157,190.00	\$1,157,190.00	\$0.00	8.754	2.971
11/10/2016	FNMA	Agency	04/24/2026	\$800,000.00	\$784,752.00	\$784,752.00	\$0.00	8.497	2.351
11/10/2016	US Treasury	US Treasury	02/15/2024	\$1,000,000.00	\$1,062,738.38	\$1,062,738.38	\$0.00	6.557	1.824
				\$7,425,000.00	\$7,354,698.94	\$7,354,698.94	\$0.00		
<b>Sale</b>									
10/11/2016	Wal-Mart Stores	US Corporate	04/11/2018	\$840,000.00	\$839,227.20	\$840,252.00	\$1,024.80	1.483	1.105
10/06/2016	US Treasury	US Treasury	07/31/2019	\$100,000.00	\$97,812.90	\$99,749.67	\$1,936.77	2.772	0.965
0/07/2016	US Treasury	US Treasury	05/31/2019	\$400,000.00	\$397,485.98	\$401,811.16	\$4,325.18	2.594	0.951
0/07/2016	US Treasury	US Treasury	07/31/2019	\$700,000.00	\$684,690.30	\$697,974.21	\$13,283.91	2.769	0.979
12/15/2016	US Treasury	US Treasury	07/31/2019	\$300,000.00	\$293,438.70	\$295,545.87	\$2,107.17	2.576	1.453
12/15/2016	US Treasury	US Treasury	11/30/2019	\$475,000.00	\$449,025.34	\$467,724.97	\$18,699.63	2.899	1.531
11/10/2016	FNMA	Agency	11/26/2019	\$1,575,000.00	\$1,568,841.75	\$1,601,916.75	\$33,075.00	2.938	1.177
				\$4,390,000.00	\$4,330,522.17	\$4,404,974.63	\$74,452.46		

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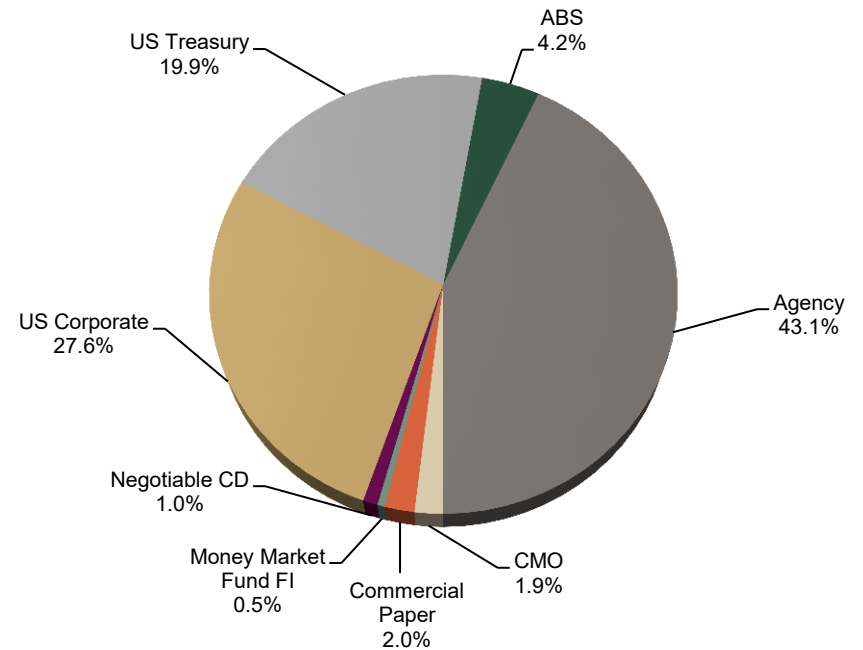


## Moulton Niguel Water District Operating Reserve

December 31, 2016



September 30, 2016



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## Moulton Niguel Water District Operating Reserve – Account #40

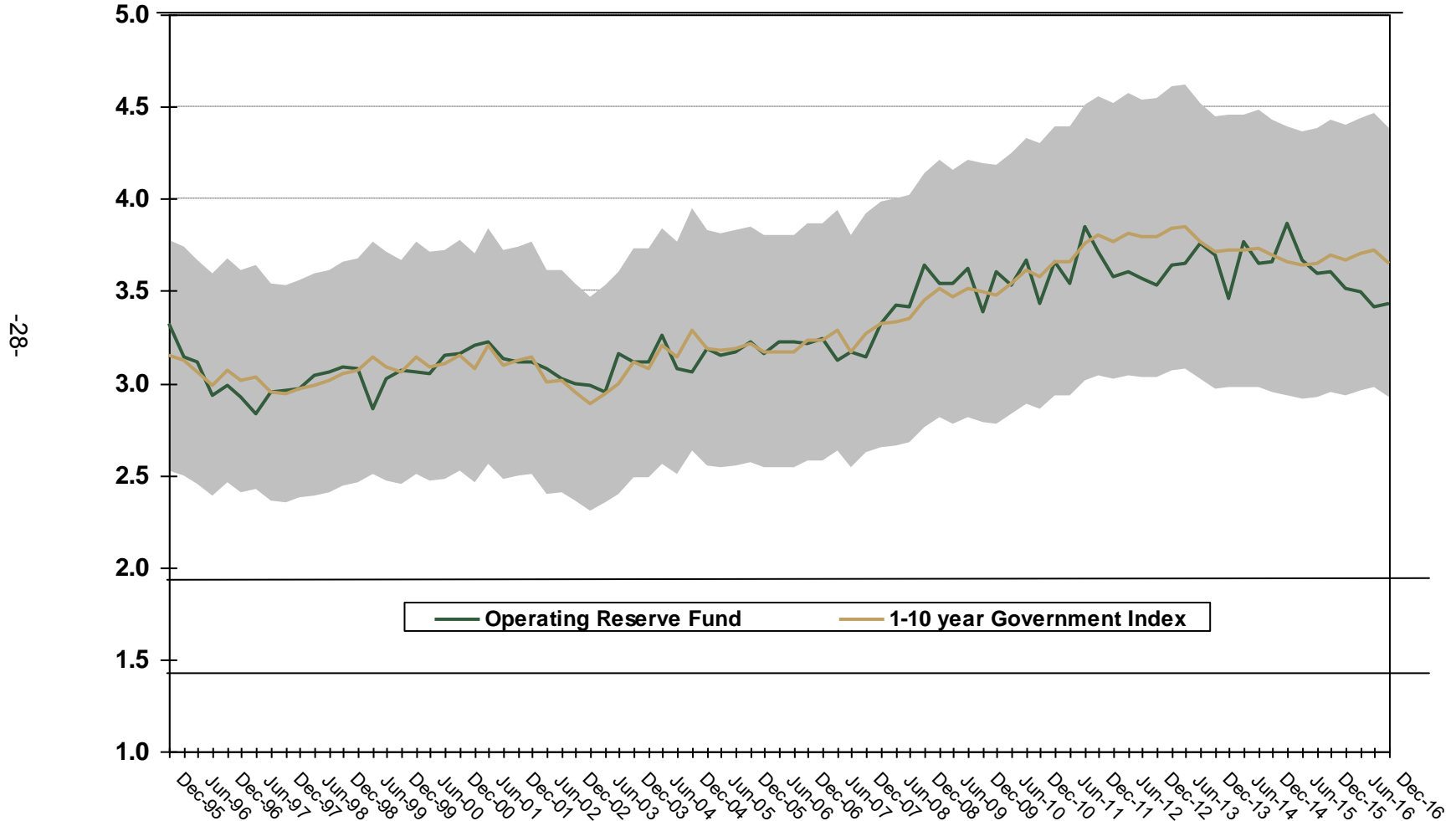
As of 12/31/2016

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	2.00%	5.32	18.56%
Federal National Mortgage Association	Agency	2.18%	5.94	12.35%
Federal Home Loan Mortgage Corp	Agency	1.65%	3.50	11.57%
Federal Home Loan Bank	Agency	1.87%	4.19	11.31%
Tennessee Valley Authority	Agency	1.79%	3.90	7.02%
Bank of Tokyo-Mit UFJ	Commercial Paper	1.05%	0.18	2.03%
Federal Farm Credit Bank	Agency	1.46%	2.60	1.97%
Federal Home Loan Mortgage Corp	CMO	1.45%	1.65	1.87%
General Electric Co	US Corporate	1.11%	0.32	1.86%
Paccar Financial	US Corporate	1.82%	2.26	1.75%
Honda Motor Corporation	US Corporate	1.68%	1.78	1.74%
ChevronTexaco Corp	US Corporate	1.45%	1.29	1.65%
Qualcomm Inc	US Corporate	2.25%	3.39	1.44%
Oracle Corp	US Corporate	2.41%	4.71	1.43%
Apple Inc	US Corporate	1.28%	1.34	1.34%
Exxon Mobil Corp	US Corporate	2.16%	4.17	1.33%
JP Morgan ABS	ABS	1.41%	3.29	1.33%
State Street Bank	US Corporate	2.44%	4.38	1.32%
Cisco Systems	US Corporate	1.50%	2.16	1.31%
JP Morgan Chase & Co	US Corporate	1.94%	2.08	1.31%
US Bancorp	US Corporate	1.66%	1.87	1.31%
Bank of New York	US Corporate	1.97%	2.70	1.31%
Toyota Motor Corp	US Corporate	1.83%	2.05	1.30%
Charles Schwab Corp/The	US Corporate	1.47%	1.19	1.29%
Intel Corp	US Corporate	1.19%	0.96	1.29%
Deere & Company	US Corporate	1.67%	1.95	1.26%
Berkshire Hathaway	US Corporate	2.25%	4.21	1.12%
John Deere ABS	ABS	1.11%	1.67	1.10%
Pepsico Inc	US Corporate	2.13%	3.33	1.03%
Bank of Nova Scotia	Negotiable CD	1.26%	0.16	1.00%
Microsoft	US Corporate	2.24%	4.61	0.91%
HSBC USA Corp	US Corporate	1.79%	1.04	0.85%
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.23%	0.00	0.80%
Honda ABS	ABS	1.13%	1.36	0.71%
United Technology Corp	US Corporate	1.17%	0.42	0.12%
Toyota ABS	ABS	1.33%	0.96	0.12%
<b>Total</b>		<b>1.81%</b>	<b>3.71</b>	<b>100%</b>

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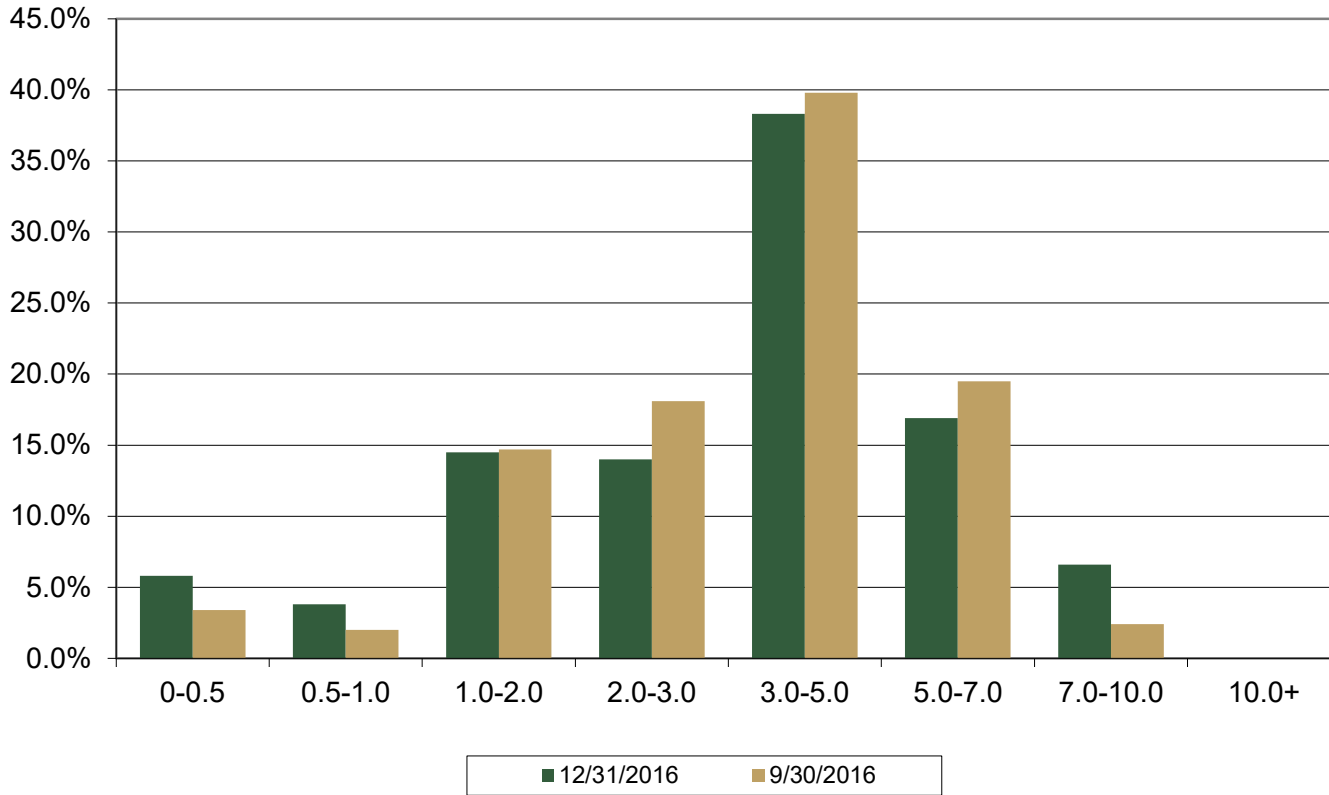
## Operating Reserve Fund Duration Compared to 1 - 10 Year Government Index Duration





# Maturity Distribution

## Operating Reserve Fund December 31, 2016 vs. September 30, 2016



	0-0.5	0.5-1.0	1.0-2.0	2.0-3.0	3.0-5.0	5.0-7.0	7.0-10.0	10.0+
12/31/2016	5.8%	3.8%	14.5%	14.0%	38.3%	16.9%	6.6%	0.0%
9/30/2016	3.4%	2.0%	14.7%	18.1%	39.8%	19.5%	2.4%	0.0%

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## Moulton Niguel Water District Operating Reserve

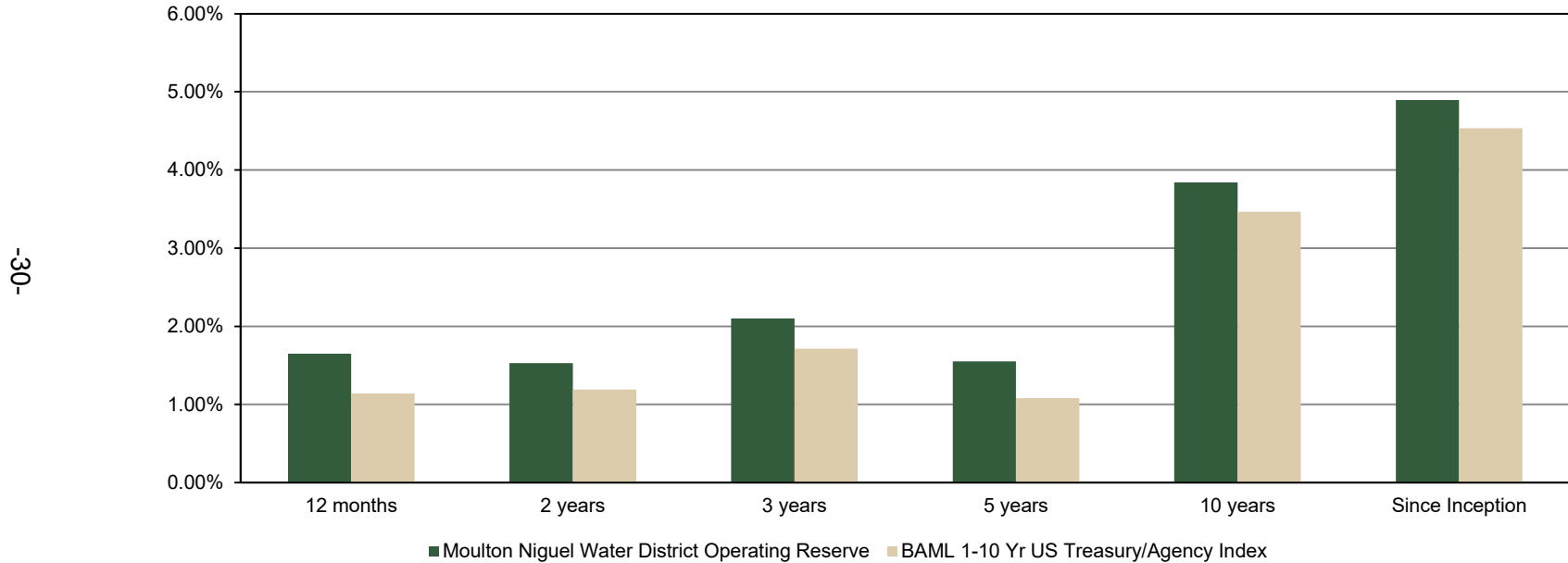
Period Ending

December 31, 2016

Total Rate of Return

Annualized Since Inception

September 30, 1995



	Annualized						
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
Moulton Niguel Water District Operating Reserve	-1.75%	1.65%	1.53%	2.10%	1.55%	3.84%	4.90%
BAML 1-10 Yr US Treasury/Agency Index	-2.06%	1.14%	1.19%	1.72%	1.08%	3.47%	4.53%

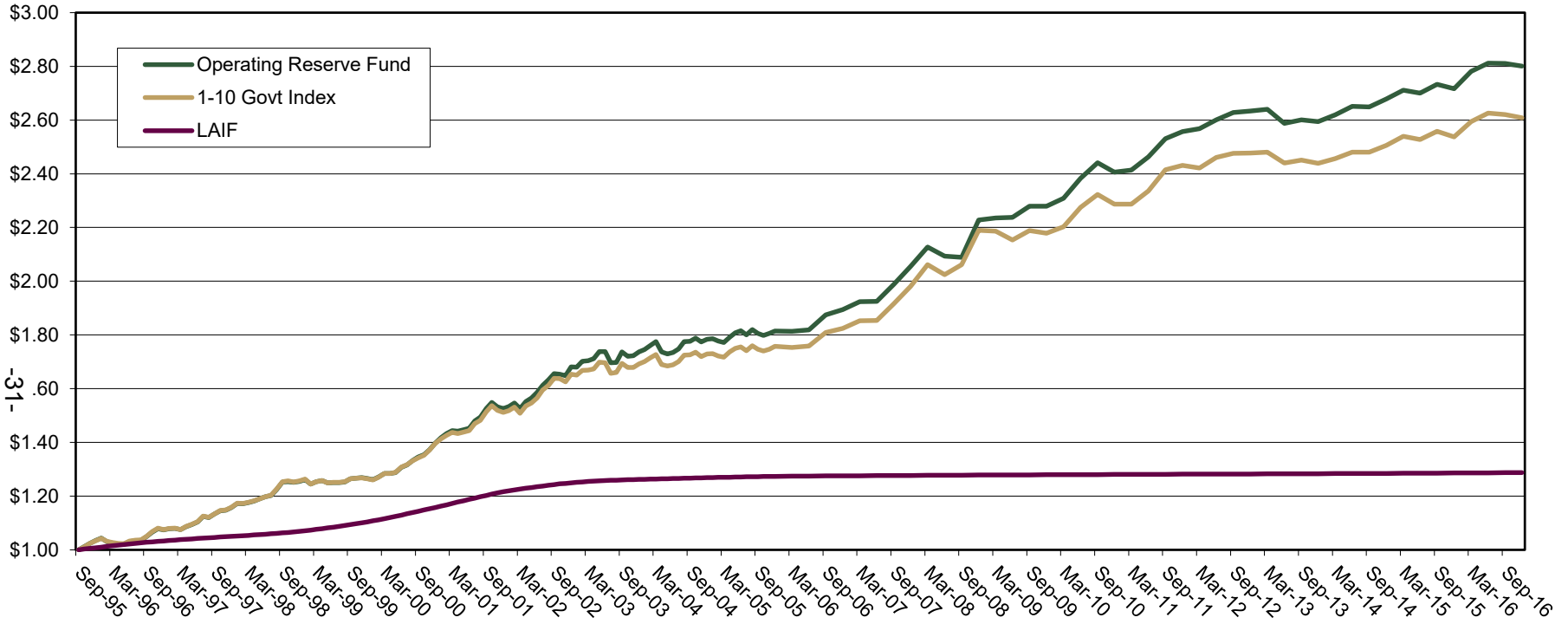
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.





# Growth Over Time

## Operating Reserve Fund Growth of \$1 Million



### Historical return on \$1 million invested in September 1995

**Operating Reserve Fund**  
**1-10 Govt Index**  
**LAIF**

	12/31/2016	Return
Operating Reserve Fund	\$2,801,140	4.97%
1-10 Govt Index	\$2,608,129	4.61%
LAIF	\$1,287,187	1.20%

**SECTION 3**

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**Portfolio Holdings**



# Holdings Report

## Moulton Niguel Water District Liquid Fund - Account #41

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>LAIF</b>									
90LAIF\$00	Local Agency Investment Fund State Pool	18,003,902.59	Various 0.67%	18,003,902.59 18,003,902.59	1.00 0.67%	18,003,902.59 14,276.04	100.00% 0.00	NR / NR NR	0.00 0.00
<b>Total LAIF</b>		<b>18,003,902.59</b>	<b>0.67%</b>	<b>18,003,902.59</b>	<b>0.67%</b>	<b>18,003,902.59</b> <b>14,276.04</b>	<b>100.00%</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL PORTFOLIO</b>		<b>18,003,902.59</b>	<b>0.67%</b>	<b>18,003,902.59</b>	<b>0.67%</b>	<b>18,003,902.59</b> <b>14,276.04</b>	<b>100.00%</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>18,018,178.63</b>			



## Moulton Niguel Water District Limited Maturity - Account #42

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
89231TAB6	Toyota Auto Receivables Owner 2015-C 0.920% Due 02/15/2018	48,169.24	08/18/2015 0.93%	48,165.37 48,165.37	99.97 1.13%	48,157.10 19.70	0.50% (8.27)	Aaa / AAA NR	1.13 0.12
89236WAC2	Toyota Auto Receivables Owner 2015-A 1.120% Due 02/15/2019	228,577.26	02/24/2015 1.13%	228,542.71 228,542.71	99.95 1.22%	228,455.43 113.78	2.39% (87.28)	Aaa / AAA NR	2.13 0.54
43813NAC0	Honda Auto Receivables 2015-2 A3 1.040% Due 02/21/2019	313,176.10	05/13/2015 1.05%	313,128.03 313,128.03	99.89 1.23%	312,842.88 90.47	3.28% (285.15)	NR / AAA AAA	2.14 0.57
<b>Total ABS</b>		<b>589,922.60</b>	<b>1.07%</b>	<b>589,836.11</b>	<b>1.22%</b>	<b>589,455.41</b> <b>223.95</b>	<b>6.18%</b> <b>(380.70)</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>2.05</b> <b>0.52</b>

<b>Agency</b>									
3137EADU0	FHLMC Note 0.500% Due 01/27/2017	625,000.00	02/26/2015 0.64%	623,343.75 623,343.75	100.00 0.52%	624,992.50 1,336.81	6.56% 1,648.75	Aaa / AA+ AAA	0.07 0.07
3135G0ZB2	FNMA Note 0.750% Due 04/20/2017	625,000.00	02/26/2015 0.73%	625,206.25 625,206.25	100.04 0.62%	625,243.13 924.48	6.56% 36.88	Aaa / AA+ AAA	0.30 0.30
31359M7X5	FNMA Note 5.000% Due 05/11/2017	550,000.00	12/31/2009 3.68%	596,309.45 596,309.45	101.53 0.76%	558,393.00 3,819.44	5.89% (37,916.45)	Aaa / AA+ AAA	0.36 0.36
3130A4GJ5	FHLB Note 1.125% Due 04/25/2018	610,000.00	07/31/2015 0.94%	613,078.67 613,078.67	100.08 1.07%	610,470.92 1,258.13	6.41% (2,607.75)	Aaa / AA+ AAA	1.32 1.30
3135G0WJ8	FNMA Note 0.875% Due 05/21/2018	340,000.00	04/11/2013 0.92%	339,272.40 339,272.40	99.72 1.08%	339,048.68 330.56	3.56% (223.72)	Aaa / AA+ AAA	1.39 1.37
3137EADK2	FHLMC Note 1.250% Due 08/01/2019	250,000.00	01/04/2013 1.35%	248,450.00 248,450.00	99.59 1.41%	248,970.75 1,302.08	2.62% 520.75	Aaa / AA+ AAA	2.58 2.52
3133X8AS1	FHLB Note 5.125% Due 08/15/2019	300,000.00	06/07/2011 3.02%	345,579.00 345,579.00	109.38 1.46%	328,154.70 5,808.33	3.50% (17,424.30)	Aaa / AA+ AAA	2.62 2.43
<b>Total Agency</b>		<b>3,300,000.00</b>	<b>1.54%</b>	<b>3,391,239.52</b>	<b>0.89%</b>	<b>3,335,273.68</b> <b>14,779.83</b>	<b>35.10%</b> <b>(55,965.84)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>0.97</b> <b>0.94</b>

<b>Money Market Fund FI</b>									
94975J466	Wells Fargo Advantage Government MMF	89,065.11	Various 0.23%	89,065.11 89,065.11	1.00 0.23%	89,065.11 0.00	0.93% 0.00	Aaa / AAA AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>89,065.11</b>	<b>0.23%</b>	<b>89,065.11</b>	<b>0.23%</b>	<b>89,065.11</b> <b>0.00</b>	<b>0.93%</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>0.00</b> <b>0.00</b>

<b>US Corporate</b>									
009158AS5	Air Products & Chemicals Note 1.200% Due 10/15/2017	300,000.00	03/03/2015 1.28%	299,379.00 299,379.00	99.98 1.23%	299,929.80 760.00	3.15% 550.80	A2 / A NR	0.79 0.78
458140AL4	Intel Corp Note 1.350% Due 12/15/2017	370,000.00	12/12/2012 1.28%	371,195.10 371,195.10	100.15 1.19%	370,556.11 222.00	3.88% (638.99)	A1 / A+ A+	0.96 0.95
94974BFG0	Wells Fargo Corp Note 1.500% Due 01/16/2018	400,000.00	02/23/2015 1.47%	400,372.00 400,372.00	99.88 1.62%	399,520.80 2,750.00	4.21% (851.20)	A2 / A AA-	1.04 1.02

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# Holdings Report

## Moulton Niguel Water District Limited Maturity - Account #42

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
166764AV2	Chevron Corp Note 1.365% Due 03/02/2018	400,000.00	02/24/2015 1.37%	400,000.00 400,000.00	99.90 1.45%	399,607.20 1,804.83	4.21% (392.80)	Aa2 / AA- NR	1.17 1.15
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.500% Due 03/10/2018	430,000.00	Various 1.48%	430,191.20 430,191.20	100.02 1.47%	430,101.48 1,988.75	4.53% (89.72)	A2 / A A	1.19 1.09
747525AG8	Qualcomm Inc Note 1.400% Due 05/18/2018	460,000.00	Various 1.45%	459,275.60 459,275.60	99.99 1.41%	459,937.44 733.44	4.83% 661.84	A1 / A+ NR	1.38 1.36
36962G7G3	General Electric Capital Corp Note 2.300% Due 01/14/2019	380,000.00	07/31/2015 1.82%	386,087.60 386,087.60	101.18 1.71%	384,493.88 4,054.39	4.07% (1,593.72)	A1 / AA- AA-	2.04 1.96
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.300% Due 09/11/2019	450,000.00	11/19/2014 2.25%	451,017.00 451,017.00	100.82 1.97%	453,708.00 3,162.50	4.79% 2,691.00	A1 / A AA-	2.70 2.51
<b>Total US Corporate</b>		<b>3,190,000.00</b>	<b>1.57%</b>	<b>3,197,517.50</b>	<b>1.52%</b>	<b>3,197,854.71</b> <b>15,475.91</b>	<b>33.67%</b> <b>337.21</b>	<b>A1 / A+</b> <b>A+</b>	<b>1.45</b> <b>1.39</b>
<b>US Treasury</b>									
912828H78	US Treasury Note 0.500% Due 01/31/2017	600,000.00	02/19/2015 0.62%	598,619.20 598,619.20	100.01 0.36%	600,068.40 1,255.43	6.30% 1,449.20	Aaa / AA+ AAA	0.08 0.08
912828SS0	US Treasury Note 0.875% Due 04/30/2017	600,000.00	02/19/2015 0.74%	601,806.70 601,806.70	100.11 0.53%	600,685.80 899.17	6.30% (1,120.90)	Aaa / AA+ AAA	0.33 0.33
912828XK1	US Treasury Note 0.875% Due 07/15/2018	625,000.00	07/31/2015 0.98%	623,024.56 623,024.56	99.68 1.09%	622,998.13 2,526.32	6.55% (26.43)	Aaa / AA+ AAA	1.54 1.52
912828SX9	US Treasury Note 1.125% Due 05/31/2019	475,000.00	01/30/2013 1.23%	472,014.60 472,014.60	99.59 1.30%	473,070.55 469.78	4.96% 1,055.95	Aaa / AA+ AAA	2.41 2.37
<b>Total US Treasury</b>		<b>2,300,000.00</b>	<b>0.87%</b>	<b>2,295,465.06</b>	<b>0.79%</b>	<b>2,296,822.88</b> <b>5,150.70</b>	<b>24.12%</b> <b>1,357.82</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>1.02</b> <b>1.01</b>
<b>TOTAL PORTFOLIO</b>		<b>9,468,987.71</b>	<b>1.35%</b>	<b>9,563,123.30</b>	<b>1.10%</b>	<b>9,508,471.79</b> <b>35,630.39</b>	<b>100.00%</b> <b>(54,651.51)</b>	<b>Aa2 / AA</b> <b>Aaa</b>	<b>1.20</b> <b>1.07</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>9,544,102.18</b>			

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# Holdings Report

## Moulton Niguel Water District Operating Reserve - Account #40

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
89231MAC9	Toyota Auto Receivables Owner 2014-A 0.670% Due 12/15/2017	111,900.27	03/11/2014 0.69%	111,879.59 111,879.59	99.96 1.33%	111,851.37 33.32	0.12% (28.22)	Aaa / AAA NR	0.96 0.08
43814GAC4	Honda Auto Receivables 2014-2 A3 0.770% Due 03/19/2018	274,148.76	05/13/2014 0.78%	274,115.81 274,115.81	99.92 1.14%	273,918.48 76.23	0.29% (197.33)	Aaa / AAA NR	1.21 0.23
47787VAC5	John Deere Owner Trust 2014-A A3 0.920% Due 04/16/2018	366,758.93	04/02/2014 0.93%	366,700.18 366,700.18	99.96 1.14%	366,601.22 149.96	0.39% (98.96)	Aaa / NR AAA	1.29 0.20
43814HAC2	Honda Auto Receivables 2014-3 A3 0.880% Due 06/15/2018	393,358.39	08/12/2014 0.89%	393,282.51 393,282.51	99.93 1.12%	393,090.91 153.85	0.42% (191.60)	NR / AAA AAA	1.45 0.29
47787AD6	John Deere Owner Trust 2014-B A3 1.070% Due 11/15/2018	657,536.05	Various 1.08%	657,361.26 657,361.26	99.99 1.09%	657,491.33 312.69	0.70% 130.07	Aaa / NR AAA	1.87 0.37
161571GY4	Chase CHAIT Pool #2015-A5 1.360% Due 04/15/2020	1,240,000.00	04/30/2015 1.37%	1,239,781.51 1,239,781.51	99.94 1.41%	1,239,270.88 749.51	1.33% (510.63)	NR / AAA AAA	3.29 1.25
<b>Total ABS</b>		<b>3,043,702.40</b>	<b>1.12%</b>	<b>3,043,120.86</b>	<b>1.24%</b>	<b>3,042,224.19</b> <b>1,475.56</b>	<b>3.26%</b> <b>(896.67)</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>2.23</b> <b>0.67</b>

<b>Agency</b>									
880591CU4	Tennessee Valley Authority Note 6.250% Due 12/15/2017	1,590,000.00	Various 4.15%	1,827,006.80 1,827,006.80	104.94 1.04%	1,668,592.11 4,416.66	1.79% (158,414.69)	NR / AA+ AAA	0.96 0.94
31331YF21	FFCB Note 4.250% Due 04/16/2018	650,000.00	07/15/2010 2.98%	706,634.50 706,634.50	103.90 1.20%	675,331.80 5,755.21	0.73% (31,302.70)	Aaa / AA+ AAA	1.29 1.25
3137EADG1	FHLMC Note 1.750% Due 05/30/2019	1,900,000.00	04/27/2012 1.66%	1,911,149.20 1,911,149.20	100.94 1.35%	1,917,901.80 2,863.19	2.06% 6,752.60	Aaa / AA+ AAA	2.41 2.36
3137EADK2	FHLMC Note 1.250% Due 08/01/2019	2,000,000.00	Various 1.49%	1,970,964.80 1,970,964.80	99.59 1.41%	1,991,766.00 10,416.66	2.14% 20,801.20	Aaa / AA+ AAA	2.58 2.52
3133X8AS1	FHLB Note 5.125% Due 08/15/2019	1,700,000.00	06/07/2011 3.02%	1,958,281.00 1,958,281.00	109.38 1.46%	1,859,543.30 32,913.89	2.03% (98,737.70)	Aaa / AA+ AAA	2.62 2.43
3137EADM8	FHLMC Note 1.250% Due 10/02/2019	1,425,000.00	Various 1.60%	1,396,312.75 1,396,312.75	99.42 1.47%	1,416,665.18 4,403.64	1.52% 20,352.43	Aaa / AA+ AAA	2.75 2.69
3137EADR7	FHLMC Note 1.375% Due 05/01/2020	1,575,000.00	04/17/2014 2.18%	1,503,983.25 1,503,983.25	99.22 1.61%	1,562,787.45 3,609.38	1.68% 58,804.20	Aaa / AA+ AAA	3.33 3.24
3133ECPD0	FFCB Note 1.420% Due 05/13/2020	1,165,000.00	05/22/2013 1.63%	1,148,561.85 1,148,561.85	99.39 1.61%	1,157,931.95 2,205.73	1.24% 9,370.10	Aaa / AA+ AAA	3.37 3.27
3135GOF73	FNMA Note 1.500% Due 11/30/2020	1,900,000.00	10/28/2015 1.57%	1,893,464.00 1,893,464.00	98.75 1.83%	1,876,164.50 2,454.17	2.01% (17,299.50)	Aaa / AA+ AAA	3.92 3.78
3133XDVS7	FHLB Note 5.250% Due 12/11/2020	1,825,000.00	07/07/2011 3.54%	2,073,346.00 2,073,346.00	112.75 1.88%	2,057,601.73 5,322.92	2.21% (15,744.27)	Aaa / AA+ AAA	3.95 3.59
3135G0H55	FNMA Note 1.875% Due 12/28/2020	1,665,000.00	11/13/2015 1.88%	1,664,850.15 1,664,850.15	100.26 1.81%	1,669,392.27 260.16	1.79% 4,542.12	Aaa / AA+ AAA	3.99 3.83
880591EL2	Tennessee Valley Authority Note 3.875% Due 02/15/2021	2,120,000.00	04/06/2011 3.87%	2,121,611.20 2,121,611.20	107.60 1.95%	2,281,153.92 31,034.44	2.48% 159,542.72	Aaa / AA+ AAA	4.13 3.77



# Holdings Report

## Moulton Niguel Water District Operating Reserve - Account #40

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	1,580,000.00	02/17/2016 1.46%	1,573,616.80 1,573,616.80	98.11 1.85%	1,550,076.38 8,026.18	1.67% (23,540.42)	Aaa / AA+ AAA	4.14 3.97
3135G0J20	FNMA Note 1.375% Due 02/26/2021	1,800,000.00	04/21/2016 1.45%	1,793,466.00 1,793,466.00	98.05 1.86%	1,764,909.00 8,593.75	1.90% (28,557.00)	Aaa / AA+ AAA	4.16 3.99
3135G0K69	FNMA Note 1.250% Due 05/06/2021	1,850,000.00	07/22/2016 1.27%	1,848,649.50 1,848,649.50	97.17 1.93%	1,797,585.80 3,532.99	1.93% (51,063.70)	Aaa / AA+ AAA	4.35 4.19
3133752P1	FHLB Note 3.500% Due 07/29/2021	2,925,000.00	08/03/2011 3.19%	3,003,185.25 3,003,185.25	106.70 1.96%	3,121,004.25 43,225.00	3.39% 117,819.00	Aaa / AA+ AAA	4.58 4.18
3137EAEC9	FHLMC Note 1.125% Due 08/12/2021	1,900,000.00	08/16/2016 1.32%	1,881,855.00 1,881,855.00	96.28 1.97%	1,829,238.30 8,253.13	1.97% (52,616.70)	Aaa / AA+ AAA	4.62 4.44
3137EADB2	FHLMC Note 2.375% Due 01/13/2022	2,000,000.00	01/27/2016 1.78%	2,066,660.00 2,066,660.00	101.64 2.03%	2,032,814.00 22,166.67	2.20% (33,846.00)	Aaa / AA+ AAA	5.04 4.68
3130A5P45	FHLB Note 2.375% Due 06/10/2022	1,850,000.00	07/24/2015 2.31%	1,857,751.50 1,857,751.50	101.40 2.10%	1,875,824.15 2,563.02	2.01% 18,072.65	Aaa / AA+ AAA	5.44 5.08
880591EN8	Tennessee Valley Authority Note 1.875% Due 08/15/2022	2,585,000.00	Various 2.03%	2,550,760.80 2,550,760.80	98.55 2.15%	2,547,571.79 18,310.42	2.75% (3,189.01)	Aaa / AA+ AAA	5.62 5.27
3135G0ZR7	FNMA Note 2.625% Due 09/06/2024	1,400,000.00	10/29/2014 2.68%	1,393,896.00 1,393,896.00	100.97 2.49%	1,413,552.00 11,739.58	1.53% 19,656.00	Aaa / AA+ AAA	7.69 6.87
3135G0K36	FNMA Note 2.125% Due 04/24/2026	1,900,000.00	Various 2.16%	1,893,849.00 1,893,849.00	94.57 2.79%	1,796,812.90 7,514.24	1.93% (97,036.10)	Aaa / AA+ AAA	9.32 8.32
3135G0Q22	FNMA Note 1.875% Due 09/24/2026	1,275,000.00	12/14/2016 2.97%	1,157,190.00 1,157,190.00	91.87 2.84%	1,171,374.38 6,242.19	1.26% 14,184.38	Aaa / AA+ AAA	9.74 8.73
<b>Total Agency</b>		<b>40,580,000.00</b>	<b>2.30%</b>	<b>41,197,045.35</b>	<b>1.87%</b>	<b>41,035,594.96</b> <b>245,823.22</b>	<b>44.22%</b> <b>(161,450.39)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>4.38</b> <b>4.09</b>
<b>CMO</b>									
3137AH6Q6	FHLMC K704 A2 2.412% Due 08/25/2018	1,719,857.06	03/06/2014 1.68%	1,772,662.05 1,772,662.05	101.25 1.45%	1,741,305.40 691.38	1.87% (31,356.65)	Aaa / NR AAA	1.65 1.43
<b>Total CMO</b>		<b>1,719,857.06</b>	<b>1.68%</b>	<b>1,772,662.05</b>	<b>1.45%</b>	<b>1,741,305.40</b> <b>691.38</b>	<b>1.87%</b> <b>(31,356.65)</b>	<b>Aaa / NR</b> <b>Aaa</b>	<b>1.65</b> <b>1.43</b>
<b>Commercial Paper</b>									
06538BQ63	Bank of Tokyo Mitsubishi NY Discount CP 1.030% Due 03/06/2017	1,900,000.00	10/26/2016 1.05%	1,892,933.06 1,896,520.89	99.82 1.05%	1,896,520.89 0.00	2.03% 0.00	P-1 / A-1 NR	0.18 0.18
<b>Total Commercial Paper</b>		<b>1,900,000.00</b>	<b>1.05%</b>	<b>1,892,933.06</b> <b>1,896,520.89</b>	<b>1.05%</b>	<b>1,896,520.89</b> <b>0.00</b>	<b>2.03%</b> <b>0.00</b>	<b>P-1 / A-1</b> <b>NR</b>	<b>0.18</b> <b>0.18</b>

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## Moulton Niguel Water District Operating Reserve - Account #40

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Money Market Fund FI</b>									
94975J466	Wells Fargo Advantage Government MMF	746,039.34	Various 0.23%	746,039.34 746,039.34	1.00 0.23%	746,039.34 0.00	0.80% 0.00	Aaa / AAA AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>746,039.34</b>	<b>0.23%</b>	<b>746,039.34</b>	<b>0.23%</b>	<b>0.00</b>	<b>0.00</b>	<b>Aaa / AAA</b>	<b>0.00</b>
<b>Negotiable CD</b>									
06417GNP9	Bank of Nova Scotia Yankee CD 1.260% Due 03/01/2017	925,000.00	08/29/2016 1.26%	924,999.80 924,999.80	100.00 1.26%	924,999.80 4,046.88	1.00% 0.00	P-1 / A-1 F-1+	0.16 0.16
<b>Total Negotiable CD</b>		<b>925,000.00</b>	<b>1.26%</b>	<b>924,999.80</b>	<b>1.26%</b>	<b>4,046.88</b>	<b>0.00</b>	<b>Aaa / AA</b>	<b>0.16</b>
<b>US Corporate</b>									
36962G5W0	General Electric Capital Corp Note 2.300% Due 04/27/2017	1,720,000.00	03/07/2013 1.44%	1,778,875.60 1,778,875.60	100.38 1.11%	1,726,566.96 7,032.89	1.86% (52,308.64)	A1 / AA- AA-	0.32 0.32
913017BU2	United Tech Corp Note 1.800% Due 06/01/2017	115,000.00	05/24/2012 1.82%	114,901.10 114,901.10	100.26 1.17%	115,300.50 172.50	0.12% 399.40	A3 / A- A-	0.42 0.41
166764AA8	Chevron Corp Callable Note Cont 11/5/17 1.104% Due 12/05/2017	535,000.00	Various 1.19%	533,208.75 533,208.75	99.77 1.37%	533,790.90 426.58	0.57% 582.15	Aa2 / AA- NR	0.93 0.84
458140AL4	Intel Corp Note 1.350% Due 12/15/2017	1,200,000.00	Various 1.30%	1,202,843.20 1,202,843.20	100.15 1.19%	1,201,803.61 720.00	1.29% (1,039.59)	A1 / A+ A+	0.96 0.95
40428HPH9	HSBC USA Inc Note 1.625% Due 01/16/2018	790,000.00	08/21/2015 1.75%	787,677.40 787,677.40	99.83 1.79%	788,618.29 5,883.85	0.85% 940.89	A2 / A AA-	1.04 1.02
69371RM45	Paccar Financial Corp Note 1.450% Due 03/09/2018	1,115,000.00	03/03/2015 1.48%	1,113,951.90 1,113,951.90	99.96 1.48%	1,114,585.22 5,029.89	1.20% 633.32	A1 / A+ NR	1.19 1.17
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.500% Due 03/10/2018	1,200,000.00	03/12/2015 1.50%	1,200,072.00 1,200,072.00	100.02 1.47%	1,200,283.20 5,550.00	1.29% 211.20	A2 / A A	1.19 1.09
037833AJ9	Apple Inc Note 1.000% Due 05/03/2018	1,250,000.00	Various 1.33%	1,231,967.50 1,231,967.50	99.63 1.28%	1,245,312.50 2,013.89	1.34% 13,345.00	Aa1 / AA+ NR	1.34 1.32
166764AE0	Chevron Corp Callable Note Cont 5/24/2018 1.718% Due 06/24/2018	1,000,000.00	03/28/2014 1.71%	1,000,470.00 1,000,470.00	100.31 1.49%	1,003,062.00 334.06	1.07% 2,592.00	Aa2 / AA- NR	1.48 1.38
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	1,600,000.00	03/28/2014 1.99%	1,609,232.00 1,609,232.00	100.78 1.68%	1,612,513.60 7,650.00	1.74% 3,281.60	A1 / A+ NR	1.78 1.73
91159HHE3	US Bancorp Callable Note Cont 10/15/2018 1.950% Due 11/15/2018	1,210,000.00	Various 1.83%	1,215,878.85 1,215,878.85	100.51 1.66%	1,216,156.48 3,014.91	1.31% 277.63	A1 / A+ AA	1.87 1.75
24422ESF7	John Deere Capital Corp Note 1.950% Due 12/13/2018	1,170,000.00	Various 2.00%	1,167,143.90 1,167,143.90	100.53 1.67%	1,176,179.94 1,140.75	1.26% 9,036.04	A2 / A A	1.95 1.91
89236TBB0	Toyota Motor Credit Corp Note 2.100% Due 01/17/2019	1,200,000.00	11/19/2014 2.00%	1,204,548.00 1,204,548.00	100.55 1.83%	1,206,588.00 11,480.00	1.30% 2,040.00	Aa3 / AA- A	2.05 1.98
46625HJR2	JP Morgan Chase Note 2.350% Due 01/28/2019	1,200,000.00	04/02/2014 2.32%	1,201,392.00 1,201,392.00	100.83 1.94%	1,209,933.60 11,985.00	1.31% 8,541.60	A3 / A- A+	2.08 2.00

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# Holdings Report

## Moulton Niguel Water District Operating Reserve - Account #40

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
17275RAR3	Cisco Systems Note 2.125% Due 03/01/2019	1,200,000.00	Various 2.02%	1,205,740.50 1,205,740.50	101.32 1.50%	1,215,813.60 8,500.00	1.31% 10,073.10	A1 / AA- NR	2.16 2.10
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.300% Due 09/11/2019	1,200,000.00	11/19/2014 2.25%	1,202,712.00 1,202,712.00	100.82 1.97%	1,209,888.00 8,433.33	1.31% 7,176.00	A1 / A AA-	2.70 2.51
713448CS5	PepsiCo Inc Callable Note Cont 3/30/2020 1.850% Due 04/30/2020	970,000.00	04/27/2015 1.86%	969,447.10 969,447.10	99.13 2.13%	961,533.84 3,040.68	1.03% (7,913.26)	A1 / A A	3.33 3.13
747525AD5	Qualcomm Inc Note 2.250% Due 05/20/2020	1,340,000.00	05/13/2015 2.25%	1,340,302.10 1,340,302.10	100.01 2.25%	1,340,097.82 3,433.76	1.44% (204.28)	A1 / A+ NR	3.39 3.24
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 03/01/2021	1,230,000.00	05/16/2016 1.84%	1,251,561.90 1,251,561.90	100.23 2.16%	1,232,817.93 9,110.20	1.33% (18,743.97)	Aaa / AA+ NR	4.17 3.93
084670BQ0	Berkshire Hathaway Callable Note Cont 2/15/2021 2.200% Due 03/15/2021	1,045,000.00	03/08/2016 2.25%	1,042,784.60 1,042,784.60	99.79 2.25%	1,042,826.40 6,769.28	1.12% 41.80	Aa2 / AA A+	4.21 3.93
857477AV5	State Street Bank Note 1.950% Due 05/19/2021	1,255,000.00	05/18/2016 2.02%	1,250,557.30 1,250,557.30	97.99 2.44%	1,229,800.86 2,855.13	1.32% (20,756.44)	A1 / A AA-	4.38 4.16
594918BP8	Microsoft Callable Note Cont 7/8/21 1.550% Due 08/08/2021	870,000.00	Various 1.57%	868,966.50 868,966.50	96.99 2.24%	843,823.44 5,356.55	0.91% (25,143.06)	Aaa / AAA AAA	4.61 4.38
69371RN44	Paccar Financial Corp Note 1.650% Due 08/11/2021	530,000.00	08/04/2016 1.68%	529,289.80 529,289.80	96.07 2.56%	509,193.79 3,400.83	0.55% (20,096.01)	A1 / A+ NR	4.61 4.37
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.900% Due 09/15/2021	1,350,000.00	10/05/2016 1.93%	1,347,988.50 1,347,988.50	97.72 2.41%	1,319,210.55 12,397.50	1.43% (28,777.95)	A1 / AA- A+	4.71 4.43
<b>Total US Corporate</b>		<b>26,295,000.00</b>	<b>1.83%</b>	<b>26,371,512.50</b>	<b>1.79%</b>	<b>26,255,701.03</b> <b>125,731.58</b>	<b>28.26%</b> <b>(115,811.47)</b>	<b>A1 / A+</b> <b>A+</b>	<b>2.38</b> <b>2.26</b>

### US Treasury

912828UB4	US Treasury Note 1.000% Due 11/30/2019	1,000,000.00	Various 1.89%	947,972.75 947,972.75	98.80 1.42%	987,969.00 879.12	1.06% 39,996.25	Aaa / AA+ AAA	2.92 2.86
912828PX2	US Treasury Note 3.625% Due 02/15/2021	1,425,000.00	06/02/2011 2.95%	1,505,662.92 1,505,662.92	107.34 1.77%	1,529,649.15 19,511.46	1.66% 23,986.23	Aaa / AA+ AAA	4.13 3.80
912828RC6	US Treasury Note 2.125% Due 08/15/2021	1,650,000.00	02/28/2014 2.23%	1,637,953.86 1,637,953.86	100.95 1.91%	1,665,661.80 13,243.72	1.80% 27,707.94	Aaa / AA+ AAA	4.62 4.35
912828RR3	US Treasury Note 2.000% Due 11/15/2021	2,000,000.00	01/18/2012 1.90%	2,017,664.26 2,017,664.26	100.28 1.94%	2,005,546.00 5,193.37	2.15% (12,118.26)	Aaa / AA+ AAA	4.88 4.61
912828SF8	US Treasury Note 2.000% Due 02/15/2022	2,025,000.00	07/31/2014 2.33%	1,978,970.99 1,978,970.99	100.16 1.97%	2,028,163.05 15,297.55	2.19% 49,192.06	Aaa / AA+ AAA	5.13 4.81
912828SV3	US Treasury Note 1.750% Due 05/15/2022	2,000,000.00	07/29/2013 2.41%	1,895,945.50 1,895,945.50	98.53 2.04%	1,970,624.00 4,544.20	2.12% 74,678.50	Aaa / AA+ AAA	5.37 5.09
912828TJ9	US Treasury Note 1.625% Due 08/15/2022	2,000,000.00	Various 2.17%	1,910,562.70 1,910,562.70	97.52 2.09%	1,950,468.00 12,275.81	2.10% 39,905.30	Aaa / AA+ AAA	5.62 5.31
912828TY6	US Treasury Note 1.625% Due 11/15/2022	1,600,000.00	05/27/2014 2.37%	1,509,318.90 1,509,318.90	97.32 2.11%	1,557,124.80 3,375.69	1.67% 47,805.90	Aaa / AA+ AAA	5.88 5.55
912828VB3	US Treasury Note 1.750% Due 05/15/2023	1,800,000.00	Various 2.37%	1,713,425.18 1,713,425.18	97.40 2.19%	1,753,171.20 4,089.78	1.88% 39,746.02	Aaa / AA+ AAA	6.37 5.97



## Moulton Niguel Water District Operating Reserve - Account #40

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828B66	US Treasury Note 2.750% Due 02/15/2024	1,725,000.00	Various 1.97%	1,819,091.87 1,819,091.87	103.28 2.25%	1,781,600.70 17,917.97	1.93% (37,491.17)	Aaa / AA+ AAA	7.13 6.39
<b>Total US Treasury</b>		<b>17,225,000.00</b>	<b>2.26%</b>	<b>16,936,568.93</b>	<b>2.00%</b>	<b>17,229,977.70</b> <b>96,328.67</b>	<b>18.56%</b> <b>293,408.77</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>5.32</b> <b>4.98</b>
<b>TOTAL PORTFOLIO</b>		<b>92,434,598.80</b>	<b>2.06%</b>	<b>92,884,881.89</b> <b>92,888,469.72</b>	<b>1.81%</b>	<b>92,872,363.31</b> <b>474,097.29</b>	<b>100.00%</b> <b>(16,106.41)</b>	<b>Aa1 / AA</b> <b>Aaa</b>	<b>3.71</b> <b>3.43</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>93,346,460.60</b>			



# Holdings Report

## Moulton Niguel Water District 2009 COP Rsv Fund - Account #44

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Agency</b>									
313378A43	FHLB Note 1.375% Due 03/09/2018	530,000.00	04/13/2016 0.81%	535,602.10 535,602.10	100.36 1.07%	531,895.81 2,267.22	8.78% (3,706.29)	Aaa / AA+ AAA	1.19 1.17
313378J77	FHLB Note 1.875% Due 03/13/2020	520,000.00	04/19/2016 1.20%	533,405.60 533,405.60	100.95 1.57%	524,916.08 2,925.00	8.68% (8,489.52)	Aaa / AA+ NR	3.20 3.08
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	535,000.00	04/12/2016 1.34%	535,963.00 535,963.00	98.11 1.85%	524,867.64 2,717.73	8.68% (11,095.36)	Aaa / AA+ AAA	4.14 3.97
3130A8QS5	FHLB Note 1.125% Due 07/14/2021	500,000.00	10/27/2016 1.41%	493,510.00 493,510.00	96.53 1.93%	482,630.00 2,609.38	7.98% (10,880.00)	Aaa / AA+ AAA	4.54 4.37
<b>Total Agency</b>		<b>2,085,000.00</b>	<b>1.18%</b>	<b>2,098,480.70</b>	<b>1.60%</b>	<b>2,064,309.53</b>	<b>34.12%</b>	<b>Aaa / AA+</b>	<b>3.23</b>
<b>Cash</b>									
90CASH\$00	Cash Custodial Cash Account	177,687.18	Various 0.00%	177,687.18 177,687.18	1.00 0.00%	177,687.18 0.00	2.92% 0.00	NR / NR NR	0.00 0.00
<b>Total Cash</b>		<b>177,687.18</b>	<b>0.00%</b>	<b>177,687.18</b>	<b>0.00%</b>	<b>177,687.18</b>	<b>0.00</b>	<b>NR</b>	<b>0.00</b>
<b>US Treasury</b>									
912828VK3	US Treasury Note 1.375% Due 06/30/2018	475,000.00	04/12/2016 0.77%	481,328.74 481,328.74	100.47 1.06%	477,226.80 18.04	7.85% (4,101.94)	Aaa / AA+ AAA	1.50 1.48
912828SX9	US Treasury Note 1.125% Due 05/31/2019	475,000.00	04/12/2016 0.89%	478,471.32 478,471.32	99.59 1.30%	473,070.55 469.78	7.79% (5,400.77)	Aaa / AA+ AAA	2.41 2.37
912828TH3	US Treasury Note 0.875% Due 07/31/2019	475,000.00	04/14/2016 0.98%	473,461.55 473,461.55	98.84 1.33%	469,489.05 1,739.30	7.75% (3,972.50)	Aaa / AA+ AAA	2.58 2.53
912828UQ1	US Treasury Note 1.250% Due 02/29/2020	475,000.00	04/14/2016 1.10%	477,766.24 477,766.24	99.20 1.51%	471,214.73 2,017.44	7.78% (6,551.51)	Aaa / AA+ AAA	3.16 3.07
912828UV0	US Treasury Note 1.125% Due 03/31/2020	475,000.00	04/14/2016 1.10%	475,502.57 475,502.57	98.71 1.53%	468,858.25 1,365.30	7.73% (6,644.32)	Aaa / AA+ AAA	3.25 3.16
912828WC0	US Treasury Note 1.750% Due 10/31/2020	475,000.00	04/14/2016 1.21%	486,319.95 486,319.95	100.20 1.70%	475,946.20 1,423.69	7.85% (10,373.75)	Aaa / AA+ AAA	3.84 3.68
912828B90	US Treasury Note 2.000% Due 02/28/2021	475,000.00	04/14/2016 1.26%	491,515.27 491,515.27	100.80 1.80%	478,785.28 3,227.90	7.93% (12,729.99)	Aaa / AA+ AAA	4.16 3.95
912828WN6	US Treasury Note 2.000% Due 05/31/2021	500,000.00	07/11/2016 1.01%	523,439.18 523,439.18	100.61 1.85%	503,066.50 879.12	8.29% (20,372.68)	Aaa / AA+ AAA	4.42 4.20
<b>Total US Treasury</b>		<b>3,825,000.00</b>	<b>1.04%</b>	<b>3,887,804.82</b>	<b>1.51%</b>	<b>3,817,657.36</b>	<b>62.96%</b>	<b>Aaa / AA+</b>	<b>3.18</b>
<b>TOTAL PORTFOLIO</b>		<b>6,087,687.18</b>	<b>1.06%</b>	<b>6,163,972.70</b>	<b>1.50%</b>	<b>6,059,654.07</b>	<b>100.00%</b>	<b>Aaa / AA+</b>	<b>3.10</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>6,081,313.97</b>	<b>(104,318.63)</b>	<b>Aaa</b>	<b>3.00</b>

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#4.



## Moulton Niguel Water District 10 COP Reserve Fund - Account #45

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Cash</b>									
90CASH\$00	Cash Custodial Cash Account	103,200.79	Various 0.00%	103,200.79 103,200.79	1.00 0.00%	103,200.79 0.00	27.26% 0.00	NR / NR NR	0.00 0.00
<b>Total Cash</b>		<b>103,200.79</b>	<b>0.00%</b>	<b>103,200.79</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>NR</b>	<b>0.00</b>
<b>US Treasury</b>									
912828TM2	US Treasury Note 0.625% Due 08/31/2017	275,000.00	04/12/2016 0.69%	274,764.59 274,764.59	99.92 0.74%	274,785.22 584.00	72.74% 20.63	Aaa / AA+ AAA	0.67 0.66
<b>Total US Treasury</b>		<b>275,000.00</b>	<b>0.69%</b>	<b>274,764.59</b>	<b>0.74%</b>	<b>584.00</b>	<b>20.63</b>	<b>Aaa</b>	<b>0.66</b>
<b>TOTAL PORTFOLIO</b>		<b>378,200.79</b>	<b>0.50%</b>	<b>377,965.38</b>	<b>0.54%</b>	<b>377,986.01</b>	<b>100.00%</b>	<b>Aaa / AA+</b>	<b>0.48</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>378,570.01</b>			



# Holdings Report

## Moulton Niguel Water District 2015 REV REF RSV - Account #46

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Agency</b>									
313378A43	FHLB Note 1.375% Due 03/09/2018	95,000.00	04/13/2016 0.81%	96,004.15 96,004.15	100.36 1.07%	95,339.82 406.39	7.69% (664.33)	Aaa / AA+ AAA	1.19 1.17
3135G0ZA4	FNMA Note 1.875% Due 02/19/2019	95,000.00	04/12/2016 0.92%	97,545.05 97,545.05	101.22 1.29%	96,157.20 653.13	7.78% (1,387.85)	Aaa / AA+ AAA	2.14 2.07
3137EADK2	FHLMC Note 1.250% Due 08/01/2019	100,000.00	04/12/2016 1.01%	100,782.00 100,782.00	99.59 1.41%	99,588.30 520.83	8.04% (1,193.70)	Aaa / AA+ AAA	2.58 2.52
3135G0ZG1	FNMA Note 1.750% Due 09/12/2019	95,000.00	04/12/2016 0.99%	97,408.25 97,408.25	100.95 1.39%	95,902.50 503.37	7.75% (1,505.75)	Aaa / AA+ AAA	2.70 2.62
3137EADM8	FHLMC Note 1.250% Due 10/02/2019	100,000.00	04/11/2016 1.02%	100,791.00 100,791.00	99.42 1.47%	99,415.10 309.03	8.01% (1,375.90)	Aaa / AA+ AAA	2.75 2.69
313378J77	FHLB Note 1.875% Due 03/13/2020	95,000.00	04/19/2016 1.20%	97,449.10 97,449.10	100.95 1.57%	95,898.13 534.38	7.75% (1,550.97)	Aaa / AA+ NR	3.20 3.08
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	95,000.00	04/12/2016 1.34%	95,171.00 95,171.00	98.11 1.85%	93,200.80 482.59	7.53% (1,970.20)	Aaa / AA+ AAA	4.14 3.97
3135G0Q89	FNMA Note 1.375% Due 10/07/2021	65,000.00	10/27/2016 1.50%	64,604.15 64,604.15	97.29 1.97%	63,236.55 208.54	5.10% (1,367.60)	Aaa / AA+ AAA	4.77 4.57
<b>Total Agency</b>		<b>740,000.00</b>	<b>1.08%</b>	<b>749,754.70</b>	<b>1.48%</b>	<b>738,738.40</b>	<b>59.66%</b> <b>(11,016.30)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>2.85</b> <b>2.75</b>
<b>Cash</b>									
90CASH\$00	Cash Custodial Cash Account	37,667.86	Various 0.00%	37,667.86 37,667.86	1.00 0.00%	37,667.86 0.00	3.03% 0.00	NR / NR NR	0.00 0.00
<b>Total Cash</b>		<b>37,667.86</b>	<b>0.00%</b>	<b>37,667.86</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>NR</b>	<b>0.00</b>
<b>US Treasury</b>									
912828SX9	US Treasury Note 1.125% Due 05/31/2019	100,000.00	04/12/2016 0.89%	100,730.80 100,730.80	99.59 1.30%	99,593.80 98.90	8.01% (1,137.00)	Aaa / AA+ AAA	2.41 2.37
912828UQ1	US Treasury Note 1.250% Due 02/29/2020	100,000.00	04/14/2016 1.10%	100,582.37 100,582.37	99.20 1.51%	99,203.10 424.72	8.01% (1,379.27)	Aaa / AA+ AAA	3.16 3.07
912828UV0	US Treasury Note 1.125% Due 03/31/2020	100,000.00	04/14/2016 1.10%	100,105.80 100,105.80	98.71 1.53%	98,707.00 287.43	7.96% (1,398.80)	Aaa / AA+ AAA	3.25 3.16
912828WC0	US Treasury Note 1.750% Due 10/31/2020	95,000.00	04/14/2016 1.21%	97,263.99 97,263.99	100.20 1.70%	95,189.24 284.74	7.67% (2,074.75)	Aaa / AA+ AAA	3.84 3.68

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## Moulton Niguel Water District 2015 REV REF RSV - Account #46

For the Month Ending 12/31/2016

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828WN6	US Treasury Note 2.000% Due 05/31/2021	70,000.00	07/11/2016 1.01%	73,281.48 73,281.48	100.61 1.85%	70,429.31 123.08	5.67% (2,852.17)	Aaa / AA+ AAA	4.42 4.20
<b>Total US Treasury</b>		<b>465,000.00</b>	<b>1.06%</b>	<b>471,964.44</b> <b>471,964.44</b>	<b>1.56%</b>	<b>463,122.45</b> <b>1,218.87</b>	<b>37.32%</b> <b>(8,841.99)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>3.35</b> <b>3.24</b>
<b>TOTAL PORTFOLIO</b>		<b>1,242,667.86</b>	<b>1.04%</b>	<b>1,259,387.00</b> <b>1,259,387.00</b>	<b>1.47%</b>	<b>1,239,528.71</b> <b>4,837.13</b>	<b>100.00%</b> <b>(19,858.29)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>2.95</b> <b>2.85</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>1,244,365.84</b>			

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**SECTION 4**

**Transactions**



# Transaction Ledger

## Moulton Niguel Water District Liquid Fund - Account #41

September 30, 2016 through December 31, 2016

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	10/15/2016	90LAIF\$00	19,500.73	Local Agency Investment Fund State Pool	1.000	0.63%	19,500.73	0.00	19,500.73	0.00
	<b>Subtotal</b>		<b>19,500.73</b>				<b>19,500.73</b>	<b>0.00</b>	<b>19,500.73</b>	<b>0.00</b>
Security Contribution	10/05/2016	90LAIF\$00	650,000.00	Local Agency Investment Fund State Pool	1.000		650,000.00	0.00	650,000.00	0.00
Security Contribution	10/07/2016	90LAIF\$00	400,000.00	Local Agency Investment Fund State Pool	1.000		400,000.00	0.00	400,000.00	0.00
Security Contribution	10/31/2016	90LAIF\$00	1,200,000.00	Local Agency Investment Fund State Pool	1.000		1,200,000.00	0.00	1,200,000.00	0.00
Security Contribution	11/04/2016	90LAIF\$00	450,000.00	Local Agency Investment Fund State Pool	1.000		450,000.00	0.00	450,000.00	0.00
Security Contribution	11/10/2016	90LAIF\$00	2,000,000.00	Local Agency Investment Fund State Pool	1.000		2,000,000.00	0.00	2,000,000.00	0.00
Security Contribution	11/23/2016	90LAIF\$00	1,000,000.00	Local Agency Investment Fund State Pool	1.000		1,000,000.00	0.00	1,000,000.00	0.00
Security Contribution	11/29/2016	90LAIF\$00	1,700,000.00	Local Agency Investment Fund State Pool	1.000		1,700,000.00	0.00	1,700,000.00	0.00
Security Contribution	12/05/2016	90LAIF\$00	2,300,000.00	Local Agency Investment Fund State Pool	1.000		2,300,000.00	0.00	2,300,000.00	0.00
Security Contribution	12/21/2016	90LAIF\$00	8,800,000.00	Local Agency Investment Fund State Pool	1.000		8,800,000.00	0.00	8,800,000.00	0.00
	<b>Subtotal</b>		<b>18,500,000.00</b>				<b>18,500,000.00</b>	<b>0.00</b>	<b>18,500,000.00</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>18,519,500.73</b>				<b>18,519,500.73</b>	<b>0.00</b>	<b>18,519,500.73</b>	<b>0.00</b>

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<b>DISPOSITIONS</b>										
Security Withdrawal	10/13/2016	90LAIF\$00	1,950,000.00	Local Agency Investment Fund State Pool	1.000		1,950,000.00	0.00	1,950,000.00	0.00
Security Withdrawal	10/14/2016	90LAIF\$00	850,000.00	Local Agency Investment Fund State Pool	1.000		850,000.00	0.00	850,000.00	0.00
Security Withdrawal	10/21/2016	90LAIF\$00	2,000,000.00	Local Agency Investment Fund State Pool	1.000		2,000,000.00	0.00	2,000,000.00	0.00
Security Withdrawal	12/14/2016	90LAIF\$00	1,500,000.00	Local Agency Investment Fund State Pool	1.000		1,500,000.00	0.00	1,500,000.00	0.00
Security Withdrawal	12/29/2016	90LAIF\$00	150,000.00	Local Agency Investment Fund State Pool	1.000		150,000.00	0.00	150,000.00	0.00





# Transaction Ledger

Moulton Niguel Water District Liquid Fund - Account #41

September 30, 2016 through December 31, 2016

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Security Withdrawal	12/30/2016	90LAIF\$00	450,000.00	Local Agency Investment Fund State Pool	1.000		450,000.00	0.00	450,000.00	0.00
	<b>Subtotal</b>		<b>6,900,000.00</b>				<b>6,900,000.00</b>	<b>0.00</b>	<b>6,900,000.00</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>6,900,000.00</b>				<b>6,900,000.00</b>	<b>0.00</b>	<b>6,900,000.00</b>	<b>0.00</b>

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## Moulton Niguel Water District Limited Maturity - Account #42

September 30, 2016 through December 31, 2016

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>DISPOSITIONS</b>										
Maturity	10/14/2016	3137EADS5	625,000.00	FHLMC Note 0.875% Due: 10/14/2016	100.000		625,000.00	0.00	625,000.00	-2,881.25
Maturity	11/23/2016	3130A3J70	610,000.00	FHLB Note 0.625% Due: 11/23/2016	100.000		610,000.00	0.00	610,000.00	274.50
Maturity	11/30/2016	912828G46	600,000.00	US Treasury Note 0.5% Due: 11/30/2016	100.000		600,000.00	0.00	600,000.00	677.68
	<b>Subtotal</b>		<b>1,835,000.00</b>				<b>1,835,000.00</b>	<b>0.00</b>	<b>1,835,000.00</b>	<b>-1,929.07</b>
<b>TOTAL DISPOSITIONS</b>			<b>1,973,568.09</b>				<b>1,973,568.09</b>	<b>1,826.67</b>	<b>1,975,394.76</b>	<b>-1,911.23</b>



# Transaction Ledger

Moulton Niguel Water District Operating Reserve - Account #40

September 30, 2016 through December 31, 2016

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	10/11/2016	3135G0K36	1,100,000.00	FNMA Note 2.125% Due: 04/24/2026	100.827	2.03%	1,109,097.00	10,713.54	1,119,810.54	0.00
Purchase	10/11/2016	68389XBK0	1,350,000.00	Oracle Corp Callable Note Cont 8/01/21 1.9% Due: 09/15/2021	99.851	1.93%	1,347,988.50	6,697.50	1,354,686.00	0.00
Purchase	10/27/2016	06538BQ63	1,900,000.00	Bank of Tokyo Mitsubishi NY Discount CP 1.03% Due: 03/06/2017	99.628	1.05%	1,892,933.06	0.00	1,892,933.06	0.00
Purchase	11/10/2016	3135G0K36	800,000.00	FNMA Note 2.125% Due: 04/24/2026	98.094	2.35%	784,752.00	755.56	785,507.56	0.00
Purchase	11/10/2016	912828B66	1,000,000.00	US Treasury Note 2.75% Due: 02/15/2024	106.274	1.82%	1,062,738.38	6,501.36	1,069,239.74	0.00
Purchase	12/16/2016	3135G0Q22	1,275,000.00	FNMA Note 1.875% Due: 09/24/2026	90.760	2.97%	1,157,190.00	5,246.09	1,162,436.09	0.00
		<b>Subtotal</b>	<b>7,425,000.00</b>				<b>7,354,698.94</b>	<b>29,914.05</b>	<b>7,384,612.99</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>7,425,000.00</b>				<b>7,354,698.94</b>	<b>29,914.05</b>	<b>7,384,612.99</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Sale	10/06/2016	912828TH3	100,000.00	US Treasury Note 0.875% Due: 07/31/2019	99.750	0.97%	99,749.67	159.31	99,908.98	1,936.77
Sale	10/07/2016	912828SX9	400,000.00	US Treasury Note 1.125% Due: 05/31/2019	100.453	0.95%	401,811.16	1,586.07	403,397.23	4,325.18
Sale	10/07/2016	912828TH3	700,000.00	US Treasury Note 0.875% Due: 07/31/2019	99.711	0.98%	697,974.21	1,131.79	699,106.00	13,283.91
Sale	10/11/2016	931142DF7	840,000.00	Wal-Mart Stores Note 1.125% Due: 04/11/2018	100.030	1.10%	840,252.00	0.00	840,252.00	1,024.80
Sale	11/10/2016	3135G0ZY2	1,575,000.00	FNMA Note 1.75% Due: 11/26/2019	101.709	1.18%	1,601,916.75	12,556.25	1,614,473.00	33,075.00
Sale	12/15/2016	912828TH3	300,000.00	US Treasury Note 0.875% Due: 07/31/2019	98.515	1.45%	295,545.87	977.24	296,523.11	2,107.17

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# Transaction Ledger

## Moulton Niguel Water District Operating Reserve - Account #40

September 30, 2016 through December 31, 2016

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Sale	12/15/2016	912828UB4	475,000.00	US Treasury Note 1% Due: 11/30/2019	98.468	1.53%	467,724.97	195.74	467,920.71	18,699.63
<b>Subtotal</b>			<b>4,390,000.00</b>				<b>4,404,974.63</b>	<b>16,606.40</b>	<b>4,421,581.03</b>	<b>74,452.46</b>
Maturity	10/26/2016	06538BKS1	1,890,000.00	Bank of Tokyo Mitsubishi NY Discount CP 0.74% Due: 10/26/2016	99.753		1,890,000.00	0.00	1,890,000.00	0.00
<b>Subtotal</b>			<b>1,890,000.00</b>				<b>1,890,000.00</b>	<b>0.00</b>	<b>1,890,000.00</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>7,203,937.53</b>				<b>7,218,912.16</b>	<b>36,736.76</b>	<b>7,255,648.92</b>	<b>74,355.22</b>



# Transaction Ledger

Moulton Niguel Water District 2009 COP Rsv Fund - Account #44

September 30, 2016 through December 31, 2016

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	10/04/2016	90CASH\$00	4.15	Cash Custodial Cash Account	1.000		4.15	0.00	4.15	0.00
Purchase	10/28/2016	3130A8QS5	500,000.00	FHLB Note 1.125% Due: 07/14/2021	98.702	1.41%	493,510.00	1,625.00	495,135.00	0.00
Purchase	10/31/2016	90CASH\$00	4,156.25	Cash Custodial Cash Account	1.000		4,156.25	0.00	4,156.25	0.00
Purchase	11/02/2016	90CASH\$00	4.56	Cash Custodial Cash Account	1.000		4.56	0.00	4.56	0.00
Purchase	11/30/2016	90CASH\$00	7,671.88	Cash Custodial Cash Account	1.000		7,671.88	0.00	7,671.88	0.00
Purchase	12/01/2016	90CASH\$00	3.44	Cash Custodial Cash Account	1.000		3.44	0.00	3.44	0.00
Purchase	12/31/2016	90CASH\$00	3,265.63	Cash Custodial Cash Account	1.000		3,265.63	0.00	3,265.63	0.00
		<b>Subtotal</b>	<b>515,105.91</b>				<b>508,615.91</b>	<b>1,625.00</b>	<b>510,240.91</b>	<b>0.00</b>
-51 Security Contribution	12/29/2016	90CASH\$00	125,000.00	Cash Custodial Cash Account	1.000		125,000.00	0.00	125,000.00	0.00
		<b>Subtotal</b>	<b>125,000.00</b>				<b>125,000.00</b>	<b>0.00</b>	<b>125,000.00</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>640,105.91</b>				<b>633,615.91</b>	<b>1,625.00</b>	<b>635,240.91</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Sale	10/28/2016	90CASH\$00	18,519.11	Cash Custodial Cash Account	1.000		18,519.11	0.00	18,519.11	0.00
Sale	10/28/2016	91282UJ7	475,000.00	US Treasury Note 0.875% Due: 01/31/2018	100.129	0.77%	475,610.71	1,005.18	476,615.89	-578.38
		<b>Subtotal</b>	<b>493,519.11</b>				<b>494,129.82</b>	<b>1,005.18</b>	<b>495,135.00</b>	<b>-578.38</b>
<b>TOTAL DISPOSITIONS</b>			<b>493,519.11</b>				<b>494,129.82</b>	<b>1,005.18</b>	<b>495,135.00</b>	<b>-578.38</b>



# Transaction Ledger

## Moulton Niguel Water District 10 COP Reserve Fund - Account #45

September 30, 2016 through December 31, 2016

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	10/04/2016	90CASH\$00	11.89	Cash Custodial Cash Account	1.000		11.89	0.00	11.89	0.00
Purchase	11/02/2016	90CASH\$00	8.74	Cash Custodial Cash Account	1.000		8.74	0.00	8.74	0.00
Purchase	12/02/2016	90CASH\$00	8.46	Cash Custodial Cash Account	1.000		8.46	0.00	8.46	0.00
	<b>Subtotal</b>		<b>29.09</b>				<b>29.09</b>	<b>0.00</b>	<b>29.09</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>29.09</b>				<b>29.09</b>	<b>0.00</b>	<b>29.09</b>	<b>0.00</b>



# Transaction Ledger

Moulton Niguel Water District 2015 REV REF RSV - Account #46

September 30, 2016 through December 31, 2016

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	10/02/2016	90CASH\$00	625.00	Cash Custodial Cash Account	1.000		625.00	0.00	625.00	0.00
Purchase	10/04/2016	90CASH\$00	0.96	Cash Custodial Cash Account	1.000		0.96	0.00	0.96	0.00
Purchase	10/28/2016	3135G0Q89	65,000.00	FNMA Note 1.375% Due: 10/07/2021	99.391	1.50%	64,604.15	52.14	64,656.29	0.00
Purchase	10/31/2016	90CASH\$00	831.25	Cash Custodial Cash Account	1.000		831.25	0.00	831.25	0.00
Purchase	11/02/2016	90CASH\$00	1.15	Cash Custodial Cash Account	1.000		1.15	0.00	1.15	0.00
Purchase	11/30/2016	90CASH\$00	1,262.50	Cash Custodial Cash Account	1.000		1,262.50	0.00	1,262.50	0.00
Purchase	12/02/2016	90CASH\$00	0.94	Cash Custodial Cash Account	1.000		0.94	0.00	0.94	0.00
		<b>Subtotal</b>	<b>67,721.80</b>				<b>67,325.95</b>	<b>52.14</b>	<b>67,378.09</b>	<b>0.00</b>
-53- Security Contribution	12/29/2016	90CASH\$00	25,000.00	Cash Custodial Cash Account	1.000		25,000.00	0.00	25,000.00	0.00
		<b>Subtotal</b>	<b>25,000.00</b>				<b>25,000.00</b>	<b>0.00</b>	<b>25,000.00</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>92,721.80</b>				<b>92,325.95</b>	<b>52.14</b>	<b>92,378.09</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Sale	10/28/2016	3135G0YM9	60,000.00	FNMA Note 1.875% Due: 09/18/2018	101.749	0.94%	61,049.40	125.00	61,174.40	-423.00
Sale	10/28/2016	90CASH\$00	3,481.89	Cash Custodial Cash Account	1.000		3,481.89	0.00	3,481.89	0.00
		<b>Subtotal</b>	<b>63,481.89</b>				<b>64,531.29</b>	<b>125.00</b>	<b>64,656.29</b>	<b>-423.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>63,481.89</b>				<b>64,531.29</b>	<b>125.00</b>	<b>64,656.29</b>	<b>-423.00</b>

**SECTION 5**

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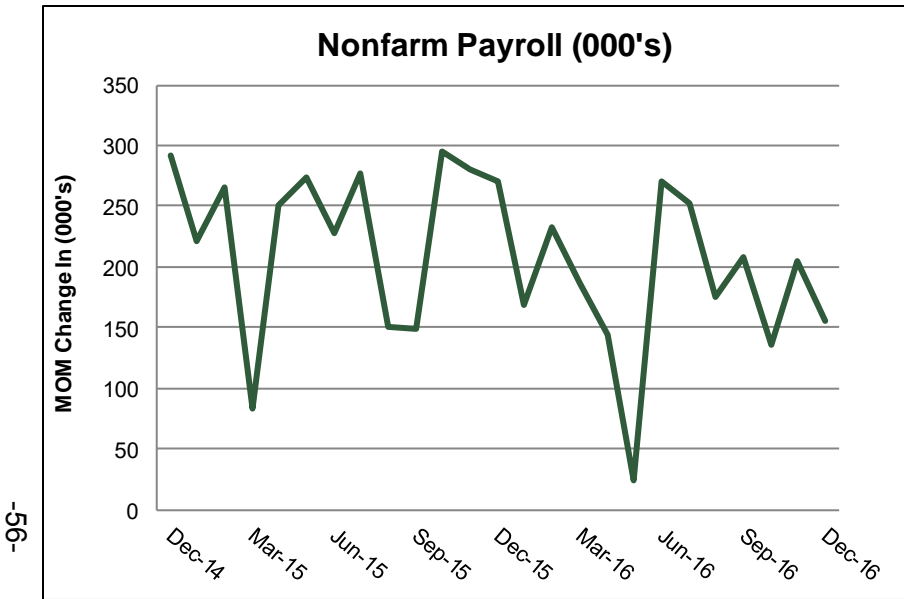
**Economic Update**



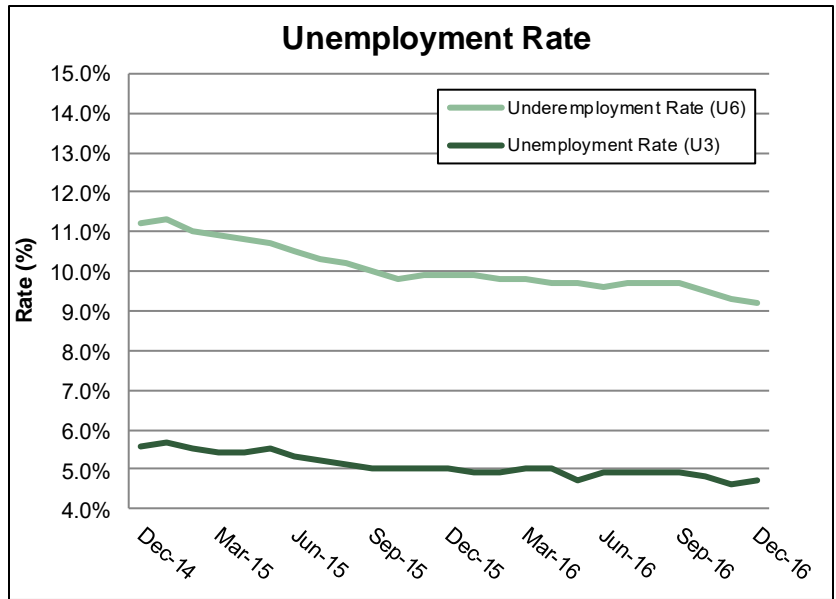


- The Federal Open Market Committee (FOMC) unanimously voted to increase the target fed funds rate by 25 basis points to a range of 0.50%-0.75%, at the December 14 meeting. The Fed noted that economic activity has expanded at a moderate pace and labor market trends have improved, but inflation remains below target. The Fed's revised "dot plot" was slightly more hawkish, as the projected path of the fed funds rate was revised upward. The Committee's GDP and inflation forecasts were little changed while projections for the unemployment rate were revised down slightly. The FOMC's median projection for the fed funds rate in 2017 was revised up to 1.4% from 1.1%, which would be indicative of three more 25 basis point rate hikes next year. The Fed's longer-run median fed funds target rate was revised up to 3.0% from 2.9%. Fed Chair Yellen downplayed the forecast changes during her press conference, and continued to emphasize that future increases in the fed funds rate are expected to be gradual. She added that it is too early to anticipate how potential changes in fiscal policy will impact the economy and the Fed's outlook.
- Domestic economic data remains indicative of slow growth. The U.S. labor market continues to improve, consumer confidence remains strong, and housing trends remain mostly favorable. The manufacturing sector has also improved. Third quarter 2016 GDP grew 3.5%, following growth of 1.4% in the second quarter and 0.8% in the first quarter. Market participants estimate GDP grew 2.2% in the fourth quarter.
- In December, the yield shifted upward as the 2-year Treasury yield increased nearly 8 basis points and the 10-year Treasury yield increased about 6 basis points. The move up in rates over the past two months has largely been driven by heightened expectations for fiscal stimulus, and a potential increase in inflation, in light of Trump's presidential victory and the Republican Party congressional sweep in the US. Global factors (including steeper yield curves in Japan and Germany, and an expectation for ongoing stimulus from the European Central Bank) also continue to influence US Treasury yields.

-55-

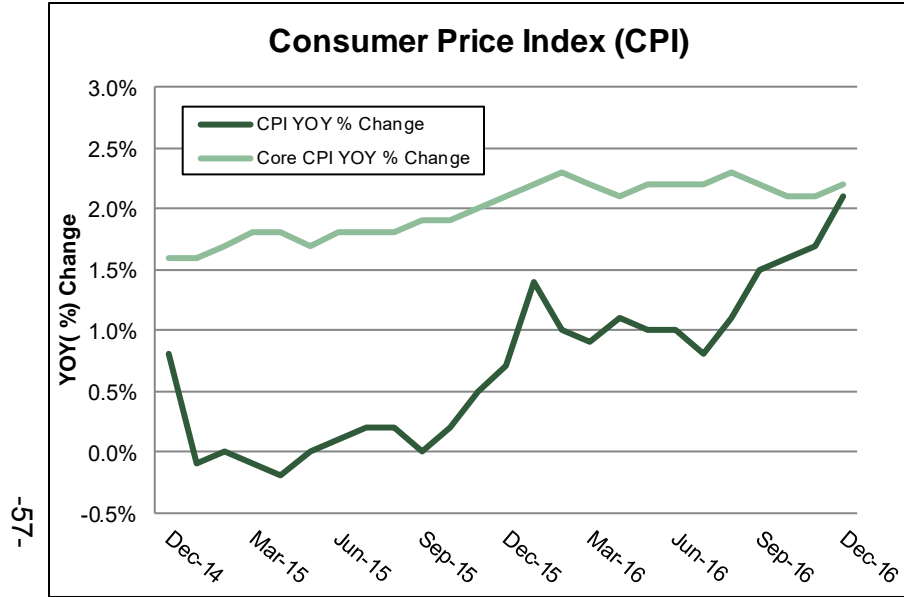


Source: US Department of Labor

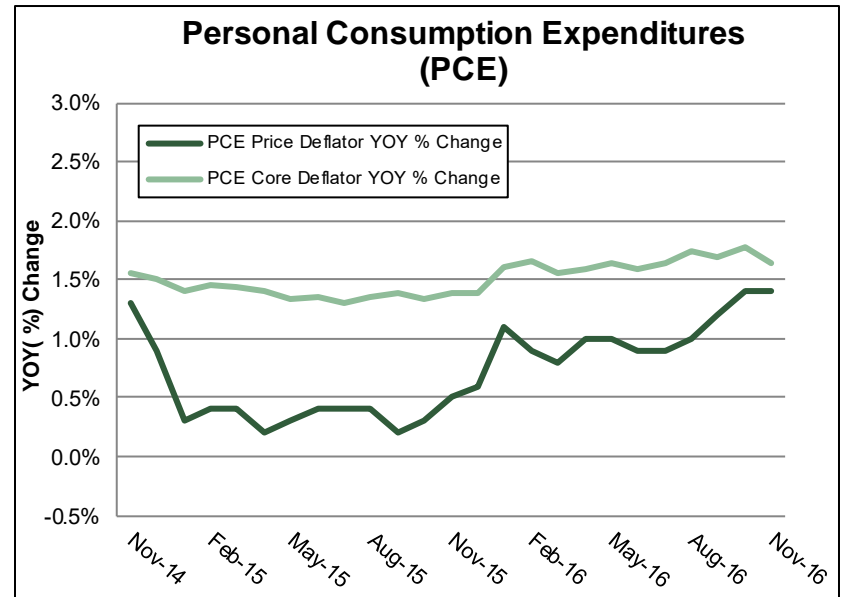


Source: US Department of Labor

Nonfarm payrolls were lower than expected in December, up 156,000 versus the consensus forecast of 175,000. However, October and November payrolls were revised up by a total of 19,000. On a trailing 3-month and 6-month basis, payrolls increased by an average of 165,000 and 188,500 per month, respectively. The unemployment rate inched back up to 4.7% from 4.6%, but the participation rate also increased to 62.7% from 62.6%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, declined to 9.2% in December from 9.3% in November. Wages were up a solid 0.4% in December, versus expectations for a 0.3% increase. On a year-over-year basis, wages were up 2.9% in December (the highest year-over-year increase since June 2009), vs. 2.5% in November.

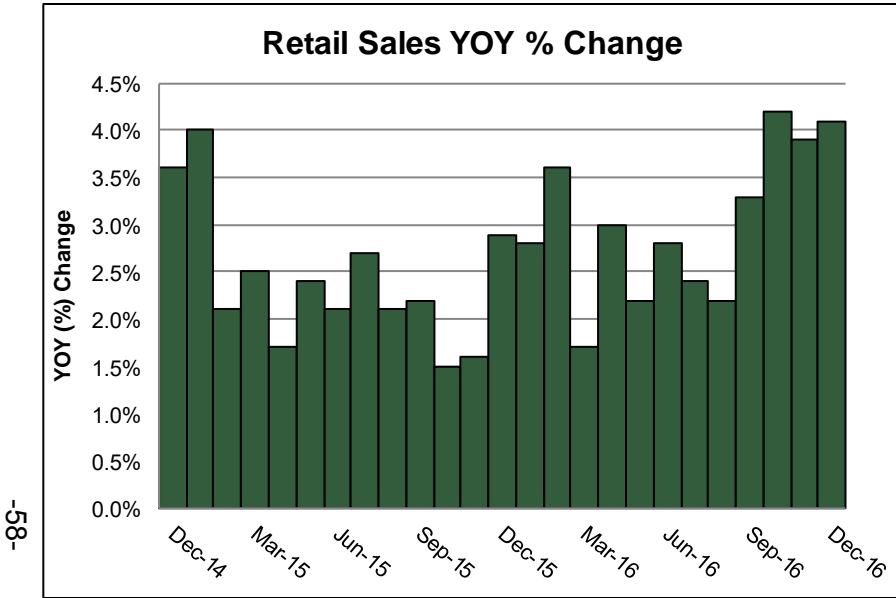


Source: US Department of Labor



Source: US Department of Labor

The Consumer Price Index (CPI) was up 2.1% year-over-year in December, versus up 1.7% year-over-year in November, largely driven by an increase in energy prices. Core CPI (CPI less food and energy) was up 2.2% year-over-year in December, versus up 2.1% year-over-year in November. The Personal Consumption Expenditures (PCE) index was up 1.4% year-over-year in November, unchanged from October. Core PCE (excluding food and energy) was up 1.6% year-over-year in November, after being up 1.8% year-over-year in October. Although Core CPI is trending above 2.0%, the Fed's primary inflation gauge is PCE which remains below the Fed's 2.0% target.



Source: US Department of Commerce

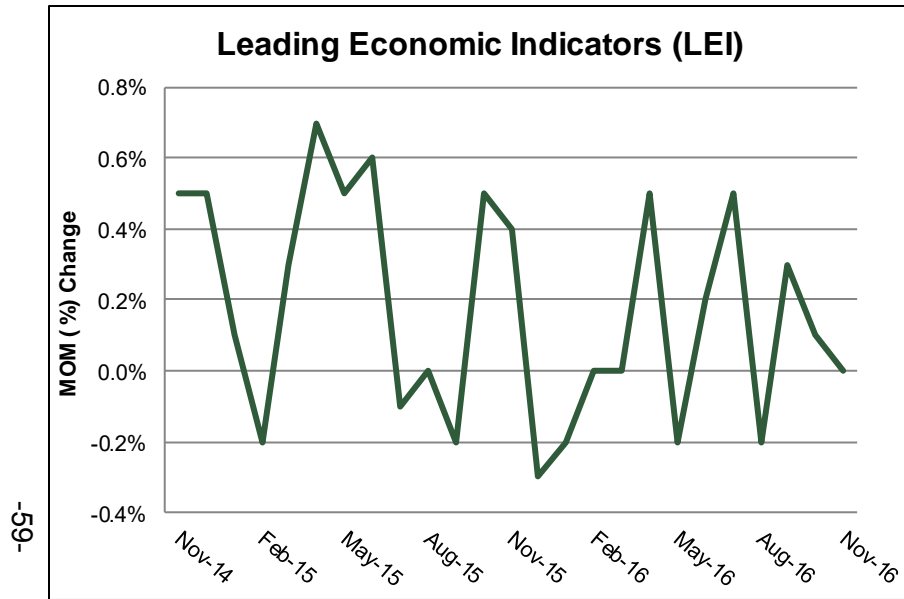


Source: Federal Reserve

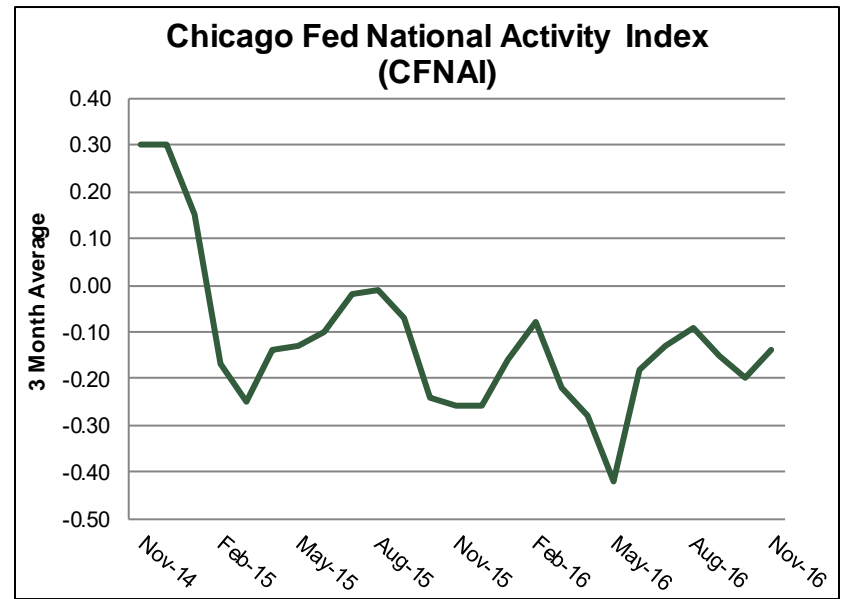
On a year-over-year basis, total retail sales were up 4.1% in December compared with a 3.9% increase in November. On a month-over-month basis, retail sales were up 0.6% in December, driven largely by vehicle sales. Excluding autos and gas, retail sales were flat in the month. Meanwhile, consumer confidence increased to 113.7 in December versus 109.4 in November.



# Economic Activity

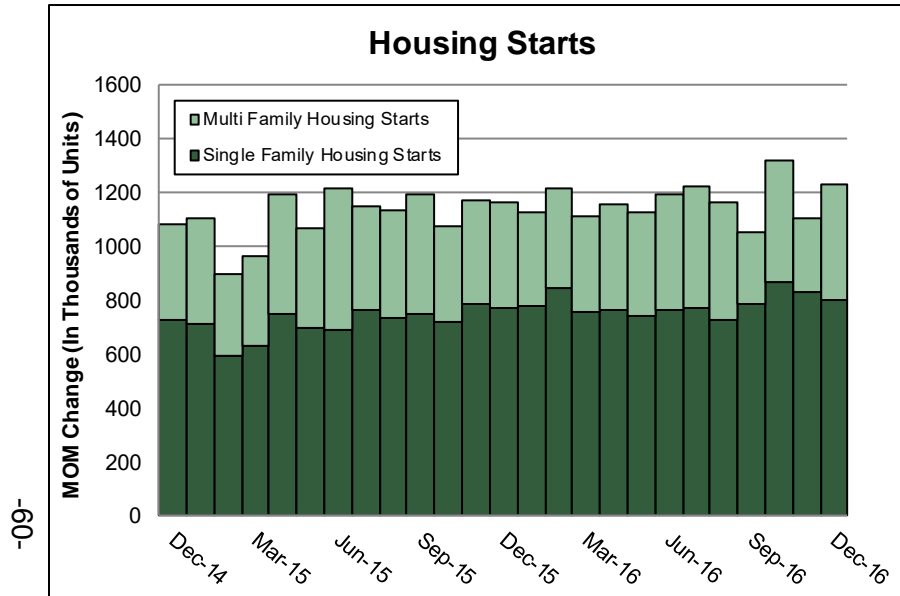


Source: The Conference Board

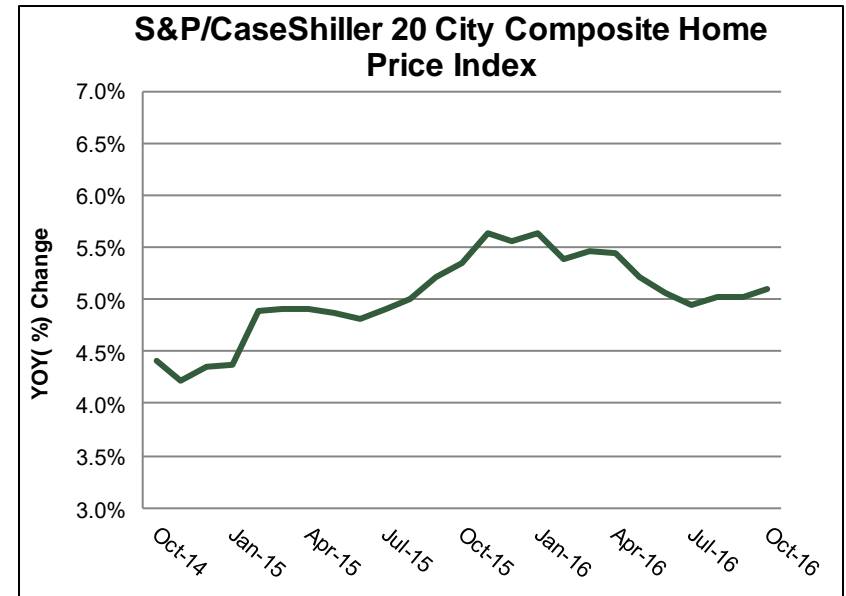


Source: Federal Reserve Bank of Chicago

The Index of Leading Economic Indicators (LEI) was flat in November, below expectations, pointing to flat economic growth ahead. Meanwhile, the Chicago Fed National Activity Index (CFNAI) improved in November on a 3-month moving average basis to -0.14 from -0.20 in October. Still, the CFNAI suggests that the pace of economic growth is below-trend.

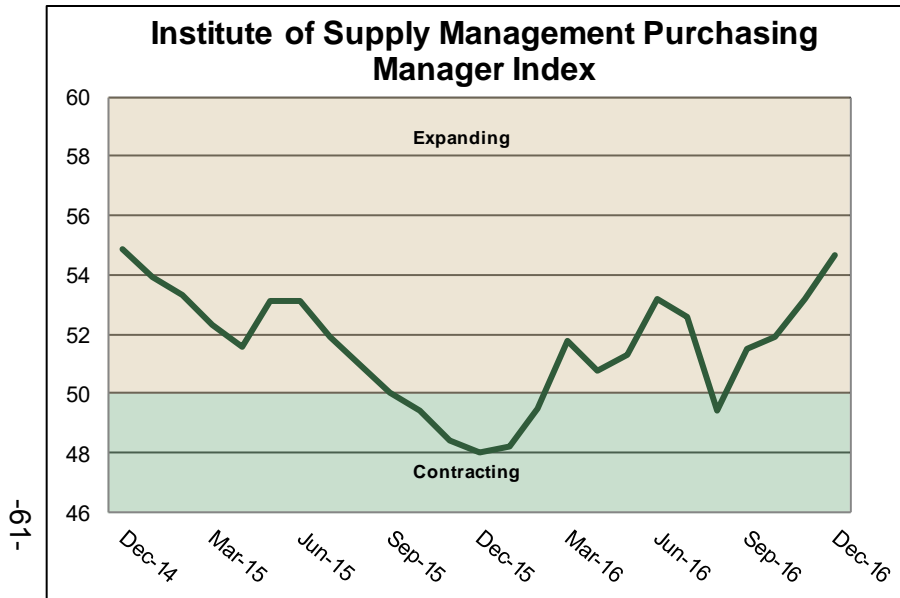


Source: US Census Bureau

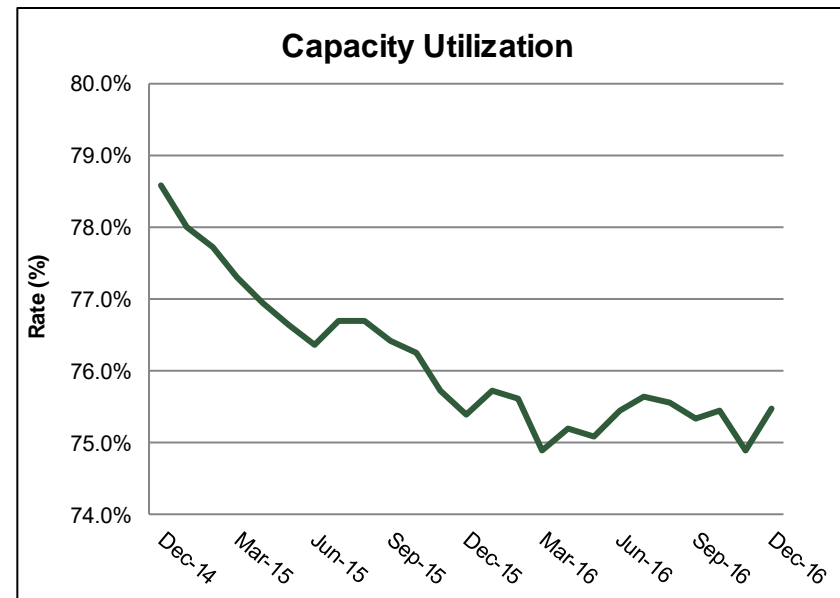


Source: S&P

Total housing rose 11.3% in December, following a decline of 16.5% in November. The overall increase was driven by multi-family starts which rose 57.3% in December. Meanwhile, single-family starts fell 4.0%. Housing starts tend to be volatile on a month-to-month basis. According to the Case-Shiller 20-City home price index, home prices were up 5.1% year-over-year in October, compared to 5.0% in September.



Source: Institute for Supply Management



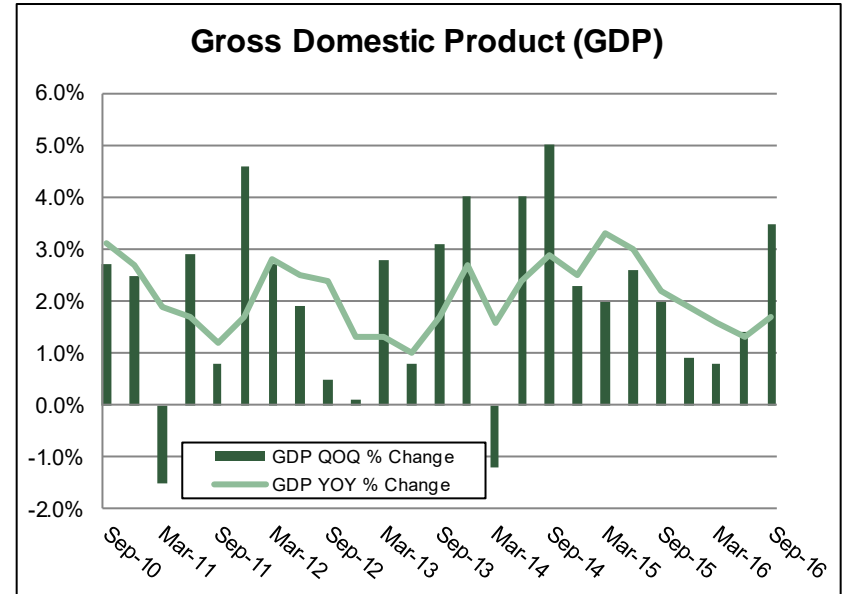
Source: Federal Reserve

The Institute for Supply Management (ISM) manufacturing index increased to 54.7 in December from 53.2 in November, suggesting that manufacturing activity continues to improve. Notably, a reading above 50.0 suggests the manufacturing sector is expanding. Meanwhile, capacity utilization, which is production divided by capacity, increased to 75.5% in December from 74.9% in November. The capacity utilization rate remains below the long-run average of 80.0% (1972-2015), suggesting there is still excess capacity in the industrial sector.



Components of GDP	12/15	3/16	6/16	9/16
Personal Consumption Expenditures	1.5%	1.1%	2.9%	2.0%
Gross Private Domestic Investment	-0.4%	-0.6%	-1.3%	0.5%
Net Exports and Imports	-0.5%	0.0%	0.2%	0.9%
Federal Government Expenditures	0.3%	-0.1%	0.0%	0.2%
State and Local (Consumption and Gross Investment)	-0.1%	0.4%	-0.3%	0.0%
<b>Total</b>	<b>0.9%</b>	<b>0.8%</b>	<b>1.4%</b>	<b>3.5%</b>

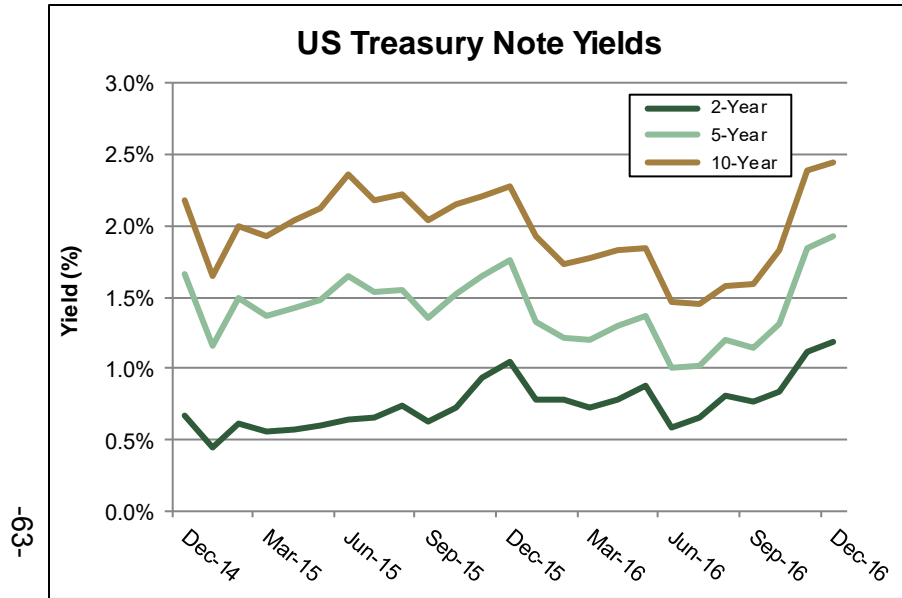
Source: US Department of Commerce



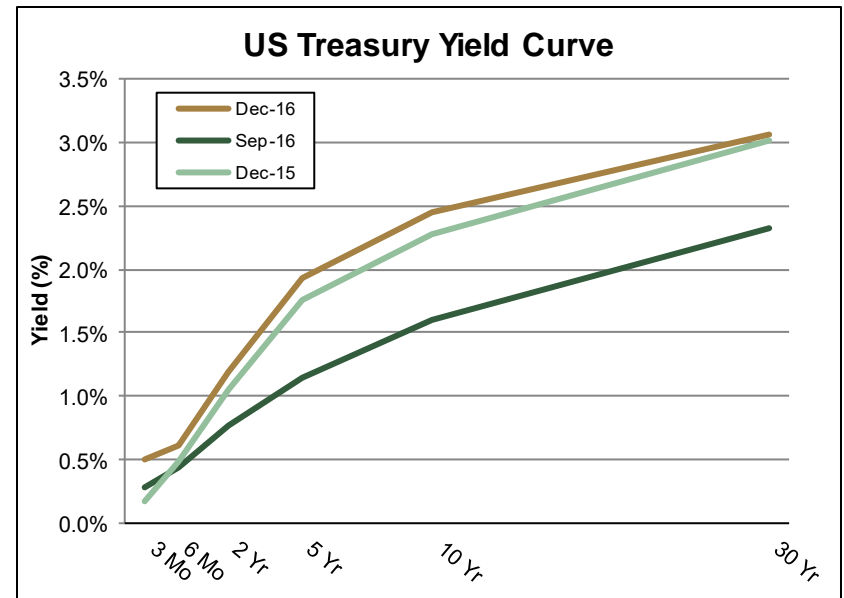
Source: US Department of Commerce

Third quarter real GDP was revised up to an annualized rate of 3.5% from the second estimate of 3.2%. The upward revision was driven by nonresidential investment, PCE, and state and local spending. This compares to 1.4% growth in the second quarter. Overall, Personal Consumption Expenditures continued to be the biggest contributor of economic growth in the third quarter, although it was down from the second quarter. Market participants estimate GDP grew 2.2% in the fourth quarter.





Source: Bloomberg



Source: Bloomberg

Over the past three months, the yield curve steepened with the 2-year Treasury yield up nearly 43 basis points and the 10-year Treasury yield up 85 basis points. On a year-over-year basis the 2-year Treasury yield increased 14 basis points and 10-year Treasury yield increased about 18 basis points. Over the past year, financial market volatility has been elevated due to weak global economic growth, volatile commodity prices, political uncertainty, and divergent global central bank monetary policy.





**moulton niguel water district**  
**STAFF REPORT**

**TO:** Board of Directors                      **MEETING DATE:** February 13, 2017

**FROM:** Joone Lopez, General Manager  
Drew Atwater, Director of Planning

**SUBJECT:** Water Shortage Contingency Plan Stage 1 Implementation

**DIVISION:** District-Wide

---

**SUMMARY:**

Issue: The uncertainty in future water supply conditions at the end of the water year provide that the District implement Water Shortage Contingency Plan Stage 1.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled, “Implementing Water Shortage Stage 1.”

Fiscal Impact: No fiscal impact.

**Background:**

On April 1, 2015, Governor Jerry Brown issued an Executive Order to address prolonged drought conditions and restricted water supplies. The State Water Resources Control Board issued mandatory regulations to effect the Executive Order that aimed to reduce statewide urban water usage by 25% through February 2016. The result of the mandatory regulations required that Moulton Niguel Water District reduce District-wide water consumption by 20%. In May 2016, the State Water Resources Control Board amended and readopted drought related emergency regulations for urban water conservation. The amended regulation requires the water agencies to meet a conservation standard for the region, instead of meeting the 25% statewide water reduction standard. The amended regulation required agencies to identify their potable water reduction requirements through a self-certification process that compared 2013 and 2014 demands against a 3-year supply outlook. Wholesale agencies are required

## #5.

### Water Shortage Contingency Plan Stage 1 Implementation

February 13, 2017

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to provide the 3-year supply outlook to the SWRCB and retail agencies based on 2013, 2014, 2015 hydrology by June 15, 2016 and retail agencies completed the self-certification process to identify their new conservation standard. The State is looking to continue the self-certification and adopt an extension for 270 days at its February 8<sup>th</sup>, 2017 Board Meeting and to re-evaluate in April/May as water supply conditions and snowpack becomes more certain.

In February of 2015, in compliance with the Proposition 218 process, the Board of Directors adopted Ordinance No. 15-01, "Water Conservation Rules and Regulations" ("Ordinance"). The Ordinance prescribes incremental stages of water reductions based on varying water shortage conditions by utilizing the water budget rate structure and other conservation tools. A summary of the various stages and the impacts to the different customer classes has been provided in attachment 2.

On May 1, 2015, the Board of Directors adopted Resolution 15-16 which implemented Stage 2 of the Water Shortage Contingency Plan commencing July 1, 2015. Under that Resolution, Stage 2 remains in effect until October 29, 2015. Per the Water Shortage Contingency Plan, every 120 days after implementation of a Stage the Board of Directors needs to take action to either continue or implement a different stage. On September 17, 2015, the Board of Directors adopted Resolution 15-26 which continued the implementation of Stage 2 of the Water Shortage Contingency Plan through the end of February 2016. On January 21, 2016 the Board of Directors adopted Resolution 16-02, which continued implementation of Stage 2 of the Water Shortage Contingency Plan through June 30, 2016. On June 16, 2016, the Board of Directors adopted Resolution 16-10, which continued implementation of Stage 2 of the Water Shortage Contingency Plan through October 31, 2016. On September 15, 2016, the Board of Directors adopted Resolution 16-15, which continued implementation of Stage 2 of the Water Shortage Contingency Plan through February 28, 2017.

### **DISCUSSION:**

California and the American Southwest are in a long term trend of dry conditions and one wet year is not sufficient to relieve multiple dry years. California experienced extreme drought over the past six years, the Colorado River is in sixteen years of drought and 2016 was among the hottest years on record. Despite the years of dry conditions, January 2017 is set to be one of the wettest months on record in California. However, the long term trends still caution measured action. State regulators are looking to the local water agencies to implement local actions with the steps taken by the SWRCB on May 18, 2016 and extended on February 8, 2017.

In January of 2014, the governor provided an opportunity to water agencies to take the lead through local actions to meet the statewide drought emergency. However, due to inconsistent and mediocre savings, the State issued the first ever mandatory water

Water Shortage Contingency Plan Stage 1 Implementation

February 13, 2017

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restrictions. The relaxation of mandates from the State is an opportunity for local agencies to take action and control their own conservation goals and policies. Additionally, the State is looking to put in place permanent regulations in February 2017. Hence, action in the short term could put local agencies in a good position to guide long term water efficiency policy.

Customers have responded remarkably with the lowest number of customers above their individual water budget ever. Given all the long term water supply trends, in combination with the improved near term hydrology, Staff is recommending the implementation of its Water Shortage Contingency Plan at Stage 1.

Attachments:

1. Resolution entitled, "Implementing Water Shortage Stage 1"
2. Water Shortage Contingency Plan Stages
3. State Water Resources Control Board Resolution No. 2017-
4. State Water Resources Control Board May 18 Drought Regulation Fact Sheet
5. May 9, 2016 Executive Order
6. Ordinance 15-01; "Water Conservation Rules and Regulations"



**RESOLUTION NO. 17-\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
MOULTON NIGUEL WATER DISTRICT  
IMPLEMENTING WATER SHORTAGE STAGE 1**

**WHEREAS**, California Constitution article X, section 2 and California Water Code section 100 provide that because of conditions prevailing in the state of California (the “State”), it is the declared policy of the State that the general welfare requires that the water resources of the State shall be put to beneficial use to the fullest extent of which they are capable, the waste or unreasonable use of water shall be prevented, and the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and the public welfare; and

**WHEREAS**, pursuant to California Water Code section 106, it is the declared policy of the State that the use of water for domestic use is the highest use of water and that the next highest use is for irrigation; and

**WHEREAS**, pursuant to California Water Code section 375, the Moulton Niguel Water District (the “District”) is authorized to adopt and enforce a water conservation program to reduce the quantity of water used by persons within its jurisdiction for the purpose of conserving the water supplies of the District; and

**WHEREAS**, Governor Brown proclaimed a condition of statewide drought and called upon local agencies to take aggressive, immediate action to reduce water consumption locally and regionally; and

**WHEREAS**, pursuant to Ordinance No. 15-01 the District is authorized to declare water shortage stages; and

**WHEREAS**, on May 1, 2015, the Board adopted Resolution No. 15-16, which declared Water Shortage Stages 1 and 2 as said stages are set forth in Ordinance No. 15-01. As a result, beginning June 1, 2015, the voluntary water shortage response measures in Water Shortage Stage 1 and the mandatory water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 went into effect within the District; and

**WHEREAS**, on September 17, 2015, the Board adopted Resolution No. 15-26, which declared that continuing October 30, 2015, Water Shortage Stage 2 shall remain in effect within the District through February 28, 2016. As a result, along with the voluntary measures, the mandatory water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 continued to be in effect.

**WHEREAS**, on January 21, 2016, the Board adopted Resolution No. 16-02, which declared that continuing March 1, 2016, Water Shortage Stage 1 and 2 shall remain in effect within the District through June 30, 2016. As a result, along with the voluntary measures, the

mandatory water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 continued to be in effect.

**WHEREAS**, on June 16, 2016, the Board adopted Resolution No. 16-10, which declared that continuing July 1, 2016, Water Shortage Stage 1 and 2 shall remain in effect within the District through October 31, 2016. As a result, along with the voluntary measures, the mandatory water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 continued to be in effect.

**WHEREAS**, on September 15, 2016, the Board adopted Resolution No. 16-15, which declared that continuing November 1, 2016, Water Shortage Stage 1 and 2 shall remain in effect within the District through February 28, 2017. As a result, along with the voluntary measures, the mandatory water shortage response measures, reductions in water use, and penalties during a Water Shortage Stage 2 continued to be in effect.

**WHEREAS**, because of the prevailing conditions in the State, the current statewide drought, and the declared policy of the State, the District hereby finds and determines that it is necessary and appropriate for the District to implement Water Shortage Stages 1. Water Shortage Stage 1 is necessary in order to adopt, implement, and enforce water shortage response measures to reduce the quantity of water used by consumers within the District to ensure that there is sufficient water for human consumption, sanitation, and fire protection all in conformance with Ordinance No. 15-01; and

**NOW, THEREFORE**, the Board of Directors of the Moulton Niguel Water District does hereby **RESOLVE, DETERMINE, AND ORDER** as follows:

**Section 1.** **Water Shortage Stage 1.** Pursuant to Ordinance No. 15-01, the Board hereby declares and finds that March 1, 2017, Water Shortage Stages 1 shall remain in effect within the District through June 30, 2017. Such voluntary and mandatory water shortage response measures, and reductions in water uses during Water Shortage Stage 1 as are set forth in Ordinance No. 15-01 are necessary for the following reasons:

- (1) District water supply conditions and storage levels;
- (2) statewide water supply conditions;
- (3) local water supply and demand conditions; and
- (4) actions by surrounding wholesale and retail water agencies.

**Section 3.** **Severability.** If any provision, section, subsection, sentence, clause or phrase or sections of this Resolution, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void or invalid, the invalidity of the remaining portions of this Resolution shall not be affected, it being the intent of the Board of Directors in adopting this Resolution that no portions, provisions, or regulations contained herein



shall become inoperative, or fail by reason of the unconstitutionality of any other provision hereof, and all provisions of this Resolution are declared to be severable for that purpose.

**Section 4.**     **Effective.** This Resolution shall be effective immediately upon adoption.

**ADOPTED, SIGNED** and **APPROVED** this 16<sup>th</sup> day of February, 2017.

**MOULTON NIGUEL WATER DISTRICT**

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

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



## Moulton Niguel Water District Water Shortage Contingency Plan

Account Type	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
<b>Residential</b> (Single and Multi-Family)	- Stay within budget - No adjustments to bills for pool fills	- Stay within budget or pay penalty - No adjustments to bills	- Reduce outdoor water usage by 40% or pay penalty - No adjustments to bills	- Reduce outdoor water usage by 70% or pay penalty - No adjustments to bills	- Reduce indoor water use to 40 gallons per person per day - No outdoor water usage - No adjustments to bills
<b>Commercial</b>	- Stay within budget - No adjustments to bills for pool fills	- Stay within budget or pay penalty - No adjustments to bills	- Stay within budget or pay penalty - No adjustments to bills	- Stay within budget or pay penalty - No adjustments to bills	- Stay within budget or pay penalty - No adjustments to bills
<b>Outdoor Irrigation</b> -73-	- Stay within budget	- Stay within budget or pay penalty - No adjustments to bills	- Reduce outdoor water usage by 40% or pay penalty - No adjustments to bills	- Reduce water usage by 70% or pay penalty - No adjustments to bills	- No water use - No adjustments to bills
<b>Recycled Water</b>	- Stay within budget - No potable water for outdoor irrigation (i.e. golf courses)	- Stay within budget or pay penalty - No adjustments to bills	- Reduce water usage by 10% or pay penalty - No adjustments to bills	- Reduce water usage by 20% or pay penalty - No adjustments to bills	- Reduce water usage by 30% or pay penalty - No adjustments to bills

### THERE ARE PENALTIES FOR EXCEEDING WATER BUDGETS IN STAGES 2-5

**Order of Targeted Reductions:**

1. Target inefficient users first
2. Outdoor water budget reduced in Stages 3 and 4
3. Indoor water budget reduced in Stage 5

*Note: The District's Water Shortage Contingency Plan was adopted in the form of an ordinance and included in a public Proposition 218 notice. This ordinance is the legal structure by which penalties may be imposed if violated.*

## **Moulton Niguel Water District** **Water Conservation Best Management Practices**

Conservation through Best Management Practices (BMP's). Water is our most vital resource, the following water conservation BMPs have been established to conserve water, prevent waste or unreasonable use or unreasonable method of use of water, and preserve the District's water supplies. The BMPs shall be in effect at all times. The BMPs shall not apply to the use of recycled water. This is an excerpt from the Water Shortage Contingency Plan, Water Conservation BMP's.

- |   |   |
|---|---|
| <ol style="list-style-type: none"><li>1. <b>Installation of Water Conservation Devices</b></li><li>2. <b>Standards for Water Conservation Devices</b></li><li>3. <b>Limits on Watering Hours between the hours of 9:00 a.m. and 5:00 p.m. on any day</b></li><li>4. <b>Limits on Water Duration</b></li><li>5. <b>No Watering During Rain</b></li><li>6. <b>Plant Low-Water Demand Plants and Trees</b></li><li>7. <b>No Excessive Water Flow or Runoff</b></li><li>8. <b>No Washing Down Hard or Paved Surfaces</b></li><li>9. <b>Obligation to Fix Leaks, Breaks or Malfunctions</b></li><li>10. <b>Re-circulating Water Required for Water Fountains and Decorative Water Features</b></li></ol> | <ol style="list-style-type: none"><li>11. <b>Limits on Washing Vehicles</b></li><li>12. <b>Drinking Water Served Upon Request Only</b></li><li>13. <b>Commercial Lodging Establishments Must Provide Option to Not Launder Linens Daily</b></li><li>14. <b>No Installation of Single Pass Cooling Systems.</b></li><li>15. <b>No Installation of Non-re-circulating Water Systems in Commercial Car Washes and Laundry Systems</b></li><li>16. <b>Restaurants Required to Use Water Conserving Dish Wash Spray Valves</b></li><li>17. <b>Swimming Pools and Spa Covers</b></li><li>18. <b>Water Waste and Unreasonable Water Use Prohibited</b></li></ol> |
|---|---|

For a more information about MNWD's Water Shortage Contingency Plan and Best Management Practices, please visit our website at [www.MNWD.com](http://www.MNWD.com)

**D R A F T****STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 2017-****TO ADOPT AN EMERGENCY REGULATION FOR  
STATEWIDE URBAN WATER CONSERVATION**

## WHEREAS:

1. On January 17, 2014, Governor Edmund G. Brown Jr. issued [Proclamation No. 1-17-2014](#) (January 2014 Proclamation) declaring a drought State of Emergency to exist in California due to severe drought conditions presenting urgent problems to drinking water supplies and cultivation of crops, which put farmers' long-term investments at risk, and threatening the survival of animals and plants that rely on California's rivers, including many species in danger of extinction. The January 2014 Proclamation called on all Californians to reduce their water usage by 20 percent;
2. On April 25, 2014, Governor Edmund G. Brown Jr. issued an executive order ([April 2014 Proclamation](#)) to strengthen the State's ability to manage water and habitat effectively in drought conditions, calling on all Californians to redouble their efforts to conserve water. The April 2014 Proclamation noted that the severe drought conditions presented urgent challenges across the State, including water shortages in communities and for agricultural production, increased wildfires, degraded habitat for fish and wildlife, threat of saltwater contamination, and additional water scarcity. Among other things, the April 2014 Proclamation suspended the environmental review required by the California Environmental Quality Act to allow certain actions, including State Water Resources Control Board (State Water Board) rulemaking pursuant to Water Code section 1058.5, to take place as quickly as possible;
3. Between April 2014 and November 2015 Governor Brown and the Legislature took a number of additional drought-related actions including extending the California Environmental Quality Act suspension for certain activities identified in the January 2014 and April 2014 Proclamations and other later drought-related executive orders.
4. In response to [Executive Order B-29-15](#), on May 5, 2015, the State Water Board adopted [Resolution No. 2015-0032](#) and a regulation pursuant to Water Code section 1058.5 that, among other things, required a mandatory 25 percent statewide reduction in potable urban water use between June 2015 and February 2016. To implement the Executive Order, the regulation placed each urban water supplier in a conservation tier, ranging between 4 and 36 percent, based residential per capita water use for the months of July – September 2014. By [Resolution No. 2016-0007](#) the State Water Board extended and revised the regulation to better consider a range of factors that contribute to water use, including but not limited to climate, growth, investment in local, drought resilient supplies;
5. On May 9, 2016 Governor Brown issued [Executive Order B-37-16](#) calling for the State Water Board to adjust emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions across the state. To implement the Executive Order, the State Water Board adopted, by [Resolution No. 2016-0029](#), revised regulations to allow individual suppliers to self-certify that there would be no supply shortfall assuming three additional dry years. The self certification

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“stress test” allowed many suppliers to self-certify that there would be no supply shortfall, even after three additional drought years. The Executive Order also called on the Board to develop a proposal to achieve a mandatory reduction in potable urban water usage that builds off of the mandatory 25% reduction called for in Executive Order B-29-15 and lessons learned through 2016;

6. From June 2015 through December 2016, urban water suppliers have reduced statewide potable water usage 22.5 percent compared to 2013, through the significant efforts of the suppliers and their customers. Conservation has generally exceeded requirements set by individual urban water suppliers using the stress test approach. Cumulative water savings since June 2015 has reached 2.42 million acre-feet of water, which is enough water to supply approximately 12 million Californians for one year;
7. In many areas, 50 percent or more of daily water use is for lawns and outdoor landscaping. Outdoor water use is generally discretionary, and many irrigated landscapes will survive while receiving a decreased amount of water;
8. Water conservation is the easiest, most efficient and most cost-effective way to quickly reduce water demand and extend supplies, providing flexibility for all California communities. Water can be conserved even when it’s raining, especially by turning off outdoor irrigation when the weather is providing ample irrigation;
9. Education and enforcement against water waste is a key tool in conservation programs. When conservation becomes a social norm in a community, the need for enforcement is reduced or eliminated;
10. Public information and awareness is critical to achieving conservation goals, and the Save Our Water campaign, run jointly by the Department of Water Resources (DWR) and the Association of California Water Agencies, is an excellent resource for conservation information and messaging that is integral to effective drought response (<http://saveourwater.com>). Appropriate messaging regarding current state and regional drought conditions will increase public awareness and understanding of why conservation measures need to continue as the State’s water supply conditions improve.;
11. Many California communities have faced and continue to face social and economic hardship due to this drought. Groundwater basins remain critically low in some areas, causing communities and well owners’ wells to go dry. Some reservoirs remain critically low, despite this winter’s precipitation. The rest of us can make adjustments to our water use, including landscape choices that conserve even more water;
12. The State Water Board’s current regulation requires that smaller water providers submit a report, due by December 15, that identifies total potable water production by month for the previous calendar year. Much of this information is also required as a component of the Division of Drinking Water’s Electronic Annual Report and can be consolidated with that reporting;
13. The California Constitution declares, at article X, section 2, that the water resources of the state must be put to beneficial use in a manner that is reasonable and not wasteful. Relevant to the current drought conditions, the California Supreme Court has clarified that “what may be a reasonable beneficial use, where water is present in excess of all

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needs, would not be a reasonable beneficial use in an area of great scarcity and great need. What is a beneficial use at one time may, because of changed conditions, become a waste of water at a later time.” (*Tulare Dist. v. Lindsay Strathmore Dist.* (1935) 3 Cal.2d 489, 567.) In support of water conservation, the legislature has, through Water Code section 1011, deemed reductions in water use due to conservation as equivalent to reasonable beneficial use of that water. Accordingly, this regulation is in furtherance of article X, section 2 during this drought emergency. This temporary emergency regulation is not to be used in any future administrative or judicial proceedings as evidence or finding of waste and unreasonable use of any individual water user or water supplier subject to this regulation, and are not to affect or otherwise limit any rights to water conserved under applicable law, including without limitation, water conserved consistent with Water Code section 1011;

14. Water Code section 1058.5 grants the State Water Board the authority to adopt regulations pursuant to the emergency rulemaking process during a declared drought emergency in order to: “prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion, of water, to promote water recycling or water conservation, to require curtailment of diversions when water is not available under the diverter’s priority of right, or in furtherance of any of the foregoing, to require reporting of diversion or use or the preparation of monitoring reports”;
15. As of January 15, 2017, the state has experienced significant snow and rainfall in December and January, causing many of the state’s reservoirs to shift to flood-control operations; however, groundwater storage remains depleted in many areas due to the continued impact of prolonged drought, precipitation cannot be counted on to continue, and snowpack levels, while above average for the current time of year, are subject to rapid reductions as seen in 2016 and before. The full picture of the state’s hydrologic water conditions for 2016/2017 remains unclear and subject to a number of variables at least until April 2016;
16. Extending the emergency regulation does not require any particular water supplier to establish mandatory conservation requirements; instead, it allows each supplier to customize requirements to their own water supply conditions. Continued implementation of reasonable water conservation measures is prudent to address water supply uncertainty and the lingering impacts of prolonged drought for an additional 270 days, until the Governor lifts the drought emergency proclamation, or the State Water Board determines that emergency regulations should be modified or rescinded;
17. The current regulation adopted by Resolution No. 2016-0029 is scheduled to expire February 28, 2017 by operation of law if not readopted;
18. On January 18, 2017, the State Water Board held a workshop to receive input on the potential modification and extension of the current conservation regulation. The State Water Board solicited public comments on the proposed framework and received approximately 75 comments, primarily relating to the improved water conditions in December 2016 and January 2017, whether a conservation regulation continued to be necessary, and the ability of urban water suppliers to manage their own water supply options;

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19. On January 26, 2017, the State Water Board issued public notice of its regularly-scheduled February 8, 2017 Board meeting at which it would consider amendment, extension and readoption of the regulation, in accordance with applicable State laws and regulations;
20. On February 1, 2016 the State Water Board issued staff-proposed regulatory language for public comment based on the impending expiration date of the current regulation, current conditions and comments received before and at the January 18 workshop. The staff proposal reflects careful consideration by the Board and staff of all comments including those directed at the levels of required reduction and the basis upon which water use reductions should be required. The draft regulatory language largely extends the May 18, 2016 regulation in recognition of differing water supply conditions across the state and comments from suppliers that the current regulation structure was the appropriate response to current conditions if the Board does not let the regulation expire; and;
21. As discussed above, the State Water Board is readopting the regulation because the Governor's proclamation remains in effect, because the drought conditions that formed the basis of the Governor's emergency proclamations continue to exist in portions of the state, because snowpack and reservoir conditions for the end of the water year remain subject to significant change through the end of the water year, because the May 18 regulation is set to expire on February 28, 2017, and to address ongoing need to prevent the waste and unreasonable use of water and to promote conservation during the declared drought emergency.

THEREFORE BE IT RESOLVED THAT:

1. The State Water Board readopts California Code of Regulations, title 23, sections 863, 864, 865 and 866, as appended to this resolution as an emergency regulation;
2. State Water Board staff will submit the regulation to OAL for final approval;
3. If, during the approval process, State Water Board staff, the State Water Board, or OAL determines that minor corrections to the language of the regulation or supporting documentation are needed for clarity or consistency, the State Water Board Executive Director or the Executive Director's designee may make such changes;
4. The State Water Board directs the Executive Director to consider promptly modifying or repealing the regulation consistent with Water Code section 1058.5 and State Water Board [Resolution No. 2012-0061](#) if the Governor lifts the declaration of a drought state of emergency;
5. This regulation shall remain in effect for 270 days after filing with the Secretary of State unless the State Water Board determines that it is no longer necessary due to changed conditions, the State Water Board renews the regulation due to continued drought conditions as described in Water Code section 1058.5, or the Executive Director modifies or repeals the regulation under authority delegated in Resolution No. 2012-0061;



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6. In consideration of the fact that in many years a significant portion of the state's rainfall and snowpack occur in February and March, the State Water Board directs staff to monitor and evaluate available data on precipitation, snowpack, reservoir storage levels, and other factors and report back to the Board with monthly updates on the implementation of the regulation and its effect and to receive direction from the Board regarding whether to bring a proposal for rescission or adjustment back to the Board based on updated conditions;
7. The State Water Board directs staff to condition funding upon compliance with the regulation, to the extent feasible;
8. The State Water Board directs staff to work with DWR and the Save Our Water campaign to disseminate information regarding the regulation, and to work with stakeholders to develop consistent messaging regarding the current state of the drought and need for continued water conservation; and
9. The State Water Board directs staff to use the Electronic Annual Report to collect monthly production volumes and any actions taken by the supplier to encourage or require conservation for distributors of a public water supply.

## THEREFORE BE IT FURTHER RESOLVED THAT:

10. The State Water Board shall continue to work with DWR, the Public Utilities Commission, and other agencies to support urban water suppliers' actions to implement rates and pricing structures to incent additional conservation while protecting low-income ratepayers, as required by directive eight in the Governor's April 1, 2015 Executive Order and Assembly Bill 401 (2015). The Fourth District Court of Appeal's Decision in *Capistrano Taxpayer Association Inc. v. City of San Juan Capistrano* (G048969) does not foreclose the use of conservation-oriented rate structures, and conservation-oriented rate structures are an important tool to promote ongoing conservation and meet the water efficiency standards set forth in Executive Order B-37-16;
11. Nothing in the regulation or in the enforcement provisions of the regulation precludes a local agency from exercising its authority to adopt more stringent conservation measures. Moreover, the Water Code does not impose a mandatory penalty for violations of the regulation adopted by this resolution, and local agencies retain the enforcement discretion in enforcing the regulation to the extent authorized. Local agencies are encouraged to develop their own progressive enforcement practices to promote conservation;
12. The State Water Board calls upon all homeowners' associations to support and cooperate with water suppliers' and their residents' efforts to conserve water in community apartment projects, condominium projects, planned developments, and stock cooperatives statewide;
13. The State Water Board commends wholesale water agencies that have set aggressive conservation targets for their retail water suppliers and who have invested heavily in subsidizing efficiency measures such as turf and toilet rebates, recycled water production, and other potable water augmentation measures;

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14. The State Water Board commends water suppliers that have made investments to boost drought-resistant supplies, such as advanced treated recycled water and desalination. Those investments help to make communities more resilient in the face of drought and the Board is committed to moving towards a more resilience based approach to emergency water conservation and in any permanent measures going forward;
15. The State Water Board commends the many water suppliers that have taken steps and made systemic changes that have led to them surpassing their 20x2020 conservation targets as well as their emergency conservation targets. Long-term conservation efforts are critical to maintaining economic and social well-being, especially in light of the impacts of climate change on California's hydrology;
16. During this drought emergency, heightened conservation that extends urban resilience has been and continues to be necessary. The State Water Board's focus is on continuing reductions in outdoor water use;
17. The California Water Action Plan calls for making conservation a way of life, increasing regional water self-reliance, and expanding storage capacity, among other actions. Long term water security will depend on implementing a range of actions and the State Water Board recognizes that these actions must advance in a complementary manner such that one action does not impede the progress of another. The State Water Board recognizes that conservation requirements implemented in response to critical drought conditions differ from those actions needed to optimize urban water use efficiency and build resilience over the long-term. Resilience to drought requires a combination of water efficiency and the development of new sustainable supplies, such as recycling, stormwater capture and re-use, local storage to capture water in wet years for use in dry years, and other actions. However, the effect of climate change on California weather patterns and snowpack will undoubtedly put increased pressure on the water supply and pose greater risk for extreme weather conditions, including longer and more severe droughts. It is imperative that State agencies and water suppliers have the information and mechanisms needed to best respond to critical drought emergencies and that all sources of urban water be used efficiently over the long-term. Staff is directed to continue working with the Department of Water Resources, the Department of Food and Agricultural, the Energy Commission, and the Public Utilities Commission to carry out the directives in Executive Order B-37-16, by taking actions to facilitate a transition to permanent, long-term improvements to water use.

**CERTIFICATION**

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on February 8, 2017.

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Jeanine Townsend  
Clerk to the Board



# Fact Sheet

## 36 Month Urban Water Supply Now Basis For Local Emergency Water Conservation Efforts

On May 18, the State Water Resources Control Board adopted a statewide water conservation approach that replaces the prior percentage reduction-based water conservation standard with a localized “stress test” approach – that mandates urban water suppliers act now to ensure at least a three year supply of water to their customers under drought conditions.

The adopted emergency regulation followed improved water supply conditions around most of the state and recognition that urban water suppliers are in a better position to plan for, and accommodate, local drought impacts to their water supply, following their experiences conserving upwards of 24 percent of their water use these past 10 months.

The adopted regulation establishes standards with locally developed conservation standards based upon each agency’s specific circumstances. The regulation now requires individual urban water suppliers to self-certify the level of available water supplies they have assuming three additional dry years, and the level of conservation necessary to assure adequate supply over that time.

This self-certification would include information provided by regional water distribution agencies (wholesale suppliers) about how regional supplies would fare during three additional dry years. Both urban water suppliers and wholesale suppliers are required to report the underlying basis for their assertions, and urban water suppliers are required to continue reporting their conservation levels.

Urban water suppliers are now required to reduce potable water use in a percentage equal to their projected shortfall in the event of three more dry years. In other words, if an individual water district projects it would, under the specified assumptions, have a 10 percent shortfall after the next three years at the current rate of use, their mandatory conservation standard would be 10 percent.

The regulation keeps in place the monthly reporting requirements and specific prohibitions against certain water uses. Those prohibitions include watering down a sidewalk with a hose instead of using a broom or a brush, or overwatering a landscape to where water is running off the lawn, over a sidewalk and into the gutter. Prohibitions directed to the hospitality industry also remain in place. Prohibitions against home owners associations taking action against homeowners during a declared drought remain as well. As directed by Governor Brown’s [Executive Order B-37-16](#), the Board will separately take action to make some of these requirements and prohibitions permanent.



The adopted regulation is the result of review of many meetings, written and oral comments from a public workshop on [April 20](#) to receive input on conservation needs through the summer and fall, and lessons learned since the Water Board first adopted drought emergency water conservation regulations.

**The new conservation standards will take effect in June and remain in effect until the end of January 2017.**

Improved Water Supply and Conditions; and Conservation – Reason for Change

Winter 2016 saw improved hydrologic conditions in parts of California. More rain and snow fell in Northern California as compared to Central and Southern California; yet, due to California's water storage and conveyance systems, concerns over supply reliability have eased compared to last year throughout urban California. Consequently, the unprecedented mandatory state-driven conservation standards in place over the last ten months must transition to conservation standards based on supply reliability considerations at the local level. However, conservation standards are still needed in case this winter was a short reprieve in a longer drought.

The Board has been monitoring state hydrology, water supply conditions, including local supply reliability, and the conservation levels achieved by the State's 411 urban water suppliers. Hydrologic conditions in parts of California – particularly northern California – have markedly improved relative to 2014 and 2015. Many reservoirs are above historic averages for late spring, and water allocations are up in most cases for the State Water Project.

In addition, the water production reports submitted to the State Water Board have shown that the majority of urban water suppliers have successfully responded to mandatory conservation expectations over the last 20 months. Public awareness of drought conditions and the public's extraordinary response this past ten months should lead to continuing conservation.

Should severe drought conditions return, the Board stands ready to return to stronger conservation mandates to ensure urban water suppliers can meet local water needs in the long term.

The adopted drought emergency water conservation regulation allows suppliers to define an individualized conservation standard on their specific water supply and demand conditions. Each water supplier is required to evaluate its supply portfolio and self-certify the accuracy of its information while also providing the underlying information and assumptions; the State Water Board would assign each supplier a mandatory conservation standard equal to the percentage deficiency the supplier identifies in its supply under specified assumptions. Additionally, certain statewide requirements on small suppliers and businesses would be lifted.



Governor and Board Actions Achieved Historic Conservation Statewide  
In his April 1, 2015 [Executive Order](#), Governor Brown mandated a 25 percent water use reduction by users of urban water supplies across California.

In May 2015, the State Water Board adopted an emergency regulation requiring a cumulative 25 percent reduction in overall potable urban water use over the following 9 months. The [May 2015 Emergency Regulation](#) used a sliding scale for setting conservation standards, so that communities that have already reduced their residential gallons per capita per day (R-GPCD) through past conservation had lower mandates than those that had not made such gains since the last major drought. Conservation tiers for urban water suppliers were set between eight percent and 36 percent, based on residential per capita water use for the months of July - September 2014.

During this time, statewide water conservation was [unprecedented](#). In the last 10 months alone, the state realized nearly a 24 percent savings in water use as compared to same period 2013, resulting in some 1.30 million acre-feet of water conserved throughout California, enough to supply 6.5 million people with water for an entire year.

On Feb. 2, 2016, based on Governor Brown's [November 2015 Executive Order](#), the State Water Board approved an updated and extended emergency regulation that continued mandatory reductions through October.

The [February 2016 Emergency Regulation](#) responded to calls for continuing the conservation structure that has spurred savings, while providing greater consideration of some localized factors that influence water needs around the state: climate differences, population growth and significant investments in new local, drought-resilient water supplies such as potable wastewater reuse and desalination. The February Emergency Regulation is longer in effect. Under the new reporting structure adopted by the Board May 18, water districts will continue to [report water use](#), but their conservation standard will be based on any shortfall in projected supply over three drought years.

On May 9, Governor Brown [issued an Executive Order](#) directing actions aimed at using water wisely, reducing water waste, and improving water use efficiency for the years and decades ahead. The Executive Order, in part, directed the State Water Board to extend the emergency regulations for urban water conservation through the end of January 2017. As called for in his Executive Order, it is anticipated the State Water Board will be working closely with the Department of Water Resources and other agencies to define and establish water efficiency standards for the state to ensure a more reliable water supply and to make state water users more resilient and prepared over the long-term.

*(This fact sheet was last updated May 18, 2016)*



**Executive Department**

State of California

**EXECUTIVE ORDER B-37-16  
MAKING WATER CONSERVATION A CALIFORNIA WAY OF LIFE**

**WHEREAS** California has suffered through a severe multi-year drought that has threatened the water supplies of communities and residents, devastated agricultural production in many areas, and harmed fish, animals and their environmental habitats; and

**WHEREAS** Californians responded to the drought by conserving water at unprecedented levels, reducing water use in communities by 23.9% between June 2015 and March 2016 and saving enough water during this period to provide 6.5 million Californians with water for one year; and

**WHEREAS** severe drought conditions persist in many areas of the state despite recent winter precipitation, with limited drinking water supplies in some communities, diminished water for agricultural production and environmental habitat, and severely-depleted groundwater basins; and

**WHEREAS** drought conditions may persist in some parts of the state into 2017 and beyond, as warmer winter temperatures driven by climate change reduce water supply held in mountain snowpack and result in drier soil conditions; and

**WHEREAS** these ongoing drought conditions and our changing climate require California to move beyond temporary emergency drought measures and adopt permanent changes to use water more wisely and to prepare for more frequent and persistent periods of limited water supply; and

**WHEREAS** increasing long-term water conservation among Californians, improving water use efficiency within the state’s communities and agricultural production, and strengthening local and regional drought planning are critical to California’s resilience to drought and climate change; and

**WHEREAS** these activities are prioritized in the California Water Action Plan, which calls for concrete, measurable actions that “Make Conservation a California Way of Life” and “Manage and Prepare for Dry Periods” in order to improve use of water in our state.



**NOW, THEREFORE, I, EDMUND G. BROWN JR.,** Governor of the State of California, in accordance with the authority vested in me by the Constitution and statutes of the State of California, in particular California Government Code sections 8567 and 8571, do hereby issue this Executive Order, effective immediately.

**IT IS HEREBY ORDERED THAT:**

The orders and provisions contained in my January 17, 2014 Emergency Proclamation, my April 25, 2014 Emergency Proclamation, Executive Orders B-26-14, B-28-14, B-29-15, and B-36-15 remain in full force and in effect except as modified herein.

State agencies shall update temporary emergency water restrictions and transition to permanent, long-term improvements in water use by taking the following actions.

**USE WATER MORE WISELY**

1. The State Water Resources Control Board (Water Board) shall, as soon as practicable, adjust emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions across the state. To prepare for the possibility of another dry winter, the Water Board shall also develop, by January 2017, a proposal to achieve a mandatory reduction in potable urban water usage that builds off of the mandatory 25% reduction called for in Executive Order B-29-15 and lessons learned through 2016.
2. The Department of Water Resources (Department) shall work with the Water Board to develop new water use targets as part of a permanent framework for urban water agencies. These new water use targets shall build upon the existing state law requirements that the state achieve a 20% reduction in urban water usage by 2020. (Senate Bill No. 7 (7th Extraordinary Session, 2009-2010).) These water use targets shall be customized to the unique conditions of each water agency, shall generate more statewide water conservation than existing requirements, and shall be based on strengthened standards for:
  - a. Indoor residential per capita water use;
  - b. Outdoor irrigation, in a manner that incorporates landscape area, local climate, and new satellite imagery data;
  - c. Commercial, industrial, and institutional water use; and
  - d. Water lost through leaks.

The Department and Water Board shall consult with urban water suppliers, local governments, environmental groups, and other partners to develop these water use targets and shall publicly issue a proposed draft framework by January 10, 2017.





3. The Department and the Water Board shall permanently require urban water suppliers to issue a monthly report on their water usage, amount of conservation achieved, and any enforcement efforts.

**ELIMINATE WATER WASTE**

4. The Water Board shall permanently prohibit practices that waste potable water, such as:
  - Hosing off sidewalks, driveways and other hardscapes;
  - Washing automobiles with hoses not equipped with a shut-off nozzle;
  - Using non-recirculated water in a fountain or other decorative water feature;
  - Watering lawns in a manner that causes runoff, or within 48 hours after measurable precipitation; and
  - Irrigating ornamental turf on public street medians.
5. The Water Board and the Department shall direct actions to minimize water system leaks that waste large amounts of water. The Water Board, after funding projects to address health and safety, shall use loans from the Drinking Water State Revolving Fund to prioritize local projects that reduce leaks and other water system losses.
6. The Water Board and the Department shall direct urban and agricultural water suppliers to accelerate their data collection, improve water system management, and prioritize capital projects to reduce water waste. The California Public Utilities Commission shall order investor-owned water utilities to accelerate work to minimize leaks.
7. The California Energy Commission shall certify innovative water conservation and water loss detection and control technologies that also increase energy efficiency.

**STRENGTHEN LOCAL DROUGHT RESILIENCE**

8. The Department shall strengthen requirements for urban Water Shortage Contingency Plans, which urban water agencies are required to maintain. These updated requirements shall include adequate actions to respond to droughts lasting at least five years, as well as more frequent and severe periods of drought. While remaining customized according to local conditions, the updated requirements shall also create common statewide standards so that these plans can be quickly utilized during this and any future droughts.
9. The Department shall consult with urban water suppliers, local governments, environmental groups, and other partners to update requirements for Water Shortage Contingency Plans. The updated draft requirements shall be publicly released by January 10, 2017.



10. For areas not covered by a Water Shortage Contingency Plan, the Department shall work with counties to facilitate improved drought planning for small water suppliers and rural communities.

**IMPROVE AGRICULTURAL WATER USE EFFICIENCY AND DROUGHT PLANNING**

11. The Department shall work with the California Department of Food and Agriculture to update existing requirements for Agricultural Water Management Plans to ensure that these plans identify and quantify measures to increase water efficiency in their service area and to adequately plan for periods of limited water supply.

12. The Department shall permanently require the completion of Agricultural Water Management Plans by water suppliers with over 10,000 irrigated acres of land.


13. The Department, together with the California Department of Food and Agriculture, shall consult with agricultural water suppliers, local governments, agricultural producers, environmental groups, and other partners to update requirements for Agricultural Water Management Plans. The updated draft requirements shall be publicly released by January 10, 2017.

The Department, Water Board and California Public Utilities Commission shall develop methods to ensure compliance with the provisions of this Executive Order, including technical and financial assistance, agency oversight, and, if necessary, enforcement action by the Water Board to address non-compliant water suppliers.

This Executive Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

**I FURTHER DIRECT** that as soon as hereafter possible, this order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this order.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 9th day of May 2016.

  
EDMUND G. BROWN JR.  
Governor of California

**ATTEST:**

\_\_\_\_\_  
ALEX PADILLA  
Secretary of State



**ORDINANCE NO. 15-01**

**AN ORDINANCE OF THE MOULTON NIGUEL WATER DISTRICT PRESCRIBING WATER CONSERVATION RULES AND REGULATIONS**

**WHEREAS**, California Constitution article X, section 2 and California Water Code section 100 provide that because of conditions prevailing in the state of California (the “State”), it is the declared policy of the State that the general welfare requires that the water resources of the State shall be put to beneficial use to the fullest extent of which they are capable, the waste or unreasonable use of water shall be prevented, and the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and the public welfare; and

**WHEREAS**, pursuant to California Water Code section 106, it is the declared policy of the State that the use of water for domestic use is the highest use of water and that the next highest use is for irrigation; and

**WHEREAS**, pursuant to California Water Code section 375, the Moulton Niguel Water District (the “District”) is authorized to adopt and enforce a water conservation program to reduce the quantity of water used by persons within its jurisdiction for the purpose of conserving the water supplies of the District; and

**WHEREAS**, on January 17, 2014, the Governor Brown proclaimed a condition of statewide drought and called upon local agencies to take aggressive, immediate action to reduce water consumption locally and regionally by 20%; and

**WHEREAS**, because of the prevailing conditions in the State, the current statewide drought, and the declared policy of the State, the District hereby finds and determines that it is necessary and appropriate for the District to adopt, implement, and enforce a water conservation program to reduce the quantity of water used by consumers within the District to ensure that there is sufficient water for human consumption, sanitation, and fire protection; and

**WHEREAS**, pursuant to California Water Code section 350 the Board of Directors is authorized to declare a water shortage emergency to prevail within its jurisdiction when it finds and determines that the District will not be able to or cannot satisfy the ordinary demands and requirements of water consumers without depleting the water supply of the District to the extent that there would be insufficient water for human consumption, sanitation, and fire protection, and as more fully set forth in this chapter; and

## #5.

**WHEREAS**, in the event the District determines that it is necessary to declare that a water shortage emergency exists, the District will be authorized, pursuant to the Water Shortage Contingency Plan adopted pursuant to this Ordinance, to implement certain shortage response measures and a water conservation and regulatory program to regulate water consumption activities within the District and ensure that the water delivered in the District is put to beneficial use for the greatest public benefit, with particular regard to domestic use, including human consumption, sanitation, and fire protection, and that the waste or unreasonable use of water is prevented; and

**WHEREAS**, the District is authorized to prescribe and define by ordinance restrictions, prohibitions, and exclusions for the use of water during a threatened or existing water shortage and adopt and enforce a water conservation and regulatory program to: (i) prohibit the waste of District water or the use of District water during such period; (ii) prohibit use of water during such periods for specific uses that the District may from time to time find nonessential; and (iii) reduce and restrict the quantity of water used by those persons within the District for the purpose of conserving the water supplies of the District; and

**WHEREAS**, the District hereby finds and determines that as hereby amended, the District shall: (i) implement water conservation and water shortage response measures; (i) regulate the water consumption activities of persons within the District for the purposes of conserving and protecting the District's water supplies, reducing the quantity of water consumed, and deterring and preventing the waste or unreasonable use or unreasonable method of use of valuable water resources; and (ii) establish and collect regulatory fees and impose administrative penalties as set forth herein to accomplish these purposes and/or recover the costs of the District's water conservation and regulatory program; and

**WHEREAS**, the District hereby finds and determines that it is desirable to codify the rules and regulations governing its actions, and the actions of persons using and consuming water within the District, particularly during declared water shortages and water shortage emergencies, to protect the general welfare and the District's water supplies, and to reduce water consumption in accordance with the declared policies and laws of the State.

**NOW THEREFORE BE IT ORDAINED** by the Board of Directors of the Moulton Niguel Water District as follows:

### **Section 1. Findings and Determinations**

The District hereby finds and determines that the above recitals are true and correct and incorporated herein.

**Section 2. Amendments to District Rules and Regulations.**

Moulton Niguel Water District's Article IV Rules and Regulations, Section 5.N., and Exhibit G, amendments to Section 5.N., are hereby amended in their entirety and replaced with the following rules and regulations governing water conservation:

**N. Water Conservation**

**1. Findings and Intent**

(A) **Findings.** The Board of Directors finds and determines that because of the prevailing conditions in the State, and the declared policy of the State, it is necessary and appropriate for the District to adopt, implement, and enforce a water conservation program to reduce the quantity of water used by persons within the District to ensure that there is sufficient water for human consumption, sanitation, and fire protection. The District further finds and determines that during periods of drought, water shortages, and water shortage emergencies the general welfare requires that the District maximize the beneficial use of its available water resources to the extent that it is capable, and that the waste or unreasonable use, or unreasonable method of use of water shall be prevented and the conservation of water is to be extended with the view to the reasonable and beneficial use thereof in the interests of the people of the District and for the public health, safety, and welfare.

(B) **Intent.** This Section 5.N. is intended to establish:

(1) permanent water conservation BMPs and response measures;

(2) rules, regulations, and restrictions on water use (the "Rules") to be implemented during declared water shortage stages, with increasing restrictions on water use in response to decreasing water supplies and worsening water shortage conditions.

(C) **Demand Management Through Rate Structure Design.** The District's water budget-based rate structure is designed and intended to be a water demand management tool and to proportionately recover the costs of providing water service within the District. The District's efforts in managing its water supply are best achieved through its water budget-based rate structure and the calculated water budgets provided to the District's customers.

(D) **Use of Property.** This Section 5.N. is not intended to repeal, abrogate, annul, impair or in any way interfere with the free use of property by covenant, deed, or other

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private agreement or with restrictive covenants running with the land to which the District provides water services.

### 2. Purposes and Scope

(A) **Purposes.** The purposes of this Section 5.N. are to:

- (1) protect the health, safety and welfare of the citizens and property owners of the District;
- (2) assure the maximum beneficial use of available water supplies;
- (3) attempt to provide sufficient water supplies to meet, at a minimum, the basic needs of human consumption, sanitation, and fire protection; and
- (4) authorize restrictions in water use during declared water shortages to maximize the beneficial use of water, and the imposition of penalties for violations of the Rules.

(B) **Scope.** The provisions of this Section 5.N. shall apply to all persons within the District and all property served by the District wherever situated. Nothing in this Section 5.N. is intended to affect or limit the ability of the District to respond to an emergency, including an emergency that affects the ability of the District to supply water.

### 3. Definitions

For the purposes of this Section 5.N., the following words, terms, and phrases shall have the following meanings:

(A) “Appellant” means the person appealing the imposition of a penalty imposed by the District for a violation of the Rules pursuant to this Section 5.N.

(B) “BMPs” mean best management practices.

(C) “Calculated water budget” means the water budget calculated by the District for each customer in accordance with the District’s water rate structures.

(D) “Calculated recycled water budget” means the recycled water budget calculated by the District for each customer in accordance with the District’s recycled water rate structure.

(E) "Ccf" means one hundred cubic feet.

(F) "District" means the Moulton Niguel Water District.

(G) "General Manager" means the General Manager of the District or her or his authorized designee.

(H) "Immediate emergency" shall have the meaning set forth in Section 5.N.6.(D).

(I) "19 Account customers" shall have the meaning set forth in Section 5.N.9.(A).

(J) "Person" means any natural person, firm, joint venture, joint stock company, partnership, public or private association, club, company, corporation, business trust, organization, public or private agency, government agency or institution, school district, college, university, any other user of water provided by the District, or the manager, lessee, agent, servant, officer or employee of any of them or any other entity which is recognized by law as the subject of rights or duties.

(K) "Plant factor" means the water needs of specific types of plants as established through guidelines provided by state law and the State Department of Water Resources' Model Water Efficient Landscape Ordinance established under Assembly Bill 1881.

(L) "Potable Water" means that water furnished to the customer which complies with federal and State drinking water regulations and standards, or any other applicable standards, for human consumption.

(M) "Property owner" or "owner" means the record owner of real property as shown on the most recently issued equalized assessment roll.

(N) "Recycled water" means water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource.

(O) "Rules" shall have the meaning set forth in in Section 5.N.1.(B)(2).

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(P) “RC9 Account customers” shall have the meaning set forth in Section 5.N.14(A)(1).

(Q) “State” means the state of California, including any department or regulatory agency thereof.

(R) “Water customer” or “customer” means a person who, according to the District’s records, has an account with the District and receives water service or recycled water service to a parcel of property.

(S) “Water shortage emergency” means a condition existing within the District in which the ordinary water demands and requirements of persons within the District cannot be satisfied without depleting the water supply of the District to the extent that there would be insufficient water for human consumption, sanitation, and fire protection. A water shortage emergency includes both an immediate emergency, in which the District is unable to meet current water needs of persons within the District, as well as a threatened water shortage, in which the District determines that its future supply of water may not meet an anticipated future demand.

(T) “WUCOLS” shall have the meaning set forth in Section 5.N.8.(D).

#### 4. Water Conservation Best Management Practices

(A) **Conservation through BMP’s.** Recognizing that water is our most vital resource, the following water conservation BMPs have been established to conserve water, prevent the waste or unreasonable use or unreasonable method of use of water, and preserve the District’s water supplies. The BMPs shall be in effect at all times. Except as otherwise provided in this Section 5.N.4., the BMPs shall not apply to the use of recycled water.

(B) **Installation of Water Conservation Devices.** No water shall be provided by the District for internal or external use to any residential, commercial, industrial, agricultural, recreational, governmental, or public building or structure of any kind which is constructed or altered and in which either internal or external irrigation or domestic water piping or water fixtures are to be installed, extended, or altered in any way, including, but not limited to, any plumbing, water piping, or water fixtures for which a construction permit is required to be obtained from the County of Orange or its successor, or for which District approval of plans and service applications are required, unless the new, extended, or altered plumbing, water piping, or other water using facilities conform to the requirements and standards of this Section 5.N.4.(C) of the Rules and Regulations.



(C) **Standards for Water Conservation Devices.** The required water conservation devices and standards of the District are those set forth on Exhibit "F" to these Rules and Regulations. Nothing herein provided shall be deemed to relieve any person from compliance with the plumbing code of the County of Orange or any other state or local plumbing or building requirements.

(D) **Limits on Watering Hours.** Watering or irrigating any lawn, landscape or other vegetated area with potable water should be avoided between the hours of 9:00 a.m. and 5:00 p.m. on any day, except by use of a hand-held bucket or similar container, a hand-held hose equipped with an automatic shut-off nozzle or device, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.

(E) **Limits on Water Duration.** Watering or irrigating any lawn, landscape or other vegetated area with potable water using a landscape irrigation system or watering device that is not continuously attended should be limited to no more than eight minutes of watering per station every other day during the summer and less than six minutes during the spring, fall and winter. This subsection does not apply to landscape irrigation systems that exclusively use very low-flow irrigation systems where no emitter produces more than two gallons of water per hour.

(F) **No Watering During Rain.** Watering or irrigating any lawn, landscape or other vegetated area with potable water should be avoided when it is raining.

(G) **Plant Low-Water Demand Plants and Trees.** When installing new landscaping, plant only low-water demand trees and plants. New turf should only be installed for functional purposes. Functional turf is defined as turf used for athletic or high traffic areas.

(H) **No Excessive Water Flow or Runoff.** Watering or irrigating any lawn, landscape or other vegetated area in a manner that causes or allows excessive flow or runoff of potable or recycled water onto an adjoining sidewalk, driveway, street, alley, gutter or ditch should be avoided.

(I) **No Washing Down Hard or Paved Surfaces.** Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, should be avoided except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container, a hand-held hose equipped with an automatic shut-off device or a low-volume, high-pressure cleaning machine equipped to recycle any water used.

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(J) **Obligation to Fix Leaks, Breaks or Malfunctions.** Excessive use, loss or escape of potable or recycled water through breaks, leaks or other malfunctions in the water user's plumbing or distribution system should be avoided for any period of time after such escape of water should have reasonably been discovered and corrected. It is unlawful for any person to permit for the forgoing for more than five days after receiving notice from the District of any such break, leak, or other malfunction.

(K) **Re-circulating Water Required for Water Fountains and Decorative Water Features.** Operating a water fountain or other decorative water feature that does not use re-circulated water is prohibited.

(L) **Limits on Washing Vehicles.** Using potable water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not, should be avoided, except by use of a hand-held bucket or similar container, a hand-held hose equipped with an automatic water shut-off nozzle or a low volume power washer with an automatic water shut-off nozzle. This paragraph does not apply to commercial car washes or the washing of vehicles regulations where the health, safety, and welfare of the public is contingent upon frequent vehicle cleaning, such as garbage trucks and vehicles used to transport food and perishables.

(M) **Drinking Water Served Upon Request Only.** Eating or drinking establishments, including but not limited to a restaurant, hotel, café, cafeteria, bar, club or other public place where food or drinks are sold, served, or offered for sale, should only provide drinking water to persons when expressly requested.

(N) **Commercial Lodging Establishments Must Provide Option to Not Launder Linens Daily.** Hotels, motels and other commercial lodging establishments should provide customers the option of not having towels and linens laundered daily. Commercial lodging establishments should prominently display notice of this option in each bathroom using clear and easily understood language.

(O) **Installation of Single Pass Cooling Systems.** Single pass cooling systems shall not be installed in buildings requesting new potable water service.

(P) **Installation of Non-re-circulating Water Systems in Commercial Car Washes and Laundry Systems.** Non-recirculating water systems in commercial car washes and laundry systems shall not be installed.

(Q) **Restaurants Required to Use Water Conserving Dish Wash Spray Valves.** Food preparation establishments, such as restaurants or cafés, shall not use non-water conserving dish wash spray valves.

(R) **Swimming Pools and Spa Covers.** Property owners who have a swimming pool or a spa are encouraged to cover the facilities to minimize water loss due to evaporation.

(S) **Water Waste and Unreasonable Water Use Prohibited.** The waste or unreasonable use or unreasonable method of use of water by any person shall be prohibited at all times.

## **5. Water Shortages**

(A) **Reductions in Water Supply.** Should the BMPs be inadequate to protect the District's potable water supply, the District Board of Directors reserves the right to implement further mandatory Rules to reduce the amount of water used within the District. The Rules are necessary to respond to any significant reductions to the District's water supply as a result of drought, natural disasters, regulatory action, and planned or unplanned potable water shortages, including but not limited to, shortages arising from the following circumstances or events that are or may impact the District's water supply:

(1) the District's wholesale water supplier has determined that a drought, water shortage, or water shortage emergency exists or has implemented or taken other actions requiring a reduction in water demand;

(2) Metropolitan Water District of Southern California ("MWD") Water Supply Allocation Plan implementation or other actions requiring a reduction in water demand;

(3) regional or statewide importation or local distribution systems or facility(ies) have failed or have been shut down (e.g., a main break, reservoir, pipeline, canal, or other distribution or conveyance system failure);

(4) alternative water supplies are limited or unavailable;

(5) the State has determined that a drought, water shortage or water shortage emergency exists;

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(6) the State has implemented restrictions on the use of water or reduced or restricted the delivery of wholesale water to the District; and

(7) any other natural disaster that impacts the availability of water to the District.

(B) **Application.** The provisions of this Section 5.N. shall apply to all persons using potable water within the District, regardless of whether any person using potable water or recycled water has a contract or account for water service.

### 6. Declaration of Water Shortages

(A) **District Water Supply.** The General Manager shall monitor the projected supply and demand for water by the District's customers on a frequent basis during periods of a water shortage or drought and shall recommend to the Board of Directors the extent of the conservation measures required through the implementation and/or termination of particular water shortage stages to prudently plan and supply water to its customers. The General Manager will recommend the appropriate stage of response to a water shortage based on the best information available at the time. In addition to the circumstance and events set forth in Section 5.N.5(A), conditions that may be considered include, but are not limited to:

(1) District water supply conditions and storage levels;

(2) statewide water supply conditions;

(3) local water supply and demand conditions; and

(4) actions by surrounding wholesale and retail water agencies; and

(5) any other conditions the General Manager believes will adversely affect the District's available water supply.

(B) **Declaration of Water Shortage Stages.** The declaration of any water shortage stage declared pursuant to Section 5.N.7 shall be made by the recommendation of the General Manager and the adoption of a resolution of the Board of Directors. The water shortage stage designated shall become effective immediately upon adoption of the resolution by the Board of Directors.

(C) **Notice and Publication.** Within ten (10) days of the adoption of the resolution declaring the applicable water shortage stage, the District shall make a public announcement of the applicable water shortage stage, which shall be published a minimum of three (3) times in a daily newspaper of general circulation and posted on the District's website.

(1) Such declaration and notice shall provide the extent, terms, and conditions respecting the use and consumption of water in accordance with the applicable water shortage stage as provided in this Section 5.N.

(2) The District will periodically provide the public with information about the Rules, including conditions under which each water shortage stage is to be initiated or terminated and the conservation response measures to be implemented in each stage.

(3) Upon such declaration and publication of the notice required herein, due and proper notice shall be deemed to have been given each and every person supplied water within the District of the Rules governing the applicable water shortage stage.

(D) **Declaration of Water Shortage Emergency.** Excepting in event of a breakage or failure of a dam, pump, pipe line or conduit causing an immediate emergency (an "immediate emergency"), the declaration of a water shortage emergency during any water shortage stage shall be made in accordance with California Water Code sections 350 *et seq.*

(1) The declaration of a water shortage emergency other than an immediate emergency shall be made only after a public hearing at which consumers have an opportunity to be heard to protest the declaration and to present their respective needs to the Board of Directors.

(2) Notice of the time and place of the public hearing shall be published pursuant to Section 6061 of the Government Code at least seven days prior to the date of the public hearing in a newspaper printed, published, and circulated within the area in which the water supply is distributed, or if there is no such newspaper, in any newspaper printed, published, and circulated in the Orange County.

(3) After the close of the public hearing, the Board of Directors shall be authorized to adopt a resolution declaring a water shortage emergency. The resolution shall take effect immediately upon adoption.

(4) After adopting the resolution, the declaration of the Board of Directors of the water shortage emergency shall be made by public announcement on the

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District's website and shall be published a minimum of one time in a newspaper of general circulation.

(5) The Rules on water use during the water shortage emergency shall remain in full force and effect during the period of the emergency and until the supply of water available for distribution within the District's service area has been replenished or augmented. After adopting the resolution, the declaration of the Board of Directors of the appropriate water shortage stage shall be made by public announcement on the District's website and shall be published a minimum of one time in a newspaper of general circulation.

(E) **Determination of Immediate Emergency.** Notwithstanding the forgoing, if an immediate emergency occurs and the Board of Directors cannot meet in time to act to protect the public interest pursuant to this Section 5.N., the General Manager is hereby authorized and directed to implement such provisions of this Section 5.N. upon his or her written determination that the District cannot supply adequate water to meet the ordinary demands of water consumers, and that such implementation is necessary to protect the public health and safety.

(1) The implementation of any such provisions shall take effect immediately upon making a public announcement of the immediate emergency and publication of such immediate emergency on the District's website.

(2) Such written determination shall be delivered to the Board of Directors and considered at a general or special meeting for review, revocation, or ratification. Such meeting shall be held upon the earliest date that a quorum of the Board of Directors is available.

(3) At the Board of Directors meeting, the General Manager shall update the Board of Directors on the severity and length of the immediate emergency.

(4) During an immediate emergency, the District may specify temporary restrictions on the use of potable and recycled water. Any person who willfully fails to comply with those temporary restrictions may be subject to an administrative penalty of \$500 per offense and have his or her water meter locked by the District.

(F) **Implementation of Water Shortage Stages.** As water supply conditions either deteriorate or improve, the General Manager will return to the Board of Directors to recommend, as appropriate, revising the appropriate water shortage stage of response.

(1) It shall not be necessary to implement any water shortage stage prior to another; the water shortage stages may be implemented in any reasonable order. Except for a water shortage emergency or immediate emergency, any stage implemented shall be in effect for up to 120 days, at which point the Board shall determine whether to continue a water shortage stage.

(2) The District will implement an appropriate stage based on current water conditions. Higher stages will be implemented as shortages continue and/or if customers' responses to the water shortage measures in effect do not bring about desired water savings.

(3) Restrictions, penalties and enforcement will build on each other as higher stages are implemented. All prior tier reductions and variance procedure modifications in lower stages are cumulative into the higher stages.

**(G) Actions or Restrictions by the State or Other Agencies.** In the event the State or other agencies, through executive action, emergency legislation or other actions, impose conditions, requirements, or procedures that are not included in this Section 5.N., the General Manager is authorized to implement such measures as are reasonably required to bring the District's actions in each stage into functional conformity with such conditions, requirements, or procedures.

**(H) Public Outreach.** When the Board of Directors determines that a water shortage condition exists, any or all of the following notification procedures may be implemented:

(1) Notify the general public stakeholders, elected officials and other key decision-makers regarding the water shortage condition, actions to be taken, goals customers are intended to achieve, and how these actions and goals will be implemented.

(2) The public at large will be informed of the situation and actions the District will be taking. Communications may occur through any of the following: billing inserts, special mailings, telephone contact, e-mail, social media, roadway signage, water conservation booths, and other booths in the community, community association meetings, newsletters, and education programs, etc. Literature appropriate to the drought circumstance will be provided regarding the water shortage condition, conservation methods, and water-savings devices.

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(3) Use of all forms of media may be employed. This would include public service announcements on radio and cable television, social media as well as earned media, and advertisements in local newspapers.

(4) The District's web site, [www.MNWD.com](http://www.MNWD.com), will be the central location for messaging and customer communications

### 7. Water Shortage Stage 1 – Potable Water Reductions

(A) **Voluntary Reductions.** During a Water Shortage Stage 1 ("Stage 1"), the District's conservation efforts will be focused on voluntary reductions in potable water use. Potable water customers may reduce demand by following the District's BMPs.

(B) **Refills of Swimming Pools.** Any customer who refills a swimming pool shall not receive a variance to his or her calculated water budget and shall be billed for water used according to the applicable tier for the corresponding use. No bill variance adjustments shall be granted.

### 8. Water Shortage Stage 2 – Mandatory Potable Water Use Rules

(A) **Mandatory Rules Governing Potable Water Budgets.** During a Water Shortage Stage 2 ("Stage 2"), all potable water customers shall be prohibited from using potable water in excess of their calculated water budget.

(B) **Penalties.** During a Stage 2, any potable water customer who willfully uses water in excess of his or her calculated potable water budget shall be in violation of these Rules and shall pay an administrative penalty of \$7.43 for each ccf, or portion thereof, of potable water used in excess of his or her calculated potable water budget.

(1) Such penalty shall be in addition to the water service fees the District imposes for the potable water delivered to the customer.

(C) **Refills of Swimming Pools.** During a Stage 2, any customer who refills a swimming pool shall not receive a variance to their calculated water budget and shall be billed for water used according to the applicable tier for the corresponding use. No bill variance adjustments shall be granted.

(D) **Plant Variances.** During a Stage 2, any person installing new landscaping, a new plant variance will only be granted for California friendly vegetation as



defined by the Water Use Classifications of Landscape Species (“WUCOLS”) to have low or very low watering needs for the South Coastal Region. The classifications can be found at [http://ucanr.edu/sites/WUCOLS/Plant\\_Search/](http://ucanr.edu/sites/WUCOLS/Plant_Search/).

**9. Water Shortage Stage 3 – Mandatory Potable Water Use Rules**

(A) **Recalculation of Potable Water Budgets.** During a Water Shortage Stage 3 (“Stage 3”), potable water customers’ water budgets shall be recalculated as follows:

(1) all single-family residential, multi-family residential, and potable irrigation customers, except for irrigation customers in high traffic areas (“I9 Account customers”), shall have their outdoor water budgets reduced by 40%, resulting in outdoor water budgets being recalculated using a plant factor of 0.42.

(2) I9 Account customers shall have their outdoor water budgets reduced by 40%, resulting in outdoor water budgets recalculated using a plant factor of 0.6.

(B) **Mandatory Rules Governing Potable Water Budgets.** During a Stage 3, all potable water customers shall be prohibited from using water in excess of their recalculated water budgets.

(C) **Penalties.** During a Stage 3, any potable water customer who willfully uses water in excess of his or her recalculated water budget shall be in violation of these Rules and shall pay an administrative penalty of \$7.43 for each ccf, or portion thereof, of water used in excess of his or her recalculated water budget.

(1) The penalty shall be in addition to the water service fees the District imposes for the water delivered to the customer.

(2) The penalty corresponds to water usage above the modifications to tier widths.

(D) **Refills of Swimming Pools.** During a Stage 3, any customer who refills a swimming pool shall not receive a variance to their calculated water budget and shall be billed for water used according to the applicable tier for the corresponding use. No bill variance adjustments shall be granted.

(E) **Plant Variances.** During a Stage 3, any person installing new landscaping, a new plant variance will only be granted for California friendly vegetation as

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defined by the WUCOLS to have low or very low watering needs for the South Coastal Region. The classifications can be found at [http://ucanr.edu/sites/WUCOLS/Plant\\_Search/](http://ucanr.edu/sites/WUCOLS/Plant_Search/).

### 10. Water Shortage Stage 4 – Mandatory Potable Water Use Rules

(A) **Recalculation of Potable Water Budgets.** During a Water Shortage Stage 4 (“Stage 4”), potable water customers’ water budgets shall be recalculated as follows:

(1) single-family residential, multi-family residential, and potable irrigation customers, except for I9 Account customers, shall have their outdoor water budgets reduced by 70%, resulting in outdoor water budgets being recalculated using a plant factor of 0.21; and

(2) I9 Account customers shall have their outdoor water budgets recalculated using a plant factor of 0.30.

(B) **Mandatory Rules Governing Potable Water Budgets.** During a Stage 4, all potable water customers shall be prohibited from using water in excess of their recalculated water budgets.

(C) **Penalties.** During a Stage 4, any potable water customer who willfully uses water in excess of his or her recalculated water budget shall be in violation of these Rules and shall pay an administrative penalty of \$7.43 for each ccf, or portion thereof, of water used in excess of his or her recalculated or assigned water budget.

(1) Such penalty shall be in addition to the water service fees the District imposes for the water delivered.

(2) The penalty corresponds to water usage above the modifications to tier widths.

(D) **Refills of Swimming Pools.** During a Stage 4, any customer who refills a swimming pool shall not receive a variance to their calculated water budget and shall be billed for water used according to the applicable tier for the corresponding use. No bill variance adjustments shall be granted.

(E) **Plant Variances.** During a Stage 4, any person installing new landscaping, a new plant variance will only be granted for California friendly vegetation as

defined by the WUCOLS to have low or very low watering needs for the South Coastal Region. The classifications can be found at [http://ucanr.edu/sites/WUCOLS/Plant\\_Search/](http://ucanr.edu/sites/WUCOLS/Plant_Search/).

**11. Water Shortage Stage 5 – Mandatory Potable Water Use Rules**

(A) **Recalculation of Potable Water Budgets.** During a Water Shortage Stage 5 (“Stage 5”), potable customers’ water budgets shall be recalculated as follows:

(1) all single-family residential and multi-family residential customers shall have their indoor water budgets reduced from 60 gallons per capita per day to 40 gallons per capita per day;

(2) all Commercial potable water customers shall be prohibited from using potable water in excess of their calculated water budgets;

(B) **Mandatory Rules Governing Potable Water Budgets.** During a Stage 5, all single-family residential and multi-family residential customers shall be prohibited from using water in excess of their recalculated indoor water budgets. Outdoor budgets will be reduced to zero.

(C) **Mandatory Rules Governing Potable Water Use.** During a Stage 5, all potable water irrigation customers shall be prohibited from using potable water. All outdoor irrigation with potable water shall be prohibited within the District’s service area.

(D) **Penalties.** The following penalties shall be imposed for any violation of the Rules set forth in this Section 5.N.11:

(1) Any single-family residential and multi-family residential customer who willfully uses potable water in excess of his or her recalculated indoor water budget shall be in violation of these Rules and shall pay an administrative penalty of \$7.63 for each ccf, or portion thereof, of water used in excess of his or her recalculated indoor water budget.

(2) Any commercial customer who uses potable water in excess of his or her calculated water budget shall be subject to an administrative penalty of \$7.43 for each ccf, or portion thereof, of water used in excess of his or her calculated water budget.

(3) Any potable irrigation customer who uses potable water shall be subject to an administrative penalty of \$9.04 for each ccf, or portion thereof of potable water used and shall have its water meter locked off.

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(4) All penalties imposed pursuant to this Section 5.N.11. shall be in addition to the water service fees the District imposes for the water delivered to the forgoing customers.

(5) The penalties correspond to water usage above the modifications to tier widths.

(D) **Refills of Swimming Pools.** No customer shall refill a swimming pool during a Stage 5.

(E) **Plant Variances.** During a Stage 5, no customer shall install new landscaping.

### 12. Water Shortage Stage 1 – Voluntary and Mandatory Recycled Water Use Rules

(A) **Voluntary Reductions.** During a Stage 1, the District's conservation efforts will be focused on voluntary reductions in recycled water use. Recycled water customers may reduce demand by following the District's BMPs.

(B) **Mandatory Rules Governing Potable Water Use.** During a Stage 1, recycled water customers shall be prohibited from using potable water for outdoor irrigation.

### 13. Water Shortage Stage 2 – Mandatory Recycled Water Use Rules

(A) **Mandatory Rules Governing Recycled Water Budgets.** During a Stage 2, all recycled water customers shall be prohibited from using recycled water in excess of their calculated recycled water budget.

(B) **Penalties.** During a Stage 2, any recycled water customer who willfully uses recycled water in excess of his or her calculated recycled water budget shall be subject to an administrative penalty of \$7.04 for each ccf, or portion thereof, of recycled water used in excess of his or her assigned recycled water budget. Such penalties shall be in addition to the recycled water service fees the District imposes for the recycled water delivered to the customer.

### 14. Water Shortage Stage 3 – Mandatory Recycled Water Use Rules

(A) **Recalculation of Recycled Water Budgets.** During a Stage 3, all recycled water customers' recycled water budgets shall be recalculated as follows:

(1) All recycled water customers, except recycled water customers in high traffic areas ("RC9 Account customers"), shall have their outdoor recycled water budget reduced by 10%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.72.

(2) All RC9 Account customers shall have their outdoor recycled water budget reduced by 10%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.90.

(B) **Mandatory Rules Governing Recycled Water Budgets.** During a Stage 3, all Recycled Water customers shall be prohibited from using recycled water in excess of their recalculated recycled water budget.

(C) **Penalties.** During a Stage 3, any recycled water customer who uses recycled water in excess of his or her recalculated recycled water budget shall be subject to an administrative penalty of \$7.04 for each ccf, or portion thereof, of recycled water used in excess of his or her recalculated recycled water budget.

(1) Such penalties shall be in addition to the recycled water service fees the District imposes for the recycled water delivered to the customer.

(2) The penalty corresponds to recycled water used above the modifications to tier widths. By way of example, recycled water used in excess 90% of Tier 1 for recycled water customers (except RC9 Account customers) shall be charged an additional penalty of \$7.04 for each ccf or portion thereof.

**15. Water Shortage Stage 4 – Mandatory Recycled Water Use Rules**

(A) **Recalculation of Recycled Water Budgets.** During a Stage 4, all recycled water customers' recycled water budgets shall be recalculated as follows:

(1) All Recycled Water customers, except for RC9 Account customers, shall have their recycled water budgets reduced by 20%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.64.

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(2) RC9 Account customers shall have their outdoor recycled water budgets reduced by 20%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.80.

(B) **Mandatory Rules Governing Recycled Water Budgets.** During a Stage 4, all recycled water customers shall be prohibited from using recycled water in excess of their recalculated recycled water budget.

(C) **Penalties.** During a Stage 4, any recycled water customer who uses recycled water in excess of his or her recalculated recycled water budget shall be subject to an administrative penalty of \$7.04 for each ccf, or portion thereof, of recycled water used in excess of his or her recalculated recycled water budget.

(1) Such penalties shall be in addition to the recycled water service fees the District imposes for the recycled water delivered.

(2) The penalty corresponds to recycled water use above the modifications to tier widths. By way of example, recycled water use above 80% of Tier 1 for recycled water customers (except for RC9 Account customers) is charged a penalty of \$7.04.

### 16. Water Shortage Stage 5 – Mandatory Recycled Water Use Rules

(A) **Recalculation of Recycled Water Budgets.** During a Stage 5, all recycled water customers' recycled water budgets shall be recalculated as follows:

(1) All recycled water customers, except for RC9 Account customers, shall have their outdoor recycled water budget reduced by 30%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.56.

(2) All RC9 Account customers shall have their outdoor recycled water budget reduced by 30%, resulting in outdoor recycled water budgets recalculated using a plant factor of 0.70.

(B) **Mandatory Rules Governing Recycled Water Budgets.** During a Stage 5, all recycled water customers shall be prohibited from using recycled water in excess of their recalculated recycled water budget.

(C) **Penalties.** During a Stage 5, any recycled water customer who uses recycled water in excess of his or her recalculated recycled water budget shall be subject to

an administrative penalty of \$7.04 for each ccf, or portion thereof, of recycled water used in excess of his or her recalculated recycled water budget.

(1) Such penalties shall be in addition to the recycled water service fees the District imposes for the recycled water delivered.

(2) The penalty corresponds to recycled water use above the modifications to tier widths. By way of example, recycled water use above 70% of Tier 1 for recycled water customers (except for RC9 Account customers) shall be charged a penalty of \$7.04.

**17. Violations and Remedies**

(A) **Misdemeanor Violations.** It shall be unlawful for any person to willfully violate the provisions of this Section 5.N.. A violation of any of these provisions is a misdemeanor in accordance with California Water Code section 377.

(B) **Other Remedies.** In addition to any other remedies provided in this Section 5.N or available under applicable law, the District may alternatively seek injunctive relief in the Superior Court or take enforcement action, including discontinuing or appropriately limiting water service to any customer, for violations of this Section 5.N. All remedies provided herein shall be cumulative and not exclusive.

**18. Notice and Collection of Penalties**

(A) **Notice and Due Process.** As set forth in Section 5.N.6(C), upon the declaration of a water shortage stage and publication of the notice required herein, due and proper notice shall be deemed to have been given each and every person supplied water within the District of the Rules governing the applicable water shortage stage.

(B) **Collection of Penalties.** Any penalty imposed pursuant to the Rules of any applicable water shortage stage set forth in this Section 5.N. may be collected on a customer's water bill. Any penalty shall be applicable to water used in violation of the Rules during the first complete billing cycle after the declaration of the applicable water shortage stage.

(C) **Notice of Violation.** The receipt of a water bill with any applicable penalties shall serve as notice of violation of the District's Rules.

**19. Appeal Procedures**

Any person (an "Appellant") who wishes to appeal the imposition of an administrative penalty imposed by the District pursuant to this Section 5.N. shall comply with the following procedures:

(A) **Appeal Request Form.** An Appeal Request form shall be submitted to the Conservation Department.

(1) Appeal Request forms may be obtained at the District's Main Office or downloaded from the District's website at [www.MNWD.com](http://www.MNWD.com).



(2) An Appeal Request form shall be received by the District no later than thirty calendar days from the date that the Appellant’s water bill for the four-week period in which the penalty or penalties were imposed is due.

(B) **Additional Documentation.** Additional documentation may be requested at the discretion of the District. Such documentation may include, but is not limited to, school records, driver’s licenses, business licenses, lease agreements.

(C) **Site Survey.** After an Appeal Request form has been received, a site survey may be required by District staff to verify the irrigated square footage of the property where the water was delivered. The site survey will be at no charge to the person and will require the person who submitted the Appeal Request form to be present.

(D) **District Response.** A response to an Appeal Request shall be provided by the District within thirty calendar days from receipt of the Appeal Request form.

(E) **Review of Denial of Appeal Request.** If an Appeal Request is denied, the Appeal Request form may be resubmitted by the Appellant for review by the District’s Assistant General Manager. The Decision by the District’s Assistant General Manager shall be final.

**Section 3. Conflicting Provisions**

If provisions of Section 5.N. are in conflict with each other, other provisions of the Article IV, any other resolution or ordinance of the District, or any State law or regulation, the more restrictive provisions shall apply.

**Section 4. Severability**

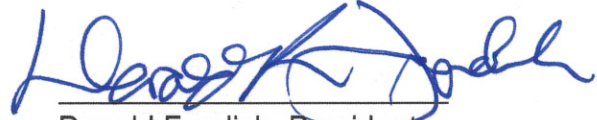
If any provision, section, subsection, sentence, clause or phrase or sections of this Ordinance, or the application of same to any person or set of circumstances, is for any reason held to be unconstitutional, void or invalid, the invalidity of the remaining portions of this Ordinance shall not be affected, it being the intent of the Board of Directors in adopting this Ordinance that no portions, provisions, or regulations contained herein shall become inoperative, or fail by reason of the unconstitutionality of any other provision hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

**Section 5. Effective**

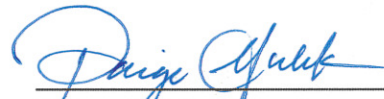
This Ordinance shall be effective immediately upon adoption.

**#5.**

**APPROVED, ADOPTED and SIGNED** this 19<sup>th</sup> day of February, 2015.



Donald Froelich, President  
MOULTON NIGUEL WATER DISTRICT  
and the Board of Directors thereof



Paige Gulck, Secretary  
MOULTON NIGUEL WATER DISTRICT  
and the Board of Directors thereof







**moulton niguel water district**  
**STAFF REPORT**

**TO:** Board of Directors                      **MEETING DATE:** February 13, 2017  
**FROM:** Marc Serna, Director of Engineering and Operations  
            Alex Thomas, Senior Engineer  
**SUBJECT:** Palms Apartments Waterline Construction Contract Award  
**DIVISION:** 5

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**SUMMARY:**

Issue: Board action is required for the Notice Inviting Sealed Proposals (Bids) for the Palms Apartments Potable Waterline Replacement, Project No. 2015.011.

Recommendation: It is recommended that the Board of Directors award the construction services contract to Kennedy Pipeline Construction in the amount of \$328,030; authorize the General Manager to execute the contract; and authorize the General Manager or designee to approve change orders up to 10% of the contract value.

Fiscal Impact: Project No. 2015.011 is budgeted in Fund 7, Rehabilitation and Replacement with a current budget of \$480,000.

**BACKGROUND:**

The potable water pipelines are located within easements north of the Palms Apartments Building in the City of Laguna Niguel. These pipelines have experienced several leaks in the past due to the corrosive soils in the area. The project involves the replacement of approximately 810 linear feet of 8-inch ductile iron pipe with 8-inch PVC pipe within the existing easements. The work also includes the replacement of related valves and appurtenances.

Construction documents for the Palms Apartments Potable Waterline Replacement project were prepared by AKM Consulting Engineers utilizing the existing on-call engineering services agreement.

**#6.**

## Palms Apartments Waterline Construction Contract Award

February 13, 2017

Page 2 of 2

**DISCUSSION:**

A request for bids was issued to five qualified construction contractors. The District received four sealed bids for the subject contract on January 24, 2017. The table below summarizes the received bids:

<b>Firm</b>	<b>Bid</b>
Kennedy Pipeline Construction	\$328,030
Shoffeitt Pipeline, Inc.	\$369,050
Paulus Engineering, Inc.	\$386,960
Ferreira Construction Co., Inc.	\$395,290
<b>Engineer's Estimate</b>	<b>\$395,500</b>

Staff has determined that the lowest responsible and responsive bidder was Kennedy Pipeline Construction. Staff has completed its review of the contract documents and has determined that they are in order. Kennedy Pipeline Construction has performed quality work in the past for the District and is well-qualified to perform this type of work.

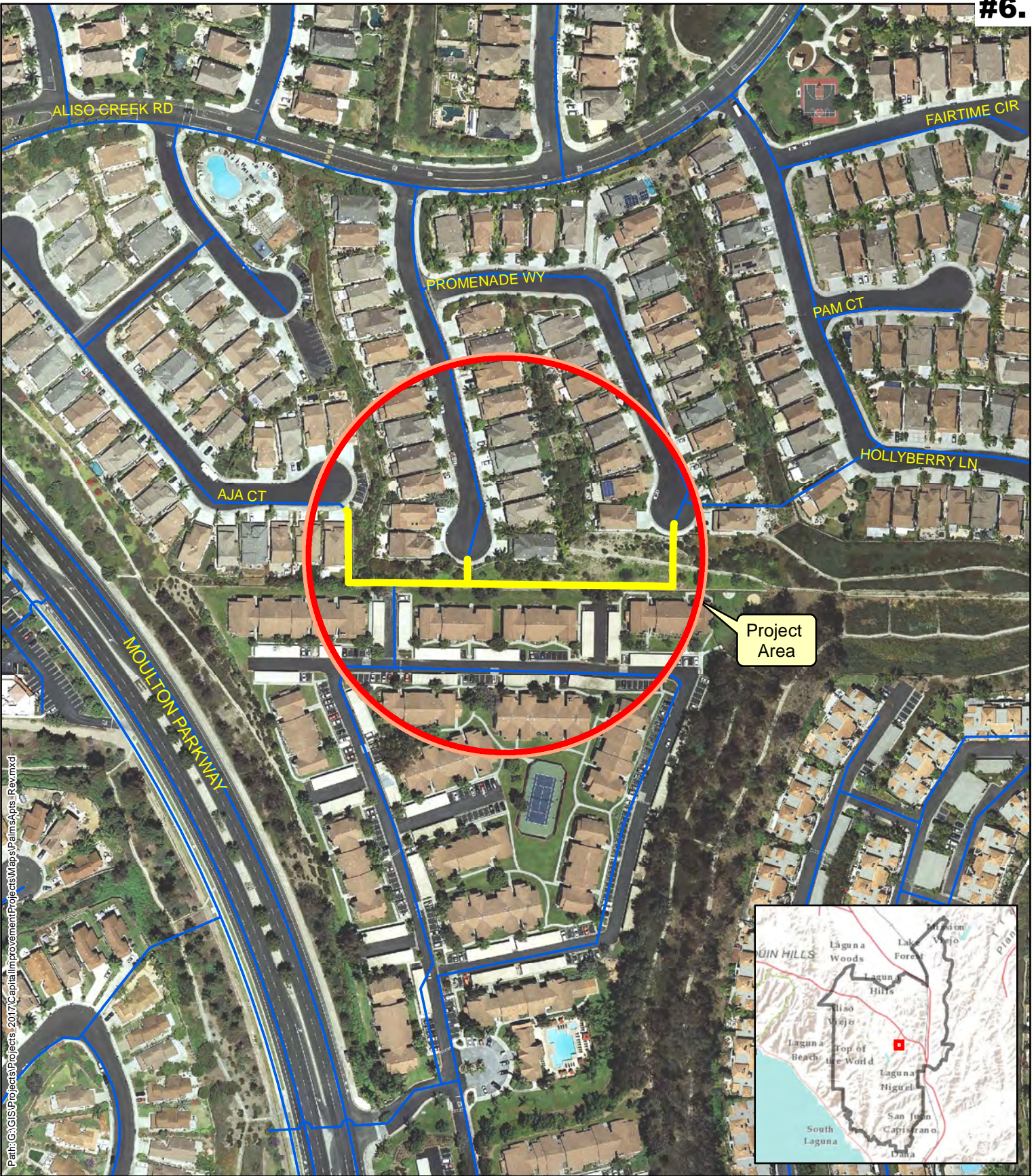
**SUMMARY OF PROJECT BUDGET:**

	<b>Project Budget</b>	<b>Proposed / Approved Contract</b>	<b>Proposed / Authorized Contingency</b>	<b>Total Proposed / Authorized Amount</b>
<b>Project Items</b>				
Engineering	\$40,000*	\$40,000	\$0	\$40,000
Construction	\$430,000	\$328,030	\$32,803	\$360,833
Legal, Permits, District Labor	\$10,000*	\$10,000	\$0	\$10,000
<b>Totals</b>	<b>\$480,000</b>	<b>\$378,030</b>	<b>\$32,803</b>	<b>\$410,833</b>

\*\$21,865 has been expended to date.

Currently Proposed Amount

Attachment: Exhibit A – Location Map



Path: C:\GIS\Projects\Projects\_2017\CapitalImprovement\Projects\Map\PalmsApts\_Rev.mxd



0 50 100 200 300 Feet

Scale = 1:2,500

**Exhibit "A" Location Map  
Palms Apartments Easement  
Potable Waterline Replacements  
2015.011**







# moulton niguel water district

## STAFF REPORT

**TO:** Board of Directors                      **MEETING DATE:** February 13, 2017

**FROM:** Marc Serna, Director of Engineering and Operations  
Adrian Tasso, Superintendent of Operations

**SUBJECT:** Mini-Jetter Purchase

**DIVISION:** District-wide

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### SUMMARY:

Issue: Purchase of a new Mongoose Jetter Model 184XL-TK Truck Mounted High Pressure Sewer Cleaner (Mini-Jetter).

Recommendation: It is recommended that the Board of Directors approve the purchase of a Mongoose Jetter Model 184XL-TK Truck Mounted High Pressure Sewer Cleaner on an F-550 diesel truck chassis from Plumbers Depot for \$128,945.

Fiscal Impact: Sufficient funds are included in the adopted Fiscal Year 2016-2017 budget for the purchase of the new Mini-Jetter.

### BACKGROUND:

Moulton Niguel Water District (MNWD) currently owns five combination trucks in its equipment fleet. Combination trucks are utilized on a daily basis for sewer maintenance and for assisting during emergency response. The standard 12-yard combination truck is 37 feet in length and weighs 36,000 pounds. Staff is seeking to diversify its fleet by adding one smaller sewer cleaning truck. The Mini-Jetter Truck is 25 feet in length and weighs 19,500 pounds. This truck will make navigating the many apartment and condominium complexes throughout the District significantly easier. The Mini-Jetter will be replacing an existing 1999 Navistar Vac-Con combination truck.

# #7.

Mini-Jetter Purchase  
February 13, 2017  
Page 2 of 2

## **DISCUSSION:**

The Mini-Jetter Truck went through the District's competitive bidding process. A Request-for-Quotation was issued to three (3) reputable dealers. Quotations from the dealers are summarized below:

<b>MODEL</b>	<b>QUOTE</b>
HAAKER Equipment Company	\$146,477.51
Municipal Maintenance Equipment	\$145,598.80
Plumbers Depot	\$128,944.65

Staff has reviewed the quotes and equipment by the three dealers. The Mongoose Jetter Model 184XL-TK sold by Plumbers Depot model meets the Districts needs and staff is recommending approval.



**#8.**

Bond and Disclosure Counsel Services – Jones Hall

February 13, 2017

Page 2 of 2

**DISCUSSION:**

Staff sent RFPs to six high quality bond and disclosure firms and received responses from all six firms including: BB&K; Jones Hall, Nixon Peabody; Orrick; Richards, Watson & Gershon; and Stradling, Yocca, Carlson & Rauth. Firms were asked to include bond and/ or disclosure counsel fixed transactions fees as part of their proposals.

Staff performed a thorough review of the proposals received to determine the overall best value provided for the services required in consultation with PFM. Of the responding firms, Jones Hall; and BBK provided the low-cost proposals for bond and disclosure counsel services per transaction. Based on the past experience over the past three bond issuances, Jones Hall has met the high quality standards of the District and completed successful bond transactions in collaboration with District Staff and Financial Adviser. The proposed bond transaction fees covers all work pertaining to the issuance of bonds, including: planning work, execution of the transaction, and post-closing work, as well as any incidental questions or requests which may occur. The table below details the proposed bond transaction fees:

	<b>Bond &amp; Disclosure Counsel</b>		<b>Billing if Transaction Doesn't Proceed</b>
	<b>Fees for Legal Services</b>	<b>Out-of-Pocket Expenses</b>	
BB&K	\$65,000	\$1,500	Hourly
Jones Hall	\$65,000	\$2,500	Contingent
Nixon Peabody	\$110,000	\$5,000	Does Not Specify
Orrick	\$70,000	\$0	Contingent
Richards, Watson & Gershon	\$76,500	\$2,500	Hourly
Stradling Yocca Carlson & Rauth	\$70,000	\$2,000	Contingent

Based on the firm's existing knowledge of the District's financial profile, competitive bond transaction fees, and successful engagement for the past three transactions, Staff recommends the Board award the Bond and Disclosure Services Agreement to Jones Hall.

Attachment: Agreement with Jones Hall

**AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN  
MOULTON NIGUEL WATER DISTRICT AND JONES HALL  
MNWD PROJECT: BOND AND DISCLOSURE COUNSEL  
CONTRACT NO. OM16-17.047**

THIS AGREEMENT (the "Agreement") is dated as of February 16, 2017, (the "Effective Date") by and between Jones Hall, A Professional Law Corporation, hereinafter referred to as the "CONSULTANT" and Moulton Niguel Water District hereinafter referred to as "MNWD." MNWD and CONSULTANT may sometimes be referred to in this Agreement individually as "party" and together as "parties."

**RECITALS**

CONSULTANT proposes to provide certain professional services to MNWD in connection with its proposed new money bond issuance (the "Project"). The scope of work to be performed by CONSULTANT under this Agreement is described in **Exhibit A** attached hereto, which is incorporated herein by reference (the "Scope of Work").

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

**AGREEMENT**

**SECTION I – SCOPE OF WORK**

**Section 1.1** **Scope of Services.** CONSULTANT shall furnish all necessary management, supervision, labor, materials, tools, supplies, equipment, services, engineering, testing and/or any other act or thing required to diligently and fully perform and complete the Project ("Services") in accordance with this Agreement and as described in the Scope of Work attached hereto as **Exhibit A**. MNWD may request or CONSULTANT may recommend, that CONSULTANT perform work in addition to or different from that delineated in the original Scope of Work, or delete services from the Scope of Work. Upon MNWD's request for additional or changed work, CONSULTANT shall provide a cost estimate and written description of the additional or changed work. Prior to any such addition, changes, or deletion to the Scope of Work, MNWD and CONSULTANT shall negotiate an adjustment of the compensation and time for completion and shall execute a written addendum to this Agreement. Upon execution of each addendum, (i) the Scope of Work shall thereafter be as described in **Exhibit A**, respectively, as modified by the addendum and any previously executed addendum; and (ii) the time for completing the work shall be as set forth in the addendum. Following execution of any addendum, all terms and provisions of the Agreement, except as expressly modified by such addendum, shall remain in full force and effect. MNWD will not be required to pay for any additional or changed work rendered in advance of the execution of an addendum covering the additional or changed work.

**Section 1.2** **Schedule of Services.** CONSULTANT shall perform its work hereunder in a prompt and timely manner. Time is of the essence in this Agreement. CONSULTANT agrees to coordinate the work to ensure its timely completion and shall promptly notify MNWD of any anticipated delays or causes or casualties beyond CONSULTANT'S control which may affect the work schedule. In the event the time for completing the Scope of Work is projected to be exceeded due to circumstances beyond the control of CONSULTANT, CONSULTANT shall have an additional amount of time to be agreed upon in writing between the parties pursuant to Section

## #8.

1.1 and an executed addendum, in which to complete the work. CONSULTANT shall not begin work on any Services pursuant to this Agreement until receipt of MNWD'S written direction to proceed. Upon receipt of such notice, CONSULTANT shall immediately commence the work described in **Exhibit A**.

**Section 1.3 Consultant's Representative.** CONSULTANT hereby designates Christopher K. Lynch 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 CONSULTANT for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services under this Agreement, using his or her 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 to be performed under this Agreement. Should the Consultant's Representative need to be substituted for any reason, the proposed new Consultant's Representative shall be subject to the prior written approval of MNWD. CONSULTANT shall not assign any representative to whom MNWD has a reasonable objection.

As part of the Project, if CONSULTANT wishes to subcontract certain services for the Project, separate subcontracts may be entered into between CONSULTANT and the subcontractors/ subconsultants which shall be listed **Exhibit B** attached hereto and incorporated herein by reference. Any additional subcontractors/ subconsultants CONSULTANT proposes to use are subject to prior written approval by MNWD.

Without prior written approval of MNWD, CONSULTANT will not make any changes in the Consultant's Representative, in consultants, in outside labor arrangements, or associations or joint ventures which are required to accomplish any part of the Scope of Work. CONSULTANT is responsible to MNWD for the acts and omissions of its subcontractors as it is for persons directly employed by CONSULTANT. Nothing contained in this Agreement creates any contractual relationship between any subconsultant/subcontractor and MNWD. CONSULTANT shall not allow any subconsultant/subcontractor to commence work or services under any subcontract until all insurance required of CONSULTANT has been obtained for the subconsultant/subcontractor.

**Section 1.4 Coordination of Services.** CONSULTANT agrees to work closely with MNWD staff in the performance of the Services and shall be available to MNWD staff at all reasonable times. MNWD shall make available to CONSULTANT at no cost all technical data in MNWD's possession, including maps, past reports, prior studies, prior plan operating data, and other information reasonably required by CONSULTANT and relating to the work to be performed under this Agreement.

**Section 1.5 Licenses and Permits.** 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, at CONSULTANT'S sole cost and expense.

## **SECTION II - COMPENSATION**

**Section 2.1** In consideration for providing the scope of work referred to in Section 1 herein, MNWD agrees to compensate CONSULTANT in accordance with the pricing listed in **Exhibit C**, which is attached hereto and incorporated herein by reference, with a not-to-exceed maximum total amount of One Hundred and Thirty-Five Thousand Dollars (\$135,000.00).

Section 2.2 (reserved)

Section 2.3 CONSULTANT shall be reimbursed only those expenses that are directly attributable to services rendered pursuant to this Agreement. A list of reimbursable expenses is set forth in Exhibit C. Such costs shall be itemized on CONSULTANT'S invoices.

Section 2.4 (reserved)

Section 2.5 (reserved)

Section 2.6 (reserved)

**SECTION III – TERM**

Section 3.1 The term of the Agreement is from the Effective Date to and including completion of performance of the Services pursuant to the schedule to be provided to CONSULTANT by MNWD from time to time (“expiration”), unless otherwise terminated earlier by either party pursuant to Section 7.

**SECTION IV - WARRANTY/DISCLAIMER**

Section 4.1 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 with experience performing services similar in size, scope and complexity to the Project. CONSULTANT represents and maintains that it is skilled in the type of professional services 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. 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. Any employee of CONSULTANT or its subconsultants who is determined by MNWD to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to MNWD, shall be promptly removed from the Project by CONSULTANT and shall not be re-employed to perform any of the Services or to work on the Project.

Section 4.2 CONSULTANT warrants to MNWD that all materials and equipment furnished shall be new, free from faults and defects and of good quality and conform to the requirements of this Agreement. CONSULTANT hereby warrants its work against all deficiencies and defects for the period required by this Agreement and applicable warranties or the longest period permitted by California law, whichever is greater. Unless otherwise stated in this Agreement, warranty periods shall begin upon the filing of the Notice of Completion and shall be for one year. This Section shall not limit MNWD'S rights under this Agreement or with respect to latent defects, gross mistakes, or fraud. MNWD specifically reserves all rights related to defective work, including but not limited to defect claims pursuant to California Code of Civil Procedure Section 337.15.

Section 4.3 In performing Services under this Agreement, CONSULTANT shall observe and abide by the terms and conditions of all applicable laws, regulations, ordinances, or other rules of the United States, of the State of California, or any political subdivisions thereof, or of any other duly constituted public authority or agency including but not limited to MNWD.

**SECTION 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. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of CONSULTANT. “Covered Professional Services” as designated in the policy must specifically include work performed under this Agreement. The policy must “pay on behalf of” the insured and must include a provision establishing the insurer’s duty to defense. 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 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 Commercial General Liability Insurance. CONSULTANT and each of its subconsultants shall maintain throughout the term of this Agreement a commercial general liability policy of insurance for which shall be at least as broad as the following: Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

Section 5.3 Automobile Liability. CONSULTANT and each of its subconsultants shall maintain throughout the term of this Agreement Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to MNWD. Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

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

Requirements as to the types and limits of insurance coverage to be maintained by CONSULTANT, and any approval of said insurance by MNWD, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by CONSULTANT pursuant to this Agreement, including but not limited to the provisions concerning indemnification



Section 5.4 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 subconsultants/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 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 5.5 Requirements of All Policies. All policies of insurance required under this Section 5 shall be from insurance providers who are either admitted or licensed to do business in California, or are Surplus Lines Carriers authorized to do business in California, and who have financial size and ratings of no less than A-, Class XIII, and in either case are otherwise acceptable to MNWD. All such policies shall include a provision and executed endorsement for thirty (30) days prior written notice by certified mail, return receipt requested, to MNWD of any cancellation or material alteration of such insurance. CONSULTANT shall provide original certificates and endorsements for all such insurance on forms approved by MNWD in conformity with all requirements of this Agreement prior to commencement of any work or professional services. The policies required hereunder shall be endorsed to include contractual liability.

In the case of additional insured provisions, any insurance afforded the additional insureds by this Agreement is primary insurance as to the additional insureds. Any insurance or self-insurance maintained by the additional insureds shall be excess of the CONSULTANT'S (and its subconsultant's/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 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 5.6 Indemnity.

CONSULTANT shall indemnify and hold harmless MNWD from and against any and all losses, claims, demands, damages, liabilities, actions, judgments and awards (collectively, "Claims") sustained by MNWD that are determined in a final, binding judgment against CONSULTANT by a court of competent jurisdiction to have proximately resulted from professional negligence of CONSULTANT in connection with its performance of legal services under this Agreement. Nothing in this Section 5.6 shall obligate CONSULTANT to pay or reimburse MNWD for any damages, legal costs or expenses incurred, including attorneys' fees, unless CONSULTANT is adjudicated liable for such damages, legal costs or expenses incurred, including attorneys' fees, in such a final judgment.

**SECTION VI – CALIFORNIA LABOR CODE REQUIREMENTS**

Section 6.1 CONSULTANT is aware of the requirements of California Labor Code Sections 1720 et seq and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. If the services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, CONSULTANT agrees to fully comply with such Prevailing Wage Laws, if applicable. CONSULTANT shall defend, indemnify, and hold MNWD, its elected officials, officers, employees, and agents free and harmless from any claims, liabilities, costs, penalties, or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon CONSULTANT and all subconsultants to comply with all California Labor Code provisions, which include, but are not limited to, prevailing wages, employment of apprentices, hours of labor, and debarment of contractors and subcontractors.

Section 6.2 If the services are being performed as part of an applicable “public works” or “maintenance” project, in addition to the foregoing, then pursuant to Labor Code sections 1725.5 and 1771.1, 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 DIR. It shall be CONSULTANT’S sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

Section 6.3 Pursuant to Labor Code Section 1776, CONSULTANT and each subcontractor shall maintain weekly certified payroll records showing the name, address, social security number, work classification, straight time and overtime hours paid each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker or other employee employed in connection with the work. CONSULTANT shall certify under penalty of perjury that records maintained and submitted by CONSULTANT are true and accurate. CONSULTANT shall also require subcontractor(s) to certify weekly payroll records under penalty of perjury. In the event of noncompliance with the requirements of this Section, CONSULTANT shall have ten (10) days in which to comply subsequent to receipt of written notice specifying any item or actions necessary to achieve compliance with this section. If CONSULTANT or subcontractor does not comply after such ten (10)-day period, CONSULTANT shall, as a penalty to District, forfeit One Hundred Dollars (\$100) for each day, or portion thereof, for each worker until strict compliance is effectuated.

Section 6.4 CONSULTANT shall post, at appropriate conspicuous points on the Project site, a schedule showing all determined general prevailing wage rates and all authorized deductions, if any, from unpaid wages actually earned.

Section 6.5 CONSULTANT is advised that eight (8) hours labor constitutes a legal day’s work. Pursuant to Section 1813 of the California Labor Code, CONSULTANT shall forfeit a penalty of \$25.00 per worker for each day that each worker is permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, except when payment for overtime is made at not less than one and one-half (1-1/2) times the basic rate for that worker.

**SECTION VII - TERMINATION OR ABANDONMENT**

Section 7.1 This Agreement may be terminated in whole or in part in writing by MNWD provided that no such termination may be effected unless MNWD has given not less than ten (10) calendar

day's written notice (deliver by certified mail, return receipt requested) of intent to terminate. Additionally, MNWD may suspend performance by CONSULTANT of any or all services listed in the Scope of Work under this Agreement by providing written notice to CONSULTANT at least five (5) working days prior to the date on which MNWD wishes to suspend; provided, upon receipt of such notice, CONSULTANT shall immediately suspend any work or services hereunder, unless otherwise instructed by MNWD in such notice.

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 2 of this Agreement. MNWD shall not be liable for any costs other than the charges or portions thereof which are specified herein. CONSULTANT shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work. CONSULTANT may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to MNWD only in the event of substantial failure by MNWD to perform in accordance with the terms of this Agreement through no fault of CONSULTANT.

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 – OWNERSHIP OF MATERIALS AND CONFIDENTIALITY**

Section 8.1 Documents and Data; Licensing of Intellectual Property. This Agreement creates an exclusive and perpetual license for MNWD to copy, use, modify, reuse, or sublicense any and all documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings, designs, graphic representations and data, which are prepared or caused to be prepared, and delivered to MNWD, by CONSULTANT under this Agreement based on MNWD data ("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, or at any time upon five (5) days written notice, CONSULTANT shall provide to MNWD reproducible copies of all Documents & Data, in a form and quantity requested 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 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 & Data pending resolution of the dispute. In addition, CONSULTANT shall retain copies of all Documents & Data on file for a minimum of four (4) years following completion of the Project or termination of this Agreement, whichever is earlier, 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.

## #8.

Section 8.2 Subconsultants. CONSULTANT shall require all subconsultants to agree in writing to provide any intellectual property rights that are necessary for CONSULTANT to provide to MNWD the ownership and license rights set forth in Sections 8.1 above with respect to 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 prepared by CONSULTANT or its subconsultants. CONSULTANT makes no such representation and warranty in regard to documents and data which were prepared by design professionals other than CONSULTANT or its subconsultants, or those provided to CONSULTANT by MNWD.

Section 8.3 Right to Use. MNWD shall not be limited in any way in its use or reuse of the Documents & 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 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 CONSULTANT is legally responsible or liable, or anyone approved by CONSULTANT.

Section 8.4 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 and in accordance with the language of Section 5.6, 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 8.5 Personally Identifiable Information. Any personally identifiable information relating to MNWD customers obtained as a result of CONSULTANT'S Services provided pursuant to this Agreement is confidential and shall be maintained with reasonable care, subject to and in accordance with applicable law.

Section 8.6 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. Notwithstanding the foregoing, Documents & Data and any other information from MNWD shall not be deemed confidential if within any of the following exceptions: (i) information furnished to CONSULTANT that is otherwise known to CONSULTANT or is generally known, or has become known, to the related industry or public; (ii) information CONSULTANT can demonstrate was independently developed by it or a third party and that was not obtained, in whole or in part, from MNWD; or (iii) information that CONSULTANT is legally required or compelled by a court to disclose.

**SECTION IX – GENERAL**

Section 9.1 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. Nothing in this Agreement shall be construed to give any rights or benefits to anyone or benefits to anyone other than MNWD and CONSULTANT. None of the provisions of this Agreement shall be considered waived by either party unless such waiver is specified in writing.

Section 9.2 Any notice required or permitted to be given hereunder if not otherwise specified herein may be given or delivered by depositing the same in the United States Post Office, registered or certified, postage prepaid, or by personal service a hand delivery, and addressed to:

To MNWD -                   Attn: Director of Planning  
                                  Moulton Niguel Water District  
                                  27500 La Paz Road  
                                  Laguna Niguel, CA 92677-3489

To CONSULTANT -       Attn: Christopher K. Lynch  
                                  Jones Hall  
                                  475 Sansome Street  
                                  Suite 1700  
                                  San Francisco, CA 94111

Section 9.3 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. If any disputes should arise between the parties concerning the Services to be done under this Agreement, the payments to be made, or the manner of accomplishment of the work, CONSULTANT shall nevertheless proceed to perform the work as directed by MNWD pending settlement of the dispute.

Section 9.4 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 9.5 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.

## #8.

Section 9.6 It is expressly understood and agreed that CONSULTANT is an independent contractor and not an employee of MNWD while engaged in carrying out this Agreement. CONSULTANT warrants that it will not represent, at any time or in any manner, that CONSULTANT is an employee or agent of MNWD. CONSULTANT shall have no authority to, and shall not, incur any debt, obligation or liability on behalf of MNWD.

Section 9.8 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 9.9 This Agreement and all of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no assignment of this Agreement or any interest herein shall be made by CONSULTANT without prior written consent of MNWD.

Section 9.10 This Agreement may be executed in counterparts, each of which shall be deemed an original.

SIGNATURE PAGE FOLLOWS

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on this 16th day of February 2017,

Moulton Niguel Water District

By: \_\_\_\_\_  
Joone Lopez  
General Manager

CONSULTANT

By: \_\_\_\_\_  
Christopher K. Lynch  
Title: Shareholder

**#8.**

**EXHIBIT A**  
SCOPE OF WORK





475 Sansome Street  
Suite 1700  
San Francisco, CA 94111  
t. 415.391.5780  
f. 415.276.2088

January 18, 2017

**By Overnight Courier and E-Mail**

Ms. Kelly Rodriguez, Buyer  
Moulton Niguel Water District  
27500 La Paz Road  
Laguna Niguel, California 92677

**By E-Mail**

Mr. Brian Thomas  
Public Financial Management, Inc.  
601 South Figueroa Street, Suite 4500  
Los Angeles, California 90017

Ms. Christine Dawood  
Public Financial Management, Inc.  
601 South Figueroa Street, Suite 4500  
Los Angeles, California 90017

Re: Proposal to Provide Bond Counsel, Disclosure Counsel or Bond Counsel and  
Disclosure Counsel Services to the Moulton Niguel Water District

Dear Ms. Rodriguez:

We are pleased to have the Moulton Niguel Water District ("District") consider our proposal to serve as bond counsel, disclosure counsel or bond counsel and disclosure counsel in connection with the District's proposed new money bond issuances. Our responses to the questions in your Request for Proposals, Bond and Disclosure Counsel, as amended pursuant to Addendum No. 1 (collectively, the "RFP"), are included with this letter.

Please contact me with any questions you might have regarding the enclosed proposal.

Very truly yours,

Christopher K. Lynch,  
Shareholder



## Responses to

### **MOULTON NIGUEL WATER DISTRICT Request for Proposals Bond and Disclosure Counsel, as amended pursuant to Addendum No. 1**

#### **1. Executive Summary**

Thank you for the opportunity to present the qualifications of our firm, Jones Hall, A Professional Law Corporation, in connection with the RFP. We understand from the RFP that the District is contemplating issuing new money installment sale revenue financings in connection with its capital improvement program, and projecting two such financings totaling approximately \$96 million, beginning at least in fiscal year 2018. We also understand the District intends to hire bond counsel and disclosure counsel, for the services presented in the Scope of Work included in the RFP, for a term of three years, with potential to extend for an additional two years.

Our firm and the team of attorneys described below have extensive experience in serving as bond and disclosure counsel in water and sewer system financings across California, including as bond counsel and disclosure counsel to the District. We value relationships with our clients and view enterprise fund (including water and sewer) financings as one of our firm's specialties.

Jones Hall is a public finance-only law practice. We pride ourselves on our ability to provide thoughtful, partner-level representation to municipal clients and help guide transactions efficiently from inception to close. We feel we are uniquely positioned to make the process of financing capital projects as painless as possible for our clients.

Our contact information is as follows:

Jones Hall, A Professional Law Corporation  
475 Sansome Street, Suite 1700  
San Francisco, CA 94111  
Phone: 415-391-5780  
Attention: Christopher K. Lynch

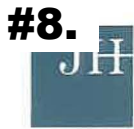
#### **Certification:**

The undersigned, Christopher K. Lynch, certifies that he is entitled to represent Jones Hall, empowered to submit the bid described below, and authorized to sign a contract with the District.



## **2. License to Practice in California**

Jones Hall, A Professional Law Corporation, was duly organized and is validly existing as a professional law corporation of the State of California. Our attorney-team members, Chris Lynch, Josh Anzel, Juan Galvan and Dave Walton are each members of the State Bar of California, in good standing.



### 3. Firm Qualifications and Experience

Jones Hall's roster of attorneys consists of 12 shareholders and five associates. We have a California municipal finance-only practice and operate from a single office in San Francisco. Assisting the attorneys are two types of non-attorney staff:

- Closers, who are paraprofessionals that assist with pre-closing, closing and post-closing logistics; and
- Disclosure analysts, who assist attorneys with researching and drafting bond disclosure, among other disclosure related-documents.

We would staff this engagement with two partner-level lead attorneys, one partner level supporting attorney, tax counsel (as needed), a full-time closer and a disclosure analyst. The firm's administrative staff would also provide administrative support to the attorneys involved.

Jones Hall is one of the most active municipal finance firms in the United States, having represented over 1,100 California public entities as bond or disclosure counsel since the firm's founding. Our attorneys' depth and breadth of experience, and the resulting knowledge and creativity we bring to the structuring of transactions, sets Jones Hall apart.

For more information about Jones Hall, our practice and our professionals, please visit our website, which is located at [www.JonesHall.com](http://www.JonesHall.com).



#### 4. Qualifications of the Project Team

The attorneys that would work on this engagement are as follows:

- Chris Lynch, Shareholder, lead bond counsel.
- Josh Anzel, Shareholder, lead disclosure counsel. Josh would also support the bond counsel role.
- Juan Galvan, Shareholder, supporting disclosure counsel.
- Dave Walton, Shareholder (tax department).

As mentioned above, our firm and the team of attorneys proposed for this engagement have extensive experience in serving as bond and disclosure counsel in water and sewer system financings across California. Brief synopses of the team's experience in executing California Water District transactions (or similar) are provided below.

##### Chris Lynch, Shareholder

Chris Lynch would be the lead project attorney for bond counsel matters. Chris first practiced in the area of municipal finance in 1992 and has extensive experience as lead bond and lead disclosure counsel in a variety of financings. Prior to joining the firm in 1994, Chris practiced real estate and land use law as well as municipal bond law, and served as a law clerk to Justice Stanley Mosk on the California Supreme Court. Beginning in 2000 and continuing until mid-2003, Chris served as general counsel for two private companies. Chris attended Dartmouth College and Stanford University, where he received his A.B. degree in 1986 and his J.D. degree in 1989. He was admitted to the California Bar in 1989.

Chris has a general municipal finance practice, with extensive experience in disclosure and general fund, enterprise, redevelopment and land-secured financings.

Chris' water and sewer system experience in the past three years includes the following:

- Bond counsel, City of Santa Rosa Wastewater Revenue Refunding Bonds, Series 2016A (August 2016).
- Bond counsel, City of San Mateo State Street Sewer Note (June 2016).
- Bond counsel, Lodi Public Financing Authority 2016 Refunding Wastewater Revenues Bonds, Series A (March 2016).
- Disclosure counsel, City of Clovis 2015 Wastewater Refunding Bonds (November 2015).
- Bond counsel, Moulton Niguel Water District 2015 Revenue Refunding Bonds (June 2015).
- Bond counsel, City of Redwood City Public Financing Authority Water Revenue Refunding Bonds, Series 2015 (May 2015).
- Bond counsel, City of Fairfield 2015 Water Revenue Refunding Loan Agreement (May 2015).
- Bond counsel, City of San Mateo Sewer Revenue Bonds, 2014 Series A (July 2014).
- Bond counsel, City of Santa Rosa Wastewater Revenue Refunding Bonds, Series 2014A (May 2014).



In addition, Chris acted as bond counsel (and Jones Hall acted as disclosure counsel) when the District issued its Moulton Niguel Water District 2014 Improvement Districts Consolidated General Obligation Refunding Bonds (February 2014).

Josh Anzel, Shareholder

Josh would be the lead project attorney for disclosure counsel matters. He represents municipal clients, including water system clients, in bond financings throughout the State of California as bond counsel, disclosure counsel and underwriter's counsel. Josh's water and sewer system experience in the past three years includes the following:

- Bond and disclosure counsel, Remarketing of City of Riverside Variable Rate Refunding Water Revenue Bonds, Issue of 2011A (January 2017).
- Underwriter's counsel, Marin Municipal Water District Financing Authority (Marin County, California) Refunding Revenue Bonds, Series 2016 (November 2016).
- Disclosure counsel, City of Santa Rosa Wastewater Revenue Refunding Bonds, Series 2016A (August 2016).
- Bond and disclosure counsel, Remarketing of City of Riverside Variable Rate Refunding Water Revenue Bonds, Issue of 2011A (January 2016).
- Disclosure counsel, Morgan Hill Financing Authority Sewer Revenue Bonds Series 2015 (June 2015).
- Disclosure counsel, Remarketing of City of Riverside Variable Rate Refunding Water Revenue Bonds, Issue of 2011A (February 2015).
- Disclosure counsel, Remarketing of City of Riverside Variable Rate Refunding Water Revenue Bonds, Issue of 2011A (April 2014).

Prior to joining Jones Hall, Josh practiced law in the areas of corporate securities and asset-backed bonds in San Francisco and New York City. Josh received his law degree from Duke University School of Law in 2003 and undergraduate degree from the University of Virginia in 1998.

Juan Galvan, Shareholder

Juan would support Josh on disclosure counsel matters. Juan's practice focuses exclusively on public finance and he has extensive experience as bond counsel, disclosure counsel and underwriter's counsel in a variety of public finance transactions. Juan's water and sewer system experience in the past three years includes the following:

- Bond counsel, City of Redwood City Public Financing Authority Water Revenue Refunding Bonds, Series 2017 (in progress)
- Disclosure counsel, City of Fairfield 2017 Water Revenue Refunding Bonds (in progress)
- Disclosure counsel, City of Signal Hill, 2016 Water Revenue Refunding Bonds (November 2016)
- Bond counsel, City of Santa Cruz, 2014 Storm Water Revenue Refunding Bonds (July 2014)

Juan received his law degree from the University of California, Berkeley, School of Law (Boalt Hall) in 2007 and his undergraduate degree from California State University, Northridge in 2002. Prior to attending law school, Juan worked in the audit department of an international accounting firm in Los Angeles where he advised public and private companies as well as



governmental entities on matters involving compliance with generally accepted accounting principles and governmental accounting standards. Juan is licensed as a Certified Public Accountant in California.

David Walton, Shareholder, Tax Department

Dave would provide tax counsel as needed. As our resident federal tax expert, Dave provides tax advice on all financings for which Jones Hall serves as bond counsel, but is also available to advise our clients when we are engaged as disclosure counsel or issuer's counsel.

Dave has over 30 years of municipal bond experience and joined Jones Hall in 1992. From 1989 to 1990 he was Counsel to the Assistant Chief Counsel (Technical) - Financial Institutions and Products at the Internal Revenue Service; and for two years after that, he served as an Attorney-Advisor in the Office of Tax Policy at the United States Department of Treasury where he specialized in tax-exempt finance. He was also chair of the National Association of Bond Lawyers Committee on Arbitrage and Rebate from 1994 to 1997.

Dave received his law degree from Hastings College of the Law in 1983 and undergraduate degree from Brigham Young University in 1980.



## 5. Similar Engagements with Other Government Entities

Below is a list of five client references for which services similar to those outlined in the RFP are being or have been provided. Jones Hall provided those services pursuant to individual contracts on a transaction-by-transaction basis. However, Jones Hall has long standing relationships with each of the following clients extending many years.

### 1. *City of Riverside (Riverside Public Utilities)*

- Services provided by Josh:
  - Bond counsel and disclosure counsel for remarketings of City of Riverside Variable Rate Refunding Water Revenue Bonds, Issue of 2011A, in 2016 and 2017.
  - Disclosure counsel for City of Riverside Variable Rate Refunding Water Revenue Bonds, Issue of 2011A, in 2012 through 2015.
  - Disclosure counsel for issuance of City of Riverside Variable Rate Refunding Water Revenue Bonds, Issue of 2011A, in 2011.
- Contact:
  - Laura Chavez-Nomura
  - Assistant General Manager - Finance
  - Riverside Public Utilities
  - 3901 Orange Street
  - Riverside, California 92501
  - Telephone: 951-826-2557
  - Email: [Inomura@riversideca.gov](mailto:Inomura@riversideca.gov)

### 2. *Padre Dam Municipal Water District*

- Services provided by Chris:
  - Disclosure counsel for Padre Dam Municipal Water District Revenue Refunding Bonds, Series 2013A (Park System Refunding) in 2013.
  - Disclosure counsel for Padre Dam Municipal Water District Certificates of Participation (2009 Capital Improvement and Refunding Project), Series A, in 2009.
- Contact:
  - Karen Jassoy
  - Chief Financial Officer
  - Padre Dam Municipal Water District
  - 9300 Fanita Parkway
  - Santee, California 92071
  - Telephone: 619-448-3111
  - Email: [kassoy@padre.org](mailto:kassoy@padre.org)





### 3. *City of Santa Rosa*

- Services provided by Chris and Josh:
  - Bond counsel (Chris) and disclosure counsel (Josh) for City of Santa Rosa Wastewater Revenue Refunding Bonds, Series 2016A (August 2016).
  - Bond counsel, City of Santa Rosa Wastewater Revenue Refunding Bonds, Series 2014A (May 2014).
- Contact:
  - Debbi Lauchner
  - Chief Financial Officer
  - City of Santa Rosa
  - 90 Santa Rosa Avenue, 2nd Floor
  - Santa Rosa, California 95404
  - Telephone: 707-543-3140
  - Email: dlauchner@srcity.org

### 4. *City of San Mateo*

- Services provided by Chris:
  - Bond counsel, City of San Mateo State Street Sewer Note (June 2016).
  - Bond counsel for City of San Mateo Sewer Revenue Bonds, 2014 Series A.
- Contact:
  - Drew Corbett
  - Assistant City Manager/Finance Director
  - City of San Mateo
  - 330 West 20th Avenue
  - San Mateo, California 94403
  - Telephone: 650-522-7102
  - Email: dcorbett@cityofsanmateo.org

### 5. *City of Fairfield*

- Services provided by Chris, Josh and Juan:
  - Bond counsel (Chris) for City of Fairfield Water Revenue Refunding Bonds, Series 2013.
  - Bond counsel (Chris) and disclosure counsel (Josh and Juan) for City of Fairfield 2017 Water Revenue Refunding Bonds (in progress).
- Contact:
  - Fred Marsh
  - Director of Finance
  - City of Fairfield
  - 1000 Webster Street
  - Fairfield, California 94533
  - Telephone: 707-428-7400
  - Email: fmarsh@fairfield.ca.gov

Jones Hall has not previously participated in any District financings as underwriter's counsel in the past five years.



## **6. Understanding of the Project and Specific Approach**

As mentioned above, we would staff our engagement with the District with two partner-level lead attorneys -- Chris as bond counsel, and Josh, with the assistance of Juan, as disclosure counsel. Dave Walton would be available as needed as tax counsel.

At the outset of the engagement, Chris, Josh and Juan would perform due diligence on the District's enterprise operations, focusing largely on the District's existing debt, existing rate structures, water sources and wastewater collection, transmission and treatment system and the various joint powers authority relationships. They would also identify the nature of the improvements to be financed in order to vet any federal tax law issues or state law issues. Chris, Josh and Juan would, further, discuss with the District its operational needs and inquire about environmental issues (such as regulatory issues, drought impact, etc.).



**7. Cost Proposal**

Below is our cost proposal for each of the two new money bond issuances.

	<b>Bond Counsel</b>	<b>Disclosure Counsel</b>	<b>Bond and Disclosure Counsel</b>
<b>Fees for Legal Services</b>	Flat fee of \$40,000	Flat fee of \$30,000, which includes reimbursable expenses.	Flat fee of \$65,000
<b>Out-of-Pocket Expenses</b>	As bond counsel, we would expect to be reimbursed for actual out-of-pocket expenses, including shipping, delivery and courier services and photocopying (including bond transcript duplication). For all of our costs, we request reimbursement for only our actual out of pocket costs, without any mark-up. We do not charge for travel within the State of California. For this engagement, we would anticipate that our reimbursable expenses would not exceed \$2,500.		

Except for reimbursement for any costs, all fees and expenses for services as bond counsel and disclosure counsel would be payable from bond proceeds and are contingent on the successful completion of the applicable financing.



## **8. Conflict of Interest Statement**

We do not foresee any potential conflict of interest arising from the continued representation of our firm's clients and an engagement for the District.



**9. Insurance**

Jones Hall maintains adequate errors and omissions insurance that includes coverage for securities transactions or coverage without exclusions for securities transactions. A copy of Jones Hall's most current certificate of insurance and endorsements for professional liability and worker's compensation is included as appendix A to this Response.

## 10. Proposed Changes to Professional Services Agreement.

Jones Hall proposes the following changes to the Professional Services Agreement Form set forth in Exhibit A to the RFP.

- Because Jones Hall is proposing fixed fee compensation, Sections 2.2 through 2.6 should be revised to reflect non-hourly compensation; and
- The proposed indemnification provision would obligate Jones Hall to defend, indemnify and hold harmless the District from “Claims” related to “alleged acts, errors or omissions, or willful misconduct” of Jones Hall in connection with its services, the “Project or this Agreement”. Section 5.6 does not require actual errors or omissions by Jones Hall before Jones Hall would incur liability under Section 5.6. However, if there is an exclusion in Jones Hall's professional liability policy that expressly excludes coverage for contractual liabilities assumed by the insured (we carry a claims-made policy and this type of exclusion is standard in claims-made policies), then an express promise to indemnify the District for losses that the District may sustain or for some specified risk that is not the result of our negligence could cause a potential loss of coverage or at a minimum a reservation of rights. Loss of coverage would advance neither the District's interests nor Jones Hall's.

We ask the District to consider the following replacement language for Section 5.6, which we developed with our outside counsel and our long-time liability carrier (Lloyds). We believe the proposed language accomplishes MNWD's goals (Jones Hall will cover all costs resulting from its negligence) and does not risk coverage under our policy:

“CONSULTANT shall indemnify and hold harmless MNWD from and against any and all losses, claims, demands, damages, liabilities, actions, judgments and awards (collectively, “Claims”) sustained by MNWD that are determined in a final, binding judgment against CONSULTANT by a court of competent jurisdiction to have proximately resulted from professional negligence of CONSULTANT in connection with its performance of legal services under this Agreement. Nothing in this Section 5.6 shall obligate CONSULTANT to pay or reimburse MNWD for any damages, legal costs or expenses incurred, including attorneys' fees, unless CONSULTANT is adjudicated liable for such damages, legal costs or expenses incurred, including attorneys' fees, in such a final judgment.”

\*\*\*



Thank you again for the opportunity to present our qualifications to the District. Please contact me with any questions or if you need any further information.

January 18, 2017

JONES HALL,  
A Professional Law Corporation

A handwritten signature in blue ink, appearing to read 'C. K. Lynch', written over a horizontal line.

Christopher K. Lynch  
Shareholder



**APPENDIX A**  
**Evidence of Insurance**



ACORD CERTIFICATE OF INSURANCE					ISSUE DATE (MM/DD/YY) March 8, 2016	
<b>PRODUCER</b>  Herbert L. Jamison & Co., L.L.C. 20 Commerce Drive, 2 <sup>nd</sup> Floor Cranford, NJ 07016  Phone No. 973-731-0806 Fax No. 973-731-3035			THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
COMPANIES AFFORDING COVERAGE						
			COMPANY LETTER	A	Underwriters at Lloyd's of London	
			COMPANY LETTER	B		
			COMPANY LETTER	C		
			COMPANY LETTER	D		
			COMPANY LETTER	E		
<b>INSURED</b>  Jones Hall, PC 475 Sansome Street, Suite 1700 San Francisco, CA 94111						
COVERAGES						
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR. <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT. <input type="checkbox"/> <input type="checkbox"/>				GENERAL AGGREGATE PRODUCTS-COMP/OP AGG. PERSONAL & ADV. INJURY EACH OCCURRENCE FIRE DAMAGE (Any one Fire) MED. EXPENSE (Any one person)	\$ \$ \$ \$ \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY				COMBINED SINGLE LIMIT  BODILY INJURY (Per Person)  BODILY INJURY (Per Accident)  PROPERTY DAMAGE	\$  \$  \$  \$
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE AGGREGATE	\$ \$
	WORKER'S COMPENSATION AND EMPLOYERS LIABILITY				<input type="checkbox"/> STATUTORY LIMITS EACH ACCIDENT DISEASE-POLICY LIMIT DISEASE-EACH EMPLOYEE	\$ \$ \$
X	OTHER Lawyers Professional Liability Insurance	YO052420d	2/25/16	2/25/17	\$250,000 deductible w/ Limits of Liability of \$7,500,000/\$7,500,000	
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS						
CERTIFICATE HOLDER				CANCELLATION		
				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.		
				<i>John P. Ferreira</i> _____ AUTHORIZED REPRESENTATIVE		
ACORD 25-S (7/90)				ACORD CORPORATION 1990		



**CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)  
9/26/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Calender-Robinson Company, Inc. FB0267063 300 Montgomery St., Suite 888 San Francisco CA 94104		<b>CONTACT NAME:</b> Sarah Sta. Ana <b>PHONE (A/C, No, Ext):</b> (415) 978-3800 <b>E-MAIL ADDRESS:</b> sstaana@calrob.com <b>FAX (A/C, No):</b> (415) 978-3825	
<b>INSURED</b> Jones Hall, a Professional Law Corporation 475 Sansome Street Suite 1700 San Francisco CA 94111		<b>INSURER A:</b> Sentinel Insurance Co., LTD <b>INSURER B:</b> Republic Indemnity Co of America <b>INSURER C:</b> <b>INSURER D:</b> <b>INSURER E:</b> <b>INSURER F:</b>	<b>INSURER(S) AFFORDING COVERAGE</b> NAIC # 11000

**COVERAGES**                      **CERTIFICATE NUMBER:** 2016-2017 Renewal                      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			57SBANK7611	10/1/2016	10/1/2017	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000 UEBL \$ 1,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			57SBANK7611	10/1/2016	10/1/2017	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			57SBANK7611	10/1/2016	10/1/2017	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	168749-11	4/1/2016	4/1/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	EMPLOYEE BENEFITS			57SBANK7611	10/1/2016	10/1/2017	EACH CLAIM 2,000,000 AGGREGATE 4,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 \*10-DAY NOTICE OF CANCELLATION APPLIES FOR NON-PAYMENT OF PREMIUM.

**CERTIFICATE HOLDER**                      **CANCELLATION**

TO BE DETERMINED AT INSURED'S REQUEST	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Sarah Sta. Ana/ANG <i>Sarah Sta. Ana</i>

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**MOULTON NIGUEL WATER DISTRICT  
Orange County, California**

**ADDENDUM NO. 1  
TO REQUEST FOR PROPOSALS:  
BOND AND DISCLOSURE COUNSEL  
AGREEMENT NO. OM16-17.053**

NOTICE IS HEREBY GIVEN to the proposers, that in reference to the Request for Proposals furnished to you for the above named subject project within Moulton Niguel Water District in Orange County, California, the following changes will be noted:

**1. Correction to QUESTIONS AND COMMENTS Paragraph found on Page 12.**

The paragraph under QUESTIONS AND COMMENTS shall be replaced with the following:

Contact Kelly Rodriguez, Buyer, at purchasing@mnwd.com no later than **4:00 p.m., December 29, 2016**, with questions and clarifications regarding this request for proposal. Responses to questions received will be circulated no later than **January 5, 2017**.

**2. Addendum Acknowledgement. Proposers shall acknowledge receipt of this Addendum by attaching the Addendum to the submitted proposal.**

**PROPOSERS' CERTIFICATION**

I acknowledge receipt of Addendum No. 1 and accept all conditions contained herein.

Date: 1-18-17

PROPOSER: Jones Hill, APLC

BY: [Signature]

**#8.**

**EXHIBIT B**  
LIST OF SUBCONSULTANTS

**EXHIBIT C**  
RATES AND FEES

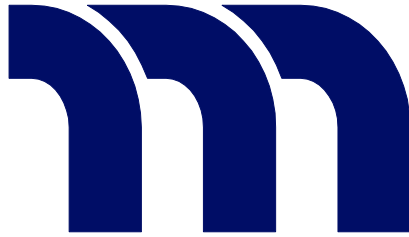


## 7. Cost Proposal

Below is our cost proposal for each of the two new money bond issuances.

	<b>Bond Counsel</b>	<b>Disclosure Counsel</b>	<b>Bond and Disclosure Counsel</b>
<b>Fees for Legal Services</b>	Flat fee of \$40,000	Flat fee of \$30,000, which includes reimbursable expenses.	Flat fee of \$65,000
<b>Out-of-Pocket Expenses</b>	As bond counsel, we would expect to be reimbursed for actual out-of-pocket expenses, including shipping, delivery and courier services and photocopying (including bond transcript duplication). For all of our costs, we request reimbursement for only our actual out of pocket costs, without any mark-up. We do not charge for travel within the State of California. For this engagement, we would anticipate that our reimbursable expenses would not exceed \$2,500.		

Except for reimbursement for any costs, all fees and expenses for services as bond counsel and disclosure counsel would be payable from bond proceeds and are contingent on the successful completion of the applicable financing.



# moulton niguel water district

## STAFF REPORT

**TO:** Board of Directors                      **MEETING DATE:** February 13, 2017

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

**SUBJECT:** Rebate Application for Turf Removal

**DIVISION:** District-wide

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### SUMMARY:

Issue: The District has received an exemption request for rebate applications that exceeds the maximum allowable acreage for turf removal as defined in the approved Board policy.

Recommendation: It is recommended that the Board of Directors consider the rebate application for the identified project without a limitation on the maximum allowable acreage for the project and direct staff accordingly.

Fiscal Impact: Sufficient funds are available within the Water Use Efficiency Fund to fund the identified rebate application. Additional information is provided within the staff report.

### BACKGROUND:

More than half of the water used at the District is for outdoor landscapes. Water efficient landscapes can decrease water use up to 70 percent through a combination of proper plant selection and irrigation technology. However, the cost of installing climate-applicable plants is sometimes an obstacle to turning traditional grass landscapes into more water-efficient environments. The District's turf replacement program is designed to help residents, businesses, and public agencies make that conversion.

The proposed projects are eligible to receive \$2 per square foot from the District for turf removal and replacement with low water use plants or synthetic turf. The program provides limitations on the amount of turf removal that qualifies for the rebate. The relevant cap for applicants is 10,000 square feet for commercial projects and 3,000 square feet for residential projects.

# #9.

## Rebate Application for Turf Removal

February 13, 2017

Page 2 of 2

All rebates from the District are funded through the Water Efficiency Fund using the incremental revenue generated from the higher consumption tiers (Tiers 3, 4 and 5) in the water budget-based rate structure.

### **DISCUSSION:**

Over the past year, the District has expanded its outreach efforts to promote water use efficiency in response to the drought emergency. Customers have responded with requests for more than 5 million square feet of turf removal. The District has received additional requests from customers to remove 4,311 square feet of turf. Table 1 identifies the customers and the rebate request.

Table 1 – Rebate Request

Customer	Division	Proposed Turf Removal (Sq. Feet)	Proposed Rebate Value (\$)
Stephen & Kathi Blythe Acct#: 8-02121	3	4,311	\$8,622
<b>Total</b>		<b>4,311</b>	<b>\$8,622</b>

The values provided above are based on the project estimates and may vary as the projects becomes more defined. The proposed rebate incentives for the identified projects would be funded from the Water Efficiency Fund.

Staff is recommending the Board remove the maximum allowable acreage to allow the General Manager or her designee to consider the application based on the overall project objectives, various funding sources, and current available budget for rebate funding. Removal of the maximum acreage by the Board of Directors for the specifically identified applications do not constitute an approval of the rebate applications, but allows the specifically identified application to be considered for the full amount of turf removal and replacement with low water use plants.